

# TOBISHIMA

Integrated Report  
2022

スマートな未来へ New Business Contractor



## About this booklet

TOBISHIMA Group promotes sustainability transformation (SX) aiming at a fusion of enterprise sustainability and social sustainability through corporate management in consideration of ESG and SDGs, made possible by epochal DX-based production process reforms. In this process, we will capture medium-to-long-term risks and opportunities and aim at sustainable corporate value enhancement.

This report is intended to provide information on TOBISHIMA Group's current activities and prospects, which, we hope, will meet your expectations.

### Philosophy of Corporate Foundation

## Rita-Riko: Compassion and Self-Interest

"If you would pursue your interests, weigh first the interests of others, then put those before your own.  
Draw on your own efforts and ideas to offset the sacrifices made for others.  
Doing so creates prosperity on both sides and, ultimately, to the attainment of your own interests."

### Management vision

— To Become a Company that Supports Future Industrial Promotion and Development —

**Promoting corporate transformation from Tobishima Corporation to TOBISHIMA to evolve into a New Business Contractor**



### Corporate Code of Conduct

#### 1. Contributing to society

- 1) Promoting construction activities satisfying social requirements
- 2) Creating and maintaining better environment
- 3) Promoting harmony with society

#### 2. Compliance with basic social rules

- 1) Complying with relevant laws and regulations
- 2) Eliminating anti-social activities
- 3) Developing business activities through fair competition

#### 3. Awareness of responsibility as a construction company

- 1) Making efforts to provide high-quality inexpensive construction products
- 2) Establishing cooperative relationships with construction partners based on mutual understanding
- 3) Improving technical prowess and quality
- 4) Enhancing safety awareness
- 5) Creating lively and worthy workplaces



Photo: National Institute of Polar Research



Photo: National Institute of Polar Research



Photo: National Institute of Polar Research



Photo: National Institute of Polar Research

### TOBISHIMA × ANTARCTICA (Background photo by Kazuya Ono)

In the two-plus decades since 1994, we have participated in the Japanese Antarctic Research Expedition, a national Japanese project. Every year, we dispatch engineers to the National Institute of Polar Research to perform general construction and engineering work, including maintenance of facilities at Showa Station, Japan's permanent research base in the Antarctic, and general construction and civil engineering work, including installation, demolition, maintenance of power generation and sewage treatment facilities and other structures, infrastructure improvements, road construction, and heliport facility enhancements. We contribute to research activities by drawing on our accumulated engineering expertise, insight, and experience to complete the tasks necessary under severe conditions.

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### Editorial policy

Up to FY 2021, TOBISHIMA CORPORATION had issued Corporate Reports that integrate Company Information and an Environmental Report. From FY 2022 on, we will issue an Integrated Report for our shareholders, investors, and other stakeholders. The Integrated Report will facilitate understanding of our sustainable value creation efforts.

Please visit our website for more information on our past achievements and technologies.



### Organizations covered in this Report

This report covers the business activities of TOBISHIMA CORPORATION and Group companies; certain portions address non-consolidated Company issues.

### Period covered in this Report

April 2021 - March 2022  
Certain portions of the Report address period before or after the above period.

### Reference guidelines

<IR> Framework (International Integrated Reporting Council: IIRC)  
Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation (Ministry of Economy, Trade, and Industry: METI)  
Environmental Reporting Guidelines (Ministry of the Environment: MOE)

### Discussions of prospects

Discussions of prospects and future events presented in this Report are based on information currently available to the Company and on certain premises deemed reasonable. For various reasons, actual performance and results may differ materially from projections.

# The 139-year History of TOBISHIMA

The foundations of the TOBISHIMA Group date back to 1883, when it was contracted for the demolition of Fukui Castle. Since then, we've continued to grow and respond to social needs. Drawing on the experience and capabilities accumulated over the past 139 years, TOBISHIMA will continue to evolve and boldly advance to create new value.

**Demolition of Fukui Castle (1883)**  
Bunjiro Tobishima founded Tobishima-gumi, which was contracted to demolish Fukui Castle as its first job.

**1905**  
Contracted to construct Kyoto Electric's Nakao power plant (Fukui Prefecture) as its first hydroelectric power plant project.

**Echizen Electric Railway (1915)**  
Construction of Nakao power plant was completed, and the supply of power began, enabling plans for construction of the Echizen Electric Railway to commence. Undertook the construction work between Fukui and Ohno.

**1916**  
Tobishima-gumi Corporation (representative director: Bunkichi Tobishima) founded with 100,000 yen in capital, with headquarters located in Toyoshimanakacho, Fukui City.

**1940**  
Headquarters moved from Fukui City to Kudan, Kojimachi Ward, Tokyo.

**1946**  
Tobishima-gumi applied for rehabilitation under the Corporate Reorganization Law and was dissolved.

**Haneda Airfield (1931)**  
Contracted to execute reclamation work for Tokyo Airfield, Japan's first national airfield for aircraft on a 53-ha site. The airfield featured one runway measuring 300 meters in length and 15 meters in width.

**1947**  
Tobishima Civil Engineering (representative director: Hitoshi Tobishima) was founded with 3 million yen in capital.

**1960**  
Shares first traded over the counter on the Tokyo Stock Exchange.

**1965**  
Company name changed to Tobishima Corporation to cast off the image of an exclusive focus on civil engineering.

**1983**  
100th anniversary of the Company's founding. Headquarters moved to new building (Sanban-cho, Tokyo).

**Seikan Tunnel (1982)**  
This 53.8 km railway tunnel runs below the Tsugaru Strait, connecting Honshu (the Japanese mainland) and Hokkaido. Tobishima completed the 5.5 km Sanyoushi section on the Honshu side. Fraught with heavy technical challenges and constant flooding hazards, this project had significant consequences for integrating the nation and was selected as one of the 20 Selections of Japan's 20th Century Heritage.

**1993**  
Celebrated 110th anniversary of the Company's founding.

**Tokyo Bay Aqua-Line (1997)**  
Named the Apollo Project in Civil Engineering, this project was completed by integrating the cutting-edge technologies and knowhow available at the time; by developing and applying numerous new construction technologies/methods; and by overcoming the countless challenges posed by the natural conditions at the site, including the soft seabed, strong winds and tides, and earthquakes, as well as complications related to environmental concerns and measures to ensure the continuing safe passage of ships in Tokyo Bay.

**Kanagawa Science Park: KSP (1989)**  
Developed by Kanagawa Prefecture, Kawasaki City, and TOBISHIMA, this collection of facilities serves as an international center where R&D companies are incubated and developed, gather, and interact, and to formulate creative R&D movements. The project was recognized by various honors, including the BCS Special Prize and the Prize of the Society of Heating, Air-Conditioning, and Sanitary Engineers of Japan.

**1993**  
Celebrated 110th anniversary of the Company's founding.

**1994**  
Began dispatching engineers to the Japanese Antarctic Research Expedition.

**Tokyo Bay Aqua-Line (1997)**  
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**1993**  
Celebrated 120th anniversary of the Company's founding.

**Surikamigawa Dam (2006)**  
This rock-filled dam with center core, one of the largest in the Tohoku region, supplies city water, including drinking water and water for other everyday uses to three cities and four towns, including Fukushima City. It also provides irrigation for rice paddies and agricultural land along the Surikami River and Abukuma River to support the thriving agriculture of this region.

**2003**  
Celebrated 120th anniversary of the Company's founding.

**2003**  
Celebrated 130th anniversary of the Company's founding.

**Urayama Dam (1997)**  
Located in Chichibu City, Saitama Prefecture, this is Japan's second-highest gravity dam. Utilizing the world longest layer construction method, the RCD method, the world's first one-meter lift, and belt conveyor technologies to transport raw stone, aggregate, and concrete materials for the first time in Japan, this challenging project applied several unprecedented technologies. The dam is now a familiar site open to the public.

**Shizuoka Prefectural Fuji Swimming Pools (2001)**  
With an external profile that recalls a giant waterdrop, this building contains swimming pools equipped with movable floors and walls that change depths and distances. The facility is open to the public, including children, adults, and the elderly, as a fully equipped sports center. In 2003, it served as the main venue for the Summer National Sports Festival held in Shizuoka Prefecture.

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**2003**  
Celebrated 130th anniversary of the Company's founding.

**Wacoal New Kyoto Building (2016)**  
Designed to serve as a new marketing base, the building with its external fins and other design features expresses tact, gentleness, refinement, and purity. Incorporating a toggle brace seismic damping structure, the building attained S rank class, signifying Superior quality by CASBEE.

**National Highway No. 45, Rikuzentakata Road (2018)**  
This 10 km limited highway was planned as a leading earthquake disaster reconstruction project. We constructed the 7.0 km section on the side of Rikuzentakata. Completion of the road will strongly help afflicted areas move forward with local reconstruction and is expected to play a major role in the development of local industries encompassing Iwate and Miyagi Prefectures.

**2019**  
Formulated Medium-Term Five-Year Plan with the basic policy of establishing foundations for our status as a New Business Contractor.

**Mega Solar Park (2020)**  
To make the most of renewable energy and to achieve carbon neutrality, we installed 122,000 solar panels on a vast 65 ha site developed as part of a mega solar power plant project with an output power of 45 MW in Miyagi Prefecture.

**Elevated Bridge for the Hokuriku Shinkansen Nanetsu Station (2021)**  
We constructed a 980-meter elevated bridge with Echizen-Takefu Station positioned in the middle as part of the Hokuriku Shinkansen extension project from Kanazawa to Tsuruga. The bridge is scheduled to be opened at the end of FY 2023. We are also currently engaged in separate construction work to build Echizen-Takefu Station.

**Bunkichi Tobishima, Founder**

Bunkichi Tobishima, the founder instrumental to the subsequent success of Tobishima-gumi, was born in 1876, the first son of Bunjiro Tobishima. At 13, he became a key assistant to his father as a stone mason and gradually honed his skills. For a construction project in 1901, at a time when ox carts were commonly used to transport earth and sand, he introduced handcarts, the latest invention at the time. This innovation reduced costs, halved construction times, and won high acclaim. Work on building hydroelectric power stations added to his reputation. A swelling tide of hydroelectric power station construction boosted the Company to national prominence and earned it the reputation as leading company in water-related facility construction and civil engineering. Bunkichi Tobishima's word set forth the following ideal: *To benefit oneself, one must first make sacrifices that benefit others. Coupled with innovations, these sacrifices will be duly rewarded.* These words may remind us of a more modern phrase: *The customer's needs come first.* His integrity and strong sense of responsibility for work won him an outstanding reputation and the trust of those who requested the services of his company. The company won a steady stream of orders to build electric power stations across the country. His character and charisma attracted many capable partners, including Santaro Kumagai (founder of Kumagai Gumi) and Matabei Maeda (founder of Maeda Corporation), and generated the driving force behind Tobishima-gumi. TOBISHIMA's foundations lie in the integrity, sincerity and good faith of these forerunners, qualities since handed down from generation to generation.

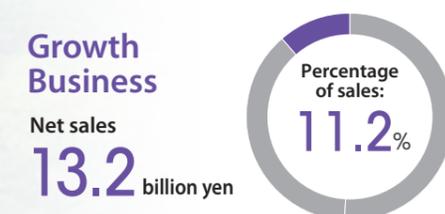
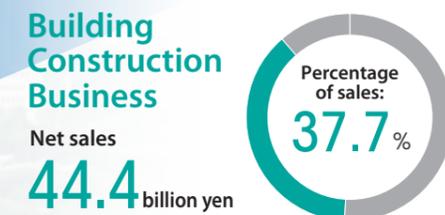
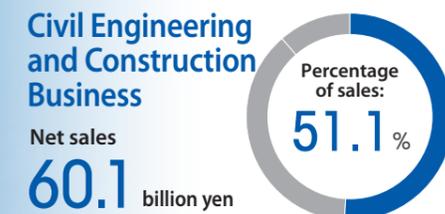
**Founding Period (1883-1919)**

**Growth Period (1920-1959)**

**Development Period (1960-1990)**

**Transformation Period (1991-2010)**

**Co-creation Period (2011-)**



As of March 2022

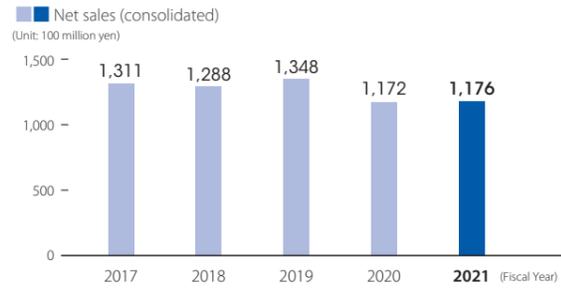
# Financial/Non-financial Highlights

## Financial

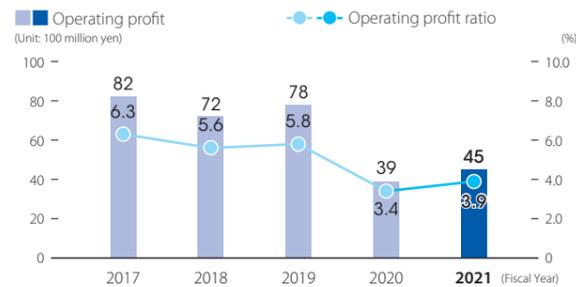
Orders received/completed (non-consolidated)  
**116.0** billion yen      **104.5** billion yen



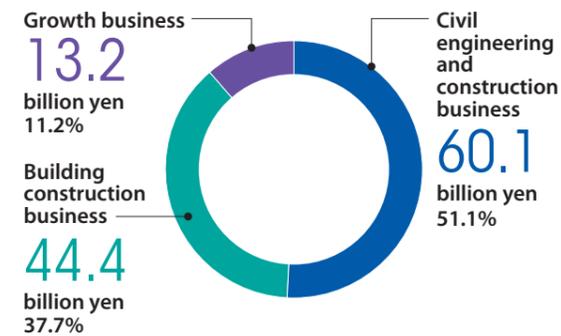
Net Sales (consolidated)  
**117.6** billion yen



Operating profit/Operating profit ratio (consolidated)  
**4.5** billion yen      **3.9%**



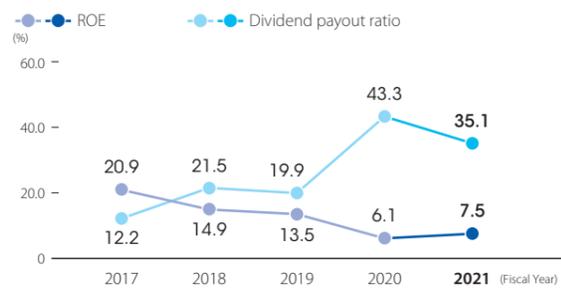
Sales component ratio (consolidated)



Net assets/Capital adequacy ratio (consolidated)  
**43.8** billion yen      **38.3%**

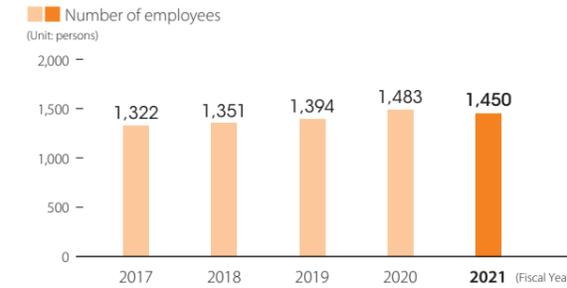


ROE (consolidated)/Dividend payout ratio (non-consolidated)  
**7.5%**      **35.1%**



## Non-financial (non-consolidated)

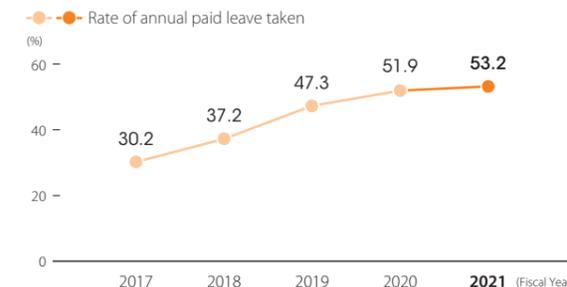
Number of employees  
**1,450**



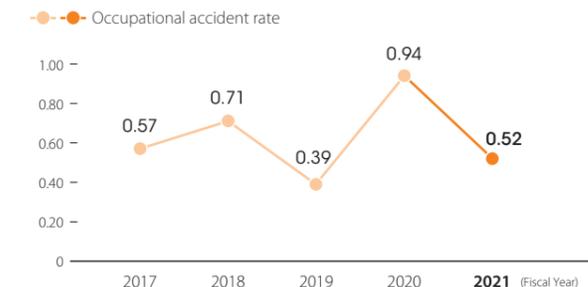
Number of employees taking childcare leave  
**17**



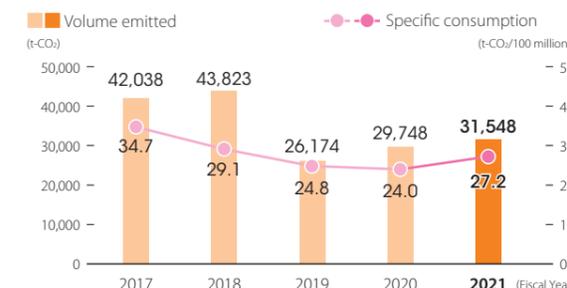
Rate of annual paid leave taken  
**53.2%**



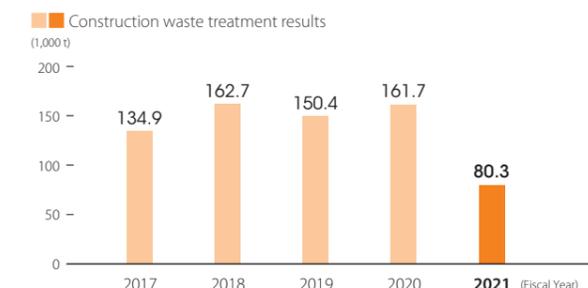
Occupational accident rate  
**0.52**



Workplace CO<sub>2</sub> emissions  
**31,548** t-CO<sub>2</sub>      **27.2** t-CO<sub>2</sub>/100 million yen



Construction waste treatment results  
**80,300** t



## Financial Summary for 11 years

		FY 2011	FY2012	FY 2013	FY 2014		FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Business management results</b>													
Orders received	(million yen)	105,980	106,111	123,173	139,371		112,848	134,652	122,065	154,556	110,772	128,228	<b>120,647</b>
Net sales	(million yen)	105,621	111,865	109,227	118,652		120,710	117,807	131,121	128,866	134,859	117,295	<b>117,665</b>
Operating profit	(million yen)	1,331	1,373	1,716	3,287		6,662	5,477	8,252	7,220	7,848	3,995	<b>4,575</b>
Ordinary income	(million yen)	508	570	1,007	2,684		6,059	5,048	7,797	7,019	7,382	3,673	<b>4,212</b>
Current net income attributable to shareholders of a parent company	(million yen)	307	442	860	2,449		6,115	4,383	6,024	5,071	5,109	2,451	<b>3,219</b>
<b>Segment information (Net sales)</b>													
Civil engineering and construction business	(million yen)	61,823	60,538	54,780	64,577		67,591	66,957	73,641	79,216	77,624	65,784	<b>63,175</b>
Building construction business	(million yen)	42,766	50,356	53,321	53,172		52,103	49,554	55,868	47,769	50,088	45,629	<b>47,338</b>
Development business, etc.	(million yen)	1,031	970	1,125	902		1,014	1,294	1,610	1,880	7,146	5,882	<b>7,150</b>
<b>Financial position</b>													
Total assets	(million yen)	84,695	96,120	85,864	91,594		91,455	98,125	101,908	109,586	121,804	121,598	<b>114,632</b>
Net assets	(million yen)	11,312	11,995	13,065	16,508		21,962	25,894	31,770	36,410	39,473	41,586	<b>43,872</b>
Interest-bearing liabilities	(million yen)	16,411	17,107	12,205	13,600		10,000	10,000	10,247	10,524	19,897	20,192	<b>16,194</b>
<b>Cash flow</b>													
Operating cash flow	(million yen)	△483	6,485	2,613	2,663		4,259	11,335	989	4,164	△2,679	4,173	<b>△6,187</b>
Investing cash flow	(million yen)	△680	△351	△254	1,248		△794	△791	△4,473	△1,233	△1,602	△1,175	<b>△1,772</b>
Financial cash flow	(million yen)	△954	683	△4,920	1,372		△3,627	△452	△318	△721	4,362	△846	<b>△4,561</b>
The ending balances of cash and cash equivalents	(million yen)	4,982	11,859	9,346	14,764		14,532	24,606	20,785	23,013	23,050	25,235	<b>12,749</b>
<b>Per share information</b>													
Current net income per share	(yen)	2.44	3.53	6.68	18.10		36.59	22.77	312.95	263.47	266.39	128.15	<b>168.30</b>
Net assets per share	(yen)	△50.18	△41.98	△18.81	31.15		114.04	134.48	1,649.80	1,891.96	2,062.77	2,173.26	<b>2,293.14</b>
Dividend	(yen)	—	—	—	—		2.0	3.0	4.0	50.0	50.0	50.0	<b>50.0</b>
Dividend payout ratio	(%)	—	—	—	—		5.9	13.2	12.2	21.5	19.9	43.3	<b>35.1</b>
<b>Financial indicators</b>													
Capital adequacy ratio	(%)	13.4	12.5	15.2	18.0		24.0	26.4	31.2	33.2	32.4	34.2	<b>38.3</b>
Debt to equity ratio	(times)	1.5	1.4	0.9	0.8		0.5	0.4	0.3	0.3	0.5	0.5	<b>0.4</b>
ROE	(%)	2.8	3.8	6.9	16.5		31.8	18.3	20.9	14.9	13.5	6.1	<b>7.5</b>

(Note) As of October 1, 2018, we undertook a reverse stock split for one share for every ten common shares. "Net assets per share" and "current net income per share" are calculated as if the reverse stock split had taken place at the beginning of FY 2018.



### Message from the President

**Based on the eternal ideals of the Innovative Mindset and *Rita Riko*,  
Compassion and Self-Interest,  
TOBISHIMA GROUP continues to evolve and  
grow as a New Business Contractor.**

**乗京正弘**  
Masahiro Norikyo

President

### Highlights for the year ended in March 2022

**Despite turbulent supply chain conditions and other factors, we achieved increases in sales and profit comparable to the previous term.**

Highlights for the year ended in March 2022, which began with the amount carried forward of 199.6 billion yen, include consolidated net sales of 117.665 billion yen (up 0.3% year on year); operating profit of 4.5 billion yen (up 14.5% year on year); ordinary profit of 4.212 billion yen (up 14.7% year on year); and current net income attributable to shareholders of parent company of 3.219 billion yen (up 31.3% year on year).

While the year presented various challenges, including the prolonged aftermath of the COVID-19 pandemic and tumultuous supply chain conditions due to lockdowns in China and semiconductor shortages, our business proceeded successfully without any major construction disruptions or other problems by taking thorough infection prevention measures and effective supply chain management.

Nevertheless, COVID-19 remains as a factor, while the situation in Ukraine has destabilized the world economy. We will continue to monitor conditions with a watchful eye while implementing the risk management needed to minimize adverse events for our business.

### Year 2023, marking the 140th anniversary in our corporate history

**Two strands of DNA underlying the sustainable growth of the TOBISHIMA Group**

Our roots date back to 1883 when Bunjiro Tobishima founded Tobishima-gumi and won a contract to demolish Fukui Castle. Since then, during the rise of domestic industry and times of high economic growth, we've established a national reputation as the first choice for water-related facility construction and civil engineering work. Subsequently, by placing a greater emphasis on our building construction business, we've also established a solid reputation as a general construction contractor.

Over the 140 years of our history, two principles have guided our Group development: the *Rita-Riko* (compassion and self-interest) spirit established by our founder and the Innovative Mindset established by our predecessors. The integrity exhibited in our work, as exemplified by the *Rita-Riko* spirit, has inspired

deep trust among clients and residents alike, generating more orders for more challenging construction projects nationwide. Our Innovative Mindset, responsible for breakthroughs in response to many challenging circumstances, has shone through in major projects like the reclamation work for Haneda Airfield (now Haneda Airport) in 1931 and, more recently, the Seikan Tunnel, Honshu-Shikoku Bridge Project, and Tokyo Bay Aqua-Line, to name a few. These principles are now part of our core character as a company.

### Progress of Medium-Term Five-Year Plan (from year ended in March 2022 to year ending in March 2024) (see pp.15-16 for more details)

**Advancing evolution and growth into a New Business Contractor supporting future industrial development**

Five years ago, in 2017, when I was appointed as President and Representative Director, we were promoting the previous Medium-Term Three-Year Plan. Through this plan, we sought to maintain and improve profitability through our operational portfolio, including civil engineering and construction, independently of efforts to expand operational volume. The Plan achieved its goals one year before the target year. We have now launched a new Medium-Term Five-Year Plan, our current plan.

When formulating the Medium-Term Five-Year Plan, I had misgivings about the traditional way of going about business in a closed construction industry, in which competitors appear to vie for bigger slices of a single pie. In such a shrinking world, we will never achieve real growth or put ourselves in a position to present a bright or attractive future for our young staff. I feel strongly that the TOBISHIMA Group's purpose, its *raison d'être*, should lie in meeting the diverse needs of customers not just for construction, but in other related areas. This insight is part of the new Plan.

Under the current Medium-Term Five-Year Plan, we will expand the scope of construction work, seek to identify, and make sense of potential societal needs and unsolved challenges, and promote initiatives as smart solution services capable of solving these issues, thereby establishing a New Business Contractor platform for co-creating Society 5.0, a super smart society. We will pursue these efforts with a diverse range of partners.

After analyzing and evaluating our progress over the past three years, we are reasonably satisfied that our qualitative DX

reforms, including device development and construction measures and safety management initiatives, have proceeded to plan and that we are fully prepared for the completion of evolution and growth as a New Business Contractor in the remaining two years. The post-merger integration (PMI) of Axisware, an IT architect firm that joined the Group in February 2021, has been completed as planned. More recently, in a joint investment project with NTT Group, we established NXTField, a new company that supports construction site DX services, in April 2022. Drawing on both TOBISHIMA Group's construction site know-how and NTT Group's ICT know-how in advancing technology and operations, the new company provides comprehensive DX support and ICT services for construction sites, and has drawn growing numbers of inquiries, primarily from small- to mid-sized local construction companies. For the remaining two years we will continue to consider new alliances in maintenance business areas and additional mergers and acquisitions and innovations in mechanisms based on the effective application of DX, for increased organizational agility. In this way we will achieve evolution and growth as a New Business Contractor capable of meeting wide-ranging customer needs.

Our quantitative progress in the year ended in March 2022 was as reported in a separate section (please refer to pp.7-8). Investments in the growth business failed to proceed as expected due primarily to dampened domestic investment interest in the private sector amid the COVID-19 pandemic. For the remaining two years of the current Medium-Term Five-Year Plan, we will enhance efforts in investment and development in the growth business while continuing to improve the profitability of our civil engineering and building construction businesses, which constitute our core operational areas.

#### SX in TOBISHIMA Group (See pp.25-28 for more details)

**As has been said, the 21st century is the Century of Water, and it's also the century in which we will demonstrate our true strengths as a Group.**

Promoting sustainability to meet social requirements lies at the foundations of our corporate activities and corporate value. By strengthening our dialogue with stakeholders, TOBISHIMA Group is advancing TOBISHIMA SX (sustainability transformation), an initiative that seeks to fuse two types of sustainability:

enterprise sustainability, based on epochal DX-led production process innovations driven by the innovative mindset encoded into our DNA; and social sustainability, based on ESG- and SDG-oriented management that embodies the spirit of *Rita Riko*, Compassion and Self-interest, on which TOBISHIMA was founded. In moving forward with TOBISHIMA SX, we assessed the potential impact of various social challenges, including SDGs, on Group business activities. We then selected ten priority issues, which we refer to as SX Materiality issues.

Of these ten items, we would like to introduce the log piling method, a unique approach that will enable carbon sequestration underground. Trees absorb carbon dioxide from the atmosphere via photosynthesis, fixing the carbon and discharging oxygen. Using logs as piles in soft ground at the level of groundwater free of oxygen prevents biodegradation of the logs via rotting and termite damage. It also enables carbon to be sequestered semi-permanently underground. This method, on which we have worked steadily for some time, is drawing attention, and is expected to play a significant future role.

Another topic I would like to present here is an initiative involving small- and medium-scale hydroelectric power generation. Hydroelectric power is a source of renewable energy and an eco-friendly energy resource based on the plentiful water resources in Japan. In addition to building power facilities, we are advancing the small- and medium-scale hydroelectric power business through processes ranging from research and design to operations management. Four sites are currently operating: Yonezawa Odaira (198 kw/Yamagata Prefecture), Misato Kurosawa River (199 kw/Nagano Prefecture), Misaka Kirigahara (170 kw/Gifu Prefecture), and Ochiai Hiraishi (126 kw/Gifu Prefecture). Other projects are under discussion.

"The 21st century is the Century of Water." This has been a recurring theme in publications and presentations of various scholarly and public organizations, as well as in discussions at the Japan Dam Foundation, a general incorporated foundation where I serve as planning committee chairperson. I have two forthright views regarding Japan's water infrastructure: we need more robust protection against the powerful natural forces that intensify every year; the existing hydroelectric power stations must take a more active role in water control in their respective watersheds.



We will apply our competitive water infrastructure technologies to help solve emerging global-scale water resource concerns.

#### To our stakeholders

#### Setting the goal of sustainable growth based on future-oriented growth investments and shareholder returns

We managed to accumulate the amount carried forward in our construction business as of March 2022 of 142.7 billion yen in civil engineering works and 68.2 billion yen in construction works for a total of 211 billion yen (a year-on-year increase of 11.3 billion yen). For the next term, while capital investment in the domestic construction market may remain sluggish, we will

approach each case at a steady pace while increasingly focusing on effective application of DX. Additionally, we will secure project orders and increase operational volumes. Based on these efforts, we will balance future-oriented growth investments and shareholder returns. Specifically, for the next term, our performance targets include consolidated net sales of 131 billion yen (up 11.3% year on year), operating profit of 4.8 billion yen (up 4.9% year on year), ordinary profit of 4.1 billion yen (down 2.7% year on year), and current net income attributable to shareholders of parent company of 2.4 billion yen (down 25.5% year on year).

We look forward to your continuing support in the future development of the TOBISHIMA Group.

## TOBISHIMA's Value Creation Process

Driven by the innovative mindset encoded into TOBISHIMA's DNA and based on *Rita Riko*, Compassion and Self-Interest, our foundational philosophy, we pursue our business activities to solve ever evolving and diversifying social issues. We undertake investments to enhance our financial and non-financial standing, enhance our strength in corporate value creation, and maintain our corporate value enhancement cycle to achieve sustainable growth for both society and the company. We refer to this as TOBISHIMA's value creation process.

### Social Background (Megatrends)

#### Japan facing a crisis

- Risk of major earthquakes and consequent catastrophic damage
- Risk of more violent and frequent storm/flood damage due to climate change
- Risks associated with aging infrastructure hastily developed during the period of rapid economic growth
- Intensifying over-centralization of Tokyo and increasing difficulty of maintaining community functions in less urban areas
- Deteriorating national power due to declining birthrates and aging population

#### Changing paradigms

- Decarbonization requirements to respond to global environmental issues
- Changing lifestyles prompted by the COVID-19 pandemic experience
- Growing importance of human rights issues and recognition of diversity

#### Trends in the construction industry

- National resilience measures by the government to boost investment in public facilities
- Declining private sector investment due to COVID-19 pandemic and geopolitical instability

### Input Major Management Resources (FY 2021)

**Human capital**

Employees: **1,450**  
Engagement index: **61.8%**

**Financial resources**

Total assets: **114.6** billion yen  
Net assets: **43.8** billion yen  
Capital adequacy ratio: **38.3%**

**Intellectual capital**

Number of registered patents: **184**

**Social/related capital**

Suppliers (Major business partners): Total of **2,199** companies

**Natural capital**

Total energy used: **496,000** GJ  
Renewable energy power generating capacity: **3.5** MWh



### Output Creating Value

**Financial Added Value (FY 2021)**

Net Sales: **117.6** billion yen  
Operating profit: **4.5** billion yen  
Ordinary income: **4.2** billion yen  
Current net income: **3.2** billion yen

**Environmental Added Value (FY 2021)**

Renewable energy power generation: **5,101** MWh/year  
Carbon stock: **218** t-CO<sub>2</sub>

**Reinvestments**

**Investments in human capital**

- Enhancing human resource development training
- Improving employee treatment
- Improving the workplace environment
- Promoting health management
- Promoting work style reforms

**Investments in financial capital**

- Earned surplus

**Investments in intellectual capital**

- Technological developments
- Maintenance/management of patent applications

**Investments in social/related capital**

- Meister system
- Comprehensive support for construction DX

**Investments in natural capital**

- Developing small- and medium-scale hydroelectric power plants
- Technological developments involving carbon stock
- Responding to the call to reduce CO<sub>2</sub> emissions

Foundational enhancements/capital increase that connect value creation to Group growth

## Strategy for Sustainable Growth

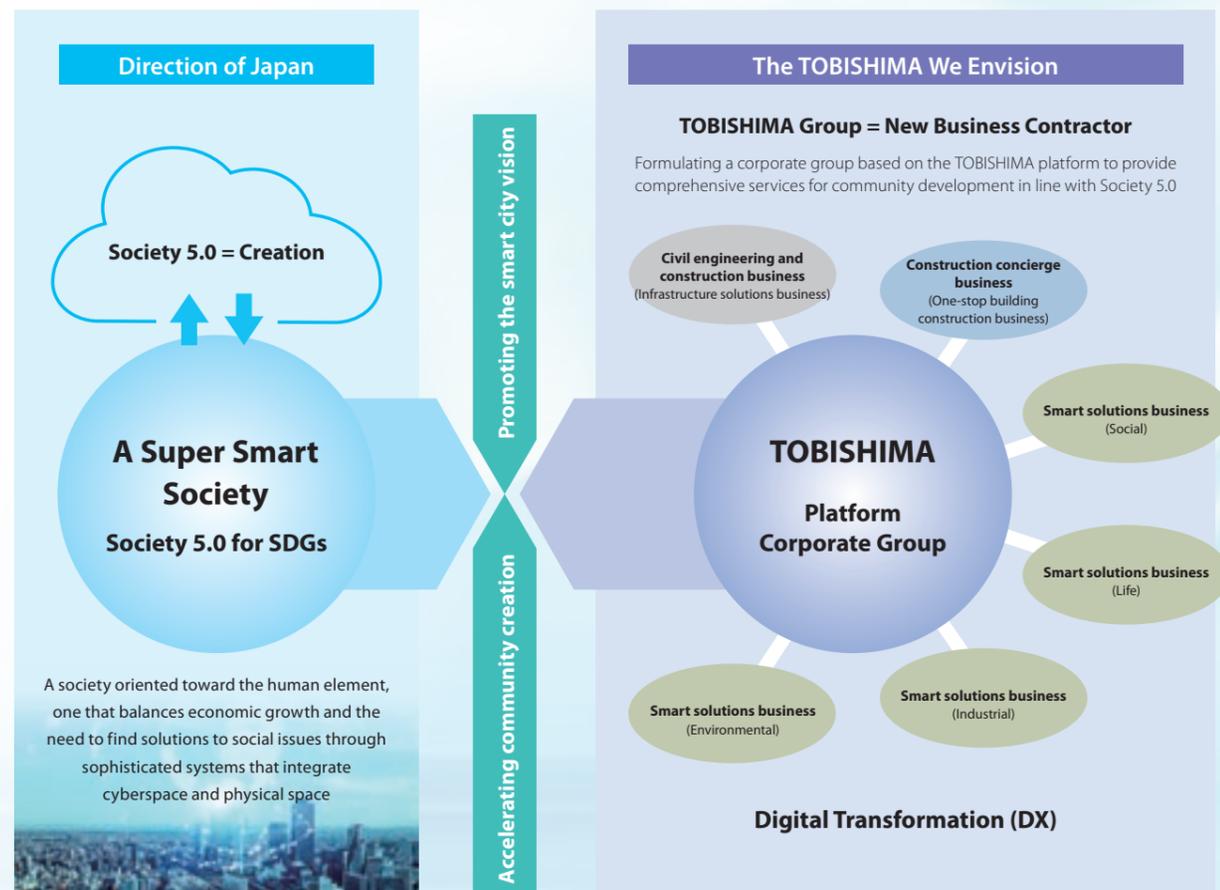
# TOBISHIMA Group's Management Vision and Medium-Term Five-Year Plan

### Management vision

— To Become a Company that Supports Future Industrial Promotion and Development —  
**Promoting corporate transformation from Tobishima Corporation to TOBISHIMA to evolve into a New Business Contractor**

To realize Society 5.0 (super smart society) promoted by the Japanese government, the TOBISHIMA Group intends to promote DX (digital transformation) and establish a TOBISHIMA corporate group platform capable of providing comprehensive services.

Under the Medium-Term Five-Year Plan, by expanding the boundaries of the construction business, identifying latent social needs and issues, and developing businesses capable of satisfying or solving these needs and issues through smart solutions services, we will evolve into a New Business Contractor. Alongside diverse partners and stakeholders, we will promote corporate transformation leading to a new TOBISHIMA and help to establish Society 5.0.



### Basic approaches to the Medium-Term Five-Year Plan

A roadmap for becoming a New Business Contractor, the Medium-Term Five-Year Plan promotes three pillars: the core business (civil engineering and building construction); the growth business (new businesses); and the management base.

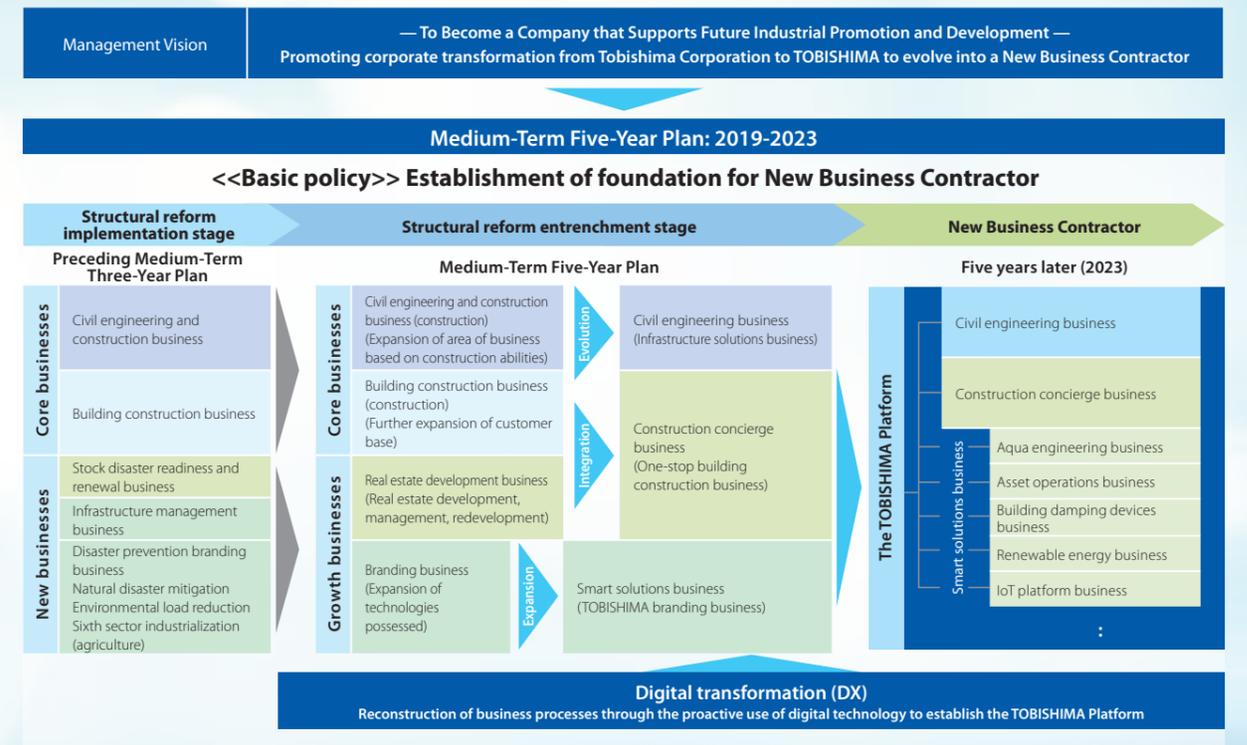
#### Basic policy

**Establishing the foundations for evolving into a New Business Contractor**

#### Basic strategy

- Civil engineering/ Building construction business** ▶ Maintaining core businesses and pursuing business structural reforms
- Construction concierge business** ▶ Promoting one-stop services by enhancing real estate development functions and their integration with existing building construction business (base) functions
- Smart solutions business** ▶ Enhancing the branding business with existing technologies; providing diverse solution services to realize super smart Society 5.0
- Management base** ▶ Promoting digital transformation for accelerated transition to next-generation business processes

### Major activities for realizing the goals of the Medium-Term Five-Year Plan



	Strategy	Related SDGs	Action	KPI	FY 2023
Core businesses	Continuing/sustained pursuit of business structural reforms		Maintenance of stable profit bases	Improving profit per worker in core business (compared to FY 2018)	Up 5%
			Transformation to high productivity business	Increasing number of retained private sector customers in core business (compared to FY 2018)	Up 10%
				Improving completed work productivity per worker in core business (compared to FY 2018)	Up 8%
Growth businesses	Expanding new profit-making bases		Promoting active business investments	Expanding growth businesses (Assessing investment progress based on comprehensive evaluations of strategic feasibility, synergy, yields, etc.)	
Management base	Establishing management system to achieve New Business Contractor status		Promoting digital transformation (Assessing progress in introducing digital technologies, etc. for business process transformation)	Improving employee satisfaction (Assessing satisfaction with sense of fulfillment in work, with working conditions, and other aspects among Group employees)	
			Establishing supportive working environments	Improving employee satisfaction (Assessing satisfaction with sense of fulfillment in work, with working conditions, and other aspects among Group employees)	
			Enhancing financial foundations	Capital adequacy ratio	45%
			Stable shareholder returns	Dividend payout ratio	30% or more

## TOBISHIMA's DX Promotion

DX will transform how we do business, how we improve organizations, processes, corporate culture and work environments, productivity, and work style, allowing us to enhance our competitive advantage.

In response to the ever-advancing state of digital technologies, we are determined to stay ahead of the information curve and apply the requisite technologies to evolve into our role as New Business Contractor. TOBISHIMA DX will meet the challenge of continually raising satisfaction for our customers, partner companies, employees, and other stakeholders.

### Basic Policy

DX is a core element of our efforts to promote the Medium-Term Five-Year Plan. DX goes beyond making construction sites more efficient—it refers to comprehensive efforts, based on the application of digital technologies, to restructure business processes right across the company, thereby enhancing our competitiveness.

### Basic Strategy

1. Establishing co-creative systems with startups to facilitate future growth businesses
2. Boosting productivity through labor savings, automation, and robot operations enabled via digital technologies
3. Promoting digital communications, to enhance receptivity toward digital
4. Nurturing/securing core future-generation DX personnel

## Cyber Construction Site

TOBISHIMA CORPORATION is seeking to establish Cyber Construction Sites that integrate site digital data (e.g., sensor information) and BIM/CIM models (4D) in cyberspace as digital twins that facilitate work at construction sites.

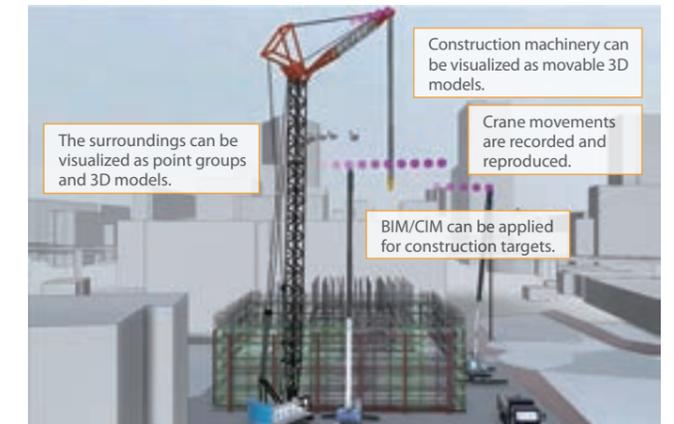
This technology will enable the following: (1) visualization and remote identification of site conditions; (2) accumulation/analysis of site data to improve construction quality; and (3) remote provision of site support.

We will promote Field Success Centers (FSCs) that support site operations by identifying site conditions remotely; by centralizing routine tasks like construction planning, image capture management, and as-built management; and by allowing more efficient management of all these tasks.

As advocated by MLIT, DX for infrastructure will make communication more vivid, and enable site management without human presence, thereby enhancing operational efficiency, invigorating the workplace atmosphere, and inspiring innovations in construction management.

### Capabilities to be provided by Cyber Construction Site

- (1) Ability to identify conditions remotely through visualization
- (2) Ability to accumulate/analyze site data to improve construction quality
- (3) Ability to provide remote site support



The example above illustrates the monitoring of boom movements in a case involving the movement of multiple cranes at a caisson construction site.

## DX-Based Next-Generation Worksite Management

### Field Success Center (FSC) initiative

Promoting SX initiatives in response to social demands, such as reforms in work styles, and management reforms, while moving forward with the transition to more efficient site operations

**General direction** Centralizing management operations via transformation from a site-based/completed management structure to a more centralized site management structure

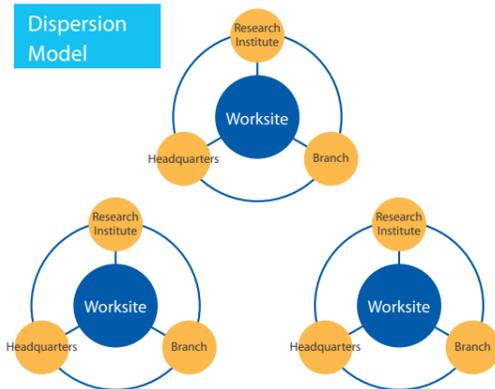
#### Advantages offered by a centralized structure

1. Maintains and improves engineering/construction capabilities
2. Promotes New Normal work practices
3. Promotes labor savings and efficiency improvements in site management; enhances productivity
4. Secures construction quality and safety
5. Enables early detection of site issues and fast resolution

#### Centralization expected to improve functionality and efficiency

1. Achieves centralization and integration of multiple data sets formerly managed separately.
2. Lays the foundations for operational flows that enable retrieval of the latest information and past records whenever required.
3. Comprehensive centralization of operations will streamline tasks across worksites scattered due to diverse work styles.

#### Dispersion Model

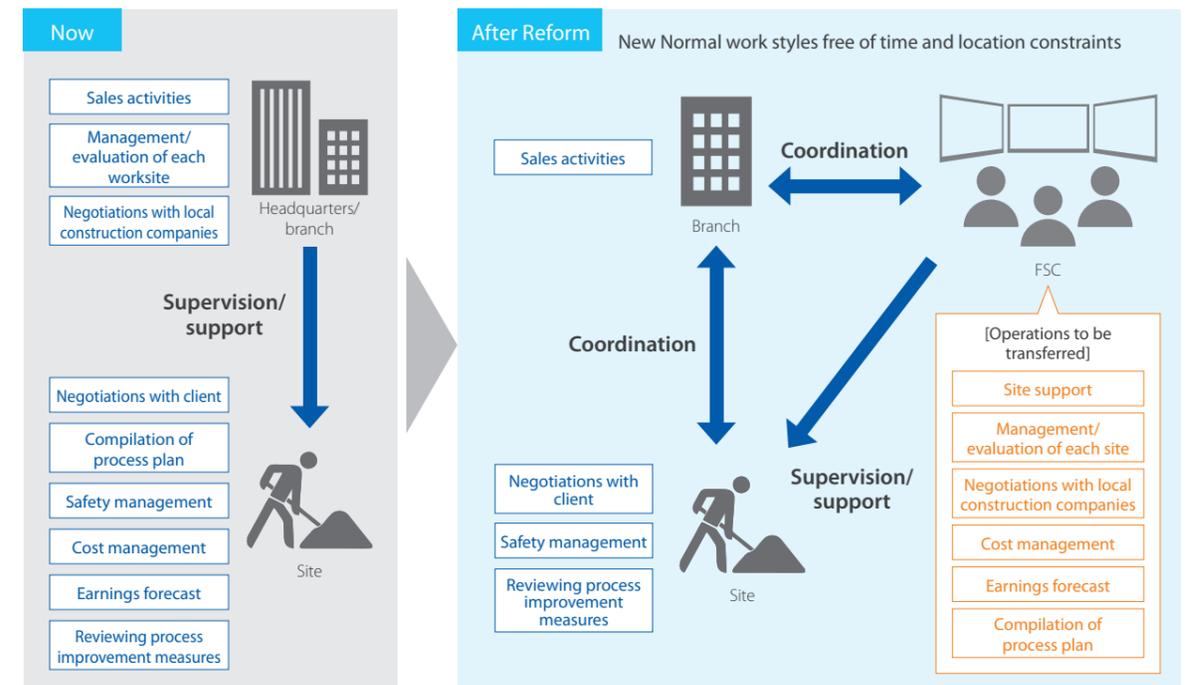


#### Centralized Model



## Production System Reforms

1. Centralizing roles and authorities of sites and branches into Field Success Centers to achieve more rational and more efficient organizational structures
2. Transitioning to New Normal work styles unrestricted by workplace or work hours

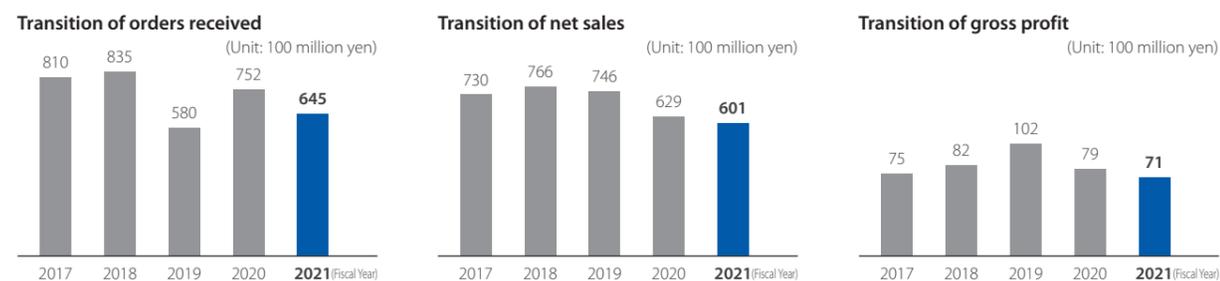


## Business Strategies

### Civil Engineering and Construction Business

Drawing on our core strengths in construction developed and amassed since the company's foundation we participate in projects to strengthen national resilience, such as construction of the Linear Chuo Shinkansen, Tokyo Gaikan Expressway, water supply/sewage plants, flood control facilities, and other local infrastructure projects.

We stand ready to tackle and develop the innovations necessary to realize new markets, including work to extend the service life of infrastructures and commercial decarbonization projects.



#### Recognition of business environments and our actions in FY 2022

- In FY 2021, our non-consolidated net sales in the civil engineering and construction business reached 60.1 billion yen, while gross profit on sales amounted to 7.1 billion yen, both slight declines from typical annual figures.
- Regarding the future business environment of the civil engineering and construction business, we expect steady public investment for the time being, based primarily on sustained national resilience promotion plans by the government.
- In FY 2022 we will promote business that captures the diversifying needs of public and private customers by exploring and developing markets to build lasting business foundations.

#### Priority strategies

Drawing on our core construction capabilities, we will expand our areas of business and promote infrastructure solutions.

- Orders received** Maintaining presence in key construction types and responding to social needs
- Construction** Accelerating and realizing DX and linking these measures to improvements in productivity
- Earnings** Securing earnings in core business areas

#### Ideal state and future priority measures

##### Technical development for increasing orders

##### Market cultivation/development leading to establishment of enduring business foundations

For renewal construction projects, we seek to refine construction methods and enhance cost competitiveness based on the unique characteristics of each project. We anticipate our joint research on technologies with road construction companies to boost orders for renewal projects.

• Hydro-Jet RD Method (Deck removal technology for expressways)



Deck removal underway

### Construction work

#### Active use of smart technologies to boost productivity <Establishing operational support system via use of DX>

Use of AI tools is expected to streamline and automate site ledgers nationwide and increase productivity.

##### Example of an AI tool

Comparison of manual concrete placement and automatic concrete compaction based on posture estimation technology (digital operation rendering)



Conventional casting (manual)



AI-based posture estimation



Automatic compacting

#### Unique construction sites: Promoting work style reforms

In anticipation of legal restrictions on working hours to be introduced in FY 2024, we plan to deploy Field Success Centers (FSCs) to improve work environments for site workers.

#### Establishing corporate structure to achieve sustainable innovation and human resource development

Anticipating prospects of our organizations and human resources, we proactively promote young engineers to managerial posts to encourage them to play more active roles and to establish the future organizational foundation.

#### Example of sites where work has been completed



##### Tama North Water Supply Station (provisional name) construction project (Tokyo)

Client: Tokyo Metropolitan Government

This work involves the new construction of distribution reservoirs, pump buildings, outdoor warehouses, and installation of interior piping facilities and pipework accessories at the water supply station located at 1-3, Umezono, Kiyose City, Tokyo, part of a water supply/distribution facility improvement project.



##### Water gate civil engineering work for Class 2 River: Tashiro River Sujikawamukai area river disaster restoration (23 Disaster No. 661)

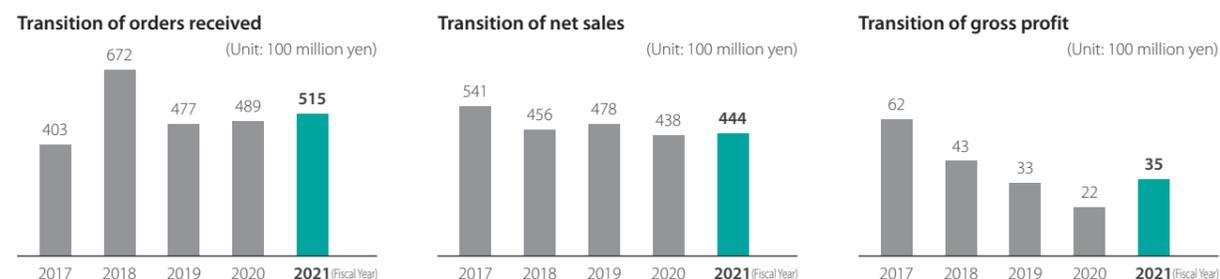
Client: Iwate Prefectural Government

This work involves the restoration and raising of the water gate (by about 5 m) and surrounding tide barriers of the Tashiro River, which sustained serious damage in the Great East Japan Earthquake. The site is in the Taro district, Miyako City, Iwate Prefecture. Amid the extreme scarcity of materials/equipment and labor immediately after the earthquake, we took flooding prevention measures in the area and completed the work in seven years and ten months. The project provides the area with strong protection against future tidal wave damage.

# Building Construction Business

We are actively engaged in construction concierge activities that involve identifying potential needs—needs hidden even to the customers—then meeting these needs by providing information and services the customers may eventually need.

To refine these concierge functions, we will promote developments in the areas of DX, zero-carbon, and new normal life/workplace solutions.



## Grasping the business environment and our response in FY 2022

- In FY 2021, non-consolidated net sales in the building construction business reached 44.4 billion yen. Gross profit on sales reached 3.5 billion yen.
- Regarding the future of our business environment, we expect slowing private sector investment due to lack of clarity regarding the end of the COVID-19 pandemic but expect interest in the fields of maintenance/renewal, disaster prevention/mitigation, and energy/environment, etc. to increase over the present level.
- For FY 2022, we will strengthen our systemic readiness to effectively meet these demands and become more agile in our approach to various challenges.

## Priority strategies

### Promoting one-stop services to strengthen our customer base

- Order received** Continuing enhancements in concierge activities to strengthen our customer base
- Construction** Accelerating and realizing DX and linking these measures to improvements in productivity
- Earnings** Securing profits in core business areas
- Decarbonization** Pursuing technical developments based on next-generation perspectives, promoting zero-carbon initiatives, including the establishment of new zero-carbon offices

## The ideal situation and future priority measures

During this year, the fourth year of the Medium-Term Five-Year Plan, we will undertake organizational reforms to transform the current site-centric structure to a headquarter-oriented configuration. We will take a more agile approach to various challenges.

## Technical developments for increasing orders

### Activities to achieve decarbonization/zero-carbon

In FY 2022, we established a zero-carbon office project targeted with achieving a 25% reduction in Scope 1+2 greenhouse gas emissions and 13% reduction in Scope 3 emissions. To achieve these targets, we will make effective use of renewable energy, enhance ZEB/ZEH efforts, and expand the use of wooden structures.

#### [Activities to achieve ZEB/ZEH]

On December 25, 2020, we acquired certification as a ZEB planner.

We seek to achieve ZEB by building structures with low energy loss through higher levels of insulation and solar shielding, by introducing high efficiency equipment, devices, and control mechanisms, and generating energy via photovoltaics and other means.



#### [Application of LaG+WOOD]

Based on the OEM contract with Shelter Inc., we are set to offer Lag+WOOD, a fireproof wood material. This technology makes it possible to design fireproof structures and is expected to meet a wider range of customer needs.



## Construction work

### Establishing a next-generation business management structure

Anticipating prospects for our organizations and the human resources we expect to attract, we will enhance Field Success Center (FCS) functions to enable remote support and streamline and automate site operations and production processes.

### Active use of DX technologies and BIM

We will verify and make active use of technologies to enhance communication between sites and offices. These technologies, including e-Sense and various VR/AR/MR technologies, are designed to promote construction planning simulations that visually combine actual landscapes and buildings under construction with blueprints by use of virtual reality, augmented reality, mixed reality, and other technologies. We will also promote front loading based on the visualization of construction processes made possible by BIM.



### Activities to respond to diversifying office environments

The Building Construction Division and the Business Promotion Division have implemented/introduced ABW and virtual office (oVice).

ABW allows us to create work environments where employees can freely choose where and when to work according to the nature of their work to meet the needs of the changing times, and link this with customer proposals.



## Examples of completed projects



### Koryo Primary School (school building and kitchen) operated by Miyawaka City (Fukuoka Prefecture)

**Client:** Miyawaka City (municipal government)  
In response to declining birthrates, two primary schools have been reorganized into a single building. With three floors, the school building creates an inviting interior atmosphere by integrating wood obtained from privately-owned woodland. The second floor offers two swimming pools (large and small) and an indoor playground. A shared kitchen was also incorporated within the premises.



### Gakken Hatsukaichi Multi-generation Support Center, Gakken Hall (Public Facility Building), Cocofump Hatsukaichi (Private sector Facility Building) (Hiroshima Prefecture)

**Client:** Gakken Cocofump Holdings  
This building is part of the Hatsukaichi City Regional Medical Center Improvement Project, an urban development project in Hatsukaichi City, Hiroshima Prefecture. It is a public-private complex composed of a public facility building, a private facility building, and other facilities. It is expected to be widely used in the future, including by residents, and is aimed at creating a "sustainable community" where the entire community supports each other, with medical care and multi-generational interaction at its core.

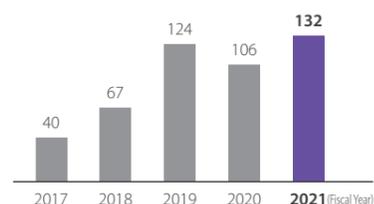
## Growth Business

To respond to diversifying social needs, we have formulated a vision in which we play the role of a New Business Contractor, a platform aimed at providing comprehensive services beyond the conventional framework of construction.

Drawing on our cutting-edge technologies and know-how, we will pursue partnerships with companies that are developing unique services to further expand our service areas.

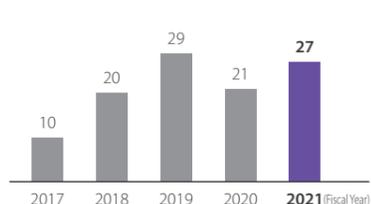
Transition of net sales

(Unit: 100 million yen)



Transition of gross profit

(Unit: 100 million yen)



### Recognition of business environments and our actions in FY 2022

- In FY 2021, consolidated net sales in our growth business reached 13.2 billion yen. Gross profit on sales reached 2.7 billion yen.
- For FY 2022, Group companies will enhance their respective strengths through operational co-creation activities undertaken with TOBISHIMA CORPORATION to focus the joint efforts on priority business projects.

### TOBISHIMA Platform



## Tequanauts Co., Ltd.

### Developing the future with water technology

Water is both a blessing from the earth and a source of life for humans. Tequanauts, a group of professionals specialized in Aqua-Engineering, seeks to integrate wisdom and skills to help protect our water supply.

The company's business scope covers every aspect of water, from installation and removal of aquatic structures by work performed underwater to the manufacture and maintenance of control facilities for dams, marinas, and other structures. Through activities that protect water, we're committed to the preservation and creation of an optimal water environment that will allow humans to live comfortably, safely, and securely.



### Controlling aquatic ecology

Water quality can be impaired by lack of oxygen in the water, a state caused by the proliferation of aquatic weeds or exotic plants in irrigation channels, dams, lakes, and ponds enriched by global warming and by nutrients origination from domestic or industrial wastewater. Our activities maintain and enhance water quality to allow native aquatic plants to flourish and to restore the original water environment. Working from a waterweed cutting boat we developed, *Weed Hunter*, we work to preserve the water quality environment and protect the ecosystems that rely on water.

### Promoting DX for underwater operations

Underwater operations are difficult and fraught with hazards; thus, we promote the improvement in feasibility and safety of this kind of work by utilizing DX (digital transformation).

We are actively promoting the development and introduction of high-performance ROV (\*) robots, such as for real-time distribution of underwater conditions using diver cameras, interactive communication, and remote site observation systems.

(\*) Remotely Operated Vehicle



## Sugita Construction Corporation

### Helping to safeguard Japan's exclusive economic zone

Chichi-jima and Haha-jima islands in the Ogasawara Islands are located some 1,000 km south of mainland Japan.

For half a century the company has been involved in the creation of the infrastructure that supports the livelihoods of Chichi-jima and Haha-jima's approximately 2,600 residents. We support the lives of the islanders and industries and create comfortable living environments. As about one-third of Japan's exclusive economic zone is located around the Ogasawara islands, we believe the support we provide is directly linked to protecting Japan's rights and national interests.



### Protecting nature

Chichi-jima and Haha-jima islands are home to many unique and endemic species, forming a unique island ecosystem. The islands were registered as World Natural Heritage sites in June 2011. However, human movement between the islands and the mainland of Japan, the development of agricultural land and tree planting, and other trends have introduced invasive species that imperil this indigenous ecosystem. To protect the rare and valuable natural environment, we have built fences to keep out invasive species and to protect the biodiversity of the remote islands. Our efforts here mark a step forward in the natural history of the Ogasawara islands.

# Sustainability Management

## Promoting SX (sustainability transformation) management

The environment in which companies operate is changing rapidly. Corporations are now being increasingly evaluated through the dual perspectives of financial performance and additional contribution toward the realization of a sustainable world.

To enhance corporate value, TOBISHIMA's SX promotes a fusion of two types of sustainability: enterprise sustainability and social sustainability. We strive to achieve the former by cultivating dialogue with stakeholders and achieving dramatic production process reforms by harnessing DX as a driving force emerging from the innovative mindset encoded in our DNA. We strive to achieve the latter through corporate management that incorporates consideration for ESG and SDGs and the practices inherent to *Rita Riko*, Compassion and Self-Interest, on which TOBISHIMA was founded.

## SX Materiality and KPI

After systematically reviewing the relationships between the SDGs, other social issues, and our business activities, evaluating these issues and priorities for our stakeholders in-house, and exchanging viewpoints with experts across diverse fields, we identified ten key issues (SX Materiality) to be addressed as priority items to promote SX management. We have also established KPIs (key performance indicators), to evaluate our progress in each issue.



## Comments from experts concerning the identification of SX Materiality issues

### Masao Seki

Senior Advisor, Sustainability Promotion Division, Sompo Japan Insurance Inc.  
Project professor, School of Business Administration, Meiji University

- I'd like to express my respect for your efforts to identify materiality. I hope that you will continue to revise and update your viewpoints on this issue in accordance with the environment surrounding your business and your business strategy.
- The construction industry is in the business of constructing infrastructure that will last for decades or more. Therefore, considering the SDGs and other decarbonization initiatives, it is desirable to set long-term goals such as the 2030 to 2050 timeframe and consider what must be done to attain them.
- Decarbonization remains a pressing environmental issue. The construction industry must establish recycling-based business models and must also recognize the rising international concerns with biodiversity and ecosystem protection and analyze how these concerns will affect the company business.
- Corporate responsibility for protecting human rights is currently under intense focus. Respect for human rights must be understood not just as a philosophy or motto, but as a crucial and central corporate issue to be effectively managed through the PDCA cycle.
- The issues of decarbonization, ecosystem protection, and human rights require appropriate action based on a consideration of the entire value chain. I look forward to steady progress in your management of these issues.

### Hiromi Sakazume

Professor, Department of Lifelong Learning and Career Design, Hosei University

- The recruitment and employment of young workers and active participation of women are frequently cited as challenging issues for the construction industry. The obligations include promoting young human personnel, including their career development, promoting a thriving female workforce, and promoting effective work-life solutions.
- I have high regard for your efforts in promoting work style reforms, encouraging teleworking and flextime systems, and soliciting employee viewpoints. Due to certain legal changes, companies will be required to encourage male workers to take childcare leave. In this regard, the ratio of child-care leaves taken by your male workers already exceeds the Japanese average. This is an important starting point in creating future work styles.
- Detailed KPIs must be set to assess progress on work-life balance initiatives and to advance the participation of female workers. To adequately reflect the participation of female workers, these indicators must account not just for the number and ratio of female managers, but other data, including service years of female employees and retention after childbirth or other events.
- Within the construction industry, head offices may find it relatively easy to promote work style reforms. But these initiatives may be significantly more difficult at construction sites and other workplaces outside the head offices. The question of how to diversify work styles at worksites other than headquarters—including what action to take regarding employee age structures, retirement ages, and other issues and how to propose and diversify work styles and human resources—are future challenges that must be kept in mind.

### Miyako Enokibori

Associate Director, CDP Japan, PhD (Environmental Studies)

### Kyoko Narita

Senior Manager, CDP Japan

- The construction industry has a particularly high affinity for energy saving and renewable energy potential associated with buildings. Given the current levels of Scope 3 emissions, the consequences of CO<sub>2</sub> reduction efforts involving the renovation of residences and commercial facilities, particularly in urban areas, will likely be quite significant. Thus, the recommendation here is to identify the CO<sub>2</sub> emissions in value chains, set CO<sub>2</sub> reduction targets from the perspective of SBT (Science Based Targets), and proceed with decarbonization activities. Making effective use of domestic lumber from thinning for preventing liquefaction, etc. contributes not just to carbon fixation, but advances the sustainable procurement of wood materials. These measures should be publicized more extensively.
- As TOBISHIMA CORPORATION extends its operations to Southeast Asia and Africa, its actions on water resources will prove significant. More emphasis is needed on environmental preservation, including water resources, and on effective water treatment methods. The company should disclose more information concerning its recognition of related risks and actions to rectify these issues.
- The Company's deep experience and record of achievements in disaster prevention initiatives are highly commendable. Ideally, it should provide the public with more information on its various solutions to social issues, on the framework of its business strategies, and its contributions to various stakeholders—including customers and local communities.
- In addition to its ESG activities and financial positions, corporate culture plays a significant role in meeting the expectations of investors and shareholders. In this regard, we find the efforts to promulgate the founder's philosophy of *Rita Riko* within the company highly commendable. This aspect is worthy of wider disclosure outside the company.

SX Materiality

Key issues (materiality)	Actions taken	Indicator (KPI)	Target	
			Fiscal Year	Numerical
<b>Contributing to the environment</b>				
<b>Promoting decarbonization</b> We're committed to efforts to reduce CO <sub>2</sub> emissions because the very nature of our business involves the use of heavy equipment, concrete, and other construction equipment and materials that generate significant volumes of CO <sub>2</sub> .	Promoting CO <sub>2</sub> emissions reductions at worksites/offices	CO <sub>2</sub> emissions reductions ratio (Scopes 1/2)	FY 2030	25% reduction from FY 2020 levels
		CO <sub>2</sub> emissions reductions ratio (Scope 3)	FY 2030	13% reduction from FY 2020 levels
	Promoting carbon fixation by using timber materials (soil improvement methods and carbon sequestration technologies involving use of wooden construction materials)	Number of wooden buildings (Mid- to high-rise, large span)	FY 2023	Two buildings or more/year
		Carbon fixation amount (soil improvement methods and carbon sequestration technologies in FY 2023 involving use of timber materials) * Using domestic timber from forest thinning	FY 2023	1,000-t-CO <sub>2</sub> or more
	Promoting ZEB/ZEH	Number of buildings at which ZEB/ZEH and ZEB Ready measures are taken	FY 2023	Five buildings or more/year
Promoting renewable energy business	Small-scale hydroelectric and photovoltaic power generation volumes	FY 2023	5,800 MWh/year or more	
<b>Working on water resource issues</b> We will apply our competitive water infrastructure technologies to help solve emerging global-scale water resource issues.	Developing the water quality preservation business for lakes and ponds (Tequanauts)	Volume of water preserved/treated	Annually	10,000 t or more
	Actions involving related facility construction	Number of cases involving construction of water supply/sewage and other water related facilities in Japan and abroad	Annually	10 or more

Key issues (materiality)	Actions taken	Indicator (KPI)	Target	
			Fiscal Year	Numerical
<b>Realizing a sustainable society</b>				
<b>Establishing resilient infrastructures</b> The world is being increasingly confronted with severe natural disasters. We will draw on our renowned disaster prevention technologies to strengthen and extend the service life of such infrastructures to help safeguard against these disasters.	Helping to extend the service life of infrastructures	Infrastructure renewal work completion ratio	FY 2023	15% or more
			<b>Contributing to local communities and to society</b> As society continues to age, regional revitalization has emerged as a key issue. We will promote regional innovations in partnership with local governments and regional construction companies.	Annually
	Promoting effective dialogue with local communities	Number of social contribution activities performed	Annually	40 or more/workplace
<b>Securing quality and strengthening technological capabilities</b>				
<b>Strengthening productivity and efficiency through digital transformation</b> We will reform our production processes through DX to shift to a next-generation system of business administration.	Production process innovations involving the introduction of advanced technologies (automation/remote control)	Number of advanced technology developments	FY 2023	Three or more
	Enhancing efficiency by introducing advanced technologies (automation/remote control)	Completed work productivity per worker	FY 2023	Up 8% compared to FY 2018
<b>Improving quality and technologies</b> This constitutes the foundations of our corporate management. We will strive to achieve continuing improvements in quality and technologies to meet increasingly diverse and sophisticated customer needs.	Providing high-quality structures through thorough implementation of the quality check system	[Civil engineering] Achievement ratio of work performance rating points	Annually	100% or more
		[Building construction] Customer satisfaction	FY 2023	95 points or higher
		Number of significant quality problems	Annually	0
	Maintenance/improvement of technological capabilities	Number of patent applications	FY 2023	20 or more

Key issues (materiality)	Actions taken	Indicator (KPI)	Target	
			Fiscal Year	Numerical
<b>Realizing workplaces that deliver job satisfaction</b>				
<b>Promoting labor safety</b> As an increasing number of skilled workers are aging and coming from different countries, we therefore need to reform our safety management schemes.	Heightening risk sensitivity and implementing risk elicitation free of oversights and based on comprehensive measures; and utilizing new tools (e.g., e-Series, Green Site, and FSC) to eliminate occupational accidents	Frequency rate	Annually	0.60 or lower
		Strength rate	Annually	0.06 or lower
		Number of fatal accidents	Annually	0
<b>Promoting diversity and inclusion</b> In establishing the TOBISHIMA Platform, we must create environments that allow group companies of diverse capabilities and individuals of diverse backgrounds and values to act promptly, flexibly, and effectively in response to changing environments and to establish innovations driven by synergies.	Employing diverse human resources and providing effective workplaces	Diversity ratio (Ratios of female workers, mid-career recruits, and non-Japanese workers among all employees)	FY 2023	25% or more
		Establishing workplaces where women can thrive	Ratio of female workers among new recruits	FY 2023
<b>Promoting work-life balance and work style reforms</b> We must promote diverse work styles, reduce prolonged work hours, and improve work efficiency through DX to create healthy, supportive working environments for all.	Achieving work style reforms by improving productivity	Rate of achieving "eight full days off every four weeks"	FY 2023	100%
		Overtime work hours (Annual average of unscheduled work hours)	FY 2023	300 hours or less per year
		Rate of use of annual paid holidays	FY 2023	60% or more
	Investments to maintain and promote health	Rate of complete medical checkups taken (30 and older but less than 40)	FY 2023	20% or more
		Rate of complete medical checkups taken (40 and older)	FY 2023	40% or more
		Rate of employee participation in annual companywide health event	FY 2023	90% or more
		Enhanced employee treatment and welfare, providing diverse work styles and comfortable work environments	Absenteeism (Number of days absent due to injury/sickness per employee per year)	FY 2023
		Employee satisfaction survey (Percentage of those reporting satisfaction)	FY 2023	65% or more
		Employee stress check (Comprehensive health risk indicator)	FY 2023	90 or lower

Key issues (materiality)	Actions taken	Indicator (KPI)	Target	
			Fiscal Year	Numerical
<b>Upgrading governance</b>				
<b>Strengthening the foundations of corporate management</b> Upgrading corporate governance Enhancing risk management Ensuring compliance Corporate governance, risk management, and compliance are key issues for corporate management and must be continuously addressed.	Enhancing risk management	Number of significant risk incidents	Annually	0
		Percentage of employees enrolling in information security training	Annually	100%
	Compliance	Number of significant legal violations	Annually	0
		Percentage of employees enrolling in compliance training (e-learning)	Annually	100%



## Actions for the Environment

### Environmental policy

#### Basic principles

Recognizing the pressing need to conserve the richness and blessings of the world environment, our company will act in all our activities with due consideration for the global environment.

#### Guidelines for actions

- We will actively engage in environmental conservation in all corporate activities and ensure that these activities take root.**
  - Maintain and improve the organization needed to promote environmental conservation and constantly update environmental management systems.
  - Implement internal environmental audits and make sustained efforts to improve the internal environment.
  - Document implementation items related to environmental conservation and review and con-frm information shared among all employees.
  - Promote environmental conservation in design, construction, and research on technology for civil engineering structures and buildings as well as in management activities.
- We will comply with all environmental laws and the provisions of agreements with customers, the construction industry, and neighborhood residents.**
- We will continue to work on the following environmental e-orts:**
  - Efforts to reduce pollutants
  - Efforts to conserve energy
  - Efforts to promote resource recycling and natural resource conservation
  - Efforts to reduce construction by-products
  - Efforts to reduce global greenhouse gas emissions
  - Efforts to promote green procurement
  - Efforts to conserve and restore the natural environment
- We will play an active role in activities involving environmental conservation to fulfill our societal obligations.**

### Introducing the Environmental Management Systems (ISO 14001)

To manage the environmental impacts generated by corporate activities and to actively promote environmental conservation and pollution control, we have introduced environmental management systems based on ISO 14001 to ensure sustained effectiveness and improvements.<sup>(\*)</sup>

(\*) Incorporated into the companywide systems in FY 2004. Updated to the 2015 version in FY 2017.

#### Internal audit

Internal audits are performed at the headquarters and each branch according to an annual schedule to check compliance with rules and spread understanding and knowledge of best practices. In drafting annual schedules, we set audit objectives to ensure that the audits are effective.

#### ●Example of environmental audit objective

Make sure the identification of a remarkable environmental aspect is relevant to the department's activities.

- Number of internally audited sections (worksites): 87 sections (59 sites)
- Audit results: Serious case of nonconformance: 1  
Minor case of nonconformance: 0  
Cases involving improvement: 11

#### External audit

Audits by a certification/registration body found no cases of environmental nonconformance in the 7-2 recertification review, allowing us to retain our registration status.

- Audit dates: July 13-16, 2021
- Audited sections: Headquarters, Tokyo Metropolitan Area Civil Engineering Branch Office, Tokyo Metropolitan Area Construction Branch Office, Nagoya Branch Office
- Audit results: Serious cases of nonconformance: 0  
Minor cases of nonconformance: 0  
Requested improvements: 7 cases

### Environmental risk evaluation/management process

In 2021, we indicated our agreement with the TCFD initiatives to promote response to climate change. Based on the scenario analyses, we identified the risks and opportunities we face in relation to climate change to move closer toward a decarbonized society.

### Promoting decarbonization The LP-LiC and LP-SoC carbon stock methods

Trees absorb carbon dioxide from the atmosphere via photosynthesis. They discharge oxygen and fix carbon within themselves. Carbon stock technologies apply this natural process to construction technologies by moving lumber underground while promoting the construction business. This reduces greenhouse gas emissions and mitigates climate change.

We contribute to decarbonization via the LP-LiC Method (piling logs into soft ground to solidify the ground and prevent liquefaction) and the LP-SoC Method (piling logs into soft ground, such as cohesive soil, to improve the load bearing capacity of and reinforce the local ground surface).



Large-scale housing complex site (Chiba Prefecture)

### Small- and medium-scale hydroelectric power generation business

#### Effective use of locally produced and consumed renewable energy

Hydroelectric power is a renewable and eco-friendly energy source based on water resources which are plentiful in Japan. We're advancing the small- and medium-scale hydroelectric power business through processes ranging from research and design to operations management.

We're developing this business nationwide to meet the needs of local communities, alongside community support activities that seek to revitalize agricultural infrastructures and dialogue with local governments based on the conditions of each region.

(Four operating sites as of FY 2022)



Water turbine generator (rated capacity: 136 kw)



Ochiai Hiraishi small-scale hydroelectric power station (Gifu Prefecture)



Promoting the renewal, upgrade, and management of local agricultural waterways as part of our business activities

### Environmental accounting

(Units: million yen)

Section	Item	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Environmental conservation costs within the business areas						
Pollution prevention costs	Preventing water, noise, vibration, and air pollution	205.7	310.2	217.9	446.9	316.8
Resource recycling costs	Waste sorting, reducing volumes of construction byproducts, reuse, and disposal costs	2,973.7	1,091.2	1,920.2	2,442.4	1,242.0
Upstream and downstream costs	Green procurement and environmentally friendly designs, etc.	24.7	21.8	51.4	39.7	156.9
Management costs	Environmental education and management personnel costs, etc.	81.7	86.6	87.6	84.7	92.3
Research and development costs	Research and development for environmental conservation, etc.	84.8	69	82.1	87.9	0.0
Social contribution activity costs	Nature conservation, community activities, and donations	23.6	14.2	26.1	21.1	22.1
Environmental damage costs	Restoration of natural environments and compensations, etc.	3.2	1.6	12.4	2.2	10.9
Other		13.3	17.2	17.2	0.1	0.0
<b>Total</b>		<b>3,410.6</b>	<b>1,611.8</b>	<b>2,414.9</b>	<b>3,124.9</b>	<b>1,841.0</b>

# Climate Information Disclosure Based on TCFD Initiatives

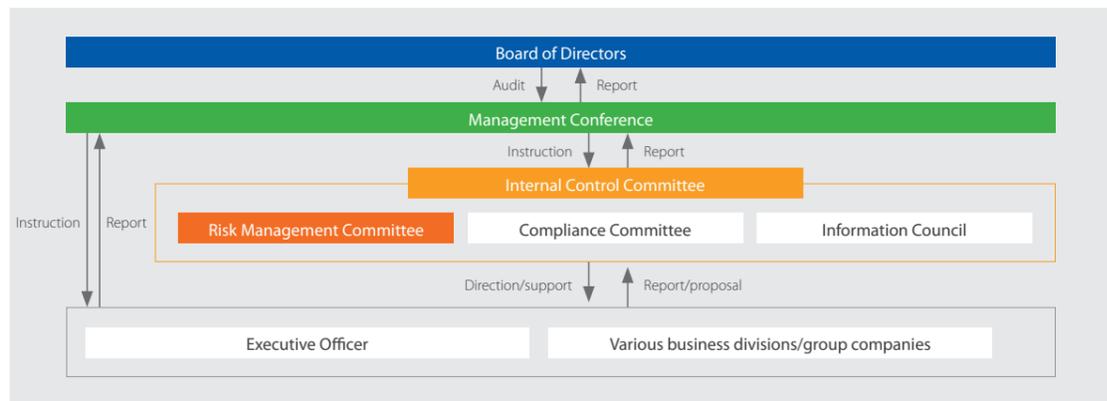
As part of activities related to TOBISHIMA SX, we intend to strengthen corporate value by promoting social sustainability based on management that accounts for ESG and the SDGs. We believe it is essential to disclose information concerning our climate performance and activities and have formally agreed with the proposals submitted by the Task Force on Climate-Related Financial Disclosures ("TCFD(\*)").

We will disclose information concerning our climate-related actions and performance in accordance with the information disclosure framework proposed by TCFD (governance, strategy, risk management, and metrics and targets). We will identify risks and opportunities related to climate changes based on the scenario analyses for the disclosure items proposed by TCFD and strengthen our governance and business areas to facilitate the transition to a decarbonized society.

\* TCFD: International framework established by the Financial Stability Board (FSB) in 2015 following a request from the G20 to consider how information concerning climate-related actions and performance should be disclosed and subsequent actions taken by financial institutions.

## Governance Governance of organizations affecting risks and opportunities posed by climate change

We have established a Risk Management Committee to identify issues that may have a significant impact on management or business activities, including climate change risks, and formulate and develop measures, and manage the progress of such measures. Matters discussed in the Committee are reported to the Board of Directors (4 times a year) via the Internal Control Committee, which is chaired by the President.



## Strategy Actual and potential impact of risks and opportunities posed by climate change on our business, strategies, and financial planning

- Composed of members drawn from across the company, the TCFD Working Group has analyzed the financial impact of climate changes on the Company.
- We have identified matters likely to be affected by a future transition to a decarbonized society and matters projected to be affected by actual physical changes, including natural disasters likely to become more catastrophic due to average temperature rise, and assessed the potential financial impact as risks and opportunities.

### Major scenarios adopted to study the transition and physical risks and opportunities

#### [Analyses of risks and opportunities in the transition scenario]

- 4°C Scenario: Standard Policy Scenario by IEA (STEPS)
- 2°C Scenario: Sustainable Development Scenario by IEA (SDS)

#### [Analyses of risks and opportunities in the physical scenario]

- 4°C Scenario: RCP8.5 by IPCC
- 2°C Scenario: RCP2.6 by IPCC

	2030	2050	End of this century
<b>Risks and opportunities in the transition scenario</b> Risks and opportunities assume a scenario wherein drastic policies/technological innovations continue to evolve in the transition to a zero-carbon society to keep the rise in temperature to less than 2°C by the end of this century.	The financial consequences of the transition to a low carbon society are estimated to materialize as of 2030.	Under this scenario, given progress with the transition to a low carbon society, the actual additional financial impact is projected to be relatively limited as of 2030.	<b>Temperature rise kept to less than 2°C above preindustrial levels</b>
<b>Risks and opportunities in the physical scenario</b> Risks and opportunities assume a scenario wherein the average temperature will rise by about 4°C due to atmospheric green gas concentrations, resulting in more damaging natural disasters.	The financial impact of intensifying natural disasters driven by climate change is still projected to remain limited.	Forecasts indicate the financial impact of intensifying natural disasters driven by climate change will become significant around 2050.	<b>Temperature rises about 4°C above preindustrial levels</b>

	Risks/opportunities	Impact on TOBISHIMA	Impact level	Countermeasures
Transition	Risks	<b>Rising procurement costs due to carbon tax burdens and carbon tax payment burdens</b> • Carbon taxes will be imposed on raw materials/construction machinery prices, increasing procurement costs. • Carbon taxes will be incurred in accordance with CO <sub>2</sub> emission from business activities.	Significant	<b>Promoting CO<sub>2</sub> emissions reduction activities across the supply chain</b> • Promoting low carbon emitting materials/machinery, construction devices and methods to reduce carbon taxes • Using renewable energy to reduce CO <sub>2</sub> emissions
		<b>Enforcement of decarbonization policies</b> • Companies with low environmental awareness will receive low evaluations from the market, reducing sales opportunities. • Lack of advantages in technological requirements for required environmental consideration may be a factor in losing the capacity to attract orders.	Moderate	<b>Responding to the need to account for the environment</b> • Educating employees and promoting activities to gain certifications • Developing construction methods and temporary building methods associated with low CO <sub>2</sub> emissions
	Opportunities	<b>Enforcement of decarbonization policies</b> • Growing need for energy-saving technologies • Expanding opportunities to apply CO <sub>2</sub> capture/sequestration technologies	Moderate	<b>Enhancing initiatives involving low-carbon compatible construction/CO<sub>2</sub> capture/sequestration technologies</b> • Enhanced proposal formulating capabilities/technological developments involving wooden architecture based on the concierge functions (*) as well as ZEB and other energy-saving construction methods • Expanding the application and further development of carbon stock technologies (**)
		<b>Growing need for renewable energy</b> • Investments in renewable energy-related facilities/equipment will increase and expand opportunities to win orders.	Significant	<b>Promoting and enhancing sales activities for customers with the future changing electricity structures in mind</b> • Enhanced sales promotions in areas related to renewable energy (new small-scale hydroelectric power generation, upgrading existing facilities, hydraulic power renewal construction, solar energy/biomass)
Physical	Risk	<b>Risk of operational stoppages due to damage at civil engineering/building construction worksites</b> • Extreme climate events may damage or result in the wholesale loss of facilities, buildings, and other assets; impair construction capabilities; and disrupt or delay the transportation and delivery of materials and supplies. Such conditions would significantly affect business activities, including delays or work suspension.	Moderate	<b>Enhancing BCP response capabilities in the event of a disaster in coordination with supply chain</b> • Formulating construction plans incorporating BCP • Establishing BCP system incorporating supply chains and implementing regular training • Development and deployment of disaster-prevention/mitigation technologies
		<b>Impaired productivity at construction sites</b> • Extreme summer heat will affect working conditions and impair productivity.	Moderate	<b>Measures to improve working environments</b> • Production process innovations involving robots and ICT technologies • Promoting the use of precast items to reduce on-site labor requirements • Deploying Field Success Centers (***) to make site management operations more efficient
	Opportunities	<b>Promoting the Government's national resilience measures</b> • More frequent and heavier rainfall and torrential rain and more intense typhoons will require more countermeasures at construction sites.	Significant	<b>Strengthening response to meet the needs of improved infrastructure and infrastructure service life</b> • Drawing on our renowned and proprietary disaster prevention technologies • Developing construction technologies to implement government-sponsored national resilience measures • Applying concierge functions to enhance our capacity to formulate proposals for solutions and maintenance/management services

\*1: Concierge functions: Listening to customer issues and requests, eliciting specific aspects based on the general social context, and proposing optimal solutions based on TOBISHIMA technologies/know-how and external resources  
\*2: Carbon stock technologies: TOBISHIMA's proprietary technologies for sequestering large volumes of lumber for extended periods to reduce CO<sub>2</sub>  
\*3: Field Success Centers (FSCs): Centralized site management systems for enhancing labor savings, quality, safety, and productivity at construction sites

## Risk management

How the risks associated with climate change are selected, evaluated, and managed

- As part of our approach to realizing TOBISHIMA SX, we have identified challenging issues related to contributing to social sustainability; established key issues to be tackled first (SX Materiality); and identified the pursuit of decarbonization as a priority issue.
- For risks posed by climate change, the Risk Management Committee checks the impact of these risks on the business of each section and undertakes regular monitoring to confirm that the required measures are taken.
- The discussions of and decisions made by the Risk Management Committee are integrated into the companywide risk management process at the Internal Control Committee chaired by the President and reported to the Board of Directors.

## Metrics and targets

Metrics and targets for evaluating and managing the risks and opportunities posed by climate change

- We have been granted SBT (\*) certification for setting long-term CO<sub>2</sub> reduction targets for a zero-carbon society.



Item	Coverage	Target
Greenhouse gas	Scope 1/2	25% reduction from 2020 levels by 2030
	Scope 3	13% reduction from 2020 levels by 2030

(\*) SBT (Science Based Targets): GHG emissions reductions targets set by each enterprise to achieve targets to be attained in 5-10 years, aligned with the levels required by the Paris Agreement (curbing global temperature rise to well below 2°C above preindustrial levels and pursuing efforts to limit warming to 1.5°C).



## Securing Quality and Strengthening Technological Capabilities

### Quality policy

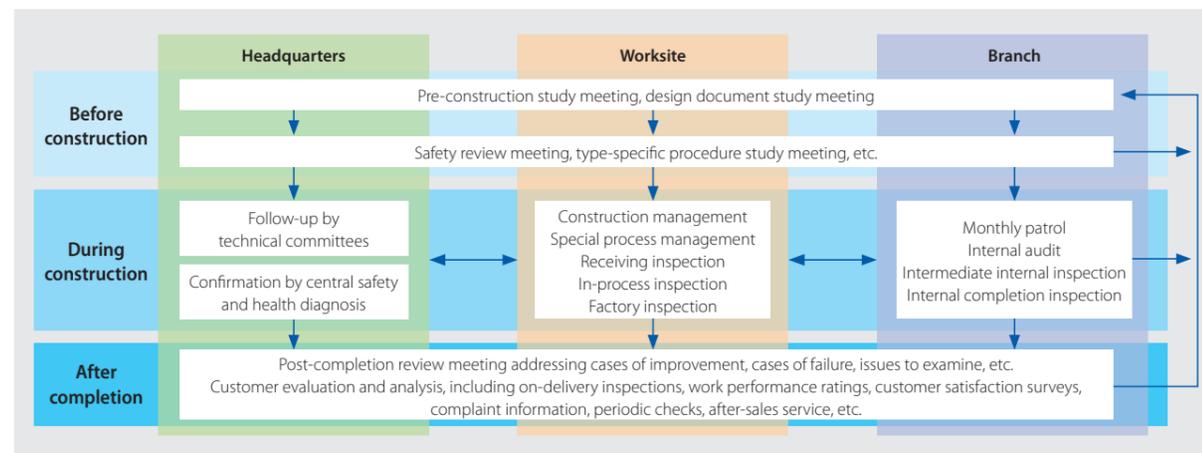
In accordance with our management slogan, **The Pursuit of Quality**, we seek to proactively promote quality assurance activities and to contribute to society under the customer-first spirit—*Rita Riko*.

1. Apply the quality management system based on ISO 9001 to the entire company and ensure effective implementation while continually improving e-effectiveness.
2. Clarify and secure customer requirements in addition to clarifying and complying with applicable laws, regulations, and other requirements.
3. Pursue high quality in all aspects of our corporate activities, not just in construction work, to enhance customer satisfaction and confidence, with a sense of gratitude and in the spirit of dedication to our customers always in mind.

### Construction process management

To meet customer quality requirements and reduce environmental impact on areas around the workplaces, we have established flows for managing construction processes, especially at worksites, through branch-headquarters collaborations. Improvement e-orts are continuous. To this end, we feedback know-how through pre-construction examinations, inspections (internal) and patrols during construction, and post-completion review meetings.

Information reported from construction sites and branches is shared via the intranet. Risk management is a key priority. We share information in a timely manner, seek to eliminate similar nonconformities, and strive to always upgrade risk management across the company.



### Quality Management System (ISO 9001)

We verify our consistent capabilities to provide civil engineering structures and buildings capable of meeting customer requirements and applicable legal/regulatory requirements through the application of a quality management system based on ISO 9001. We also seek to improve customer satisfaction by guaranteeing the effective application of various systems, including continuously refining our quality management system and ensuring compliance with customer and legal/regulatory requirements.

### Education/training

Recruit training provides an overview of ISO. Those employed for seven years or longer receive new internal auditor capability development training to ensure that about 40% of the entire work force can function as internal auditors. Prior to internal audits, internal auditor capability enhancement training is provided to ensure that the audits can be implemented effectively.

For environment and quality management, a hierarchical collective education program is provided for workers grouped by company tenure to enhance management. The current emphasis is on experience-based education.

## Initiatives for Safety Management

### Basic principles

**Basic principles:** Since humans constitute a driving production force, it is impossible to improve quality and productivity without maintaining harmony among products, equipment, and humans. For any company, ensuring safety is a social responsibility that cannot be considered apart from the company's primary production activities. Thus, we uphold respect for human lives as a basic safety tenet.

**Basic policy for managing safety and health:** We seek to promote comprehensive risk awareness and thorough implementation of necessary measures. All site workers work to strengthen risk awareness and strive to remain constantly vigilant of work-related risks and take proactive measures to eliminate all occupational accidents, including those attributable to unsafe behavior.

#### Health and safety management targets

<b>Target to be attained</b>	Fatal accidents: 0
	Frequency rate: 0.60 or less
<b>Disaster prevention targets</b>	Severity rate: 0.06 or less

#### Priority implementation items

1. Assured implementation of the health and safety management PDCA
2. Preventing fall accidents
3. Preventing accidents associated with heavy machinery/equipment
4. Preventing tripping/stumbling accidents
5. Preventing accidents due to unsafe behavior
6. Preventing accidents leading to damage/injury outside the company

### Safety management activities

We review our basic health and safety management policies based on companywide performance results and conditions of the previous year. As part of this process, we set core/priority implementation items that form the foundation of our subsequent activities.

Each branch office establishes detailed site-specific implementation items, identified from the priority implementation items, and deploy PDCA cycles quarterly based on the implementation status to identify areas for potential improvement and put virtuous cycles in place. The headquarters undertakes annual central health and safety diagnoses as part of branch audits.

### Special internal accident prevention months

Considering serious accidents in the past, we have established special accident prevention months to address falling accidents and machinery accidents. During these months, we undertake accident prevention measures based on predetermined guidelines. Safety awareness campaigns incorporate slogans for these months suggested by employees.

### Safety Patrol

Headquarters personnel perform six on-site inspections annually to enhance site safety management systems.

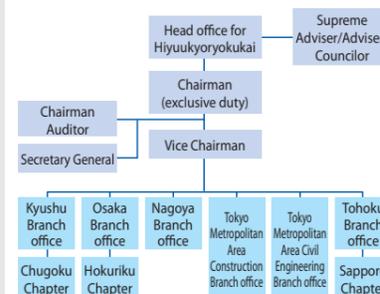
Tunnel accident elimination inspection	June/November
Inspection by management members	July
Inspection by the president	November
Accident elimination inspection	December
Term-end intensive inspection	February

### TOPIC

#### Collaboration with partner companies [Hiyuukyoryokukai: TOBISHIMA Collaboration Association]

TOBISHIMA organizes joint efforts with partner companies (Hiyuukyoryokukai) with the goal of furthering coexistence and mutual prosperity involving labor, health, and safety management activities. We forge strong partnerships to ensure safety and quality based on the collective efforts of TOBISHIMA and its partners. We work to improve, foster, and support the management capabilities of our partner companies by organizing various educational sessions, workshops, and inspections throughout the country.

#### Organizational Chart for the Hiyuukyoryokukai





## Realizing Workplaces that Deliver Job Satisfaction

### Health management initiatives<sup>®</sup>

#### TOBISHIMA CORPORATION's Health Management Declaration

Alongside its employees, TOBISHIMA CORPORATION will work to create a company in which all employees can work actively in sound health, both mentally and physically.

We launched our health management efforts in fiscal 2019, and in March 2020 we were certified by the Ministry of Economy, Trade, and Industry as an outstanding health management corporation. We continue to refine our health management practices maintaining and promote the good health of all our employees.

No company can achieve sustained growth without considering the health of its employees. We share the Health Management Declaration with all employees through the collective efforts of both the Company and its workers.

### Major activities

#### Preventing and halting the onset of lifestyle diseases

##### (1) Encouraging employees aged 30 and older to undergo thorough health screenings

The Company provides financial assistance for employees aged 30 and older to get thorough health screenings. The Company also designates individual worker health examination dates as days off and provides employees with transportation and accommodation expenses to encourage them to get their health examinations.

##### (2) Thorough Company supports for follow-up exams

Follow-up exams that need to be taken during work hours, based on the results of regular health checkups and thorough health screenings, etc. are treated as hours worked. Employees are required to report the results of follow-up exams, based on which industrial doctors can provide health guidance to prevent or treat lifestyle diseases and to prevent the progression of any other conditions.

##### (3) Events to promote physical exercise

We hold companywide exercise promotion events, including the Arukatsu walking event, in which teams and individual participants compete for pedometer readings over specified periods and the Radio Gymnastics Grand Prix, in which groups compete on radio gymnastics perfection and planning. These activities encourage employees to make exercise a habit and promote employee interaction.

##### (4) Providing health information

The TOBISHIMA health promotion website provides a range of health information employees will find useful in promoting their health. The site enhances awareness of health issues and solutions.

#### Promoting work-life balance

##### (1) Promoting teleworking

We seek to improve teleworking work environments and strive to enhance communications, issues often identified as challenges in such environments. Our goal is to become a company in which a diverse group of employees can make the most of their capabilities and effectively fulfill their responsibilities; in which business continuity is assured even under emergency conditions; and in which employees are empowered to achieve a work-life balance.

##### (2) Enhancing employee welfare

The employee welfare outsourcing services introduced in FY 2022 allow employees to use various services nationwide. These services cover family members to the second degree of kinship.



Radio Gymnastics Grand Prix (T-1 Grand Prix)

### Percentage of employees stating, "I understand the Company's health management policies" (from the FY 2021 Employee Satisfaction Survey)

Effective health management is possible only when the Company and employees work together to maintain and improve employee health. This means all employees are responsible for understanding the health management policies, for sharing targets and related measures, and working continuously toward the realization of the targets set.

About Health Management Policies	Younger than 30 years old	30 and older but less than 40 years old	40 and older but less than 50 years old	50 and older	Total
Understand clearly	56.3%	53.7%	57.0%	68.2%	62.5%
Don't understand	12.1%	10.1%	9.8%	4.1%	7.3%
Unsure	31.6%	36.2%	33.2%	27.7%	30.2%

▶ Although understanding of health management policies appears to be improving (60.9% in FY 2020 -> 62.5% in FY 2021), it is still unsatisfactory. To ensure progress in this area, present clear targets, and promote action to achieve them, we have established a section to supervise and promote health management policies within the Personnel Department from FY 2022.

### Promoting work style reforms and diversity management

- Both the Company and all its employees will continue to grow through ongoing management-employee joint efforts to pursue work style reforms in an open-minded spirit. This approach seeks to question things taken for granted to date; to create a supportive working environment for all; and to achieve both productivity enhancements for the Company and a work-life balance for everyone.
- We acknowledge and respect diverse values and ways of thinking to invigorate organizations and accelerate innovation. We seek to promote environments in which everyone can fulfill their potential.

### Major actions

- In 2019, we introduced the mandatory retirement age of 65 to provide our employees with the option to continue working past the age of 60.
- Encourage the use of teleworking, flextime, and job return systems.
- Encourage employees to take childcare leave and family care leave (in particular, encouraging male employees to take childcare leave).
- The work style reform committee identifies the work situation and develops and implements measures to curtail prolonged work hours.
- Organize work style reform competitions that encourage employees to think about, propose, and practice their own work styles.
- Enhance work efficiency, labor savings, and labor productivity through DX promotion and BPO (business process outsourcing) of non-core tasks, and other similar measures.
- Establish a diversity promotion committee to identify the current state of and challenges in diversity management and to plan and promote necessary measures.

#### Indicators concerning "work style reforms and diversity promotion" (2023 targets and status)

Action	Indicator	FY 2023 targets	Achievements	
			FY 2020	FY 2021
Achieving work style reforms through improved productivity	Rate of achieving eight full days off every four weeks at construction sites	100%	74.1%	76.8%
	Employees overtime work (annual average of unscheduled work hours)	300 hours or less in a year	320 hours a year	329 hours a year
	Ratio of annual paid holidays taken	60% or more	52.0%	53.2%
Providing workplaces where women can thrive	Ratio of female workers among new recruits	25% or more	12.5%	22.0%
	Ratio of male workers taking childcare leave	50% or more	25.9%	63.6%

### Actions involving human resource development

In 2016, we defined T-Shaped Professionals as individuals equipped with both deep expertise (vertical part) and general interpersonal skills (horizontal part). We will develop and nurture a corps of T-Shaped Professionals by emphasizing and enhancing general interpersonal skills.

#### Group training

In 2016, we introduced Human Power Training to enhance the well-rounded general capabilities that can be acquired through intellectual, social/interpersonal, and self-governing skills. From new recruits to managers, regardless of job categories and levels, all employees undergo step-by-step training to acquire the well-rounded general capabilities needed to enhance personal growth and act decisively and effectively.

#### Supports for employee initiatives to acquire qualifications

In FY 2017, as part of measures to promote qualification acquisition for employees, we introduced e-learning that allows employees to participate in courses to acquire qualification for First-Class Construction Management Engineer in civil engineering, construction, plumbing, and electrical work via personal computers as well as smartphones. We provide full support to encourage employees to acquire necessary qualifications through financial support and rewards for obtaining specified qualifications.

A Human Power Training session



# Directors

## Masahiro Norikyo | President and Representative Director



April 1980 : Joined TOBISHIMA CORPORATION.  
 May 2012 : Executive Officer, Vice Chief of Building Construction Division  
 June 2012 : Director and Executive Officer, Vice Chief of Building Construction Division  
 April 2014 : Director and Managing Executive Officer, Chief of Building Construction Division and Responsible for Earthquake Reconstruction  
 April 2015 : Director and Senior Managing Executive Officer, Chief of Civil Engineering Division and Responsible for Earthquake Reconstruction  
 April 2016 : Director and Executive Vice President in charge of Civil Engineering and Building Construction and Responsible for the Technology Research Institute  
 April 2017 : Representative Director and Executive Vice President in charge of Civil Engineering and Building Construction Business  
 June 2017 : President and Representative Director (incumbent)

## Seiichi Okuyama | Director, Executive Vice President, Private Company Sales Representative



April 1984 : Joined Fuji Bank (now Mizuho Bank).  
 April 2007 : Manager, Shimizu Branch, Mizuho Bank  
 July 2011 : Manager, Gotanda Branch, Mizuho Bank, and Gotanda 1st Manager, Gotanda Branch  
 April 2013 : Manager, Nagoya Chuo Branch, Mizuho Bank  
 April 2015 : Yaesuguchi 2nd Manager, Yaesuguchi Branch, Mizuho Bank  
 April 2018 : Executive Officer, Mizuho Bank, Tokyo Chuo 2nd Manager, Tokyo Chuo Branch, Mizuho Bank  
 June 2020 : Director, Executive Vice President, TOBISHIMA CORPORATION  
 May 2021 : Director, Executive Vice President, Private Company Sales Representative, TOBISHIMA CORPORATION (incumbent)

## Mitsuhiko Takahashi | Director, Senior Managing Executive Officer, Chief of Corporate Planning Division



April 1985 : Joined TOBISHIMA CORPORATION.  
 October 2014 : Executive Officer, General Manager of Corporate Planning Department  
 April 2017 : Executive Officer, Chief of Corporate Planning Division  
 April 2019 : Managing Executive Officer, Chief of Corporate Planning Division  
 April 2020 : Senior Managing Executive Officer, Chief of Corporate Planning Division  
 June 2020 : Director, Senior Managing Executive Officer, Chief of Corporate Planning Division (incumbent)

## Yasuo Terashima | Executive Vice President, Representative Director in charge of Compliance



April 1980 : Joined TOBISHIMA CORPORATION.  
 April 2014 : Executive Officer, Chief of Corporate Administration Division in charge of Compliance  
 June 2014 : Director, Executive Officer, Chief of Corporate Administration Division in charge of Compliance  
 April 2016 : Director, Managing Executive Officer, Chief of Corporate Administration Division in charge of Compliance  
 April 2019 : Director, Senior Managing Executive Officer, Chief of Corporate Administration Division in charge of Compliance  
 April 2020 : Director, Executive Vice President, Chief of Corporate Administration Division in charge of Compliance  
 June 2020 : Executive Vice President, Representative Director, Chief of Corporate Administration Division in charge of Compliance  
 April 2021 : Executive Vice President, Representative Director in charge of Compliance (incumbent)

## Takuji Arai | Director, Senior Managing Executive Officer, Chief of Building Construction Division in charge of Quality



April 1983 : Joined TOBISHIMA CORPORATION.  
 April 2014 : Executive Officer, General Manager, Tokyo Metropolitan Area Building Construction Branch  
 April 2016 : Managing Executive Officer, General Manager, Tokyo Metropolitan Area Building Construction Branch Office  
 April 2019 : Managing Executive Officer, Chief of Building Construction Division in charge of Quality  
 June 2019 : Director, Managing Executive Officer, Chief of Building Construction Division in charge of Quality  
 April 2020 : Director, Senior Managing Executive Officer, Chief of Building Construction Division in charge of Quality  
 April 2022 : Director, Senior Managing Executive Officer, Chief of Building Construction Division in charge of Quality (incumbent)

## Takashi Aihara | Outside Director



April 1979 : Joined Osaka Gas.  
 June 2010 : Director, Osaka Gas  
 April 2014 : President and Representative Director, Kinpai  
 April 2016 : Advisor, Osaka Gas Jutakusetsubi  
 June 2016 : Corporate Auditor, Osaka Gas Jutakusetsubi  
 June 2018 : Outside Director, TOBISHIMA CORPORATION (incumbent)

## Takako Masai | Outside Director



January 2004 : Joined Tokyo Branch, Calyon Bank.  
 May 2007 : General Manager, Capital Markets Department, Shinsei Bank  
 July 2015 : Executive Officer and General Manager, Financial Market Research Department, Shinsei Bank, Limited  
 June 2016 : Member of the Policy Board of the Bank of Japan  
 June 2021 : Director, SBI Financial and Economic Research Institute (incumbent)  
 July 2021 : Outside Director, TOBISHIMA CORPORATION (incumbent)  
 July 2021 : Outside Director, Mitsubishi Chemical Group Corporation (incumbent)  
 August 2021 : Outside Director, BlackRock Japan (incumbent)

## Takashi Hagisako | Standing Auditor



April 1974 : Joined TOBISHIMA CORPORATION.  
 April 2003 : Business Management General Manager, Business Management Department  
 July 2008 : Administration General Manager, East Japan Civil Engineering Branch  
 May 2012 : General Manager, Tokyo Metropolitan Area Civil Engineering Branch  
 August 2013 : Deputy Manager, Tokyo Metropolitan Area Building Construction Branch  
 June 2015 : Standing Auditor, TOBISHIMA CORPORATION (incumbent)

## Toshiya Natori | Outside Auditor



April 2011 : Director, Public Security Division, Criminal Affairs Bureau, Ministry of Justice  
 January 2012 : Director, Criminal Affairs Division, Criminal Affairs Bureau, Ministry of Justice  
 December 2012 : Director, Secretariat Division, Minister's Secretariat, Ministry of Justice  
 January 2015 : Public prosecutor, Supreme Public Prosecutors Office  
 July 2015 : Chief public prosecutor, Morioka District Public Prosecutors' Office  
 June 2016 : Public prosecutor, Supreme Public Prosecutors Office  
 July 2016 : Resigned from the public prosecutor's post  
 August 2016 : Attorney registration, Dai-ichi Tokyo Bar Association (incumbent)  
 June 2020 : Outside Auditor, TOBISHIMA CORPORATION (incumbent)

## Akitaka Saiki | Outside Director



April 1976 : Joined Ministry of Foreign Affairs.  
 Director-General, Asian and Oceanian Affairs Bureau  
 Resident ambassador and plenipotentiary extraordinary to India, and resident ambassador to Bhutan  
 Deputy Minister for Foreign Affairs  
 Vice-Minister for Foreign Affairs  
 June 2016 : Resigned from the ministry.  
 June 2017 : Director, Mitsubishi Corporation (incumbent)  
 June 2021 : Outside Director, TOBISHIMA CORPORATION (incumbent)

## Hiroshi Ito | Standing Auditor



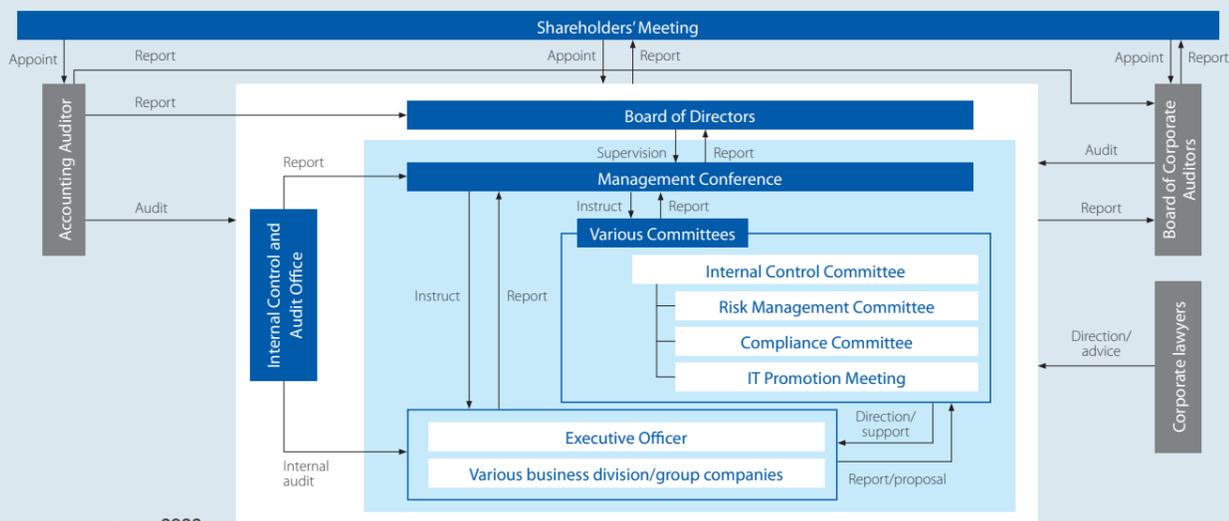
April 1985 : Joined TOBISHIMA CORPORATION.  
 April 2010 : General Manager, Finance Department, Business Administration Headquarters  
 July 2011 : General Manager, Accounting Department, Business Administration Headquarters  
 April 2014 : General Manager, Accounting Department, Corporate Administration Division  
 May 2020 : Vice Chief of Corporate Administration Division  
 June 2020 : Standing Auditor, TOBISHIMA CORPORATION (incumbent)

## Aki Nakanishi | Outside Auditor



April 2007 : Professor, Faculty of Business Administration, Meiji University (incumbent)  
 October 2009 : Lecturer, Japan Advanced Institute of Science and Technology  
 April 2015 : Senior Researcher, Research Center for Science Systems, Japan Society for the Promotion of Science  
 April 2015 : Visiting professor, Faculty of Creation of New Photonics Industries, The Graduate School for the Creation of New Photonics Industries (incumbent)  
 April 2016 : Lecturer, Faculty of Maritime Sciences, Kobe University  
 February 2020 : Councilor, Meiji University (incorporated educational institution) (incumbent)  
 June 2020 : Outside Auditor, TOBISHIMA CORPORATION (incumbent)

### Organizational Chart



### Director skills matrix

Name	Position and assignment at TOBISHIMA	Corporate management/ management strategies	Technology/ quality/ environment	Finance/ accounting/ banking	Legal/ compliance	International business/overseas insights and knowledge
Masahiro Norikyo	President and Representative Director President and Executive Officer	●	●			
Yasuo Terashima	Executive Vice President, Representative Director in charge of Compliance	●		●	●	
Seiichi Okuyama	Director, Executive Vice President, Private Company Sales Representative	●		●		
Takuji Arai	Director, Senior Managing Executive Officer, Chief of Building Construction Division in charge of Quality	●	●			
Mitsuhiko Takahashi	Director, Senior Managing Executive Officer, Chief of Corporate Planning Division	●		●	●	
Takashi Aihara	Outside Director	●	●		●	
Akitaka Saiki	Outside Director	●			●	●
Takako Masai	Outside Director	●		●		●



## Corporate Governance

### Basic approaches to corporate governance

Having established Our Actions addressing Corporate Governance Codes to respond effectively to changes in the business and social environments, we seek to improve the efficiency, soundness, and transparency of management to enhance corporate governance.

#### Business execution system

As a company with a board of company auditors, we have established a management system that allows directors to make decisions and execute business affairs expeditiously and promotes effective management and supervision, thereby enabling and enhancing effective corporate governance.

The Board of Directors meet, in principle, monthly, and hold other meetings as necessary to discuss and decide basic management policies and important matters, supervise business execution status, and confirm the progress of execution of the management plans. The decisions are shared at executive board meetings and branch managers' meetings, and instructions based on such decisions are provided at these meetings. Additionally, with the aim of increasing the effectiveness of supervisory functions and the efficiency of business execution by separating the decision-making/supervisory function from the executive function, we've introduced an executive officer system.

To enhance the efficiency of business execution, a management conference consisting of representative directors, executive officers, general managers of divisions, and other executive officers, etc. holds a meeting once a week and whenever necessary. This organization is responsible for making decisions related to strategic matters and daily tasks, as well as for summarizing management-related reports from each department.

#### Board of corporate auditors and accounting auditors

Auditors attend the Board of Directors' meetings, executive board meetings, branch managers' meetings and management conferences, where they audit the status of business execution by Directors. Additionally, auditors, the Internal Control and Audit Office, and accounting auditors work closely through liaison meetings and information exchange, striving to improve the effectiveness and efficiency of audits. As accounting auditor, we

have appointed Deloitte Touche Tohmatsu LLC, who handles our audits in a fair manner based on the Companies Act and the Financial Instruments and Exchange Act.

#### Assessing the effectiveness of the Board of Directors

Each fiscal year, the Board of Directors verifies the effectiveness of its management practices as well as that of each director and corporate auditor based on self-evaluations and other measures. It then discloses a summary of the results and takes action to make the Board of Directors still more effective. The self-evaluation questionnaires address matters required to activate discussions at the Board of Directors, enhance information acquisition by the directors and corporate auditors and any relevant support systems.

The results of an anonymous survey of directors and corporate auditors implemented in FY 2021 evaluated and confirmed the effectiveness of the Board of Directors. In these and other ways, we will continue to enhance the effectiveness of the Board of Directors.

#### Training for directors and corporate auditors

To ensure that directors and corporate auditors can adequately fulfill their roles and responsibilities, we provide them with internal information, as required, and opportunities to participate in external training sessions, as well as lectures and other training opportunities involving outside experts. For external directors and outside auditors, we provide various opportunities to deepen their understanding of business operations, including site visits.

#### Board member remuneration

Presented below is the remuneration granted to directors and corporate auditors in FY 2021.

#### Amounts of remuneration and other compensation paid to directors and corporate auditors

Director categories	Total of remuneration and other compensation	Total of remuneration and other compensation in different categories		Number of directors concerned
		Basic remuneration	Performance-based stock compensation	
Directors (Amount paid to outside directors within the above)	179 million yen (13 million yen)	159 million yen (13 million yen)	19 million yen -	10 (4)
Corporate auditors (Amount paid to outside corporate auditors within the above)	39 million yen (9 million yen)	39 million yen (9 million yen)	- -	4 (2)

(Note) 1. The above figures include pay for an outside director who resigned at the end of the 78th Ordinary General Meeting of Shareholders held June 29, 2021.  
2. The total amount of performance-based stock compensation is the compensation for the fiscal year based on the performance-based stock compensation scheme (BBT: Board Benefit Trust) introduced at a resolution of the 76th Ordinary General Meeting of Shareholders.

## Risk Management and Compliance

### Basic approaches to risk management & compliance

Risk management and compliance are among the top corporate management issues. We have established proper management systems through various means, including having respective sections or departments establish relevant regulations and manuals to ensure that they are thoroughly communicated and understood by employees. Furthermore, to promote compliance management practices, we revise the Compliance Manual in response to the changing social environment and take steps to ensure thorough communication to and the understanding of all employees.

#### Risk Management Committee

To respond to companywide risks, we have established the Risk Management Committee, chaired by a managing executive officer. This body determines annual priority risks to be managed by top management, based on conceivable potential risks; undertakes quarterly inventory/evaluations and revisions; and acts to ensure thorough communication to and understanding by all employees. For annual priority risks, risk management measures are planned and implemented for individual risks, incorporated into operational processes, and adjusted and coordinated among different sections and departments.

The management status of these priority risks are reported to the top management by the various sections and departments. The Crisis Management Regulations specify how to anticipate risks and respond to any risks that manifest to preserve corporate assets minimize consequences for business management.

#### Compliance Committee

Our Compliance Committee, chaired by an executive vice president in charge of compliance, formulates compliance promotion plans and supervises actions concerning corporate ethics, including legal compliance. It also establishes Anti-monopoly/Legislature Compliance Rules and Collusive Bidding Prevention Manual and undertakes continuous education/training for the relevant personnel to enhance

our actions against any collusive biddings. It also establishes Insider Trading Prevention Management Regulations for effective prevention of insider-trading.

#### Whistleblower system

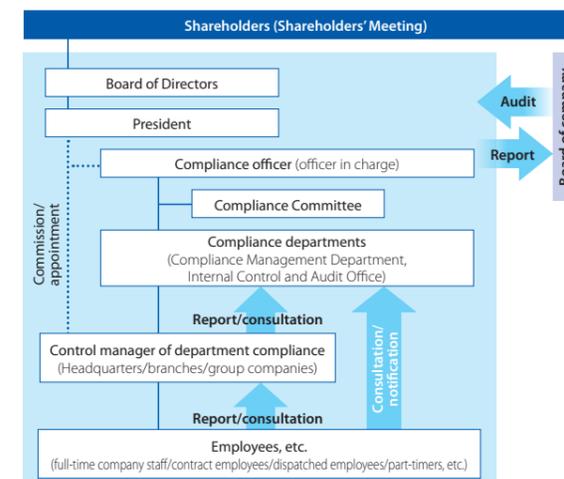
In accordance with the enforcement of the 2006 Whistleblower Protection Act, a reporting contact office was set up and an internal reporting regulation established to make efforts to implement and improve activities and systems to raise awareness of the whistleblower system.

#### Actions to eliminate anti-social forces

The TOBISHIMA CORPORATION Code of Conduct stipulates the elimination of all ties to any anti-social forces. The Crisis Management Regulations and the Anti-social Forces Handling Manual set forth how to handle various situations and establish organizations in charge, including the appointment of a manager in charge of avoiding unjustifiable demands. We also enhance joint efforts with specialized bodies and lawyers, etc.

We share information about anti-social forces to ensure that all employees are fully aware of how to handle them. When concluding contracts, we constantly include provisions concerning the elimination of organized crime syndicates.

#### Compliance promotion system



#### Compliance training

We implement compliance e-learning via the intranet for all officers and employees. We also implement compliance education in various ways, including new employee orientation and group training according to status and business division.

To further promote compliance, we publish the monthly Compliance Communication as a compliance promoting document to raise employees' awareness of compliance.



## Messages from outside directors

# We will enhance the effectiveness of our corporate governance and of the Board of Directors while incorporating various input and insight from external officers, thereby maintaining sustainable growth.

To enhance corporate value, we actively incorporate various expertise of external officers and seek to improve environments where they can fulfill their roles and capabilities to the fullest. Here are messages from external officers about their evaluations of our current approaches toward sustainable growth and future challenges.

### Local governments have diverse policy issues. This means we have many chances to help solve the problems of local communities by drawing on our highly competitive proprietary technologies.

As management policies move in the direction of diversification, the number of outside directors has grown from two to three, making the management system more compatible with diverse perspectives. Furthermore, the Company provides outside directors with necessary information as appropriate, including documents for the management conference sessions, facilitating our understanding of corporate governance. In addition, several annual site visits provide us with more in-depth knowledge about corporate activities.

To ensure our future sustainable growth, for the short-term, we recognize two challenges: Transforming ourselves into a new construction industry leader through early promotion of DX to respond to the rapidly changing social reforms and enhancing core business areas of new business fields.

Simultaneously, in the medium-to-long term, we recognize the importance of marketing activities that go hand in hand with customers by breaking free of the conventional image of the construction industry, identifying, and learning about local community issues, and proposing our winning technologies. Specifically, local governments confront various challenges, to which our proprietary expertise can effectively contribute. As regards the top management, I would like to propose more active approaches to be made to the heads of various governmental bodies.



Takashi Aihara Outside Director

### Sharing cases of failure with outside directors, the Company can benefit more from proper advice based on individual unique experience.

I would first like to express my candid impressions of the Board of Directors, which seems to be operating in quite an amiable atmosphere, where outside directors can freely express their opinions. This is probably due to the no-nonsense manner of Mr. Norikyo, the president. The right amount of information is provided in a timely manner. Our understanding has been greatly enhanced by the Company initiative to arrange site visits for various projects, in response to outside director requests.

One aspect deemed challenging for the Company, as viewed from an outside director, is the personnel issue. In serious consideration of the results of the Employee Satisfaction Survey for the current term, the Company would need to work on short-term, as well as medium-to-long-term, measures, considering what should be done to protect employees' health and life, and enhance their work motivation.

I would also emphasize that cases of failure are more important than cases of success for any organization to grow. By sharing information about failed projects in the past, and difficulties in any present activities straightforwardly with outside directors, I will be able to provide more proper advice, based on my experience.

Akitaka Saiki Outside Director



### The Company's efforts for qualitative improvements of the Board of Directors are highly appreciated, as in the supports it provides to encourage outside directors to contribute actively to various meetings.

I highly appreciate the Company's arrangements for allowing me to contribute rapidly and actively to various meetings, as sincere responses to my preliminary and ex post facto questions and confirmation about agenda of the Board of Directors' meetings. In addition, I have been allowed to visit actual civil engineering/architectural sites, participate in branch managers' meetings, and share information discussed at management conferences. The Company's efforts in the field of qualitative improvements of the Board of Directors and governance are quite tangible.

SX management promotion will require, in the short term, measures to ensure successful completion of the Medium-Term Five-Year Plan, and in the long term, efforts to improve profitability under the macroeconomic conditions different from those assuming cost increases in the past several decades.

The top management naturally recognizes these changes in business environments, but the key question is whether these issues are fully shared at the individual worksites and whether there is a general trend of change and moving forward within the entire Company. These are the points the Board of Directors should carefully monitor. In terms of both short-term and long-term perspectives, securing human resources should be a crucial issue. With that in mind, I will watch with anticipation the executives' actions toward diversity and inclusion (D&I).

Takako Masai Outside Director



## Explanation of Corporate Performance

### Performance overview

In the consolidated performance of the TOBISHIMA Group in this consolidated accounting year, the consolidated net sales failed to reach the scheduled 132.0 billion yen. It was off by 10.9%, resulting in 117.665 billion yen (up 0.3% over the previous consolidated accounting year), due to mismatches over order receiving timings and delayed construction commencement, and so on, under the lingering influence of the COVID-19 pandemic.

Gross profit amounted to 13.212 billion yen (up 9.1% over the previous consolidated accounting year) due to profit increases made possible by improved construction profitability despite the decreased sales as stated above, and strong performance of consolidated subsidiaries' profit increases, etc. Operating profit after deducting selling, general and administrative expenses of 8.637 billion yen (8.118 billion yen in the previous accounting year) reached 4.575 billion yen (up 14.5% over the previous consolidated accounting year), exceeding the scheduled 4.2 billion yen by 8.9%.

Non-operating profit/loss ended in a loss of 0.362 billion yen (as compared to 0.321 billion yen in the previous consolidated accounting year). Ordinary profit reached 4.212 billion yen (up

14.7% over the previous consolidated accounting year), a 10.9% increase over the scheduled figure of 3.8 billion yen. The recurring profit margin was 3.6% (up 0.5 percentage points over the previous consolidated accounting year). Return on assets was 3.6% (up 0.6 percentage points over the previous consolidated accounting year).

Extraordinary losses resulted in a loss of 0.316 billion yen due to impairment losses, etc. (a 0.008-billion-yen loss in the previous consolidated accounting year). As a result of registering 0.611 billion yen for decreased corporate tax, resident tax, and business tax compared to the level of the preceding consolidated accounting year (1.153 billion yen in the previous consolidated accounting year) due to decreased taxable income through sales of assets, and registering 0.064 billion yen for income taxes-deferred (0.06 billion yen in the previous consolidated accounting year), the current net income attributable to shareholders of parent company reached 3.219 billion yen (up 31.3% over the previous consolidated accounting year), a 34.2% increase over the scheduled 2.4 billion yen.

#### Civil engineering and construction business

In the civil engineering and construction business, because there were fewer projects that progressed significantly toward completion compared to the previous year and for other similar reasons, net sales of completed construction contracts was 63.175 billion yen (down 4.0% from the previous consolidated accounting year). The segment profit in the civil engineering and construction business was 5.104 billion yen (down 12.2% from the previous consolidated accounting year).

#### Building construction business

In the building construction business, the net sales of completed construction contracts were 47.338 billion yen (up 3.7% over the preceding consolidated accounting year) due to steady progress of construction projects, etc. The segment profit in the building construction business was 1.757 billion yen (up 268.0% over the previous consolidated accounting year).

#### Development business, etc.

In the development business, the net sales of development business, etc. were 7.150 billion yen (up 21.6% over the preceding consolidated accounting year) due to sales of net assets, etc. The segment profit in the development business, etc. was 0.502 billion yen (as compared to loss of 0.006 billion yen in the previous consolidated accounting year).

### Risks posed by business, etc.

Of matters related to business and accounting affairs described in the financial statements, major risks recognized by the management to be serious and to pose the risk of material impact on consolidated financial position, business performances, and cash flow status are as indicated on the right. The TOBISHIMA Group recognizes the possibility of the occurrence of incidents associated with these risks and strives to avoid them and take necessary measures should they arise.

Matters concerning future events are based on assumptions concerning the Group based on conditions as of the end of the consolidated accounting year.

#### (1) Risks associated with external business environments, including geopolitical events and economic trends

- (i) Risks posed by international conflict
- (ii) Risks associated with COVID-19 pandemic
- (iii) Legal and regulatory risks

#### (2) Risks associated with the Company's business operations

- (i) Trends in domestic construction market
- (ii) Credit risks posed by business partners
- (iii) Quality problems and occupational accidents during construction
- (iv) Difficulty securing skilled workers
- (v) Corporate takeover, capital alliance, and business restructuring

## Consolidated Financial Statements

### Consolidated balance sheet (for the year ended in March 2022)

(Units: million yen)

	Previous consolidated accounting year (Year ended on March 31, 2021)	Current consolidated accounting year (Year ended on March 31, 2022)	Previous consolidated accounting year (Year ended on March 31, 2021)	Current consolidated accounting year (Year ended on March 31, 2022)
<b>Assets</b>			<b>Liabilities</b>	
<b>Current assets</b>			<b>Current liabilities</b>	
Cash and deposits	25,439	12,968	Notes payable and accounts payable for construction contracts and other	26,246
Notes receivable and accounts receivable from completed construction contracts and other	52,294	57,015	Short-term borrowings	5,249
Real estate for sale	1,043	614	Advances received on construction contracts in progress	6,459
Costs on construction contracts in progress and other	1,903	2,178	Deposits received	22,236
Costs on development business and other in progress	6,196	6,706	Provision for warranties for completed construction	364
Other	7,171	7,276	Provision for loss on construction contracts	272
Allowance for doubtful accounts	△7	△6	Other	3,267
<b>Total current assets</b>	<b>94,041</b>	<b>86,754</b>	<b>Total current liabilities</b>	<b>64,097</b>
<b>Fixed assets</b>			<b>Fixed liabilities</b>	
<b>Tangible fixed assets</b>			Long-term borrowings	14,943
Buildings and structures	17,158	19,032	Provision for share awards for directors (and other officers)	27
Machinery, vehicles, tools, furniture, and fixtures	4,784	4,420	Provision for retirement benefits for directors (and other officers)	59
Land	8,500	8,193	Retirement benefit liability	73
Leased assets	134	148	Other	811
Construction-in-progress account	1,555	16	<b>Total fixed liabilities</b>	<b>15,915</b>
Cumulative depreciation	△12,897	△12,797	<b>Total liabilities</b>	<b>80,012</b>
<b>Total fixed assets</b>	<b>19,236</b>	<b>19,013</b>	<b>Net assets</b>	
<b>Intangible fixed assets</b>			Shareholder equity	
Intangible fixed assets	1,096	996	Share capital	5,519
<b>Investments and other assets</b>			Capital surplus	6,237
Investment securities	4,229	4,094	Retained earnings	29,354
Retirement benefit assets	1,280	1,942	Treasury shares	△577
Other	1,915	2,032	<b>Total shareholder equity</b>	<b>40,534</b>
Allowance for doubtful accounts	△200	△201	Accumulated other comprehensive income	
<b>Total investments and other assets</b>	<b>7,223</b>	<b>7,867</b>	Valuation differences on available-for-sale securities	714
<b>Total fixed assets</b>	<b>27,556</b>	<b>27,878</b>	Foreign currency translation adjustments	1
<b>Total assets</b>	<b>121,598</b>	<b>114,632</b>	Remeasurements of defined retirement benefit plans	329
			<b>Total accumulated other comprehensive income</b>	<b>1,044</b>
			Noncontrolling interests	7
			<b>Total net assets</b>	<b>41,586</b>
			<b>Total liabilities and net assets</b>	<b>121,598</b>

## Consolidated statement of income

(Units: million yen)

	Previous consolidated accounting year (From April 1, 2020, to March 31, 2021)	Current consolidated accounting year (From April 1, 2021, to March 31, 2022)
Net sales		
Net sales of completed construction contracts	111,413	<b>110,514</b>
Net sales in development business and other	5,882	<b>7,150</b>
Total net sales	117,295	<b>117,665</b>
Cost of sales		
Cost of sales of completed construction contracts	99,964	<b>98,654</b>
Cost of sales in development business and other	5,216	<b>5,798</b>
Total cost of sales	105,181	<b>104,452</b>
Gross profit		
Gross profit on completed construction contracts	11,448	<b>11,859</b>
Gross profit on development business and other	665	<b>1,352</b>
Total gross profit	12,113	<b>13,212</b>
Selling, general and administrative expenses	8,118	<b>8,637</b>
Operating profit	3,995	<b>4,575</b>
Non-operating income		
Interest received	3	<b>2</b>
Dividend's income	29	<b>25</b>
Foreign exchange gains	—	<b>38</b>
Investment partnership gains	—	<b>20</b>
Employment adjustment subsidies	102	<b>—</b>
Other	114	<b>37</b>
Total non-operating income	250	<b>123</b>
Non-operating expenses		
Interest expenses	267	<b>215</b>
Design activity expenses	—	<b>87</b>
Syndicated loan commissions	187	<b>50</b>
Other	117	<b>132</b>
Total non-operating expenses	572	<b>486</b>
Ordinary profit	3,673	<b>4,212</b>
Extraordinary income		
Gain on sale of fixed assets	0	<b>3</b>
Gain on sale of shares of subsidiaries and associates	—	<b>91</b>
Other	0	<b>0</b>
Total extraordinary income	1	<b>95</b>
Extraordinary losses		
Loss on sales and retirement of fixed assets	5	<b>0</b>
Loss on valuation of investment securities	—	<b>371</b>
Fixed asset advanced depreciation deduction	0	<b>—</b>
Golf membership impairment loss	1	<b>—</b>
Other	1	<b>40</b>
Total extraordinary losses	9	<b>412</b>
Profit before income taxes	3,665	<b>3,895</b>
Corporate taxes, resident taxes, and business taxes	1,153	<b>611</b>
Corporate taxes - deferred	60	<b>64</b>
Total corporate taxes	1,213	<b>676</b>
Current net profit	2,451	<b>3,219</b>
Profit or loss (△) attributable to noncontrolling interests	0	<b>△0</b>
Profit attributable to owners of parent	2,451	<b>3,219</b>
Total net profit	2,451	<b>3,219</b>
Other comprehensive income		
Valuation differences on available-for-sale securities	△21	<b>△83</b>
Foreign currency translation adjustments	△3	<b>7</b>
Remeasurements of defined retirement benefit plans	647	<b>98</b>
Total other comprehensive income	623	<b>23</b>
Comprehensive income	3,075	<b>3,242</b>
(Breakdown)		
Comprehensive income attributable to owners of parent	3,075	<b>3,241</b>
Comprehensive income attributable to noncontrolling interests	△0	<b>0</b>

## Consolidated statement of cash flow

(Units: million yen)

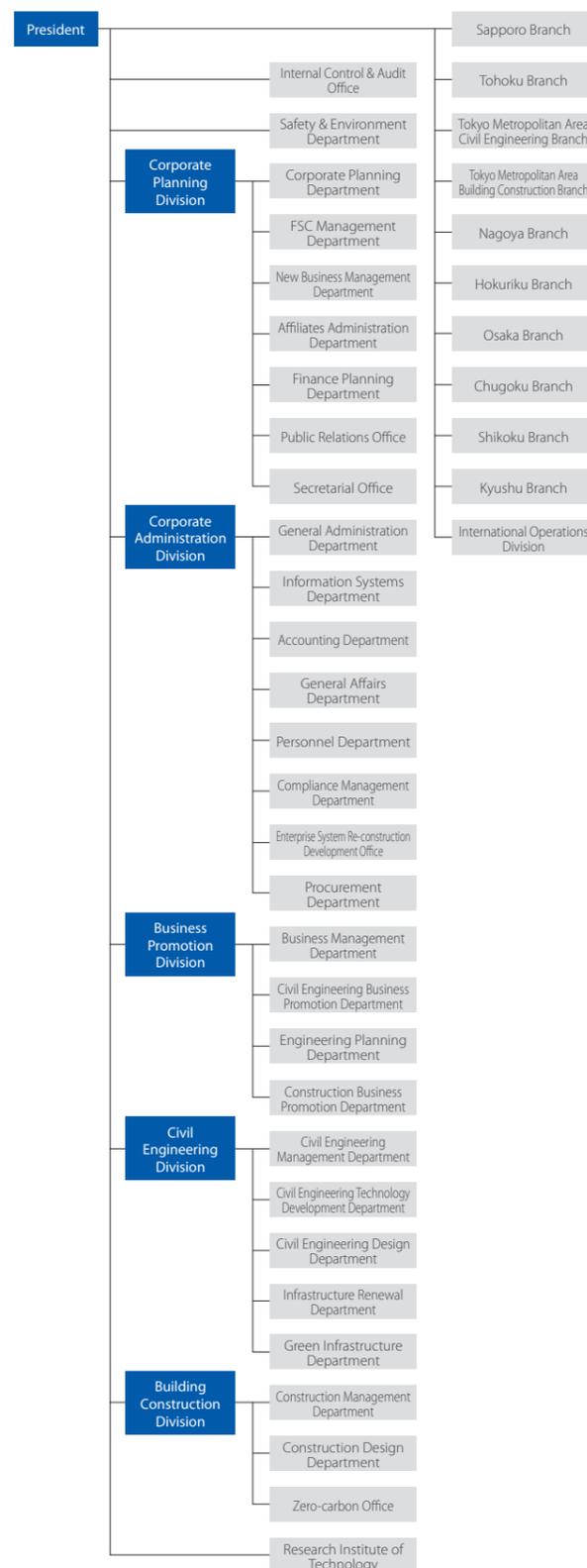
	Previous consolidated accounting year (From April 1, 2020, to March 31, 2021)	Current consolidated accounting year (From April 1, 2021, to March 31, 2022)
Cash flow from operating activities		
Profit before income taxes	3,665	<b>3,895</b>
Depreciation	871	<b>911</b>
Impairment losses	—	<b>371</b>
Amortization of goodwill	78	<b>127</b>
Increases/decreases of provision for bad debts ("Δ" indicating decrease)	2	<b>△0</b>
Increases/decreases of provision for warranties for completed construction ("Δ" indicating decrease)	115	<b>52</b>
Increases/decreases of provision for loss on construction contracts ("Δ" indicating decrease)	△66	<b>△106</b>
Increases/decreases of retirement benefit liabilities ("Δ" indicating decrease)	△429	<b>△15</b>
Increases/decreases of retirement benefit assets ("Δ" indicating decrease)	—	<b>△520</b>
Interest and dividends received	△33	<b>△27</b>
Interest paid	267	<b>215</b>
Foreign exchange gains/losses ("Δ" indicating gain)	△37	<b>△28</b>
Employment adjustment subsidies	△102	<b>—</b>
Pneumoconiosis compensation	△3	<b>36</b>
Gain/loss on sale of investment securities ("Δ" indicating gain)	△0	<b>△0</b>
Gain/loss on valuation of investment securities ("Δ" indicating gain)	—	<b>24</b>
Gain/loss on investment partnerships ("Δ" indicating gain)	—	<b>△20</b>
Gain/loss on sale of shares of subsidiaries and associates ("Δ" indicating gain)	—	<b>△91</b>
Gain/loss on sale of tangible fixed assets ("Δ" indicating gain)	5	<b>△2</b>
Increase/decrease in trade receivables ("Δ" indicating increase)	3,780	<b>△4,694</b>
Increase/decrease from real estate for sale ("Δ" indicating increase)	494	<b>428</b>
Increase/decrease in costs on construction contracts in progress ("Δ" indicating increase)	△329	<b>△275</b>
Increase/decrease in costs on development business and other in progress ("Δ" indicating increase)	△1,656	<b>△515</b>
Increase/decrease in consumption tax and other taxes receivable ("Δ" indicating increase)	1,905	<b>△1,032</b>
Increase/decrease in accounts receivable ("Δ" indicating increase)	△64	<b>964</b>
Increase/decrease in other assets ("Δ" indicating increase)	△28	<b>△270</b>
Increase/decrease in trade payables ("Δ" indicating decrease)	△5,556	<b>△99</b>
Increase/decrease in receivables on construction contracts in progress ("Δ" indicating decrease)	1,117	<b>△1,032</b>
Increase/decrease in receivables on development business and other in progress ("Δ" indicating decrease)	△1,054	<b>117</b>
Increase/decrease in deposits received ("Δ" indicating decrease)	2,766	<b>△3,156</b>
Increase/decrease in consumption tax and other taxes payable ("Δ" indicating decrease)	717	<b>△761</b>
Increase/decrease in other payables ("Δ" indicating decrease)	△78	<b>16</b>
Other	18	<b>212</b>
Subtotal	6,363	<b>△5,277</b>
Interest and dividends received	33	<b>27</b>
Interest paid	△261	<b>△214</b>
Employment adjustment subsidies received	85	<b>—</b>
Pneumoconiosis compensation paid	△45	<b>△2</b>
Corporate tax and other taxes paid	△2,001	<b>△720</b>
Cash flow from operating activities	4,173	<b>△6,187</b>
Cash flow from investments		
Payment(s) to acquire investment securities	△11,600	<b>—</b>
Gains on maturing investment securities	13,112	<b>13</b>
Payment(s) to acquire tangible fixed assets	△2,091	<b>△1,459</b>
Gain(s) on sales of tangible fixed assets	15	<b>5</b>
Payment(s) to acquire intangible fixed assets	△124	<b>△160</b>
Payment(s) to acquire investment securities	△281	<b>△255</b>
Gain(s) on investment partnership profit sharing	—	<b>223</b>
Payment(s) to acquire shares of subsidiaries accompanying changes in consolidation scope	△236	<b>—</b>
Payment(s) for sale of shares of subsidiaries accompanying changes in consolidation scope	—	<b>△145</b>
Debt service payments	△7	<b>△5</b>
Gain(s) on successful debt collection	43	<b>27</b>
Other	△7	<b>△17</b>
Cash flow from investments	△1,175	<b>△1,772</b>
Cash flow from financing activities		
Net gains/losses on short-term borrowings ("Δ" indicating decrease)	△2,251	<b>△3,000</b>
Net gains on long-term borrowings	13,660	<b>3,890</b>
Repayment of long-term borrowings	△11,213	<b>△4,412</b>
Dividend payments	△961	<b>△961</b>
Other	△79	<b>△77</b>
Cash flow from financing activities	△846	<b>△4,561</b>
Effects of currency translations on cash and cash equivalents	34	<b>35</b>
Increase/decrease in cash and cash equivalents ("Δ" indicating decrease)	2,185	<b>△12,486</b>
Cash and cash equivalents at the beginning of the period	23,050	<b>25,235</b>
Cash and cash equivalents at the end of the period	25,235	<b>12,749</b>

# Company Information (as of March 31, 2022)

## Company overview

Company name	TOBISHIMA CORPORATION
Year of establishment	1883
Month and year of incorporation	March 1947
Paid-in capital	5,519,942,968 yen
License	Construction license: granted by Minister of Land, Infrastructure and Transportation (Toku-04) No. 1400 (License date: April 25, 2022)
Number of employees (consolidated)	1,450 (non-consolidated: 1,180)
Representative	Masahiro Norikyo, Representative Director, and President
Address	W Bldg. 1-8-15, Konan, Minato-ku, Tokyo, 108-0075, Japan
Branches, research institutes	Research Institute of Technology Sapporo Branch Tohoku Branch Tokyo Metropolitan Area Civil Engineering Branch Tokyo Metropolitan Area Construction Branch Nagoya Branch Hokuriku Branch Osaka Branch Chugoku Branch Shikoku Branch Kyushu Branch International Branch
Overseas business office	Brunei, Pakistan, Myanmar
Account closing month	March
Ordinary General Meeting of Shareholders	June
Major Group Companies	E&CS Co., Ltd. Sugita Construction Corporation Tequanauts Co., Ltd. FOR YOU, Inc. Axisware, Inc. NXTField, Inc.

## Organizational Chart (as of October 1, 2022)



# Stock Information (as of March 31, 2022)

## Status of stocks

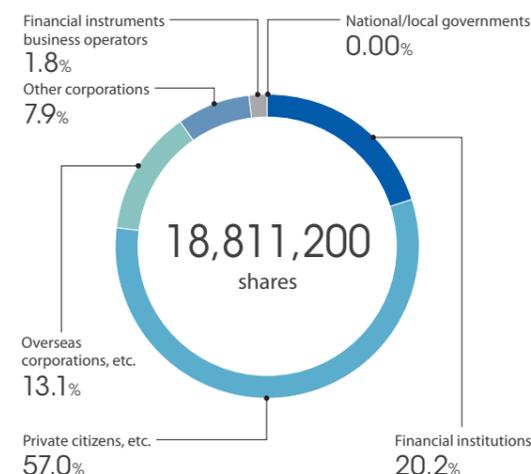
Total number of authorized shares	40,000,000 shares
Total number of outstanding shares	19,310,436 shares
Number of shareholders	30,378
Listed securities exchange	Prime Market, Tokyo Stock Exchange
Securities Code	1805
Shareholder registry administrator	Mizuho Trust & Banking Co., Ltd.

## Major Shareholders

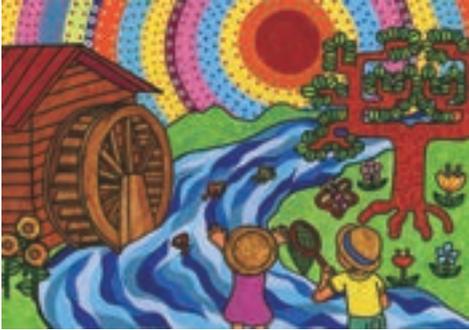
Shareholder	Number of shareholding (1,000 shares)	Ratio of shareholding (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,166	11.27
Custody Bank of Japan, Ltd. (Trust Account)	1,044	5.43
Tobishima Kyoei-kai (Co-prosperity Association)	1,035	5.38
TOBISHIMA CORPORATION Jishakabu-Toshi-kai (Treasury Share Investment Association)	434	2.26
RE FUND 107-CLIENT AC (Standing Proxy: Citibank, N.A, Tokyo Branch)	299	1.56
CGML PB CLIENT ACCOUNT/COLLATERAL (Standing Proxy: Citibank, N.A, Tokyo Branch)	297	1.55
Masayoshi Yamauchi	259	1.35
Masafumi Miyamoto	257	1.34
DFA INTL SMALL CAP VALUE PORTFOLIO (Standing Proxy: Citibank, N.A, Tokyo Branch)	222	1.16
BBH LUX/DAIWA SBI LUX FUNDS SICAV-DSBI JAPAN EQUITY SMALL CAP ABSOLUTE VALUE (Standing Proxy: Sumitomo Mitsui Banking Corporation)	200	1.04

(Note) Shareholding ratios are calculated by deducting treasury shares (79,000 shares). The number of treasury shares excludes company shares held by trust accounts concerning the Board Benefit Trust (BBT) (102,000 shares).

## Ownership distribution of unit stocks



\* The number of unit stocks in treasury shares is included in "Private citizen, etc."; the number of unit stocks in Japan Securities Depository Center, Inc. (unregistered) is included in "Other corporations."



"Memories of Summer," by Niji Kisaragi, awarded Highest Prize

Shougaisha Jiritsu Suishin Kikou Association (Paralym Art, a general incorporated association) contributes through ongoing efforts assisting self-support initiatives for those with disabilities from private enterprises and citizens without relying on social security measures, based on the philosophy of "creating a world in which people with disabilities can make their dreams come true through art."

As part of our SX management promotion, we concluded a Platinum Partner Contract, and held a design competition with "Water" as the theme. The prize-winning art pieces are displayed in our internal facilities and used as designs for our novelty goods and temporary fences at our construction site.



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