

Taisei Group Philosophy

To Create a Vibrant Environment for All Members of Society

The Taisei Group Philosophy of “to create a vibrant environment for all members of society” represents our objectives (goals) to be pursued by the Taisei Group. We seek in an environmentally sustainable manner to create safe and attractive spaces with exceptional value and to create a global community filled with hopes and dreams for the benefit of future generations.

In response to the rise of environmental problems on a global scale, it clarifies the values that we should cherish and the future state that we should achieve as a company. Based on the Philosophy, the Group is committed to addressing changing social needs and issues and to contributing to a sustainable society through the creation of high-quality social capital.

Group Slogan

For a Lively World

The Taisei Group Philosophy, the Taisei Spirit and the Action Guidelines for Taisei Personnel and the Taisei Group as a Whole can be summed up in this slogan.

It shows our desire to fulfill our responsibilities to society and continue to be a leader in the development of a sustainable society through efforts to achieve the Taisei Group Philosophy.

“For more on The Taisei Group Philosophy, the Taisei Spirit and the Action Guidelines for Taisei Personnel and the Taisei Group as a Whole”:

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

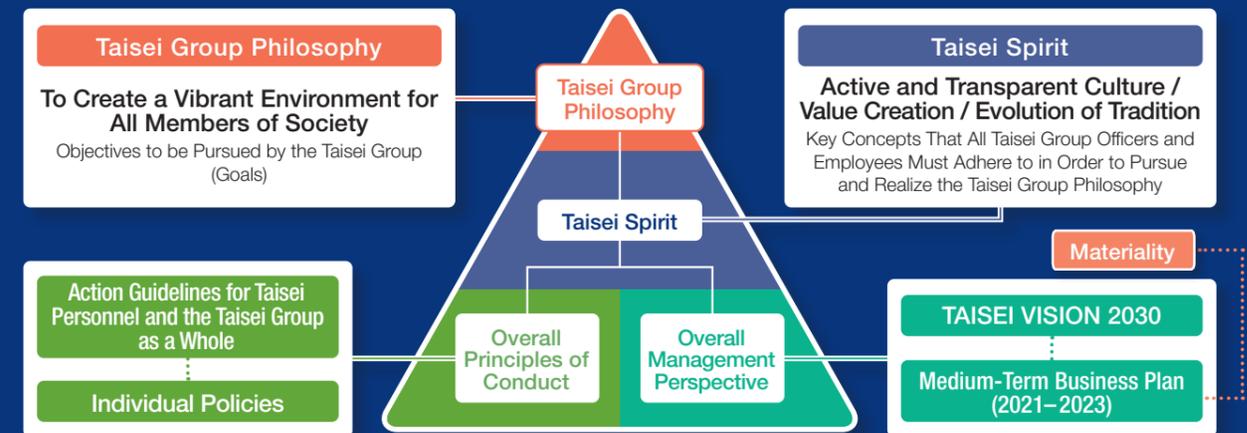
TAISEI VISION 2030

The Ever-Evolving CDE³(cubed) Company

In 2021, we formulated our 10-year vision that the Group aims at, “TAISEI VISION 2030,” on the basis of the medium to long-term external environment and structural changes, as well as the Taisei Group Philosophy and Taisei Spirit. CDE³(cubed) expresses domains in which we are making efforts to realize the VISION, and we aim to be “The Ever-Evolving CDE³(cubed) Company—A pioneering corporate group contributing to the development of a resilient society where people can live affluent and cultural lives.”

“CDE³(cubed)” (Construction, Development, Engineering, Energy, Environment) expresses the five business domains in which the Taisei Group makes particular efforts in order to realize “TAISEI VISION 2030.”

Our Structure of Values and Policies



Value Provided to Key Stakeholders

Employee* / Labor Unions
 “Works Remaining on the Map”:
 A Proud life

Engagement methods
 Delivery of the President’s Message (monthly) / Exchange of opinions with labor unions / Engagement survey / Establishment of various consultation contacts

Shareholders / Investors
 Sound financial position and increased corporate value

Engagement methods
 General meeting of shareholders, Securities report, IR briefing, Website/Annual report

Clients
 Construction of safe, secure and comfortable infrastructure

Engagement methods
 Customer satisfaction survey, Website, Annual report, CS (Customer) Center

Business Partners*
 Provision of a fair and equitable business environment and the development of capacity building

Engagement methods
 Holding various training and seminars / Establishment of consultation contacts / Sustainable procurement questionnaire survey

Communities / NPOs / NGOs
 Sustainable and abundant earth

Engagement methods
 Tours of project sites and the Taisei Advanced Center of Technology / Open innovation / Natural environment conservation activities / Promotion of construction culture

*Supplemental information on ‘human capital.’
 We consider employees as invaluable assets and refer to them as ‘human capital’ in this Annual Report.

*Supplemental information on business partners:
 “Business partners” refers to companies such as subcontractors to whom business contracted by clients is outsourced, specialized construction companies, and suppliers.

Six Types of Management Capital

Human Capital
 The Taisei Group’s greatest asset is its human capital. In order to promote the company’s value creation, we share the Taisei Group Philosophy to ensure that each staff member stays highly engaged and work on various measures such as enhancing human resources development and training programs and re-skilling.

Social Relationship Capital
 We integrate the needs of various stakeholders and the expectations of society into our business activities and work to help resolve social issues through our business activities while adapting to changes in the market environment.

Intellectual Capital
 Taisei’s proprietary technological development and patented technologies that contribute to resolving environmental and social issues will lead to the Company’s sustainable competitive advantage. We will build a solid foundation through further promotion of DX and open innovation initiatives.

Natural Capital
 In addition to promoting efforts to address climate change issues, we will consider the impact of our business activities on ecosystems, strive for sustainable procurement, waste management, and conservation of water resources and biodiversity, and promote better nature-positive initiatives.

Manufacturing Capital
 We have construction sites all over the world. We will provide our clients with excellent buildings and construction services that are resilient and pioneering in consideration of the environment and social issues.

Financial Capital
 See pp.86 to 94.

Eight Issues to Be Dealt with as Materiality

The Materiality of the Taisei Group represents important issues to be dealt with that have the potential to have a significant impact on both society and the Group from short, medium, and long-term perspectives. We consider them as what connects global issues such as SDGs with the Group’s structure of values and policies.

- Environment (E)**
 - ① Realization of a sustainable and environmentally friendly society
- Social (S)**
 - ② Ensuring quality and improving technology
 - ③ Technical development for realizing a sustainable society
 - ④ Promotion of supply chain management
 - ⑤ Thorough management of occupational health and safety
 - ⑥ Cultivation of technical staff and securing human resources
 - ⑦ Realization of an attractive working environment that is good to work in

- Governance (G)**
 - ⑧ Thorough compliance and restructuring of the Group governance system

Towards value creation
 Based on the Taisei Group Philosophy, which expresses our objectives to pursue, the Taisei Group works together with all stakeholders to integrate six types of management capitals and realize “The Ever-Evolving CDE³(cubed) Company.” We help resolve various social issues through corporate activities including initiatives for The Materiality to contribute to society. This is our ‘value creation story.’

CONTENTS

04 About the Taisei Group

- 04 Message from the President
- 07 Tales of Past and Present of the Taisei Group
- 11 Financial and Non-Financial Summary

13 Aiming to Realize Our Vision

- 13 Sustainability Dialogue
- 19 Growth Strategy and Sustainability
 - Medium- to Long-Term External Environmental Recognition and Risks
 - Materiality of the Taisei Group
 - Message from Chief Sustainability Officer (CSO)
 - TAISEI VISION 2030 Medium-Term Business Plan (2021-2023)
 - Group Business Strategy
 - Overview of Sustainability-Focused Management and Medium-Term Business Plan Initiatives
- 35 Special Feature 1 DX × SDGs Talk
- 39 Special Feature 2 Human Rights × SDGs Talk

43 Sustainability Section

- 43 Sustainability Management
 - Structure of Value and Policy and Fundamental Sustainability Policy
 - Materiality and KPIs 2021 – 2023
 - Sustainability TOPIC 1 Human Rights and Supply Chains
 - Sustainability TOPIC 2 TCFD
 - Sustainability TOPIC 3 Examples of Environmental Solutions
- 53 Materiality 1 – 8

67 Governance Section

- 67 Corporate Governance
 - Our Basic Approach to Corporate Governance
 - Compliance and Risk Management
 - Management Members
 - External Board Members' Message

86 Data Section

- 86 Explanation and Analysis of Business Results
 - Consolidated Financial Statements
 - Taisei Corporation Organization Chart
 - Overseas Network
 - ESG Data
 - Corporate Data / Stock Information
 - Glossary

Information Structure and Information Provision on Websites

IIRC	● ● ● ● ● ●
United Nations Global Compact	● ● ●
GRI Standards	● ● ●
ISO 26000	● ● ● ●
Environmental Reporting Guidelines	● ●
TCFD	● ● ● ●

- Integrated Report ●
- Website (Sustainability) ●
- Website (To Shareholders and Investors) ●
- Corporate Governance Report ●
- Securities Report ●
- Medium-Term Business Plan ●

Taisei Group Annual Report 2022

Editorial Policy This report is intended to provide investors, shareholders, and other stakeholders with an easy-to-understand overview of the Taisei Group's value creation process as a whole, such as business models, competitive advantages, strategies, and foundations for realizing the Group Philosophy, and initiatives for sustainable enhancement of corporate value and resolution of social issues. Further details about the initiatives related to Environment, Society, and Governance (ESG) and sustainability are available in the sustainability section on Taisei Corporation's official website.
<https://www.taisei-sx.jp/english/>

Scope of Coverage This report covers the activities of Taisei Corporation and the Taisei Group companies (consolidated subsidiaries) as of March 31, 2022, unless otherwise noted.

Period of Coverage The fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022). Some contents concern the data for the previous fiscal year or the most recent activities.

Date of Issue November 2022

Note Regarding Forward-Looking Statements

Opinions and predictions, etc., expressed in this report are based on the judgment of the Company at the time of preparation of this document. Therefore, please be aware that there is a possibility that the results of the actual target values, etc., could be different from the stated future estimates, due to changes in various factors.

Referenced Guidelines

Integrated Reporting Framework (The International Integrated Reporting Council (IIRC))

As disclosure guidelines for materiality that lead to the preparation of this report and the value creation process, we refer to this framework, which is a guideline for disclosure of non-financial information.

Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation (Ministry of Economy, Trade and Industry)

This guidance is widely used in Japan to improve the quality of dialogue with investors.

GRI Standards for Sustainability Reporting

We refer to this standard, which is a guideline for information disclosure regarding sustainability. The status of information disclosure can be found in the ESG data of this report and the Comparative Table with Global Reporting Initiative (GRI) Standards on our website.

ISO 26000

We refer to this International Organization for Standardization (ISO) guidance standard as a guideline for our activities. The status of our activities is reported on our website.

Environmental Reporting Guidelines (2018 Version) (Ministry of the Environment)

Environmental reports have been prepared with reference to these guidelines, and some of them are also included in this report.

Task Force on Climate-Related Financial Disclosures (TCFD)

In July 2020, we endorsed the TCFD Recommendations and disclosed information based on the recommendations in this report.

 **GRI Standards for Sustainability Reporting**
<https://www.taisei-sx.jp/english/gri>

 **ISO26000**
<https://www.taisei-sx.jp/english/iso26000/>

 **Third-Party Assurance on This Report***
https://www.taisei-sx.jp/english/iso26000/pdf/independent_assurance.pdf

* "Independent Assurance Report" on the environment data and indices by Ernst & Young Shin Nihon LLC

Major External Evaluation (As of July 1, 2022)



Note: The inclusion of Taisei Corporation in any MSCI index, and the use of MSCI logos, trademarks, service marks, or index names herein, do not constitute a sponsorship, endorsement, or promotion of Taisei Corporation by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.