

Corporate Governance

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

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

 **Fundamental Corporate Governance Policy**
<https://www.taisei.co.jp/english/profile/governance/>

Established Fundamental Corporate Governance Policy

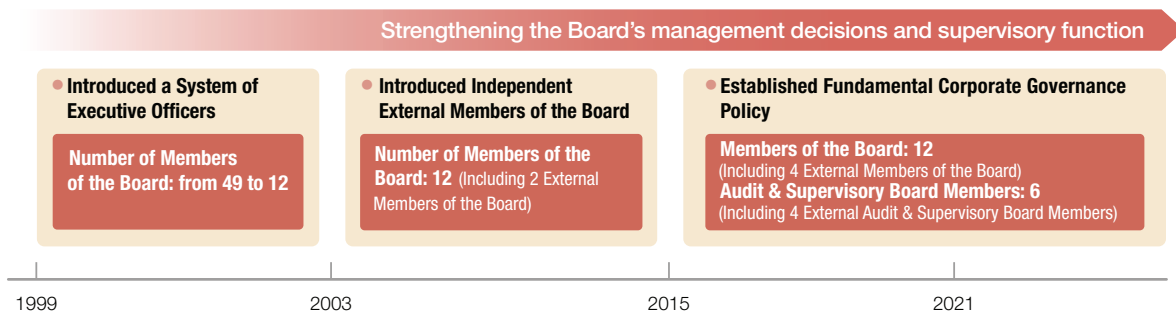
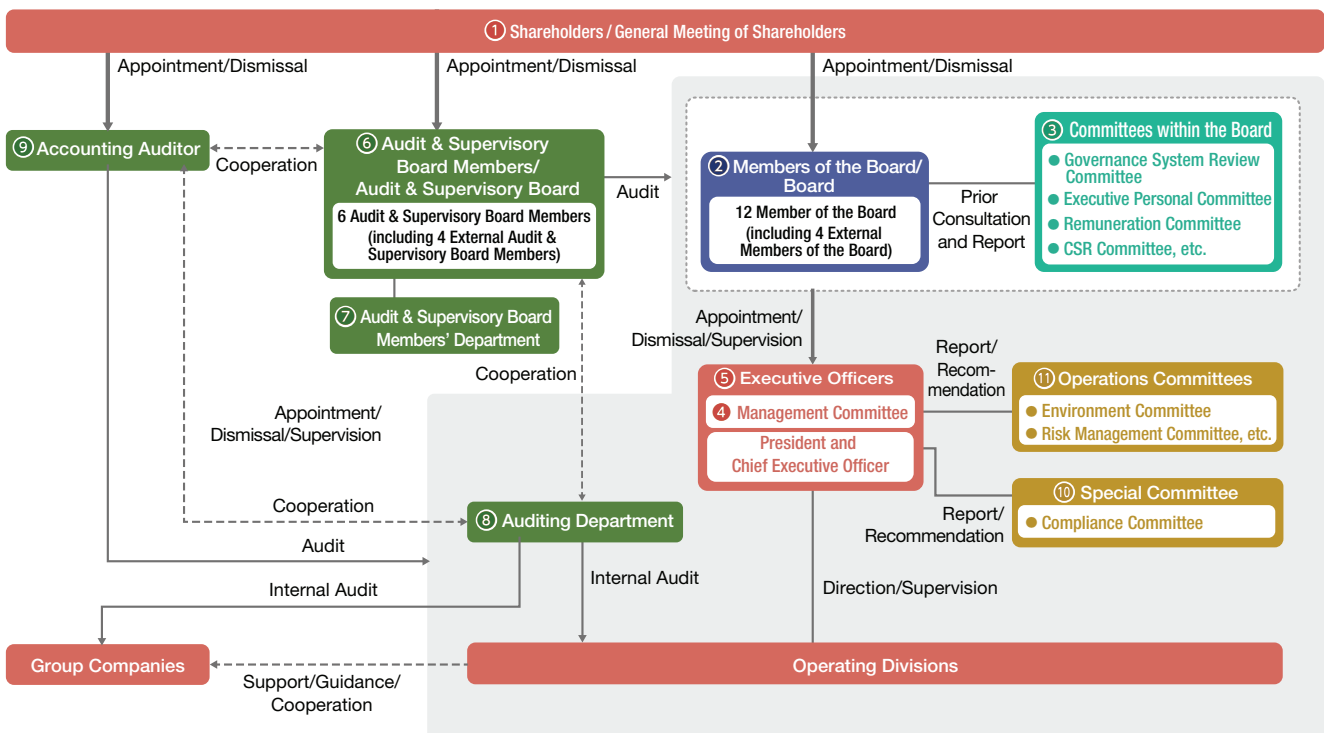


Chart of Corporate Governance System (As of September 1, 2021)



Overview of Corporate Governance System

① Shareholders / General Meeting of Shareholders

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

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

* Held on June 25, 2021 for fiscal 2020

② Members of the Board / Board (Convened 13 times in fiscal 2020)

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

The Board is composed of 12 Members of the Board (eight Internal Members of the Board and four External Members of the Board). Nominations of candidates for Members of the Board are determined by the Board after

deliberation by the Executive Personnel Committee established within the Board.

As of September 1, 2021, one-third of the Members of the Board were Independent External Members of the Board.

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

③ Committees within the Board

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

④ Management Committee

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

③ Committees within the Board (As of September 1, 2021)

Name (Frequency)	Authority	Name of the authorized members			
Governance System Review Committee (Three times a year)	Consideration of the development and operation of governance systems	Chairperson	Atsuko NISHIMURA*		
		Vice-chairperson	Shigeyuki SAKURAI		
		Members	Yoshiro AIKAWA Takao MURAKAMI* Takashi HAYASHI	Shigeyoshi TANAKA Norio OTSUKA*	Norihiko YAGUCHI Fumiya KOKUBU*
Executive Personnel Committee (Four times a year)	Consideration of personnel of Members of the Board and Executive Officers, etc.	Chairperson	Takao MURAKAMI*		
		Members	Takashi YAMAUCHI Shigeyuki SAKURAI Fumiya KOKUBU*	Yoshiro AIKAWA Atsuko NISHIMURA* Yasuhiro SATO*	Shigeyoshi TANAKA Norio OTSUKA*
Remuneration Committee (Four times a year)	Consideration of remuneration for Members of the Board and Executive Officers	Chairperson	Norio Otsuka*		
		Members	Takashi YAMAUCHI Shigeyuki SAKURAI Fumiya KOKUBU*	Yoshiro AIKAWA Atsuko NISHIMURA* Seishi TASHIRO*	Shigeyoshi TANAKA Takao MURAKAMI*
CSR Committee (Three times a year)	Consideration of strengthening the CSR management of the entire Group, including the Company	Chairperson	Fumiya Kokubu*		
		Members	Yoshiro AIKAWA Yoshihiro TERAMOTO Keiko OHARA*	Shigeyoshi TANAKA Atsuko NISHIMURA*	Shigeyuki SAKURAI Norio OTSUKA*

* External Member of the Board

*Frequency(FY2020); Governance System Review Committee /three times a year, Executive Personnel Committee/four times a year, Remuneration Committee / four times a year, CSR Committee /three times a year

⑤ Executive Officers

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

⑥ Audit & Supervisory Board (Convened 14 times in fiscal 2020)

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

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

⑦ Audit & Supervisory Board Members' Department

To assist Audit & Supervisory Board Members in the performance of their duties, the Audit & Supervisory Board Members' Department has been set up independently of the Board as a dedicated organization to support Audit & Supervisory Board Members with the collection of appropriate information and other tasks.

⑧ Auditing Department

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

⑨ Accounting Auditor

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

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

⑩ Special Committee

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

⑪ Operations Committees

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

Skill Matrix

● Specialties and experience required of Members of the Board

Name/Position and Responsibility		Corporate Management/ Strategy	Legal/Risk Management	Finance/ Accounting	Technology	Sales/ Marketing	Globalization	Sustainability
Takashi YAMAUCHI	Chairman of the Board	●			●	●		●
Yoshiro AIKAWA	President and Chief Executive Officer, Representative Director	●			●	●		●
Shigeyuki SAKURAI	Executive Vice President, Representative Director; Chief of Business Administration Division; In charge of New Business Planning		●	●			●	
Shigeyoshi TANAKA	Executive Vice President, Representative Director; Chief of Civil Engineering Division; In charge of Safety				●	●		
Norihiko YAGUCHI	Executive Vice President, Representative Director; Chief of Marketing & Sales Division (Integrated)				●	●		
Hiroshi KIMURA	Senior Managing Executive Officer, Director; Deputy Chief of Marketing & Sales Division (Integrated); Supervising Marketing & Sales (Civil Engineering) Division; Chief of Marketing & Sales (Civil Engineering) Division				●	●		
Atsushi YAMAMOTO	Senior Managing Executive Officer, Director; Chief of Marketing & Sales Promotion Division					●		
Yoshihiro TERAMOTO	Senior Managing Executive Officer, Director; Chief of Architecture & Engineering Division (Integrated); Chief of Building Construction Division				●			
Atsuko NISHIMURA	Director; Chairperson of Governance System Review Committee		●				●	●
Takao MURAKAMI	Director; Chairperson of Executive Personnel Committee	●						●
Norio OTSUKA	Director; Chairperson of Remuneration Committee	●						●
Fumiya KOKUBU	Director; Chairperson of CSR Committee	●					●	●

Effectiveness of the Board

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

I. Fiscal 2020 Initiatives Based on the Fiscal 2019 Evaluation

In fiscal 2020, in order to invigorate and substantiate the deliberations at the Board and further strengthen its supervisory functions, the Company reviewed the governance system and established the Management Committee, a decision-making organ for business execution, and strove for swifter decision-making by delegating a wider range of authority to the executive side. In the fiscal 2019 evaluation of effectiveness, we identified the challenges listed below as the Company reviewed the governance system:

《Issues identified at the evaluation of the effectiveness in the fiscal 2020》

- To further enhance discussions from a medium- to long-term perspective
- To fully utilize the new governance system to maintain and strengthen competitiveness
- To review the operation of the system continuously and flexibly depending on the situation
- To prepare concise materials focusing on essential points
- To make effective use of information equipment for timely information sharing

Based on the results of the evaluation, the Company worked on the following in fiscal year 2020:

Enhancement of Deliberations in Formulating a Medium-Term Business Plan

In formulating a new Medium-Term Business Plan (2021–2023), the Board and the Management Committee strove to enhance discussions regarding our 10-year vision “Taisei Vision 2030,” and initiatives for the next three years to realize the vision by holding several meetings and spending sufficient time thereon.

Confirmation of the Operation of the New Governance System

The Governance System Review Committee, one of the committees within the Board, analyzed the agenda of the Board to compare the content and number of matters taken up for discussion, the time required for discussing them, and so forth with those for the previous year and verify the appropriateness thereof. Based on the results of the verification, the Committee examined the governance system to further improve it, mainly by reviewing matters to be brought before the Board.

Effective Use of information Devices

By improvement of a cloud environment and effective use of tablet devices, the Members of the Board are provided an environment that enables them to view meeting materials in advance. In addition, a web conference system was introduced for certain part of the prior briefings for the Board.

II. Overview of the Fiscal 2020 Evaluation

The method used to evaluate effectiveness in fiscal 2020, the first year of the new system, and the results of the evaluation are as outlined below.

① Evaluation Method and Process

- The secretariat prepared a self-evaluation questionnaire (evaluation sheet for the Board) and obtained approval of its content from the Board, and all Members of Board and Audit & Supervisory Board conducted self-evaluations using the questionnaire.
- The evaluation items in the questionnaire are as listed below. Items 1–4 consisted of five-grade assessments and free descriptions, and Items 5 and 6 comprised free descriptions.

《Evaluation items》

1. Self-evaluation as a member of the Board
2. Structure and operation of the Board
3. Effectiveness of the Board
4. Support system
5. Process and content of deliberation to formulate the Medium-Term Business Plan
6. General evaluation of the Board

- The secretariat collated the results of the self-evaluations, and the External Members of the Board conducted an overall assessment of them.
- At the same time, a lawyer prepared a third-party’s opinion towards the results of the self-evaluations.
- Then the Board deliberated on the effectiveness of fiscal year 2020 based on the overall assessment and the third-party’s opinion.

② Results of the Evaluation of Effectiveness of the Board

- As the results of analysis, the Board is evaluated as functioning effectively through the invigorated, substantial deliberations on important matters such as the Medium-Term Business Plan and the efficient sharing of materials under the support system.

III. Future Initiatives

In the future, in order to further enhance its effectiveness, the Board will improve its operation by tackling the challenges listed below.

- To follow up on the Medium-Term Business Plan and focus on discussions to enhance corporate value in the medium to long run
- To narrow down the number of agenda items, simplify meeting materials and briefings, and take other measures to secure more time for deliberation
- To ensure that internal and external executives sharing awareness and fully exchanging opinions through open-ended discussion, etc.
- To consider specific ways to increase the effectiveness of group governance
- To review the structure, functions, and discussion methods of the committees within the Board in a medium to long term perspective
- To create an even better environment from the viewpoint of BCP, such as online conferencing

Promotion of Internal Controls

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

 **Fundamental Policy to Enhance Operational Compliance Systems**
<https://www.taisei.co.jp/english/profile/governance/>

Ensuring the Credibility of Financial Reporting

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

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

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

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

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

Implementation of Executive Training

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

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

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



ESG study session

Accountability

Dialogue with Shareholders and Investors

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

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

Furthermore, we strive for fair information disclosure via the Taisei Corporation official website, where we publish explanatory material with commentary, summaries of the President's speeches and the main question and answer sessions (in Japanese and English) on top of the Medium-Term Business Plan and materials distributed at results briefings. In addition, we disclose information to overseas investors in English in our annual reports and on the Taisei Corporation official English website. We also report on key business activities and environmental, social and governance (ESG) initiatives in the shareholder newsletter in order to further deepen our shareholders' understanding of our corporate activities.

 **Information Disclosure Policy / Fundamental Policy to Enhance Operational Compliance Systems / IR Policy**
<https://www.taisei.co.jp/english/profile/philosophy/policies/>

Remuneration for Executives

- ① Policies on Determination of the Amount and the Calculation Method of Remuneration for Executives
- Policies on Determination of the Amount and the Calculation Method of Remuneration for the Members of the Board

The remuneration, etc. for Members of the Board of the Company consists of fixed compensation and performance-based compensation, both of which are monetary compensation, as well as non-monetary performance-based compensation (stock compensation).

The maximum total amount of fixed compensation and performance-based compensation (monetary compensation) is 70 million yen per month in accordance with the resolution at the 146th General Meeting of Shareholders held on June 27, 2006. The maximum total amount of performance-based compensation (stock compensation) is 35,000 points (1 point = 1 share), and ¥100 million per fiscal year respectively in accordance with the resolution at the 160th General Meeting of Shareholders held on June 24, 2020. The above policy of remuneration was decided comprehensively considering the matters such as the business scale, content, and performance of both the Company and the Taisei Group, as well as the duties and responsibilities of each Member of the Board.

Moreover, with respect to performance-based compensation, the Company has set performance values that serve as criteria for monetary compensation and stock compensation and has established a rule that the ratio of performance-based compensation will increase when performance is favorable compared to the criteria.

From a medium- to long-term perspective, the Company has a plan to review for reducing the proportion of fixed compensation and increasing the proportion of performance-based compensation.

However, the compensation for External Members of the Board shall be fixed compensation only. When determining the details of remuneration, etc., the content of remuneration, etc., were discussed at the Remuneration Committee, which carries out preliminary reviews ahead of the Board, held on June 9, 2021. (The Chairperson of the Remuneration Committee is Norio OTSUKA, an External Member of the Board. It consists of eight members including four External Members of the Board.) Individual remuneration, etc. that reflect his/her responsibility and position (including the position of Executive Officer when concurrently serving as Executive Officer; the same shall apply hereafter) have been determined at the Board meeting held on June 25, 2021. We assess that the content is in line with the policy on determination of the individual remuneration, etc. for the Members of the Board.

The Remuneration Committee adopts a system that enables it to appropriately examine the details of remuneration, etc. by selecting its members from among the Members of the Board and appointing its chairman and at least half of its members from among the External Members of the Board.

(Fixed Compensation)

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

(Performance-Based Compensation [Monetary Compensation])

The performance-based compensation (monetary compensation) shall be paid to the Member of the Board on a fixed day of each month during the term of office. Since the performance indicators should be an indicator that approximates the Company's added value, the indicator adopted the sum of the amount of (i) net income before income taxes in the nonconsolidated statements of income for the most recent fiscal year and (ii) the total amount of bonuses to be paid to employees for the most recent fiscal year, and provided the systems so that amount paid to each Member of the Board would be progressively increased according to his or her positional rank.

From July 2021, in order to clarify the linkage between the responsibilities of the Members of the Board for the Group management and their remuneration, it was resolved at the Board held on June 11, 2021, that net income attributable to owners of parent in the consolidated statements of income for the most recent fiscal year should be used as a revised performance indicator.

(Performance-Based Compensation [Stock Compensation])

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

Net income attributable to owners of parent in the consolidated statements of income for the most recent fiscal year is used as a performance indicator because it is an indicator that shows the final results of the Taisei Group's business activities. The points to be granted to each Member of the Board are determined separately for Representative Directors and other Members of the Board respectively considering the status of achievement of business performance, duties and responsibilities.

As for the determination of the amount and the points to be granted for performance-based compensation (monetary compensation and stock compensation), the Remuneration Committee discusses the following matters to propose to the Board.

- (1) Total amount of payment of the remuneration for the Members of the Board, etc., total points to be granted, the amount of payment and the points to be granted by position
- (2) Establishment and revision of the internal rules for remuneration for the Members of the Board

Now targets and results of indicators associated with performance-based compensation (monetary compensation and stock compensation) are shown on the following page.

(Millions of Yen)

Date of resolution by the Board	June 25, 2021		June 24, 2020 (Reference)	
Period for the amount of monetary reward	July 2021–June 2022		July 2020–June 2021	
Date of grant of points for stock remuneration	June 25, 2021		—	
Target or Result	Target	Results	Target	Results
Net income attributable to owners of parent in the most recent business year	56,000	92,554	—	—
Income before income taxes in the most recent business year	—	—	127,000	144,973
Total amount of bonuses for employees borne in the most recent business year	—	—	(Note)	29,903
Total	—	—	(Note)	174,877

Note: Since no target value is set for the total amount of bonuses for employees, only the result is indicated.

● Policies on determination of the amount and the calculation methods of remuneration, etc. for Audit & Supervisory Board Members

Remuneration for Audit & Supervisory Board Members is determined by consultation of the Audit & Supervisory Board, and the monthly total is limited to ¥12 million based on the resolution of the 134th General Meeting of Shareholders held on June 29, 1994. The amount of remuneration for each Audit & Supervisory Board Member was determined after deliberation by the Audit & Supervisory Board on June 25, 2021.

② Total amount of remuneration, etc. by the category of executives, total amount of remuneration, etc. by type and number of applicable officers

Category	Internal executives				
	Number of recipients	Fixed compensation	Performance-based compensation	Stock compensation	Total amount of remuneration
Members of the Board	8	¥488 million	¥224 million	¥39 million	¥752 million
Audit & Supervisory Board Members	2	61 million	—	—	61 million
Subtotal	10	¥549 million	¥224 million	¥39 million	¥813 million

Category	External executives				
	Number of recipients	Fixed compensation	Performance-based compensation	Stock compensation	Total amount of remuneration
Members of the Board	4	¥ 62 million	—	—	¥ 62 million
Audit & Supervisory Board Members	7	50 million	—	—	50 million
Subtotal	11	¥112 million	—	—	¥112 million

Category	Total amount				
	Number of recipients	Fixed compensation	Performance-based compensation	Stock compensation	Total amount of remuneration
Members of the Board	12	¥550 million	¥224 million	¥39 million	¥814 million
Audit & Supervisory Board Members	9	111 million	—	—	111 million
Subtotal	21	¥662 million	¥224 million	¥39 million	¥926 million

Note: Stock compensation represents the amount recorded as expenses.

③ Total amount of consolidated remuneration, etc. by each executive (only for those whose total consolidated remuneration, etc. is no less than ¥100 million)

Name	Total amount of consolidated remuneration, etc.	Executive classification	Amount of remuneration on a consolidated basis, etc. by type		
			Fixed compensation	Performance-based compensation	Stock compensation*2
Takashi YAMAUCHI	¥128 million	Chairman of the Board*1	¥83 million	¥38 million	¥5 million
Yoshiro AIKAWA	¥113 million	President, Representative Director	¥75 million	¥33 million	¥5 million

*1 As of July 1, 2021, Mr. YAMAUCHI's position is Chairman of the Board.

*2 Stock compensation represents the amount recorded as expenses.

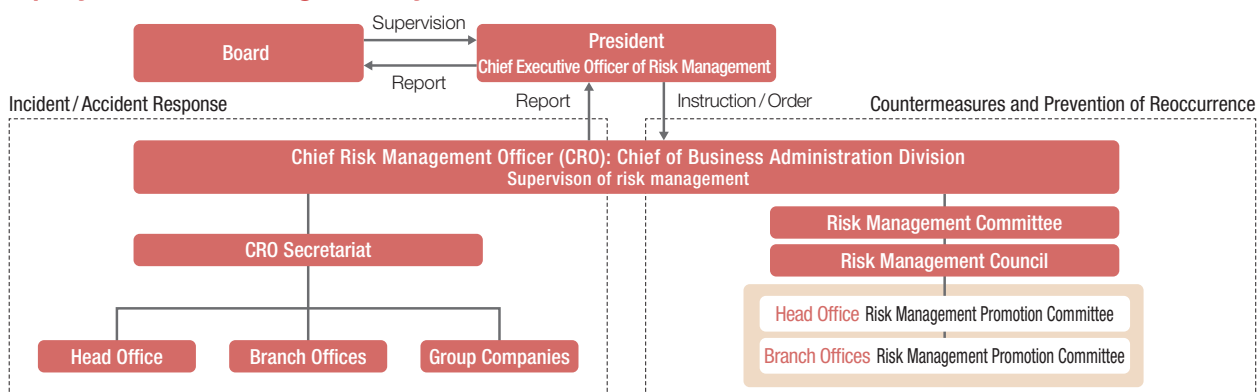
Risk Management

At Taisei Corporation, we have formulated a Risk Management Policy and built systems to implement risk management across the entire Company in order to respond to risk escalation following changes in the business environment.

In terms of handling risk management, we set forth the Basic Risk Management Rules and we identify and select risks associated with our business activities, such as quality and technology, laws and regulations, compliance, information, safety, labor and employment, the environment, natural disasters and others, to reflect these risks in the operational plans of each division. We work on risk management through the PDCA cycle of reviewing, implementing, evaluating, and improving risk countermeasures.

In particular, in the event of an incident or accident that could have a serious impact on corporate management, information is centrally handled by the CRO (Chief Risk Management Officer) Secretariat, and reports are made to the President, who are the chief executives of risk management, and the Board. These risks include elements related to environmental, social and governance (ESG) such as infectious diseases, safety risks, and bribery. We share this information with the Risk Management Committee and the Risk Management Council in order to prevent recurrence of such risks, and implement effective risk management across the whole company.

Company-Wide Risk Management System



Fundamental Policy to Enhance Operational Compliance Systems/Risk Management Policy
<https://www.taisei.co.jp/english/profile/philosophy/policies/>

Risk Management System

● Promotion of Company-Wide Risk Management System

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

Based on the Basic Risk Management Rules, each division of the Head Office, in cooperation with the branches, reviews and identifies all risks associated with their business activities and selects the “Head Office-governed risks.” The “Head Office-governed risks” are then narrowed down to risks that can possibly have a material impact especially on corporate management. Such risks are selected as “key company-wide risks” and are subject to risk management across the entire company. The “key company-wide risks” are determined by the CRO after deliberation by the Risk Management Committee headed by the

CRO. The President and the Board receive reports on the risks and confirm the operating status of the risk management system and maintain the effectiveness of the system.

● Business and Other Risks

Taisei Corporation has in place a system to prevent and evade risks and pursue corrective actions.

Risks that may possibly have a material impact on corporate management are reported to the Management Committee and the Board for comprehensively examining and determining the policy to handle such risks and reporting the policy under “Business and Other Risks” in the Securities Report.



Business and Other Risks
 pp.80-83 Data Section(Annual Report 2021)



Information Disclosure Based on the Recommendations by TCFD
 pp.37-39 Towards Sustainable Value Creation(Annual Report 2021)

● Climate Change-Related Risks

In terms of climate change-related risks, we specify and assess risks based on various scenarios created and promote initiatives in response to the TCFD Recommendations.

Initiatives for Business Continuity Planning (BCP)

To meet its responsibilities as a general construction company supporting the infrastructure for social and economic activities even in the event of a major disaster or accident, Taisei Corporation has established the Policy on Business Continuity in Times of Disaster in 2005 and aims to become a company that gains the trust of society. Based on this policy, we formulate the BCP to be implemented in times of disaster, conduct disaster training at least once a year, in which all officers and employees of the Company and the Group companies take part, and fully review and update the BCP based on the results of the training and other factors each time.

In recognition of our efforts to improve business continuity on a continuous and regular basis, we obtained certifications such as a “BCM rating.” In addition, since 2015 we have conducted annual joint training with the Japan Federation of Construction Contractors and other organizations to establish a company-wide recovery support system that can immediately respond to requests for assistance.

 [Policy on Business Continuity in Times of Disaster](https://www.taisei.co.jp/english/profile/philosophy/policies/)
<https://www.taisei.co.jp/english/profile/philosophy/policies/>

Information Security Measures

In the construction industry, sharing information with a large number of stakeholders, such as clients and contractors (specialized contractors, etc.), is essential in the construction process. Therefore, the Taisei Group has set forth “Management of information and intellectual property rights” under the Action Guidelines for Taisei Personnel and the Taisei Group as a Whole, and has implemented various measures related to information security. We have also established the “Policy on the Protection of Personal Information” and the “Code of Conduct on the Use of Social Media.”

At Taisei Corporation, we have compiled a booklet containing minimum rules to be observed and have been providing education and guidance to all officers and employees as well as business partners. Since fiscal 2016, we have been working to strengthen the information security environment at our overseas sales offices and worksites. We also work to strengthen measures against the risk of information leaks associated with telecommuting (working from home).

In addition, in order to prevent and mitigate intellectual property risks such as infringements of rights and technology leaks that have a serious impact on corporate management, we implement thorough risk management in all business processes.

To respond to the increasingly serious risk of cyber attacks, we established the Taisei-Security Incident Response Team (SIRT) and work to collect the latest information on cyber attacks and take measures to prevent

cyber attacks in cooperation with external organizations through the Nippon CSIRT Association, which we joined in March 2013.

 [Policy on the Protection of Personal Information / Code of Conduct on the Use of Social Media](https://www.taisei.co.jp/english/profile/philosophy/policies/)
<https://www.taisei.co.jp/english/profile/philosophy/policies/>

Response to Risks Related to Infectious Diseases and Pandemics

New coronavirus (COVID-19) infections have been spreading widely throughout the world since last year. In response, we have a system in place where the CRO Secretariat leads the effort of centralizing information on the infection situation, etc. at worksites in Japan and overseas and having the entire Company take a crisis response in a comprehensive and prompt manner. Furthermore, in November 2020, we realigned the contents of the conventional COVID-19 Response Guidelines and other guidelines so that they could be adopted for COVID-19 and any new infectious diseases and formulated the “BCP to be Implemented in the Advent of Infectious Disease.” Specific countermeasures against infectious diseases are implemented as needed in line with the policies of the state and local governments and the guidelines of the Japan Federation of Construction Contractors and others. At the same time, we promote telecommuting, split onsite working, staggered commuting and other such measures on a company-wide basis from the perspective of constraining the flow of people and reducing the frequency of contact among people.

In addition, from June 2021, with a view to smoothly implementing vaccinations and contributing to the curtailment of the COVID-19 pandemic, we began workplace vaccination for a total of approximately 30,000 workers wishing to be vaccinated. They included all officers and employees (including contract workers and dispatched workers) of the Taisei Group and their families and employees of cooperating companies entering our worksites nationwide.

● Major Infection-Prevention Measures at Taisei Corporation’s Office Work Departments and Worksites

- ① Ensuring handwashing, mask wearing, physical distancing with others and avoiding 3Cs (closed spaces, crowded places, close-contact settings)
- ② Temperature measurement and hand disinfection at entrances
- ③ Installation of acrylic partitions between seats
- ④ Prohibition of non-urgent business trips and travel across prefectures
- ⑤ Avoidance of holding and attending non-urgent gatherings (large meetings, etc.)
- ⑥ Continuing to implement telecommuting, split onsite working, staggered commuting, etc.
- ⑦ Active use of online meetings and ICT tools (avoiding business trips and face-to-face meetings)
- ⑧ Prohibition of eating and drinking among employees for social gathering purposes

【PICK UP】
Verifying Problems relating to COVID-19 or
in Preparation for an Earthquake that Occurs During Business Hours

The Taisei Group has revised its BCP to deal with new risks not anticipated in its previous Business Continuity Plan (BCP). In November 2020, we conducted the FY 2020 Major Disaster Countermeasure Training Exercise based on the revised BCP. This training exercise had the participation of a total of approximately 18,000 employees at its head office and all 13 branch offices and 25 group companies (participation rate 100%).

The theme of the training exercise was "Identifying issues in the BCP organization, considering the COVID-19 pandemic and assuming that a major earthquake occurs during business hours." The exercise was conducted using the "scenario-blind" method and assumed severe conditions, including that no more than 30% of employees would be able to come to work due to COVID-19.



Compliance, Fair Competition

Policy and Management

At the Taisei Group, we established the Action Guidelines for Compliance Promotion System Taisei Personnel and the Taisei Group as a Whole as a basic principle of corporate behavior and a standard of conduct and judgment that all officers and employees of the Taisei Group should actively practice and comply with.

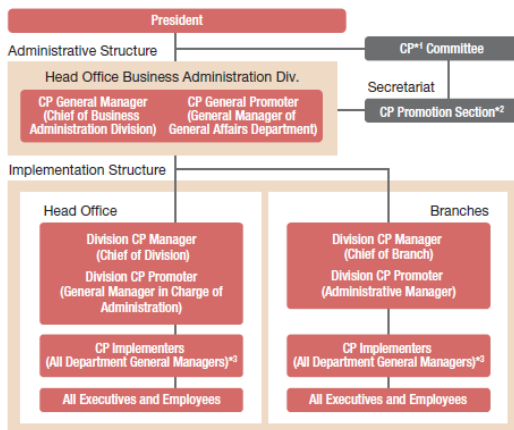
These Action Guidelines serve as the norm for ensuring compliance. The Fundamental Policy to Enhance Operational Compliance Systems clearly sets out that Members of the Board shall recognize that compliance is at the core of good management and shall faithfully comply with all compliance-related regulations, including the Action Guidelines for Taisei Personnel and the Taisei Group as a Whole. These Action Guidelines are also applied to all group companies both in Japan and overseas.

The Rules on Enforcement of the Compliance System for the Action Guidelines for Taisei Personnel and the Taisei Group as a Whole clearly state the procedures for disposition in the event of a violation of the Group's Action Guidelines. The facts are reviewed carefully and rigorously by the Board of Directors or the Management Council and disciplinary action is taken in accordance with in-house rules. In addition, a whistle-blower system functions appropriately to enable crucial information regarding officer or regular employee compliance violations and the like to be reported to management without delay. Moreover, severe disciplinary action is taken for officers and regular employees who commit acts in violation of the law, etc., and systems are established to ensure compliance with the Antimonopoly Law, and in addition various measures based on recommendations from the Compliance Committee as well as compliance training for individual departments are conducted and so on, in order to increase awareness of the importance of compliance on the part of each employee. In addition, we have identified "Thorough Compliance and Restructuring of Group Governance System" as a part of Materiality (Important Tasks for the Taisei Group) and this has been established as an important policy in the Taisei Group Medium-term Business Plan (2021-2023). In addition, "compliance training ratio 100% (including anti-corruption)" has been established as a KPI objective.

Furthermore, as shown in the diagram on the right, the Company has appointed managers, promoters, and implementers in each division, and has established an internal compliance promotion system. In addition, the Compliance Committee, chaired by an external expert (lawyer), has been established as the Special Committee that responds to consultations with the President.

We are working to heighten the awareness among all officers and employees and further ensure compliance by establishing a system to set stricter disciplinary actions, etc. against any legal and other violations committed by officers and employees and to call for compliance with the Antimonopoly Act, implementing various measures based on the recommendations by the Compliance Committee and compliance training in each division, and taking other steps.

Compliance Promotion System



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

“Overall Principles of Conduct”,
<https://www.taisei.co.jp/english/profile/philosophy/>

Promotion Framework

Compliance Education and Training

At Taisei Corporation, we conduct annual compliance training for all executives and employees to raise compliance awareness.

In addition, to strengthen compliance across the entire Group, we regularly hold meetings for legal affairs officers to share information and opinions on legal affairs issues with Group companies in Japan. We also hold group compliance hearings to confirm the status of compliance promotion and exchange opinions, and strive to ensure thorough compliance and promote communication.

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

Soyukai ;

The history of the Soyukai, the organization of the Taisei Corporation's main cooperating companies, began with the establishment of its predecessor, the Harusamekai, in 1917. The Soyukai was re-inaugurated in February 2014 to achieve enhanced collaboration between Taisei and member companies, which numbered approximately 700 as of April 2021. The Soyukai focuses on improving the construction capacity of member companies and promoting stable administration through cooperation in Taisei projects.

Conduct Compliance Questionnaire (Annually)

The Taisei Group conducts the Compliance Questionnaire for all officers and employees with the aim of understanding the current status and issues related to compliance and further promoting compliance.

The results of the questionnaire are analyzed, measures are considered, reported to top management, and disclosed to all officers and employees through the Compliance Newsletter, and necessary measures are taken in cooperation with related departments to promote compliance.

Education / training	Themes covered in recent years
Compliance Newsletter (monthly)	<ul style="list-style-type: none"> Promotion of partnerships with suppliers Anti-corruption (entertainment and gifts) Operational results of the Corporate Ethics Helpline Results of compliance questionnaire, etc. The Action Guidelines for Taisei Personnel and the Taisei Group as a Whole
e-learning training (twice a year)	<ul style="list-style-type: none"> Bribery, harassment, and whistleblowing system Power harassment Rules related to contact with other companies in the same industry and in-house leniency system, etc.

Whistleblowing and Consultation System

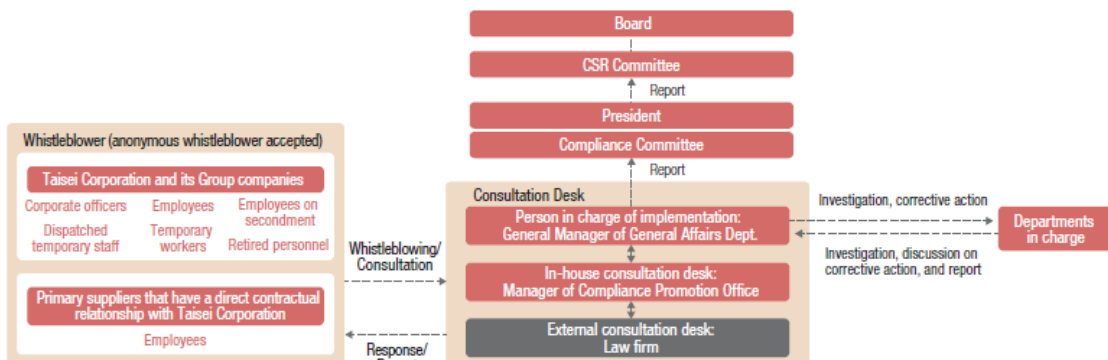
Based on the Whistleblower Protection Act, at the Taisei Group, we have established an internal whistleblowing system (the Corporate Ethics Helpline / Group Helpline /Whistleblowing System) in which executives and employees as well as external parties (employees of partner companies [primary suppliers] that have a direct contractual relationship with the Company) can report and consult on illegal acts

including bribery and other corruption committed by executives and employees and acts that violate (or an act intended to violate) the Action Guidelines for Taisei Personnel and the Taisei Group as a Whole, and we have established consultation desks in-house and at an external organization (a law firm). The system also allows anonymous reporting to obtain information clues on a wide range of violations. In addition, to enhance the effectiveness of the system, we actively conduct educational activities such as distributing the Help Line Cards summarizing the outline of the system to all officers and employees, and introducing the contents and operational results of the system through e-learning and Compliance Newsletter.

In response to reports received, we will investigate the facts and take corrective measures as necessary. In doing so, we ensure that whistleblowers’ information must be kept confidential and strictly follow internal rules to ensure that whistleblowers are not treated disadvantageously for reporting purposes.

Operational results of Whistleblowing and Consultation System	FY2019	FY2020
	24 cases	28 cases

Flow of Internal Whistleblowing Based on the Helpline System



■ Political donation

As part of its social contribution activities, Taisei Corporation makes political donations when necessary. When making political donations, we thoroughly comply with the Political Funds Control Act and conduct a rigorous review based on procedures pursuant to our internal rules, namely, the “Code of Conduct on Relationship with Politicians and Disbursement of Expenses.” The total amount of political donations made during FY2020 was 18 million yen.

■ Anti-Corruption Policy

KPIs Compliance training ratio 100% (including anti-corruption)

In 2018, Taisei Corporation signed the United Nations Global Compact, and we support the anti-corruption measures in the Compact. We have specified “Ensuring fair trade” and “Maintenance of proper relationships with individuals or entities engaged in politics and government” in the Action Guidelines for Taisei Personnel and the Taisei Group as a Whole, and we maintain a constant awareness of the importance of avoiding bribery and acts that may be misunderstood. For example, we make it clear to outsourcing companies and their officers and regular employees to not provide or promise to provide illicit money or goods, or to entertain or give gifts in excess of social norms and, in their relations with politicians or public employees (including foreign officials), to not perform acts that are in violation of penal laws regarding bribery or the like, or acts that might be misunderstood, and to provide anti-corruption education and training for all employees with regard to politicians or public employees (including foreign officials).

“Overall Principles of Conduct” <https://www.taisei.co.jp/english/profile/philosophy/>

“Materiality” <https://www.taisei.co.jp/english/sustainability/management/materiality/>

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

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

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

There were no cases subject to legal action, such as a fine or penalty due to corruption, in fiscal 2020. There were also no employee disciplinary actions and dismissals due to a violation of the Action Guidelines.

■ Impartial and Fair Transactions

At Taisei Corporation, we have set forth “Promoting partnerships with subcontractors and suppliers” under the Action Guidelines for Taisei Personnel and the Taisei Group as a Whole, and declare establishing fair and reliable relationships with our partners in the supply chain and conduct transactions on an equal footing. Furthermore, we have set out Measures for Dealing with Anti-Social Forces and Organizations, stipulating that we will take a resolute stance against anti-social forces and will reject illegitimate demands. In order to eliminate anti-social forces, we have included a condition in our contracts, including the basic contract for specialized subcontractors, declaring that the supplier is not an anti-social force and that if revealed otherwise, the contract may be canceled without notice.

In August 2020, we prepared and announced the Declaration of Partnership Building which incorporates prosperous coexistence for the entire supply chain, new collaboration regardless of the company’s scale and existing business relationships, and observance of “Promotion Standards” as defined in the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises. We disseminate our stance on impartial and fair transactions in connection with preventing corruption to employees of the Company and group companies as well as to our suppliers, including sub-contractors and intermediaries. We also cover impartial and fair transactions in our CSR Procurement Guidelines and work to reduce risks so as not to get involved in transactions with anti-social forces, corruption, bribery, and organizations engaging in inhumane labor.

■ Verification of Compliance with Laws and Regulations (Guidance)

To ensure the legitimacy of bids, Taisei Corporation has an in-house system in which branch office managers confirm that there are no inappropriate acts in the process of bidding operations, prepare the documents, and keep all bids on file.

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

■ Specific Measures for Compliance with the Antimonopoly Act

Taking the fact seriously that we were indicted on suspicion of violating the Antimonopoly Act in connection with the Linear Chuo Shinkansen construction project, we have implemented the measures indicated below based on deliberations by the Compliance Committee chaired by an external lawyer and resolution by the Board. We continued to operate and implement the measures below in fiscal 2020.

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

■ Tax Compliance

The Group Action Guidelines call for Taisei Corporation to act in accordance with laws, regulations and so on, as well as to fulfill its social responsibility by acting for the good of society. We understand that the Base Erosion and Profit Shifting (BEPS) Project of the Organization for Economic Cooperation and Development (OECD) and other international initiatives are important to ensure tax transparency and prevent international tax avoidance, and we appropriately fulfill our tax obligations and maintain thorough compliance with relevant laws and regulations, directives, guidance, tax treaties and so on including tax laws both domestically and in each foreign country and region, such as refraining from conducting business activities that are in violation of the spirit of tax laws, etc. or that are solely for the purpose of tax avoidance or income transfer.

In August 2020, we formulated a Tax Policy to serve as a guide to observing tax-related laws and regulations and fulfilling social responsibility.

In addition, E-learning training relating to tax inspections is conducted for officers and regular employees to ensure that they are well aware that, in the event of malicious violations of tax law according to regulations and accounting irregularities (cost transfer and other improper procedures in financial reporting such as falsification, concealment etc.), the employees and related parties who conducted the fraudulent procedures must be subjected to disciplinary action. In addition, the Tax Policy is reviewed on an ongoing basis based on revisions to tax laws, societal trends relating to taxation and so on.

Tax Policy (excerpt)

1. Compliance with Laws and Regulations

We will comply with the relevant laws and regulations concerning tax affairs at each country and each region where we are engaged in business activities on the basis of our Group Action Guidelines.

2. Proper Performance of Tax Obligations

We will duly perform the tax obligations subject to the laws and regulations concerning tax payment.

3. Enhancing Awareness of Compliance with Tax Laws and Regulations

We will enhance the awareness of compliance with the tax laws and regulations through education regarding adequate tax practice and payment.

4. Relationship with Tax Authorities

We will endeavor to maintain the relationship of mutual trust with tax authorities through faithful and adequate dealing with tax affairs.

"Overall Principles of Conduct", "Tax policy"

<https://www.taisei.co.jp/english/profile/philosophy/>

■ Thorough Awareness of Structure of Values and Policies

We created a portable card for the Structure of Values and Policies which was restructured in 2010 and have worked to instill and firmly establish it. Since fiscal 2011, we have operated annual training on the Structure of Values and Policies based on an e-learning format in order to further spread and consolidate the Structure of Values and Policies while connecting it to social demands and in-house initiatives.

In fiscal 2020, we conducted an e-learning program for employees on the theme of the Structure of Values and Policies, the Taisei Spirit, and the Action Guidelines for Taisei Personnel and the Taisei Group as a Whole. The participation rate was 94%.

"Our Structure of Values and Policies"

<https://www.taisei.co.jp/english/profile/philosophy/>

Promote CSR procurement

Policy and Management

The Taisei Group strives for “promoting partnerships with subcontractors and suppliers” and “ensuring fair business transactions” as stated in the Action Guidelines for Taisei Personnel and the Taisei Group as a Whole, along with the Procurement Policy established in reference to ISO 26000. We have issued the CSR Procurement Guidelines (formulated in 2014) to familiarize suppliers with the contents of their compliance with the guidelines. We also request that CSR activities be conducted in accordance with the guidelines.

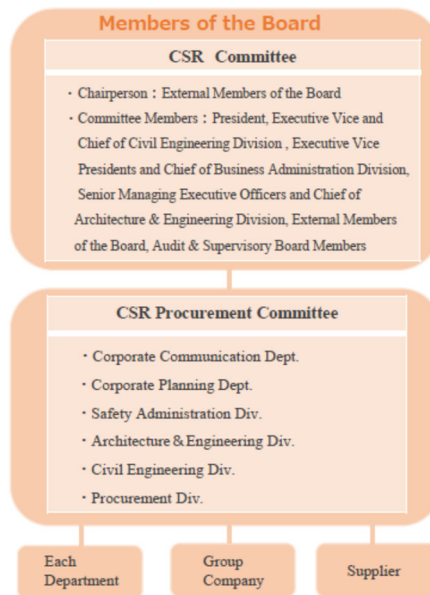
The effort to raise awareness of CSR procurement includes holding educational training and seminars tailored to individual responsibility levels such as officers and employees at all levels, branch managers, procurement managers, worksite managers, and overseas worksites, etc.; and providing suppliers with opportunities to participate in meetings with branch managers, e-learning training, on-site surveys and questionnaires, etc.,

among various other activities. Plans and results of these activities and future developments are discussed at the CSR Procurement Committee composed of responsible personnel from relevant divisions including Civil Engineering, Building Construction, Procurement, and Safety Administration, and reported to the CSR Committee.

In addition, we have identified "Promotion of Supply Chain Management" as a part of Materiality (Important Tasks for the Taisei Group) and this has been established as an important policy in the Taisei Group Medium-term Business Plan (2021-2023). In addition, " **Supplier's conformity rates with the Taisei Group CSR Procurement Standards 100%**" has been established as a KPI objective.

**Procurement Guideline
(Summary)**

1. Compliance with laws, regulations and public morals
2. Impartial and fair transactions
3. Respect for human rights
4. Promotion of safety and hygiene
5. Environment protection activities
6. Assurance and improvement of safety and quality
7. Information disclosure
8. Reinforcement of information security
9. Social contribution activities
10. Business continuity at the time of a disaster
11. Promotion of CSR procurement



"Overall Principles of Conduct", "Procurement Policy"
<https://www.taisei.co.jp/english/profile/philosophy/>

Officer in charge	Chief of Corporate Planning Office
Organ for consultation	CSR Committee (Committee of the Board) <ul style="list-style-type: none"> Important matters related to supply management that have been deliberated are proposed/reported to the Board via the Management Committee.
Promotion committee	CSR Procurement Committee <ul style="list-style-type: none"> The committee organizes and conducts training and explanatory meetings, survey visits, questionnaire surveys, and the like.
Secretarial	CSR Promotion Section, Corporate Communication Department, Corporate Planning Office

Identifying factor for CSR guidelines

E: Environment

- Reduction of environmental burden and prevention of environmental pollution
- Achievement of a carbon-free society (and prevention of global warming)
- Effective use of resources
- Conservation of water resources
- Promotion of "green" procurement with low environmental load
- Consideration for natural ecosystems and the global environment
- Reduction of emissions of industrial wastes, hazardous chemical substances and pollutants and appropriate management to prevent environmental accidents
- Participation in activities designed to reduce environmental load at workplaces

S: Society

- Respect for human rights
- Respect for diversity
- Prevention of harassment and employment discrimination
- Appropriate management of working hours, days off and vacations
- Payment of appropriate wages and securing a minimum wage
- Respect for the right to organize and the right of collective bargaining
- Prevention of child labor and forced labor
- Establishment of a healthy and comfortable work environment that ensures the health and safety of workers
- Establishment of an appropriate safety management organization to prevent industrial accidents
- Ensuring the safety and hygiene of the local community
- Securing the quality and safety needed by clients
- Establishment of a quality control system
- Improvement of technological capabilities and development of new technologies and new materials

G: Governance

- Compliance with laws, regulations and societal norms
- Establishment of a compliance organization
- Making sure there are no ties with antisocial forces
- Establishment of systems for internal communications
- Protection of intellectual property and prevention of infringement
- Thorough measures to prevent corruption
- Thorough measures to ensure fair transactions
- Disclosure of information in an appropriate manner and at the appropriate time
- Prevention of improper or illegitimate information disclosure or leakage
- Establishment of information security systems
- Local community development, educational and cultural assistance, and other activities to contribute to society
- Establishment of a Business Continuity Plan (BCP)
- Cooperation to ensure the business continuity of national and local governments, businesses and other organizations

Other

- Deployment and promotion of CSR Procurement with respect to subcontractors and suppliers

Promotion Framework

CSR Procurement Guidelines

We summarized the activities that we want our business partners (suppliers) to promote in the form of CSR Procurement Guidelines (established in 2014), and asked them to conduct CSR activities based on these Guidelines. The Guidelines are continually revised to reflect changes in important environmental and social issues. In 2021, sections were revised based on decarbonization and human rights issues and so on, and a commentary noting specific activities was added.

***Supplier Reference :**

- Scope of supplier: Main Group Companies (Taisei Rotec Corporation, Taisei-Yuraku Real Estate Co., Ltd., TAISEI U-LEC CO., LTD., TAISEI SETSUBI CO., LTD., TAISEI HOUSING CORPORATION, SEIWA RENEWAL WORKS CO., LTD., and J-FAST Co., Ltd). Souyu-kai Member Companies
- Souyu-kai: The organization of Taisei's main cooperating companies (about 620 companies) Safety, Sanitary, and Environmental Cooperation Association: Association to which all the companies that enter Taisei's works sites belong (about 7,000 companies)

CSR Procurement Guidelines

<https://www.taisei.co.jp/partner/csr.html>

>> **Risk Management/Assessment**

KPIs Supplier's conformity rates with the Taisei Group CSR Procurement Standards 100%

Since 2016, we have been conducting regular questionnaire surveys for suppliers on compliance with our CSR procurement guidelines and on the systems for managing foreign technical interns. In the fiscal 2020 survey, we broadened the traditional scope of around 50 companies centering on Soyukai, our proprietary organization for core subcontractors, to approximately 1,700 companies with which we have constant business transactions. We are thus conducting educational activity for a wider range of business partners. Based on the survey results, we selected some 50 suppliers that have or need to address social challenges including environmental/human rights issues and labor problems. After considering and judging whether a site visit is required, we visited about 12 companies, and, while exchanging opinions with the business owners and the like, requested to enhance CSR activities and educate and instruct their business partners. In this way, we are striving to enhance efforts throughout the entire supply chain. Meanwhile, we have developed an online system and conducted the questionnaire survey through it to improve the usability and accessibility for suppliers regarding the survey.

Supply chain monitoring result (September,2020)

- Target companies : Number of major* suppliers * 1,166 companies
(Percentage of companies surveyed on a contract value basis: approx. 68.5%)
- Survey method : Progress of the following items, as set forth in the "Procurement Guideline"
 - (1) Compliance with laws and regulations (2) Impartial and fair transactions (3) Respect for human rights
 - (4) Health and Safety (5) Assurance and improvement of quality (6) Information disclosure (7) Information security
 - (8) Social contribution activities (9) Business continuity planning (BCP) (Business activities at the time of a disaster)
 - (10) Promotion of CSR procurement.
- Average score : 3.73 (Highest score;5) 74.6%
- Survey results : In addition to disclosing the tally results on the public website, we visited a total of 12 companies (as of December 2020) to check the status of their efforts and to discuss future improvements with them.
(Due to the spread of COVID-19, visits planned for January 2021 and beyond have been postponed.)
* Major suppliers: The major 1,645 Japanese companies which the organization of Taisei's main cooperating companies (Souyu-kai) and major cooperating company.

"Materiality"

<https://www.taisei.co.jp/english/sustainability/management/materiality/>

>> **Collaboration with External Parties**

• **United Nations Global Compact (GC), EcoVadis**

The Taisei Group participated in the GC in April 2018 and committed to disseminating and implementing the Ten Principles in the four areas of human rights, labor, the environment, and anti-corruption. At the same time, it is actively participating in various subcommittees sponsored by the Global Compact Network Japan (GCNJ), such as the Subcommittee on SDGs and the Subcommittee on Human Rights Due Diligence (HRDD).

In addition, Taisei Corporation registered with EcoVadis from fiscal 2019 as a supplier and started to disclose required information. In the fiscal 2020 evaluation, we gained a SILVER rating.



EcoVadis;
France-based sustainability assessment organization that provides buyer companies with CSR evaluation data on suppliers through an information sharing platform registered by more than 75,000 companies in 190 industries in about 150 countries.

■ **CSR Procurement e-learning**

In January 2020, Taisei Group implemented an e-learning program accessible via smartphones for all employees of our company and employees of business partners. Through the program, we introduced our CSR procurement activities and requested their continued cooperation in the future. In addition, in January 2021, we implemented an e-learning program for all employees of our companies. The program will continue to be implemented in FY2021 as well. As we have done since FY 2017, we also continue to offer CSR procurement e-learning to all Taisei employees including those in the Procurement Division. E-learning texts for both current and past years are available on the company Intranet site for reference and study.

CSR Procurement e-learning program (in January, 2021)

<ul style="list-style-type: none"> • Target companies • Contents • Number of participants and participating companies • Other 	<ul style="list-style-type: none"> : All business partners : What is CSR? What is CSR procurement, and why is it necessary? etc. : Total of 542 companies, 954 companies : In a questionnaire conducted in conjunction with the e-learning program, many respondents raised “Business activities at the time of a disaster” as initiatives for which they are not putting in sufficient efforts.
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■ **Human Rights Due Diligence Initiatives**

Taisei Corporation has established acceptance criteria for the foreign technical interns employed by suppliers, in order to ensure smooth acceptance at workplaces and to enable high-level technical interns to be employed. Local supplying organizations and cooperating monitoring groups are surveyed and information is provided to suppliers.

In recent years, many foreign technical interns in the construction industry have come to Japan, but there have been reports of various improprieties involving foreign technical interns. In the light of this situation, it is important that the outsourcers (prime contractors) for the companies employing foreign technical interns be able to determine the current situation.

Since FY 2017, Taisei Corporation has conducted regular surveys as part of its due diligence for foreign interns in order to assess and identify potential and actual human rights risks, and we have established a human rights due diligence mechanism to prevent or mitigate these risks. Moreover, when it is clear that negative impact with respect to human rights has been produced directly in work processes or there has been complicit involvement, we endeavor to provide help based on proper in-house or outside procedures.

In FY 2020, we asked about the status of employment of foreign technical intern trainees in our CSR activities survey, and responses were received from 219 companies that employ foreign technical interns.

We made follow-up visits to six companies to interview them directly and found no major human rights risks (inappropriate collection of money, pay deductions, non-payment of wages etc.). Taisei has declared a policy (procurement policy) for fulfilling our social responsibility to ensure that foreign workers can engage in their work under appropriate conditions in terms of residential environment and working conditions (content of tasks, working hours, wages etc.).

We conduct regular fact-finding surveys of foreign technical interns and we will ensure that the employing companies foster a better foundation for accepting these interns.

Overview of the Survey on the Acceptance Conditions of Foreign Technical Interns (September,2020)

- Target companies : Number of major suppliers *
surveyed in FY2020:1,645 companies
- Survey method : A self-check on the following items for companies accepting foreign technical interns, regardless of whether they are being dispatched to Taisei Corporation(Conducted in conjunction with the CSR Activity Survey) :
 - (1) Checking that employees are in possession of their own passports and other items
 - (2) There has been no inappropriate collection of monies such as guarantee deposits
 - (3) There are no discrepancies between the prepared technical intern plan and the actual work
 - (4) Appropriate payment of wages and deductions
 - (5) Living environment, including dwellings
 - (6) Status of social insurance enrollment
 - (7) Assignment of instructors
 - (8) Status of physical checkups
 - (9) Troubles due to the internship or living arrangements.
- Responses : Number of responding companies: 219
- feedback : In the related opinion survey that was conducted, many responses suggested "CSR activities" and "major disaster response and activities to preserve the environment" as initiatives that are currently insufficient at Taisei (and its subcontractors and suppliers).

■ **Efforts to Promote Sustainable Procurement of Materials and Equipment**

Diverse raw materials including wood and stone are used in the construction industry. For raw materials whose place of origin is a developing country, there is increasing societal concern regarding illegal sourcing (cutting), oppression of native populations, forced labor and child labor and other legal and regulatory violations, environmental destruction, human rights violations and so on.

For this reason, in January 2019 Taisei conducted a questionnaire survey of its major material suppliers, in order to confirm their supply chains from raw material sourcing through delivery at worksites, and to determine whether there had been any legal and regulatory violations, human rights violations, or other violations by the overseas companies in these supply chains.

Based on the survey results below, in FY 2019 we visited the business partners who participated in our questionnaire survey, as well as their wholesalers and trading companies related to wood materials, stone materials and tiles, to conduct a follow-up survey, and explained our Procurement Policy (and the CSR Procurement Guidelines) and requested their understanding of our CSR procurement activities. We also conducted interviews to exchange views regarding the current status and future challenges of traceability.

In an effort to align the supply chain for wooden materials of wooden frames and wooden furniture in particular with the recommendations of NGOs on issues concerning the human rights of native peoples of deforested areas in Southeast Asia, we discussed the current local situation and the future use of domestic timber and certified timber. We plan to continue to periodically review these items and companies and to conduct surveys on an expanded basis.

* traceability survey: To make a production history and distribution channel traceable.

Overview of the Traceability Survey (January 2019)

- Target companies : 43 major material suppliers handling wood, stone, ceramics (tiles), sand/aggregate (ready-mixed concrete), aluminum (fittings/hardware), iron (rebar/steel), and copper (electrical wires)
- Survey method :
 - (1) Confirmed the names and locations of the trading companies, manufacturers and wholesalers, etc. in each supply chain, from the sourcing of raw materials to the delivery at worksites
 - (2) Checked the overseas companies in the supply chain regarding the presence of violations of laws and regulations, forced/child labor, long working hours, discrimination, consideration provided for employee health and safety, appropriate payment of wages, violations of the rights of indigenous people, etc.
- Survey results :
 - (1) At 32 of these 43 companies, it was possible to identify all of the companies in the supply chain, down to the original raw material suppliers (wood, stone, sand/aggregate, iron).
 - (2) There were no cases of improprieties, such as violations of laws and regulations at the overseas companies in the supply chains.

■ **Implementation of CSR Procurement Seminars**

• **Social Supply Chain policy which is communicated globally to all suppliers**

Taisei Corporation conducts CSR Procurement Seminars to communicate its stance and policies regarding social issues, with a particular emphasis on forced labor, child labor and other human right violations. These seminars were conducted for our local worksites, local affiliates and local suppliers in Taiwan (2015), Singapore (2017), Vietnam (2018) and Myanmar (2019). The CSR Procurement Seminar held in November 2019 at the worksite for the construction of the New Yangon Specialist Hospital in Myanmar was participated in by 10 people from four local suppliers. We presented an explanation of the purchasing policy and the CSR Procurement Guidelines and held a survey and an exchange of views.

An explanation was also given to the Taisei employees working at the site that day, and their understanding and cooperation was requested with regard to the promotion of CSR activities in cooperation with suppliers at the workplace. As some overseas locations pose a greater risk in terms of human rights and labor issues than locations in Japan, we plan to continue to hold CSR Procurement Seminars overseas. (In FY 2020, these seminars were canceled due to the COVID-19 pandemic.)

• **Explanation of CSR Procurement by Branch Managers**

At the annual Safety Conference (held every year in January) and other venues, each of the managers of all 12 branches in Japan explained the importance of CSR procurement to business partners, and asked for their corporation in the promotion of activities at each company.

Management of Information and Intellectual Property Rights

Policy and Management

The sharing of information with many clients, subcontractors (specialist construction companies, etc.) and other stakeholders in construction projects is essential in the construction industry. The Taisei Group includes "Management of Information and Intellectual Property Rights" in its Group Action Guidelines, and Taisei implements various policies relating to information security. In addition to establishing the Policy to Protect Personal Information and Codes of Practice for the Use of Social Media, the Taisei Group has also established a Policy on Intellectual Property and faithfully implements intellectual property strategies that include those to create, protect and use intellectual property, to reduce risks relating to intellectual property, and for the strategic use of brands.

In addition, we have identified "Thorough Compliance and Restructuring of Group Governance System" as a part of Materiality (Important Tasks for the Taisei Group), and this has been established as an important policy in the Taisei Group Medium-term Business Plan (2021-2023). In addition, "**Number of major information security accidents zero**" has been established as a KPI objective.

Taisei will determine the impact of materiality on society and will clarify issues in accordance with materiality and promote initiatives, in order to resolve social problems and create value through business activities.

"Policy on Intellectual Property", "Policy on the Protection of Personal Information", "Code of Conduct on the Use of Social Media"

<https://www.taisei.co.jp/english/profile/philosophy/policies/>

Promotion Framework

Intellectual Property Strategy

Taisei Corporation has formulated the Policy on Intellectual Property, based on which we practice our Intellectual Property Strategy.

We strategically manage and utilize all intellectual property including patents, copyright, construction and business know-how to promote management that is focused on intellectual property. Regarding management of intellectual property, we intend to improve operational efficiency through building a search function for our own patents and preparing a database for managing patents.

We implement thorough risk management in all business processes to prevent and mitigate intellectual property-related risks that may cause a material impact on business management, such as infringement of our rights or rights of others, and technology leakage. We have established the Rules for Handling Intellectual Property Information to ensure the management of classified information. We also take measures to reduce the risk of infringing the intellectual property rights of third parties, such as making the technical departments and business departments thoroughly aware of other companies' patent information.

In addition, we have been further enhancing the intellectual property capabilities of the entire Group by establishing systems and exchanging information on intellectual property across the Group.

We also conduct training to ensure that employees are fully informed about this policy and utilize intellectual property strategically in order to strengthen our competitiveness and improve our corporate value. In FY2020, we conducted intellectual property courses for Group companies, technical departments in the head office and operations departments in branch offices of Taisei Corporation as well as e-learning for all officers and employees, including the utilization of application rights and a series of awareness raising campaigns about infringement.

"Materiality"

<https://www.taisei.co.jp/english/sustainability/management/materiality/>

■ Information Security Measures**KPIs Number of major information security accidents zero**

At Taisei Corporation, we have compiled a booklet containing minimum rules to be observed and have been providing education and guidance to all officers and employees as well as business partners. Since fiscal 2016, we have been working to strengthen the information security environment at our overseas sales offices and worksites. We also work to strengthen measures against the risk of information leaks associated with telecommuting (working from home). In addition, in order to prevent and mitigate intellectual property risks such as infringements of rights and technology leaks that have a serious impact on corporate management, we implement thorough risk management in all business processes.

To respond to the increasingly serious risk of cyber attacks, we established the Taisei-Security Incident Response Team (SIRT) and work to collect the latest information on cyber attacks and take measures to prevent cyber attacks in cooperation with external organizations through the Nippon CSIRT Association, which we joined in March 2013.

“Materiality”

<https://www.taisei.co.jp/english/sustainability/management/materiality/>

Respect for Human Rights

Policy and Management

The Action Guidelines for Taisei Personnel and the Taisei Group as a Whole emphasize “Respect for fundamental human rights and diversity,” and stipulate that the Taisei Group and Taisei Personnel shall not discriminate on the basis of race, religion, gender, nationality, social status, disabilities, or sexual orientation, nor shall they commit any act in violation of human rights, such as sexual harassment or abuse of authority.

Underpinning every corporate activity of Taisei Corporation is its support and respect for internationally agreed human rights protections such as the Universal Declaration of Human Rights, the eight fundamental conventions of the International Labour Organization (ILO) relating to the Declaration on Fundamental Principles and Rights at Work, and international labor standards including ISO 26000, and we are committed to not being complicit in human rights violations. In accordance with these commitments, we formulated a Human Rights Policy in October 2015, in which we declared that we will respect local cultures and customs both in Japan and in other countries, and will strive to eliminate child labor and forced labor and will not discriminate in employment or occupations. We also support the right to organize and collective bargaining rights.

“Overall Principles of Conduct” “Human rights Policy”

<https://www.taisei.co.jp/english/profile/philosophy/policies/>

Support for Human Rights in the UN Global Compact

In April 2018, the Taisei Group announced its support for the UN Global Compact and its two principles relating to human rights. We also support the UN Guiding Principles for Business and Human Rights(UNGPs), the Children’s Rights and Business Principles, and we promoting initiatives for human rights due diligence in supply chains. We will carrying out due diligence regarding human rights in our business operations and working to identify, assess, and correct any negative human rights impacts.

The Ten Principles of the UN Global Compact

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2: Make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: The elimination of all forms of forced and compulsory labour.

Principle 5: The effective abolition of child labour.

Principle 6: The elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges.

Principle 8: Undertake initiatives to promote greater environmental responsibility.

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Initiatives for Supplier

Taisei Corporation believes that respect for human rights is fundamental to doing business globally. We are established the “CSR Procurement Guidelines,” which obligate suppliers to protect human rights such as prohibiting child labor and forced labor as well as basic labor rights and preventing corruption. This Guidelines serves to convey we are fundamental perspective to its suppliers around the world. Taisei requests that its major Group companies and main suppliers* comply with its “CSR Procurement Guidelines.”

The status of compliance is monitored through the “CSR Procurement Questionnaire,” and we implement improvements and provide guidance as needed.

In addition, with regard to the foreign technical interns employed by our suppliers, we conduct a biennial survey on the status of thorough compliance with relevant laws and regulations and consideration for the health of interns. The survey found no violations relating to human rights in FY 2020.

* Our main suppliers: The major 1,645 Japanese companies which the organization of Taisei’s main cooperating companies(Souyu-kai) and major cooperating company.(2021,Janearly)

Human Rights Due Diligence Initiatives https://www.taisei.co.jp/english/sustainability/iso26000/fair_operating/

■ **Respect for Basic Labor Rights including Freedom of Association**

The Action Guidelines include “Initiatives for global business activities” and emphasize thorough compliance with the laws and regulations of each country and region, stipulating that the Taisei Group and Taisei personnel shall comply with international laws, regulations and rules, abide by the laws and regulations of each country and region, respect the culture and customs of individual countries and regions, and contribute to regional development through their corporate activities.

Key Issues for Taisei relating to the Human Rights of Workers as Defined in International Norms as Well as Labor Issues

<Prevention of discrimination / worker rights >

- Prevention of child labor and forced labor (including foreign nationals and immigrant workers)
- Respect for freedom of association and collective bargaining rights
- Prevention of low-wage labor (work that does not pay minimum wage or a living wage)
- Prevention of long working hours
- Prevention of sexual harassment and abuse of authority
- Ensuring workplace safety

<Respect for the rights of vulnerable members of society >

- Respect for the rights of workers who are indigenous peoples or local residents with ties to the area
- Consideration for the right to an environment that respects the rights of disabled persons, women, children, gender and sexual minorities, senior citizens etc.

<Privacy >

- Respect for the privacy of customers, employees etc., including protection of personal information

■ **Promotion Framework**

Taisei Corporation pursues various initiatives relating to human rights through coordination between the head office Human Resources Department, the CSR Promotion Office in the Corporate Communication Department, the Compliance Office in the General Affairs Department and other departments.

The CSR Committee works to plan, formulate and provide proposals on sustainability-focused Management related to human rights. The CSR Committee is structured so that its activities are appropriately supervised by the Board of Directors, and matters discussed by the CSR Committee are regularly discussed and reported to the Executive Committee and the Board of Directors.

We deal with new problems that become apparent, including those that may have a negative impact on human rights, in consultation with in-charge committees (councils, etc.) and departments such as those shown in the table below, in order to offer assistance based on proper in-house and external procedures.

Committees and Departments in Charge of Human Rights and Major Issues Handled

Committee / department in charge	Main issues relating to human rights
CSR Committee (Committee of the Board)	<ul style="list-style-type: none"> • Revision or abolition of Group Action Guidelines, implementation of UN Global Compact and corporate ethics
Personnel departments	<ul style="list-style-type: none"> • Prevention of employee forced labor and child labor, elimination of discrimination and harassment, occupational safety and hygiene / wages, working hours, freedom of association, collective bargaining rights etc. • Contact for employee human rights consultations (mental health of employees and their families, support for diversity etc.)
Human Rights Awareness Promotion Committee	<ul style="list-style-type: none"> • Policies relating to human rights awareness promotion and human rights training
Information departments	<ul style="list-style-type: none"> • Privacy (including Private Information Protection Act)
Compliance Committee	<ul style="list-style-type: none"> • All aspects of compliance including human rights
CSR Procurement Committee	<ul style="list-style-type: none"> • Human rights relating to supply chains (procurement policy / CSR Procurement Guidelines)

■ Ensuring a Thorough Understanding of the Group Action Guidelines and Whistleblower Mechanism

The Taisei Group works to ensure a thorough understanding of the Group Action Guidelines. We have also established a Corporate Ethics Helpline, a Group Helpline and a Whistleblower Contact as a whistleblower mechanism making it possible to report or receive consultation regarding violations of law or acts (or attempted acts) on the part of regular employees or officers, etc. of Taisei or Group companies that violate the Taisei Group Action Guidelines.

The operational status of these systems is disclosed to regular employees and officers through Compliance Communications, a medium for employees that fosters awareness of compliance matters. The status is also reported to the Compliance Committee which is headed by an outside key person (lawyer), as well as to the Board of Directors and the CSR Committee which is headed by an outside board director. In particular with regard to preventing acts of harassment before they occur (considered to be a fundamental worker's right), Taisei has established various types of compliance programs, reporting systems and in-house consultation contacts in each department. After ensuring that whistleblowers are protected, the facts are investigated and appropriate action is taken to resolve the problem.

The personal information of the employee reporting a problem or requesting consultation, as well as the details of the report or consultation, are treated as confidential information, and an interview is conducted by the specialist contact entity in the personnel department, after which measures are devised to resolve the problem. Anonymous reports or consultations are also accepted, and thorough care is taken for all whistleblowers or persons receiving consultations in the course of the fact-finding investigation and resolution, in accordance with in-house regulations to prevent retaliation against such persons.

Operational results of Whistleblowing and Consultation System	FY2019	24 cases
	FY2020	28 cases

* No reports concerning human rights violations were received in FY Mar/2021.

Contacts for Consultations regarding Human Rights Violations

< Contact >	< For >
Personnel Affairs Consultation Contact (personnel system, workplace environment, human rights, harassment etc.)	Company employees
EAP Consultation Contact (mental health of employees and their family members, etc.) (outside consultation is also available)	Company employees and their families
Vibrant Workplace Promotion Section Consultation Contact (support for diversity, childcare and nursing care, LGBTQ issues etc.)	Company employees
Harassment Consultation Contact at head office and branch offices (sexual harassment, abuse of power etc.)	Company employees
Corporate Ethics Helpline, Group Helpline (all compliance violations)	Company employees, Group companies and suppliers
Whistleblower Contact (all compliance violations)	Workers at business operators working on Taisei projects that have a direct contractual relationship with Taisei

■ Human rights Training

Taisei Corporation has established human rights policies based on the Group Action Guidelines and works to foster a corporate climate that respects human rights, and to improve awareness of the importance of human rights on a company-wide basis. In 1984, the company established the Taisei Corporation Human Rights Awareness Promotion Committee, made up of promotion members at the head office and all branch offices, for the purpose of supporting excellent character-building for employees and nurturing employees who are very aware of the importance of human rights. The Committee discusses basic policies and measures relating to human rights issues, formulates activity plans, reviews human rights awareness promotion activities, and promotes ongoing improvement activities in response to study and approval of policies and plans.

At Taisei Corporation, human rights training has been incorporated into the basic education offered according to the job level and department of the employees. Group training and all employees e-learning programs are implemented covering a variety of themes including international human rights issues, Dowry (discrimination) issues, persons with disabilities, LGBTQ issues, and harassment. We have also prepared and distributed a human rights handbook and have held regular human rights training and other sessions as needed for all officers and regular employees.

In addition, employees who are the consultation contact for human rights violations established in each department receive specific training based on our Human Rights Policy. We also conduct online training by specialist lecturers relating to human rights for the persons in each job position, as well as training in the prevention of abuse of authority using training videos for officers at the section manager position or manager training handing of reports or on instances of bullying or harassment.

Other activities to promote awareness of human rights include publishing a series of articles on human rights in the in-house newsletter "Taisei," distributing a handbook for disabled person support (Happy Communication Guidebook) to all employees working at the company, and soliciting essays and slogans on human rights and awarding prizes for outstanding contributions.

Taisei Corporation Human Rights Awareness Promotion Committee (2021, July)

- Frequency : Twice a year
- Head Office Committee Members
 - ・ Chairperson : Executive Vice President, Chief of Civil Administration division
 - ・ Deputy Chairperson : Manager of Personnel Department
 - ・ Committee : Managers of Administration Department of each division
- Branch Office Committee Members(15 department)
 - ・ Chairperson : Managers of Administration Department (13 branch)
 - ・ Deputy Chairperson : Managers of each division (13 branch)
- Committee office Department : Human Resources Department of Business Administration division; Deputy director

■ Participation in Outside Initiatives relating to Human Rights

To raise awareness of human rights and labor issues among officers and regular employees, Taisei Corporation places emphasis on ISO 26000 standards, checks with each department on the status of activities, and strives to disclose information according to reporting standards. We have also joined the Human Rights Due Diligence group (HRDD Group) of the Global Compact Network Japan (GCNJ).

We have also joined the the Industrial Federation for Human Rights, Tokyo, the Corporate Federation for Dowa and Human Rights Issue, Osaka, and the Industrial Federation for Human Rights, Kyoto, to learn about the trends in human rights both in Japan and around the world. We have also been participating in the Construction/Real Estate Human Rights Due Diligence Study Group, in which developers and general contractors come together across industries. This study group, which has eight member companies including Taisei, was launched in September 2018 in response to calls from developers. Its purpose is to enable exchanges of information with experts, NGOs and others regarding issues such as international human rights standards and the human rights initiatives expected of companies, in order to protect the environment in the course of procuring formwork and timber in business transactions in the supply chain and prevent human rights violations from the perspective of violations of the human rights of indigenous peoples. The lessons learned through such informational exchanges are applied to activities to instill various human rights policies.

Moreover, in May 2021 Taisei joined "The Valuable 500" international initiative to promote participation by disabled persons, in which participants commit to promoting the hiring of people with disabilities and providing a workplace environment that makes it easy for employees with disabilities to work. In July of the same year, we announced our support for the "My Jinken (human rights) Declaration" project of the Ministry of Justice, which invites people to declare their intention to conduct activities to respect human rights in order to achieve a society in which everyone respects human rights.

"The Valuable 500"

https://www.taisei.co.jp/english/ir/news/2021/20210607_release.html

Promotion Diversity and Inclusion

Policy and Management

The Taisei Group clearly specifies "Respect for fundamental human rights and diversity" in its Group Action Guidelines and includes "Respect for diversity" in the corporate philosophy expressed as the "Taisei Spirit.". We focus our energies on fostering a climate and culture that will achieve diversity and inclusion.

This is also clearly stated in the business challenges in the Taisei Group Medium-Term Business Plan (2021-2023), and diversity & inclusion is ranked as one of the important management strategies. The Vibrant Workplace Promotion Section is in charge of formulating the overall vision and planning and drafting policies, and holds discussions in keeping with the specific characteristics of relevant departments while deploying specific policies.

Taisei strives to harness diversity in terms of religion, sex, age, nationality, disabilities, sexual orientation and gender identity values, work style, career and so on. We focus our energies on building a workplace environment that enables people to maximize their capabilities and promote work styles that enable diverse personnel to participate. In May 2021, Taisei joined "The Valuable 500" international initiative to promote participation by disabled persons, in which participants commit to promoting the hiring of people with disabilities and providing a workplace environment that makes it easy for employees with disabilities to work.

Moreover, we have identified "Realization of an Attractive Working Environment that is Good to Work in" as a part of materiality (Important Tasks for the Taisei Group), and this has been established as an important policy in the Group Medium-Term Business Plan (2021-2023), In addition, "**Number of female managers 330**" have been established as KPI objectives. Taisei will determine the impact of materiality on society and will clarify issues in accordance with materiality and promote initiatives, in order to resolve social problems and create value through business activities. In accordance with these commitments, we formulated a Human Resources Development Policy (Diversity & Inclusion Policy) in November 2021, in which Taisei Group shall employ people with diverse abilities (diversity) and develop an environment where such abilities can be exercised to the maximum extent (inclusion) to realize diversity management.

Promotion Diversity and Inclusion

Diversity of Human Resources

- Female Employees: Active employment in careers with promotions /Expanding fields of employment /Implementation of career development training.
- Non-Japanese Employees: Establishment of consultation desks /Creation of handbook for receiving departments.
- Senior Personnel: Preparation of reemployment system that provides fulfilling work.
- LGBTQ: The "Webpage to Promote LGBTQ Understanding" provides explanations on the in-house intranet. Installing restroom signs comfortable for anyone's use.

Diversity of Working Styles

- Working style reform" through use of ICT in daily operations
- Enhancement of support framework to balance childcare/nursing care and work
- Support for male employees' participation in Diversity & Inclusion Policy

"Human Resources Development Policy (Diversity & Inclusion Policy) "

<https://www.taisei.co.jp/english/profile/philosophy/policies/>

Promotion Framework

Promotion of Women's Participation and Advancement

KPIs Number of female managers 330

Taisei Corporation launched its Positive Action Plan in 2006, and Taisei's early efforts to actively hire women and increase the number of job categories for women have been widely recognized and were included in METI's Diversity Management Selection 100 for FY 2015.

To further enhance its initiative to promote diversity, Taisei has formulated a voluntary action plan for promoting women to managerial and executive positions as proposed by the Japan Business Federation (Keidanren), as well as an action plan for women's active participation in the workplace (based on the Act on Promotion of Women's Participation and Advancement in the Workplace), in order to create a better corporate culture, foster human resources, expand opportunities for advancement, hire and train more women, and create a pleasant working environment.

Moreover, in July 2020 Taisei announced its support for the Cabinet Office's Declaration on Action by "A Group of Male Leaders Who Will Create a Society in which Women Shine."

As part of this effort, the number of participants in Female Leadership Training, conducted as a measure to increase female participation, reached 209, and the number of participants in the Diversity Management Seminar for senior personnel reached 661 (as of the end of March 2020). Taisei will continue to provide training for female employees and their superiors, hold Work-Life Balance Seminars in which employees participate with their partners and so on, and put its energies into providing support for childcare by male employees.

Date on Promotion of Women's Participation(FY2020)

Percentage of female workers	18.5%
Percentage of female section heads	24.0%
Percentage of female managers	4.5%
Percentage of female officers	11.1%

“Materiality”

<https://www.taisei.co.jp/english/sustainability/management/materiality/>

■ **Support for the Activities of Employees who are Foreign Nationals**

Taisei hires a diverse workforce through mediums such as its website and corporate presentation meetings for foreign students that widely publicize the company's work styles. As of March 2021, the company had approximately 117 foreign national employees from 20 countries.

In addition to providing foreign national employees with training in Japanese culture and systems, we also conduct training for both foreign national employees and their supervisors to help them understand values and culture and learn specific communication methods, as well as distributing guidebooks that impart expertise, as a way of deepening mutual understanding.

■ **Employment of Senior Personnel, Employees Who Have Left the Company after Childcare or Nursing-care Leave**

Employment of Senior Personnel, Employees Who Have Left the Company after Childcare or Nursing-care Leave, and Physically Challenged Persons.

We worked to enhance the reemployment system for senior personnel with a wealth of knowledge, experience and skills to let them pass on their know-how to the next generation and continue to play an active role. Currently (as of March 31, 2021), there are 862 employees working under the reemployment system.

In addition, we have started a job return system in FY2008 to reemploy personnel who have resigned due to unavoidable circumstances such as childcare or nursing care so that they can return to the workplace, and have reemployed 34 employees to date.

■ **Hiring of Persons with Disabilities**

In May 2021, Taisei joined "The Valuable 500" international initiative to promote participation by disabled persons, in which participants commit to promoting the hiring of people with disabilities and providing a workplace environment that makes it easy for employees with disabilities to work.

"The Valuable 500" is a global initiative launched during the World Economic Forum (Davos) held in January 2019.

Approximately 140 physically challenged employees work at Taisei Corporation (Rate of employment of handicapped persons:2.2%*).

We have focused our energies on creating a workplace environment that makes it easy for employees with disabilities to work. Practical efforts include making use of sign language interpretation and "UD Talk" (a smart device app for persons with auditory impairments that can convert sound into text), establishing a contact for consultations, and conducting interviews with disabled employees and their superiors with the participation of the personnel officer and a clinical psychotherapist.

*The employment rate is as of April 1, 2021.

Taisei Corporation Participating in a Global Initiative “The Valuable 500”

https://www.taisei.co.jp/english/ir/news/2021/20210607_release.html

Creating a Pleasant Workplace

Policy and Management

The Taisei Group includes "Securing a Pleasant Working Environment" in the Group Action Guidelines and works to achieve a work-life balance through respect for diverse work styles and efforts to improve productivity.

In the Taisei Group Medium-term Business Plan, work style reform and the digital transformation (DX) are ranked as key Group infrastructure development issues relating to sustainability. In order to achieve the Taisei Vision 2030, these issues have been identified as key issues to be focused on in the next three years, while at the same time taking the current business environment into consideration. In addition, we have identified "Realization of an Attractive Working Environment that is Good to Work in" as a part of Materiality (Important Tasks for the Taisei Group), and this has been established as an important policy in the Taisei Group Medium-term Business Plan (2021-2023). In addition, **"0% of Monthly target: 50 hours Persons who exceeded 720 overtime working hours per year on health management overtime "** and **" Rate of taking childcare leave by males 100% "** have been established as KPI objectives for FY 2023. Taisei will determine the impact of materiality on society and will clarify issues in accordance with materiality and promote initiatives, in order to resolve social problems and create value through business activities.

The basic policy for labor management emphasizes preventing overwork and reducing overtime work to promote work-life balance and maintain the health of employees. In labor standards for payment, working hours and so on, we maintain thorough compliance with the laws and regulations of each country and strive to set conditions over and above legal requirements in order to attract outstanding personnel and promote work style reform.

"Overall Principles of Conduct"

<https://www.taisei.co.jp/english/profile/philosophy/>

Promotion Framework

Promoted items	Content of activities																
Promotion of work style reform	<ul style="list-style-type: none"> • Achievement of production system innovation and work style reform through the digital transformation (DX) • Attractive working environment and promotion of policies that stress diversity & inclusion • Initiatives to Correct Long Working Hours 																
Childcare support	<ul style="list-style-type: none"> • Promoted childcare leave usage among male employees by partly paying during the leave and allowing employees to split childcare leave to separate occasions. • Childcare leavers' meeting, consultation service for parents looking for a nursery and seminars for balancing childcare and work • Creation of a temporary day-care center during training and seminars in consideration of employees who are raising children. • Secured preferential use of about 105 nurseries across Japan to accommodate children in collaboration with our employees and nursery operators by cooperating with 97 nurseries operated by companies across Japan. • Distribution of babysitting vouchers. 																
Nursing-care support	<ul style="list-style-type: none"> • Provision of information by implementing nursing-care seminars nationwide. • Individual consulting meetings with outside organizations on nursing-care. • Three-person meetings for employees who are facing nursing-care (nursing care support program). 																
Support for time off	<ul style="list-style-type: none"> • Annual paid leave and promotion of acquisition of "refreshment leave" (a system that offers time off to employees and their facilities as a reward for continuous service milestones) and "milestone leave" (leave that can be acquired by workers at workplaces when they transfer to different workplaces or at work process milestones) <table border="1"> <thead> <tr> <th></th> <th>FY2018</th> <th>FY 2019</th> <th>FY 2020</th> </tr> </thead> <tbody> <tr> <td>Rate of paid leave utilization</td> <td>47.5%</td> <td>46.2%</td> <td>46.5%</td> </tr> <tr> <td>Rate of milestone leave utilization</td> <td>94%</td> <td>84.5%</td> <td>79.2%</td> </tr> <tr> <td>Rate of refresh leave utilization</td> <td>92.2%</td> <td>91.9%</td> <td>55.8%</td> </tr> </tbody> </table> <p>※Note: The acquired paid holiday rate decreased as compared to a normal year because acquisition restrictions were extended due to the COVID-19 pandemic.</p>		FY2018	FY 2019	FY 2020	Rate of paid leave utilization	47.5%	46.2%	46.5%	Rate of milestone leave utilization	94%	84.5%	79.2%	Rate of refresh leave utilization	92.2%	91.9%	55.8%
	FY2018	FY 2019	FY 2020														
Rate of paid leave utilization	47.5%	46.2%	46.5%														
Rate of milestone leave utilization	94%	84.5%	79.2%														
Rate of refresh leave utilization	92.2%	91.9%	55.8%														
Others	<ul style="list-style-type: none"> • Property accumulation savings system, employee stock ownership plan, group insurance system, etc. 																

■ Initiatives to correct long working hours

KPIs “Health management overtime; 0% of Monthly target: 50 hours Persons who exceeded 720 overtime working hours per year” and “Worksite implementation rate of a five-day work week (closed eight days in four weeks)”

The working hours of the construction industry are about 320 hours longer per year than the average for all industries, a trend that has not changed for many years. Taisei Corporation has established the Working Hour Reduction Committee and the Working Hour Reduction Promotion Committee as internal consultative bodies, and formulates a policy for working hour reduction every year.

In 2017, the Japan Federation of Construction Contractors (hereinafter referred to as Nikkenren), formulated the Action Plan for the Realization of a Five-Day Work Week as a basic policy and concrete measures to realize a five-day work week at construction sites. As a member company of the Nikkenren, we are working together in the industry as a whole.

A message from the President is regularly sent to all employees to communicate the company's basic position. In addition, the Committee for the Reduction of Working Hours and the Work Style Reform Committee have been established as deliberation bodies. Each year the Working Hours Reduction Initiative Policy is formulated by the Committee for Reducing Working Hours as a policy to reduce excessive working hours.

In 2018, we formulated a Roadmap to 2024 to correct long working hours, and a portion of the content has been established as a KPI objective and will be promoted while confirming progress.

The Roadmap establishes phased annual targets of “appropriate overtime working hours from a health standpoint,” “regular leave + compensatory leave,” and “worksite closures,” which are expressly stated in the Medium-term Business Plan and promoted under the leadership of the Committee for the Reduction of Working Hours and the Work Style Reform Committee, etc.

In addition, to raise awareness and encourage behavioral changes on the part of employees, all employees take part in discussing and implementing specific initiatives to reduce work hours according to the circumstances of their respective workplaces. Activities that have proven to be effective in reducing work hours are deployed laterally on a company-wide basis and established as ongoing activities. The number of employees who acquired 104 days of “regular leave + compensatory leave” a year (eight leaves in four weeks) increased to 94.8% (up from 91.8% in the previous fiscal year). In addition, six days of worksite closure in four weeks was achieved by 73.3% of the construction sites and 80.5% of the civil engineering sites. These initiatives will be continued in order to change employees’ awareness and behavior.

Health management overtime: Overtime used as an indicator for deciding whether measures to prevent health problems (e.g. guidance by a physician) need to be taken. (Total of statutory overtime working hours and holiday working hours)

“ESG Data”

<https://www.taisei.co.jp/english/sustainability/esg.html>

■ Support for a balance between work and family/childcare **KPIs Rate of taking childcare leave by males 100%**

We are focusing on supporting male employees during childcare through such initiatives as joining the Ikuboss Corporate Alliance, a network of companies promoting development of ideal bosses for the new era (ikubosses), in April 2017. We also support balancing work and nursing care by developing a support system that is more extensive than legally required, including nursing care leave, and holding seminars.

Since July 2016, Taisei Corporation has placed particular emphasis on male involvement in childcare and, as one of its work style reform policies, has targeted a childcare leave usage rate of 100% for male employees. We promoted this initiative on a company-wide basis with the involvement of affiliated departments and superiors.

In April 2017, we joined the Ikuboss* Corporate Alliance, a network whose goal is to nurture the ideal boss for the new age. In addition, we received the Ikumen Enterprise Award 2016 as well as recognition for achievements based on the Act on Advancement of Measures to Support Raising Next-Generation Children. As a result of implementing various measures that include sending congratulatory messages to male employees and their direct superiors when the employee has had a child born, encouraging the employee to take childcare leave, and enhancing the childcare leave system, the childcare leave usage rate by applicable male employees reached 100% and the average number of days taken was 7.1 days (as of the end of March 2020).

To support employees who have worries about balancing work and nursing care, we have established systems for nursing care holidays and nursing care leave, etc. that exceed legal requirements, and also distribute an original nursing care guide and hold regular individual counseling sessions where employees can consult specialists free of charge. We also have a careful follow-up support system in which we hold online nursing care seminars during long vacation periods in which employees can participate with their family members, as well as nursing care seminars that are open to participation by specialist construction company employees at workplaces.

【PIC UP】 Enhancement of measures to prevent employees from being forced to leave their jobs to care for family members and holding of online seminars

Taisei provides support for employees caring for their family members so that highly skilled employees can work longer without having to leave their jobs to provide care. Since 2010, we have held caregiving seminars at the head office to provide basic knowledge about nursing care and remote nursing care options.

In 2014, we expanded these seminars to branch offices and workplaces nationwide, and to date they have been attended by approximately 2,343 employees. The seminars held at workplaces have been attended by both company employees and workers.

“ESG Data”

<https://www.taisei.co.jp/english/sustainability/esg.html>

■ Initiatives to improve labor standards

In order to fulfill its social responsibility as stated in the Group Action Guidelines, the Taisei Group has laid out initiatives for its global business activities and ensures thorough compliance with the laws and regulations of the countries and regions where it operates. In terms of labor standards such as wages and working hours, we comply with each country's minimum wage laws and regulations and pay wages above those standards to ensure that we recruit and retain talented people to achieve sustainable growth.

The average annual salary of the Group's employees in FY 2020 was JPY 9,851,000.

We actively hired a total of 340 new employees in FY2020. In addition, we are enhancing our internal job posting system and a range of other systems to support the continued engagement of our employees, so that each employee can maintain high motivation and demonstrate their full potential over a long period.

We provide work descriptions in detail during the recruitment process to avoid mismatching. For young new employees, we offer the opportunity for private interviews after joining the Company, including a trial of a mentor system in some cases, while conducting a biennial employee satisfaction survey (satisfaction rate of 80.8% in FY2019) for further employee satisfaction.

“ESG Data”

<https://www.taisei.co.jp/english/sustainability/esg.html>

■ Labor-management relations

Taisei Corporation respects workers' rights including freedom of association, the right to organize and collective bargaining rights, and we have instituted a labor negotiation system to ensure dialogue between employee representatives and senior management. Under the system, the company's directors and the labor union meet regularly each year to hold discussions and exchange views regarding wages, working conditions and so on. Thorough discussions with employee representatives of the labor union help to ensure healthy labor-management relationships.

Taisei Corporation also has a union shop agreement with the Company's employee union, which has a membership of all 7,787 (as of March 31, 2021) full-time employees not including management employees (a 100% membership rate among qualified employees). To facilitate labor-management relations and business activities in the Company, we conduct questionnaire surveys and various dialogues between labor and management every year. Changes in working conditions and so on are determined in advance through discussions between labor and management.

“Human rights”

https://www.taisei.co.jp/english/sustainability/iso26000/human_rights/

Enhancing Employee Potential

Policy and Management

The Taisei Group includes "Striving to create value" in its Group Action Guidelines and emphasizes the importance of being ahead of the times and striving to improve one's knowledge and abilities.

Taisei Corporation, under its basic educational philosophy of "meeting the changes and needs of the times, and fostering professionals who are full of originality and capable of rising to the challenge of transformation," carries out a wide range of human resource development measures.

We offer a wide variety of human resource development programs to enhance expertise and provide support to obtain certifications and improve management capabilities and other skills. In FY2020, the total time spent in training programs for skill development of all employees was 233,143 hours.

Promotion Framework

Conceptual Image of Human Resources Career Development

Taisei conducts various types of training in each phase after employees have joined the company in order to ensure that personnel have specialist skills, creativity and so on. Training is conducted according to rank across all divisions, for all personnel ranging from prospective employees slated for hiring to management personnel. Within each division as well, training to impart specialist knowledge and on-the-job training by experienced employees are conducted, in addition to annual training for young employees, training for management and global personnel, leadership development training for female employees and so on, in order to increase employee capabilities.

In FY2020, the time spent on training per employee was 27.0 hours.

Results of major training (FY2019)

Type of major training	Category by type of participant	Number of applicable participants (Persons)	Actual number of participants (Persons)	Participation rate (%)	Total hours of training (hours)	Training hours per person (hours)
Introduction training for new employees	all	351	351	100.0	10,881.0	31.0
Step-Up Training ^{*)} for managers	Employees who have been promoted	138	138	100.0	3,208.50	23.25
Power-up management training	newly-appointed	62	62	100.0	1,441.50	23.25
Training for newly-appointed general manager	Employees who have been promoted	112	112	100.0	1,736.0	15.50
Training for Business leaders	Employees endorsed by the department	29	29	100.0	1,123.75	38.75
Global training	Employees endorsed by the department	20	20	100.0	310.0	15.50

※Some of the training sessions that had been scheduled in FY2020 will be held in FY2021 in order to prevent the spread of the novel coronavirus.

Development of Global Human Resources

We are also making efforts to develop global human resources, such as by conducting training to improve foreign language proficiency and to facilitate an understanding of different cultures, as well as training at overseas worksites. Other initiatives include sending employees to graduate schools and other companies both in Japan and overseas.

In particular, the departments in charge of overseas businesses are independently promoting the reinforcement of "human resource" development, through the following training programs.

"ESG Data", "Consumer Issues"

<https://www.taisei.co.jp/english/sustainability/iso26000/>

■ **Training key personnel for overseas projects**

Taisei Corporation works to train key personnel who will be involved in overseas projects.

We have established a Personnel Training Policy and Personnel Training Organization and conduct training in the areas of job skills, communication skills and management skills, to ensure that employees are able to use their specialist skills and knowledge in conducting construction business overseas. Diverse training that includes studying abroad at universities in foreign countries and being dispatched to other companies fosters a global outlook on the part of employees and improves their capabilities.

	FY2018	FY2019	FY2020
Training hours per person	38.8 hours	38.8 hours	31.0 hours
Number of employees who participated in training at overseas worksites and research institutes	22 persons	13 persons	7 persons

■ **Support for Qualification Acquisition**

Taisei Corporation helps all employees improve skills in their area of work, by supporting their acquisition of qualifications, in order to develop engineers and managers with strong specializations.

The Company assists payment of test fees, registration fees, and renewal fees if employees pass tests for qualifications designated as necessary to execute business. Rewards are also paid for qualifications that are in particularly need.

FY2020

Construction work	Civil engineering work
• First-class architect	• Professional engineer
• First-class building operation and management engineer	• First-class civil engineering works execution managing engineer
• First-class plumbing work operation and management engineer	• Chief concrete engineer
• Building mechanical and electrical engineer	• Certified chief managing engineer for dam construction
Design	International
• First-class architect	• Licensed Architect
• First-class architect in structural design	• Professional Engineer
• First-class architect in facility design	• Project Management Professional
• US licensed architect	• APEC Architect/Engineer
Development	Engineering
• The Association for Real Estate Securitization certified master	• Professional engineer
• Redevelopment planner	• First-class plumbing work operation and management engineer
• Professional engineer	• First-class electrical work operation and management engineer
• Real estate notary	
Administration	
• Construction industry accountant	• Registered real-estate broker

Health Management

Policy and Management

In accordance with the Taisei Group slogan "For a Lively World," the Group Action Guidelines clearly stipulate that "Taisei personnel shall endeavor to maintain their mental and physical health, and superiors shall give due consideration to the mental and physical health of their subordinates."

In addition to maintaining compliance with the labor laws and regulations in each country, we have established an organization for management and improvement and we are working to reduce excessive working hours in particular. Matters relating to workplace hygiene and reducing working hours for employees at the head office and branch offices are studied and reviewed, and a Hygiene Committee has been established with the aim of preventing health problems and maintaining and upgrading health.

In addition, the head office and each of the branch offices establish a Mental Health Policy and provide various types of health support measures.

Mental Health Policy (excerpt)

We have established a Mental Health Policy declaring that maintaining mental health is recognized as a serious issue for ensuring the happiness of employees and their families and creating a vibrant workplace, and we are promoting the following items.

- ① Stress checks
- ② Mental health
- ③ Provision of training and information
- ④ Preparation of documents and manuals
- ⑤ Protection of personal information

"Overall Principles of Conduct"

<https://www.taisei.co.jp/english/profile/philosophy/policies/>

Promotion Framework

Taisei Corporation has established Health Committees at the head office and each branch office, which are chaired by the General Manager of the Human Resources Department (in the case of the head office) or the Chief of Branch (in the case of a branch office). The Health Committee meets once each month with the participation of occupational health physicians, health and safety managers, persons in charge of health promotion at each division, and branch executive members of the employees' union. At these meetings, the administrator shares information on the status of employees needing health-related care with the personnel division, in order to conduct risk management with regard to employee health. The administrator's superior also endeavors to determine the administrator's health and shares issues with the personnel department.

The Health Committee discusses matters such as frameworks to support employee health and the improvement of workplace environment while obtaining advice from occupational health physicians. The minutes of Health Committee meetings are posted on the Intranet for all employees to view.

• Thorough health management

Taisei Corporation encourages employees to get complete medical checkups and ensures 100% participation in regular health checks, as well as thoroughly implementing various examinations and appropriate follow-up measures and providing guidance with regard to health insurance.

We also provide assistance for the costs of quitting-smoking clinics in an effort to prevent lifestyle-related diseases, as well as for the costs of cancer screening for breast cancer, uterine cervical cancer and other female-specific cancers, in order to promote awareness regarding employee health advancement.

- **Measures to prevent health problems**

- **Overwork interviews and guidance, occupational health physician duties, etc.**

- In terms of measures to prevent overwork, we promote appropriate management of working hours and recommend interviews and guidance by a physician for people whose interview management time* exceeds a certain standard, in order to maintain health and prevent serious illness.

- Detailed information on industrial worker tasks and interviews and guidance relating to overwork is posted on the Intranet, in addition to a Fatigue Level Checklist for employees working long hours for use by employees that have worked more than a set number of hours per month. The condition of employees is checked by means of an Accumulated Fatigue Level Checklist for employees working long hours, and the information is provided as feedback to personnel divisions. In addition, health preservation measures are taken for the employee in question, such as consultation with an occupational health physician.

- * Interview management time: The "calculated time of interviews and guidance for employees working long hours, based on the Industrial Safety and Health Act" or "Taisei health management overtime hours" per month, whichever is greater.

- **Mental health**

- A health management site has been set up on the Intranet to provide useful information as necessary, including basic knowledge on mental health, a manual on procedures for return to work, contacts for both internal and external consultation, information on specific health guidance to prevent metabolic syndrome, information on subsidies for quitting-smoking treatment costs (as a means of promoting a smoke-free environment at the Company) and health-related articles, in order to help employees obtain information related to health management.

- We have set up a dedicated consultation desk for employees to consult external professional counselors (health welfare professionals, clinical psychologists, etc.) responsible for health management and EAP. We also hold counseling sessions at the head office and branch offices to encourage and provide the opportunity for employees to consult external professional counselors.

- In addition, as initiatives for mental health education, we periodically provide training sessions and e-learning programs on LINE Care for employees in managerial positions, and other self-care and related matters for general employees.

- **Stress checks**

- In FY 2020, the stress check participation rate was 91.6%. Through participation in stress checks, guidance is provided to employees determined to be under high stress, and active measures are conducted to improve workplace environments with high health risk values.

- **Specific health guidance (metabolic health checks)**

- Taisei works in cooperation with the Health Insurance Association for Architecture and Civil Engineering Companies to promote effective medical expense measures and so on, primarily to prevent lifestyle-related diseases and other illness.

Improving Health and Safety Standards

Policy and Management

Taisei Corporation’s safety-first policy is expressly stated in the Action Guidelines for Taisei Personnel and the Taisei Group as a Whole that “We strive to maintain a safe and hygienic work environment and prevent occupational accidents.” The important issues relating to sustainability in the Medium-term Business Plan include "achieving zero fatal accidents and zero serious accidents."

In FY2020, we also have specified key issues and expressly stated in the Health and Safety Policy that we will strive to achieve zero fatal accidents and eliminate* all accidents and disasters. To this end, the entire Group --including Taisei Corporation employees, Group companies, and partners --is working together to promote initiatives to give shape to day-to-day safety practices.

Moreover, we have identified "Thorough Management of Occupational Health and Safety" as a part of Materiality (Important Tasks for the Taisei Group), and this has been established as a principal policy in the Group Medium-term Business Plan (2021-2023). In addition, we have established "Number of fatal accidents 0" as a KPI objective for FY 2023.

In addition, we have established the Central Safety Committee where safety management, prevention of environmental accidents, as well as issues related to the safety, health, and environment of specialized contractors are discussed and reported to the President. A Branch Safety Committee, composed of branch supervisory health and safety managers, employees, and labor unions, is also held to communicate with labor unions periodically. In close cooperation with the Taisei Corporation Safety, Health, and Environment Cooperation Association, which is organized by our cooperating companies across the country, we hold the “Thoroughgoing Safety Convention” and “Safety Promotion Convention” to prevent accidents and injuries.

* "eliminate" is mean zero all accidents and disasters and quantitative targets to reduce incidents

”Overall Principles of Conduct”, Health and Safety Policy
<https://www.taisei.co.jp/english/profile/philosophy/>

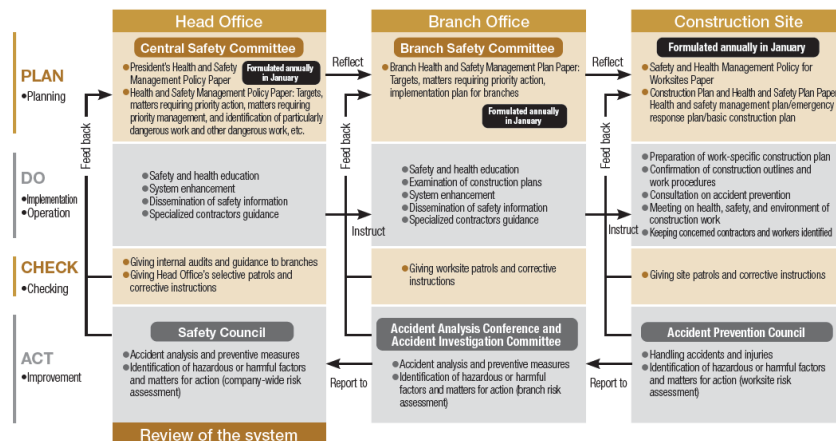
Promotion Framework

TAISEI OHSMS

Based on our occupational health and safety management system “TAISEI OHSMS*,” we properly implement and operate the PDCA (plan-do-check-act) cycle, and we conduct risk assessments (e.g., particularly when creating construction safety and health plans and participating in Accident Prevention Council meetings after holding review meetings when acquiring a construction project) and take necessary measures based on the results (e.g., have the head office and branches conduct health and safety patrols at all sites where work is being done once construction starts) to mitigate residual risks in the workplace. When a serious accident occurs, a disaster analysis will be conducted and the accident information will be horizontally shared over the intranet and other media to prevent recurrence. We also provide safety education for those concerned at construction sites to make sure workers comply with safety rules.

*Our proprietary occupational health and safety management system developed in reference to the guidelines issued by the ILO and the Ministry of Health, Labour and Welfare. As November of fy2021, none of our business sites has obtained OHSAS 18001 certification.

Conceptual Diagram of TAISEI OHSMS (Occupational Health and Safety Management System)



■ **Safety Performance** **KPIs** **Number of fatal accidents 0**

Taisei's safety record in 2020 comprised, 35 incidents that required time off from work (down from 74 in the previous year), 30 incidents that required four or more days off from work (down from 60 in the previous year), and an incident frequency rate of 0.35 (see figure below). An analysis of the incidents in 2020 reveals that situations in which employees became trapped by or caught in machinery were the most common, followed by falls. In 2021, we will continue to conduct workplace patrols, implement employee and worker safety training and promote various other policies to achieve thorough health and safety management based on the Taisei Occupational Health and Safety Management System (OHSMS).

Safety Performance

	FY2017	FY 2018	FY 2019	FY 2020
Accident frequency rate(construction industry)	1.65	1.66	1.83	1.80
Accident frequency rate(non-consolidated)	0.41	0.42	0.62	0.35

	FY2017	FY 2018	FY 2019	FY 2020
Number of fatal accidents	1	2	4	5
Number of fatalities of employees	0	0	0	0
Number of work-related contractor fatalities of employees	0	0	0	0
Number of fatalities at partner companies (specialized contractors)	1	2	4	5

“Materiality”

<https://www.taisei.co.jp/english/sustainability/management/materiality/>

■ **Construction site patrol**

At Taisei Corporation, we conduct patrols to confirm the status of health and safety management at construction sites. Besides the patrolling by our employees and the safety staff of cooperating companies, the President himself visits and patrols the construction sites during the National Safety Week to make sure the top management's strong commitment to the “safety first policy” is thoroughly shared with each and every one of the employees and workers.



The President himself visits and patrols the construction sites. (Yamaguchi-ken, Kumamoto-ken)

■ **Support for safety education of specialized contractors (cooperating companies)**

By working closely with the Taisei Health, Safety and Environment Cooperation Association, comprising cooperative companies in Japan, we make efforts to prevent accidents and disasters. The members of the association participate in the Safety Conference held in January and Safety Promotion Conference in June every year. To prevent accidents and disasters, we utilize a bulletin, “Kyoryoku (Corporation)” and a list of disastrous cases for the education and guidance of safety and sanitation management.

■ **Employee safety education**

We provide employee training to deepen their understanding on accident and disaster prevention, improvement of health and safety awareness, and laws and regulations related to safety. Education is provided based on the job level of the employees according to year of enrollment and job functions to provide basic knowledge necessary for their job roles. A monthly Accident and Disaster Report is distributed on the intranet to share information including accident case reports, the results of casualty analyses, and relevant preventive measures.

The number of participants in FY2020 was as follows.

(persons)

Type of education	Applicable participants	Actual number of participants
New employee introductory training (at time of hire)	New employees	351
Basic safety training	Employees hired 2 - 3 years ago	317
Practical safety training	Employees hired 4 - 5 years ago	95
Supervisor training	Employees hired 6 - 7 years ago	215
Administrator, supervisor and former manager training	Employees hired 8 - 10 years ago	85
Total		1,063

■ Award

We have established several award systems including the President’s Award granted to business sites, specialized ontractors, foremen’s associations and Group companies, as well as worksites that have won the Ministry of Health, Labour and Welfare Award for excellence in workplace health and safety.

Awards were granted to encourage improving the quality of health and safety, including the President’s Award, which was granted in FY2020 to two worksites for excellence in workplace health and safety.

President’s Award (Ministry of Health, Labour and Welfare Award-Winning Worksites)	
Tokyo branch	(Tentative Name) construction for Sea forest waterway
Tokyo branch	(Tentative Name) construction for Shimokitazawa karyo station

■ Cultivation of Technical Staff and Securing Human Resources

The construction industry has an industrial structure with a large number of elderly workers compared to other industries, and the massive retirement of elderly workers is expected in the near future. Therefore, securing workers to support the construction industry in the future is an urgent issue.

At Taisei Corporation, we are focusing on the dissemination and promotion of the Construction Career Up System (CCUS), which enables us to objectively and continuously accumulate and confirm the experience and skills of each and every construction engineer, which has been difficult to objectively grasp and visualize in the past, through cross-industrial, unified rules.

• Dissemination and Promotion of CCUS

KPIs Construction Career Up System Worksite registration rate 100%

We established the CCUS Promotion Roadmap (fiscal 2021–2023) in June 2021. In accordance with the new target of the Nikkenren, we have determined to achieve 100% for three indicators, namely the service provider registration rate, skilled worker registration rate and working history accumulation rate, by the end of fiscal 2023, and have set annual targets to achieve it. We will continue promoting CCUS and encourage our cooperating companies (suppliers) to register more service providers and skilled workers.

Construction Career Up System (CCUS) :

An initiative to enhance the coordination with cooperating companies and their organizations to visualize and share skills, experience, qualifications, and the status of enrollment in social insurance programs, etc., of each of the skilled construction workers under uniform rules of the industry.

“Materiality”

<https://www.taisei.co.jp/english/sustainability/management/materiality/>

• **Securing and Fostering Skilled Construction Workers**

Taisei Corporation promotes the improvement of the working conditions of skilled construction workers by requesting partner companies to submit quotations and other documents that expressly state the appropriate labor cost (labor wage) that is in accordance with the purpose of improving the labor wages of skilled construction workers and by also respecting such documents, based on the Statement for Respecting Fair Labor Cost Estimation released by Japan Federation of Construction Contractors.

• **Establishment of Various Foremen Systems**

Taisei Corporation has introduced certification systems (System for reward to excellent civil engineering skilled workers, systems for first-class foremen and highest quality foremen in building construction), in order to promote “securing and developing skilled construction workers who will support the industry in the future” and “improving their working conditions”.

In the civil engineering field, the system for rewards for excellent civil engineering skilled workers, under which a reward is paid to the workers with excellent construction skills who contribute to construction work at the sites of Taisei Corporation, is introduced to improve the overall capabilities, including quality, safety and skills.

In the building construction field, a system for the highest quality foremen was newly established and has been put into operation upon partial revision of the first-class foremen system during FY2015 to further improve the foremen's construction management capability, including quality, skills and safety to strengthen the production system.

Category	Name of system	Amount of payment	Time for certification / Number of certified persons	Subject	Start of system
Civil engineering	System for reward to excellent civil engineering skilled workers (BMT*)	2,000 per day	Annually / 781 workers	Skilled workers who meet the specified requirements including qualifications All over Japan	January 2013
Building construction	System for first-class foremen (partially revised)	1,000 per day	Annually / 854 workers		April 1995
Building construction	System for highest quality foremen	3,000 per day	Annually / 67 workers		November 2015

“Consumer Issues”

<https://www.taisei.co.jp/english/sustainability/iso26000/consumer/>

Quality and Improving Customer Satisfaction

Policy and Management

In light of the Taisei Group's mission to provide customers and society with quality construction products and related services efficiently and continuously, the Taisei Group sets forth "Pursuing customer satisfaction" and "Ensuring and improving safety and quality" as Action Guidelines for Taisei Personnel and the Taisei Group as a Whole.

The important issues relating to sustainability in the Medium-term Business Plan include "achieving a reform of production systems and work styles via the digital transformation (DX)." Taisei will work to improve productivity through such measures as partial optimization of each process in the building life cycle and proactively promoting the introduction of digital technologies. We have also identified "Ensuring Quality and Improving Technology" as a part of Materiality (Important Tasks for the Taisei Group) and have included it as a principal policy in the Taisei Group Medium-term Business Plan (2021-2023). In addition, we have established "100% customer satisfaction" and "JPY 83 million productivity (net sales /number of employees)" as KPI objectives for FY 2023.

We promote efficient production activity in line with Quality Policy along with Individual Policies established for each division. Under the slogan **TAISEI QUALITY®**, the Group as a whole strives to provide customers with safe and secure construction products and aftersales service under a quality control system.

Each of the divisions and the Group companies has obtained ISO9001 and implements certified quality management. The Civil Engineering Division and Building Construction Division have prepared their own manuals and action guidelines, operate their own management systems, and conduct customer satisfaction surveys after delivery.

TAISEI QUALITY® :

Our Group's activities for quality promotion are summarized into TAISEI QUALITY®. The Taisei Group employees are proud to dedicate to quality, and strive to earn the trust of customers and society.

"Overall Principles of Conduct" "Quality Policy"

<https://www.taisei.co.jp/english/profile/philosophy/>

Quality Policy of each Division

Building Construction Division

We established the "Construction Quality Management Standards" in April 1984 to realize quality assurance in the construction business and have promoted quality management according to a consistent assurance system encompassing the entire process from receiving order, construction to after-sales services.

Later, we obtained ISO9001 certification by 1997, and have realized quality management conforming to the certification. Upon transitioning to ISO9001: 2015, we positioned the "Construction Work Standards" established in 2008 as an equivalent to a quality management manual, and have ensured quality management by implementing workflow according to the Standards. Based on the current Medium-term Business Plan (FY2018-FY2020), the Building Construction Division has laid down a Quality Policy declaring that it will satisfy and win the confidence of customers by continuously providing high-quality construction products and related services to meet the needs of customers and society.

Civil Engineering Division

In order to provide high-quality civil engineering structures based on customer needs, we bring together our collective wisdom and organizational capabilities as a general construction company and pursue the quality and service that will satisfy our customers by faithful and prompt cooperation of all parties involved in the construction project.

To further improve customer satisfaction, we continuously improve the effectiveness of our quality management system for more effective operation.

Engineering Division

The Engineering Division was established in 1968 as the first engineering division among general construction companies in Japan and has the longest history and a proven track record spanning more than 50 years. For more than 20 years since it obtained ISO9001 certification in 1996, the first among all divisions in Taisei Corporation, it has engaged in quality management activities, realizing customer needs and building the trust of many customers.

In 2020, the Engineering Division switched to the same certification body as the Building Construction Division and Design Division, and further continues to take great strides as a division capable of satisfying requirements consistently from project planning to design and construction.

In order to achieve customer satisfaction, the Engineering Division upholds “continuously providing high-quality facilities and services that satisfy customer needs” as its own quality policy under the corporate Quality Policy and engages in activities to improve quality by establishing specific principles of conduct as follows:

1. Precisely understanding customer needs and providing the right solution
2. Fostering human resources who can offer advanced services
3. Ensuring compliance with laws, ordinances and regulations
4. Appropriate operation, continued maintenance and management of the quality management system

Design Division

The Design Division obtained ISO9001 certification in March 1997 for both the corporate Design Division and design departments in eight branch offices combined, allowing us to establish a mechanism to ensure design quality in all departments across the country. Since then, we have built a mature quality management system by continuously following the PDCA cycle.

Every year, we continuously review the project processes in cooperation with the sales departments and the Building Construction Division and reflect the results in the Construction Work Standards and the quality system of the Design Division.

While implementing integrated quality management together with the Building Construction Division from upstream to downstream, we established the Taisei Corporation First Class Architect Office for Construction Supervision in 2016, and are supervising construction work with an independent authority.

With the rapid adoption of information and communication technologies and associated changes in the way we work, new risks are emerging and system review is becoming ever more necessary.

The Design Division obtained BS7799 (now ISO27001) in June 2002 as the world's first construction industry player to obtain a certification for information security management systems. It promotes comprehensive risk management through ISO activities in the areas of quality, environment and information security.

Nuclear Facilities Division

The quality policy of the Nuclear Facilities Division under the corporate Quality Policy is “to improve customer satisfaction through the provision of design, investigation, research and development services, verification tests and technical support for nuclear-related facilities and to contribute to the safety, reliability and environmental preservation of nuclear-related facilities.”

The Division is capable of meeting quality assurance needs of individual customers including power companies by conforming to the “Rules of Quality Assurance for Safety of Nuclear Power Plants: JEAC4111” (The Japan Electric Association), “Guidelines for Quality Improvement of Analysis Related to Application for Permits and Approvals for Nuclear Facilities” (Japan Nuclear Safety Institute), and “Quality Assurance Requirements for Nuclear Facility Applications (NQA-1)” (The American Society of Mechanical Engineers: ASME), etc., as necessary.

Promotion Framework

ISO Acquisition Status

		Certification Name		Certifying Body
TAISEI	TAISEI CORPORATION	EMS*1	ISO14001:2015	JTCCM MS
	Civil Engineering Division	QMS	ISO 9001:2015	JTCCM MS
	Building Construction Division	QMS	ISO 9001:2015	JTCCM MS
	Design Division	QMS	ISO 9001:2015	JTCCM MS
	Engineering Division	QMS	ISO 9001:2015	JTCCM MS
	Nuclear Facilities Division	QMS	ISO 9001:2015	JTCCM MS
Group	TAISEI ROTEC CORPORATION	EMS	ISO14001:2015	JUSE-ISO Center
		QMS*2	ISO 9001:2015	MSA
	Taisei-Yuraku Real Estate Co., Ltd.	EMS*3	ISO14001:2015	JICQA
		QMS*4	ISO 9001:2015	JICQA
	TAISEI U-LEC CO., LTD.	EMS	ISO14001:2015	JUSE-ISO Center
		QMS*5	ISO 9001:2015	JUSE-ISO Center
	TAISEI SETSUBI CO., LTD.	EMS*6	ISO14001:2015	BCJ-SAR
		QMS*6	ISO 9001:2015	BCJ-SAR
SEIWA RENEWAL WORKS CO., LTD.	QMS	ISO 9001:2015	MSA	

*1 TAISEI CORPORATION acquires 100% of EMS. (Scope: The head office and all 13 branch offices)
 *2 Production engineering department acquired QMS.
 *3 Taisei-Yuraku Real Estate Co., Ltd. acquires 100% of EMS.
 *4 Building Management Headquarters acquired QMS (Scope: Building maintenance work of 5 Branch Capital area), Condominium management Business Headquarters acquired QMS (Scope: accounting procedure application about Condominium Management), Kyusyu Bruch acquired QMS. (Scope: Building maintenance work)
 *5 Building Construction Division and PC Division acquired QMS.
 *6 TAISEI SETSUBI CO., LTD. acquires 100% of QMS. (Scope: Head office and 10 Branch)

Productivity Improvement Initiatives

KPI s JPY 83 million productivity (net sales/number of employees)

Taisei Corporation utilizes **T-CIM®** and **BIM** to manage the information obtained through planning, design, construction and operation. We also established the DX Promotion Committee in fiscal 2020, and build a structure to work on DX on a company-wide basis. We provide the best service and solution to each customer, while reviewing our business processes by visualizing performance with productivity per person (sales/number of employees) as an indicator to raise each employee’s awareness on productivity. In this way, we are working together as one group to improve productivity.

T-CIM® is our proprietary system that integrates a construction system utilizing Information and Communications Technology CIM (Construction Information Modeling) proposed by the Ministry of Land, Infrastructure, Transport and Tourism, with attribute information associated with a 3D model of each construction project.

BIM, an abbreviation for Building Information Modeling, is a construction information database which links a 3D building model created with a computer and attribute information including the specification, layout and cost of building components and equipment.

“Materiality”
<https://www.taisei.co.jp/english/sustainability/management/materiality/>

• Leveraging ICT to Realize Immediately Effective Productivity Improvements

Since FY2017, Taisei Corporation has been pursuing an initiative aimed at productivity improvement and technological innovation based on ICT. We are striving to implement this initiative company-wide, with approximately 80 employees responsible for its promotion assigned to the Head Office and branches. Apart from utilizing BIM/CIM for managing information obtained through planning, design, construction and operation, we make most of ICT as a measure to raise production capacity at construction worksites in the most efficient and immediate manner.

Specifically, mainly at worksites, we steadily introduced a network called “Worksite Net,” which facilitates information sharing between personnel involved in projects, both internal and external, as well as **Field Pad®**, which helps improve the efficiency of operations such as viewing and recording construction management information.

Field Pad® is used for overall construction management operation including the storing and reporting of construction progress photos at worksites, contributing to shortening work time, and increasing productivity.

- **Innovation of construction production system with T-CIM®**
(Civil Engineering Division)

Since 2014, the Civil Engineering Division has been developing the T-CIM system that aims to improve productivity and quality at construction sites. Construction Information Modeling/Management (CIM) promoted by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) since 2012 is a technology that links a 3D model with attribute information including construction member specifications. Our proprietary T-CIM system, however, is characterized by the fact that it does not require 3D modeling.

There are several types of T-CIM systems, including T-CIM /Concrete that supports general concrete works and T-CIM /Tunnel that supports specialized construction works, as well as other types of T-CIM systems specialized in different works related to earthmoving, dams, shields, bridges, railways, marine engineering, soil decontamination and others. All of these systems allow users to view the final as-built image, quality information and progress information from anywhere by utilizing cloud computing.

In particular, the T-CIM/Concrete system manages information ranging from mixing of fresh concrete* to concrete placing by cloud computing over the Internet. The system allows users to view the progress status on a real-time basis and is being deployed to not only civil engineering sites but also construction sites. The effectiveness of the system has been confirmed by the MLIT's Public/Private R&D Investment Strategic Expansion Program (PRISM) in FY2018/FY2019/FY2020 and received high acclaim.

* Fresh concrete refers to soft concrete mixture before solidification. Mixing is the process to blend the ingredients of concrete so that they are evenly mixed.

- **Customer Satisfaction KPIs 100% customer satisfaction**

- **Building Construction Division**

In the Building Construction Division, each branch conducts a questionnaire survey on customer satisfaction. The survey questions are on a five-point scale, and include those on workmanship, usability, and worksite office management during construction. If there are any low scoring items, we analyze their causes, establish countermeasures and reflect them in post-construction review meetings and other opportunities for better understanding. In this way, we aim for greater customer satisfaction.

- **Civil Engineering Division**

The Civil Engineering Division sets customers' evaluation scores on the construction work as an indicator of customer satisfaction. Adding to that, the division conducts customer satisfaction interviews.

Each branch reflects the research results in the postconstruction review for further improvement. Going forward, the Head Office and branches will continue working as one for better customer satisfaction.

"Materiality"

<https://www.taisei.co.jp/english/sustainability/management/materiality/>

- **Human Resources Development of the Next Generation of Engineers and Woman engineers**

- **Building Meister System / HQ Staff's Coaching System**

- (Building Construction Division)

The "meister system" and the "HQ staff's coaching system" were put into practice from 2009 as part of the "TAISEI QUALITY" activities to promote the acquisition of skills and expertise in order to securely pass along our technologies and know-how, with the aim of strengthening productivity and the construction management system.

The employee's appointed as meister and the executive staff of the Building Construction Division, with abundant on-site experience, make actual visits to the sites and provide education and guidance on the skills and quality/site management and other capabilities through OJT, in close contact with the young and middle-aged employee's.

- **Educational Supporter System**

- (Civil Engineering Division)

Under the "educational supporter system" introduced in 2009, educational supporters appointed from among employee's with experience as construction site managers check the progress of OJT education of young employee's and provide support and guidance. The Civil Engineering Division strengthens employee's management capability to reinforce productivity and the production system, in addition to "improvement of the working environment" and "securing of human resources."

Specifically, under the goal of "increasing the employee's capabilities at production sites," the "On the Job Training (OJT) education" is introduced and operated to enhance the capabilities of process management, design, estimation, negotiation and action, among others.

- **Promoting Female Participation through Kensetsu Komachi**

Taisei supports the "Kensetsu Komachi" project of the Japan Federation of Construction Contractors in order to boost the activities of female engineers as one part of its effort to promote an active role for women in construction workplaces. Since 2014, Taisei has provided opportunities for dialogue between executives and female engineers in its Civil Engineering and Building Construction Divisions in an effort to create a workplace environment in which women can thrive.

Through activities such as this, Taisei works to incorporate the perspective of women in its in-house operations in the belief that this will create new value. Taisei also participates as a member of the Kensetsu Komachi Committee established by the Japan Federation of Construction Contractors and works to collect data on construction companies that are engaged in progressive initiatives. We will continue to work to create a workplace environment in which the talents of female employees are recognized and manifested.

The Kensetsu Komachi Empowerment Award was established by Nikkenren with the objective of hiring and retaining workers, advancing diversity, and renewing the image of the construction industry for greater female participation in the industry.

■ **Appropriate Information Management**

- **Robust Customer Information Management**

To manage information required by customers based on the Guidelines for Managing Customer Information, we set security levels according to the confidentiality level of each project, transmitting information to the relevant in-house departments, and implementing appropriate customer information management.

- **Improving Information Security Levels across the Construction Industry**

We aim to improve information security levels across the whole construction industry, not only Taisei Corporation, by providing partners and other companies in the same industry with free access to a personal computer security diagnostic website jointly developed with a security vendor.

"Fair Operating Practices"

https://www.taisei.co.jp/english/sustainability/iso26000/fair_operating/

Innovation Management

Policy and Management

The Group's source of Value Creation is technology and, therefore, the Group's business is founded on research and development and intellectual property activities. The Taisei Group has committed, in the section "Striving to create value" of the Action Guidelines for Taisei Personnel and the Taisei Group as a Whole, that the "Taisei Group and Taisei Personnel shall deploy all the technology and know-how at their disposal, and shall continue to strive to create new value through technological innovation and ingenuity," and "shall strive to further improve their knowledge and abilities." At the Group, we have also stipulated that we "promote technological development to solve environmental and social issues through open innovation" as a key issue in the Medium-Term Business Plan. Our research and development is focused on themes selected in terms of contributions to SDGs, under the leadership of the Technology Committee chaired by the President, and we are developing technologies centering on industrial sectors with growth potential such as offshore wind power, logistics, people flow, civil engineering infrastructure, and carbon recycling.

In addition, we have identified "Technical Development for Realizing a Sustainable Society" as a part of Materiality (Important Tasks for the Taisei Group) and have included it as a principal policy in the Medium-term Business Plan. In addition, we have established "260 patent applications" and "5 ZEB building project orders received per year" as KPI objectives for FY 2023.

Meanwhile, in order to further improve the intellectual property capabilities of all of our group businesses, the Group has included "management of information and intellectual property rights" in the section "Fulfilling social responsibilities" of the Action Guidelines for Taisei Personnel and the Taisei Group as a Whole, and also established the Taisei Group Policy on Intellectual Property. We are steadily promoting intellectual property strategies by creating, protecting and utilizing intellectual property, reducing the risks associated with intellectual property, and taking advantage of our brand.

"Overall Principles of Conduct" Quality Policy
<https://www.taisei.co.jp/english/profile/philosophy/>

Promotion Framework

Research and Development Activity

In order to respond to more sophisticated and diversified technical needs and increase the efficiency of investment into technological development, we actively promote external alliances with universities and other research institutes, companies of the same and different industries, etc. as well as open innovation activities.

Research and Development Expenditure (Consolidation)

	FY2016	FY2017	FY2018	FY2019	FY2020
Research and development expenses	¥11.1 billion	¥11.6 billion	¥12.4 billion	¥13.5 billion	¥14.2 billion

"Taisei Advanced Center of Technology"
<https://www.taisei.co.jp/english/profile/technology/>

Open Innovation refers to a methodology for innovation by mobilizing cross-organizational knowledge and technology.

■ Patents That Contribute to the Resolution of Social Issues

KPIs 260 patent applications

Article 1 of the Patent Act states that the “purpose of this Act is to encourage inventions by promoting the protection and utilization of inventions, and thereby contribute to the development of industry.” Taisei Corporation promotes business management with a focus on intellectual property not only to secure its competitive advantage but also to achieve this original purpose, and strategically manages and utilizes all intellectual property including patents, copyright, construction and business know-how. Due to the strategic and active acquisition and utilization of intellectual property rights, our rate of granted patents against the number of applications is high at 89.2%, compared with the average rate of all industries of 74.9%*.

We will obtain rights for new values by being aware of customers’ needs and having dialogue with them. We will also contribute to society by developing new technology, offering technical support at construction sites and utilizing intellectual property based on a combination of business, research and development, and intellectual property strategies.

* Average value for the past three years in Patent Administration Annual Report 2020

■ For the Enhancement of ZEB Performance

KPIs 8 ZEB building project orders received per year

A net zero energy building (ZEB) is a state-of-the-art building that achieves significant energy saving by using solar shading and natural energy through ingenuity in construction planning, high heat insulation, and high efficiency. At the same time, it greatly reduces annual energy consumption by generating energy through photovoltaic and other power generation systems. By achieving ZEBs and making them popular, the energy supply demand structure is expected to fundamentally improve. At the Taisei Group, we have set enhancement of ZEBs as a key issue in the Medium-Term Business Plan, and our ZEB initiative is positioned to lead to the achievement of SDGs. As a promising sector to become a growth market going forward, we will make full efforts to evolve and spread ZEBs.

“Materiality”

<https://www.taisei.co.jp/english/sustainability/management/materiality/>

■ Taisei Corporation’s Digital Transformation

In our Medium-Term Business Plan (2021-2023), we at Taisei Corporation recognize that we are heading “Toward an era where digital transformation determines competitiveness.” As one of the key issues, we set the target of “To innovate production systems, and reform workstyles through digital transformation (DX).” In this way, we are implementing company-wide DX initiatives. Since the activity satisfied the certification standards set by the Ministry of Economy, Trade and Industry, we obtained DX certification.

We will continue to working to achieve the medium- to long term vision TAISEI VISION 2030 “The Ever-Evolving CDE³ (cubed) Company: A pioneering corporate group contributing to the development of a resilient society where people can live affluent and cultural lives,” and accelerating activities.

See the Annual Report 2021 p.41 “Digital Transformation (DX)”

<https://www.taisei.co.jp/english/sustainability/library/>

Local Communities

Policy and Management

Taisei Corporation upholds “Communication with local communities” as one of its Group Action Guidelines under the Taisei Group Philosophy, and strives to build a good relationship with the local community.

We have defined contribution to the local society, environmental protection, and academic / cultural factors of our community activities and volunteering. We have also established “development of technology to achieve a sustainable society” as one of our SDGs-related materiality themes, and we aim to resolve sustainable development issues through our businesses centered on the construction industry. In addition, Taisei Corporation is cooperating with external organizations such as the belongs to the 1% Club of the Japan Business Federation, and Council for Better Corporate Citizenship (CBCC), Care International Japan, in order to contribute to building a sustainable society.

In FY2020, the Company contributed ¥ 492 million in social contributions.

“Overall Principles of Conduct”

<https://www.taisei.co.jp/english/profile/philosophy/policies/>

FY 2020 Community activities and volunteering		Unit: million JPY	
Priority area	Major items	Cost expenditure (%)	
local society	Social welfare / health / disaster assistance / international contributions / sports support, etc.	207	42.0%
Environmental Conservation	Environmental protection, etc.	63	12.9%
Academic / cultural factors	Academia / education / culture	191	38.8%
Other	Human rights / political contributions, etc.	31	6.4%
Total		492	
Rate of contribution input to ordinary income			0.4%

Collaborating with Stakeholders and Our Major Initiatives

We will place particular priority on contribution to local society, environmental protection and academic/cultural factors in our local community activities.

Taisei Corporation carries out various local community activities, in which with collaborating with stakeholders and initiatives such as environmental beautification activities at the headquarters, the Technology Center and individual branches (including construction sites).

We are building good relationships with the countries and local communities in which we do business and are helping in the sustainable development in local regions. We strive to contribute to the sustainable regional development by revitalizing human resource development, and the local community and economy through local employment and the procurement of local goods and services.

【Local Community】 【Academic/Cultural Factors】

Striving for a World without Poverty

Since FY2008, as a corporate member, we have continuously donated to and supported CARE International Japan (“CARE Japan”), an organization that carries out humanitarian aid activities, such as solving global education issues, with a focus on child labor, education opportunities and disparities, and development aid. CARE Japan is a member of the NGO CARE International, which carries out humanitarian aid activities in over 100 countries worldwide with the goal of creating a world without poverty by providing emergency relief aid during disasters, supporting agricultural water enhancement projects, and helping empower women and girls. CARE International has offices in over 70 countries, and provides specialized, long-term, comprehensive support not only in education, but also in the areas of empowerment, health, water and sanitation, environment, and community development.

“NGO Care International Japan”

<https://www.careintjp.org/act/corporate/taisei.html>

【Local Community】 【Academic/Cultural Factors】

Establishment of the “Taisei Corporation International Student Scholarship”

We established the Taisei Foundation in September 2017 in order to support the researchers who are realizing the Taisei Group Philosophy. The Taisei Foundation will endeavor to play a role in improving Japan's construction technologies by supporting new technological fields for the next generation.

【Local Community】 【Environmental Conservation】

Grants from the Taisei Corporation Public Trust of Funds for Natural and Historic Environments

Since its founding in 1933, the Taisei Corporation Nature, History and Environment Foundation has contributed. This foundation contributes to the conservation of the natural environment, which is the common heritage of present and future humanity. For 28 years, we have granted subsidies of ¥15 million each year (for a total 668 grants) to projects conducive to the preservation of the natural environment and others that are the common property of present and future humanity.

【Local Community】

Supporting the development of the local community through business

With the establishment of the Shinjuku Subcenter Area Environmental Improvement Commission comprising 18 companies and universities based in the Nishi Shinjuku area, we take part in the effort to enhance the value of the whole Nishi Shinjuku area by strengthening cooperation with the government and local community and holding various events.

We established the Urban Planning Promotion Office in April 2018, which handles the revitalization of towns and area branding. It is currently working on measures to resolve issues and improve the values of areas including Sapporo, Sendai, Hiroshima and Fukuoka. In close cooperation with the Energy Division, Environment Division and other related corporate divisions and Group companies, we have put in place a system to create pioneering communities.

【Local Community】 【Environmental Conservation】

Forest Creation Activities by the Forest Saver Project (FSPJ)

Taisei Corporation engages in forest creation activities by the Forest Saver Project (FSPJ) carried out on an industrial estate developed at the southern foot of Mt. Fuji. This is a ten-year project led by local NPOs to build a rich relationship among people, companies and the nature by bringing together local governments, universities and companies moving to the estate, under the concepts of “nurturing forests,” “learning about forests,” and “having fun in forests.”

Going forward, we will continue to be involved in this local partnership project and engage more companies moving into the industrial estate to promote measures for vitalizing the local community.

【Local Community】

Support for Bread Sales as a Practical Activity Helping to Achieve Independence of People with Disabilities

At the Taisei Advanced Center of Technology, weekly assistance for bread sales is provided to the training program to achieve independence of people with disabilities persons at the local activity home "Hikari" in Higashi Totsuka. Tours of the Center's activities are also provided for local elementary, junior high school and other students, as well as members of the general public.

(Note: Suspended from in February 2020 due to the COVID-19 pandemic.)

【Environmental Conservation】

Environmental Volunteer Activities (Satoyama Preservation Project)

Since 2007, Taisei Corporation has participated in the Tokyo Greenship Action CSR program conducted by the Tokyo Metropolitan Government, working together with local organizations, NPOs and so on to preserve the mixed forest satoyama and other natural environments in the Nanakuniyama Greenery Preservation Area in Machida, Tokyo.

【Environmental Conservation】

Support for Animal-Pathway & Wildlife Association and Animal-Pathway Research Society

Taisei provides support for the Animal-Pathway & Wildlife Association, which works to protect the Japanese dormouse and other wildlife, and the Animal-Pathway Research Society, whose head office is located in the KEEP Yamane (Japanese dormouse) Museum of the Kiyosato Educational Experiment Project (Kiyosato, Hokuto City, Yamanashi Prefecture). We have recruited volunteers to build dormouse nest boxes each year since 2005 when animal pathways were built in Hokuto City, Yamanashi Prefecture.

【Environmental Conservation】

Support for the Borneo "Ongaeshi" (Rewarding) Project using Vending Machines Equipped with a Donation Function

Taisei has put in place vending machines that are equipped with a donation function, in order to donate a portion of sales to the NPO Borneo Conservation Trust Japan (BCTJ). This is in support of the Borneo "Ongaeshi" (Rewarding) Project whose goal is to protect the Borneo elephant, a species that has become endangered due to the reduction of tropical rain forests in Borneo. The vending machines are installed in some 20 locations at the Taisei head office and branch offices.

【Environmental Conservation】

Environmental Contributions through the "Taisei 1-Ton Club"

The Taisei 1-Ton Club has been held since 2010 as an activity related to environmental preservation and other initiatives. Donations are collected from the officers and employees of Taisei Corporation and other Taisei Group companies. Since 2017, these contributions have been used to buy nursery trees to support forest restoration efforts on the Osaki Peninsula in Kamaishi City, which sustained damage due to major wildfires.

[Academic/Cultural Factors]

Establishment of The Taisei Foundation (General Incorporated Foundation)

We established The Taisei Foundation (general incorporated foundation) in March 2017. To support researchers who realize the Taisei Group Philosophy “To create a vibrant environment for all members of society,” we provide funds for academic research in fields including construction, civil engineering, development, energy, the environment, and disaster prevention. This is to support technology development for the next generation and improve construction technologies in Japan, and contribute to the progress of academic research. The foundation publicly invites researchers who wish to be subsidized once every year.

From FY2017 to 2020, we had 270 applications as the four-year total. We selected 49 projects to grant subsidies to, and provided about ¥135 million as subsidies. It will be open to the public, and the research results will be widely publicized.

[Academic/Cultural Factors]

Operation of “Galerie Taisei” to Spread Construction Culture

The Galerie Taisei was established in 1992 to spread construction culture by introducing the works (architecture and paintings) of Le Corbusier, some of which have been inscribed on the World Cultural Heritage list. We lend items from our collections and cooperate in the planning of art exhibitions at museums such as The National Museum of Western Art in Tokyo and the Fondation Louis Vuitton in Paris.

On our website, we have created a 3D-CG virtual gallery based on a museum plan which was designed by Le Corbusier but could not be realized. His works of art are available for viewing in the virtual space. Other than the collections of art works by Le Corbusier, we also lend the works of artists like Marc Chagall and Charles-François Daubigny to exhibitions.

“Galerie Taisei”

<https://galerie-taisei.jp/en/>

[Academic/Cultural Factors]

Support for "Taisei Cup Seirei-sen" Female Shogi Player Competition

Taisei sponsors the Taisei Cup Seirei-sen" competition for female shogi players in cooperation with the Japan Shogi Association. Through this competition, Taisei strives to disseminate and promote Japanese traditional culture and helps to promote full participation by women in the workplace.

[Academic/Cultural Factors]

Special Lectures at Yokohama National University

Each year, the Taisei Advanced Center of Technology conducts special lectures at Yokohama National University. The lectures are held for third year students and above in the College of Urban Sciences at the university and deal with such topics as technologies for preventing natural disasters, the development of new materials and new construction techniques, environmental protection technologies, national projects and so on. 13 such lectures are presented each year. In 2019, which marked the one-year anniversary of the concluding of the Comprehensive Partnership Agreement, the objective of further enhanced collaboration and research promotion was confirmed by the introduction of a new cross appointment system. With this system, Yokohama National University faculty will serve as technical advisors at Taisei Corporation, and the bi-directional exchanges are expected to accelerate joint research in applicable fields.