

# Report on the Incident Regarding Our Failure to Satisfy Steel Erection Accuracy Requirements and the Incident Regarding Our Delay of Construction Schedule

We hereby report on the incidents above that occurred recently in the publication of the Annual Report 2023.

First of all, as timely disclosed in March 2023, the failure to satisfy steel erection accuracy requirements was found in the last fiscal year, in the ongoing construction work for the (Tentative Name) Sapporo Kita 1 Nishi 5 Project undertaken by our Sapporo Branch. We have decided to remove and reconstruct all aboveground portions and the non-conforming portion of the underground structure. Please accept our sincerest and deepest apologies for the great inconvenience and concerns caused to the owner and all other concerned parties.

We deeply regret the incident since it should never occur in a company like ours, which centers its activities on construction business. In response to the incident, the Compliance Committee as a Special Committee, with the participation of outside experts, investigated the cause and developed measures to prevent the recurrence of a similar issue. In addition, we have established a Technical Verification Committee whose members are third parties with technical knowledge. The Committee has implemented assessment of the quality control process. At present, the entire company is working on measures to prevent recurrence of a similar incident, such as re-enforcing compliance and strengthening the system to ensure the function of the quality control process, thereby striving to ensure proper quality control.

Furthermore, in May this year, our Tokyo Branch faced delay in the construction work for the Setagaya City Government's main office building, primarily due to insufficient verification of detailed construction schedule at the worksite. It resulted in our request to the owner for an extension of time for completion. Again, we apologize for the inconvenience and troubles we have caused to the owner and all the concerned parties.

With regard to this incident, we will review our organizational structure and staff assignment, and strengthen the backup system at the head office and the branch office, thereby ensuring thorough implementation of the construction work at the project through concerted efforts across the company.

We take both incidents as a serious matter that shakes the Company's trust. In order to prevent similar incidents from occurring again, all executives and employees are reminded of the Group's mission of "contributing to the development of a resilient society where people can live affluent and cultural lives," and take pride in being a member of a company responsible for building social capital, in engaging in work with integrity. I will lead the way and do my best to restore the trust of our clients and all stakeholders involved.

We are grateful to all of our stakeholders for the continued and invaluable cooperation and support.

TAISEI CORPORATION  
Yoshiro AIKAWA  
President and Chief Executive Officer,  
Representative Director

*Yoshiro Aikawa*

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### 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.

### Medium to Long-Term Vision 【TAISEI VISION 2030】

A pioneering corporate group “contributing to the development of a resilient society where people can live affluent and cultural lives.”

## The Ever-Evolving CDE<sup>3</sup> (cubed) Company

Construction, Development, Engineering, Energy, Environment

In 2021, taking into account the medium- to long-term external environment and structural changes, we established our vision for the next 10 years, “TAISEI VISION 2030,” grounded in the Taisei Group Philosophy and Taisei Spirit.

We will proactively respond to these significant shifts in the landscape and are committed to fulfilling our mission of “contributing to the development of a resilient society where people can live affluent and cultural lives.”

### Taisei Spirit

## Active and Transparent Culture

We value diversity and, through open and active communication lines and networks both internal and external to the Taisei Group, seek to cultivate a transparent and active corporate culture in which all of our officers and employees are able to reach their full potential.

## Value Creation

Not limited to our understanding of society at large, we carefully take into account the needs of our clients and using all of the technology and know-how at our disposal, together with our passion for innovation and ingenuity, seek to construct innovative and valuable engineering projects that inspire and impress our clients.

## Evolution of Tradition

We aim to instill within the Taisei Group the Japanese tradition of *monozukuri* (precise, superb craftsmanship) and continually challenge ourselves to provide ever more valuable contributions to society and ensure our continued development and growth as a respected corporate group.



As a close-knit team made up of dedicated corporate professionals, we engage in our corporate activities with passion, enthusiasm and sincerity.

### Corporate Emblem & Group Slogan Regarding the Symbol Mark & Group Slogan



The symbol mark embodies the Taisei Group's management philosophy. It symbolizes the natural environment, such as the invaluable earth, sea, and sun. While maintaining a balance with these elements, the continuous, higher, deeper, and broader activities of both people and the Group are depicted with vibrant energy and dynamism in three colors: blue, green, and orange. The Group Slogan, “For a Lively World,” serves as a succinct message that conveys the Group's philosophy to society. It's a distilled representation of the Group's philosophy, crafted to be approachable and easily remembered.

Overview of Communication

	Information for Shareholders and Investors	Information for ESG and Sustainability
Report	<div>Annual Report</div> <ul style="list-style-type: none"><li>•Annual Securities Report</li><li>•Business Report</li><li>•Taisei Circle (Shareholder Newsletter)</li><li>•Corporate Governance Report</li></ul>	<div>Environmental, Social Governance (ESG) Report</div>
Web	<div>Shareholder and Investor Information</div> <div>https://www.taisei.co.jp/english/ir/</div> <div></div>	<div>Sustainability</div> <div>https://www.taisei-sx.jp/english/</div> <div></div>
Dialogue	<ul style="list-style-type: none"><li>•Financial results briefing for institutional investors and analysts</li><li>•Individual Meetings</li><li>•Overseas Investor Relations (IR)</li><li>•Domestic conferences sponsored by securities firms</li><li>•General Meeting of Shareholders</li></ul>	<div>Stakeholder dialogue</div>

Overview

Editorial Policy:	This publication aims to provide shareholders, investors, and other stakeholders with a clear overview of the Taisei Group's endeavors to enhance sustainable corporate value. It incorporates management strategies geared towards realizing the Taisei Group's Philosophy, and foundational ESG and financial information for growth.
Report Scope:	Covers the Company and its Group entities (consolidated subsidiaries) as of March 31, 2023. (Note: Any deviations from this scope are clearly annotated.)
Reporting Period:	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023). (Note: Information from periods slightly before or after this range is also included.) Release Date: September 2023
Third-Party Assurance:	P. 105 – 111: Assurance on Financial Information by KPMG AZSA LLC. P. 112 (Environmental Data): Assurance on Environmental Information by Ernst & Young ShinNihon LLC

Reporting Framework

The Annual Report and the Sustainability Report (Web Sustainability) are prepared in accordance with the following frameworks.	
	GRI Standards
	SASB Standard
	Guidance for Integrated Corporate Disclosure and Company Investor Dialogues for Collaborative Value Creation (by the Ministry of Economy, Trade, and Industry)
	Task Force on Climate-related Financial Disclosures (TCFD)
	Environmental Reporting Guidelines (2018 version) (by the Ministry of the Environment)
	ISO 26000 (Guidance on Social Responsibility for Organizations)
 Annual Report	 Sustainability Report (Web Sustainability)

Major External Evaluation







  
FTSE Blossom Japan Index






  
FTSE Blossom Japan Sector Relative Index

2023 Constituent MSCI Japan Empowering Women Index (WIN)

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.

Key Stakeholders

Acknowledging the principles of ESG and SDGs, the Taisei Group deeply understands that we are supported by our shareholders, investors, clients, communities, employees, business partners, and a range of other stakeholders.

Stakeholders	Principles of conduct
 <div>Shareholders and Investors</div>	We respect the rights of shareholders, ensure their genuine equality, and cultivate a conducive environment for the exercise of their rights. We endeavor to enrich our constructive dialogues and engagements with shareholders and investors and are committed to providing accurate and timely information for these interactions.
 <div>Clients</div>	Understanding the broader societal landscape, we stand in our clients' shoes. By pooling our technology and know-how, and persistently pursuing further technological innovation and creative efforts, we aim to deliver optimal construction products and services that align with our clients' needs and budgets, thereby meeting their expectations and gaining their trust.
 <div>Communities, NPOs, and NGOs</div>	We seek to establish robust relationships with local communities. As responsible corporate citizens, we prioritize dialogue and collaboration with society, aiming to contribute positively to its growth and development.
 <div>Employees</div>	Valuing diversity, we promote active communication and networking both inside and outside our organization. Our goal is to nurture an open and vibrant corporate culture where every member can maximize their potential. Furthermore, we strive to develop and retain our human capital* for the future, ensuring heightened employee engagement.
 <div>Business Partners</div>	We emphasize clarity in our mutual roles and responsibilities, aiming to foster fair and trustworthy relationships. With our commitment to the Declaration of Partnership Building, we work diligently to promote mutual growth and added value across our entire supply chain.

\*Note on terminology: We view our human resources as invaluable assets. Thus, in this Annual Report, we refer to “human resources” as “human capital.”