

TAISEI VISION 2030

Medium-Term Business Plan (2021-2023)

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Medium- to Long-Term Vision

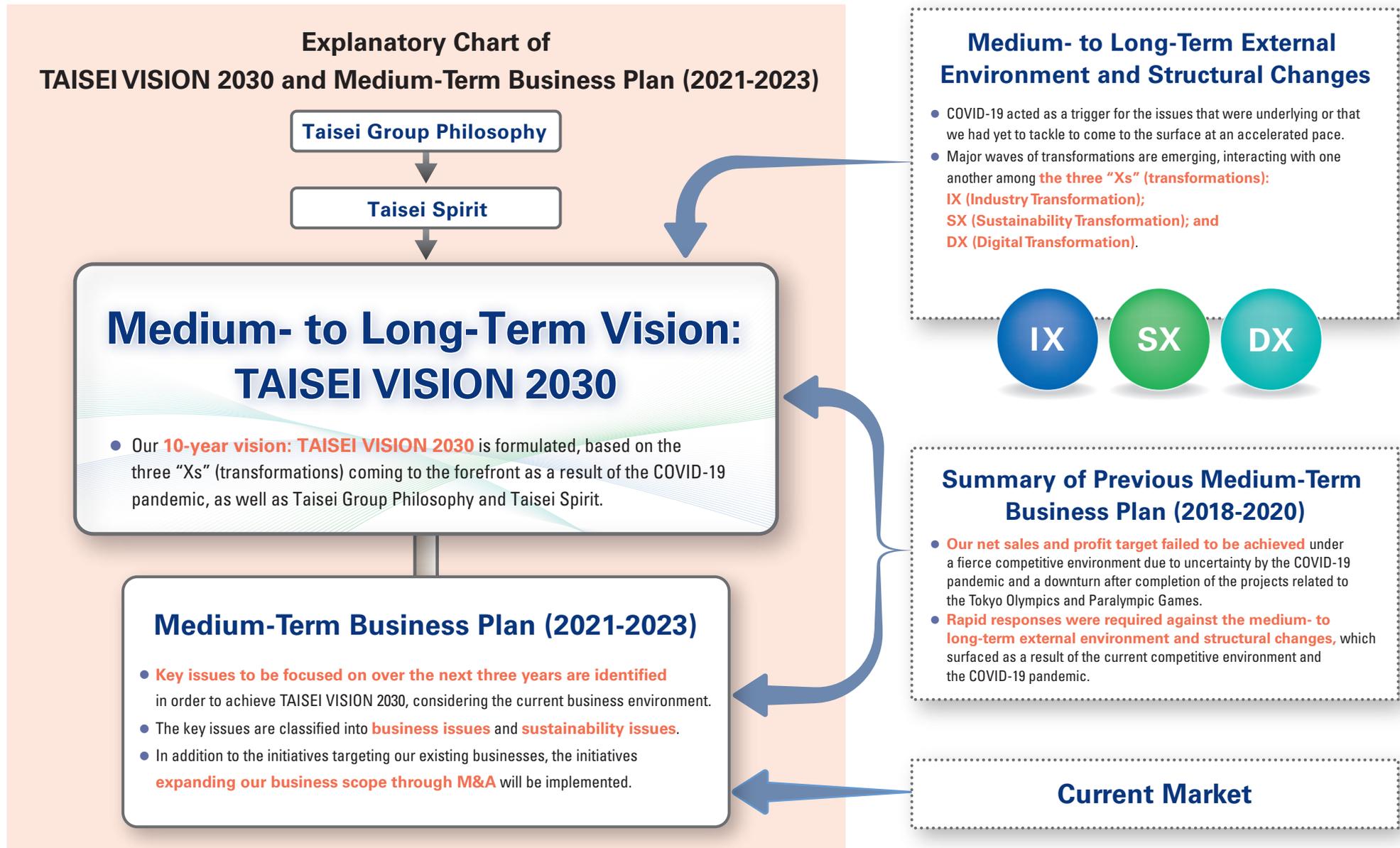
TAISEI VISION 2030

The Ever-Evolving CDE^{3(cubed)} Company

Construction, Development, Engineering, Energy, Environment

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

CONTENTS



1 Summary of Previous Medium-Term Business Plan (2018-2020)

- **Our net sales and profit target failed to be achieved** under a fierce competitive environment due to uncertainty by the COVID-19 pandemic and a downturn after completion of the projects related to the Tokyo Olympics and Paralympic Games.
- **Rapid responses were required against the medium- to long-term external environment and structural changes**, which surfaced as a result of the current competitive environment and the COVID-19 pandemic.

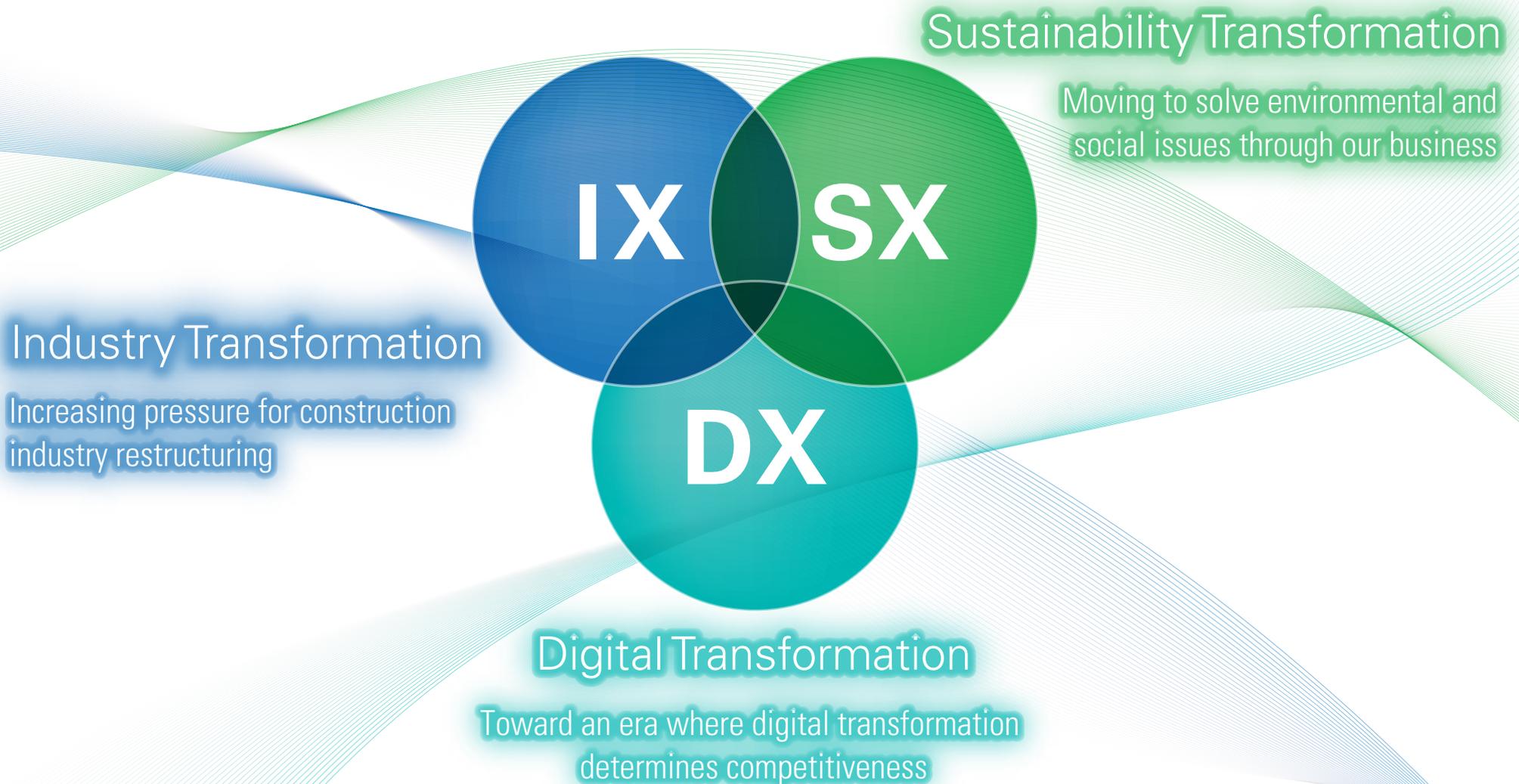
Medium-Term Business Plan (2018-2020) Numerical Management Targets

	(Billions of Yen)	FY2020 Medium-Term Business Plan target	FY2018 results	FY2019 results	FY2020 results
As the Taisei Group	Net sales	¥1,870.0	¥1,650.9	¥1,751.3	¥1,480.1
	Operating income	¥187.0	¥153.3	¥167.8	¥130.5
	Net income attributable to owners of parent	¥130.0	¥112.6	¥122.1	¥92.6
	ROE	12% or higher	16.2%	16.6%	11.6%
	Dividend payout ratio	About 25%	25.4%	22.7%	29.4%*
	Interest-bearing debt	Less than ¥300.0 billion	¥217.4 billion	¥208.1 billion	¥219.0 billion*
	Net interest-bearing debt	(Maintaining permanent state of substantive debt-free management)	Substantive debt-free ¥(250.3) billion	Substantive debt-free ¥(274.5) billion	Substantive debt-free* ¥(275.3) billion
	Capital-to-asset ratio	40% or higher	39.0%	39.7%	44.9%*

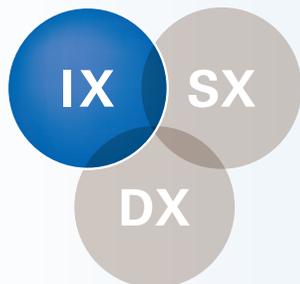
Notes: The items are marked "*" where the targets under Medium-Term Business Plan (2018-2020) were achieved.

2 Medium- to Long-Term External Environment and Structural Changes

- COVID-19 acted as a trigger for the issues that were underlying or that we had yet to tackle to come to the surface at an accelerated pace.
- Major waves of transformations are emerging, interacting with one another among **the three “Xs” (transformations): IX (Industry Transformation), SX (Sustainability Transformation), and DX (Digital Transformation).**



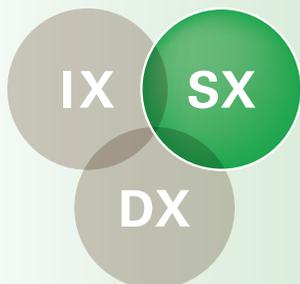
2 Medium- to Long-Term External Environment and Structural Changes



Industry Transformation

Increasing pressure for construction industry restructuring

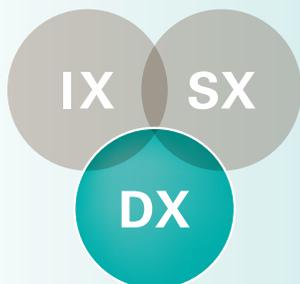
- **The industry lacks vitality due to a fierce competitive environment**, because the construction market is expected to shrink over the medium- to long-term.
- **The issue of securing labor will become apparent** in the construction industry, as Japan's population ages and the birthrate falls over the medium- to long-term.
- **There is business scope for expansion of both the Group's growth sectors and the sectors where we lag behind competitors**, as the market share among the five major construction companies including the Company is relatively small compared with other industries.



Sustainability Transformation

Moving to solve environmental and social issues through our business

- New growth industries and sectors will be established through a "virtuous cycle for the economy and environment", following the Japanese government's declaration of **carbon neutrality** by 2050.
- Revolutionary technical development through **open innovation** will be required to achieve this goal.
- Transformations will be required for several types of employment tailored to the needs of a new generation such as **diversity**.



Digital Transformation

Toward an era where digital transformation determines competitiveness

- **Digital technologies are evolving** in the production process, including BIM/CIM and unmanned construction.
- For the Company and **in the construction industry as a whole, digital technology and the utilization of data are still at a developing stage**.
- The application of these technologies to the whole construction business would offer opportunities for drastically increasing the productivity of the production process, speeding up management decision-making, and creating new services.

3 TAISEI VISION 2030 ~Embodying Taisei Group Philosophy and Taisei Spirit~

- Our **10-year vision: TAISEI VISION 2030** is formulated, based on the three “Xs” (transformations) coming to the forefront as a result of the COVID-19 pandemic, as well as Taisei Group Philosophy and Taisei Spirit.

Taisei Group Philosophy

To create a vibrant environment
for all members of society

Taisei Spirit

Active and transparent culture,
value creation, and evolution of tradition

Medium- to Long-Term
External Environment
and Structural Changes

IX

SX

DX

Medium- to Long-Term Vision

The Ever-Evolving **CDE**^{3(cubed)} Company

Construction, Development, Engineering, **Energy, Environment**

**A pioneering corporate group
contributing to the development of a resilient society
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Basic stance	Achieving safety and security	Optimal utilization of “Human Capital”, “Technology” and “Intelligence”	
Rough indicators of numerical performance	Group net sales	Group net income	ROE
	About ¥2.5 trillion	About ¥150.0 billion	About 10%
Returns to stakeholders	Customers, suppliers, and society	Returns through CDE³	
	Shareholders	Dividend payout ratio 25-30%	
	Employees	To promote further diversity and inclusion, establishing a comfortable working environment, personnel systems, and salary plans that enable employees to leverage their diverse range of skills to the maximum possible extent	

3 TAISEI VISION 2030 ~Embodying Taisei Group Philosophy and Taisei Spirit~

Proactive response to major waves of transformations as a pioneer

IX

Increasing pressure for construction industry restructuring

- To expand our business scope through M&A and other means

SX

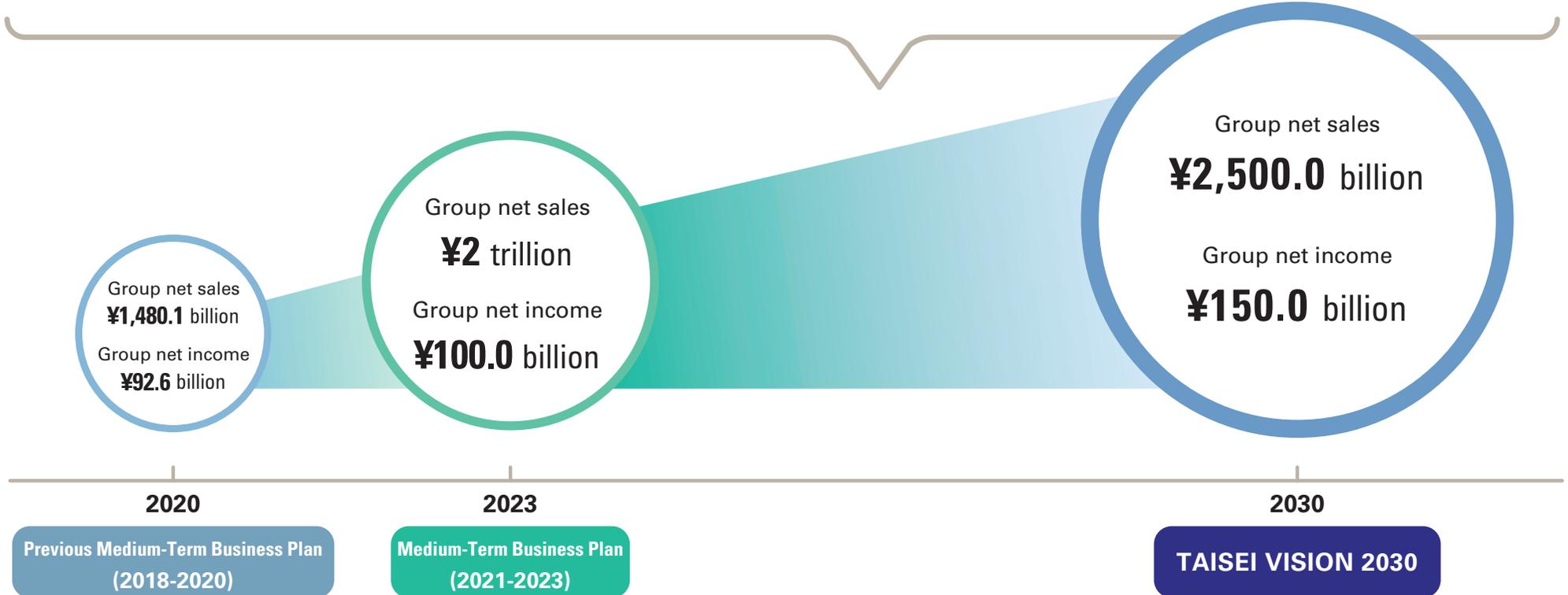
Moving to solve environmental and social issues through our business

- To target the front-runner status in the environmental sector, accelerating our initiatives toward carbon neutrality
- To promote further diversity and inclusion, establishing a comfortable working environment, personnel systems, and salary plans that enable employees to leverage their diverse range of skills to the maximum possible extent

DX

Toward an era where digital transformation determines competitiveness

- To establish our competitive superiority by enhancing productivity, speeding up decision-making, and creating new services



4 Medium-Term Business Plan (2021-2023)

- **Key issues to be focused on over the next three years are identified** in order to achieve TAISEI VISION 2030, considering the current business environment.
- The key issues are classified into **business issues** and **sustainability issues**.
- In addition to the initiatives targeting our existing business, the initiatives **expanding our business scope through M&A** will be implemented.

Business-related

Group Domestic Building Construction Business

Group Domestic Civil Engineering Business

Group Overseas Construction Business

Group Real Estate Development Business

Group Engineering Business

Group Business Strategy

Sustainability-related

Energy and Environment

Foundation Development

Safety

Technical development

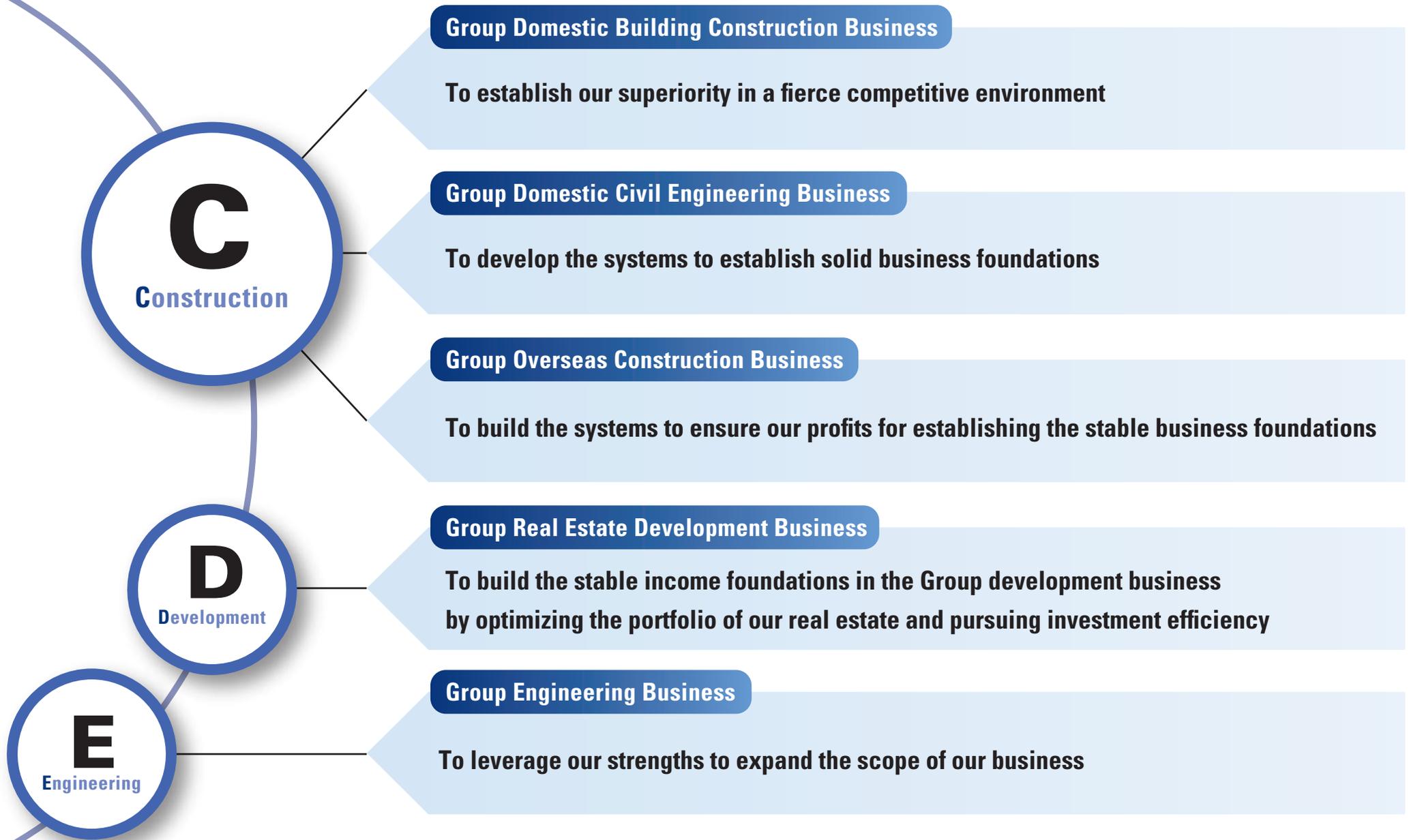
DX

Workstyle reform

Corporate governance

Group Foundation Development Plan

4 Medium-Term Business Plan (2021-2023) | Key Issues: Business-related



4 Medium-Term Business Plan (2021-2023) | Key Issues: **Sustainability-related**

Energy and Environment

To target the front-runner status in the environmental sector, accelerating our initiatives toward carbon neutrality

Scope 1 and 2

To achieve our target of “virtually zero” CO₂ emissions from business activities (carbon neutrality)

Scope 3

To enhance the performance of our Zero Energy Buildings (ZEBs), and expand green procurement

Foundation Development

To build the foundation based on sustainability

Safety

To achieve zero fatal accidents and zero serious accidents

Technical development

To promote the technical development to solve environmental and social issues through open innovation

DX

To innovate the production systems, and reform the workstyles through digital transformation (DX)

Workstyle reform

To promote the measures that emphasize an attractive working environment as well as diversity and inclusion

Corporate governance

To maximize synergies by rebuilding the Group governance systems

4 Medium-Term Business Plan (2021-2023) | Key Issues: Sustainability-related

Overview of Sustainability-focused Management and Medium-Term Business Plan Initiatives

International disclosure standards, code of conduct, and standards of behavior: ● GRI Standards ● UN Global Compact ● ISO 26000

	Materiality (Issues to be dealt with)	Medium-Term Business Plan Key Measures (Sustainability-related)
E	1 Realization of a sustainable and environmentally friendly society	<ul style="list-style-type: none"> To achieve our target of “virtually zero” CO₂ emissions from business activities (carbon neutrality) (Scope 1 and 2) To enhance the performance of our Zero Energy Buildings (ZEBs), expanding green procurement (Scope 3), etc. <p style="text-align: right;">>> P20.21</p>
	2 Ensuring quality and improving technology	<ul style="list-style-type: none"> To establish Digital Twin based on coordination with the BIM/CIM design and construction cloud, etc. <p style="text-align: right;">>> P22.23</p>
S	3 Technical development for realizing a sustainable society	<ul style="list-style-type: none"> To conduct technical development contributing to industrial sectors expected to grow, through a virtuous cycle for the environment and economy, etc. <p style="text-align: right;">>> P22.23</p>
	4 Promoting of supply chain management	<ul style="list-style-type: none"> To promote the supply chain management aimed at solving environmental and social issues, etc. <p style="text-align: right;">>> P21.23</p>
	5 Thorough management of occupational health and safety	<ul style="list-style-type: none"> To enhance the patrols by the Company and officers of Safety, Health, and Environment Cooperation Association, etc., ensuring thorough education in order to prevent designated disasters, etc. <p style="text-align: right;">>> P21</p>
	6 Cultivation of technical staff and securing human resources	<ul style="list-style-type: none"> To support for the registration and use of the construction career up system (“CCUS”): the systems for career advancement in the construction industry, etc. <p style="text-align: right;">>> P21.24</p>
	7 Realization of an attractive working environment that is good to work in	<ul style="list-style-type: none"> To establish the workstyles and the working environments that enable a diverse range of human resources to fully perform their abilities, etc. <p style="text-align: right;">>> P23.24</p>
G	8 Thorough compliance and restructuring of group governance system	<ul style="list-style-type: none"> To establish the effective systems to manage Group companies, etc. <p style="text-align: right;">>> P23.24</p>

TAISEI Green Target 2050

SBT Certification (to be recertified in 2025)

Disclosure based on the TCFD recommendations
(May 2021)

Contribution to the SDGs



4 Medium-Term Business Plan (2021-2023) | Numerical Targets

● Numerical targets for FY2023



*The above numerical targets and indicators do not include assumptions of any future M&A.

4 Medium-Term Business Plan (2021-2023) | Investment Plans

● Investment plans



1.	Investment in technical development	¥60.0 billion
2.	Investment in information	¥60.0 billion
	(1) Digital transformation (DX)	¥30.0 billion
	(2) Existing systems	¥30.0 billion
3.	Capital and personnel-related investment	¥15.0 billion
4.	Business-related investment	¥125.0 billion



- **Of the environment-related investment amount, items included in investment in technical development and business-related investment**

Investment in technical development

Technical development that contributing to industrial sectors expected to grow, through a virtuous cycle for the economy and environment

¥42.0 billion

Business-related investment

Investment in renewable energy businesses

¥18.0 billion



- **M&A investment, etc. for expanding our business scope to be allocated separately**

*The Items 1 and 2 above include some overlapped amount.

Key Issue

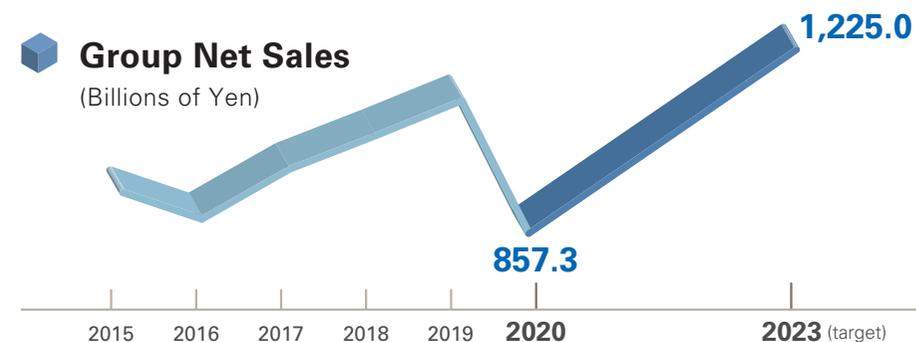
To establish our superiority in a fierce competitive environment

Market Scenario

- General Building Work:** The impact of COVID-19 is expected to continue until FY2021, but we expect a gradual recovery as COVID-19 is brought under control. However, **the competitive environment is expected to remain difficult** as the future outlook remains unclear.
- Building Renovation Work:** There is a significant potential demand for building renovation work, and **we expect this market to exceed average yearly performance from the second half of FY2021.**

Group Net Sales

(Billions of Yen)



Key Measures

- To enhance the systems to improve the Group's competitiveness in securing orders for new construction**
 - » To develop the systems for Value Engineering (VE) proposals and construction proposals by adding more staff to specialist teams and utilizing digital technologies and data
 - » To deepen relationships with customers by such measures as returning to our origins in prioritizing outward-facing activities, and set our sales policies and targets more promptly
- To expand the sector specialized in building renovation through organizational restructuring**
 - » To establish the teams specialized in building renovation at Head Office and branches, and unify the organizations for promoting building renovation
- To enhance the productivity by utilizing digital technology, and consolidating operations, etc.**
 - » Nationwide rollout of consolidated worksite operations utilizing specialist teams
- To expand the business scope through utilization of M&A, etc.**
 - » To achieve success in the telecommunications sector, where growth is expected, as well as the sectors and areas where the Group lags behind



Japan National Stadium

Key Issue

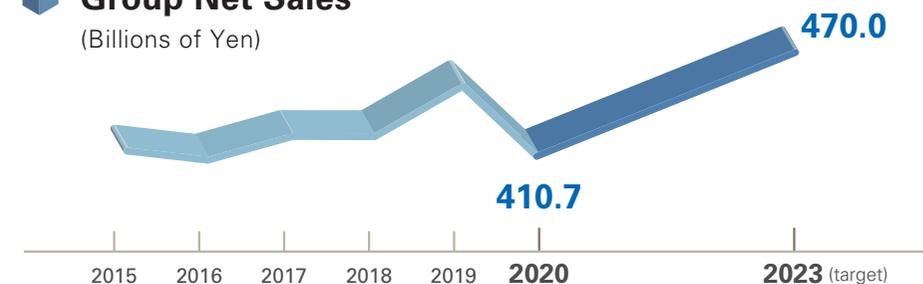
To develop the systems to establish solid business foundations

Market Scenario

- **Private Sector:** The market is expected to shrink as a result of COVID-19 and **recovery will take time**. Growth is expected in the renewable energy sector, but it will be after FY2024 that there is an affirmative effect on our business.
- **Public Sector:** Affirmative **impact on the Group is limited** by public investments, such as the measures for prevention and mitigation of disasters, and the measures aimed at building the national resilience of Japan. It is expected that the weight of expressways and other **renewal construction will increase**.

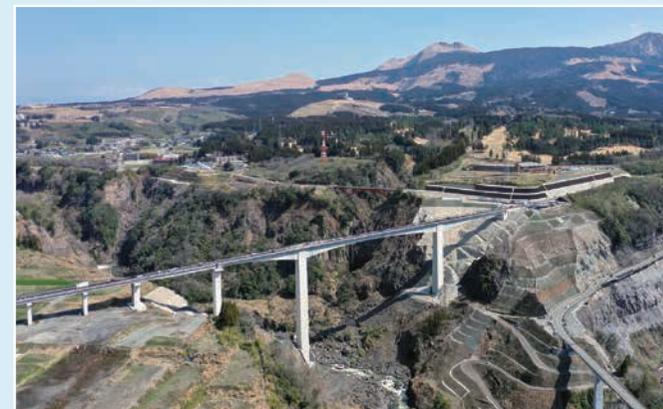
Group Net Sales

(Billions of Yen)



Key Measures

- **To develop the systems to enhance the Group's competitiveness in receiving orders**
 - To identify more ECI* projects, etc. where we can utilize our strengths as a group, and develop the organization to win bids thereof
 - To develop company-wide backup systems to win discretionary contracts and design changes
 - *ECI: Early Contractor Involvement; A method where the contractor participates from the design stage
- **To enhance the teams to win bids in the sectors where growth is expected, etc.**
 - To enhance the teams and personnel to win bids of the projects related to dams, wind power generation facilities, and expressway renewal
- **To expand the scope of our business through M&A and other means**
 - To expand the sectors where we have a competitive advantage, as well as to achieve success in the sectors where we lag behind



Shin-Aso Ohashi Bridge

Key Issue

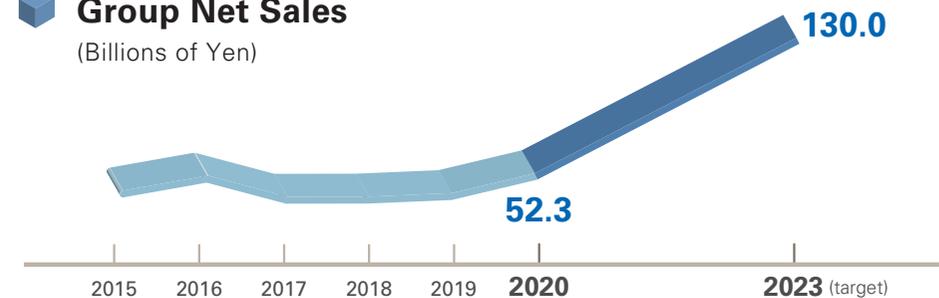
To build the systems to ensure our profits for establishing the stable business foundations

Market Scenario (Key Countries and Regions)

- Building | Taiwan: **The impact of COVID-19 is limited, and the construction market remains strong.**
- Building | Vietnam: While the investment to factories by Japanese companies is limited, there is a vibrant real estate development market, and it is **trending toward a moderate recovery.**
- Civil engineering | Singapore: **Recovery is expected from FY2021 onward, centered on public investment.**
- Civil engineering | The Philippines: **Demand related to Official Development Assistance (ODA) projects is relatively strong.**

Group Net Sales

(Billions of Yen)



Key Measures

Common

- To shift from the systems focusing on large-scale projects to the systems striving to ensure an optimal mix of different project sizes, by promoting both localization and operations at overseas offices, and collaborating with alliance partners

Building

- To build local networks by placing more and younger local sales staff
- To focus on allocating human resources to the airport sector, where the Group is internationally competitive

Civil engineering

- To cut the costs by utilizing the resources of alliance partners and our supply chain

New Business

- To allocate human resources to the creation of business models beside the construction business, based on the business forms of global contractors in Europe and America



Hamad International Airport, Qatar

Key Issue

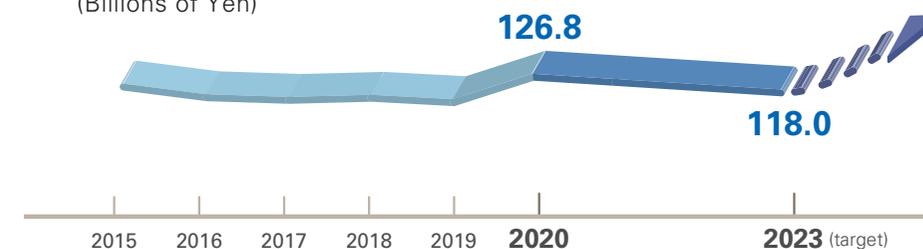
To build the stable income foundations in the Group development business by optimizing the portfolio of our real estate and pursuing investment efficiency

Market Scenario

- While there are few concerns surrounding financing and there are no signs of major fluctuations in the real estate market, **cautious judgments will continue to be required as the market outlook is very unclear.**

Group Net Sales

(Billions of Yen)



Key Measures

Real estate

- To build the optimal portfolio based on real estate market conditions, and develop the systems to ensure stable profits from development**

- » To acquire premium real estate through project control from the upstream stages of urban redevelopment projects and major development projects
- » To optimize our real estate portfolio based on a balance of area, application, asset efficiency, and stable revenues
- » To enhance the brand recognition and brand strength of "OBER" condominiums and "TERRACE" rental condominiums

Facility management

- To secure the properties for facility management with planning and proposals tailored to customers' needs**

- » To establish an integrated customer support system that covers everything from building construction to facility management

PPP, etc.

- To participate in the PPP business, etc. in order to diversify sources of revenue**

- » To establish the operational systems for airport concession projects, and tackle new infrastructure operation business



Ochanomizu Sola City

Key Issue

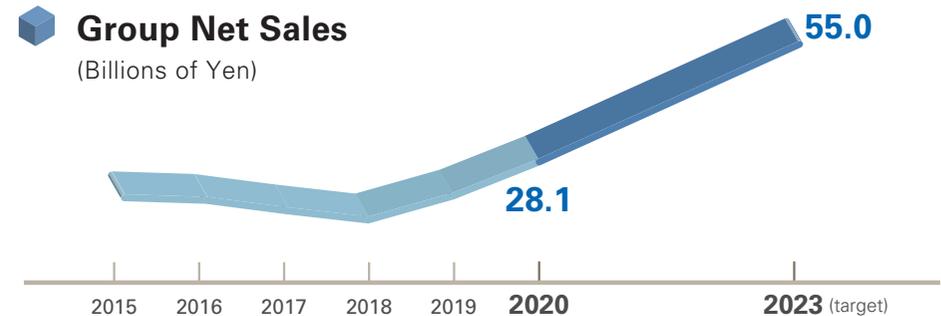
To leverage our strengths to expand the scope of our business

Market Scenario

- There is **generally strong capital investment demand** in our target sectors of pharmaceuticals, food products, logistics, and energy.

Group Net Sales

(Billions of Yen)



Key Measures

- To strengthen the existing sectors**
 - **Pharmaceuticals sector:** To utilize our strengths in terms of technology and expertise to enter the next-generation medical sector, including biopharmaceuticals and regenerative medicine
 - **Food products sector:** To enhance upstream consulting functions, and utilize technical expertise related to automation and labor-saving technology developed in the pharmaceutical sector
- To take on new growth sectors**
 - **Fine chemicals sector:** To utilize the technology from the pharmaceuticals sector to enter markets in areas such as semiconductor and electronic device materials manufacturing facilities
 - **Logistics sector:** To secure competitive superiority in the logistics facility sector, and expand sales channels in the pharmaceuticals transportation and delivery business, by making use of our expertise related to proposals based on feasibility studies (FS) and the Guidelines on Good Distribution Practice (GDP)
- To develop the systems for expanding the scope of our businesses**
 - To utilize external human resources to expand our production capabilities



Pharmaceuticals sector:
Facility for manufacturing drug substances with a high level of pharmacological activity

Key Issue

To target the front-runner status in the environmental sector, accelerating our initiatives toward carbon neutrality

● To achieve our target of “virtually zero” CO₂ emissions from business activities (carbon neutrality) (Scope 1 and 2)

- To hold the sources of renewable energy, and reduce the fuel consumption
 - To launch the initiatives aimed at holding sources of renewable energy, in order to cover the Group’s consumption of electricity (aiming for 100MW by FY2030)
 - To examine and introduce the measures to improve fuel usage at construction sites (biodiesel fuel and fuel additives)

● To enhance the performance of our Zero Energy Buildings (ZEBs), and expand green procurement (Scope 3)

- To develop and commercialize next-generation high-performance ZEBs, and provide energy support services
- To develop and use the carbon-recycle concrete

● To establish a system to manage the Group environmental targets

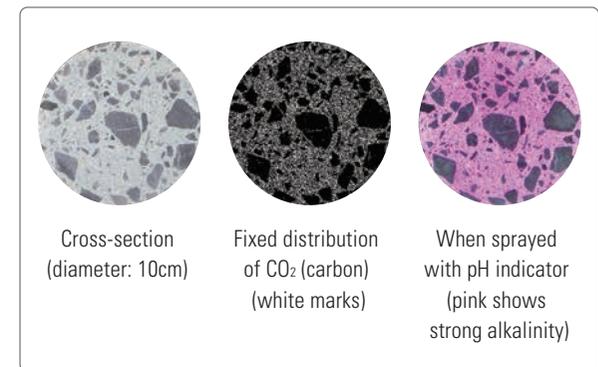
- To set the targets for the Group as a whole as we look to obtain SBT recertification in FY2025, and develop the systems at each Group company to achieve these targets
- To introduce the systems for measuring and aggregating CO₂ emissions data from worksites
- To promote TSA (TAISEI Sustainable Action*), and expand related measures

*The Action is aimed at achieving environmental targets for 2050 based on the participation of all employees and the rollout of technologies and initiatives aimed at reducing our environmental impact.

The “TSA Point System” is used for quantitative evaluation of the results of these initiatives at worksites.



ZEB Demonstration Building: Human Space Lab



Cross-section of the carbon-recycle concrete

Key Issue

To achieve zero fatal accidents and zero serious accidents

- **To enhance the patrols by the Company and officers of Safety, Health, and Environment Cooperation Association, etc., ensuring thorough education in order to prevent designated disasters, etc.**
 - ≫ To conduct the patrols by persons reporting directly to the three core divisions*1, and officers of Safety, Health, and Environment Cooperation Association, etc.
 - ≫ To encourage the activities of Safety, Health, and Environment Cooperation Association and foremen's associations, in order to enhance awareness of safety by on-site workers and reduce unsafe behaviors
- **To conduct the environmental patrols and education (compliance with laws and regulations) in order to eliminate environmental accidents**
 - ≫ To conduct the patrols in order to prevent accidents related to asbestos when dismantling and renovating buildings (including renewals), etc.
- **To promote the health and safety and environmental management through the utilization of digital technologies, etc.**
 - ≫ To ensure that all worksites install safety equipment on construction machinery
 - ≫ To enhance the frequency of patrols and the people conducting them through the use of wearable cameras
 - ≫ To develop and use the safety standards when introducing the technologies for automated and unmanned construction, etc.
- **To enhance the support for all member companies of the Soyukai**
 - ≫ To enhance and maintain the trainings for Souyukai*2 members at the Kōnosu Training Center
 - ≫ To support for the registration and use of the CCUS: the systems for career advancement in the construction industry (appointment of persons to provide registration guidance, etc.)
- **To promote the supply chain management aimed at solving environmental and social issues**
 - ≫ To promote the procurement complying with the "CSR Procurement Guidelines" across the supply chain as a whole
 - ≫ To coordinate with suppliers in a way complying with the "Declaration of Partnership Building"

*1 Three core divisions: Building Construction Division, Civil Engineering Division, Safety Administration Division

*2 Souyukai: Association of key specialized contractors (cooperating companies)

Key Issue

To promote the technical development to solve environmental and social issues through open innovation

● Technical development contributing to industrial sectors expected to grow, through a virtuous cycle for the economy and environment

Industrial sector*	Details	
Offshore wind power	Bottom-fixed and floating	<ul style="list-style-type: none"> ● Low-cost bottom-fixed and floating substructures and foundations
Logistics, people flow, and infrastructure	ICT construction Smart cities Disaster simulation	<ul style="list-style-type: none"> ● Unmanned construction^{*1}, robot construction technologies, 3D printer technologies ● Wireless EV-charging roads ● Realtime danger prediction (flooding, etc.)
Carbon recycling	Green procurement CO ₂ recovery and storage	<ul style="list-style-type: none"> ● Developing and using concrete made with recycled carbon ● Evolution of technology related to storing CO₂ underground
Housing and building, next-generation PV	Use of wood materials ZEBs Next-generation solar power cells (PV)	<ul style="list-style-type: none"> ● Hybrid construction, combining wood with reinforced concrete and steel, and technology to utilize CLT^{*2} ● Next-generation high-performance ZEBs ● Power generation systems integrated with glass and related products for renewal
Lifestyle-related industry	Smart communities	<ul style="list-style-type: none"> ● Technology for combining and coordinating regional renewable energy and devices that require energy
Hydrogen	Hydrogen storage and transportation	<ul style="list-style-type: none"> ● Demonstration of low-pressure hydrogen transportation systems
Nuclear power	New light-water reactors (LWR)	<ul style="list-style-type: none"> ● Technology to enhance the safety and economic efficiency of nuclear power facilities
Foods, agriculture, forestry, and fisheries	Plant factories	<ul style="list-style-type: none"> ● Efficient cultivation systems that reduce light energy
Resource circulation	Energy recovery	<ul style="list-style-type: none"> ● Technology for using methane gas

*Industrial sectors are quoted from "Growth Sectors" in the government of Japan's "Green Growth Strategy"

● Technical development where the Company has a competitive edge

Details	
Special technology for applying to large projects	<ul style="list-style-type: none"> ● Large-scale foundations, tunnel construction-related, building large underground spaces, etc.
Technology contributing to higher added value and higher quality	<ul style="list-style-type: none"> ● Disaster prevention and mitigation technology, new materials, structures and framework systems, engineering technology, renewal technology, wellness technology, etc.



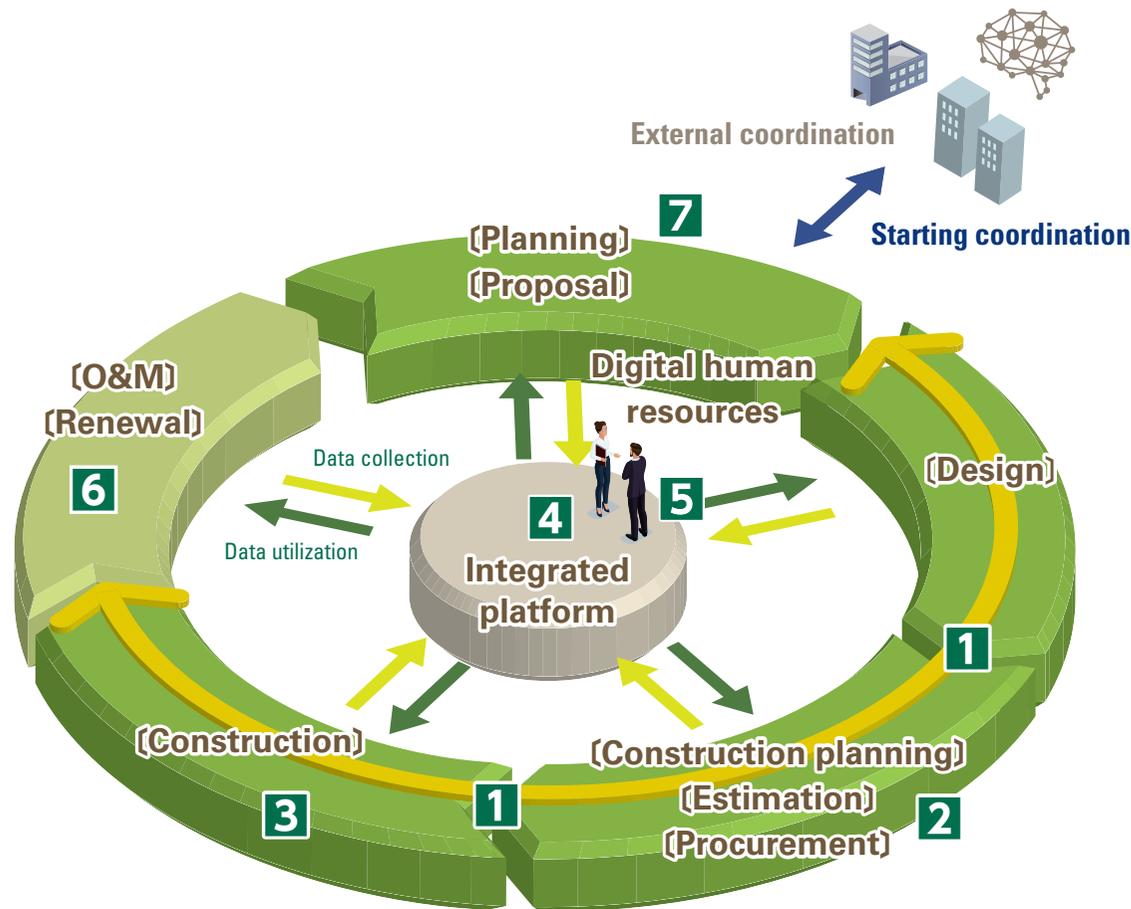
*1 Unmanned construction technology: T-iROBO® series



*2 Technology utilizing CLT: Inside of a wind tunnel test building (before wind tunnel installation)

Key Issue

To Innovate the production systems, and reform the workstyles through digital transformation (DX)



- 1** To establish Digital Twin based on coordination with the BIM/CIM design and construction cloud
- 2** To improve the systems for providing procurement-related information
- 3** To establish the production process in a visualized and efficient ways through state-of-the-art digital technology
- 4** To build an integrated platform
- 5** To secure digital human resources, and establish a rotation system
- 6** To establish a business in the operations and maintenance (O&M) area
- 7** To shift to a style of data-based sales through making proposals at the optimal timing

Key Issue

To promote the measures that emphasize an attractive working environment as well as diversity and inclusion**● To establish the workstyles and the working environments that enable a diverse range of human resources to fully perform their abilities**

- » To expand mid-career recruitment of diverse human resources , such as human resources familiar with digital transformation (DX), studying and implementing the plans for their compensation and other benefits
- » To study and implement the plans to establish the workstyles where female employees, elderly employees, and others can fully perform their abilities, respecting such employees' changes in life stage, level of abilities, and ambitions
- » To study and implement the compensation and personnel systems reflecting employees' positions, responsibilities, and results

Key Issue

To maximize synergies by rebuilding Group governance systems**● To clarify the functions of the Group Head Office**

- » To clarify the roles of corporate divisions at Group Head Office and business divisions
- » To study the approaches to Group corporate governance systems that take into consideration expansion in the scope of the Group's businesses

● To establish the effective systems to manage Group companies, etc.

- » To revise the basic framework related to Group management
- » To appropriately operate the systems for internal control within the Group based on establishing "three lines of defense"



TAISEI

For a Lively World