



Build the culture.



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 each and every one of our employees and others involved in the field can work with 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 Integrated Report 2024” 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

2023 fiscal year (April 1, 2023 – March 31, 2024)

* 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.



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 Integrated Report 2024,” which combines financial and non-financial information, is to enhance our corporate value in a sustainable manner by helping our stakeholders understand the sustainability management that we are conducting and by using it as a tool for dialogue.

President and Representative Director

Otani Seisuke

■ Issue Date

September 2024

■ Forecasts, Projections and Plans Concerning the Future

This report contains not only the past and present facts regarding Toda 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 cover depicts the bustling atmosphere of Chuo-dori Avenue, where value is transmitted and the streets are full of energy, centered on the new TODA BUILDING, where our headquarters will be relocated in fall 2024. As such, it represents the way in which, guided by our brand slogan, we are evolving with the times to enhance our corporate value over the medium to long term.

Special Feature 1 TODA BUILDING

Toward a New Century of Value Creation

The TODA BUILDING, which will open in fall 2024, incorporates advanced technology and holds great potential for creating the kinds of value that society will require in the future. By taking full advantage of the value of this new headquarters building, we will continue to contribute to the resolution of social issues.

Relevant Main SDGs



Building Summary

Building name	TODA BUILDING
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

The TODA BUILDING's Value Potential

Urban development	Area management	 京橋彩区 KYOBASHI SAIRIKU
Arts and culture	Art program "ART POWER KYOBASHI"	 ART POWER KYOBASHI
Disaster prevention and mitigation	Core wall seismic isolation structure (seismic resistance) BCP, DCP	
Environmental energy	Environmental performance, ZEB	 CASBEE BELS ZEB
Smart technologies	Digital, smart buildings, and proposals for work-style reform	
Construction technology	Automated construction, safe and labor-saving construction	

A center for art that aims to be a new landmark for Kyobashi

An “art and culture area” that anyone can experience and that inspires innovation

In the art and culture area on the lower floors (1st to 6th floors), various facilities such as museums and galleries function organically to “create opportunities for anyone to easily experience art and culture.” In addition, the building will serve as a base for the “ART POWER KYOBASHI” project, an art program by Toda Corporation that includes the display of public art in the building’s common areas.



Rendered image of the entrance lobby



Rendered image of the 3F gallery complex entrance

“Kyobashi Saiku” – an art and culture center for everyone

In the hope that people visiting Kyobashi will be able to experience a variety of art and culture, the area comprising the TODA BUILDING and the adjacent Museum Tower Kyobashi was named “Kyobashi Saiku,” and in 2019 the “General Incorporated Association Kyobashi Saiku Area Management” (members: NAGASAKA CORPORATION and Toda Corporation) was established. The two companies will work together to contribute to art and culture and urban development in the area.



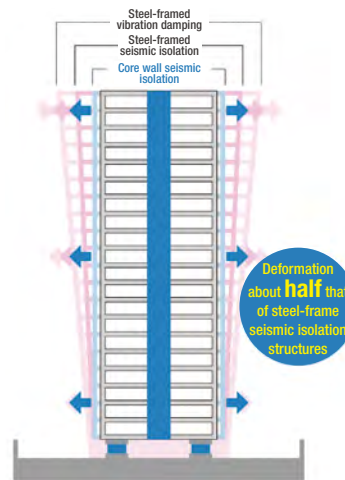
京橋彩区
KYOBASHI SAIKU

Disaster prevention and mitigation

Contributes to BCP/DCP* with excellent seismic resistance, local disaster prevention measures, etc.

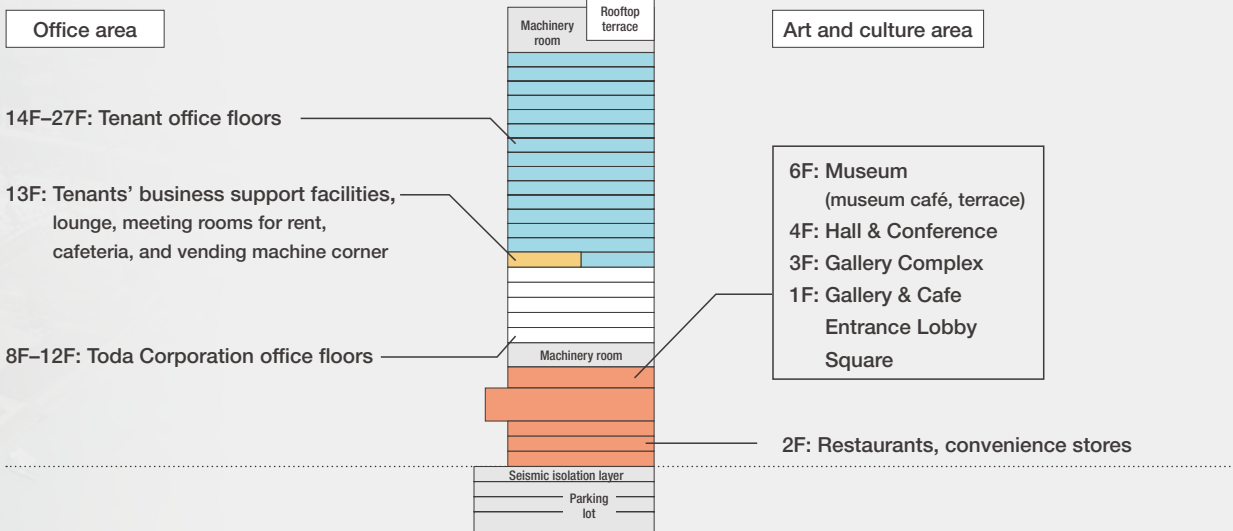
In addition to having the highest level of seismic resistance in Japan thanks to its core wall seismic isolation structure, the TODA BUILDING is also equipped with an emergency generator (which can operate for about 72 hours) in the event of a power outage. Furthermore, the square along Chuo-Dori Avenue (Art Square) has been designated as a temporary shelter facility for people who have difficulty returning home in the event of a disaster, and disaster prevention storage facilities have been installed to enhance disaster prevention measures in the area.

* BCP: Business Continuity Plan / DCP: District Continuity Plan



Core wall seismic isolation structure

Facility Layout



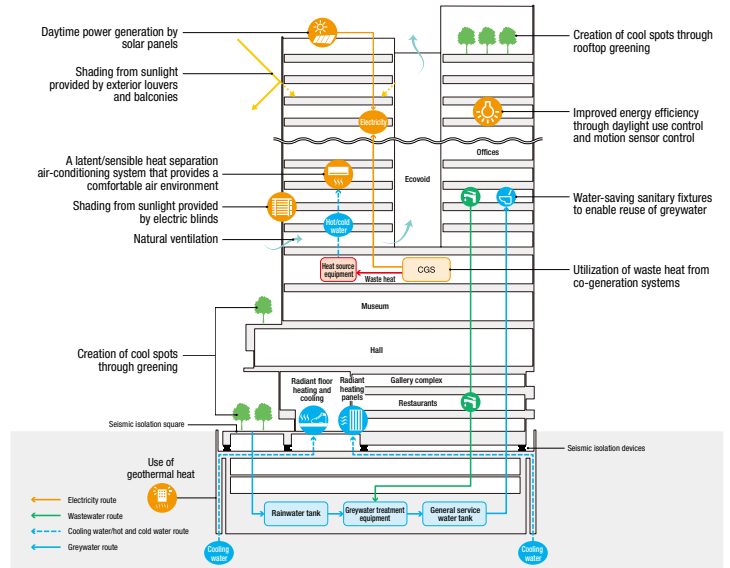
Environmental energy

Using in-house designs to pursue high environmental performance

We are implementing various initiatives in terms of architecture and facilities with the aim of achieving the kind of environmentally friendly building required for a sustainable society.

The building has been highly rated by external organizations, including the first “ZEB Ready” certification for an entire super high-rise mixed-use building in Japan.

- LEED Gold: Expected to receive a Gold rating in the LEED environmental performance evaluation system used widely around the world.
- DBJ Green Building 5-star plan certification: Highest rating for buildings with “outstanding consideration for the environment and society,” among the best in Japan
- CASBEE S Rank: The first large, mixed-use building in Japan to receive an S Rank in the SDGs-compliant version (2021 edition) of CASBEE (new construction)



A variety of environmentally friendly technologies have been incorporated

Smart technologies

Providing next-generation offices aimed at future-oriented work styles

Office concept: “a place where people can thrive”

“A place where people can thrive” describes a place where self-motivation is encouraged among workers, collaboration is energized, and all kinds of connections nurtured through human encounters are brought together in harmony.



Concept logo

We have incorporated various innovations into the office space to realize this concept, and have received preliminary certification for the WELL Building Standard v2* for the new office “A Place Where People Can Thrive, Toda Creative Lab” that will be located in the building. After construction is completed, we aim to obtain the highest “Platinum” certification.



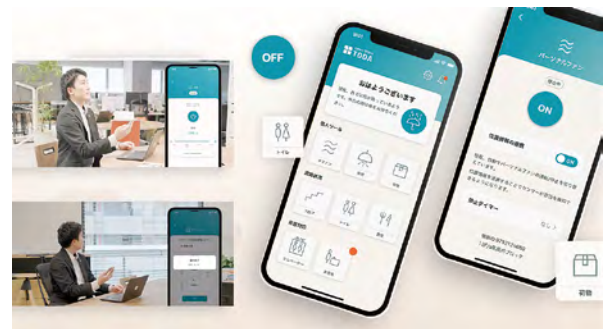
WELL certification: Preliminary certification

*A global evaluation system for buildings and spaces that focuses on people’s health and wellbeing, operated by the International WELL Building Institute (IWBI) in the United States.

Digitally twinned smart offices

We will build large “digital offices” where all employees can work virtually from any location.

Linking virtual spaces with building facilities and employee location information in real offices allows for the creation of “digitally twinned spaces,” where users can feel the presence of others at any time and from anywhere, and communicate with the real office with a sense of cohesion.



Smart office apps

Construction technology

Combining the technologies we possess to meet the demands of the times

Aiming to achieve more efficient and safer construction, we will trial the technologies we possess that will be required in the construction industry of the future.

Improving safety

“GIAN” load-turning control technology

This is a device that can control the rotation of materials lifted by a crane. There have been many cases in the past where, due to strong winds and inertia caused by the movement of the crane, the suspended load has swung against the operator’s will, and this has been a problem in lifting operations. As such, it makes it possible to safely lift materials in the narrow spaces between adjacent buildings.



Labor-saving

Vertical/horizontal automated conveyor system

This is a system in which an elevator is automatically summoned and an unmanned guided vehicle loads materials from a cart and transports them to a predetermined location. It can automate lifting operations not only on the same level, but also to upper and lower floors, enabling substantial improvements in work efficiency (see p. 62 for details).



Shortened construction times

Technology for the use of main elevators during construction

This technology increases productivity by enabling the use of a building’s main elevators during construction. The elevators are gradually moved to upper floors as construction progresses. The elevators can be used from lower floors, shortening the time required for elevator-related construction, and enabling the main elevators to be in operation earlier (see p. 61 for details).



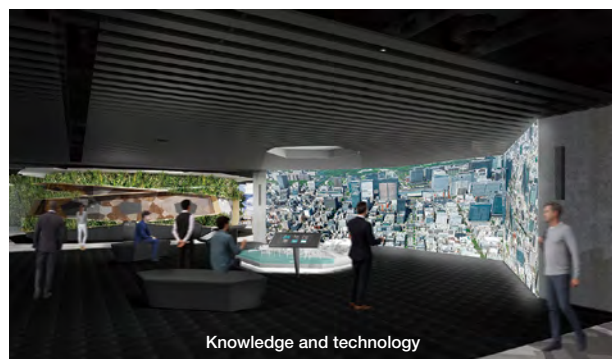
Machinery room unit

A museum to showcase the appeal of the construction industry

This museum is located on the 8th floor, which is the reception floor for Toda Corporation. This is an opportunity for visitors to experience the past, present, and future of the construction industry, gaining an appreciation of its appeal and developing a deeper understanding of the Toda Group. Please be sure to stop by if you have the chance.



Illustration



Special Feature 2 Johoku Central Park

Simultaneous, Close-Proximity Construction of Two of the Largest Pneumatic Caissons in Japan

This is a project to simultaneously sink two caissons with among the largest base surface in the country ($80.3 \text{ m} \times 33.4 \text{ m} = 2,682.0 \text{ m}^2$) at a distance of 2 m from each other using the pneumatic caisson method.

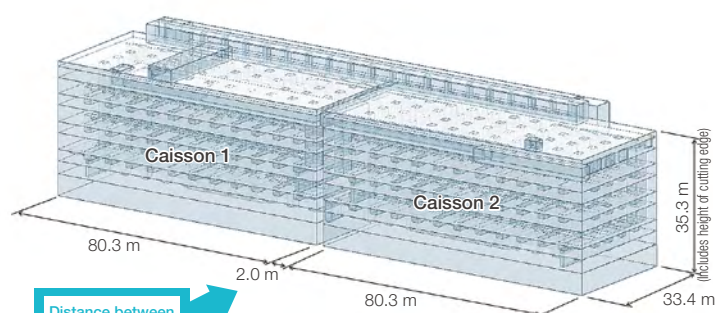
Relevant Main SDGs



Taking on the challenge of the world's second such project

This project involved the simultaneous sinking of two caissons, only the second time this has been attempted worldwide, and so there was a need for safe and highly precise construction work in the absence of know-how and information.

The main challenges involved were preventing damage to the cutting edges due to the difference in depth between the two caissons and preventing subsidence. To address these risks, we carried out advance impact studies, various measurement controls, and other analyses, and proceeded carefully with the sinking. In early October 2022, we completed the sinking of the two caissons after ensuring that the required precision of the finished form was secured.



Distance between caissons: 2 m

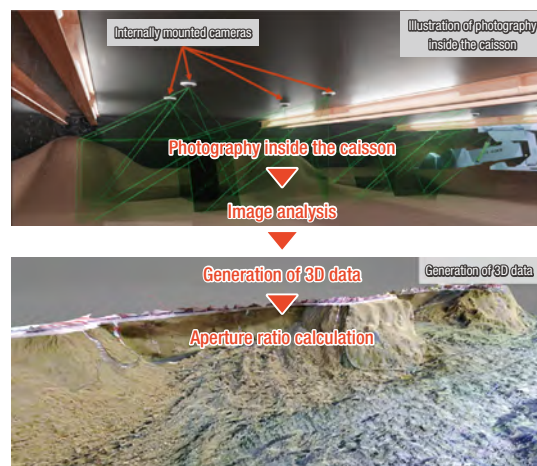
Simultaneous sinking of the two caissons



Project name:	Johoku Central Park Regulating Reservoir (Phase 1) Construction Part 2
Project location:	From Komone 5-chome, Itabashi-ku, Tokyo to Hazawa 3-chome, Nerima-ku, Tokyo
Ordered by:	Tokyo Metropolitan Government Bureau of Finance
Built by:	Toda Corporation
Construction period:	October 9, 2018 – March 15, 2025 (planned)
Work details:	<ul style="list-style-type: none"> ● 2 pneumatic caissons (80.3 m long × 33.4 m wide × 35.3 m deep) ● All caisson connection work ● All internal regulating reservoir construction work ● All water intake facility construction work

Trial of the sinking management system "Pneuma-Plus"

In addition to the work involved in sinking the two caissons simultaneously, we are also working to improve productivity by trialing our new sinking management system, "Pneuma-Plus®." This technology involves transmitting images of the soil inside the caisson taken by internally mounted cameras to a remote-control room above ground, where they are analyzed, converted into 3D data, and drawn up as schematics, after which the aperture ratio is calculated. The cameras are fixed to the ceiling inside the caisson and continue collecting data until sinking is complete. In order to create schematics of three-dimensional data, it is necessary to provide highly accurate coordinate values, so a two-dimensional code with three-dimensional coordinates is projected within the image capture range, allowing for precise correction of the coordinate values. This makes it possible to calculate the aperture ratio in about 15 to 30 minutes, regardless of the excavation depth.



Special Feature 3 Floating Offshore Wind Power Generation

Toward a Carbon-Neutral Future

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.

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.

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)

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 companies¹, 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.

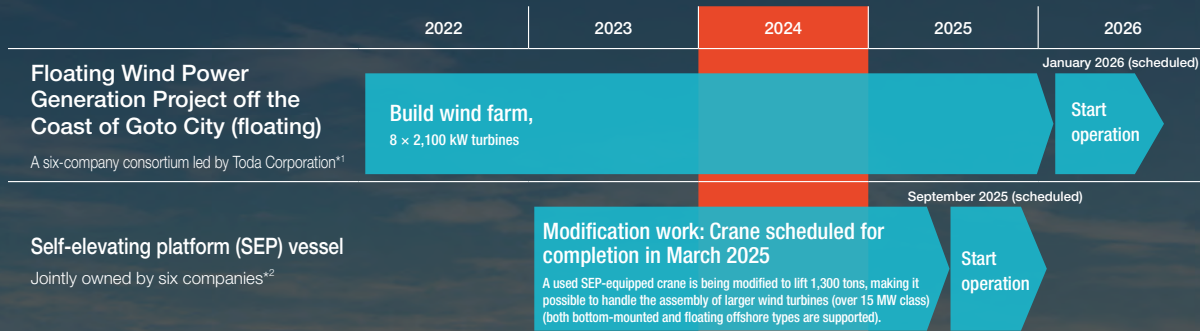
Facility Summary:

Installation location:	Off the coast of Goto City, Nagasaki Prefecture
Output:	16.8 MW (eight units of 2.1 MW turbines)

Relevant Main SDGs



Advancing steadily as a leader in the floating offshore wind power generation business



^{*1} Toda Corporation, ENEOS Corporation, Osaka Gas Co., Ltd., INPEX CORPORATION, The Kansai Electric Power Company, Incorporated, Chubu Electric Power Company, Incorporated

^{*2} Toda Corporation, Kumagai Gumi Co., Ltd., Nishimatsu Construction Co., Ltd., WAKACHIKU CONSTRUCTION CO., LTD., IWATA CHIZAKI INC., YOSHIDA-GC

Special Feature
Floating Offshore Wind Power Generation



Joint ownership of a self-elevating platform (SEP*) capable of handling large offshore wind power generation facilities over 15 MW class

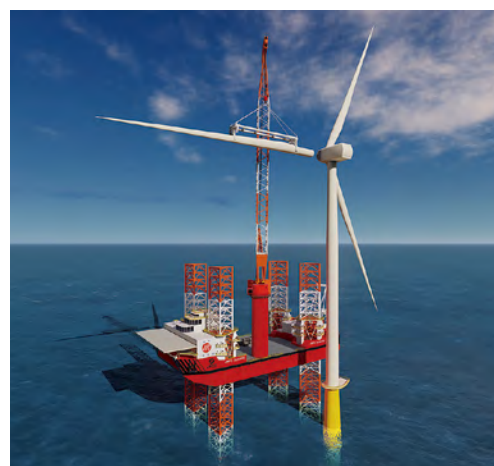
*Self-Elevating Platform

Achieving deep-water construction that takes advantage of leg length in both bottom-mounted and floating offshore fields

In order to take on the construction of this offshore wind power generation facility, in March 2022, six companies including Toda Corporation^{*2} established a company (Jack-up Wind Farm Construction Co., Ltd.) for purposes such as the ownership of a vessel for floating offshore wind farm construction. With an eye to larger wind turbines, we looked into an SEP that could be used for the construction of foundations and installation of large wind turbines of 15 MW class or over, and concluded a procurement contract with TERAS SUNRISE.

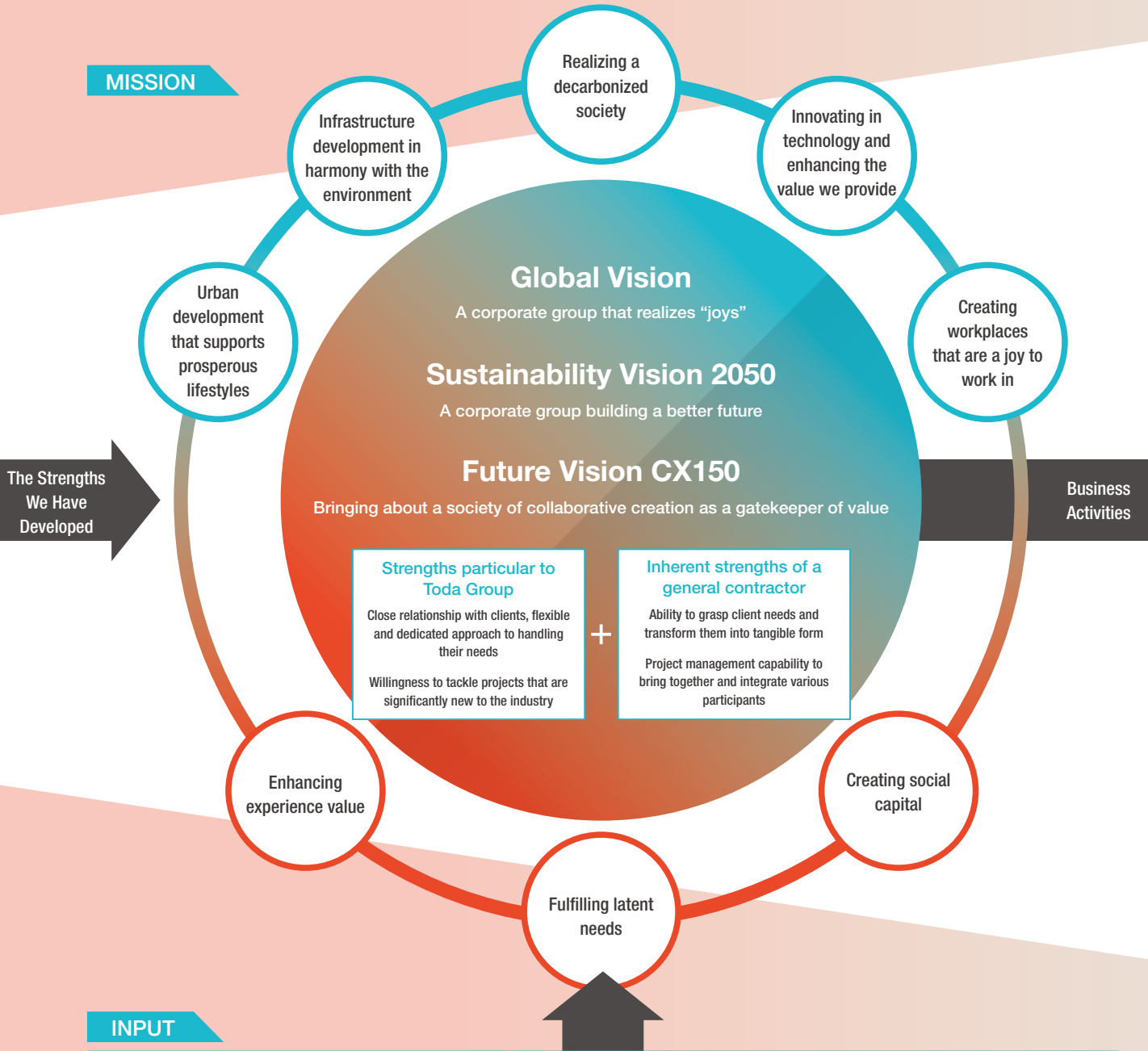
Facility Summary:

Year of construction:	2014
Vessel size:	112 m long x 50 m wide
Leg length:	130 m
Crane capacity:	1,300 t
Ship positioning system:	DPS 2 (Dynamic Positioning System Level 2), 6 thrusters (non-self-propelled)



The Value Creation Process

MISSION

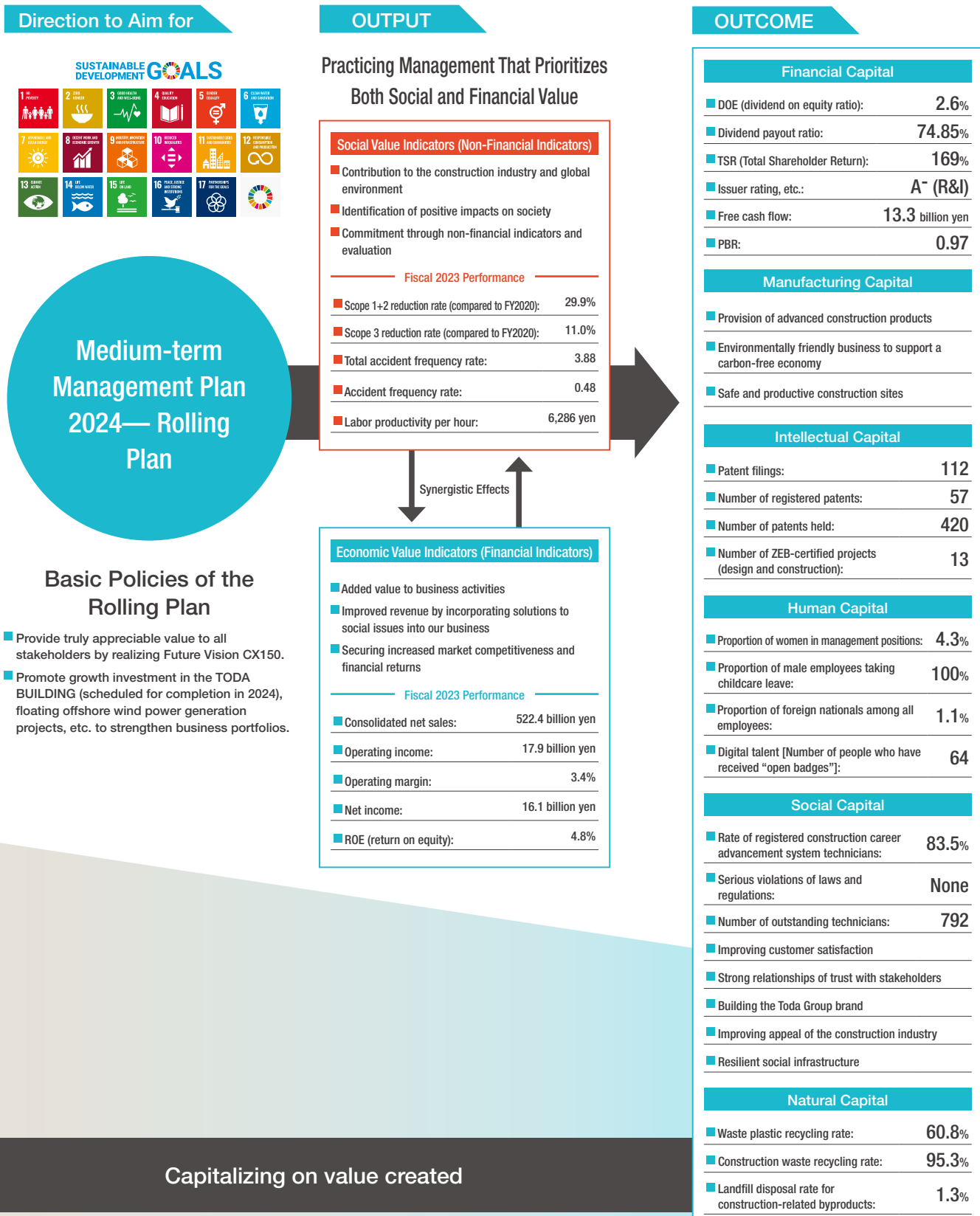


INPUT

Financial Capital		Intellectual Capital		Social Capital	
■ Total assets:	872 billion yen	■ Intellectual property, knowhow, related technology and other such resources that provide the foundation for creating safe and secure social infrastructure		■ Strong relationships of trust with stakeholders	
■ Equity:	348.5 billion yen	■ Acquisition of patented technologies through mergers and acquisitions, etc.		■ All-around group capabilities in the construction life cycle	
■ Capital ratio:	40.0%	■ Research and development expenses:	3.9 billion yen	■ Co-creation with diverse stakeholders	
Manufacturing Capital		Human Capital		Natural Capital	
■ Domestic bases:	12	■ Number of employees (consolidated):	6,621	■ Fossil fuel consumption (construction sites + offices):	221.80 million kWh
■ Major overseas bases:	1	■ Enhancing digital talent		■ Electricity consumption (construction sites + offices):	66.47 million kWh
■ Major Group companies:	(14 domestic, 7 overseas)	■ Enhancing global human resources		■ Ratio of renewable electricity usage:	72.4%
■ Investment to build a revenue base*	Real estate investment and development: 160 billion yen Environment, energy, etc.: 30 billion yen	■ Specialized training conducted by each division (total)	Total training hours: 125,117 Trainees: 1,686	■ Water intake (construction sites + offices):	616,000 m³
				■ Fresh concrete:	1,115,000 m³
				■ Cement:	90,000 t
				■ Steel:	239,000 t

* Cumulative total for fiscal 2022 to 2024

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



The Value Creation Story

The Value Creation Process

Note: Figures on this page are for FY2023.



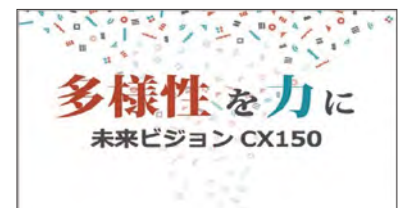
2024: A critical year for making new history

With employment and income conditions improving, the Japanese economy was on a recovery track in FY2023, with expectations of a gradual pickup in the future. In the construction industry, construction investment in both public and private sector construction remained steady. However, prices of construction materials are still high and the supply-demand balance for labor is tight, which has affected the rise in construction costs and produced a difficult business environment.

The grand opening of the TODA BUILDING, our new headquarters building, is scheduled for the fall of 2024, which will mark not only a new chapter in the history of the Group, but also an important milestone as the final year of the Medium-Term Management Plan 2024 Rolling Plan (hereinafter, "Medium-Term Management Plan"). We will steadily enhance our corporate value by bringing to bear the results of the strategic management, reforms for job satisfaction, supply chain satisfaction, and sustainability management, and other initiatives that we have implemented up to the last fiscal year.

Looking ahead to our 150th anniversary in 2031, we have formulated our "Future Vision CX150" as a vision of what we should aspire to become. As the issues faced by stakeholders grow increasingly diverse and the need for more immediate solutions accelerates, we have defined the society we wish to realize in the future as a "society of collaborative creation," and we aim to be the "gatekeeper of value" that can most effectively bring about such a society.

By realizing the various value potentials of the TODA BUILDING, we will firmly determine a strong future for the Group and take the first step toward a new history as a corporate group that creates the future and solves social issues.



Our official "Future Vision CX150" site

<https://www.toda.co.jp/pickups/vision.html>

Message from Management

Firmly determining a strong future for the Group, we will take our first step on a new journey of solving social issues.

President and Representative Director

Otani Seisuke

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

Under the current Medium-Term Management Plan, we are working to enhance the value we provide to customers in our core businesses of Building Construction, Civil Engineering, and Strategic, identifying three priority management businesses, and investing in growth in

these businesses to strengthen our business portfolio. This fiscal year is the final year of Phase 1 of our strategic scenario for realizing CX150, and we will further promote our priority management businesses to contribute to earnings in fiscal 2025 and beyond.

Basic Policies of the Current Medium-Term Management Plan

Realizing Future Vision CX150

Provide truly appreciable value to all stakeholders by realizing Future Vision CX150

Strengthening the Business Portfolio

Promote growth investments such as the new TODA BUILDING and the floating offshore wind power generation business to strengthen our business portfolio

Strategic Scenario for Realizing CX150

	(FY)	Phase1: Access to sources of value			Phase2: Value restructuring	Phase3: Realizing a society of collaborative creation	150th anniversary
		2022	2023	2024	-2027	-2030	2031
Core businesses (Building construction, civil engineering, strategic)		Promoting smart innovation				Enhancing experiential value (customer experience)	
Priority management businesses	TODA BUILDING	Construction of new building			Completion	Profit generation, technology and development of expertise	Realizing a society of collaborative creation (CX150)
	Overseas business	Localization and strengthening of alliances			Inclusion of TATA as a subsidiary	Stable growth and synergy creation	
Renewable energy business	Floating offshore wind power generation	Wind farm construction			2.1 MW turbines, 8 units	Start of operations Jan 2026	
	Floating complex	Large-scale technological R&D, area expansion					

Group Performance Targets and Results

The Group's financial results for fiscal 2023 were as follows.

With regard to consolidated net sales, sales from overseas group companies increased due to the inclusion of PT Tatamulia Nusantara Indah and its seven subsidiaries as consolidated subsidiaries in the previous fiscal year, and sales from the domestic investment and development business increased as a result of an increase in sales of real estate for sale. However, progress on large construction projects lagged behind expectations, resulting in lower sales in the building construction and civil engineering businesses, which led to an overall 4.5% year-on-year decline to 522.4 billion yen.

In terms of operating profits and losses, gross profit rose 14.4% year on year to 65.5 billion yen, mainly due to a rebound in the building construction business following the posting of provisions for losses on construction projects on several projects in the previous fiscal year. Meanwhile, selling, general and administrative expenses increased by 47.6 billion yen, up 10.4% year on year due to increases in human resource expenses, R&D and other expenses, resulting in operating income of 17.9 billion yen, up 26.7% year on year.

Ordinary income was 25.4 billion yen, up 33.9% year on year, due to an increase in non-operating income, including an increase in interest income and foreign exchange gains resulting from the weaker yen.

Net profit attributable to owners of the parent was 16.1 billion yen, up 46.4% year on year, due to gains earned on sales of investment securities resulting from the sales of cross shareholdings, despite

impairment losses and expected future losses in the environment and energy business.

As a result, ROE rose to 4.8% (3.5% in the previous year) and labor productivity (non-consolidated) increased to 12.84 million yen (11.71 million yen in the previous year). The dividend for fiscal 2023 increased to 28 yen per share (full year: 27 yen in the previous year), resulting in total dividends of 8.6 billion yen (8.4 billion yen in the previous year), a DOE (dividend on equity ratio) of 2.6% (2.6% in the previous year), and a total return ratio of 84.9% (76.5% in the previous year), all up on the previous year. In addition, overall construction orders (non-consolidated) increased by 17.4% to 500.7 billion yen, mainly due to an increase in private sector construction orders for domestic construction.

Looking ahead, although we expect a gradual recovery 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, orders for both public-sector and private-sector construction are expected to remain strong, but with construction material prices remaining high, it will be essential to keep a close eye on these trends. Under these circumstances, our Group is aiming to achieve the performance forecast for the current fiscal year and to approach our medium-term goal of 33 billion yen in operating income by improving profitability in each of our businesses and reducing unnecessary expenses.

Performance Targets and Results

		2022	2023	2024	
		Result	Result	Forecast	Medium-Term Management Plan target (Announced May 17, 2022)
Profitability	Consolidated net sales	547.1	522.4	600	600 billion yen
	Operating income	14.1	17.9	30.0	33.0 billion yen
	Operating margin	2.6	3.4	5.0	5.5 %
Capital efficiency	Net profit attributable to owners of the parent	10.9	16.1	27.0	26.0 billion yen
	ROE	3.5	4.8	8.1	8.0 %
Productivity	Labor productivity* (Non-consolidated)	11.71	12.84	13.1	15 million yen
Shareholder returns	DOE*	2.6	2.6	2.7	2.5 %
	Total return ratio*	76.5	84.9	51.7	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

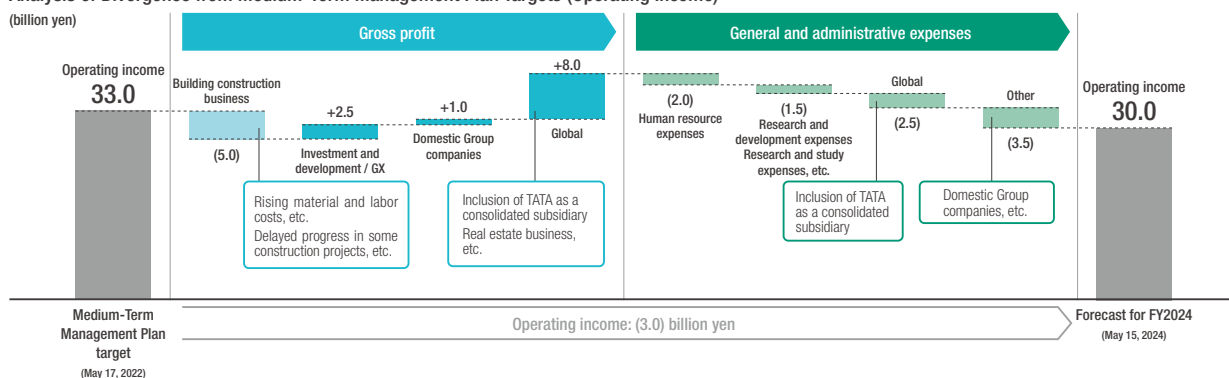
Results by Segment

		2022	2023	2024	
		Result	Result	Forecast	Medium-Term Management Plan target
Strategic businesses	Consolidated net sales	547.1	522.4	600	600 billion yen
	Building construction business	332.4	325.5	350	350 billion yen
	Civil engineering business	141.6	119.9	135	145 billion yen
	Investment and development / GX	21.0	24.6	45.5	30.0 billion yen
	Domestic Group companies	52.3	53.7	58.0	55.0 billion yen
	Global	37.9	48.8	68.0	28.0 billion yen
Total		547.1	522.4	600	600 billion yen

		2022	2023	2024	
		Result	Result	Forecast (profit margin)	Medium-Term Management Plan target (profit margin)
Strategic businesses	Operating income	14.1	17.9	30.0 (5.0%)	33.0 (5.5%)
	Building construction business	(1.4)	6.5	8.5 (2.4%)	9.8 (2.8%)
	Civil engineering business	11.0	7.5	9.0 (6.7%)	14.2 (8.8%)
	Investment and development / GX	3.3	3.4	1.0 (2.1%)	0 (-)
	Domestic Group companies	1.9	1.9	2.5 (4.3%)	3.5 (6.4%)
	Global	1.9	1.4	11.0 (16.2%)	5.5 (19.6%)
Total		14.1	17.9	30.0 (5.0%)	33.0 (5.5%)

* The total of consolidated net sales and operating income includes inter-segment eliminations.

Analysis of Divergence from Medium-Term Management Plan Targets (Operating Income)



Basic Strategies of the Current Medium-Term Management Plan

- Create customer value based on “value units” linked to the Future Vision CX150
- Enhance investment activities. Asset replacement as a source of funds, accelerated sale of cross-shareholdings
- Set CO₂ emission reduction targets for decarbonization
- Adopt “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 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 Value Creation Story

The fields where this will be deployed will be the three areas indicated in CX150 other than Smart Innovation.

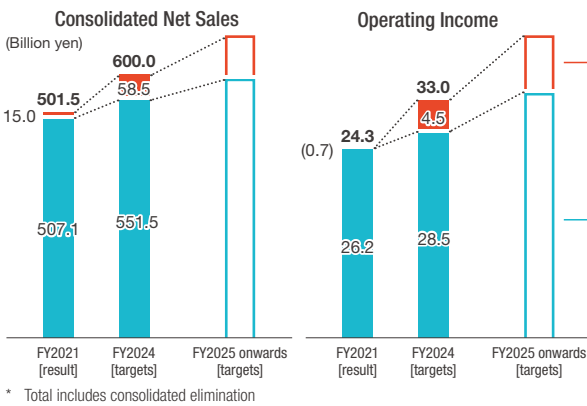
In each area, we will establish specific experiential values (value units) to be provided by the Group, and promote the development of technologies and solutions based on these value units through such means as internal and external collaboration and open innovation.

3. Priority Management Businesses

We have identified the new TODA BUILDING (new headquarters 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 (See Special Feature 1 on P. 3, Special Feature 3 on P. 9, and Global Strategy on P. 49).

Message from Management

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

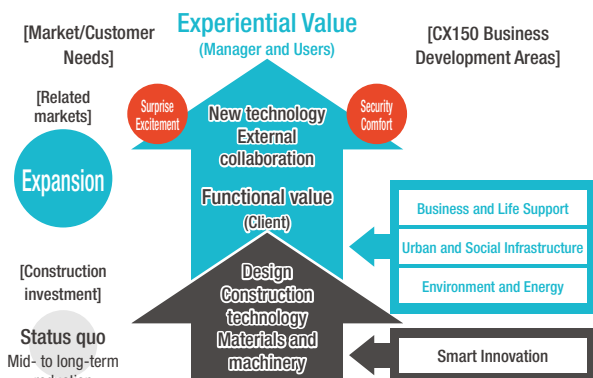
- TODA BUILDING
- Overseas business
- Renewable energy business (offshore wind)

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

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 (See Financial Strategy on P. 29).

Progress of Investment Plan

In fiscal 2023, we implemented an overall investment plan of 104.5 billion yen to increase corporate value over the medium to long term. The same amount as the previous fiscal year is planned for fiscal 2024, and the three-year cumulative total is expected to increase by 29 billion yen relative to the Medium-Term Management Plan target. This includes a 6.1 billion yen increase in real estate development investment, a 20.8 billion yen increase in environment and energy due to investments in floating offshore wind power generation in Goto and land-based wind power in Brazil, and a 3.9 billion yen increase in M&A due to the inclusion of TATA as a consolidated subsidiary and other factors, resulting in an overall projected increase in growth investments of 30.8 billion yen.

● Growth investment

Investment in the real estate development business has been expanded, and overall growth investment for the current fiscal year will amount to 91.5 billion yen. Twenty-six billion yen of this amount will be used for the new TODA BUILDING, and other investments include the construction of a new hot-spring bathing facility (to be opened in fiscal 2024) at Agriscience Valley Joso, a town development project in which the Toda Group is participating that aims for a sixth industrialization of agriculture.

● Investment in intangible assets

Investment is being made in technological research and development and digitalization, including the development of technologies to help improve productivity, as well as in human resources development.

③ Promulgation of Sustainability Management

In accordance with our Basic Policies on Sustainability, we have established key management indicators for non-financial targets in each of the areas of E (Environment), S (Society), and G (Governance), and are extending our efforts in this initiative.

With respect to E (Environment), we expect to meet (or exceed) our respective targets for reductions. We will continue to actively pursue carbon neutrality initiatives and strive to bring our emissions per basic unit as close as possible to our target under the medium-term management plan.

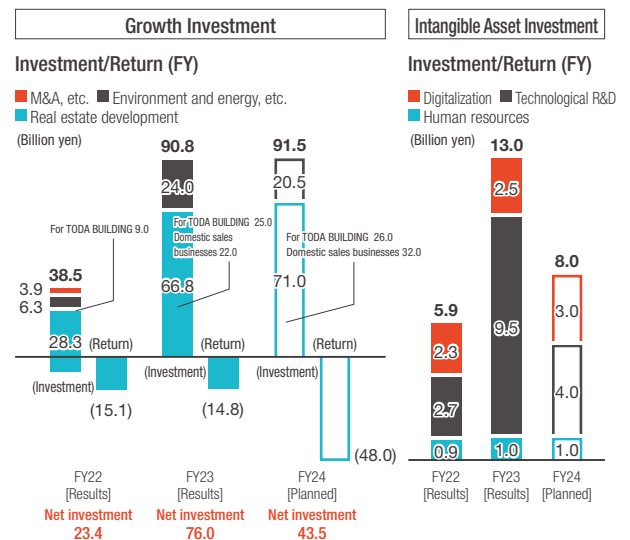
As a company that aims to be No. 1 in terms of S (Safety), we have set ambitious targets in the Medium-Term Management Plan. Safety is one of our core values, and we will strive to achieve these targets by thoroughly instilling a mindset of not allowing even a single serious accident to occur.

With regard to G (Governance), we will work to meet our Medium-Term Management Plan targets by improving profits and reducing total actual working hours.

Investment Plan

	2022	2023	2024	FY2022–2024	
	Result	Result	Plan	3-year forecast	Medium-Term Management Plan target
Real estate development	28.3	66.8	71.0	166.1	160 billion yen
Environment and energy	6.3	24.0	20.5	50.8	30.0 billion yen
M&A, etc.	3.9	–	–	3.9	– billion yen
Human resources	0.9	1.0	1.0	2.9	3.0 billion yen
Technological R&D	2.7	9.5	4.0	16.2	20.0 billion yen
Digitalization	2.3	2.5	3.0	7.8	9.0 billion yen
Machinery, equipment, etc.	0.5	0.7	5.0	6.2	3.0 billion yen
Total	44.9	104.5	104.5	254	225 billion yen

* Investment amount represents the sum of general and administrative expenses and capitalized assets.



* Net investment = Investment - return

* Amount of investment planned is as of May 22, 2024

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

Non-Financial Targets

Quantitative evaluation indicators	2022	2023	Medium-term targets (FY24)	
	Result	Result		
CO ₂ emissions, Scopes 1+2	Reduction rate (compared to fiscal 2020)	(14.5)	(29.9)	(16.8)% or over
	Basic unit (/100 million yen)	13.6	11.7	11.2 t-CO ₂ or under
E CO ₂ emissions, Scope 3	Reduction rate (compared to fiscal 2020)	(0.8)	(11.0)	(10.0)% or over
	Category 1: Basic unit (/100 million yen)	700.4	614.2	540.7 t-CO ₂ or under
	Category 11: Basic unit (/m ²)	2.9	2.7	3.5 t-CO ₂ or under
S Total accident frequency rate		4.22	3.88	1.00 or less
	Serious incident frequency rate	0.40	0.48	0.10 or less
G Labor productivity per hour	5,567	6,286	7,500 yen or more	

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

Scope 2: Indirect CO₂ emissions from power plants resulting from the use of purchased electricity and heat

Scope 3: Indirect emissions other than Scopes 1 and 2

Category 1: Emissions during the production of construction materials;

Category 11: Emissions during the operation of constructed buildings

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

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

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

Serious incident frequency rate = number of occupational accidents requiring 4 or more days of leave / total working hours (million hours)

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

Perception of Issues and Direction of Measures

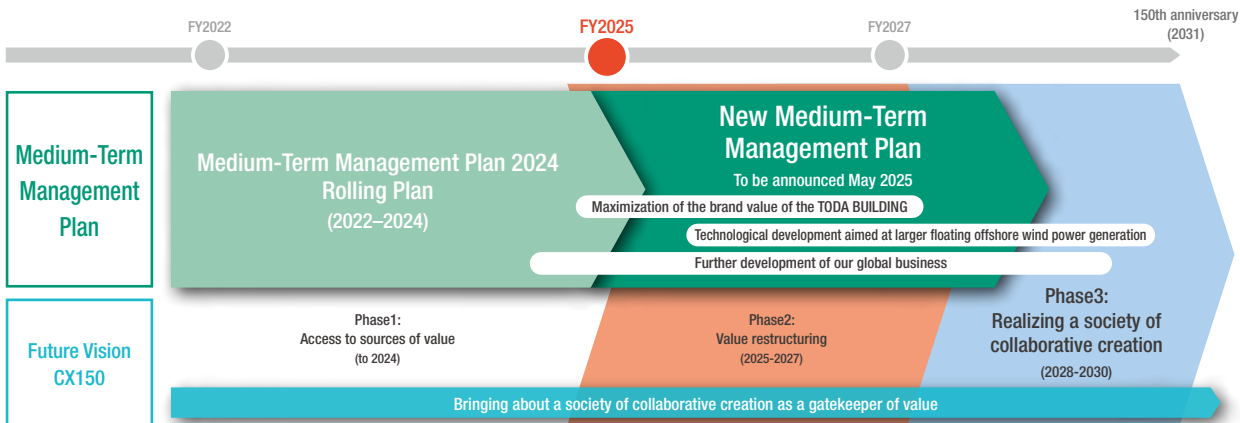
The issues facing the Toda Group in fiscal 2024 and the direction of our measures are explained in various parts of this Integrated Report. Following the Medium-Term Management Plan, the table on the right summarizes these with respect to core businesses, priority management businesses, and increasing corporate value. We will conduct our corporate activities for the current fiscal year based on these perspectives, aiming to deliver even better results in the final year of the current Medium-Term Management Plan.

Core businesses	<ul style="list-style-type: none"> ■ An order strategy that emphasizes brand value and profitability in the business ■ Strengthen cost control systems and secure labor for pressing facility construction work, etc. ■ Address the 2024 Problem (application of regulations capping overtime work) ■ Restore trust in quality, safety, and process management in the construction industry
Priority management businesses	<ul style="list-style-type: none"> ■ Achieve differentiated value by maximizing the value potential of the new headquarters building ■ Expand overseas business with a focus on Asia and Oceania and strengthen governance ■ Promote technological development aimed at larger floating offshore wind turbines
Increasing corporate value	<ul style="list-style-type: none"> ■ Increase employee job satisfaction and engagement based on well-being ■ Strengthen the supply chain by improving the ability of partners to come together ■ Promote management that is conscious of cost of capital and provide returns to shareholders

Toward the New Medium-Term Management Plan

The current fiscal year is the final year of the current medium-term management plan, and we plan to announce the new plan in the next fiscal year. From fiscal 2025, we will move to Phase 2, the next step in our Future Vision CX150: the “value restructuring” phase. We

will work to enhance our corporate value by maximizing the brand value of TODA BUILDING during its operational phase, developing technologies for larger floating offshore wind power generation, and further developing our global business.



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. While maximizing the value potential of the TODA BUILDING (grand opening scheduled for fall 2024), our new headquarters building, and taking into account sustainable corporate activities with an emphasis on sustainability management under the Basic Policies on Sustainability, the Toda Group will act as a gatekeeper of value to realize a society of collaborative creation.



Exterior view of the TODA BUILDING

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. In addition, as part of our efforts to protect the global

environment from climate change and to address issues relating to the natural environment, we are conducting analysis and disclosure in accordance with the recommendations of the TCFD and TNFD.

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.”



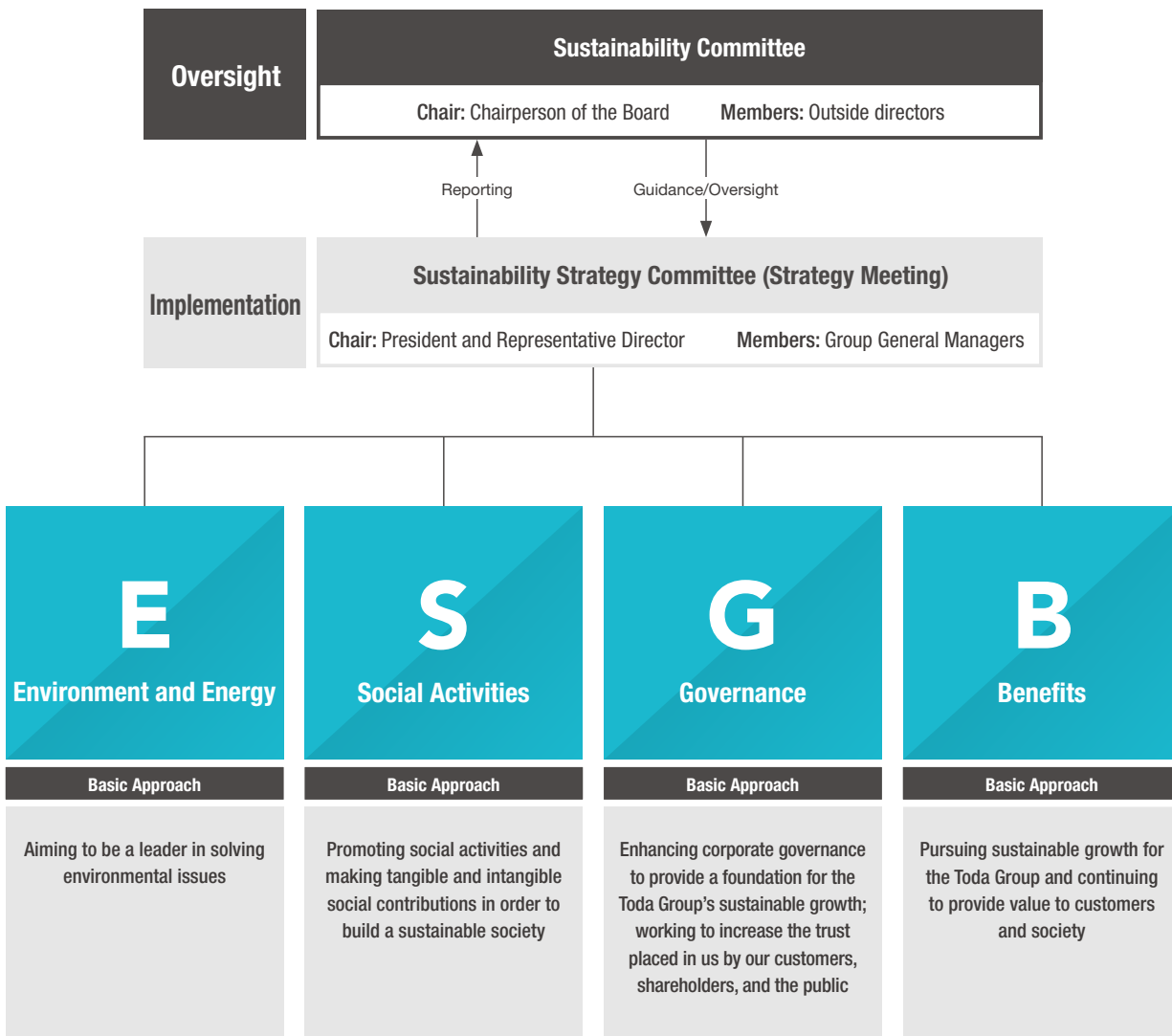
Sustainability Promotion Policy/Promotion System

Establishing and Operating a Sustainability Promotion System

The Sustainability Committee, which oversees and guides the promotion of sustainability, has been established within the Board of Directors, and the Sustainability Strategy Committee has been established on the executive side. The committee has defined topics to be addressed from the four perspectives of ESG+B (E: Environment and Energy, S: Social Activities, G: Governance, B: Benefits), and is holding in-depth discussions on how to reflect these in 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.

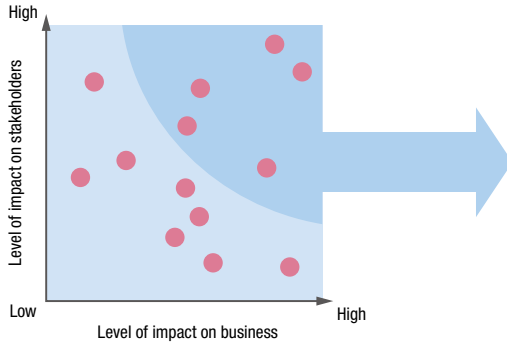


A "List of Plans and Results of Sustainability Activities for FY2023" is available on our official website (in Japanese).

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."



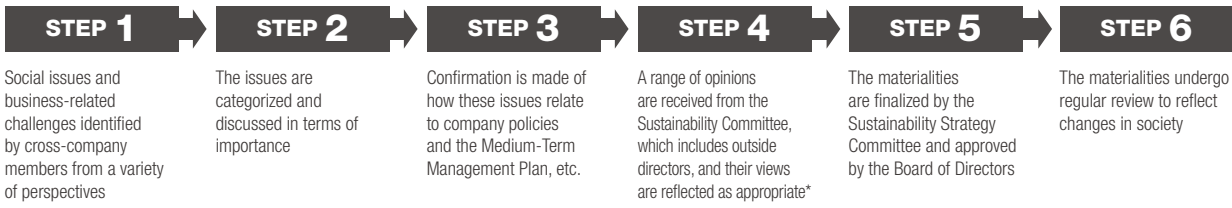
Main Initiatives Under Each Topic

	Materiality	Risks
<p>Urban Development that Supports Prosperous Lifestyles</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.	Due to damage caused by earthquakes and the increased severity of flooding as a result of climate change, there is a growing interest in the resilience of towns and BCP measures for buildings. We believe that a lack of technical proposal capabilities to meet these needs is a risk that could result in losing out on orders.
<p>Infrastructure Development in Harmony with the Environment</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.	If environmental considerations are not sufficiently taken into account when developing infrastructure, it will have a significant impact on the natural environment. With calls for action to promote a nature-positive approach around the world, we believe that if companies do not have sufficient infrastructure development techniques that make full use of technology to reduce, avoid, and even repair the impact they have on the natural environment, they will risk not only their reputation but also the opportunity to win construction contracts.
<p>Realizing a Decarbonized Society</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.	As we work toward achieving carbon neutrality by 2050, increasing attention is being paid to companies' efforts to reduce greenhouse gas emissions. As such, failure to monitor greenhouse gas emissions from business activities and take steps to reduce them poses a reputational risk.
<p>Innovating in Technology and Enhancing the Value We Provide</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.	In the construction industry, it is necessary to improve the value provided to customers based on factors such as productivity, safety, and quality through technological innovation. Insufficient innovation in this regard will lead to a decline in our competitiveness, and in the area of labor saving and automation in construction, for example, we will be unable to solve the problem of a shortage of manpower, making it impossible to maintain our existing production system.
<p>Creating Workplaces that Are a Joy to Work In</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.	There is an increasing level of diversity among the members of the workplace, including women, the elderly, and foreign employees. If the working environment is not sufficiently prepared to allow a diverse range of personnel to play an active role, there is a risk that each individual will not be able to perform at a high level, leading to a decline in productivity and quality in various areas of work.

A Foundation for Sustained Growth

	Materiality
<p>Foundations Building a foundation for our business operations</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.

The Materiality Identification and Review Process



* 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 sustainability 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		○

The Value Creation Story

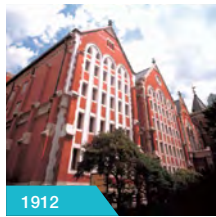
Materiality

Opportunities	Initiative Topic	Related SDGs
We believe that accumulating technologies and know-how that contribute to improving resilience will contribute to our competitiveness and further enhance the strength of our brand.	<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 	
We believe that environmentally friendly design and improved construction technology will help to improve our competitiveness with respect to winning orders.	<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 	
It is said that emissions related to construction account for about one third of the world's greenhouse gas emissions, and we believe that strengthening our ability to propose low-carbon technologies to building clients will make us more competitive with respect to winning orders, and that other opportunities for our company include building energy management, expanding floating offshore wind power generation, and flood prevention work.	<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 	
We believe that promoting the digitization of construction projects will lead to higher productivity and quality assurance in all processes, including planning, construction, and maintenance management, and that the added value of equipping buildings with features such as smart technology will also serve as an opportunity to enhance our competitiveness.	<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 	
Diversity and inclusion initiatives will contribute to improving organizational performance.	<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 	

Initiative Topic	Related SDGs
<ul style="list-style-type: none"> Building brand value assets Addressing globalization 	

Our History of Value Creation

Values and Major Works that Have Contributed to Society



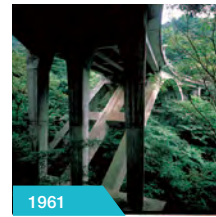
1912
Keio 50th Anniversary Memorial Library



1927
Waseda University Okuma Auditorium



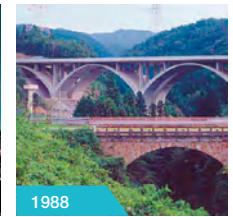
1933
Teito Dentetsu Line
(Keio Inokashira Line Shinsen Station)



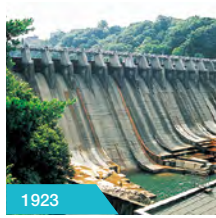
1961
Hakone Bypass Tengu Bridge



1970
Japan World Exposition, Osaka
— Swiss Pavilion



1988
Oinosaka Kameoka Bypass Bridge



1923
Ooi Dam



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



1958
Ryugasaki Country Club



1964
Komazawa Olympic Park
General Sports Ground Athletic Field



1983
Tsushima Airport



1991
InterContinental Yokohama Grand,
an IHG Hotel

Great Kanto Earthquake ▼

End of the War ▼

Oil Shock ▼

1881

1900

1920

1940

1960

1900s–1920s

Contribution to Reconstruction after the Great Kanto Earthquake

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

1930s–1970s

Contribution to Postwar Reconstruction and Rapid Economic Growth

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

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

Progressive Initiatives as a Responsible Company

History

1881	Contracting business launched as Toda-kata	1999	Official website launched
1908	Name changed to Toda-gumi	2010	Brand slogan “Created by People, Created with People.” announced
1924	Sales offices opened in Yokohama, Nagoya, Osaka, Fukuoka, and Sendai	2015	Toda Group global vision, “a corporate group that realizes ‘joys’” announced
1936	Reorganized as Toda-Gumi Co., Ltd.	2019	Toda Group logo mark established
1949	Registered as a construction business under the Construction Business Act		Temporary relocation of head office to Hatchobori, Chuo-ku, Tokyo due to building reconstruction
1958	Technology Research Dept. (now Toda Institute of Construction Technology) established	2021	140th anniversary “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)		

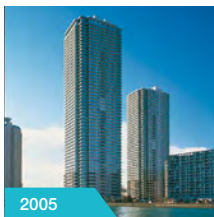
Environment Environment

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		Appointed Chair of the Eco-First Promotion Council
2000	First company in Japan and in the construction industry to achieve zero emissions	2020	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	2023	Issues Sustainability Linked Bonds
	SBT approval received for CO ₂ emission reduction targets (the first in the construction industry)		Updated the greenhouse gas emission reduction targets to the “1.5°C level”
	Issues Japan’s first Green Bonds for the company’s own business	2023	Certified as an A List company by the CDP (for the seventh time, and for six consecutive years, following 2016 and 2018 to 2022)
		2024	Selected as an “Environmentally Sustainable Company” (twice, for two consecutive years) and an “Environmental Disclosure Progress Company” in the ESG Finance Awards Japan

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.



2004
Minatomirai Line
Bashi Station



2005
W Comfort Towers



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



2019
Tokyo College of Music
Naka-Meguro Daikan-yama Campus



2021
Construction of the Kelani River
New Bridge



2021
Murata Manufacturing Co., Ltd.,
Minato MIRAI Innovation Center



2004
Marunouchi OAZO:
Marunouchi Kitaguchi Building



2014
Nukata Tunnel



2016
Otemachi Financial City Grand
Cube



2020
Yokohama Municipal Citizen's
Hospital



2021
Tokiwabashi Tower



2023
Sotetsu-Tokyu Direct Line
Tsunashima Tunnel

Great Hanshin Earthquake ▼

Great East Japan Earthquake ▼

COVID-19 Pandemic

1980

2000

2020

2031

150th anniversary of
the company's founding
Future Vision CX150

1980s–2000s

2010s onwards

Toward Becoming an “Environmentally Advanced Company”

As interest in conserving the environment grew worldwide in the 1990s, Toda, as a company that “considers 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.

A Corporate Group that Realizes “Joys”

In 2015, we drew up the Toda 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.

(ESG Initiatives)

Social

Social

- 1965 Toda Disaster Prevention Cooperative Association established
- 1989 Occupational ability reflected in the personnel system
- 1990 Toda Riyukai association established
- 1991 Full 2-day holiday workweek system introduced
- 1995 First in the construction industry to receive ISO 9001 certification
- 2001 Performance-focused evaluation introduced in the personnel system
- 2006 BCP (Business Continuity Plan) established
- 2008 Toda Tokyo Foremen’s Association established
- 2009 Performance and behavioral evaluation introduced in the personnel system
- 2012 ISO 27001 certification acquired
- 2013 Customer center established
- 2014 Establishes the Value Creation Promotion Office (now the Innovation Group)

- 2016 Joins the IkuBoss Corporate Alliance
Toda Mirai Foundation established
- 2017 Strategic Business Promotion Office established (now the Strategic Business Promotion Group)
Flex-time system introduced
- 2018 Obtains “Eruboshi”: L-boshi certification
- 2021 Receives silver in PRIDE Index for LGBTQ initiatives
- 2023 Receives Silver certification in the PRIDE Index 2023
- 2024 Certified as a Health & Productivity Management Outstanding Organization 2024 (White 500) for the first time in two years and the fifth time overall
Selected as a member of the “FTSE Blossom Japan Index” for the third time consecutive in three years






Governance

Governance

- 1967 Management Policy established
- 1994 Code of Conduct established
- 2002 Establishes Corporate Ethics Committee (now the Compliance Committee) and Audit Division (now the Internal Audit Division)
- 2003 Charter of Corporate Behavior established
- 2005 Executive Officer System introduced
- 2014 Risk Management Division established (now the Legal and Risk Management Division)
- 2015 Procurement Policy established
Basic Policy for Corporate Governance established
- 2017 Corporate Philosophy revised
- 2018 Charter of Corporate Behavior revised
Basic Policy for Corporate Governance revised
Code of Conduct revised
- 2021 Basic Policy for Corporate Governance revised
Basic Sustainability Policy established
- 2022 Board of Directors reduced in size (7 members, with a majority of outside directors)
Joins the United Nations Global Compact
Human Rights Policy established
- 2023 Procurement Policy reformed
- 2024 Global Corporate Governance Policy established

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.

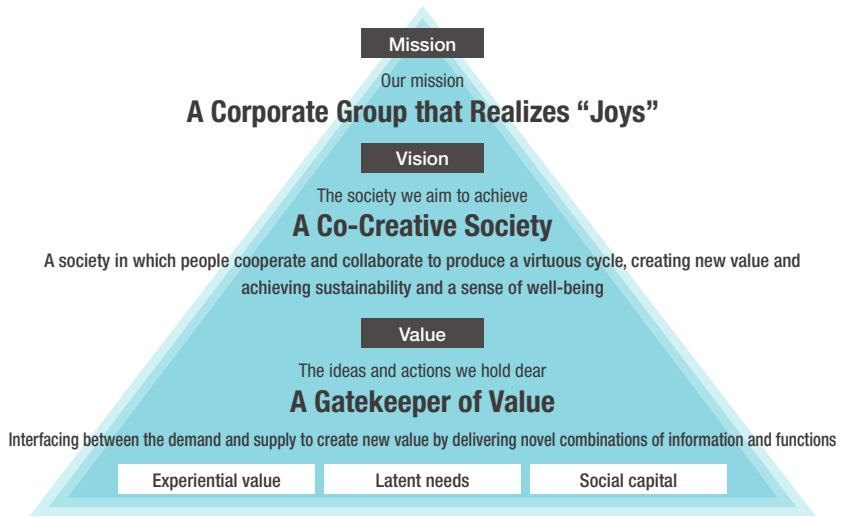
Business Environment and Social Changes	Impact on the Toda Group	
 <h3>Changes in Demographic Structure/ Labor Force</h3> <ul style="list-style-type: none"> Continuation of declining number of children and an aging population Decrease in the working population Promotion of diversity Increase of the number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

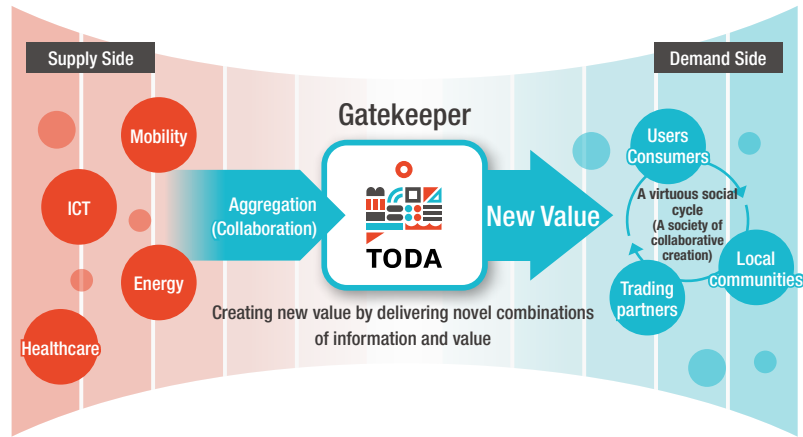
Conceptual Framework

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.



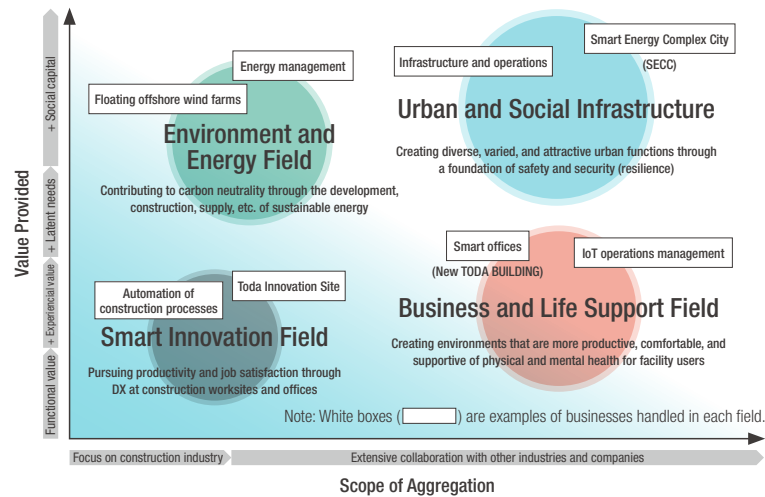
A Gatekeeper of Value

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.

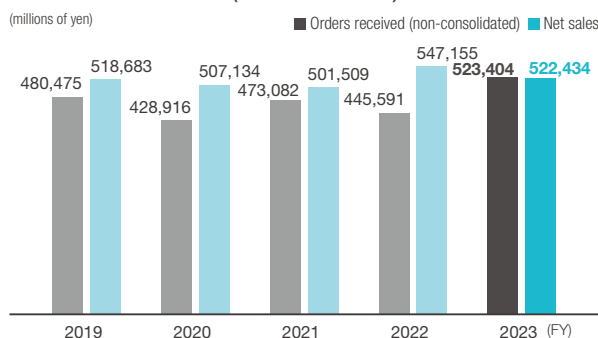


Strategy for Realization

Medium-Term Management Plan 2024 Rolling Plan (See p.14–18)

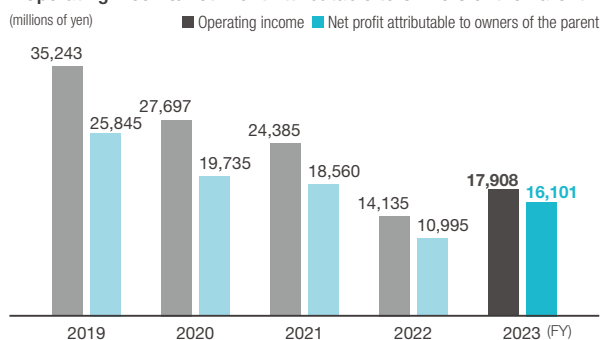
Financial and Non-Financial Highlights

Orders Received (Non-Consolidated) and Net Sales



In the construction business, overall orders received increased year on year due to an increase in both public-sector and private-sector construction work. Our orders received (non-consolidated) increased by 31.9% year on year in the building construction business primarily due to increasing orders for domestic private-sector projects, while they were down 12.4% year on year in the civil engineering business. The result was an overall increase of 17.5% to 523.4 billion yen. In terms of consolidated net sales, there was less progress than expected on large-scale construction projects, leading to a 2.1% decrease in the building construction business and a 15.3% decrease in the civil engineering business. The result was an overall decrease of 4.5%, to 522.4 billion yen.

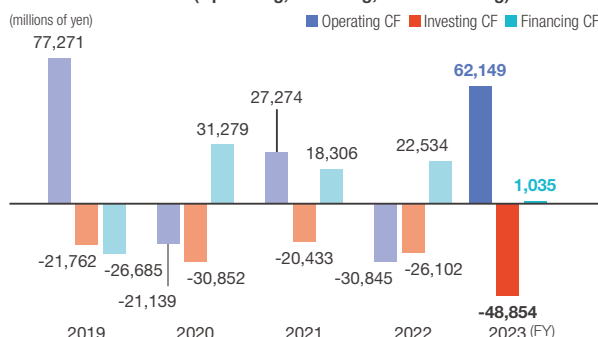
Operating Income/Net Profit Attributable to Owners of the Parent



Gross profit increased 14.4% year on year due to factors including a rebound in the building construction business following provisions for losses on construction projects in the previous fiscal year, and selling, general and administrative expenses increased 10.4% year on year due to increases in labor costs, research and development expenses, and other expenses. However, operating income increased 26.7% to 17.9 billion yen.

Net profit attributable to owners of the parent was 16.1 billion yen, up 46.4% from the previous year, due to gains on sales of investment securities resulting from the sale of cross-shareholdings, despite impairment losses and expected future losses in the environment and energy business.

Cash Flow (Operating, Investing, and Financing)



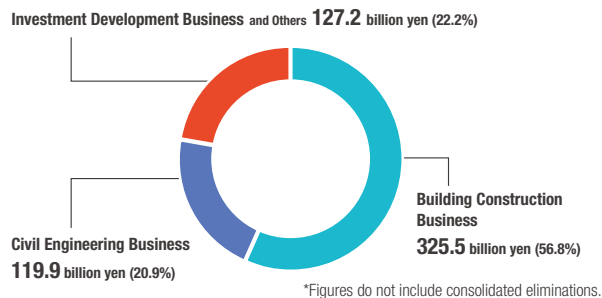
Cash and cash equivalents (hereinafter, "funds") at the end of the current fiscal year amounted to 113.1 billion yen, an increase of 17.2 billion yen year on year.

Although funds decreased by 15 billion yen due to factors including a decrease in accounts payable for construction contracts, cash flows from operating activities increased by 62.1 billion yen due to factors including an increase in funds deriving from a 61.9 billion yen decrease in trade receivables.

Cash flows from investing activities decreased by 48.8 billion yen, due to factors such as a decrease in funds of 55 billion yen for the purchase of property, plant and equipment, despite a 17.8 billion yen increase in funds due to factors including the sale of cross-shareholdings.

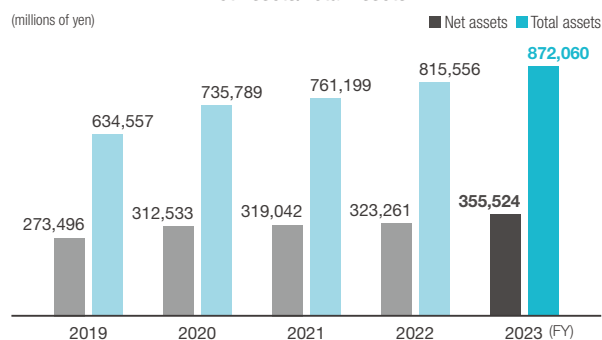
Cash flows from financing activities increased by 1 billion yen due to a 14.8 billion yen difference between proceeds from financing and repayment of loans, mainly due to the promotion of growth investment, and despite decreases in funds of 8.5 billion yen due to dividend payments and 5 billion yen due to the repurchase of treasury stock.

Net Sales by Business Segment and as Percentages of Net Sales



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 127.2 billion yen (98.2 billion yen the previous year).

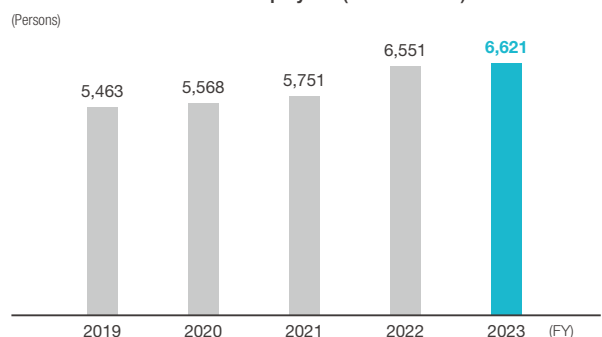
Net Assets/Total Assets



Net assets at the end of the current fiscal year were 355.5 billion yen, up 10.0% year on year, and the capital ratio was 40.0%. This was due to a 20 billion yen increase in valuation difference on available-for-sale securities resulting from an increase in the market value of cross-shareholdings, a 4.7 billion yen increase in foreign currency translation adjustment resulting from a weaker yen, and net profit attributable to owners of the parent of 16.1 billion yen, despite 5 billion yen of retained earnings recorded due to the repurchase of treasury stock and an 8.5 billion yen decrease in earned surplus due to dividend payments.

Despite a 60.2 billion yen decrease in bills receivable/uncollected money from completed projects, etc., total assets increased 6.9% year on year to 872 billion yen, mainly due to a 16.9 billion yen increase in cash and deposits, a 20.2 billion yen increase in real estate for sale, a 44.7 billion yen increase in construction in progress for the TODA BUILDING construction, etc., a 23.1 billion yen increase in investment securities, and a 5.7 billion yen increase in long-term loans receivable.

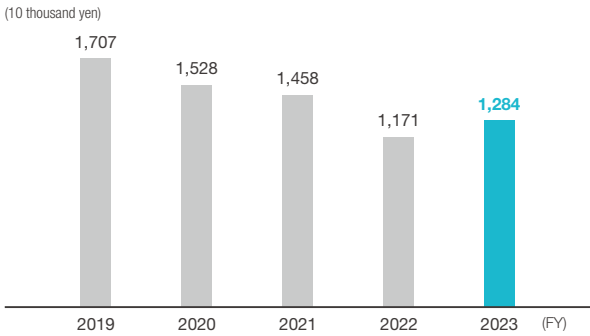
Number of Employees (Consolidated)



The consolidated number of employees increased by 70 year on year. The main reason for this was the acquisition of all issued shares of Green Support Systems, Inc. to make it a wholly owned subsidiary.

By segment, the total includes 2,641 (2,641 non-consolidated) employees in building construction, 1,016 (1,016 non-consolidated) in civil engineering, 1,308 (11 non-consolidated) in domestic group companies, and 1,109 (23 non-consolidated) in overseas group companies. The non-consolidated number of employees for the company stood at 4,231, an increase of 16 persons from the previous year.

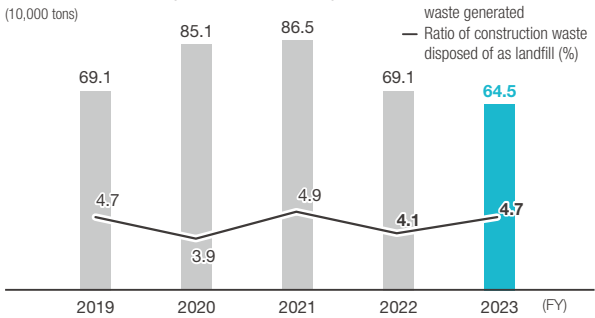
S Labor Productivity (Non-Consolidated)



Labor productivity for fiscal 2023 was 12.84 million yen (target for fiscal 2024 in the Medium-Term Management Plan is 15 million yen), mainly due to an increase in operating income in the building construction business. 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.)

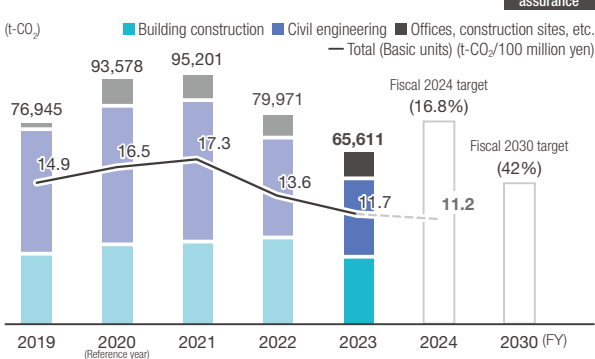
E Total Amount of Construction Waste Generated/ Ratio of Construction Waste Disposed of as Landfill (Non-Consolidated)



In fiscal 2023, waste volume decreased compared to the previous fiscal year, but the landfill disposal rate increased. The main reason for the decrease in waste volume is the lower amount of construction work compared to the previous fiscal year. The increase in the landfill disposal rate is due to a decrease in the amount of construction sludge, which has a high recycling rate, being discharged in the building construction sector. The total waste volume and landfill disposal rate are greatly affected by the type, amount, and scale of construction work carried out in a given year, but we will continue to work to reduce the volume of waste generated and the amount of waste sent to landfill 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.

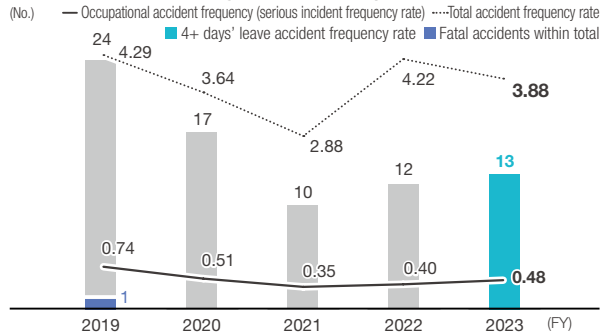
E Scope 1, 2 Total Emissions/Basic Unit (Consolidated)



In fiscal 2023, the total amount of Scope 1 and Scope 2 emissions was 65,611 t-CO₂, a decrease of 18.0% from the previous year, and emissions per basic unit were 11.7 t-CO₂/100 million yen, a decrease of 14.0%. This was largely due to approximately 22,000 tons of CO₂ reductions achieved through the use of environmentally friendly fuels (biodiesel fuel, combustion accelerant K-S1, GTL fuel), as well as the use of renewable electricity, etc.

This fiscal year, the final year of the Medium-Term Management Plan 2024 Rolling Plan, we will take further reduction action to achieve the greenhouse gas reduction targets that the plan sets out.

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



The serious incident frequency rate in fiscal 2023 was 0.48. Also, we achieved zero serious accidents and deaths for four years running. In fiscal 2024, looking toward our target of 0.10 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.

E Greenhouse Gas Emissions (Consolidated)

Unit	2019	2020	2021	2022	2023
Scope 1	t-CO ₂ 52,798	69,816	69,521	62,872	54,946
Scope 2*	t-CO ₂ 24,147	23,763	25,680	17,099	10,665
Scope 1/2 total	t-CO ₂ 76,945	93,578	95,201	79,971	65,611
Construction sites	t-CO ₂ 74,542	83,469	85,624	71,330	55,783
Offices, workshops, etc.	t-CO ₂ 2,404	10,109	9,578	8,641	9,828
Scope 3 total**	t-CO ₂ e 7.68 million	6.81 million	6.91 million	6.32 million	6.07 million
Category 1	t-CO ₂ e 1.57 million	1.41 million	1.45 million	1.53 million	1.32 million
Category 11	t-CO ₂ 5.92 million	5.22 million	5.30 million	4.58 million	4.48 million
Ratio of renewable energy electricity usage (RE ratio)	% 5.1	25.2	35.7	61.7	72.4

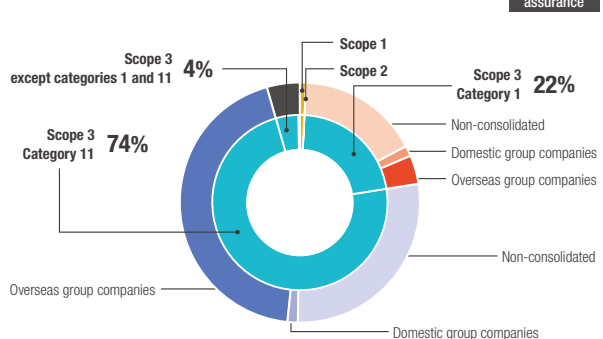
Scope of calculation: All consolidated subsidiaries (43 companies as of the fiscal year ended March 2024)

Scope 3 data for FY2020 (reference year) and beyond has been retrospectively revised due to a review of the scope of overseas construction and the items included.

*1 Calculated using 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 website.

*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 website (in Japanese).

E Greenhouse Gas Emissions



More than 90% of Toda Corporation's greenhouse gas emissions are Scope 3 emissions.

In the construction business, the buildings we deliver are used over long periods of time, so category 11 (emissions during operation of delivered buildings) accounts for a large proportion of Scope 3, at around 74%. Due to the progress of energy-saving designs and the shift to ZEBs, particularly in Japan, Category 11 emissions in fiscal 2023 were 14.2% lower (4.48 million t-CO₂) than in fiscal 2020.

We will continue to work on reducing greenhouse gas emissions throughout the supply chain.

Financial Strategy

Enhancing corporate value through strategic allocation of human resources and capital, along with proactive stakeholder engagement

Executive Vice President and Group General Manager, Corporate Administration Group

Yamazaki Toshihiro



As uncertainty around social and economic conditions increases, we must remain agile in reforming our strategies and organizations in line with the business environment. In the current fiscal year, the final year of our Medium-Term Management Plan, we are vigorously promoting company-wide strategies to achieve KPIs and enhance our corporate value over the medium to long term.

The Corporate Administration Group enhances links between the three Business Groups and the Innovation Group, exercising a planning and coordination function to resolve bottlenecks (challenges) and improve business results to realize the Future Vision CX150. Moreover, by promoting the optimal allocation of

human resources and capital across the Company, and tightening the investment screening process, we strive to enhance our earning power and streamline business management.

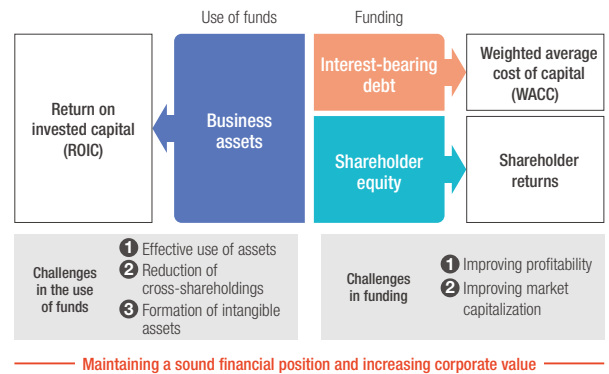
To ensure “accountability” to our stakeholders, we recognize the importance of transparently communicating our Group’s goals, the measures we have taken to achieve them, and the resulting outcomes in a well-grounded manner. Therefore, we are committed to further strengthening constructive engagement with all our stakeholders, including customers, employees, business partners, shareholders, investors, and society at large.

Overview of Financial Strategy

To implement business strategies related to the Group’s core construction business and priority management projects as growth investments (see P.16), it is critical to focus on the underlying technology, digital transformation (DX), human resources, and financial strategies that support these businesses. We envision our financial strategy by considering the fundamentals of finance, as represented by the balance sheet. By pursuing the ideal structure of business assets (use of funds) on the debit side and interest-bearing debt and shareholders’ equity (funding) on the credit side, we aim to maintain a sound financial condition and enhance corporate value.

In terms of use of funds, we enhance capital efficiency by replacing held assets, selling cross-shareholdings, and promoting business portfolio management, all while closely monitoring our return on invested capital (ROIC of 5% or more). Regarding funding, we are mindful of the weighted average cost of capital (WACC) and financial soundness, aiming to achieve a profitability target of 8% or more in return on equity (ROE).

We also view achieving management that is conscious of cost of capital and stock price as a crucial objective of our business strategy. We strive to enhance PBR through stable share dividends, timely and appropriate share buybacks, and proactive stakeholder engagement.



Policies to Improve Return on Capital and Market Valuation

Aiming to secure profitability in the construction business and improve capital efficiency through the sale of cross-shareholdings and the use of private funds

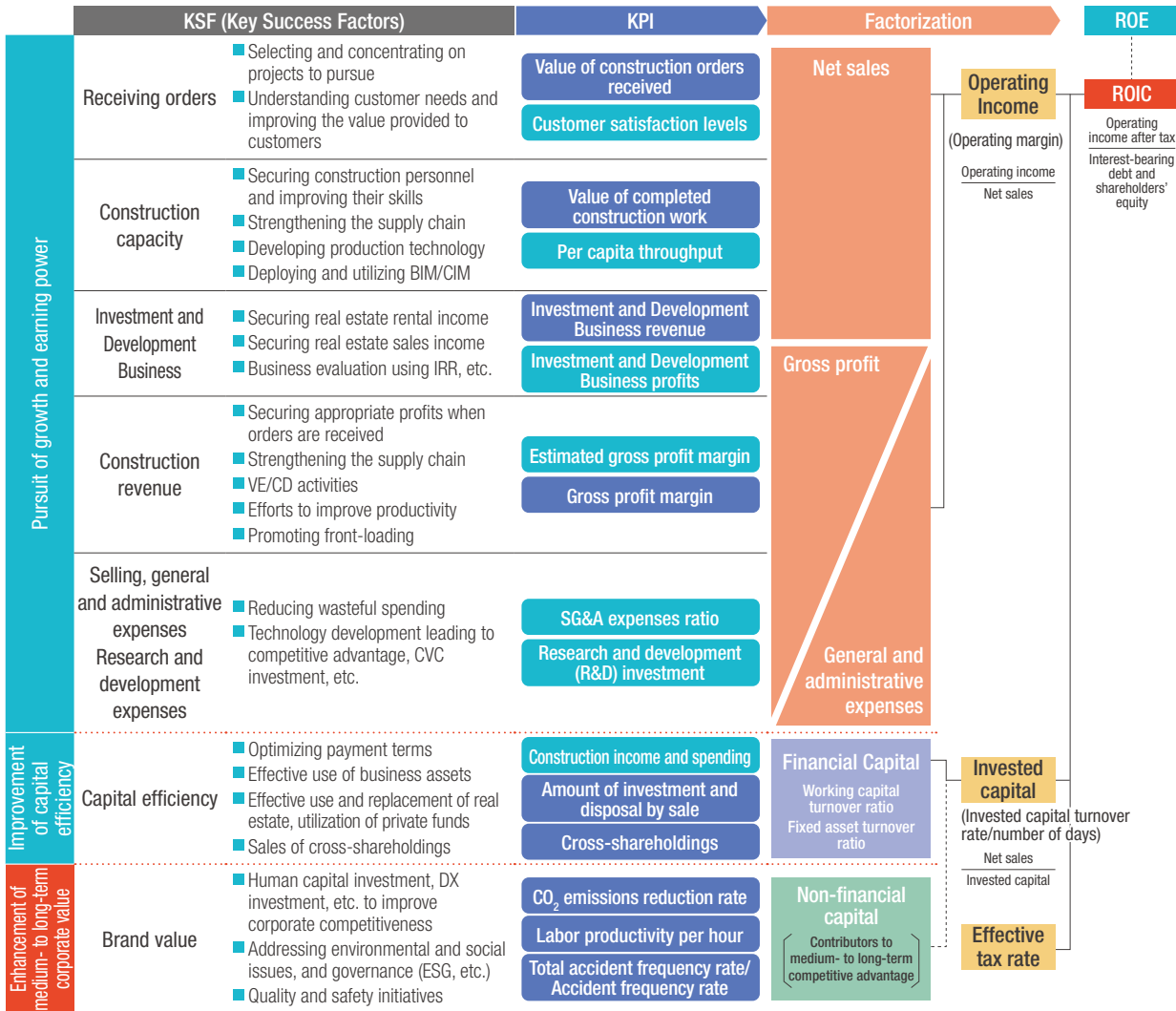
Key points for improvement	Policies / Indicators	Improvements
Pursuit of growth and earning power	<ul style="list-style-type: none"> Growth strategies and strategic investments to enhance corporate value Improvement of capital efficiency through replacement of real estate holdings, etc. (private funds, etc.) 	Enhanced ROE
Improvement of capital efficiency	<ul style="list-style-type: none"> Sale of cross-shareholdings (medium-term plan target: 10 billion yen or more per year) Promotion of business portfolio management Business management using ROIC by business sector as an internal indicator 	
Optimal capital structure	<ul style="list-style-type: none"> Maintain investment ratings based on financial discipline (medium-term plan target: D/E ratio of 0.8x or less) 	
Stable and ongoing shareholder returns	<ul style="list-style-type: none"> Implementation of stable shareholder dividends (medium-term plan target: DOE of 2.5% or more, total return ratio of 40% or more) Timely and appropriate execution of flexible share buybacks 	Improved PER
Efforts to ensure stakeholder satisfaction	<ul style="list-style-type: none"> Proactive dialogue with investors, etc. (60 or more meetings per year) Enhanced disclosure and communication with customers, business partners, shareholders/investors, and employees 	

Enhanced PBR

Internal Management Using a Reverse ROIC Tree

One specific initiative to promote management that is conscious of cost of capital is the establishment of hurdle rates based on defined standards during investment decision screenings. Additionally, calculating ROIC by business unit instills awareness of capital costs within each division. We continue to manage business results by

breaking down elements through ROIC tree analysis and setting KPIs. Furthermore, to achieve sustainable growth in corporate value, we aim for a company-wide ROIC of 5% or more, ensuring it exceeds the cost of capital.



Strategy for Value Creation

Financial Strategy

Assessment and Management of Business Assets and Development of Intangible Assets

Regarding “business assets” on the debit side of the balance sheet, the medium to long term balance of these assets is periodically reviewed to ensure alignment with the funding side.

For new investment projects, the Investment Screening Division performs comprehensive evaluations that integrate an assessment of the return on invested capital (ROIC), considering the weighted average cost of capital (WACC) and business risks, with qualitative evaluations that include the assessment of environmental impacts such as climate change. Additionally, these reviews consider exit strategies and individual risks, with institutional decisions made by the Board of Directors and other relevant bodies.

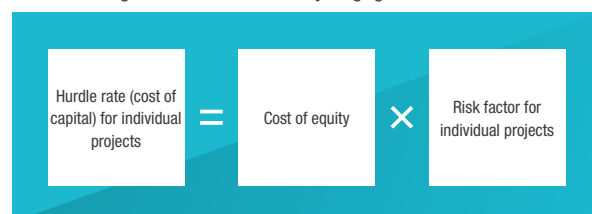
For ongoing investment projects, regular monitoring is conducted by investment sector to review the return on investment and exit strategies. Additionally, the necessity of withdrawal or resizing of business operations is assessed to ensure effective utilization of assets.

Meanwhile, in an increasingly uncertain business environment, strengthening brand power in key foundational strategies such as

technology, digital transformation, and human resources is crucial for enhancing corporate value.

As a strategy to strengthen brand power, we invest in the development of new technologies and the implementation of cutting-edge systems, thereby forming intangible assets. Evaluating how each investment contributes to enhancing corporate value is also a key aspect of our financial strategy.

We will monitor the investment effects on intangible assets in conjunction with investments in ESG values, such as measures against climate change and biodiversity, as well as contributions to health management and community engagement.



Capital Allocation

To enhance our corporate value in the medium to long term, it is essential to strengthen our core businesses while also investing in new business fields. To achieve our profitability target of an ROE of 8% or more, we are currently strengthening our business portfolio through investments in growth and intangible assets, and ensuring the optimal allocation of capital.

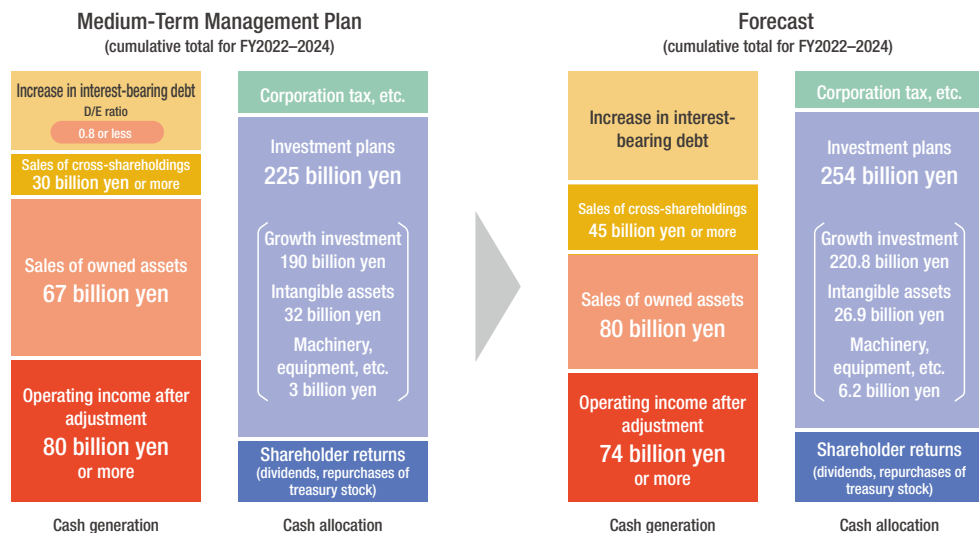
The “Medium Term Management Plan 2024 - Rolling Plan” announced in May 2022 set out our capital allocation (cumulative amount for the period from FY2022 to FY2024), and the figures below show the forecasts as of May 2024.

Regarding cash generation, we are enhancing the profitability of our construction business by securing appropriate profits upon receiving orders, strengthening the supply chain, and promoting front-loading etc. to “pursue growth and earning power.” Additionally, to “improve capital efficiency,” we are actively leveraging our held

assets, including the real estates, by incorporating them into private funds and launching a private REIT. For cross-shareholdings, we have been achieving annual sales of over 10 billion yen, which is expected to surpass our initial plan.

In terms of cash allocation, we have been expanding our investments, particularly in real estate development and the environmental and energy business. While it is essential to allocate appropriate funds for growth, we also aim to swiftly recover funds from initial investments to enable subsequent investments. Moving forward, we will continue to prioritize investments that enhance corporate value over the medium to long term, while also focusing on improving capital efficiency and providing shareholder returns through stable dividends and share buybacks.

Capital Allocation



* Operating income after adjustment takes into account factors such as revenue from real estate for sale and depreciation costs.

Ensuring Financial Soundness

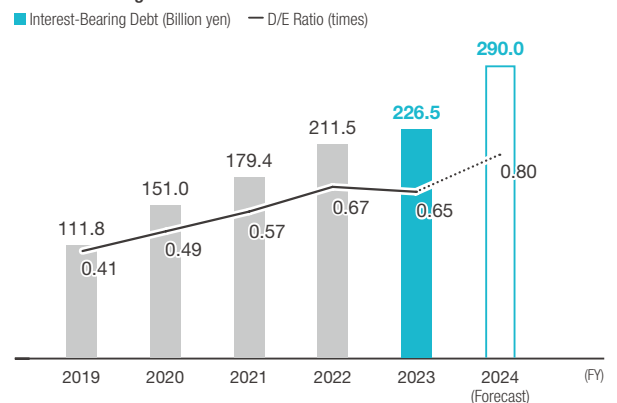
As part of our financial discipline to ensure financial soundness, the Group aims to keep the D/E ratio (interest-bearing debt/ shareholders' equity) at 0.8 or lower.

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

In terms of investments necessary for sustainable growth, we appropriately assess these investments based on our criteria and procure capital within the scope of our financial discipline. Simultaneously, we actively seek ESG-related financing when securing capital.

Moving forward, we will continue to engage in capital procurement that promotes sustainable growth and enhances corporate value, while also fulfilling our social responsibilities.

Interest-Bearing Debt and D/E Ratio



Reduction of Cross-Shareholdings

We maintain cross-shareholdings solely to strengthen key collaborations and business relationships that support our business strategies and contribute to long-term corporate value enhancement.

To mitigate stock-holding risks and improve capital efficiency, our basic policy is to reduce cross-shareholding balances. If the rationale and economic benefits of holding a particular stock do not meet our criteria, we initiate sales after thorough discussions with our business partners.

The Board of Directors conducts an annual economic rationality assessment based on set indicators to verify the appropriateness of our holdings. In May 2022, we announced the “Medium-Term Management Plan 2024 - Rolling Plan”, which includes a policy to sell at least 30 billion yen (market value basis) of cross-shareholdings over three years, up to fiscal year 2024. This strategy aims to secure funds for growth investments while maintaining capital efficiency and financial soundness. In fiscal year 2023, we sold 14 stock issues totaling 16.6 billion yen and continue to engage in respectful and thorough negotiations with our business partners.

Shareholder Returns

Regarding our shareholder returns, our basic policy is to return profits to shareholders in accordance with our performance and the business environment, while ensuring stable dividends and securing the internal reserves essential for strengthening our competitiveness and financial position.

In February 2022, to directly return profits and aim for long-term stock price appreciation, we changed our target from “a DOE (dividends on equity ratio) of about 2.0% and a payout ratio of about 30%” to “a DOE of at least 2.5% (with a total return ratio of at least 40%)”. By securing an ROE of 8%, we aim to maintain a sound financial position and continue paying stable dividends.

We utilize internal reserves for growth investments to enhance corporate value and consistently consider additional shareholder returns. Regarding share buybacks, we take a comprehensive view of factors such as investment needs, financial soundness, business results, and stock prices, and conduct these buybacks flexibly, supplementing dividend payouts at the appropriate times and scale. In fiscal year 2023, we implemented share buybacks totaling approximately 5 billion yen and plan to continue doing so in fiscal year 2024.

Total Shareholder Return (TSR)

Our Total Shareholder Return (TSR), which accounts for dividends and stock price changes, is as illustrated. Over the past five years, our return rate has been lower than that of the Tokyo Stock Price Index (TOPIX). We are currently analyzing and reassessing our financial strategy to pursue management that is conscious of cost of capital and stock price, with the goal of enhancing shareholder value.

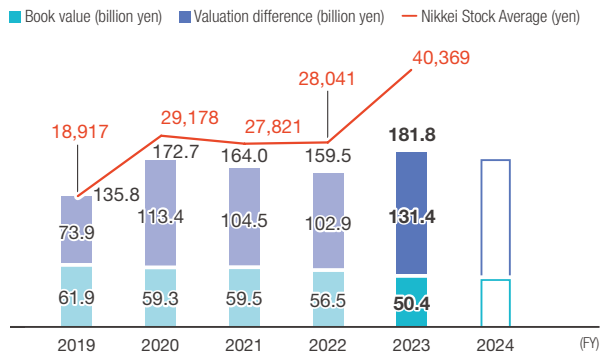
Sales of Cross-shareholdings (Non-consolidated)

(million yen)

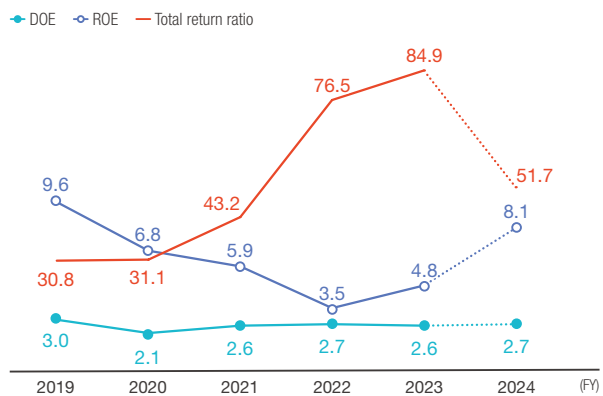
	2019	2020	2021	2022	2023	FY2024
Sold value	2,882	5,770	4,520	11,584	16,697	
No. of issues	13 issues	21 issues	12 issues	10 issues	14 issues	

Over 30 billion yen worth over 3 years

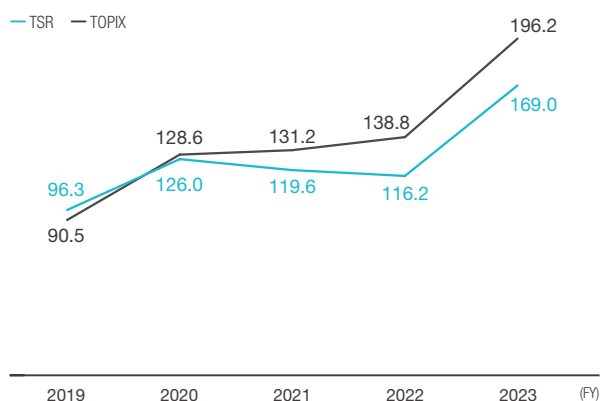
Cross-shareholdings Owned Balance (Non-consolidated)



DOE/ROE and Total Return Ratio (%)



Total Shareholder Return (TSR) (%)



Human Resources Strategy

Increase Investment in Human Resources to Enhance Their Value

Corporate Administration Group
Corporate Officer (Personnel)

Seo Nobuhiro

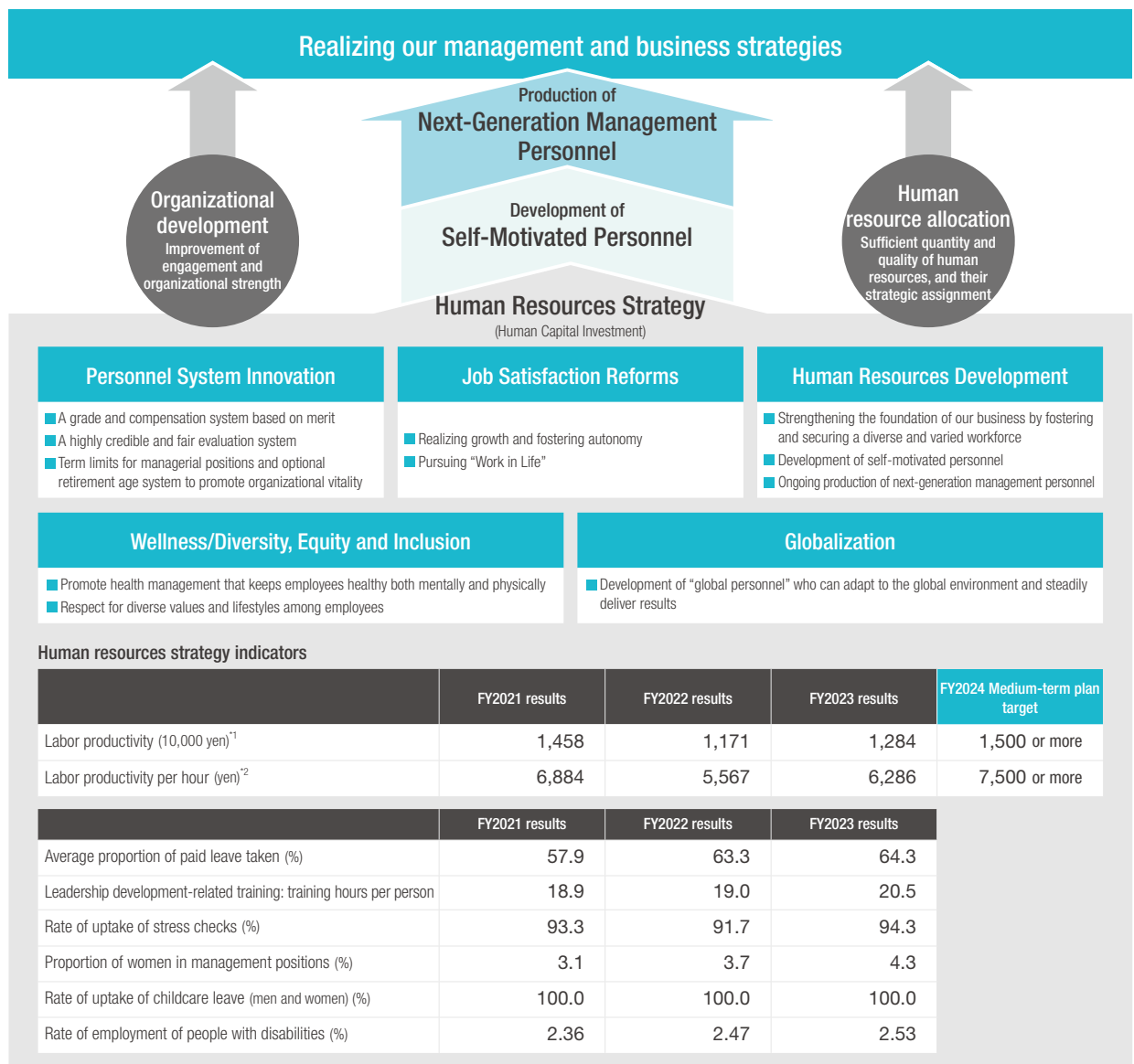


The Toda Group's mission is to be "a corporate group that realizes 'joys,'" and in order to clarify our strategy for realizing our "Future Vision CX150," which was drawn up in preparation for our 150th anniversary, we have formulated the "Medium-Term Management Plan 2024 Rolling Plan" for the three-year period from fiscal 2022 to 2024, and are working as a united group to implement it.

The principal actors in realizing our management and business 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: personnel system innovation; reforms for job satisfaction; human resources development; wellness, diversity, equity & inclusion; and globalization. By implementing measures in conjunction with the different areas, we aim to achieve continuous production of high-value human resources who can realize our management vision. We will also work to ensure the effectiveness of our measures and maximize our organizational strength and human resources value through organizational development and human resource allocation, etc.

Overall view of our human resources strategy



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

² Labor productivity per hour = value added (operating income + total personnel expenses) ÷ number of employees ÷ average total actual working hours

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 (mission grade system) will remove the traditional seniority-based factors and shift to a merit-based system whereby positions are assigned and compensation awarded on the basis of role and contribution.

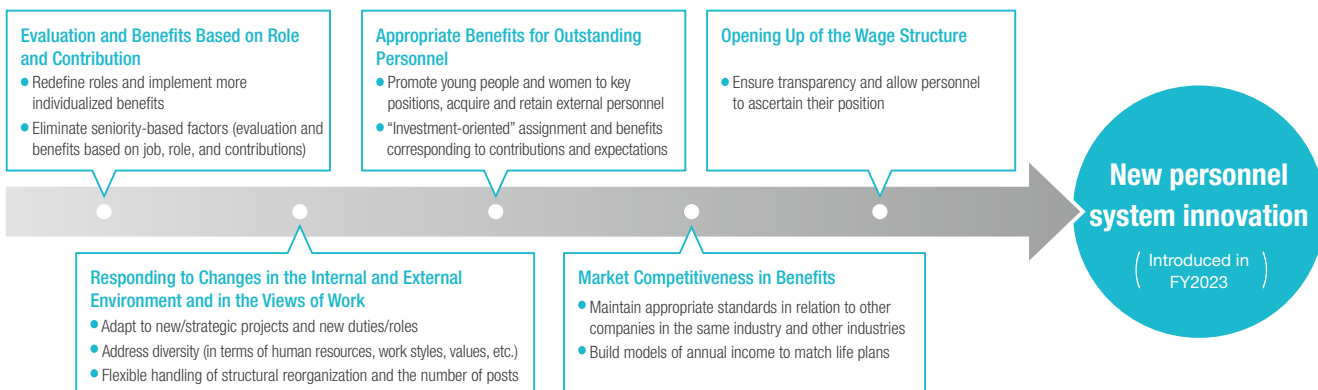
Under the new system, grades and compensation will be set based on role value, regardless of age or years of service. This will help to raise motivation for growth and improve organizational vitality throughout the company by selecting talented young employees for important posts and assigning the right people to the right positions. In addition, by correcting the disparity in grades and compensation between men and women, which had been caused by factors such as maternity and childcare leave and limited working locations, we are creating an environment that enables positive career development in accordance with life plans, including the promotion of women's

advancement and balancing work and family life, which are also social issues. Furthermore, by maintaining market-competitive compensation levels and ensuring consistency with the needs and values of talented personnel both inside and outside the company, we aim to strengthen the company's competitiveness over the medium to long term by promoting the retention and performance of talented personnel and the acquisition of external specialized personnel in strategic and priority areas.

In addition, we have reformed our personnel systems to provide a foundation for improving our corporate culture and sustainably enhancing our corporate value in the future by shifting to a new evaluation system that is more credible and fairer, introducing an optional retirement age (retirement age extension) system up to age 65, expanding the reemployment system up to age 70, and introducing a term limit on managerial positions that promote the promotion of talented young personnel.

Using the new personnel system as a foundation, we will promote each of our human resources strategy initiatives, including organizational development and allocation of human resources.

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 light of the cap on overtime work applied from fiscal 2024, in recent years we have been implementing company-wide efforts such as shortening total actual working hours and increasing the number

of vacation days taken.

Furthermore, in FY2022 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.

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

	FY2021	FY2022	FY2023
Total actual working hours* ¹	2,119	2,103	2,052
Average hours of overtime* ²	23.8	23.3	17.8
Average amount of paid leave taken (days)* ³	10.7	11.7	12.9
Average proportion of paid leave taken (%)* ³	57.9	63.3	64.3

*¹ Total actual working hours: Includes management and supervisory personnel and dispatched employees.

*² Average overtime hours: does not include management and supervisory personnel and dispatched employees.

*³ Average amount of paid leave taken and average proportion of paid leave taken: Includes management and supervisory personnel, but not dispatched employees.

Labor Productivity Results and Targets

	FY2023 (results)	FY2024 (targets)
Labor productivity per person (10,000 yen)	1,284	1,500 or more
Labor productivity per hour (yen)	6,286	7,500 or more

* See p.15 and p.33 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 produce the next-generation management personnel who will lead Toda Corporation into the future, off-the-job training (Off-JT), such as training by grade, was substantially renewed in fiscal 2022, and the number of trainees and hours of training are increasing every 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.

Training Program

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 an early stage, 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 over 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.

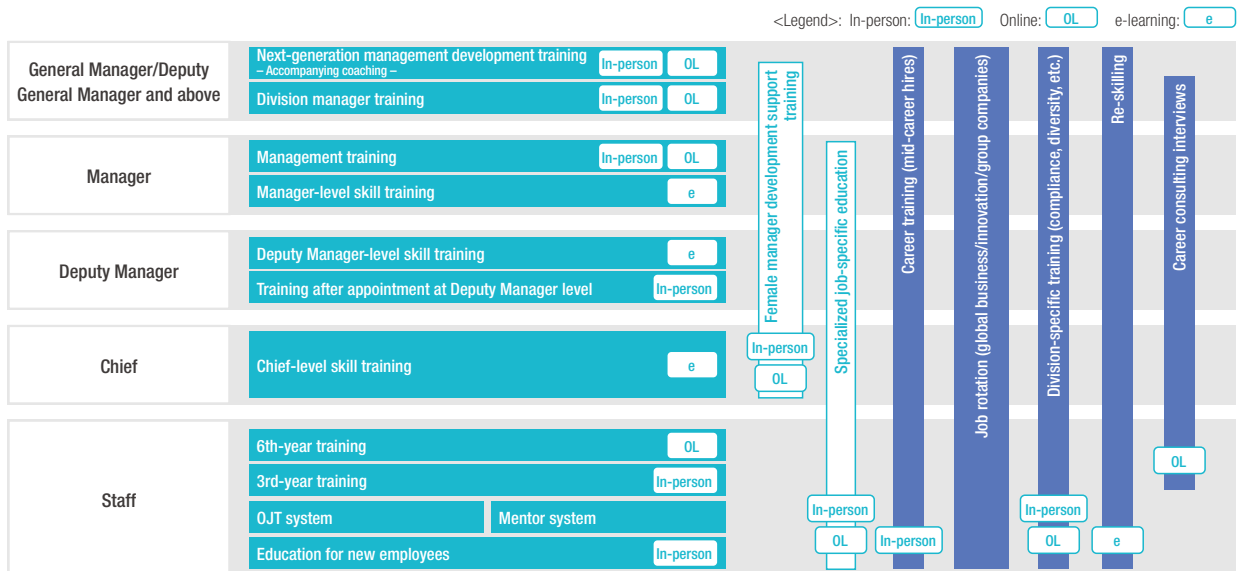
Our Achievements in Human Resources Training and Development

		FY2021	FY2022	FY2023
Leadership development-related training: Training hours per person (In parentheses: No. of trainees)		18.9 (336)	19.0 (523)	20.5 (450)
Training hours per person belonging to organizations under the respective training jurisdictions (In parentheses: No. of trainees)	Building construction	88.3 (1,071)	103.6 (1,044)	97.3 (1,018)
	Civil engineering	15.8 (510)	35.2 (588)	40.8 (548)
	Administrative	9.6 (416)	28.2 (114)	30.9 (120)

* 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)



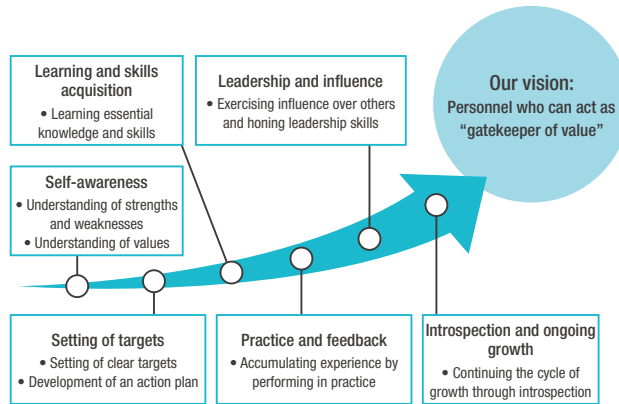
Development of Self-motivated Personnel

In order to achieve “value creation in human resources,” we are focusing on fostering self-motivated personnel in order to achieve continuous production of management personnel that can take responsibility for important business operations. Self-motivated personnel are the foundation that supports sustainable corporate growth and innovation, and as the “gatekeeper of value” in Future Vision CX150, they will create new value by combining information and value in unprecedented ways to meet the potential needs of our customers, taking into account changes in social trends, values, and value provision processes.

From the early stages of employment, namely, education for new employees, third-year training, and sixth-year training, we encourage employees to develop and practice the mindset of self-motivated personnel. By rewarding employees who actually go beyond existing frameworks and work on their own initiative, we are creating an environment that supports and respects the growth cycle

of individual employees, such as by increasing their motivation and leading them to put more advanced practices into action.

Schematic of self-motivated personnel development



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 by fiscal 2025.

Specifically, a pool of management personnel will be produced by selecting 50 candidates from our business units each fiscal year. These candidates will be offered effective development training focusing on accompanying coaching. Accompanying coaching involves periodic or continuous 1-on-1 coaching by an in-house career coach from the Human Resources Administration Division, facilitating an experiential learning cycle.

In addition, in order to establish a corporate governance structure, we have begun to formulate a succession plan for the president.

The succession plan will integrate and enhance the next-generation management development training system which is provided through accompanying coaching, and promoting the systematic training and assignment of successors for important positions such as Group General Managers and Senior GM-Administration Div.

Accompanying Coaching Support



1-on-1 Meetings

At Toda Corporation, we organize at least six 1-on-1 meetings a year between supervisors and subordinates.

The 1-on-1 meetings are positioned as routine development interviews for staff, where supervisors provide feedback to motivate subordinates to take on challenges and achieve results, as well as giving advice on how to realize their career plans, thereby fostering a

corporate culture in which interactive dialogues are held frequently to promote the growth of subordinates from a medium- to long-term perspective. In addition to building relationships of trust between supervisors and subordinates, these meetings are also intended to promote human resource development and revitalize organizational communication, which is the concept behind the program.

How 1-on-1 meetings work



Wellness/Diversity, Equity and Inclusion

In March 2024, we established the Wellness & Diversity Promotion Division (Health Support Department, Diversity Promotion Department, and Barrier-Free Promotion Department) to improve employee engagement through activities aimed at enhancing employee well-being and creating a work environment that provides job satisfaction.

We also believe that the varied values and abilities of our employees are indispensable for accurately identifying increasingly

diverse needs and providing the value demanded by society. To this end, we are implementing a variety of initiatives, including the formulation of a human rights policy and the establishment of a comfortable work environment, to enable personnel from diverse backgrounds, including in terms of gender, LGBTQ+ (sexual minority) status, nationality, race, religion, and skills, to play an active role.

Wellness Initiatives

In order to continue our sustainable growth, it is essential that our employees remain healthy both mentally and physically. The group has adopted “promotion of health management” as a key policy and is implementing various initiatives accordingly.

In terms of physical health, we are implementing initiatives to improve, maintain, and promote health through measures such as follow-ups after regular health checkups, specific health guidance by our in-house public health nurses, company-wide measures to solve sleep problems, and events to raise health awareness. For mental health, we hold mental health seminars, offer individual interviews with psychiatrists and public health nurses to those who request them, and make use of external consultation services to provide support from various perspectives for employees' mental health concerns.



Specific health guidance by a public health nurse

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.

To help women develop their careers, we also arrange for them to participate in training to support the development of female managers, university courses, and other programs. In addition, we have established an environment that enables flexible work styles, such as the “Narashi Childcare Leave System” to support childcare leave and other life events, and a system for working shorter hours than legally required.

The proportion of female managers (percentage of women in positions at the deputy manager level and above) rose to 4.3% in fiscal 2023 as a result of promoting the appointment of excellent human resources and enhancing training aimed at facilitating career development.

As a result of our various initiatives, Toda Corporation received the highest level of 3-star certification under the “Eruboshi” accreditation based on Article 9 of the Act on the Promotion of Women's Active Engagement in Professional Life.



3-Star “Eruboshi” accreditation

Appointment of Female Employees

(FY)	2020	2021	2022	2023
Proportion of women among all employees (%)	14.8	15.4	16.1	16.6
Proportion of women in management positions (%)	2.6	3.1	3.7	4.3
Proportion of women in officer positions (%)*	11.8	11.8	16.7	16.7

* Proportion of women in officer positions: Percentage of director and corporate auditor positions held by women

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 addition, in fiscal 2021, we introduced a same-sex partnership system and published an “LGBTQ+ Guidebook,” as well as distributing original “ally” stickers to those who requested them in order to expand the circle of allies. As a result of implementing progressive initiatives such as conducting an anonymous awareness survey on LGBTQ+ issues for all executives and employees in fiscal 2023, we received the PRIDE Index “Silver” certification.



Original “ally” sticker



PRIDE Index “Silver” certification

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 system for male employees. In order to enable both male and female employees to balance work and childcare, the Human Resources Administration Division explains the relevant systems to an employee and their superior each time a birth is reported, and interviews are held with male employees who wish to take childcare leave and those who plan to take long-term (28 days or more) childcare leave and their supervisors to ensure that this can be done 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 four consecutive years since fiscal 2020.

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.

Number of employees using the childcare leave program and uptake rate

(FY)	2018	2019	2020	2021	2022	2023
Men (no. of people)	68 (57.1)	74 (66.7)	120 (100)	122 (100)	141 (100)	123 (100)
Women (no. of people)	25 (100)	22 (100)	22 (100)	21 (100)	20 (100)	25 (100)

* Figures in parentheses show uptake rate (%)

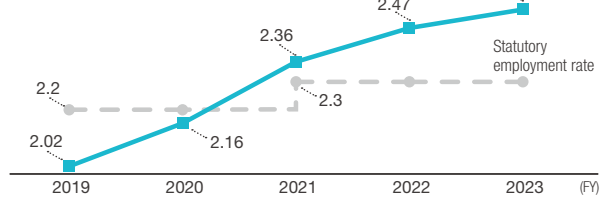
Promoting the Employment of People with Disabilities

We are continuously working to promote the employment of people with disabilities. This includes providing employment conditions and work environments that take into account individuals' circumstances, allowing them to adapt to and settle into the workplace, as well as providing jobs and workplaces that take into account their individual capabilities. In addition, we accept students, mainly from the high school section of special-needs schools, for work experience training with the goal of employment at a company. Every year, we hire new employees with intellectual disabilities, and have established a business support center where they perform tasks such as clerical

work and cleaning. Through these efforts, we are aiming to expand their job opportunities and help them to become firmly established in the workforce, thereby achieving true normalization of disabilities.

Percentage of Employees with Disabilities

(Non-Consolidated, As of June 1 of Each Year):



Globalization

Development of Global Personnel

To further promote our overseas business, which we have positioned as a priority management business, we are working to educate employees who will be responsible for this business and develop their working environment. Accordingly, we are focusing our efforts on the development of "global personnel" who can adapt to the evolving globalization environment (multinational, multilingual, multicultural, etc.) and steadily deliver results. In recent years, we have strengthened our training system to create an environment in which employees can acquire the three additional necessary skills of language proficiency, self-motivated thinking, and cross-cultural understanding, in addition to their backgrounds, expertise, abilities, skills, personal connections, and other attributes.

We will systematically and continuously produce global personnel who will be active in Japan and overseas and drive the enhancement of our corporate value.

Hands-on Training

We offer training in Japan for local staff at our overseas offices, which combines Japanese language study with hands-on training. Candidates for executive positions at our overseas offices gather from various countries to learn about construction techniques, Japanese business practices and culture, and the Toda Group through hands-on training at work sites.

In addition, training in skills such as giving presentations is offered to all employees of group companies in Japan and overseas as an opportunity to use English in practical situations. Through agreements with international universities, we are putting our efforts into developing global personnel through industry-academia collaboration, and we are regularly implementing practical training programs that involve using only English over the course of three days.

Through these training programs, we aim to improve the three skills of language proficiency, self-motivated thinking, and cross-cultural understanding throughout our group.

Language Learning

We offer free language courses and examination opportunities to all of our group employees. A wide range of tools are in place to allow each individual employee to access the training they want to undertake, including TOEIC exam preparation and conversation-oriented online classes.

We have also established "Tsunagu Class," an online Japanese language training program for group employees whose native language is not Japanese, to help them improve their communication skills in the workplace. This program is not just about language learning, but also about creating lateral connections among employees and providing a place for them to learn about Japanese culture and business practices through Japanese language study.

Dispatch of Employees as Japanese Cooperation Volunteers

Our company has over 40 years of experience working on Official Development Assistance (ODA) projects. Accordingly, we dispatch our employees to the Japan Overseas Cooperation Volunteers (JOCV) program of the Japan International Cooperation Agency (JICA) to acquire language proficiency, self-motivated thinking, and cross-cultural understanding. Identifying issues and needs in developing countries, then planning, implementing, and verifying measures to address them are skills fundamental to business, and through this program, we hope to help participants acquire a global mindset and business skillset from the early stages of their careers.

Overview of training program

<Legend>: Language proficiency: Self-motivated thinking: Cross-cultural understanding: In-person: Online: OL e-learning: e

Level	Language proficiency	Self-motivated thinking	Cross-cultural understanding	English language training (Study Supplement, etc.)	Japanese language training (Tsunagu Class)	International exchange meeting (discussions in English only)	TOEIC group examination	Interviews for those wishing to work overseas	Follow-up interviews for foreign employees
Deputy Manager-level Designer/Researcher/System Engineer	TOEIC score of 700 or higher	Excedo Versant	International universities	OL	In-person	In-person	OL	In-person	In-person
Chief level	TOEIC score of 650 or higher	JICA x TODA Japan Overseas Cooperation Volunteers Program		e	e	In-person	OL	In-person	In-person
Staff level	TOEIC score of 600 or higher	Education for new employees		In-person	TOEIC examination upon joining	In-person	OL	OL	OL

Business Climate

Building Construction Business

The building construction business is expected to remain strong, centered on private-sector capital investment. In particular, there is a growing appetite for capital investment in semiconductor manufacturing facilities, data centers, and production facilities. At the same time, regulations capping overtime work have been introduced, and it is thought that the nationwide trends toward higher material costs, increased labor wages, and increasing pressure on partner companies will continue, so it will be necessary to respond flexibly to changes.

Due to a shortage of labor and an increase in large-scale construction projects, it is essential to have a strategy to win orders from an early stage. In order to respond quickly to changes in the environment, we will build a system that enables information sharing across departments, implement thorough selection of and focus on projects, and engage in efficient investment of management resources. Furthermore, in collaboration with partner companies, we will strengthen our initiatives to strengthen the supply chain and carry out construction with high standards of quality and safety.

In addition, it is predicted that the aging of the construction workforce will continue, leading to a further shortage of skilled construction workers in the future. In order to secure excellent human resources even in a society with a persistently low birth rate and an aging population, we will work to make the construction industry more attractive, create workplaces where people can experience joy in their work, implement a work cycle with eight days off every four weeks, increase workers' wages, and actively recruit foreign personnel.

Even in the era of VUCA, we will continue to build the foundations for data-driven management that aims to respond to customers' latent needs by making sophisticated use of data, thereby remaining the company of choice for our customers.

Meanwhile, as a leader in environmental awareness, we will continue to expand the range of our value offerings for a decarbonized society. We will work with stakeholders in a wide range of fields to realize a society of collaborative creation and build a better future.

Civil Engineering Business

With government-related investment being directed toward the "Five-Year Acceleration Plan for Disaster Prevention, Disaster Mitigation, and Building National Resilience," and the newly legislated "Medium-Term Implementation Plan for National Resilience," we expect the business to remain stable going forward. In addition, due to factors such as the rehabilitation of aging infrastructure, the expansion of the renewable energy market, and investment in defense facilities in response to geopolitical risks, we expect the current strong environment for orders in the civil engineering business to continue for the time being.

However, while demand for construction is increasing, there are concerns that the persistently low birth rate and the aging of society will lead to the further exacerbation of issues in the construction industry such as a shortage of workers and an aging workforce.

Other causes for concern include the rising cost of materials due to the depreciation of the yen and the global surge in the price of raw materials and energy sources such as crude oil, as well as the

increase in construction costs due to the government's policy of raising wages and increasing labor unit prices.

Despite the increasingly severe social situation, we will work to solve these problems by improving productivity through the use of BPO, ICT, AI technology, etc., and by appropriately reflecting the increase in construction costs in prices for construction work. We believe that (1) digitization, (2) globalization, and (3) true reform of work styles are the engines that will drive us to take the next step forward.

By keeping these engines running at full power, we will continue to take on the challenge of large-scale and difficult construction projects, while also further developing and enhancing our core businesses, including mountain tunnels, shield tunneling, and other urban infrastructure engineering and land readjustment projects. We will also accelerate growth by expanding our resources in the areas of renewable energy, such as floating offshore wind power generation, infrastructure rehabilitation, PPP, and overseas construction.

Strategic Business Promotion

In fiscal 2023, the domestic economy showed signs of recovery, with rising stock prices and an improving employment environment, but the problems of high inflation and monetary tightening, particularly in the developed countries of Europe and North America, and the sharp depreciation of the yen continued. In addition, investment in semiconductors and data center-related infrastructure has expanded due to the need for urgent action in response to the expansion of China's military power and Japan's delayed implementation of DX relative to global trends.

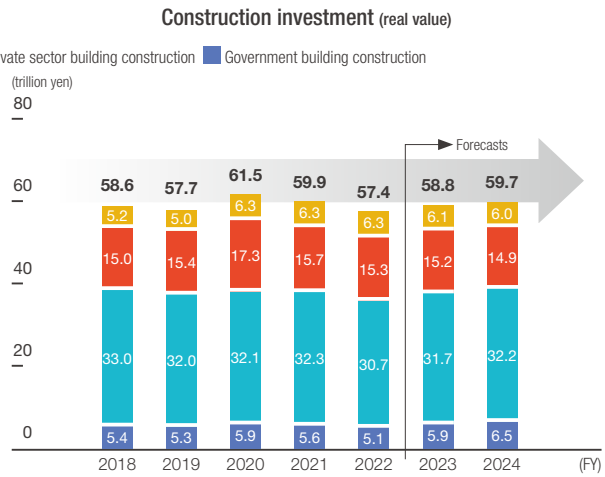
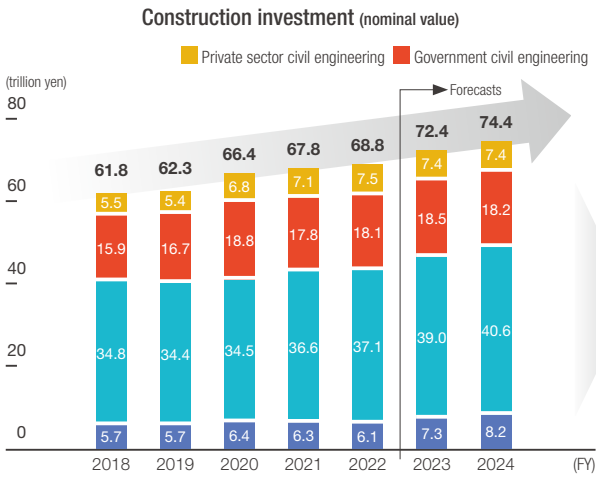
The Strategic Business Promotion Group achieved net sales of approximately 127.2 billion yen (before consolidation elimination), marking the seventh consecutive year of increased revenue and profits since its establishment. We have designated the New TODA BUILDING, global business, and renewable energy business,

including floating offshore wind power business, as key management projects, and we are making growth investments to strengthen our business portfolio accordingly.

The increase in net sales was due to the acquisition of Indonesia's TATA as a consolidated subsidiary in fiscal 2022 and the sale to private funds of real estate for sale, in line with plans for the launch of a private REIT planned for fiscal 2025.

Meanwhile, we are expanding our domestic and overseas initiatives in the above DX-related businesses, including investment and development, and we will continue to develop our business so as not to miss out on market trends, while also contributing to achieving the targets for the final year of the medium-term plan by reflecting the current weak yen in the performance of our overseas businesses.

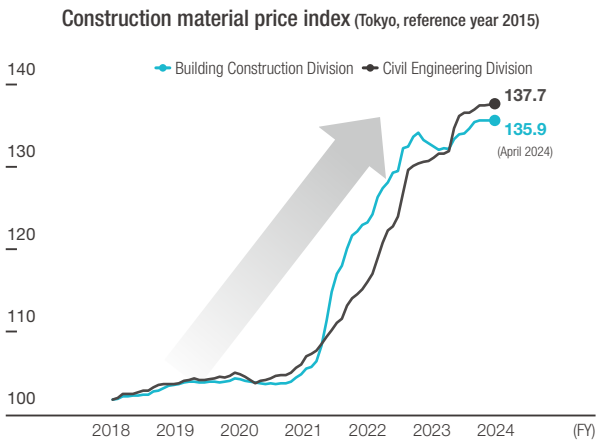
■ Trends in construction investment



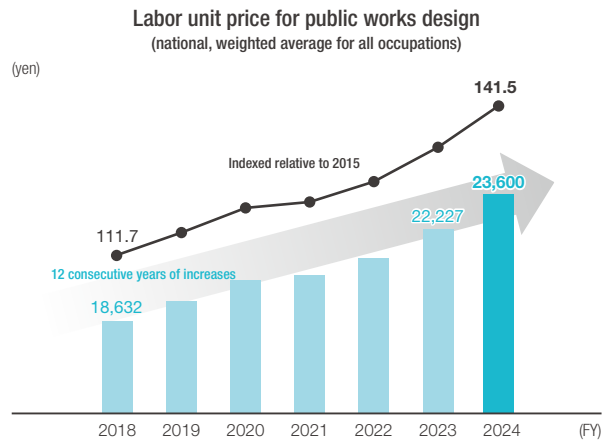
Source: Research Institute of Construction and Economy, "Quarterly Outlook of Construction and Macro Economy (April 2024)"

*Real values based on construction deflator with base year FY2015

■ Trends in construction costs

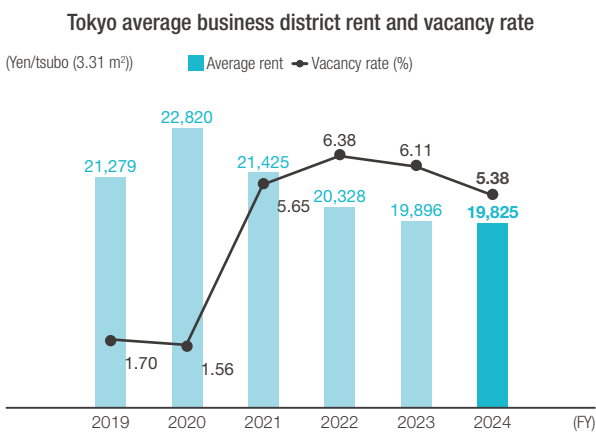


Source: Construction Research Institute



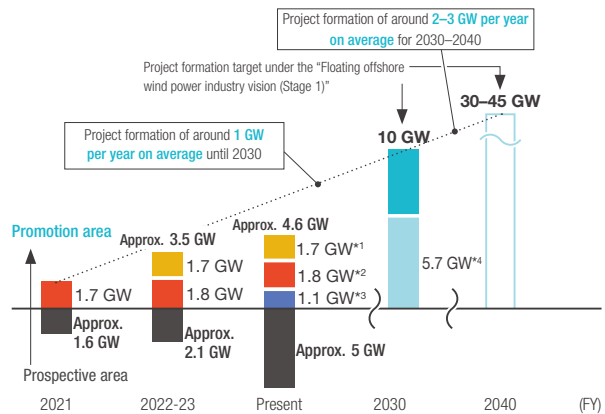
Source: Ministry of Land, Infrastructure, Transport and Tourism

■ Trends in the real estate market



Source: Miki Shoji "Office Market Report"

■ Trends in floating offshore wind power generation



Source: Ministry of Economy, Trade and Industry, "Trends in Japan and Overseas Related to Offshore Wind Power Generation," November 2023
 *The original graph title is "(Reference) Status of Project Formation for Achieving Targets"
 *1 Business operator selection complete (round 1) *2 Business operator selection in progress (round 2)
 *3 Business operator selection planned (round 3) *4 Introduction targets based on the "Sixth Strategic Energy Plan"

Strategy for Value Creation

Business Climate

Building Construction Business



Taking a new step forward to solve real issues with DX and become a strong Building Construction Business Group.

Executive Vice President and Group General Manager, Building Construction Business Group

Sonehara Tsutomu

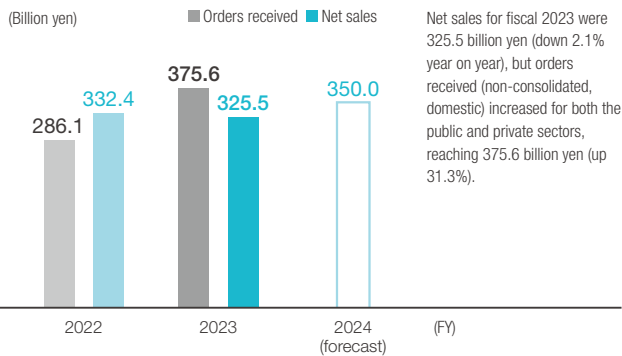
FY2024 Building Construction Business Management Targets

Results forecast

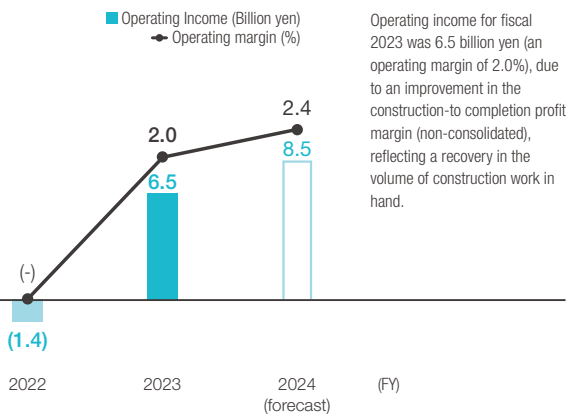
Operating Income

8.5 billion yen

Orders Received (Non-Consolidated) and Net Sales



Operating Income and Operating Margin



Assessment of Current Situation

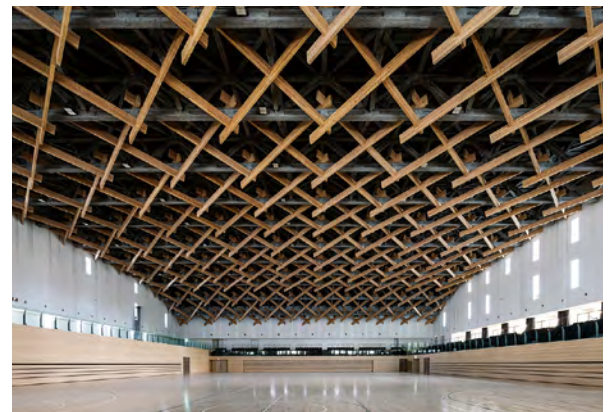
Opportunities	<ul style="list-style-type: none"> Arrival of the digital society (advancement of telecommunications technology such as 5G) and "new lifestyles" Growing expectations for eco-friendly building construction such as ZEB^{*1} buildings Increasing demand for smarter buildings Growing demand 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"> A customer base backed by history Experience in community development and redevelopment Ability to design and construct energy-efficient buildings as a leader in environmental awareness 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 persistently low birth rate and an aging population
Countermeasures Against Risks	<ul style="list-style-type: none"> Strengthening purchasing power using common specifications, labor saving, PC use, and automation of construction 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.

Overview of Achievements



Shibuya Station Sakuragaoka Entrance Block Type 1 Urban Redevelopment Project (Blocks B and C)



Toyo University Akabanedai Campus New Building Construction (Site C)

Medium- to Long-Term Strategy

While external risk factors such as uncertainty over the international situation and soaring prices will remain, domestic private-sector capital investment is expected to remain strong from fiscal 2024 onwards. In the short term, demand for semiconductor manufacturing facilities and data centers is expected to continue to increase due to the evolution of generative AI, but in the medium to long term, demand and needs related to buildings are expected to change at a level that is difficult to predict.

In order to have customers choose our company given these circumstances, it is essential to discover customers' latent needs and provide them with more value than they expect. We aim to provide life-cycle consulting for buildings by developing human resources to strengthen our proposal capabilities, and by making use of all kinds of data, including data on maintenance management and renovation after construction is completed.

To this end, we are building a data utilization platform that connects all kinds of data and improves the quality and speed of decision-making. In order to share accurate information across the boundaries between concerned departments and be able to provide rapid responses, we will not only reform our data systems, but also make sweeping changes to our internal structures.

Meanwhile, in the field of construction production, we are advancing education and business reform with the aim of utilizing BIM. It is important that we improve the quality and speed of the value we provide to our customers by using BIM from the design stage and making use of the various information associated with the model, and also to link this to productivity improvements, including the digitalization of expertise, estimates, and purchasing.

We are also transforming sales by moving away from sales styles prone to becoming dependent on individuals. Instead, we are strengthening our organizational sales capabilities with the help of digital technology.

We believe that these initiatives will lead to data-driven management in the building construction business going forward.

We will also continue to strengthen our partnerships with our group companies 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 biomass projects, and pursuing other initiatives to solidify our position as a leader in environmental awareness.

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 work to provide even more value to our customers through management that responds flexibly to the changing times.

Project Summary



Dusit Thani Kyoto / Shokuryu Community Center

This is a project by the City of Kyoto to make effective use of the site of a former elementary school in Kyoto City, and the proposal selected was that from



Yasuda Real Estate Co., Ltd. This project involved the construction of a building to house the Dusit Thani Kyoto, the first luxury hotel in Japan operated by Dusit International, a major Thai hotel company, and the Shokuryu Community Center, which will serve as a base for local activities.

The exterior has a similar atmosphere to a Kyoto machiya, but the inside was designed with the participation of Thai interior designers, creating a space that combines the architectural styles of Ayutthaya and Kyoto, the ancient capitals of Thailand and Japan. The building has been designed with consideration for the environment, and has received the BELS ☆☆☆☆☆ energy efficiency rating and ZEB Oriented certification.

The site is located in the district around Nishi Hongwanji Temple, where the old streets of Kyoto still remain, and it was planned to have the buildings fill the entire site, with no space for a yard to store materials and equipment. As such, we focused on how to efficiently bring in materials and equipment, carrying out construction work while taking the surrounding environment into account. Two tower cranes were set up at the center of the site to efficiently carry out the steel frame construction work, and in the construction of the above-ground framework, we made use of a permanent construction method that improves the reuse rate of formwork materials to reduce the number of times materials are brought in and out. By working with the relevant parties to carefully plan the construction process in a variety of situations, we were able to improve quality and productivity and shorten the construction period.



Civil Engineering Business



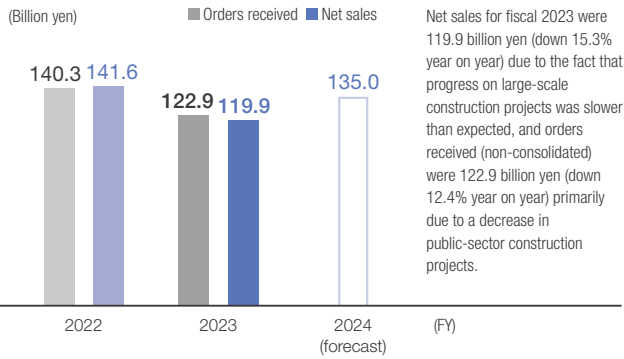
Accelerating growth by enhancing and expanding our core businesses and developing new businesses.

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

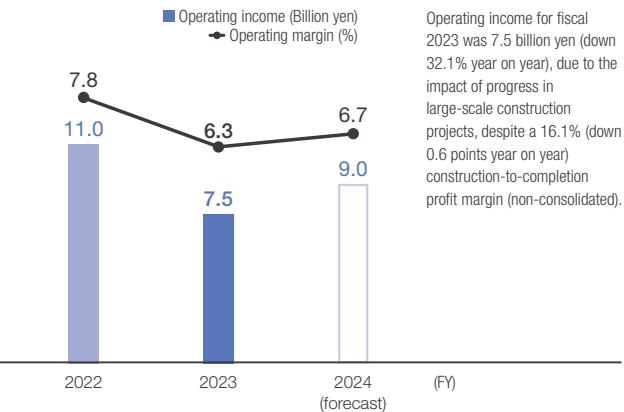
FY2024 Civil Engineering Business Management Targets

Results forecast Operating Income **9.0** billion yen

Orders Received (Non-Consolidated) and Net Sales



Operating Income and Operating Margin



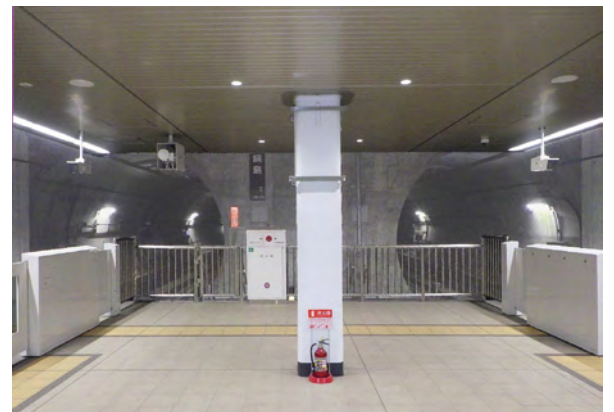
Assessment of Current Situation

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
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
Risks	<ul style="list-style-type: none"> ■ A business model oriented toward contract projects ■ Responding to increasingly severe climate change caused by greenhouse gases ■ Addressing overtime capping regulations and the shortage of future workers ■ 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 ■ Utilization of DX technology, promotion of BPO utilization, securing personnel ■ Cooperation with the Corporate Administration Group on currency management and contract risk management

Overview of Achievements



Arida Kainan Road No. 5 Tunnel construction



The Setetsu-Tokyu Link Line Tsunashima Tunnel and Other Projects

Medium- to Long-Term Strategy

With respect to the civil engineering business, we expect the order-taking environment to remain strong for the time being due to the government's measures for disaster prevention, disaster mitigation, and national land resilience, as well as the renovation of aging infrastructure, the expansion of the renewable energy market, and the strengthening of defense facilities in response intensifying geopolitical risks.

However, while demand for construction is increasing, it is expected that the persistently low birth rate and the aging of society will lead to the further exacerbation of issues in the construction industry, such as a shortage of workers and an aging workforce.

With the application of regulations capping overtime work in construction businesses beginning in April 2024, it is becoming more and more difficult to supply labor, but we aim to become the company of choice for our customers by working together with them to solve problems through in-depth cultivation of potential customer value.

Specifically, we will enhance our core businesses such as mountain tunnels, urban infrastructure engineering, land development, and rivers by further building up our track record and training engineers, while expanding our resources to new fields such as large-scale and difficult projects, renewable energy such as floating offshore wind power generation, infrastructure rehabilitation, PPP, and overseas projects. This, in turn, will lead to accelerated growth.

In terms of technological development, we will work to turn the technologies we have developed into series that will give us a competitive edge over our peers, starting in the area of mountain tunnels. We will expand this into a total of seven fields, including shield and rapid construction technologies, and strive to develop innovative technologies to follow the Sakusaku JAWS Construction Method^{®*1} and Suisui C&T Method^{®*2}.

*1 A non-dig, outer-shell-first method of tunnel construction
 *2 A new joining method for road bridge slab replacement work

To achieve decarbonization of our business activities, we will work to convert our field offices to ZEBs, to use RE100 power sources, and to promote the use of electric construction equipment, as well as developing CCUS technology.

To take the next step forward, we are dedicating ourselves to (1) digitalization, (2) globalization, and (3) true reform of work styles, which will serve as the engines for these efforts.

Digitization

Digitization is the first step toward DX, from which we will move on to globalization and true reform of work styles. As an example, we will work to improve productivity and profitability by actively developing and introducing technologies that boldly incorporate the latest ICT and AI tools, such as our integrated system (ToP-NATM[®]) for remote and automated work in mountain tunnels.

Globalization

We will work to foster a mindset of "working in the world and with the world." In addition to actively working on large-scale overseas construction projects, we will accelerate collaboration with foreign companies and the hiring and promotion of foreign personnel.

True reform of work styles

True reform of work styles involves not only reducing working hours, but also instilling diversity and a psychological sense of safety in the organization, allowing each individual to fully realize their potential. By creating a work environment that provides job satisfaction, we aim to improve the engagement of all officers and employees, and business partners.

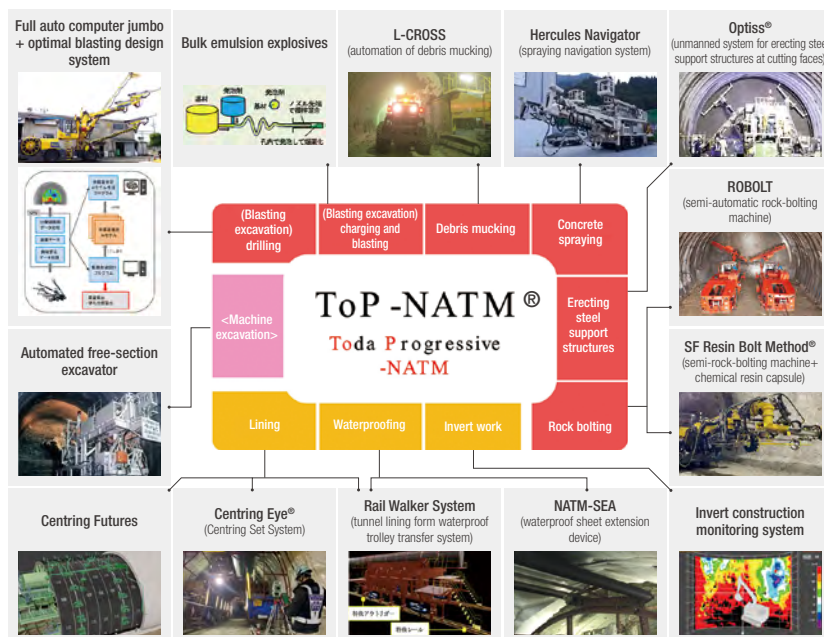
By harnessing the power of these engines, which are essential for future growth, we will expand and deepen our core businesses and devote our energies to new fields, moving to a new stage alongside all of our stakeholders.

Project Summary



ToP-NATM[®]

For many years, we have been developing remote and automated technologies to improve safety and productivity in a series of work processes in mountain tunnels, from excavation to concrete lining. We are now at the stage where each technology is being applied in the field and repeated improvements are being made to make them more practical. Accordingly, we have integrated these remote and automated technologies into a technology suite as ToP-NATM[®] (Toda Progressive-NATM), and have established a system to provide them in response to requests from tunnel construction sites across the country.



Strategic Business Promotion



Making great strides through further development of core businesses and taking on new business areas.

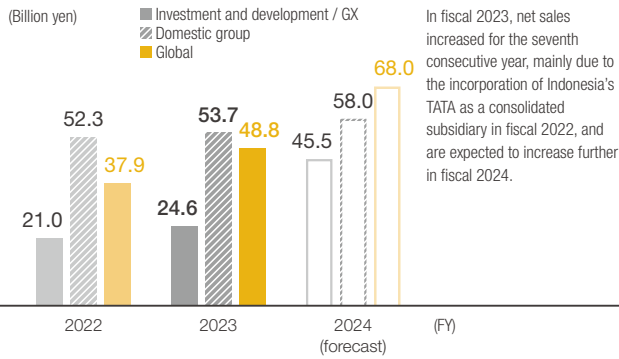
Executive Vice President and Group General Manager, Strategic Business Promotion Group

Uekusa Hiroshi

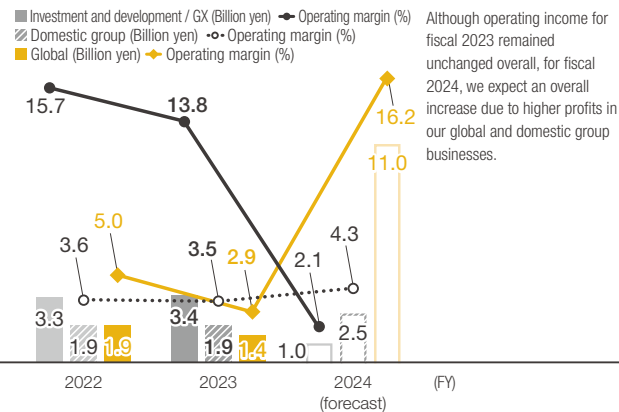
FY2024 Strategic Business Promotion Management Targets

Results forecast	Investment and development / GX	1.0 billion yen
	Operating Income Domestic group	2.0 billion yen
	Global	11.5 billion yen

Net Sales



Operating Income and Operating Margin



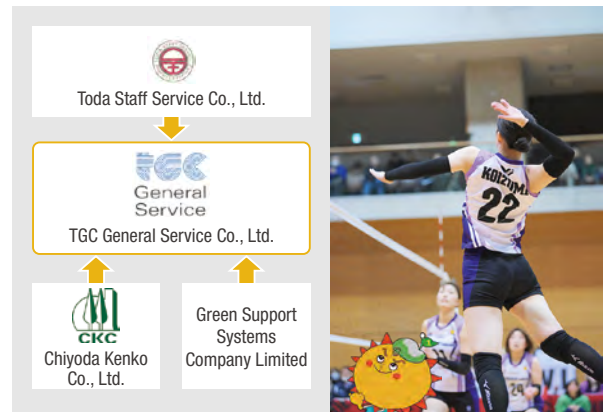
Assessment of Current Situation

Opportunities	<ul style="list-style-type: none"> Expectations for renewable energy and energy management, including offshore wind power, to achieve the government's targets of virtually zero greenhouse gas emissions by 2050 and a 46% reduction from fiscal 2013 levels by fiscal 2030 Active involvement in overseas business, and acquisition of new business opportunities overseas through the human networks of Indonesia's TATA Contribution to ESG and the SDGs through the evolution of the Strategic Business Promotion Group's core businesses Developing new business through a diverse composition of human resources, including foreign nationals and mid-career hires
Strategic Business Strengths	<ul style="list-style-type: none"> As a leader in floating offshore wind power generation, the waters around Japan hold excellent potential for floating wind turbines, presenting significant business opportunities Lateral expansion of new business models to other areas through regional revitalization centered on the sixth industrialization of agriculture in Joso City, Ibaraki Prefecture Securing quality development projects through collaboration with the land readjustment business, which boasts a leading track record in the industry Relatively substantial cash holdings and favorable financing due to an excellent financial profile Real estate development and property appraisal expertise beyond the reach of typical investors
Risks	<ul style="list-style-type: none"> Decline in market value and profitability of assets held domestically and internationally due to rising interest rates and exchange rate fluctuations Soaring project costs due to higher material and labor costs Unexpected deterioration of real estate and other assets resulting from lifestyle changes Rapid changes in political and economic conditions and tightening of regulations in investment destination countries Governance in relation to domestic and international M&As and capital alliances Employee retirements
Countermeasures Against Risks	<ul style="list-style-type: none"> Conduct market risk research and analysis using external experts, consultants, etc. Diversify our portfolio by investing in a variety of assets with different risk-return profiles Improve safety and productivity through the use and sharing of business data acquired by the Head Office and group companies Maintain and improve governance of group companies domestically and overseas Build organizations in which individual growth is linked to results

Overview of Achievements



Brazil Onshore Wind Power Project Phase 2 (scheduled to start operation in December 2024)



Three group companies merged to establish TGC General Services Co., Ltd.

Tokyo Sunbeams Volleyball team owned by TGC General Services Co., Ltd.

Medium- to Long-Term Strategy

The Strategic Business Promotion Group has been proactively investing with the goal of establishing core businesses. We will continue to develop our four core businesses (Investment Business / Global Business / GX (Green Transformation: Renewable Energy, Environment, and Energy Management) Business / Domestic Group Business) while simultaneously expanding into new areas where we can leverage our expertise in construction.

In the current fiscal year, the construction of the new TODA BUILDING, in which we have made a major investment, will be completed, marking our entry into large-scale office business operations. We will also establish a “recycling-oriented investment model” that utilizes private funds and private REITs to swiftly recover invested funds and channel them into new investments, thereby realizing sustainable enhancement of corporate value.

By reorganizing our organizational structure to secure human resources aligned with our medium- to long-term business portfolio, while also optimizing the use of human capital, we will maintain and enhance employee motivation and cultivate an environment that fosters job satisfaction.

Establishing a “recycling-oriented growth model” for investment

In order to establish a stronger revenue base, we will work to achieve a positive cycle (growth cycle) of “investment and development—recovery of funds through sales—to further investment” utilizing private funds and private REITs for real estate-related investments. We have already launched a private fund backed by assets of previously held offices, hotels, and residences, and will continue to develop attractive properties with the recovered funds.

Expanding priority management businesses and securing revenue

Together with our group companies in Japan and overseas, we will evolve our initiatives in each of our priority management businesses: the new TODA BUILDING, the floating offshore wind power generation business, and the global business.

The new TODA BUILDING will attract prime tenants and improve retention rates through leasing activities that highlight its advanced seismic isolation performance, support of art projects as a special arts zone, and specifications that take the environment and wellness into consideration. We will also accumulate expertise in operating a PM business for S-class buildings.

In the floating offshore wind power generation business, we will complete the pilot farm project currently underway off the coast of Goto as planned, and then make progress in establishing technology for larger-scale projects, building a business development scheme aimed at future expansion and promotion.

In the global business, we will use the proceeds from the replacement of assets to build a new portfolio and diversify our operations through proactive use of M&As to broaden our business areas in Thailand, Vietnam, and other countries, thereby realizing accelerated growth and stabilizing our operating base.

Expansion and optimal use of human capital

We will work to secure human resources in a systematic manner by building a human resources portfolio that takes into consideration the types of jobs and specialties suited to our future business portfolio, as well as domestic and international operations. Furthermore, in addition to increasing operational efficiency through such measures as the centralization of common operations within the group, BPO, and the introduction of systems, we will also optimize our organizational structure. This will be done in part by TGC General Service, a new company acquired and restructured at the end of fiscal 2023.

Project Summary

Private REIT

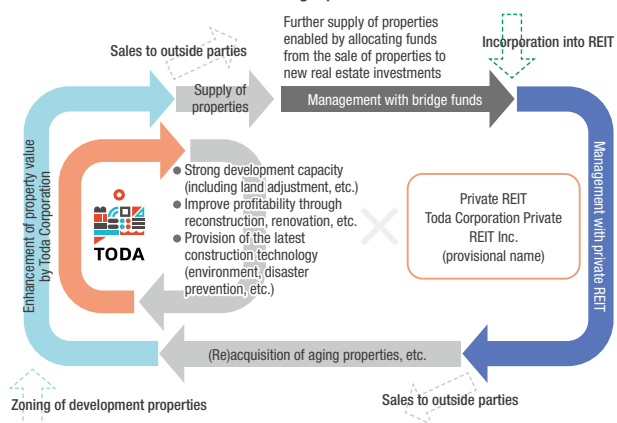
In order to strengthen our business portfolio and improve capital efficiency through investment, the Strategic Business Promotion Group has set out to realize a growth model based on recycling-oriented investment. As part of our efforts to realize this goal, in June 2023, Toda Corporation obtained an investment advisory and agency business license and started a private fund business, and we are currently aiming to establish a private REIT (scheduled for fiscal 2025). In April 2024, we established “Toda Corporation Real Estate Asset Management Co., Ltd.,” which will be the asset management company for the private REIT, and are in the process of acquiring the necessary permits and licenses for its management. The REIT’s assets will start at around 30 billion yen, and thereafter, the goal is to reach 50 billion yen within five years at the latest, rising to 100 billion yen as soon as possible. The REIT will be comprehensive, incorporating a wide range of asset types, such as offices, logistics, residences, and hotels, and we plan to invest in major regions throughout Japan.

In addition to acquiring and developing properties for REITs and selling owned properties to REITs (external growth support), Toda Corporation will also provide PM, BM, and repair and renovation

services based on its technical capabilities and expertise as a general contractor (internal growth support), secure stable employment of personnel, and provide personnel dispatch (personnel support), thereby capturing REIT growth together with its group companies. At the same time, we will provide investors with quality investment opportunities.



Illustration of business model including a private REIT



Innovation/Research and Development



By undertaking innovation and R&D in anticipation of social changes, we aim to expand the “new possibilities” of the Toda Group and provide “customer value” that will open up a new era.

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 is responsible for promoting the company’s environmental activities and communicating their status to society at large, commercializing new technologies, generating business from within the company, and investing in and supporting start-up companies with the potential for future growth.

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 offshore wind power generation business and develop comprehensive business strategies for floating offshore wind power generation.

Innovation Group organizational functions (cross-sectional organizations)

Innovation Group	Innovation Promotion	Environmental strategy CVC Commercialization of new technologies	Building Construction Business Group	Civil Engineering Business Group	Strategic Business Promotion Group
			Innovation Promotion Leading innovation throughout the company Implementing global warming prevention measures to realize a decarbonized society Investing in cutting-edge technology and implementing an in-house venture system Deploying new technologies internally and externally and promoting their commercialization Technological development based on marketing of intellectual property and technology		
Floating Offshore Wind Power Generation Business					

Efforts to Create Differentiated Value and Make Technology Visible to Customers

CVC, in-house venture program

Toda Corporation is engaged in value co-creation through investment and collaboration with start-up companies to strengthen our core businesses and create new businesses. To date, we have collected information on more than 2,300 domestic and international start-up companies and have worked on more than 45 PoCs (including proof of concept and trial use). In addition, in 2020, with both technical and financial returns in mind, we established a 3 billion yen investment limit to meet the financing needs of start-up companies, and executed investments in 10 companies and 4 funds. In 2024, we set a new investment limit of 3 billion yen to reinforce our efforts to date.

In addition, a companion-based in-house venture program for employees who wish to take on the challenge of developing new businesses was launched in 2023, with the second phase of activities to be undertaken in 2024.



*A presence that delivers novel combinations of information and value to create new value

Toward robot-friendly environments

We are working to develop new businesses using the technologies we have developed, and one of these is engineering the introduction of robots based on the concept of “robot-friendly building design.”

Due to labor shortages and an aging workforce, the scope of robot applications is expected to increase in the future. Optimizing the use of robots is achieved by assuming the use of robots from the design stage of a building.

To improve public receptiveness to robots, we are currently working to establish rules that will allow humans and robots to coexist. To date, we have conducted three demonstration tests to evaluate the deployment of robots. By harnessing this know-how and our connections with various robot-related companies, we will propose to our customers the best robot-friendly buildings and expand business opportunities in this field as a leading company in the industry.



Robot demonstration testing

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

Our Research and Development Division is conducting research and development based on medium- and long-term strategies to achieve high-added-value competitiveness, which is a key goal of the Medium-term Management Plan 2024. Great emphasis is also being placed on efficiency in technological research 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 as “cooperative areas” through initiatives such as participation in the RX consortium, technologies that we should use to differentiate ourselves are being developed as “competitive areas” through the development of our own proprietary technologies.

To address the current shortage of engineers and skilled workers, which is a pressing issue for the construction industry, we are currently focusing on developing technologies that contribute to productivity improvement and safety. In addition to promoting the development of proprietary technologies for the maintenance and improvement of “social infrastructure,” such as the replacement of deck slabs in tunnels and highways, in the building construction field, we are developing and testing a number of mechanization and automation technologies and ICT-based production management technologies in the construction of our new headquarters building, which has been designated as a “TODA Innovation Site.”

We are also stepping up research and development related to the environment, energy conservation, and CO₂ reduction, areas of increasing interest as we work toward the realization of a carbon-free society. The “Green Office Building,” which began operating in July 2021 at the Tsukuba Research and Development Center, is working on cutting-edge technologies

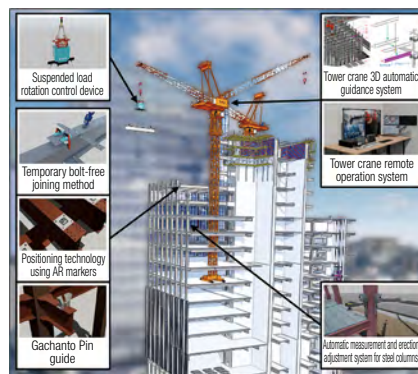
to reduce CO₂ emissions with the aim of achieving carbon-negative operation. It is also conducting ongoing research and development related to the well-being of the research staff who work there, as well as enhancing its biodiversity initiatives, such as building greening and biotopes.

We will use our large Structural and Experimental Building to improve safety and security technologies aimed at preventing damage caused by increasingly frequent earthquakes and floods, as well as technologies related to environmental friendliness, such as wooden structures.

In addition, we are conducting development and testing to create customer value through ICT-based sensing, facility control, and other smart technologies for various applications, including offices, medical care, education, and manufacturing.

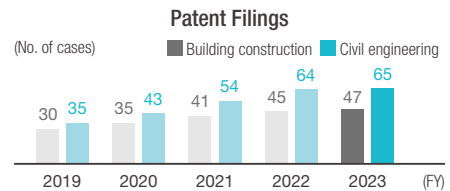
As such, we will strategically tilt allocation of our business resources toward technological development in an effort to enhance our competitiveness.

Illustration of steel frame construction automation technology



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. Accordingly, we are further promoting the acquisition of patents on technologies we have developed and the strategic use of intellectual property.



Overview of Initiatives

Rare domestic summer/fall strawberries to achieve community revitalization through improved added value — Collaboration with Kyobashi Sembikiya for product commercialization

Toda Corporation is producing rare domestic summer/fall strawberries in Shimokawa Town, Hokkaido, and is working on product development in cooperation with Kyobashi Sembikiya. Kyobashi Sembikiya is a long-established high-end fruit store located in Kyobashi, Chuo-ku, Tokyo. As a company also headquartered in Kyobashi, we have had a longstanding relationship with the company.

During the reconstruction of our headquarters building, our companies' desire to enliven the Kyobashi area coincided, leading to this collaboration.

Taking advantage of Shimokawa's cool climate, our summer/fall strawberries combine the added values of 1) smart agriculture, 2) utilization of renewable energy, and 3) agriculture-welfare cooperation.

In this way, we will contribute to regional revitalization by developing new brand-name products from Shimokawa Town.



Awards for the Green Office Building

The Green Office Building at the Tsukuba Research and Development Center has been awarded certifications for environmental friendliness (BELS, CASBEE-Building (renovation)) and for the well-being of building occupants (WELL certification). It also received the SDGs Construction Award (Ministry of Land, Infrastructure, Transport and Tourism Minister's Award (Small- and Medium-Sized Building Category)), which is given to buildings that are outstanding as buildings, make exceptional efforts to achieve the SDGs at all stages from planning, production, and operation to disposal, and are expected to be effective in promoting the SDGs.



Certifications	
BELS	★★★★★ "ZEB"
CASBEE-Building (renovation)	S rank
WELL certification	Platinum



Awards	
2022 Good Design Award	
1st SDGs Construction Award, Ministry of Land, Infrastructure, Transport and Tourism Minister's Award (Small- and Medium-Sized Building Category)	
22nd Rooftop and Wall Greening Technology Competition	
Nihon Keizai Shimbun Award (Wall and Special Greening Category)	

Global Strategy



Corporate Officer
Senior General Manager, Global Business Administration Division
Shima Yoshirou



Living World Mall Bali (Indonesia)

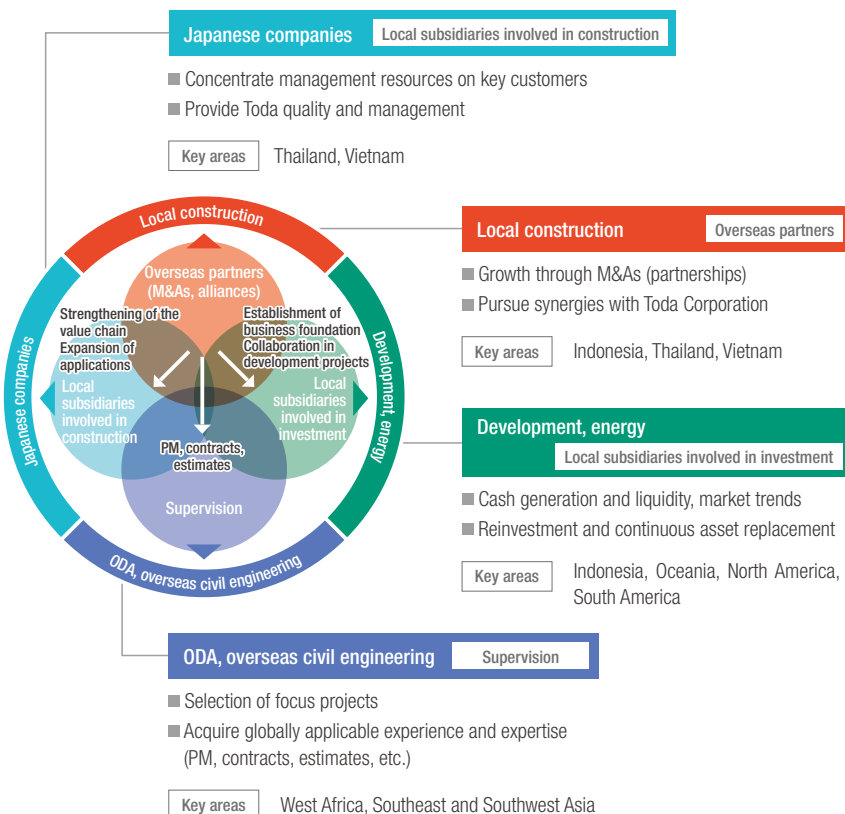
A year has passed since the establishment of the Global Business Administration Division, which undertakes comprehensive oversight of Toda Group's overseas-related businesses, with the goals of "improving customer loyalty" and "capturing overseas growth potential." In fiscal 2023, the first year of the project, we worked to set out management issues, evaluate management resources, and develop our business structure.

We consider the acquisition, development, and utilization of diverse global human resources to be the most important issue for

the growth of Toda Corporation's global business. In fiscal 2024, we will enhance our human capital, strengthen the management and competitiveness of existing overseas subsidiaries, and work more proactively to capture the growth potential of Southeast Asia through M&As and the growth of Indonesia's TATA.

In addition, we aim to "evolve into a global business with presence and appeal" by harnessing our real estate holdings and the expertise we have accumulated through our investment business in the U.S. to make new growth investments and expand into peripheral business areas.

Establishing a Growth Strategy and Governance Structure for Our Global Businesses



In Toda Corporation's global business, business entities are clearly defined for each target market (see figure on left).

We are focusing our efforts on the construction business, with Japanese companies as our main customers in Thailand and Vietnam, and local companies in Indonesia.

Meanwhile, our local subsidiaries in the U.S. and Indonesia are engaged in real estate investment, development, and other businesses.

Through mutual collaboration among these operations in each country, as well as through co-creation with overseas partners in the form of direct construction projects such as ODA and M&As, we aim to achieve autonomous and continuous growth of our global business.

Additionally, in March 2024, we established and enacted the Global Governance Policy, which serves as a common philosophy for these overseas subsidiaries to conduct sound management. Through these efforts, head office will improve the governance of overseas subsidiaries in terms of both business and functions and perform appropriate monitoring of risks, while effectively utilizing the Toda Group's management resources to further expand the scope of our overseas business operations.

Project Summary



Using BIM to Take on the Challenge of Further DX in Construction



In 2019, TOBIC Co., Ltd. was established in Ho Chi Minh City, Vietnam, with three Vietnamese employees. The company's main business is the creation of BIM (Building Information Models) that combine building attribute information in place of CAD. Five years have passed since its establishment, and the number of employees has now exceeded 50. By concentrating on the DX field with a focus on BIM creation, we are working to solve problems faced by the construction industry, including improving productivity and reducing costs. In addition to building construction, we are also working to strengthen in fields such as civil engineering, facilities, imaging, and programs. Recently, we have also been creating our own construction diagrams for steel frames, and we aim to further expand our business by enacting new operational reforms ahead of our competitors.

Establishment of a New Overseas Subsidiary in Singapore and Launch of a Hotel Development Business in New Zealand

In August 2023, we established Toda Asia Pacific Pte. Ltd. in Singapore. Going forward, we intend to further expand our business by overseeing the entire Asia-Oceania region, including current local subsidiaries (Thailand, Vietnam, and Indonesia), through this company, working to optimize management resources such as personnel, strengthening governance, and ensuring the company's functions as a financial hub. In May 2024, through Toda Asia Pacific

Pte. Ltd., we underwrote a third-party capital increase in Coherent, a PMI group company operating a hotel business in New Zealand, acquiring a majority of shares. Coherent operates the four-star Kamana Lakehouse in Queenstown on New Zealand's South Island. The country is anticipating growing demand for high-grade hotel services and is constructing a new hotel building on an adjacent site.

Name	Toda Asia Pacific Pte. Ltd.
Location	#22-02 Samsung Hub, Church Street, Singapore 049483
Representative	Shima Yoshirou, Director
Shareholder composition	Toda Corporation, 100%
Type of business	Supervision and management of local subsidiaries in Asia and Oceania



Kamana Lakehouse and proposed site for new building



Kamana Lakehouse guest room

Exchange with Local Employees of Overseas Subsidiaries



Thai and Vietnamese staff visiting the Strategic Business Promotion Group office



Executives from Indonesia's TATA visiting the TODA BUILDING

In February 2024, three representatives from our subsidiary PT Tatamulia Nusantara Indah, including President Iwan, visited Japan, followed in April by six members from our local subsidiaries Thai Toda Corporation, Toda Vietnam, and TOBIC. The participants learned about Japan's cutting-edge technology and environmental business through visits to Toda Corporation's new TODA BUILDING completed in September 2024, and the regional revitalization project "Agriscience Valley Joso" in Joso City, Ibaraki Prefecture. These exchanges between employees of Toda Corporation itself and those of local subsidiaries will lead to increased loyalty and further business expansion.

Major Construction in Fiscal 2023



Indonesia
Knowledge Hub
 Construction: S-RC
 Scale: 8 stories above ground
 Floor area: 67,112 m²
 Use: Office building



Vietnam
Danang Murata
 Construction: RC
 Scale: 4 stories above ground
 Floor area: 26,754.17 m²
 Use: Factory (small electric component manufacturing plant)



Guinea
Projet de Construction de l'Institut National de Santé Publique en République de Guinée
 Construction: RC
 Scale: (Lab/training, etc.) 2 stories above ground; (Office building) 1 story above ground
 Floor area: 4,083.24 m²
 Use: Research, inspection, and training facilities



MATERIALITY

Materiality-Based Initiatives

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 “materialities.” Here, we will present some of the specific initiatives we are working on.

- | | |
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| 02 Infrastructure Development in Harmony with the Environment | P.53 |
| 03 Realizing a Decarbonized Society | P.57 |
| 04 Innovating in Technology and Enhancing the Value We Provide | P.61 |
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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.

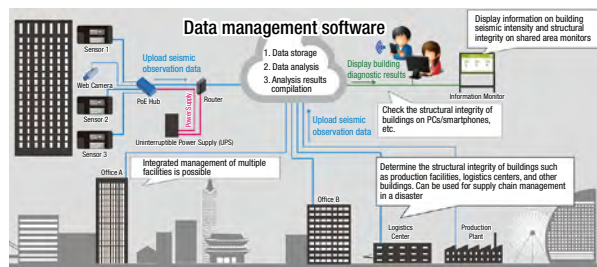
Improving Resilience of Towns and Buildings

“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.

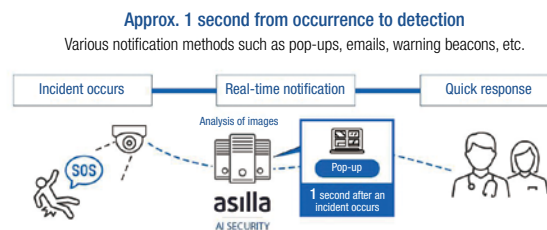


Contributing to Further Enhance the Value of Medical Services

Reducing the Workload of Staff and Enhancing Security at Facilities

We have started a demonstration test of “AI Security asilla” (below, “asilla”), a behavior-recognition AI security system, at a psychiatric hospital to perform functions such as watching over patients. The “asilla” system, which can detect and report human behavior based on images from existing security cameras and other equipment, will be used to quickly detect unusual patient behavior and strengthen the initial response system in an emergency situation to verify whether the safety of patients and staff can be ensured. Through the use of “asilla,” built with world-class behavior recognition technology,

we aim to support the creation of safe and secure environments for hospital facilities.



Revitalizing Local Communities and Generating Prosperity

Sixth Industrialization of Agriculture Under the Theme of an “Industrial Complex of Food, Agriculture and Health.”

Agriscience Valley Joso, in which we are participating as a PPP project partner, is a regional revitalization and town development project based on a public-private partnership that is realizing the sixth industrialization of agriculture. In addition to promoting the revitalization and development of agriculture, which is a key industry in the region, the project was awarded the Grand Prize from the Internal Affairs and Communications Minister at the 11th Platinum Grand Prize for its combined efforts and effects, including the creation of employment and an increase in the nonresident population by integrating industry and agriculture and establishing facilities that attract visitors, such as a roadside station. In addition, we will continue to contribute to the creation of a sustainable community by participating in the development of the town after its opening in May 2023, including the operation by the Toda Group of facilities to attract visitors.



Materiality 02

Infrastructure Development in Harmony with the Environment

Social Infrastructure
Ensuring safe and secure infrastructure for
lasting safety



The Toda Group, while working to resolve nature-related issues through infrastructure development in harmony with the environment, is committed to utilizing the functions of nature and to reducing and restoring the impact on nature through environmentally friendly design and construction. In addition to promoting the development of technologies to extend the service life of infrastructure, etc. in a way that takes resource conservation into account, we are also engaged in activities to improve disaster prevention and mitigation capabilities and provide support for disaster recovery and reconstruction with a view to the next generation.

Disclosure of Information on Nature-Related Issues Based on the TNFD Recommendations

We are working to understand and address nature-related issues in our business activities in order to create a nature-positive society. In March 2024, we participated in the TNFD Forum and are gradually working to implement appropriate information disclosure based on the TNFD recommendations. Among our business activities, our building construction and civil engineering businesses have an impact on nature through excavation, land development, logging, vibration, noise, erection of structures, and more. Furthermore, the processes of procuring and manufacturing the various raw materials used to produce construction supplies, such as concrete and steel frames, also involve the natural environment. In addition, a consortium including Toda Corporation, acting as operator, is

currently constructing a floating offshore wind farm (2.1 MW × 8 units) off the coast of Goto City, Nagasaki Prefecture, and there is a need to continue studying its impact on the natural environment.

Based on the TNFD recommendations, we have used ENCORE¹ and other methods to perform a trial analysis of our business activities' dependence and impact on natural capital, covering our building construction, civil engineering, and floating offshore wind power generation businesses. Accordingly, we have examined the events that represent risks and opportunities and consolidated our current initiatives. We will continue to conduct analyses on an ongoing basis, and will deploy the findings in activities aimed at realizing a nature-positive society.

Six General Requirements of the TNFD Recommendations and Our Approach

General requirements	Our approach to information disclosure
The application of materiality	Evaluation was conducted using a single materiality approach consistent with the ISSB's IFRS Sustainability Disclosure Standards ² and the TCFD recommendations.
The scope of disclosures	Evaluation was performed for the following: <ul style="list-style-type: none"> ■ Domestic construction businesses (building construction and civil engineering) ■ Floating wind power generation project off the coast of Goto City
The location of nature-related issues	<ul style="list-style-type: none"> ■ Urban areas, mountainous areas, rivers, ports, etc. (building construction business and civil engineering business have nature-related issues unique to each region and type of work, etc.) ■ Coast of Goto City, Nagasaki Prefecture (sea area where the floating offshore wind power generation facility will be installed)
Integration with other sustainability-related disclosures	Consider integration with climate change-related disclosures based on the TCFD recommendations.
The time horizons considered	■ Short term ■ Medium term (2030) ■ Long term (2050)
The engagement of Indigenous Peoples, Local Communities and affected stakeholders	(See "Governance/Managing Risks and Impacts" below.)

¹ An abbreviation of "Exploring Natural Capital Opportunities, Risks and Exposure." A tool developed jointly by the Natural Capital Finance Alliance (NCFA), the United Nations Environment Programme World Conservation Monitoring Centre (UNEP-WCMC), and other organizations for the purpose of identifying the extent of corporate activities' dependence on and impact on nature.

² Sustainability disclosure standards developed by the International Sustainability Standards Board (ISSB), part of the IFRS Foundation, a private, not-for-profit organization responsible for the development of international accounting standards.

■ Governance / Managing Risks and Impacts

We are working to evaluate and address risks and opportunities based on the results of our analysis of our business activities' dependence and impact on natural capital. Management's role in the process, oversight by the Board of Directors, and management of risks and opportunities are structured similarly to those for climate change, with specific discussions of nature-related issues taking place in the Environment and Energy Committee, which is under the Sustainability Strategy Committee (see p. 57).

Nature-related dependencies and impacts, risks, opportunities, etc. are assessed, taking into account the impact on stakeholders in

the same way as for climate change. In particular, issues related to human rights are discussed by the Social Activities Committee, which is under the Sustainability Strategy Committee, while issues related to human rights and stakeholder engagement activities are discussed jointly by the Environment and Energy Committee and the Social Activities Committee. In addition, our Human Rights Policy stipulates that we will fulfill our responsibility to respect human rights throughout our business activities, while our Procurement Guidelines declare that we will respect human rights throughout our supply chain.

■ Strategy

Using ENCORE and other methods, we analyzed our business activities' dependence and impact on natural capital and found that there is a possibility of significant dependence on "water supply" in the manufacturing stage of construction materials for building construction and civil engineering businesses. Given the building construction sector's recent interest in construction that uses wood and wood-based materials in addition to concrete, cement, steel frames, and

various other construction materials, we believe that sustainability-conscious procurement of wooden construction materials will also become increasingly important in the future. In terms of impacts on natural capital, we reaffirmed that building construction and civil engineering businesses have a particularly large impact on terrestrial and marine ecosystems, and that offshore wind power generation has the potential to have a significant impact on marine ecosystems.

■ Dependence and Impact on Natural Capital

Very low ▼ Low ▼ Moderate ■ High ▲ Very high ▲▲

Business	Process, etc. ¹⁾	Dependence										Impact									
		Supply services		Coordination and maintenance services						Climate change		Land modification			Resources		Pollution			Other	
		Water supply	Textiles, etc.	Water flow maintenance	Water quality	Climate regulation	Flood mitigation	Deforestation	Disease control/pollination	Land stabilization	Soil conditioning	GHG emissions	Terrestrial ecosystems	Freshwater ecosystems	Marine ecosystems	Water use	Other resource use	Air pollution	Water pollution	Soil pollution	Waste
Building construction business Civil engineering business	Cement production	▲	-	-	▼	-	-	-	-	-	▲	▲▲	▲	▲	▲	-	■	■	-	▲	▲
	Steel production	■	-	■	-	▼	-	-	▼	-	▲	-	-	-	▲	-	-	-	-	▲	-
	Wood product manufacturing	▲	-	■	-	-	■	-	▼	-	▲	▲	-	-	-	-	-	▲	▲	-	-
	Building construction and civil engineering work	-	-	-	-	-	-	-	■	-	▲	▲▲	▲	▲	▲	-	▲	■	▲	■	▲
Building construction business	Building use	▲	-	-	-	-	▼	-	-	▲	▲	-	-	-	-	■	■	■	▲	-	
Floating offshore wind power generation business	Wind power generation (including onshore)	-	-	-	-	▲	■	-	■	-	-	*2	*2	▲	-	-	-	▼	▼	-	■

*1 The following industry subgroups in the GICS (Global Industry Classification Standard) were used as a reference for evaluating each process using ENCORE. Cement production: construction materials; steel production: steel; wood product manufacturing: forestry products; building construction and civil engineering work: construction and civil engineering; building use: real estate management company; wind power generation (including onshore): renewable energy power generation company

*2 ENCORE evaluates the impact of onshore wind power generation

Based on the results of our analysis of our business activities' dependence and impact on natural capital, we have provisionally assessed and identified events that represent nature-related risks and opportunities. As the impacts of the building construction and civil engineering businesses on natural capital are wide-ranging, we believe it is important to reduce the negative impacts on natural capital by applying environmentally friendly design and biodiversity conservation

technologies during construction. We believe that expanding the use of sustainable timber in the building construction sector will not only create business opportunities for our company, but will also have a positive impact on maintaining healthy forest environments and ecosystems. We will also continue monitoring, etc., of the environmental impact of floating offshore wind power generation, and accumulate knowledge to minimize any negative impacts.

■ Nature-Related Risks and Opportunities

Risk / Opportunity category		Risk / Opportunity		Time horizons	Remarks	
		Consideration	Countermeasures			
Risks	Transition	Technological	■ Loss of sales opportunities due to insufficient ability to propose technologies that contribute to biodiversity conservation and mitigation	■ Promotion of technology development and accumulation of experience in construction ■ Accumulation of expertise through registration as Nature Symbiosis Site	Short / Medium / Long	
		Reputational	■ Impact of floating offshore wind power generation on ecosystems	■ Ongoing monitoring of the floating wind power generation project off the coast of Goto City	Short / Medium / Long	
	Physical	Chronic	■ Decreased work productivity and increased health risks for workers due to rising temperatures	■ Promotion of construction labor conservation and automation ■ Introduction of health management devices for workers	Medium / Long	Stated as a risk in common with TCFD
		Acute	■ Damage to owned real estate due to risk of floods, etc.	■ Assessment of risk of floods, etc. on owned real estate and when purchasing real estate ■ Flood control measures and acquisition of appropriate insurance	Short / Medium / Long	Stated as a risk in common with TCFD
Opportunities	Market		■ Growing demand for environmentally friendly buildings	■ CASBEE evaluation for all designed and constructed properties ■ Promotion of environmentally conscious design using our proprietary "Global Environmental Conservation Checklist"	Short / Medium / Long	
			■ Growing demand for buildings made from wood and wood-based materials derived from sustainable timber	■ Promotion of technology development and accumulation of experience in construction ■ Promotion of sustainable timber procurement	Medium / Long	Demand also increasing as a climate-related opportunity
			■ Growing demand for green infrastructure technology	■ Promotion of technology development and accumulation of experience in construction	Medium / Long	

Our Initiatives for Nature-Related Risks and Opportunities

Toda Corporation is engaged in various initiatives to reduce risks and create opportunities in relation to nature.

Development of Technologies that Contribute to Biodiversity Conservation and Mitigation

We are developing various technologies that contribute to positive impacts on the natural environment and the mitigation of negative impacts, such as environmentally friendly building materials, noise reduction during construction, and the reduction of industrial waste (sludge).

Promotion of Environmentally Friendly Building Design

We are working to promote environmentally friendly design, aiming to adopt at least 35 of the 80 environmental conservation items specified in our proprietary Global Environmental Conservation Checklist for each project. In addition, we also conduct environmental performance evaluations of buildings using CASBEE* for all new construction projects we design.

* CASBEE (Comprehensive Assessment System for Built Environment Efficiency) is a method for evaluating and rating the environmental performance of buildings.

Development of Technology to Realize and Popularize Construction Using Wood and Wood-based Materials for Medium- and High-rise Buildings

Because wood has the effect of fixing and storing CO₂, much attention in the field is being paid to the expansion of construction using wood and wood-based materials as a technology for decarbonization. Although wooden structures have often been used in detached houses in the past, Toda Corporation is working on the development of the P&UA construction method, a method for building medium- to high-rise wooden structures.



Rendering of a multi-unit apartment building constructed using the P&UA construction method, a method for building medium- to high-rise wooden structures that has been granted individual certification by the Building Center of Japan.

Green infrastructure technology



Wall greening units

Reduction of noise during construction work



Toda Active Noise Control System "TANC"

Environmental conservation items

Category	Number of items
Measures for the global environment	5 items
Environmental friendliness	6 items
Energy conservation and environmentally friendly energy	21 items
Effective use of natural energy	5 items
Resource conservation	6 items
Promotion of recycling	10 items
Longer service life	7 items
Reduction of waste and emissions	14 items
Other (indoor environment, etc.)	6 items

The entire green space of the Tsukuba Research and Development Center has been registered as a Nature Symbiosis Site.

In July 2022, Toda Corporation joined the Ministry of the Environment's "30 by 30 Alliance for Biodiversity," and the entire green space of our Tsukuba Research and Development Center was registered as a Nature Symbiosis Site in the first half of fiscal 2023. We intend to draw on this expertise to propose buildings that are in harmony with the environment.



Our Efforts in Priority Areas

We have been working on the development of floating offshore wind power generation technology and have continued to operate a 2 MW hybrid spar-type unit since 2016. Currently, Goto Floating Wind Farm LLC, a joint venture between companies including Toda Corporation, is constructing a 16.8 MW wind farm off the coast of Goto City, Nagasaki Prefecture, with the aim of expanding floating offshore wind power generation to help realize a decarbonized society.

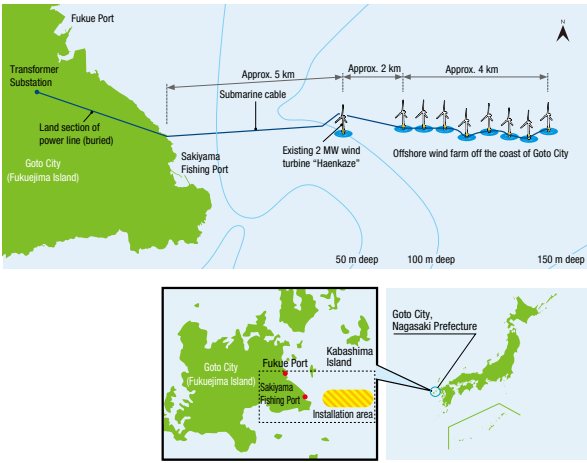
For this project, an environmental assessment* based on the Environmental Impact Assessment Act has been conducted regarding items associated with the operation of the power plant, such as noise, infrasound, birds, plants and animals inhabiting the sea area, and scenery, confirming that the impact has been reduced as much as possible. Furthermore, steps are being taken to ensure coexistence with local communities and fisheries, such as consultations with local fishing industry workers and conducting

fishery impact studies. We will continue to monitor the environmental impact of the project and conduct sufficient follow-up investigations, etc. In addition, various measures are being taken to protect the environment during construction, such as the use of existing yards for the construction of floating structures, which eliminates the need for new land development and modification.

* The environmental assessment was conducted based on the plan of 22 MW (8 × 2.1 MW units + 1 × 5.2 MW unit) as of 2018, rather than the current plan (16.8 MW).



Rendering of the completed project



Layout of wind turbines in the installation area

Overview of the environmental survey

	Main survey items	Preliminary survey (already conducted)	During construction	Environmental survey after start of operation
Environmental assessment	Noise and infrasound	○	○	○
	Water clouding	—	○	—
	Birds and bats	○	○	○
	Marine mammals, fish, etc. (aquatic organisms)	○	○	○
	Seagrass beds, coral communities	○	—	○
Fisheries impact study	Trial operation	*	○	○
	Consultation with fishing industry workers	*	○	○
	Collection and aggregation of data (various statistics)	○	○	○
	Collection and aggregation of data (provided by fishing cooperative)	—	○	○

* Similar measures also conducted in the preliminary survey
 Source: Documents for 5th Legal Council Meeting off the Coast of Goto City, Nagasaki Prefecture, December 2023

Metrics and Targets

We collect and manage data regarding greenhouse gas emissions, construction waste, nitrogen oxides, sulfur oxides, and other emissions, water intake, water consumption, wastewater discharge, and various other indicators of the potential environmental impact

of our business activities. We will continue conducting quantitative monitoring and analysis of this data, and will consider setting additional indicators and targets to be managed.

Target	Indicators	Reference year	Reporting year results (FY2023)	Targets
Greenhouse gas emissions (Scope 1, 2, 3)		(See p. 58, Disclosure of Information Related to Climate Change Based on TCFD Recommendations "Metrics and Targets")		
ECO First commitments	Construction byproducts (individual)	—	1.3%	FY2030: 3% or below FY 2050: 0%
Waste plastic measures (individual)	Emissions reductions	3-year average for FY2019-2021	-2.5% (6,393t)	FY 2030: -4.5%
	Recycling rate, etc.	—	60.8%	FY 2035: 100%
Number of proposals for biodiversity-friendly technologies (individual)		—	22	20 or more each year
Emissions of nitrogen oxides		—	358t-NO ₂	—
Emissions of sulfur oxides		—	88t-SO ₂	—

A Sustainable Future in Harmony with the Natural Environment

Construction of the Dohoku Wind Power Kawaminami Wind Farm

This construction project is for a wind power plant that harnesses the wind, a renewable energy resource that is abundant in northern Hokkaido, to the fullest extent. We have contributed to the economic and social development of the region through careful design that takes into account the characteristics of the area and construction work that prioritizes safety. Going forward, we will continue to work toward a sustainable future where renewable energy and the natural environment can coexist, with the understanding and support of the local community.



Maintaining, Renewing, and Extending the Service Life of Infrastructure

Replacement of the deck slabs of the Yubari River Bridge (Southbound side) on the Do-O Expressway

This work involves the removal of aging existing deck slabs and installation of new precast concrete slabs on the Yubari River Bridge (Southbound side) located between the Ebetsu Higashi and Iwamizawa interchanges of the Do-O Expressway. This is the first application of the "Suisui C&T Method[®]", a precast concrete slab joint structure using mortar filling developed by Toda Corporation. It contributes to reducing the number of days required for installation of the deck slabs.



Realizing a Decarbonized Society

Decarbonization
Realizing a carbon-neutral society



The Toda Group is committed to realize a decarbonized society by reducing greenhouse gas emissions across its business activities, including the supply chain. As part of our efforts to achieve this goal, we are implementing measures throughout the life cycle of buildings and civil engineering structures. These measures include the use of low-carbon building materials, energy conservation and renewable energy during construction, and ZEB design.

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^{*1} and began actively disclosing financial information relating to climate change based on the TCFD recommendations. Since our first scenario analysis^{*2} 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.

■ 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^{*3}” and “financial impact^{*4},” 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.

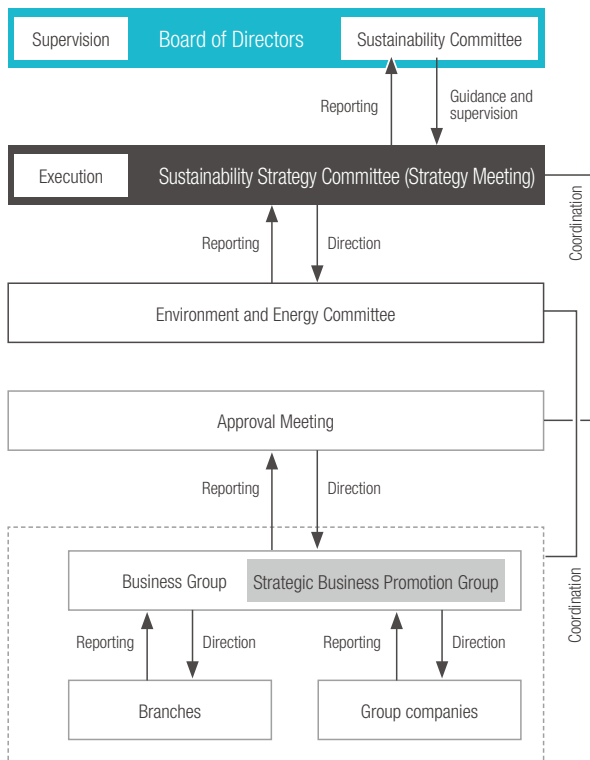
The Board of Directors receives reports on climate change-related matters from the Sustainability Strategy Committee and discusses them at Sustainability Committee meetings as necessary to oversee the progress of efforts to address climate change-related issues.

■ Strategy

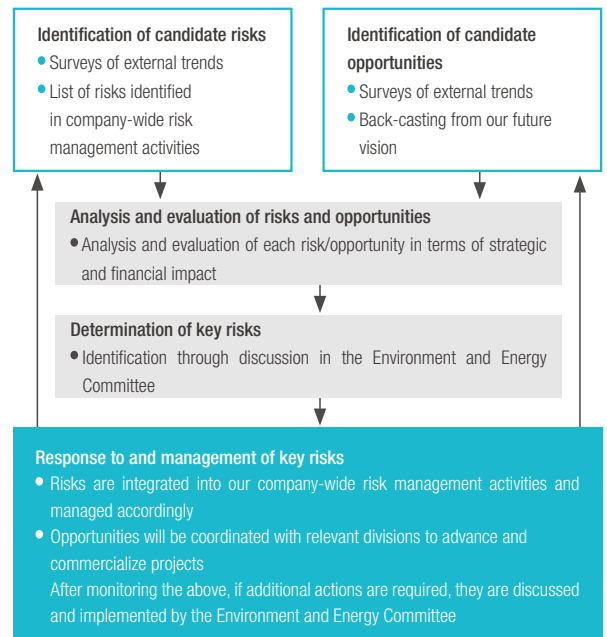
We identify, analyze, and assess climate change-related risks and opportunities on a short-term (3 years or less), medium-term (3–10 years), and long-term (10 years or more) timescale.

Strategies and financial plans for responding to these risks and taking advantage of opportunities are appropriately woven into our

Framework for Addressing Climate Change-Related Issues



Process for Managing Risks and Opportunities Associated with Climate Change



*1 Financial Stability Board (FSB) task force on the disclosure of climate-related financial information.

*2 The 4°C scenario (RCP8.5 scenario, etc.) and the well-below 2°C (1.5°C) scenario (NZE scenario, etc.) are used.

*3 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).”

*4 Evaluated based on the thresholds of the amounts set in “Income, Expenses, Assets and Liabilities, and Others” in the Risks and Opportunities section.

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

Our greenhouse gas reduction targets are SBT-certified¹. In accordance with the SBT, the “Medium-Term Management Plan 2024 Rolling Plan” establishes a reduction target for the target year of fiscal 2024², and we are working on reduction activities to meet this goal.

Greenhouse Gas Reduction Targets

	Target		Units	Reference year results ³ (FY2020)	Reporting year results (FY2023)		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	-29.9%	65,600	-16.8%	—
	Scope 1 + Scope 2 (for construction work only)	Basic unit	tons CO ₂ /100 million yen ⁴	16.5	—	11.7	11.2 or under	—
	Scope 3	Total emissions	t-CO ₂ e	6.81 million	-11.0%	6.07 million	-10%	—
	Category 1	Basic unit	tons CO ₂ /100 million yen ⁵	649.9	—	614.2	540.7 or under	—
	Category 11		t-CO ₂ e/m ² ⁶	4.1	—	2.7	3.5 or under	—
SBT/ECO First commitments	Scope 1 + Scope 2	Total emissions	t-CO ₂	93,600	-29.9%	65,600	—	-42%
	Scope 3		t-CO ₂ e	6.81 million	-11.0%	6.07 million	—	-25%

Targets for Renewable Electricity Use

	Target	Units	Reporting year results (FY2023)	Target year	
				FY2040	FY2050
RE100	Ratio of renewable energy electricity usage	%	72.4	50	100

¹ Science Based Targets. Company greenhouse gas reduction targets in accordance with the levels required by the Paris Agreement.

² We have adopted a system in which greenhouse gas reduction target attainment is linked to executive compensation. (See P.70–71)

³ Due to a review of the items included and the scope of overseas construction, Scope 3 was retroactively revised from the reference year (fiscal 2020) onward during the calculation of the fiscal 2023 results.

⁴ Emissions per 100 million yen of construction completed

⁵ Emissions per transaction value of construction materials

⁶ Emissions per square meter of completed gross floor area

■ Climate-Related Material Risks and Response Measures

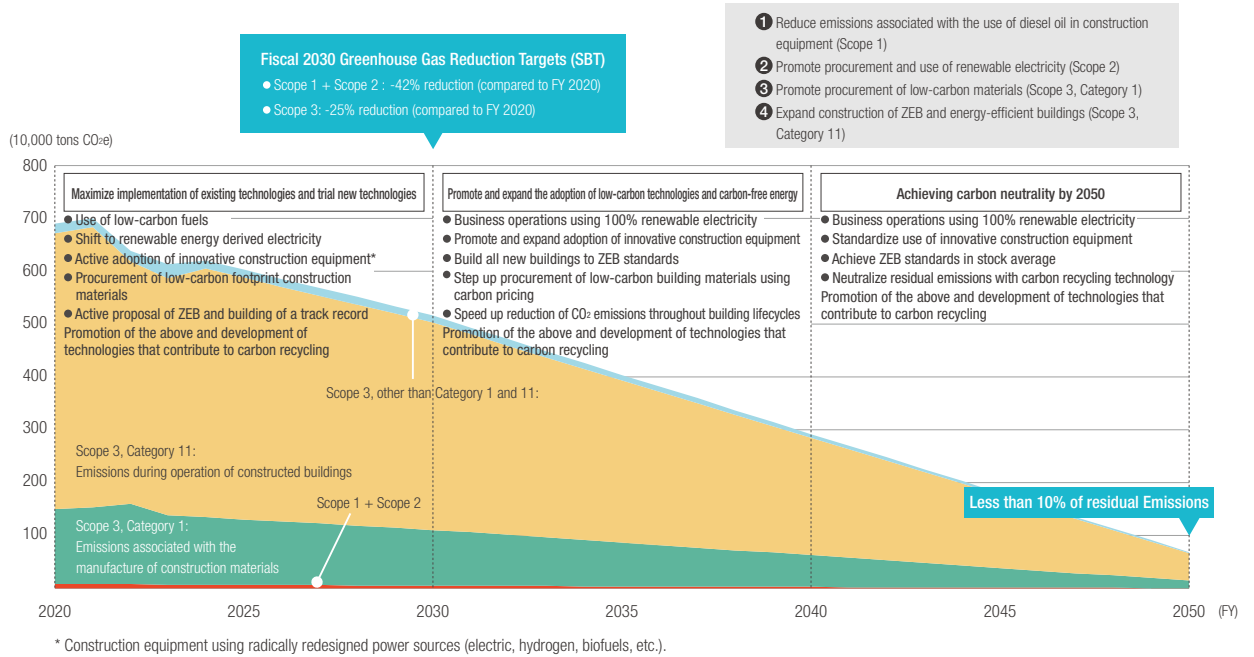
We are working on measures to address the material risks we have identified.

Risk / Opportunity category	Major items	Time axis	Examination of risks and opportunities	Measures to responses to risks and opportunities	
Risks	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
	Acute	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
	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
		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 R&D to achieve carbon-negative building construction
	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
			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 	

Action Plan to Achieve Carbon Neutrality

Action Plan Summary

With the goal of achieving carbon neutrality in our business activities by fiscal 2050, we are working to reduce greenhouse gas emissions, guided by the roadmap and the four key activities outlined below.



Cost Benefits of ZEBs

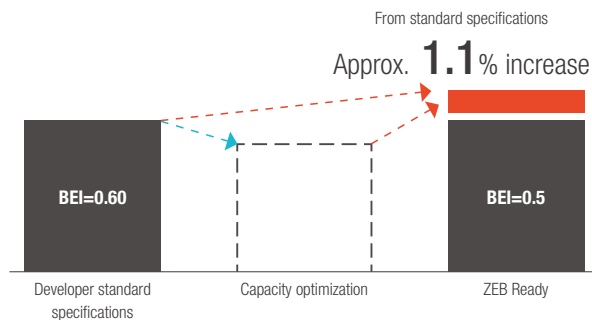
ZEBs are designed to reduce primary energy consumption by enhancing building insulation and adopting energy-saving and renewable energy technologies. As these buildings require higher specification materials and equipment, we frequently receive inquiries from customers about the resulting increase in overall construction costs.

We conduct our own trial calculations based on past ZEB results for office buildings with standard developer specifications to determine the cost benefits of ZEB designs. We strive to make proposals to our customers that highlight the cost advantages of ZEBs.

Conditions for initial cost estimation

- Standard office (tenant) building in the Tokyo metropolitan area (total floor area: approx. 6,000m²)
- Specifications used for comparison are the developer's standard specifications (BEI = 0.60, equivalent to BEIm = 0.77)
- Equipment construction cost rate set at 25% of overall construction costs

Percentage increase in initial costs (overall construction costs)



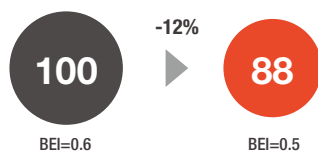
If we were to convert an office building with the developer's standard specifications to ZEB Ready specifications, we estimate that the increase in overall construction costs would be approximately 1.1%. This is primarily achieved through equipment-based methods that have minimal impact on the building (e.g., adoption of energy-efficient equipment). This 1.1% increase includes increases in equipment costs and design fees¹ as well as appropriate equipment capacity optimization (downsizing).

As a result, we found that running costs (utility costs, etc.) could be reduced by approximately 12% per year, and the time required to recover the initial costs was also found to be about 10 years².

¹ Does not include subsidy application work

² Estimated based on previous Toda Corporation results (as of June 2022)

Effects of running cost reductions



Investment recovery period



▶ Details of cost benefits of ZEBs (in Japanese)

Implementing ZEB Design

We have accumulated design expertise from our ZEB track record and formulated our own “ZEB Design Guidelines.” We are using these guidelines to disseminate this expertise company-wide, and are actively proposing ZEB to our customers through efficient ZEB design.



ZEB design guidelines
(Left: new build; Right: renovation)

Effective Utilization of Construction Waste

Waste Plastic Initiatives

Due to their versatility and utility, plastics are used in a wide range of products and are consequently disposed of in large quantities. This increases the importance of initiatives like promoting resource recycling. In the construction industry, plastics are extensively used in construction materials and packaging. However, when plastic waste is mixed with other materials (mixed waste), it becomes difficult to sort at intermediate processing facilities, resulting in increased amounts of waste being sent to landfills.

We are working to reduce the amount of waste plastics we generate and discharge, and to implement advanced sorting practices to promote recycling. At our construction sites in the Tokyo metropolitan area, we focus on reducing waste volume by separating certain waste plastics on-site for sale and enhancing the recycling rate by sorting raw materials for RPF* on-site in line with quality standards. On the other hand, in areas without extensive intermediate processing or recycling facilities, it is challenging to adopt the same approaches as in the Tokyo metropolitan area. Therefore, we are

working on activities that go back to basics, such as reducing the use of disposable sandbags by adopting reusable bags and containers, and using vacuum bags to reduce the volume of soft plastics.

In addition, we are committed to reducing and recycling waste plastics by uniting efforts to raise awareness among not only our site employees but also our partner companies. Our initiatives include exchanging opinions with industrial waste disposal companies and holding on-site workshops on sorting waste plastics.



On-site sorting yard



*RPF (Refuse Paper and Plastic Fuel): A high-grade solid fuel made mainly from waste paper and plastics that are difficult to recycle. It is used as a substitute for fossil fuels like coal and coke, offering advantages such as stable quality, high calorific value, and controllable heat output.

RPF

Greenhouse Gas Reduction Activities

Toward the Use of Next-Generation Fuels

In order to reduce CO₂ emissions at our construction sites, we are working to utilize alternative fuels to diesel oil. We conducted demonstration tests in the Kyushu and Kansai regions using a diesel fuel mixture with 30% biodiesel fuel (B30 fuel), and subsequently expanded its use to the Kanto region.

Since biodiesel fuel is made from vegetable waste cooking oil, such as tempura oil, 100% biodiesel fuel (B100 fuel) is considered to have effectively zero CO₂ emissions. However, B100 fuel is not intended for use in construction equipment, and it has not been widely adopted.

By using a diesel fuel mixture with 30% biodiesel fuel, we plan to reduce the strain placed on the machinery and expand the scope of the use of such fuels. B30 fuel was used in three generators (45 KVA) to operate a vibrator for pouring ready-mixed concrete at a construction site in Saitama Prefecture, and was also used in a generator at a facility construction site at Narita Airport. Beyond construction sites, this fuel has also been adopted for forklift operation at our Minoridai workshop.

Going forward, we will continue to promote the use of B30 fuel at our construction sites.



Refueling a generator at a construction site



Use in a forklift at a workshop

Achieving Both Carbon Neutrality and Increased Productivity in Agriculture

At the summer/fall strawberry production greenhouse we are operating in Shimokawa Town, Hokkaido, we have worked with Futaba Industrial Co., Ltd. to launch a trial implementation of “agleaf[®],” which uses CO₂ emitted from the greenhouse heaters to promote plant growth.

In recent years, the increase in greenhouse gas emissions from the agriculture, forestry, and fisheries sectors has become a significant concern, particularly those from fossil fuel-based heating systems at horticultural facilities. The agleaf[®] storage and supply system captures CO₂ from the exhaust fumes of heaters operating at night, stores it in tanks, and releases it during the day when crop photosynthesis is active. By properly managing CO₂ concentrations around the plants in greenhouses, yield and sugar content can be enhanced.

In this way, we are working to make effective use of CO₂ emissions from agriculture to achieve carbon-neutral farming.

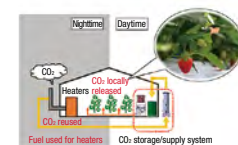


Illustration of the system



agleaf[®] equipment installed

Innovating in Technology and Enhancing the Value We Provide

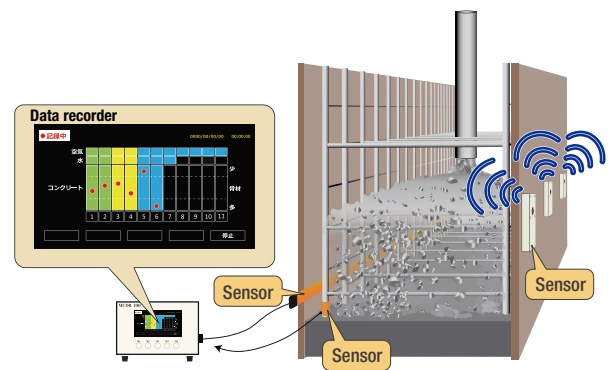
Value
Providing value that opens up the future



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 are pursuing the digitalization of all our operations to improve the overall efficiency of our business and raise the value we provide. To make these innovations a reality, we will engage in value co-creation with a wide range of business partners.

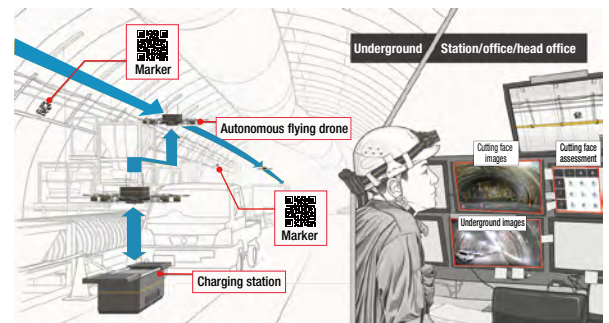
Method for Evaluating Concrete Segregation

We use sensors to conduct real-time evaluation of the degree of material segregation (coarse aggregate distribution) during concrete construction activities, such as during pumping and pouring. The evaluation results are displayed on a data recorder monitor, allowing anyone to intuitively identify the movement of coarse aggregate. By incorporating this new quality control method to concrete construction—an area that has traditionally relied heavily on the experience of skilled engineers—we are able to achieve more appropriate construction management.



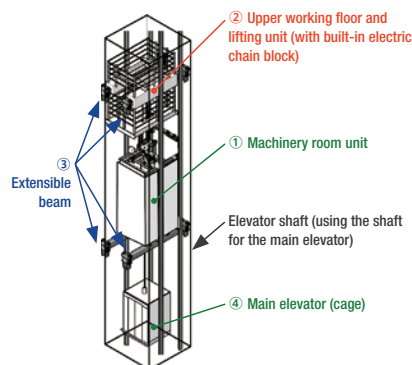
Autonomous Drone Flight System

This system enables autonomous drone flight using flight guidance markers in environments where GNSS cannot be used, such as mountain tunnels. By acquiring high-precision images and other in-tunnel information in real-time—information that is difficult to ascertain with the naked eye—the system will contribute to labor saving in underground monitoring and various types of management.



Technology for Temporary Use of Main Elevators

This is a technology in which the machinery room of the main elevator is relocated as a temporary, movable unit to upper floors as building construction progresses, allowing the main elevator to be used for construction purposes from the initial stages of work on the lower floors. As a result, it aids in finishing work on the lower floors and reduces the number of construction elevators typically installed separately for construction work. This reduces the work involved in dismantling the construction elevators that would otherwise be required, as well as subsequent post-construction work such as rail installation, shortening the time required for elevator-related tasks and allowing the main elevator to be put into operation earlier.



Configuration of technology for the use of main elevators during construction

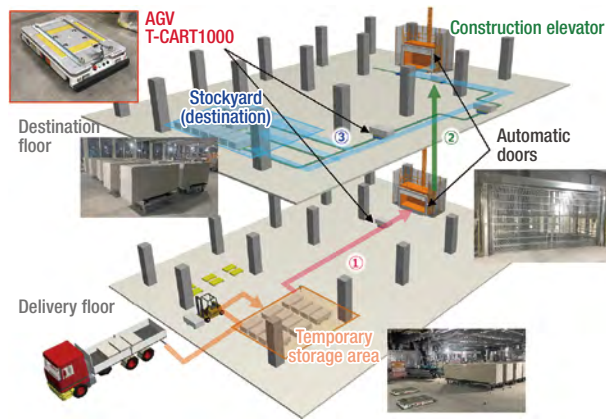


Working floor and lifting unit

Vertical/Horizontal Automated Conveyor System

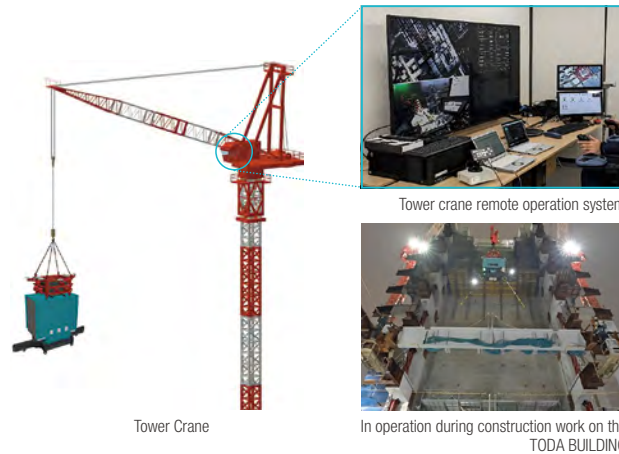
The vertical/horizontal automated conveyor system links the construction elevator with the “T-CART 1000” AGV* to automatically transfer materials and equipment placed in the temporary storage area on the delivery floor to the stock yard on the destination floor. This system reduces the amount of lifting and carrying work required at construction sites and enhances safety.

*AGV: Automated Guided Vehicle. A vehicle that runs unmanned under computer control, performing cargo transport and handling.



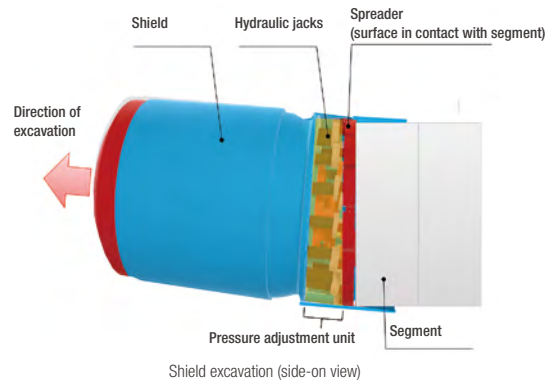
Tower Crane 3D Automatic Guidance System

Our tower crane 3D automatic guidance system can automatically perform various operations that were previously performed manually by operators, simply by touching the monitor screen. The system senses and controls the state of the crane's suspended load and automatically carries it to the designated position in a safe and efficient manner, regardless of the operator's skill level.



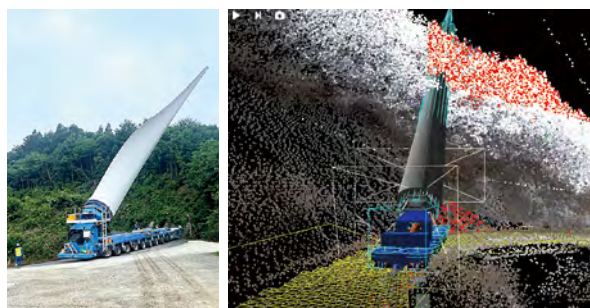
Best Fit Jack®

In shield tunneling, the excavation direction and attitude of the shield are controlled by balancing the pressure among multiple hydraulic jacks. Best Fit Jack® is a system that enables the automatic, individual adjustment of hydraulic jack pressure. Using data from continuous automated measurement, the AI system calculates the optimum excavation direction for the shield and the required pressure levels to achieve it. These calculated values are then used to control the overall pressure, adjust the pressure of all the hydraulic jacks, and advance the shield machine.



Simulation System for Transportation of Onshore Wind Power Generation Components

This is a simulation system used to review routes for components such as blades and towers used in onshore wind power generation, utilizing a three-dimensional model. Transport route plans, previously analyzed using 2D drawings, can now be reviewed with a 3D viewer, with the review results visualized in video format, enabling the creation of safer and more reliable transport plans. In addition, automating route generation and trajectory diagram creation can significantly reduce the workload required for planning.



Example of results of simulation for transportation conditions in a mountainous area

Creating Workplaces that Are a Joy to Work In

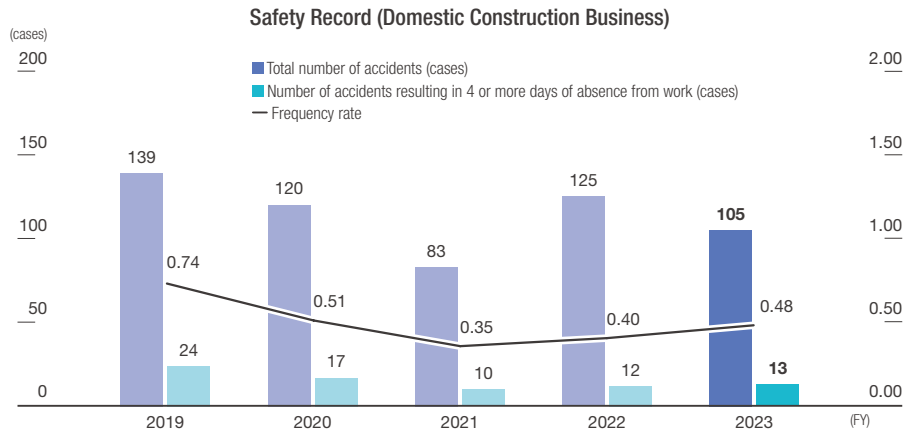
People
Creating a vibrant workplace



Initiatives for Becoming the No.1 Company in Safety

Safety and Health Policy

The prevention of occupational accidents/incidents, disasters, and accidents involving the public is an absolute prerequisite for the survival and development of the company. Based on the fundamental principle of respect for human life, we view safety as a core value in all of our activities and strive to create a safe and fulfilling work environment.



Initiatives for Improving Safety and Health

■ Establishing a Culture of Safety

In accordance with the idea that “Safety is not just a priority but a CORE VALUE,” the Toda Group is working to eliminate occupational accidents by promoting “frontloading” of the work environment, which involves implementing safety-centered initiatives from the initial upstream stages of sales and design.

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

At Toda Corporation, the President is in overall charge of the Toda Corporation Occupational Health and Safety Management System and oversees health and safety management across the company.

■ 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 an accident information database allows 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.

■ 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.



Example of Near-Miss Reporting



Image of the Management Page

Efforts to Make the Construction Industry More Appealing and Aspirational

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

At our construction sites, CCUS work history is currently stored using face recognition cameras and card readers, but we are looking into the use of only face recognition cameras as a general rule, starting in fiscal 2025.

In order to implement this, in fiscal 2024, we will open a CCUS inquiry service, provide operational support for CCUS collaboration, follow up on CCUS job registration, and provide support for registration of worker photographs, among other initiatives.

As of March 31, 2024, CCUS business registration was 81% and CCUS technician registration was 84%, and we will continue to strengthen our cooperation with partner companies to achieve a 100% CCUS registration rate by the end of fiscal 2024.

Construction Career Up System Registration Rate

	March 2021	March 2022	March 2023	March 2024	March 2024 target
Operator registration	58%	73%	77%	81%	100%
Technician registration	58%	77%	81%	84%	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 National Riyukai Federation, 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 (in Japanese)

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.



Subsidy program for young technicians (participation in the WorldSkills Competition)



4th Japanese Speech Contest

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

Held 15 times February 2017–March 2024 | 123 grants (61 organizations, 62 companies)

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

Held 5 times February 2020–March 2024 | 16 grants (5 organizations, 11 companies)

3. Subsidies for the Promotion of Construction-Related Education

Held 6 times May 2019–May 2024 | 187 grants (Grant A: 20 organizations, Grant B: 167 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 4 times December 2020, November 2021, December 2022, December 2023 | Total number of preliminary round participants: 229, Total number of finalists: 40

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

Initiatives to Encourage Employees to Take on Challenges

In order to create new businesses and develop human resources, Toda Corporation introduced an in-house venture program (called "GATE") in fiscal 2022. 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. Through their participation in the program, selected employees will be able to 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.

In the first year of the program, 5 of the 15 participants (including 1 from outside the company) who passed the document screening passed the final judging and are working toward launching their businesses. This fiscal year, 11 people (including 3 participants from outside the company) passed the document screening and are participating in GATE.

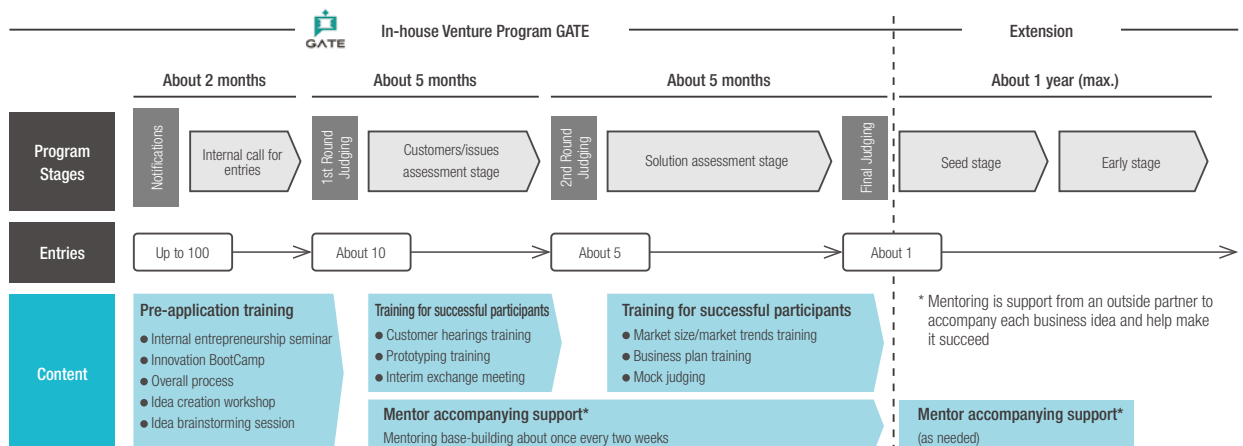
This is a bottom-up system based on ideas that employees are strongly attached to, and by providing support to employees, we aim to encourage them to take on new challenges, create a lively and vibrant corporate culture, and foster innovative human resources with a management-oriented perspective.

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.



Final judging

Overall Program



External Evaluation

■ Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500)

The Certified Health & Productivity Management Outstanding Organizations Recognition Program recognizes corporations that are implementing particularly effective health management based on initiatives that address local health issues and the health initiatives promoted by the Nippon Kenko Kaigi¹.

This year, Toda Corporation was certified for the fifth time as a Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500) by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.



¹ An organization formed to carry out effective activities in collaboration with private-sector bodies and with the full support of the government, with the aim of extending the healthy life expectancy of each citizen and ensuring appropriate medical care.

■ Eruboshi certification

Eruboshi certification is based on the Act on Promotion of Women's Participation and Advancement in the Workplace, and is granted by the Minister of Health, Labour and Welfare to companies that have formulated and submitted an action plan (a plan that specifically sets out measures for business operators, such as improving the employment environment to help employees balance work and childcare) and meet certain requirements, such as having excellent implementation of initiatives to promote women's engagement.

We have received the highest three-star certification

as a result of meeting all five criteria (employment, continued employment, working hours, proportion of management positions held by women, and diverse career paths) and publishing our results in the "Database of Companies Promoting Women's Activities" every year.



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 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/pdf/human-rights_02.pdf

Establishment and Ongoing Implementation of Mechanisms for Due Diligence on Human Rights

The Toda 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 part of our activities for fiscal 2023, in August we invited an external lecturer to conduct training on “Business and Human Rights” for officers and branch general managers. From September to December, we also held training sessions for all employees, including those of Group companies (including transferees and dispatched employees), with the aim of reducing human rights risks and improving human rights management capabilities. In the post-training questionnaire responses, there was a high level of attention to “various types of harassment” and “long working hours,” as there was the previous year, and we will continue to provide ongoing human rights education based on these results.

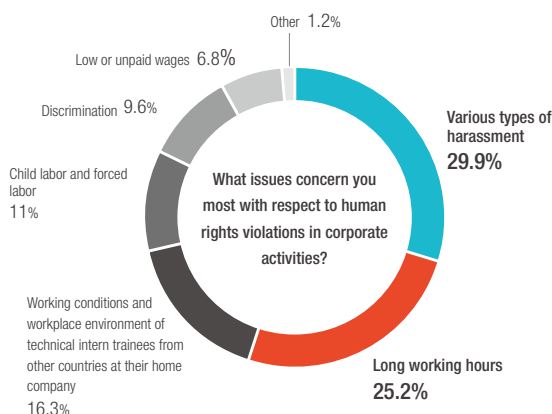
■ Respect for Human Rights and Fulfillment of Social Responsibility in the Supply Chain

In order to promote sustainability activities together with Group companies and business partners, and to implement solutions to social issues throughout the supply chain, we have revised our Procurement Policy and established new Guidelines as of April 1, 2023. The Procurement Policy and Guidelines have been published on the Toda Corporation website, and they can be downloaded together with the data version of the pamphlet.

We explain our initiatives to members of the National Riyukai Federation, our network of partner companies, at national Riyukai general meetings and executive committee meetings, etc., to ensure that they are well understood.

In order to build even stronger relationships of trust with our business partners, we conducted a “Supply Chain Satisfaction Survey” from August 23 to September 8, covering 4,952 companies, including members of the Riyukai and other business partners with whom we have worked in the past three years. The survey consists of two parts: a survey on customer satisfaction and a survey on sustainability initiatives, and it is used to check the level of understanding of our human rights policy and the situation regarding the intake of technical intern trainees. The results of the survey are also published on the Toda Corporation website as part of the implementation of “human rights due diligence,” and we will implement corrective measures based on the survey results.

Going forward, we will continue checking the value chain of our entire Group for risks that could lead to human rights issues, and we will continue to respect human rights and fulfill our responsibilities accordingly.



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. This basic approach to corporate governance and the framework that supports it, including

the responsibilities of the Board of Directors and other bodies, ensuring the rights and equality of shareholders, cooperation with stakeholders, and dialogue with shareholders and related parties, were established in August 2015 as Toda Corporation's "Basic Policy for Corporate Governance." Since then, it has been revised and updated as necessary by resolution of the Board of Directors.

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, and as of July 1, 2024, the board consists of six directors, half of whom are outside directors (three internal directors and three independent 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 2023, the board met 18 times and discussed a total of 130 agenda items (including 70 items for resolution and 60 items for reporting). All directors attended all 18 of the board's meetings.

Board of Directors Attendance

Role	Name	Meetings Attended	Attendance Rate	Committee Responsibilities
Chairperson of the Board (Representative Director)	Imai Masanori	18/18	100%	Personnel and Compensation Committee Sustainability Committee Chair
President and Corporate Officer (Representative Director)	Otani Seisuke	18/18	100%	
Executive Vice President and Director	Yamazaki Toshihiro	18/18	100%	
Outside Director	Amiya Shunsuke	18/18	100%	Personnel and Compensation Committee Chair Sustainability Committee
Outside Director	Itami Toshihiko	18/18	100%	Personnel and Compensation Committee Sustainability Committee
Outside Director	Arakane Kumi	18/18	100%	Personnel and Compensation Committee Sustainability Committee
Outside Director	Muroi Masahiro	18/18	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 2023, in addition to the standard matters to be decided under the Companies Act, the Board of Directors discussed and made decisions on important management matters, principally investments above a certain size in strategic businesses, transfers of assets, and the establishment and reorganization of subsidiaries.

When screening investment proposals, the merits of a given investment are evaluated based on a risk-weighted hurdle rate and internal rate of return (IRR), so as to enable management that emphasizes the cost of capital and return on capital. In addition, to improve company-wide investment efficiency, the Board of Directors determines if the return on invested capital (ROIC) for each business segment exceeds the weighted average cost of capital (WACC). Furthermore, before a resolution is made, a qualitative assessment is performed involving rigorous discussion of the significance of a given initiative within the overall business portfolio.

In specific terms, the board actively debated, discussed, and approved the following proposals: the transfer of shares in a Brazilian construction business subsidiary in April, the establishment of a subsidiary to oversee the Asia-Oceania region in July, the conversion of a hotel business company in New Zealand into a subsidiary (a second-tier subsidiary of Toda Corporation) in December, the merger of three domestic consolidated subsidiaries in January, and the establishment of an asset management company for the private REIT business in February.

At the annual general meeting of shareholders in fiscal 2023, approval was given for the partial amendment and continuation of the countermeasures against large-scale acquisitions, but prior to that, the Board of Directors held several rounds of discussions on the content and appropriateness of the policy on acquisitions. At the same annual general meeting of shareholders, the company received a shareholder proposal from an overseas institutional investor shareholder, and the Board of Directors, after reviewing the details

of the proposal, resolved to oppose it. Furthermore, in November, the Board of Directors deliberated on action to realize management that is conscious of cost of capital and stock price, and disclosed the Company's approach, as well as making the decision to conduct a repurchase of treasury stock and to introduce a retroactive share award program for the employee shareholding association. On the

other hand, with regard to the three priority management businesses identified by the company, namely the new TODA building business, the overseas business, and the renewable energy business, as well as dialogue with institutional investors, the Board of Directors receives progress reports on a frequent basis, with outside directors taking the lead in providing meaningful input.

Personnel and Compensation Committee

We have established a Personnel and Compensation Committee consisting of five directors, including four outside directors (four directors including three outside directors after June 26, 2024). 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 chief

corporate officer and reporting to the Board of Directors as necessary.

The Committee met five times in fiscal 2023. 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 2023 (April 2023 to March 2024) 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 Implementation period:** April to mid-May 2024
- 3 Procedure:** ① Survey (for all seven board members and all five audit & supervisory board members); ② Individual interviews with all outside directors; ③ Third-party (lawyer) review
- 4 Reporting of results:** The results of the effectiveness evaluation are reported and discussed at the May meeting of the Board of Directors.

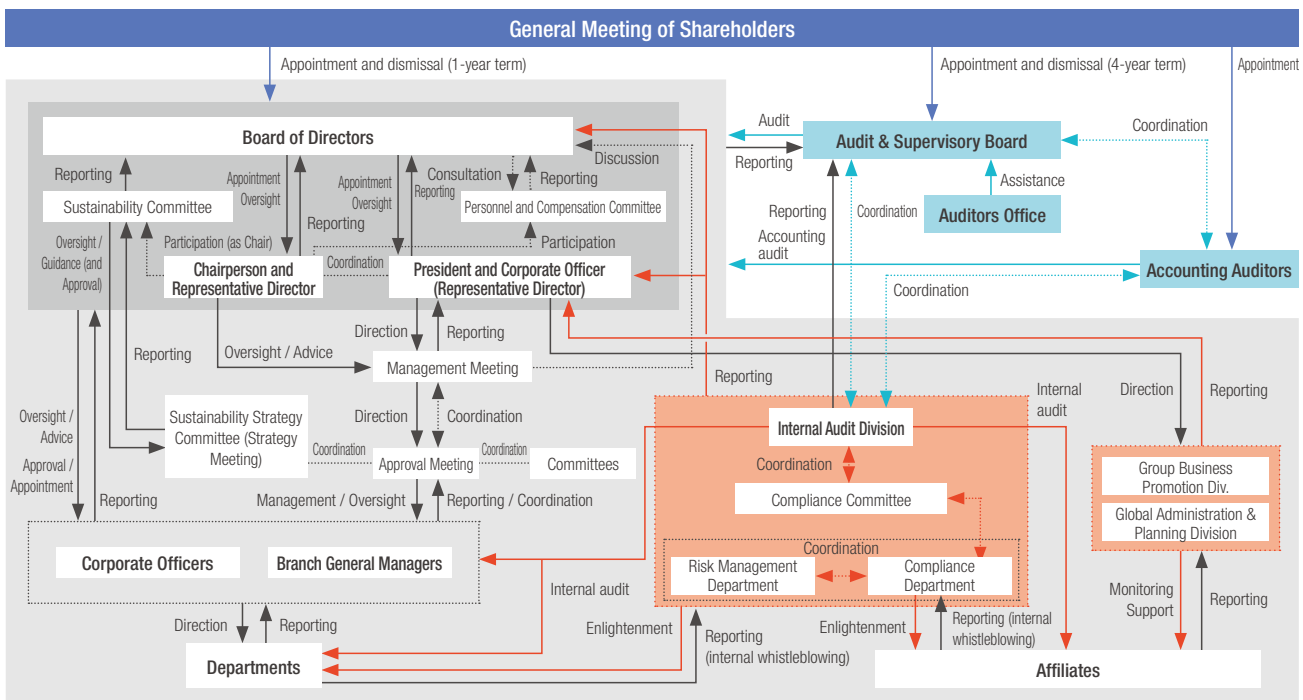
■ Survey Details


- | | |
|---|--|
| <ol style="list-style-type: none"> 1 Overall effectiveness of the Board of Directors 2 Composition of the Board of Directors 3 Operation of and support for the Board of Directors 4 Deliberations at Board of Directors meetings | <ol style="list-style-type: none"> 5 Contributions of officers 6 Oversight of execution 7 Personnel and Compensation Committee 8 Several questions per each of the eight areas to address with respect to issues from the previous fiscal year |
|---|--|

■ Survey Results (Overall)

- There were 43 questions with a five-point achievement scale. Of these, 34 had an average score of 4 or higher. In particular, "Overall effectiveness," "Board of Directors management contribution," and "Constructive discussions at Board of Directors meetings" received high scores of 4.6 to 4.7. Conversely, nine items scored in the 3-point range, with the lowest score of 3.6 given to "Management and supervision of subsidiaries."

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).

- Compared to the previous year, ten items scored higher, 16 items scored lower, and six items scored the same, with changes all being within 0.4 points. The main items that scored higher were “advance distribution of materials” and “selection of agenda items,” while the main items that scored lower were “opportunities for directors to acquire knowledge and support” and “input from Audit & Supervisory Board members at Board of Directors meetings.”
- Items for which the scoring difference between inside and outside directors stood at 1.2 points or higher included “Is oversight of succession planning being properly performed?”

■ Survey Results (Addressing Issues from the Previous Year’s Effectiveness Evaluation Results)

- 1 Have full discussions about the important agenda items: 4.2 points**
[The company provided an unofficial forum (directors’ roundtable) as 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.]
- 2 Augment communication between outside directors and corporate officers: 3.8 points**
[With respect to the explanation and reporting of executive matters, the company provided opportunities as required for corporate officers to attend meetings of the Board of Directors and the preliminary briefings thereof, and for outside directors to participate in branch general manager meetings, technical research presentation meetings, and other meetings on the executive side.]
- 3 Have ongoing discussions about the form institutional design should take: 3.9 points**
[Several discussions were held on the governance structure at the aforementioned directors’ roundtable meetings. In fiscal 2023, these were held twice, in December 2023 and February 2024.]
- 4 Put into practice oversight of succession planning: 3.7 points**
[A goal was set for the president to report regularly (at least once a year) on the Next-Generation Management Personnel Development Plan to the Personnel and Compensation Committee, with two such reports made in fiscal 2023, one in August 2023 and the other in February 2024.]
- 5 Adoption and operation of the Board of Directors Operation Policy: 4.3 points**
[Based on the effectiveness evaluation report of the previous fiscal year, the directors discussed issues, determined a priority agenda, and formulated a Board of Directors Operation Policy, which was reported by the chair at a board meeting.]

■ 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 six items. These items were stipulated as priority agenda items in the Board of Directors Operation Policy for fiscal 2023.

- | | |
|--|--|
| 1 Sustainability | 4 Technology strategy |
| 2 Medium- to long-term strategies | 5 Financial and investment strategies |
| 3 Human resource strategy | 6 Governance structure |

The results showed that the six items were rated high in importance, from 8.3 to 9.6, while discussion volume, although showing an improvement over the previous year, was still rated from 6.7 to 7.9. The biggest gaps were observed for “human resource strategy” and “technology strategy.” With respect to “technology strategy” in particular, although there was an improvement from the previous year, outside directors were critical of the volume of discussion. Ongoing enhancement of these discussions will be required in fiscal 2024, with preparations on the executive side an issue to be addressed.

■ Third-Party Review

For the third-party evaluation, we presented the results of our surveys and interviews to an outside lawyer with expertise in corporate

governance. This lawyer conducted a review of our effectiveness evaluation methods and the issues derived from the evaluation results.

Our evaluation of the Board of Directors’ effectiveness was appraised as follows.

- Our evaluation methodology, which has been in place since fiscal 2022, of conducting interviews with outside directors in addition to a survey that asks each director and Audit & Supervisory Board member to provide a rating and an open-ended response to the questionnaire items, remains effective.
- In addition, improvements from fiscal 2022, such as the addition of questions regarding supervision of the establishment and operation of internal control systems and the management and supervision of subsidiaries, have been made to further ensure its utility as a method for evaluating the effectiveness of the Board of Directors.

The main issues this fiscal year included “post-hoc reporting and review of issues raised at Board of Directors meetings,” “how to improve communication between external officers and corporate officers,” “matters related to succession planning,” and “discussions of important Board of Directors agenda items.”

■ Results Summary

- Fiscal 2023 marked the second year in which a majority of the Board of Directors have been outside directors, and overall, the Board of Directors was deemed to be effective.
- In terms of initiatives taken in fiscal 2023, there was commendation of the fact that constructive discussions were promoted through measures such as the enhancement of the directors’ roundtable meetings, including the systematic planning of key agenda items for discussion in advance, and there were also many comments identifying improvements in the appropriate operation of the Board of Directors.
- Conversely, there were several suggestions that the formulation and discussion of management strategies was only half complete, and that further consensus-building discussions on management strategies would be required in fiscal 2024.
- There were also several comments to the effect that follow-up on issues raised at board meetings, as well as progress reports and reviews for agenda items, were not sufficient, and that the management and oversight of subsidiaries needed to be reviewed and strengthened.
- Several respondents said that initiatives related to succession planning for the president are still needed.

■ Future Tasks

In order for our company to achieve sustainable growth and improve its 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 this. Fiscal 2024 is the final year of the current Medium-Term Management Plan, and the Board of Directors will verify execution of initiatives to fulfill the current plan, as well as discussing and supervising the formulation of the next. With this in mind, it has been concluded that the following three tasks must be undertaken.

- 1 Discussion of the appropriate form of the new Medium-Term Management Plan, starting with the formation of a consensus on management strategy**
- 2 Improve the system for post-hoc reporting and review of Board of Directors agenda items**
- 3 Continued discussion of succession planning for the president at the Personnel and Compensation Committee**

■ Including Tasks in the Board of Directors Operation Policy

We have included our responses to the three tasks based on the above-described effectiveness evaluation results in our FY2024 Board of Directors Operation Policy.

Board of Directors Support System

As a company listed on the Prime Market, we are required to enhance our corporate governance. Therefore, in order to support the operation of the Board of Directors, we established a Board of Directors Office staffed by a full-time staff member, who 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. 79-80 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 2023.)

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 2023 result)

Board Member Category	Total Amount of Compensation
Directors (7 people)	209 million yen (of which, 4 outside directors, 48 million yen)
Audit & Supervisory Board Members (5 people)	73 million yen (of which, 4 outside auditors, 51 million yen)

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

■ 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

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

Our 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, 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%

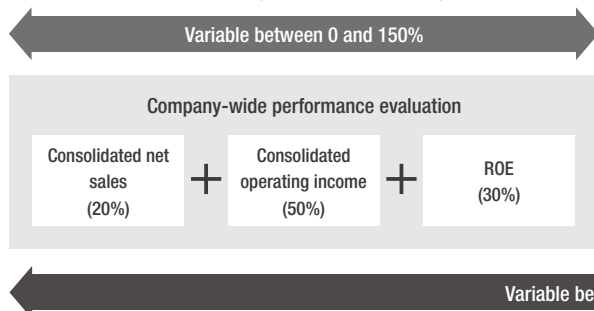
■ Annual Bonuses

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.

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



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 directly

■ 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.

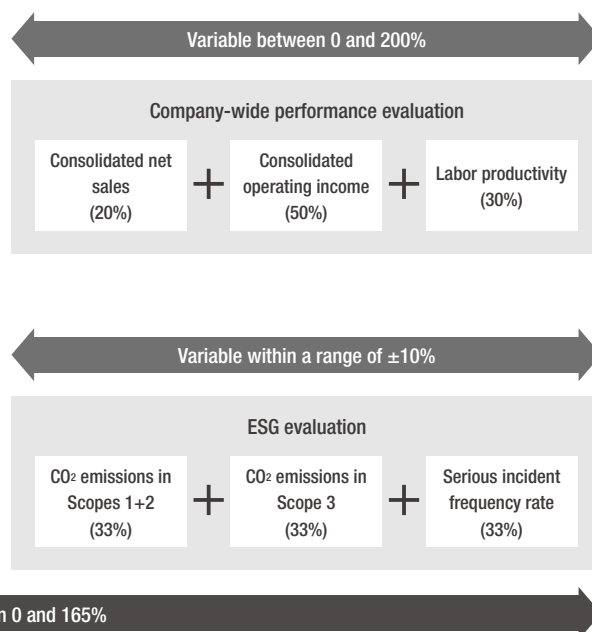
As of fiscal 2022, there are two types of share-based compensation: a performance-linked portion intended to raise awareness of the need to improve medium-term performance, and a non-performance-linked portion intended to raise awareness of the need to improve corporate value over the long term.

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.

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)

Company-Wide Performance Evaluation for Annual Bonuses



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

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 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 2023, 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 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 Head Office 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 ongoing educational awareness activities (e-learning training, various Group training, etc.).

In addition, in order to objectively confirm the effectiveness of compliance measures and activities and make further improvements, the committee solicited opinions from all the affiliates and partner companies and discerned their degree of understanding, including by conducting a compliance awareness survey of all Group companies.

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

	FY2023
Results briefings	2
Corporate briefings (for individual investors)	1
Individual meetings, etc.	76



D I A L O G U E

A Path to Sustainable Growth Supported by the Board of Directors

The significant loss we incurred in FY2012 served as the impetus for a number of initiatives aimed at growth. We will review this process from the perspective of the Board of Directors, and through dialogue, we will clarify the direction of the Group's management going forward.

Chairperson of the Board
Chairperson and Representative Director

Imai Masanori

Outside Director*

Amiya Shunsuke

*Positions as of May 2024.

Structural Improvements and Strengthening Foundations for Growth

— After assuming the position of President, you first worked to restore the company's loss-making operations, but what kind of changes did you implement?

Imai: It was in June 2013 that I took up the position of President. At the time, the company had been in the red for two consecutive fiscal years, and I was given the mission to return to profitability and restore confidence. As the Branch

General Manager of the Osaka Branch, I myself had struggled to improve the figures, and I spent my days thinking that something had to change.

When it came time for me to take over as President, I set out to determine the cause of our losses, and the reason was the company itself. The biggest problem was unprofitable orders. At that time, there was no proper scrutiny and oversight of the profitability of each construction work. Accordingly, I implemented reforms to ensure transparency by working to “visualize” order approval, pricing processes, and approval reviews. As such, a new structure was established with the aim of maintaining transparency in the management itself and

sharing ideas and values with all employees.

Inevitably, when the main focus is on contracting projects, a company becomes caught up in the principle of competition and must contend for orders based on price and construction schedule. Even if we were to compete on this basis, we would not be able to go up against the industry giants or companies that push the limits too far. In other words, there was no bright future to this approach. Indeed, what happened is that when things became stretched at a particular site, staff from other sites would be dispatched to help, which in turn led to difficulties at those sites, producing frequent vicious cycles. Under dire circumstances such as these, the company was in a state of crisis, with no sense of fulfillment, a lack of respect and esteem among employees, and everyone looking in different directions.

Therefore, our first goal was to create a “Toda Corporation with value.” If customers recognize the value of the company, it will lead to profits as well as making the company something valuable to society and its partners. Specifically, we stopped taking on unprofitable orders, conducted thorough monitoring, reviewed our workforce, and promoted the creation of a customer-centered organization. As a result, we were able to return to profitability in FY2013. However, we cannot be satisfied with just that. There is a limit to how much we can do to “destroy” existing concepts and create new ideas and values with our in-house capabilities alone. Therefore, in June of the following year, we decided to appoint two outside directors. As a result of incorporating their valuable outside perspectives and ideas into the Board of Directors, we have seen a definite improvement in the company’s governance.

Amiya: Although you only mentioned it briefly, I am sure you had a very difficult time when you took up your position. After many years of the company being run by its owners, you were suddenly chosen to be President, and I’m sure that there were those who looked at you with some skepticism. From the very beginning of my tenure as an outside director, you have emphasized transparency and fairness, worked hard to bring together disparate viewpoints, and took very astute steps to break the vicious cycle the company found itself in. The improvement measures were appropriate, the development of a management strategy roadmap had begun, and the company looked to be taking the first steps toward sound corporate governance. I found it very refreshing, and it was very meaningful for me to be able to help Toda Corporation build a solid foundation for the future. However, for a time there was a kind of trial run, and I feel that we were able to establish a rapport at the right time to take the next step toward strengthening the foundation for growth.

Initiatives for Management Reform and Management Resilience

— Could you tell us about the initiatives you undertook after achieving profitability?

Imai: Having restored confidence in the company by achieving the immediate objective of returning it to profitability, I turned my attention next to the future. The first step in this regard was to draw up a “goal” of what Toda Corporation would be in 2050. In order to reach this goal, we have initiated various reforms and reorganizations, including the introduction of operating profit-based order approval, the consolidation of

branches, the announcement of a plan to rebuild the Head Office building, and the strengthening of initiatives for new businesses. Also, while investment had previously been limited to investing in seed lots in the hope of obtaining construction orders, investments are now being made in new areas, such as the commercialization of floating offshore wind power generation. It was also the outside directors who guided us to the conclusion that this was the right approach for the company.

Amiya: The first priority was to establish a management foundation to transition from a loss-making organization to one that makes solid profits. We must not forget that the Toda Corporation of today, which is able to meet the expectations placed on it by society, is the result of efforts to strengthen its foundation for growth and to establish a revenue and financial base to ensure that such growth is sustainable. In the years following FY2015, the keywords “future” and “growth” began to emerge, and by creating new organizations, clearly stating our intentions internally and externally, and assigning the optimal personnel, we have worked to expand our overseas, real estate, and environment-related businesses, among others. Also, the project to rebuild the Head Office building turned out to a vital part of Toda Corporation’s next step forward, didn’t it?

Imai: Kyobashi is an important location for Toda Corporation, which has had deep roots in the area since the early days of the company. At the time, the building was nearly 60 years old, and already reaching its limits. With its prime location near Tokyo Station, making effective use of the property as an asset would also be a plus from a business perspective. Thus began the rebuilding plan.

Amiya: The plan to effectively utilize the property as an asset was a major project for the company, so the resources of the Tokyo Branch were allocated to this internal project, resulting in reduced capacity for external orders and a temporary drop in business performance. However, this is not just a simple matter of rebuilding the Head Office. As a tower symbolizing Toda Corporation, if the TODA BUILDING can become a center and outreach hub for the art and culture that Kyobashi has been known for since the Edo period, it will add substantial value to the area.

Lessons from Visiting Branches

— Please tell us about your key initiatives.

Imai: When I assumed the position of Vice President, a preliminary step to becoming President, I immediately started to find out if the policies for the new fiscal year were really feasible and where the problems were. To that end, I took a tour around our branches twice a year (once in spring, once in fall). However, at the time, each branch calculated its own figures, and it was difficult to determine exactly what the problem was at any given moment. This lack of accurate figures had also caused us problems in the past. Only by creating a real-time database and using accurate numbers with no room for manipulation did it become possible to properly verify them. This experience also allowed us to build systems for things like cost management, thereby promoting business improvement.

Also, at that time, building construction and civil engineering were completely separate, as though they were two separate companies. So, in 2014, I assumed the position



of Manager of the Human Capital Strategy Office and started focusing on the provision of solutions that transcended the frameworks of building construction and civil engineering. Training was provided for managers, and the personnel system was improved to take advantage of each individual's abilities. By continuing to convey to each branch that competition among branches must stop, that we should win recognition for our value, and that we are looking for personnel who can demonstrate autonomy, we gradually changed their thinking and values. The power of young people is extremely important. In January 2015, in an effort to ensure that all employees were fully aligned in their direction, we formulated a global vision of "a corporate group that realizes 'joys.'" This was the result of an exchange of ideas between teams of different age groups, and it was the one from the team in their 30s that was adopted. However, young people may face difficulties in taking the first step, so I wanted to visit as many branches as possible, talking to as many people as possible, and to provide a sense of psychological safety to make it easier for young people to play an active role.

Amiya: At Toda Corporation, I feel that the positioning of each branch is of tremendous importance. As each is a strategic unit, rather than just a workplace, the key is whether or not the branch is energized. The senior management themselves get to know the people at each branch, listen to their concerns, motivate them, and work hard, which reveals various problems and new discoveries. In recent years, we have been successfully implementing major wind power generation projects overseas, and the project leaders who raised their hands there to launch these projects with small groups of people are also autonomous employees who have developed under the influence of these activities.

Imai: The people at our branches truly represent the forefront of Toda Corporation's activities.

One particular challenge in the construction industry is a shortage of future workers. To solve this problem, the Toda Mirai Foundation, established in FY2016 with the aim of expanding employment opportunities, improving techniques and skills, and contributing to the development of the industry as a whole, is also helping to develop human capital. I view this as a valuable initiative that puts people first and will lead to the revitalization of not only our company, but also the construction industry as a whole.

Branding Activities and Strengthening of the Management Structure

Amiya: One of the many measures implemented by Mr. Imai during his time as President is the revision of management policies, followed by the establishment of a corporate identity, including a logo mark, and other activities to establish "brand value." At first, I had my doubts about the "brand value" of a construction company like ours, which is not a B-to-C manufacturer. However, even for a company in the construction industry, the business does not end with sales, construction, completion, delivery, and profit. As a company, we must still work to ensure that our presence has a value that customers and employees alike can identify with. This leads to repeat business and job satisfaction. We have been a pioneer in environmental conservation activities, including being recognized as an "Eco-First Company," and we have also nurtured our personnel to create "autonomous human resources." We have taken on new business challenges and reformed our business portfolio to achieve a solid structure. All of these are encompassed in the brand theme. At first, people on the ground seemed puzzled at the idea of building a brand, but as we did it, everyone began to think about it together. The fact that the employees themselves have begun to think about how to build the "Toda brand" suggests that you have been communicating something very important about the company.

Imai: Outward-facing activities are also essential to establish our brand value. We are working to have more opportunities to appear before industry associations, the Japan Climate Leaders' Partnership (JCLP), and other organizations. Moreover, in FY2020, we entered the transformation and growth phase of our management plan. Therefore, in order to further promote sustainable growth, we have decided to further strengthen our management structure by establishing a system of collaboration between the Chairperson and President. For my part, I believe we were able to effect the changeover of President at the best possible time.

Amiya: The nomination of successors and the replacement of existing personnel is one of the most important issues in business management. To get straight to the point, I am very pleased that you were able to pick out President Otani. The company has two main businesses, building construction and civil engineering, and furthermore, its operations center primarily on its branches. Given the all-round requirements such as knowledge, experience, and personality, finding a potential successor would likely be an extremely challenging task. When I heard from Mr. Imai about the selection process, which involved several years of development before finding the right person for the job, I was deeply impressed. From the perspective of modern management, governance requires a sense of balance, in which management is conducted by drawing together knowledge from many people, formulating strategies, and reaching consensus. In addition, the more effective the discussions at Board of Directors meetings become, the more demanding they are, so President Otani, who possesses the capacity to handle such discussions, is quite a remarkable find. I think we can safely say that the passing of the baton onto a successor has been an achievement.

Imai: The fact that since FY2022, outside directors constitute a majority of the board also represents a great success. I believe it is vital to have various ideas from outside the

company expressed, and to incorporate them into the best possible resolutions.

Amiya: Having a majority of the board be outside directors is also something progressive in terms of the wider world. If four out of the seven members (as of May 2024) oppose a proposal, it will be impossible to pass it, so this is a very courageous undertaking for a reform. Furthermore, the appointment of Director Arakane in June 2020 marked the first inclusion of a woman on the Board of Directors, and she has provided us with very insightful opinions that get right to the heart of a matter. In this way, the presence of a range of individuals with different ideas ensures the diversity of the Board of Directors. It is also highly significant from a governance perspective that President Otani focuses on business execution and Chairperson Imai becomes non-executive, focusing on a supervisory role to serve as Chairperson of the Board of Directors.

Role of the Board of Directors and Future Management Issues

Imai: In FY2023, the Board of Directors met 18 times, dealt with 130 agenda items, passed 70 resolutions, and received 60 reports. Beginning in FY2022, we established an informal meeting of directors, the board roundtable discussions, to discuss issues over multiple sessions. In particular, we discussed functional strategies, such as human capital, technology, and finance and investment, as well as governance structures, leading to more substantive discussions of priority agenda items. For my part, I feel that the more of these meetings we have, the more in-depth the discussions become.

Amiya: I agree. Throughout the year, important management issues are designated as themes in the Board of Directors Operation Policy. The corporate officers responsible for each theme set out the details and made preparations to facilitate discussions at the strategic level. I think it is admirable that we have a forum to discuss and share ideas about the company's domain, mission, and more. The Board Secretariat has also done an excellent job in this regard, including supporting the operation of these Board of Directors meetings and roundtable discussions, and also providing information to outside directors.

Imai: Going forward, the weight and stock of intangible assets will become more and more important. In order to develop our business while exploiting intangible assets in a different phase from in the past, whether in terms of disaster recovery assistance, realizing a decarbonized society, innovating in technology, enhancing the value we provide, or creating workplaces that are a joy to work in, it is ultimately human resources that will hold the key. The challenge is whether or not we can develop personnel who have the wisdom and courage to take on various challenges and use both successes and failures as intangible assets. To achieve this, a sense of psychological safety is essential. The mission of a company is to energize its business, generate profits, and invest them for the future or give them back to society and its employees. With collaboration with diverse stakeholders, including shareholders, in mind, we will seek to use the Board of Directors to invigorate and expedite business on the executive side.

Amiya: One example of corporate governance issues is the development of succession plans. In addition, when considering future growth paths, human resources are



PROFILE

Amiya Shunsuke

July 1998: Board Member, Nippon Telegraph and Telephone Corporation
 July 1999: Member of the Board, NTT Communications Corporation
 June 2002: Managing Director, NTT Communications Corporation
 June 2004: Senior Executive Vice President, NTT Comware Corporation
 June 2008: Full-Time Audit & Supervisory Board Member, Nippon Telegraph and Telephone Corporation
 June 2012: Chairperson, Information & Telecommunications Equipment Constructor's Association
 June 2014: Outside Director, Toda Corporation (to June 2024)

After joining what was then Nippon Telegraph and Telephone Public Corporation, he was involved in service development, organizational reform, and other duties. He participated in the establishment of NTT Communications Corporation, and served as Member of the Board and Managing Director of the company. Drawing on his extensive experience and keen insight as a corporate manager, he provides accurate proposals and advice to the company's Board of Directors from an objective standpoint independent of the management team that executes business operations. He served as the Chair of the Personnel and Compensation Committee from June 2022, and retired in June 2024 at the end of his term.

indispensable. Companies are already competing with each other for engineers and other personnel. Unless they feel that it is worth dedicating an important period of their lives to a company, not just in terms of salary and other conditions, but also because it is interesting, rewarding, and allows them to grow, then talented people with a future will not want to join.

Imai: In the era of 100-year lifespans, people will work in increasingly varied ways. If a personnel system is unable to accommodate these kinds of working styles, it will not be viable in the future. The key to survival is how much faster you can change than your competitors.

Amiya: The benefits of the measures that you implemented as President are now increasingly becoming evident. I hope that, as Chairperson of the Board of Directors, you will continue to provide oversight without reservations.






Imai: You will be retiring as an outside director at the end of June this year, and I would like to express my sincere gratitude for the past 10 years. Our mission is to be "a corporate group that realizes 'joys,'" but as an outside director, have you been able to share in that joy yourself?

Amiya: Yes, I've enjoyed myself immensely. Everyone worked very hard to create a great environment, and they treated us with true respect as outside directors. I look forward to watching Toda Corporation as one of its stakeholders.

Being able to meet such wonderful people at Toda Corporation, like you and Mr. Otani, has definitely been a joy for me.

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 	<p>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.</p>	<ul style="list-style-type: none"> ■ Sales activities ■ Integrated 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 	<p>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.</p>	<ul style="list-style-type: none"> ■ Annual General Meeting ■ Integrated 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 	<p>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.</p>	<ul style="list-style-type: none"> ■ In-house magazine / Official site ■ Labor-management conferences ■ Training and seminars ■ Employee engagement survey (conducted fiscal 2024) 	<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 	<p>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.</p>	<ul style="list-style-type: none"> ■ National Federation of Toda Riyukai Associations ■ Partnerships committee ■ Business Partner Satisfaction Survey (conducted 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 	<p>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.</p>	<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.

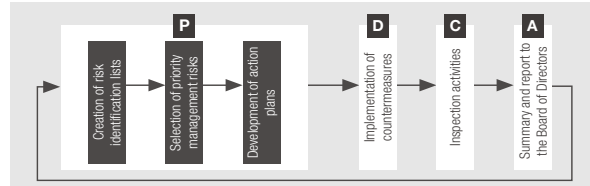
Risk Management System

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 Legal & Risk Management Division collaborates with the Head Office Compliance Committee on the development, operation, and promotion of this system. It reports on risk inspection activities and regularly submits summary reports to the Board of Directors based on internal audits.

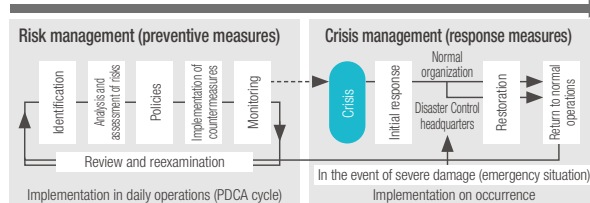
To ensure the propriety of business operations in accordance with the basic policies on internal control systems as resolved by the Board of Directors, the Board evaluates and supervises the effectiveness of these systems by receiving reports twice a year from the Internal Audit Division on their operation, evaluation, and improvement. This includes the compliance system, for which the Head Office Compliance Committee makes important policy decisions, and the development

and operation of the risk and crisis management system in accordance with the Crisis Management Basic Manual.

Company-Wide Risk Management Activities



Risk and Crisis Management Systems



* Refer to "Corporate Governance" on p.72 for an overall view of the risk management system, and "Information Disclosure Based on TCFD Recommendations" on p.57 for information on the climate change risk management system.

BCP (Business Continuity Plan) Initiatives

Basic Approach

In this era of increasing uncertainty, events that could have a profound impact on society—including not only natural disasters such as earthquakes, floods, and volcanic eruptions, but also global outbreaks of infectious diseases—could occur at any time. 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. Through annual drills, we test and improve

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

Specific Action Items

Ongoing Company-Wide Comprehensive Disaster Drill

The drill for fiscal 2023, the 19th held by the company, was conducted to simulate a scenario deemed likely based on past disasters: a severe incident involving a maximum intensity earthquake occurring in multiple locations at 11:00 p.m. on a weekday, as well as a subsequent tsunami. The Disaster Control Headquarters training for executives examined the damage that could occur in the event of a Tokyo inland earthquake or a warning of an eruption of Mt. Fuji, while also testing and strengthening the decision-making process of the Control Headquarters. We will continue to conduct periodic drills to maintain and improve our business continuity capabilities.



the effectiveness of our disaster response capabilities and train each employee to be able to respond 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

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.

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. The scheme is administered by the National Resilience Promotion Office, Cabinet Secretariat, and the Association for Resilience Japan conducts the assessment and certification based on the "Guidelines for the Certification of Organizations Contributing to Strengthening National Resilience."

We received our "Resilience Certification," a certification as a contributor to national resilience, in November 2017, and renewed it in November 2023. Our disaster preparedness and ongoing earthquake disaster drills, as well as our commitment to BCP and social contribution activities, which we have continued to improve, were highly commended.



Board of Directors, Corporate Auditors, and Officers (as of July 1, 2024)

Directors/Audit & Supervisory Board members

Note: Attendance records for Board of Directors and Board of Corporate Auditors are for FY2023.

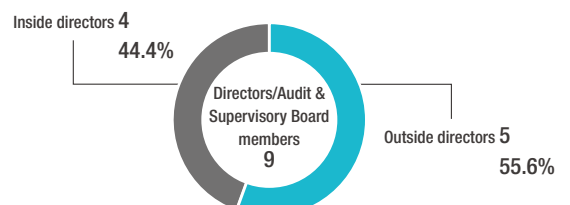
			Career	
	Imai Masanori Chairperson and Representative Director	Attendance at Board of Directors meetings 100% (18 out of 18 meetings)	June 2013 June 2020 April 2021 October 2021 June 2024	President and Representative Director, Toda Corporation Chief Executive Officer, Toda Corporation Chairman of the Japan Construction Occupational Safety and Health Association Chairperson and Representative Director, Toda Corporation (to present) Co-Representative, Japan Climate Leaders' Partnership Chairperson, National General Contractors Association of Japan (to present)
	Otani Seisuke President and Representative Director Chief Executive Officer	Attendance at Board of Directors meetings 100% (18 out of 18 meetings)	June 2020 April 2021	Director, Toda Corporation President and Representative Director, Toda Corporation (to present) Chief Executive Officer, Toda Corporation (to present)
	Yamazaki Toshihiro Director Executive Vice President Group General Manager, Corporate Administration Group	Attendance at Board of Directors meetings 100% (18 out of 18 meetings)	March 2021 March 2022 April 2022 June 2022 April 2023	Assistant General Manager, Management Administration Division, Toda Corporation Group General Manager, Corporate Administration Group, Toda Corporation, Senior Manager, Investment Screening Division (to present) Senior Executive Officer, Toda Corporation Director, Toda Corporation (to present) Executive Vice President, Toda Corporation (to present)
	Itami Toshihiko Outside Director Independent Officer	Attendance at Board of Directors meetings 100% (18 out of 18 meetings)	June 2018 June 2018 June 2020	Outside Director, Seven Bank, Ltd. Director, Toda Corporation (to present) Outside Director (Audit & Supervisory Committee Member), JP-HOLDINGS, INC. (to present)
	Arakane Kumi Outside Director Independent Officer	Attendance at Board of Directors meetings 100% (18 out of 18 meetings)	March 2020 June 2020 March 2021	External Director, Kagome Co., Ltd. (to present) Director, Toda Corporation (to present) Outside Director, Kubota Corporation (to present)
	Muroi Masahiro Outside Director Independent Officer	Attendance at Board of Directors meetings 100% (18 out of 18 meetings)	June 2017 June 2018 June 2022	External Director, MARUI GROUP CO., LTD. Audit & Supervisory Board, The Norinchukin Bank (to present) Director, Toda Corporation (to present)
	Momoi Shunji Audit & Supervisory Board Member (standing) Independent Officer	Attendance at Audit & Supervisory Board 100% (19 out of 19 meetings)	March 2005 June 2019 June 2020 June 2022	Senior Partner, Ernst & Young ShinNihon LLC Audit & Supervisory Board Member, Toda Corporation Audit & Supervisory Board Member (standing) (to present) Auditor (non-executive), SBI Regional Bank Holdings Co., Ltd. (to present)
	Wakabayashi Hidemi Audit & Supervisory Board Member (standing)	Attendance at Audit & Supervisory Board 100% (19 out of 19 meetings)	September 2019 April 2021 June 2022	General Manager, Administrative Management Division, Administration Group, Toda Corporation Advisor, Toda Corporation Audit & Supervisory Board Member, Toda Corporation (to present)
	Nishiyama Junko Audit & Supervisory Board Member (outside) Independent Officer	Attendance at Audit & Supervisory Board 89% (17 out of 19 meetings)	June 2019 June 2020 March 2024	Outside Director, JACCS CO., LTD. (to present) Audit & Supervisory Board Member, Toda Corporation (to present) Outside Director, Member of the Audit Committee, EBARA CORPORATION (to present)

Attendance at Personnel and Compensation Committee Meetings (fiscal 2023)

Amiya Shunsuke* Chair	100% (5/5)	Imai Masanori Committee member	100% (5/5)
Itami Toshihiko Committee member	100% (5/5)	Arakane Kumi Committee member	100% (5/5)
Muroi Masahiro Committee member	100% (5/5)		

* Amiya Shunsuke resigned from the Personnel and Compensation Committee on June 26, 2024.

Proportion of Outside Directors and Outside Corporate Auditors (as of July 1, 2024)



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

Reasons for Appointment	Corporate management and Business strategy	Finance and accounting	Human resources development and diversity	Legal risk management	Global business	Manufacturing technology	ICT and DX	Environment and energy	Personnel and Compensation Committee member
Mr. Imai plays a leading role in raising the corporate value of the Toda 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.	●					●		●	●
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.	●		●			●			
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.		●		●					
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.			●	●					○
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.			●	●		●			●
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.	●	●			●		●		●
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.		●		●	●				
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.		●	●	●					
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.				●		●		●	

Note: "○" indicates chair position.

Materiality-Based Initiatives
 Board of Directors,
 Corporate Auditors, and Officers

Corporate Officers (as of July 1, 2024)

Chief Executive Officer	Executive Vice President					Senior Executive Officer		
Otani Seisuke	Yamazaki Toshihiro	Toda Morimichi	Fujita Ken	Sonehara Tsutomu	Uekusa Hiroshi	Asano Hitoshi	Kamio Tetsuya	Shiraishi Kazutaka

Executive Officers				Corporate Officers					
Tateno Takanobu	Kouno Toshiyuki	Nakayama Satoru	Nagai Mutsuhiro	Yoshioka Kouichirou	Kimura Sachihiro	Shima Yoshirou	Nakai Tomomi	Kudou Masato	Hatanaka Yasuhiro
Nakahara Masaki	Sugahara Shuuichi	Wakuda Kichirou	Ukegawa Makoto	Hosokawa Kouya	Miwa Kaname	Takashima Toshinori	Atago Kazumi	Yabuki Seiichi	Kobayashi Osamu
Sugawara Chiaki	Fukushima Hiroo	Kiyohara Keita	Sakuma Akio	Seo Nobuhiro	Kamoshita Yasuhiro	Nozaka Hiroshi	Hayashi Kazuo		

External Evaluation/Inclusion in ESG Indexes

List of Major External Awards and Recognitions (FY2023) *Some awards from fiscal 2024 are also included.

Name	Host Organizations	Awards and Recognitions
18th Public Buildings Awards, Excellence Award	Public Buildings Association	Yusuhara Community Library (Yusuhara Kumo-no-Ue Library) Yusuhara Town Welfare Complex (YURURI Yusuhara)
9th Japan Resilience Award (Grand Prize for Resilience) <Runner-up Grand Prize, Gold Award>	Association for Resilience Japan	Miyamasuzaka Building The SHIBUYA Residence
Outstanding Civil Engineering Achievement Award, FY2022 JSCE Awards	Japan Society of Civil Engineers	Tsunashima Tunnel
This is MECENAT 2023	Association for Corporate Support of the Arts	Open call for contemporary art works project (support for up-and-coming artists)
Preliminary certification for WELL Certification, a U.S. health building performance evaluation system	International WELL Building Institute (IWBI)	TODA BUILDING
Selected as a Constituent of the FTSE Blossom Japan Index	FTSE Russell (London)	PICK UP 1 Toda Corporation
25th Infrastructure Technology Development Award, Excellence Award (Minister of Land, Infrastructure, Transport and Tourism Award)	Japan Institute of Country-ology and Engineering Coastal Development Institute of Technology	Tunnel construction using ground water-compatible joints and an outer shell-first method (Toda Corporation employees)
64th BCS Prize, Nikkenren Awards 2023	Japan Federation of Construction Contractors	PICK UP 2 Waseda University Honjo Senior High School Gymnasium
Director-General of the Bureau of Waterworks Tokyo Metropolitan Government Award for Excellent Construction Work, Execution Department Chief's Award	Bureau of Waterworks Tokyo Metropolitan Government	Construction of Shibasaki Water Treatment Plant Distribution Reservoir No. 2 and Pump Building
"Eruboshi" certification, 3 stars (highest level)	Ministry of Health, Labour and Welfare	Toda Corporation
Certified Excellent Company, Aichi Biodiversity Company Certification Program	Aichi Prefecture	Toda Corporation Nagoya Branch
Grand Prize from the Internal Affairs and Communications Minister	Platinum Society Network, Platinum Grand Prize Managing Committee	Agriscience Valley Joso
Silver certification, PRIDE Index 2023	work with Pride	Toda Corporation
Grand Prize, Town Planning Design Awards 2023	Obihiro City	Social Medical Corporation Hakuaiikai (Headquarters: Obihiro) Geriatric Health Care Facility Villa Kaisei
Selected for CDP 2023 Climate Change A List	Nonprofit organization (Headquarters: London)	Toda Corporation
2nd "Construction Human Resources Development Excellence Award" (Real Estate and Construction Economy Bureau Director-General Award)	Ministry of Land, Infrastructure, Transport and Tourism Construction Industry Human Resources Recruitment and Development Council	Toda Corporation Toda Mirai Foundation
4th CCI Tokyo Young Engineer/Woman Engineer Awards	Charming Construction's Identity Tokyo (CCI Tokyo)	Toda Corporation employee
Excellence Award, Kanagawa Architecture Concours	Held jointly by Kanagawa Prefecture and 12 designated administrative agency cities within the prefecture	Caritas Kindergarten
5th ESG Finance Awards Japan	Ministry of the Environment	PICK UP 3 Toda Corporation
2023 Healthcare Architecture Award	Japan Institute of Healthcare Architecture	Japanese Red Cross Tokyo Katsushika Perinatal Center
Excellence Award, FY 2023 Ibaraki Labor Bureau Director Awards	Ibaraki Labor Bureau	Construction of the land readjustment project for the area around the Joso IC
Encouragement Prize, FY 2023 Chiba Labor Bureau Director Awards	Chiba Labor Bureau	Construction of the Kamogawa Plant Pharmaceutical-use Hyaluronic Acid Building
Safety and Health Award, 60th National Construction Safety and Health Convention	Japan Construction Occupational Safety and Health Association	Construction work to repair disaster damage in the Hunakoshiminami coastal area (No. 23-599)-Phase 2, and one other construction project Construction of the New Soka City Hall Renovation of Meiji Gakuin Senior High School building Yokohama Regional Government Office Complex (provisional name) development project Toda Corporation employee
Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500)	Ministry of Economy, Trade and Industry Certified Health & Productivity Management Outstanding Organizations Recognition Program	Toda Corporation

PICK UP 1

Selected as a constituent stock of the FTSE Blossom Japan Index for three consecutive years

FTSE Russell confirms that Toda Corporation 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.



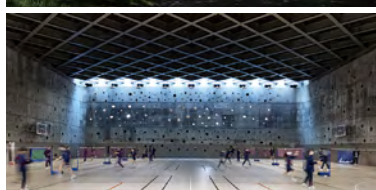
**FTSE Blossom
Japan**

FTSE Blossom Japan Index:
<https://www.iaseg.com/ja/ftse-russell/indices/blossom-japan>

PICK UP 2

Awarded the 64th BCS Prize

The Waseda University Honjo Senior High School Phase III (Gymnasium) construction project was awarded the 64th BCS Prize at the Nikkenren Awards 2023 sponsored by the Japan Federation of Construction Contractors.



PICK UP 3

Selected as an "Environmentally Sustainable Company" and an "Environmental Disclosure Progress Company" in the 5th ESG Finance Awards Japan

Toda Corporation was selected as an "Environmentally Sustainable Company" and an "Environmental Disclosure Progress Company" in the Environmentally Sustainable Company category at the 5th ESG Finance Awards Japan, organized by the Ministry of the Environment. This marks the second consecutive year we have been selected as an "Environmentally Sustainable Company."

In alignment with our Basic Sustainability Policy established in December 2021, we are intensifying ESG management efforts. We remain committed to proactively addressing the Toda Group's priority issues (materiality) identified with a view towards 2050.



Corporate Information / Share Information

Corporate Information (As of March 31, 2024)

Corporate Name	TODA CORPORATION
Head Office	1-7-1 Kyobashi, Chuo-ku, Tokyo 104-0031 Japan (As of October 1, 2024)
Foundation Date	January 5, 1881
Establishment Date	July 10, 1936
Capital	¥23.0 billion
Total Employees	6,621 (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, 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 (As of April 1, 2024)

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.)
- 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.)
- TGC General Service Co., Ltd. (staffing services, sales of civil engineering and construction materials, etc.)

Other Businesses

- Toda Finance Co., Ltd. (intra-group finance, office automation equipment leasing, etc.)
- Towa Kanko Kaihatsu Co., Ltd. (management of Marissa Resort Sazaneto Suo-oshima and Riverte Kyoto Kamogawa, operation of Tsutaya Bookstore Joso Interchange)
- 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

- Singapore Branch

■ 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, 2024)

Name of shareholder	Number of shares held	Proportion of shares held (%)
Daiichi Shokusan Co., Ltd.	42,923 thousand shares	13.98
The Master Trust Bank of Japan, Ltd. (Trust Account)	36,058 thousand shares	11.75
Custody Bank of Japan, Ltd. (Trust Account)	9,251 thousand shares	3.01
General Incorporated Association Ali	8,977 thousand shares	2.92
Northern Trust Co. (AVFC) Re Sichester International Investors International Value Equity Trust	8,715 thousand shares	2.84
MUFG Bank, Ltd	6,970 thousand shares	2.27
Toda Hiroko	6,611 thousand shares	2.15
The Master Trust Bank of Japan, Ltd. (Retail Trust Account 620090811)	6,002 thousand shares	1.95
Toda Corporation Business Partners Shareholding Association	5,758 thousand shares	1.87
Yakult Honsha Co., Ltd.	4,955 thousand shares	1.61

Total number of authorized shares

759,000,000

Total number of issued shares

322,656,796

Number of shareholders

12,747

Note:

1. In addition to the above, the company owns 15,617 thousand shares of treasury shares.
2. The proportions of shares held are calculated excluding treasury stock.



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Main overseas affiliated companies

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 Phone: +1-415-284-8242

THAI TODA CORPORATION LTD.
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 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
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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
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PT TATAMULIA NUSANTARA INDAH
 Sapta Mulia Center, Jl. Rawa Gelam v kav. OR-3B, Jakarta 13930, Indonesia
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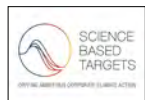
TODA INVESTIMENTOS DO BRASIL LTDA
 Avenida Paulista 1079, Torre João Salem Conj. 92, Jardim Paulista, São Paulo, S.P. BRASIL
 Phone: +55-11-3287-2800



We have signed up to the RE100 initiative.



We have endorsed the recommendations of the TCFD.



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.



We have been included on the CDP's 2023 Climate Change A List.



We have been named to the Leaderboard, the highest level in the CDP2023 Supplier Engagement Rating.

This product is made from forest sustainability certified products.

