To pursue the Group ideal “to create a vibrant environment for all members of society,” all officers and employees share the “Taisei Spirit,” and carry out corporate actions based on the Group Action Guidelines and Individual Policies “Overall Principles of Conduct” and “Overall Management Perspective” and Medium-term Business Plan. The aim is to create new social value in the course of these actions through the wishes and expectations of our stakeholders, while being aware of the issues of sustainable society and contributing towards their resolution.

**CSR Our Structure of Values and Policies**

To pursue the Group ideal “to create a vibrant environment for all members of society,” all officers and employees share the “Taisei Spirit,” and carry out corporate actions based on the Group Action Guidelines and Individual Policies “Overall Principles of Conduct” and “Overall Management Perspective” and Medium-term Business Plan. The aim is to create new social value in the course of these actions through the wishes and expectations of our stakeholders, while being aware of the issues of sustainable society and contributing towards their resolution.

**System for Promoting CSR**

A CSR Committee (5 board members and officers) has been established in the Taisei Group, with an Executive Vice President, Representative Director (Chief of Business Administration Division) as Chairperson of the Committee, and the CSR Promotion Section of the Corporate Communication Department as the secretariat.

The Committee periodically deliberates and reports on the Group’s initiatives regarding non-financial aspects, mainly Environmental, Social, and Governance (ESG).

The CSR Promotion Section provides training and guidance on CSR, and exchanges opinions with the various departments and Group companies to promote CSR activities, for application in day-to-day activities. Also, discussions regarding policies, systems, and mechanisms for promoting CSR activities are carried out at business committees such as the Environment Committee.

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1 Composed of the Corporate Planning Office, Safety Administration Division, Building Construction Division, Civil Engineering Division and Procurement Division

2 The organization of the Taisei Corporation’s main cooperating companies
**CSR Management**

The Taisei Group implements CSR management by identifying CSR issues extracted from our Overall Management Perspective and Overall Principles of Conduct, as well as the core subjects of ISO26000, the international standard for corporate social responsibility at organizations.

To define issues and push forward with activities, we respect the main global initiative, and constantly share and confirm issues and progress.

To view CSR from a global perspective and link it to sustainability-related social issues, we participate in and cooperate with CSR-related organizations such as Care International Japan (Non-profit incorporated foundation), an international NGO, which has been conducting humanitarian activities in over 90 countries around the world in accordance with CSR management frameworks including SDGs and United Nations Global Compact. In this way, we are continuously implementing CSR activities. As we publicize the activity status and results on Taisei Corporation’s official website, we talk with various stakeholders to improve corporate value.

### Participation in CSR-related Groups

- **Japan NPO Center** (Approved Specified Nonprofit Corporation)
- **Council for Better Corporate Citizenship (CBCC)** (Non-profit incorporated association)
- **Care International Japan** (Non-profit incorporated foundation)

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**Materiality**

In FY2017, we reverified our material issues and KPIs, and identified eight material issues based on 21 factors selected from the perspective of CSR issues and megatrends such as SDGs.

We classified eight materialities and reclassified them into KPIs based on the negative impact and positive impact (see p.14) on corporate activities. The CSR Committee will continue to periodically review the status of KPIs and disclose information in the annual report.

### Materiality Identification Process

1. **Selection of Relevant Issues**
   - Held hearings in the Taisei Group to identify issues based on ISO26000.
   - Identified 21 factors that have an impact on medium- to long-term corporate value.

2. **Reverifying Importance of Issues**
   - Ranked 21 factors in order of importance for stakeholders on ESG survey forms and expert surveys.
   - Analyzed factors based on medium- to long-term vision of Taisei Corporation and its management departments.
   - Narrowed down 21 factors to eight issues by ESG category.

3. **Determination of Material Issues**
   - Confirmed appropriateness of the process through dialogue with experts.
   - Confirmed that there were no discrepancies with megatrends such as SDGs, United Nations Global Compact, GRI Standard (sustainability reporting guidelines)
   - Final approval by the Board after deliberations by the CSR Committee.
# Toward the Realization of a Sustainable Society

## SDGs Mapping

The relevance between the 17 SDG goals and ESG materiality is mapped as below:

<table>
<thead>
<tr>
<th>ESG</th>
<th>United Nations Global Compact</th>
<th>CSR Items (ISO26000)</th>
<th>Eight material issues and KPIs (Key Performance Indicator)*1</th>
<th>Scope of report</th>
</tr>
</thead>
</table>
| E   | Environment                   | The Environment/Human Rights/Community Involvement and Development | Realization of a sustainable and environmentally friendly society  
  - At construction stage: CO₂ emissions per construction cost (intensity)  
  - At construction stage: Total CO₂ emissions  
  - At building operation stage: Design-build estimated CO₂ emissions  
  - Promotion of recycling construction waste: Final disposal rate  
  - Implementation of proposals that consider biodiversity: Number of proposals  
  - Zero environmental accidents (Implementation of management procedure based on “Operation Manual for Priority Environmental Issues”) | Taisei Corporation |
| S   | Human Rights/Labour           | Labor Practices/Consumer Issues | Ensuring quality and improving technology  
  - Customer satisfaction (Civil Engineering)  
  - Customer satisfaction (Construction)  
  - Productivity (Net sales/number of employees working at construction sites) | |
|     |                               | Fair Operating Practices/Consumer Issues | Technical development for realizing a sustainable society  
  - Number of patent applications filed  
  - Number of patent rights registered | |
|     |                               | Fair Operating Practices/Human Rights | Promotion of supply chain management  
  - Average implementation rate of companies where CSR activity survey was conducted | |
|     |                               | Labor Practices | Thorough management of labor safety and sanitary conditions  
  - Number of fatal accidents | |
|     |                               | Labor Practices/Human Rights/Consumer Issues | Cultivation of technical staff and securing human resources  
  - Average overtime hours per month  
  - Construction Career Up System Worksite registration rate  
  - Number of female engineers | |
|     |                               | Labor Practices/Human Rights | Realization of an attractive working environment that is good to work in  
  - Number of female managers  
  - Turnover rate of employees within three years of hiring  
  - Rate of taking childcare leave by males | |
| G   | Anti-Corruption               | Organization Governance/Fair Operating Practices/Human Rights/Consumer Issues | Promotion of compliance  
  - Number of major information security accidents  
  - "Corporate ethics helpline" and "Group helpline" response rate | Taisei Group |

*1 See p.108 for the scope and definition of KPIs.
<table>
<thead>
<tr>
<th>Mapping of the Sustainable Development Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. Clean water and sanitation</td>
</tr>
<tr>
<td>6. Clean energy</td>
</tr>
<tr>
<td>7. Affordable and clean energy for all</td>
</tr>
<tr>
<td>8. Decent work and economic growth</td>
</tr>
<tr>
<td>9. Industry, innovation and infrastructure</td>
</tr>
<tr>
<td>10. Reduced inequalities</td>
</tr>
<tr>
<td>11. Sustainable cities and human habitats</td>
</tr>
<tr>
<td>12. Responsible consumption and production</td>
</tr>
<tr>
<td>13. Peaceful and inclusive societies</td>
</tr>
<tr>
<td>14. Life below water</td>
</tr>
<tr>
<td>15. Life on land</td>
</tr>
<tr>
<td>16. Life on land</td>
</tr>
<tr>
<td>17. Peaceful and inclusive societies</td>
</tr>
</tbody>
</table>

The mark indicates mainly the concerned SDGs.
Realization of a Sustainable and Environmentally Friendly Society

By improving and applying environmental technology, the Taisei Group is striving to achieve the 2050 Environmental Targets “Sustainable and Environmentally Friendly Society” involving the entire value chain in unity.

Promotion of Environment Management Activities

We established the Environmental Policy to work on the formation of high-quality social capital through our corporate activities having the construction business as the core in harmony with nature under the Taisei Group’s philosophy, “To create a vibrant environment for all members of society.” Based on this policy, we set up the 2050 Environmental Targets and identify ESG materiality, and clarify our position to help reduce the burden on the global environment.

PDCA for Environment Management System Based on ISO

We are operating an environment management system (EMS) based on ISO14001:2015.

By conforming to environment-related laws and regulations, and participating in organizations and initiatives related to climate change such as CDP* Japan, we identify risks and opportunities among social requirements related to climate change, etc., internal and external environmental issues and needs. To achieve the Environmental Targets established from a long-term viewpoint, we aim to improve the activities continuously by using the PDCA cycle for EMS. In this way, we also provide value to our stakeholders, and generate business opportunities.

EMS’s Organizational Frameworks

Environment strategies including the Environmental Policy and the medium- to long-term targets are deliberated on by the Environment Committee, and reflected in the company-wide EMS activities.

The committee is chaired by the President, and consists of committee members including members of the board. It holds a meeting four times a year. We also use the meeting committee structure for group companies to share the know-how in environment management and implement measures as the whole group.

EMS Organization (ISO14001)

ISO14001 certification

- Scope: The head office and all 13 branch offices (certified rate: 100%)
- Certification registered in 1998

* It is a non-profit organization based in the U.K., and it sends questionnaires on environmental strategies and greenhouse gas emissions to major companies in the world, analyzes and evaluates the replies, and publicizes it for investors.
For the Realization of a Sustainable and Environmentally Friendly Society

As we can see from the adaptation of the Paris Agreement, which received much attention in the world, and SDGs, international society is accelerating the movement toward achieving a sustainable and environmentally friendly society. Based on this trend, in 2018 we identified important ESG issues (materiality) which contribute to the achievement of SDGs. We also reviewed our medium- to long-term goal, 2050 Environmental Targets (TAISEI Green Target 2050) based on environmental issues such as climate change, recycling of resources, co-existing with nature and environment pollution risk. As the entire group, we are striving to accomplish the “Realization of a Sustainable and Environmentally Friendly Society.”

Activities to Reduce Environmental Impact, TAISEI Sustainable Action (TSA)

Taisei Corporation is promoting company-wide activities to reduce environmental impact, such as by promoting paperless meetings, adopting LED temporary lights, ensuring energy-saving operation of heavy machinery and vehicles, using hybrid-type heavy machinery, utilizing renewable energy and arranging a green environment that pays attention to people’s wellness, under the name of TAISEI Sustainable Action.

Through the promotion of TSA, we are reducing greenhouse gases (CO₂) by improving the efficiency of energy usage for the construction phase at all worksite offices and utilizing renewable energy.

Moreover, to have employees and many people involved in construction recognize the importance of reducing environmental impact, we distribute “The Guideline for the Achievement of Targets,” which presents detailed examples to demonstrate the relationship between environmental impact reduction and the improvement of productivity. We also established a new award system to evaluate ideas about environment activities, which can be used as a model, as well as ambitious challenges. In this way, we aim to achieve Environmental Targets.

For material flow and the annual Environmental Targets, please refer to the website.

WEB  https://www.taise.co.jp/english/csr/performance/iso26000/environment/
Realization of a Sustainable and Environmentally Friendly Society

For the Achievement of a Low-Carbon Society (Risks and Opportunities)

There has been an increasing trend of high temperatures, larger typhoons, and the occurrence of disasters due to extreme torrential rain in recent years and they are environmental risk factors that would stop or delay construction in the construction industry. However, to resolve and cope with these factors with technology and measures, the industry could generate business opportunities such as by reinforcing infrastructure related to ZEB (Zero Energy Building), which could mitigate the effect of climate change, and corresponding measures. Taisei Corporation pays attention to the short- to long-term effect of climate change by referring to the proposals of the Task Force on Climate-related Financial Disclosures (TCFD) to identify risks and opportunities, and utilize them for various EMS (Environment Management System) activities.

SBT Certification and Medium and Long-Term Activities

Taisei Corporation’s greenhouse gas reduction target was certified by Science Based Targets (SBT), an international initiative. Our CO2 emission reduction target for 2030, which is a benchmark of Environmental Target 2050, was recognized as having a scientific basis, and contributes to the achievement of the target of the Paris Agreement to keep the temperature to less than two degrees Celsius above the level before the Industrial Revolution.

Through the popularization of ZEB and environmentally friendly designs for customers, we have been working on reducing environmental burden and CO2 at working sites in Japan during construction by establishing CO2 reduction intensity targets (compared with the value of finished work) for the building operation stage (Scope 3) and construction stage (Scope 1+2). Our 2030 target certified by SBT was reflected in the annual Environmental Targets. To achieve the targets, in addition to implementing TSA (see p.50), we will cooperate with various stakeholders including supply chain partners and customers to reduce the emission amount.

CO2 Emission Volume by Scope (Non-Consolidated)

<table>
<thead>
<tr>
<th>10^1t-CO2</th>
<th>Scope 3 (upstream)</th>
<th>Scope 1+2</th>
<th>Scope 3 (downstream)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category 1 to 8</td>
<td>2,400</td>
<td>236</td>
<td>Category 11 to 12</td>
</tr>
</tbody>
</table>

* International standard for the calculation and reporting of greenhouse effect gas (GHG) emissions

See the website for the status of the past fiscal years.

KPIs (Key Performance Indicators)

- At construction stage: CO2 emissions per construction cost (intensity)*1
  - FY2018 targets: 25%
  - FY2018 results: 28.9%
  - FY2019 targets: 26%
- At construction stage: Total CO2 emissions*1
  - FY2018 targets: 51%
  - FY2018 results: 44.7%
  - FY2019 targets: 51%
- At building operation stage: Design-build estimated CO2 emissions*1+2
  - FY2018 targets: 38%
  - FY2018 results: 40.2%
  - FY2019 targets: 39%

*1 Base years for CO2 emissions targets: FY1990
*2 Including dissemination and promotion of ZEB

Taisei Corporation’s SBT:
Reduce Scope 1+2 emissions (CO2 at construction stage) by 26% by 2030
Reduce Scope 3 emissions (CO2 at building operation stage) by 25% by 2030
Note: Both are a comparison to those of FY2013. As for FY2019, please refer to the KPIs below and p.50.
For the Achievement of a Recycling Society (Risks and Opportunities)

Most of the materials used for the construction business are limited natural resources. Japan imports most of the raw materials. Therefore, when the supply of materials becomes unstable due to a disaster caused by an extreme climate, it may create a significant risk to business continuity. By promoting green procurement, Taisei Corporation aims to achieve a recycling society by considering the life cycle of selecting materials from the building design stage and providing technology that enables buildings to last many years.

Recycling and Effective Utilization of Resources Based on Green Procurement Guideline

In 2001, the Taisei Corporation Green Procurement Guideline was established and put into effect to promote the use of materials, equipment and building methods that have small environmental burden during the design, construction, operation and demolition of structures.

By referring to and reflecting the content of the Green Purchase Law (the law concerning the promotion of procurement of eco-friendly goods and services by the state and other entities), we review the subject items every year. In FY2018, 94 items were included in the guideline. Company-wide application of the guideline could achieve not only the recycling of resources but also energy-saving, a reduction of CO₂ emissions, resource-saving, non-use of toxic substances and the preservation of the natural environment. Through CSR procurement, we are also promoting environmental consideration for procurement when we work with suppliers.

Recycling of Waste Plastic

Waste plastic such as building and wrapping materials generated in the construction process are strictly sorted for specialist waste disposers to recycle properly. (Large forming material may be melted with a solution to reduce the volume to be treated. In addition, we are implementing measures to utilize waste plastic by combining it with waste wood products and creating an artificial recycled wood product.)

Recycling and Effective Utilization of Resources at Worksites

The emission volume of construction waste varies depending on the scale and type of construction. In general, the bigger the construction is, the larger the amount of waste becomes. However, most of the waste is strictly sorted and transported by specialists. Then, it is treated by removing dirt which became attached after construction and recycled. The ratio of the final disposal of the emitted waste, such as disposal at the final waste disposal site, is less than 4%.

KPIs (Key Performance Indicators)

<table>
<thead>
<tr>
<th>KPI</th>
<th>FY2018 targets</th>
<th>FY2018 results</th>
<th>FY2019 targets</th>
<th>Department responsible for promotion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotion of recycling construction waste: Final disposal rate</td>
<td>3.7%</td>
<td>3.4%</td>
<td>3.4%</td>
<td>Environment Division</td>
</tr>
</tbody>
</table>
Realization of a Sustainable and Environmentally Friendly Society

For the Achievement of a Society That Co-Exists with Nature (Risks and Opportunities)

There is always a concern that construction would significantly affect the surrounding environment including nature. During the planning phase, we extract risks such as the violation of environmental laws and regulations as well as opportunities including chances to add value. We pay attention to biodiversity until the operation and management support phase after construction, and provide solutions to create a rich environment to customers. We will contribute to the achievement of a society that cohabits with nature by properly evaluating the value of natural resources to utilize for the development of infrastructure and buildings and reducing the influence of construction.

 Major Results in FY2018

- **Biodiversity-Conscious Research, Planning, Construction and Monitoring**

  With Ecological Planning, our proprietary environment planning technology, Taisei Corporation contributes to the realization of a society that co-exists with nature by analyzing the natural environment of construction sites and surroundings, carrying out planning based on predictive estimates and monitoring the construction and post-construction status. In addition, based on our long years of experience, we developed “Ikimono Concierge,” a tool that conducts a predictive estimation of animals that could be introduced to a planned site and “Mori Concierge,” a tool to select plants suitable for the environment of a planned site. Using these tools, we provide high-quality proposals that contribute to cohabitation with nature.

- **Consideration of Biodiversity for Proposal**

  During civil engineering construction, there are many chances to face the natural environment. Therefore, we propose measures to protect endangered animals and plants and avoid having an influence on them considering biodiversity. As for construction, our biodiversity evaluation tools such as Ikimono Concierge and Mori Concierge are effectively used for greening plans at construction sites or for redevelopment projects.

- **Implementation of Activities to Contribute to Environment and Society in Cooperation with Various Stakeholders**

  The direction of the measures for biodiversity is presented with the Environmental Policy and Declaration of Biodiversity Preservation. We are proceeding with company-wide activities to reduce environmental impact by utilizing our own Biodiversity Guideline. Not only for business-related considerations for biodiversity but also as nature and environmental education program for employees and their families including those of group companies, we have been conducting volunteer activities to create nest boxes for dormice and Tokyo Greenship Action, which is nature conservation program hosted by Tokyo in cooperation with the Animal Pathway Research Society and Animal-pathway & Wildlife Association over 10 years. Moreover, since 2011, we have been supporting REDD+ project to preserve forests in the Philippines and Kamaishi Forest Owner’s Association to regenerate forests affected by the Great East Japan Earthquake and forest fire.

KPIs (Key Performance Indicators)

<table>
<thead>
<tr>
<th>Non-consolidation</th>
<th>FY2018 targets</th>
<th>FY2018 results</th>
<th>FY2019 targets</th>
<th>Department responsible for promotion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation of proposals that consider biodiversity: Number of proposals</td>
<td>30 cases</td>
<td>35 cases</td>
<td>30 cases</td>
<td>Environment Division</td>
</tr>
</tbody>
</table>


For the Achievement of a Society Where Safety is Secured (Risks and Opportunities)

Environment pollution caused by construction has a significant impact on the surroundings and society. Compliance with environmental laws and regulations is always one of the most important environmental issues. We keep contributing to the reduction of environmental risks of society by promoting the proper management of construction waste, the development of new technologies and measures to cope with the regulations for soil pollution which are expected to become stricter than now.

Major Results in FY2018

Risk Measures at Worksites

With a worksite environment patrol, the Environment Department of the head office and branches conduct an internal audit to check the observance of the environment law at worksites. As for the findings, we establish corrective and preventative measures for continuous improvement. At a worksite, based on the Environment Management manual, we provide environmental education to our employees and specialized contractors. By sharing the cases that could result in an environmental accident, issuing notifications of the proper management of toxic substances such as asbestos and PCB, and reinforcing adequate control and treatment of polluted soil, we have been raising awareness of the importance of environment management and the prevention of environment-related accidents. In FY2018, there were no environmental accidents or violations of environmental laws and regulations.

Complaint to Worksites and Handling Thereof

We take proper measures regarding environment-related complaints addressed to a workplace, make a record and report using a communication sheet based on an EMS procedure and share the information horizontally among concerned departments or within the entire company as required. In addition, we are properly handling comments given by citizen groups.

1,4-dioxane is a chemical substance which is widely used as a solvent in the chemical industry. However, it was revealed that it has an effect on the human health and biology. Currently, it is a restricted substance of the environment and wastewater standards related to the pollution of groundwater defined by the Ministry of the Environment. However, it does not dissolve readily. Therefore, chemical treatment such as the accelerated oxidation treatment method which uses multiple kinds of oxidizer had been employed. However, the environmental burden and cost of the treatment had been a serious issue. We searched for 1,4-dioxane-degrading bacterium from various environments, and found a new bacterium to degrade 1,4-dioxane effectively. We have established a water treatment process using the degrading bacterium, and completed verification using polluted groundwater and factory wastewater. The technology is receiving attention from industries and academic circles. We received many honorable awards including “The 32nd (FY2018) Fuji Sankei Business i. Advanced Technology Award, Special Prize.”

KPIs (Key Performance Indicators)

<table>
<thead>
<tr>
<th>Type</th>
<th>Measure (Example)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Noise</td>
<td>In response to a complaint about the noise generated with machinery work such as tunnel drilling or that at the temporary yard for crushed stone, we implemented noise-proof measures and arranged working hours.</td>
</tr>
<tr>
<td>Water pollution</td>
<td>Hydraulic oil was discharged to the drains of a factory. We eliminated the oil using oil absorption material, and installed polluted water treatment equipment for the water discharged to the drains.</td>
</tr>
<tr>
<td>Vibration</td>
<td>In response to a complaint about the vibration caused by drilling, we slowed down the speed of heavy machinery.</td>
</tr>
<tr>
<td>Dust</td>
<td>In response to a complaint about the dirt that came off from construction vehicles on a public road, we cleaned the road and tires of the construction vehicles.</td>
</tr>
</tbody>
</table>
Ensuring Quality and Improving Technology

While we keep providing high-quality construction products and related services efficiently, we promote technologies by research and development that satisfy advanced social needs.

Customer Satisfaction Survey
Based on the Quality Policy, we established and operate a quality management system based on ISO9001, and provide safe construction products and after-sales services that make customers feel comfortable. After the delivery, we conduct a customer satisfaction survey. In addition, we have been implementing “TAISEI QUALITY” activities since 2009 in conjunction with the quality management system to ensure thorough awareness of the quality management standards and procedures within the entire Group.

The results of the customer satisfaction survey of FY2018 showed a satisfaction rate of 96% (last fiscal year 95%) and 92% (last fiscal year 90%) for the Civil Engineering Division and the Building Construction Division, respectively. Both rates are on a rather upward trend compared with last fiscal year. We will keep sharing research results, and eliminate complaints through cooperation between the head office and branches.

Leveraging ICT Strengths to Realize Immediately Effective Productivity Improvements
Since FY2017, Taisei Corporation has been pursuing an initiative aimed at productivity improvement and technological innovation based on ICT, under the name “Taisei i-innovation®” (see p.37). We are striving to implement this initiative company-wide, with approximately 80 employees responsible for its promotion assigned to the head office and branches. At construction sites, we are working to make maximum use of our ICT strengths as the most immediately effective measure for improving production capacity. We have also developed and established an Internet-based platform, which we have expanded in line with ICT progress and social demands. It is now one of our strengths that an operational style using ICT has been well established at all construction sites.

Specifically, we have steadily introduced programs including Worksite Net, an information-sharing network that can be used by both in-house and external parties involved in projects focused on worksite offices, and Field Pad®, an app linked to Worksite Net that allows construction management information to be browsed and recorded even when the user is not in the office.

By continually implementing these kinds of measures, we have been improving productivity. We recorded a productivity score of 111* (last fiscal year 107) (Net sales/number of employees working at construction sites) in FY2018.

KPIs (Key Performance Indicators)

<table>
<thead>
<tr>
<th></th>
<th>FY2018 targets</th>
<th>FY2018 results</th>
<th>FY2019 targets</th>
<th>Department responsible for promotion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer satisfaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Civil Engineering)</td>
<td>100%</td>
<td>96%</td>
<td>100%</td>
<td>Civil Engineering Division</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Building Construction)</td>
<td>100%</td>
<td>92%</td>
<td>100%</td>
<td>Building Construction Division</td>
</tr>
<tr>
<td>Productivity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Net sales/number of employees working at construction sites)</td>
<td>110</td>
<td>111</td>
<td>110*</td>
<td></td>
</tr>
</tbody>
</table>

* The actual result for FY2016 is set at 100. 110 is the target for the end of FY2020.
Technical Development for Realizing a Sustainable Society

To create an environment where people and nature live together, and rich culture is nurtured, by fully utilizing accumulated research results and know-how, we conduct new technology development.

### Results of Research and Development Activities

For stable and successive growth, we are promoting technology development focusing on renewal, replacement, nuclear power, the environment, engineering and urban development areas. To cope with the advancement and diversification of technical needs and improve the return on investment on technology development, we actively promoted research and development projects by conducting open innovation activities through an alliance with external parties including universities, companies of the same and different industries, etc.

As for intellectual property such as inventions created through research and development and brands, we proactively obtain rights and utilize them based on intellectual property strategies. In 2017, we were ranked 18th (89.5%) in the patent granted rate versus the number of applications (Tokkyo Gyosei Nenji Hokokusho [Annual Report for Patent Administration] 2018). We would like to contribute to society by developing new technology, offering technical support at construction sites and utilizing intellectual property based on a combination of business, research and development, and intellectual property strategies.

### Patent Ownership Status

Regarding the technologies to resolve social issues, staff members at the Technology Center visit each worksite office every year to look for technologies which we could potentially obtain a patent for, and acquire the rights for such technologies. In FY2018, we obtained patents for an energy-saving daylighting device and unit-type lighting device that has air-conditioning and illumination cooling functions.

We will keep working on the development of technologies to resolve social issues, and retain strategic intellectual property rights in a wide range of fields.

### KPIs (Key Performance Indicators)

<table>
<thead>
<tr>
<th>Non-consolidation</th>
<th>FY2018 targets</th>
<th>FY2018 results</th>
<th>FY2019 targets</th>
<th>Department responsible for promotion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of patent rights registered</td>
<td>180 cases</td>
<td>250 cases</td>
<td>180 cases</td>
<td>Taisei Technology Center</td>
</tr>
<tr>
<td>Number of patent applications filed</td>
<td>230 cases</td>
<td>213 cases</td>
<td>230 cases</td>
<td></td>
</tr>
</tbody>
</table>

### Topics - Taisei Corporation’s Social Contribution Activities: Support for Researchers

“The Taisei Foundation” (General Incorporated Foundation)

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

The foundation publicly invites researchers who wish to be subsidized once every year. From FY2017 to 2019, we had 217 applications as the three-year total. We selected 36 projects to grant subsidies to, and provided about ¥97 million as subsidies. This fall, the results of 13 research projects which received FY2017 subsidies will be presented. It will be open to the public, and the research results will be widely publicized.
Promotion of Supply Chain Management

To exercise CSR as an entire supply chain, we promote CSR procurement activities in cooperation with our suppliers by gaining the understanding and cooperation of our business partners regarding our Procurement Policy.

Promotion of CSR procurement

To improvement suppliers’ awareness of CSR procurement, we are conducting the following measures:

1. Implementation of CSR Activity Survey

We summarized the matters that we want our business partners to know and observe as the “Procurement Guideline” (established in 2014), and request them to conduct CSR activities based on the guideline.

As we implemented in FY2016, in FY2018, we conducted a questionnaire survey to check the status of our business partners’ CSR activities. We expanded the survey target from about 500 members of Soyukai, an organization for core subcontractors, to about 1,000 business partners with whom we consistently deal, and improve the awareness of a wider range of business partners.

Moreover, we are reinforcing the CSR activities of the entire supply chain. For example, we visited about 20 companies to exchange opinions with the president. We also requested them to improve their CSR activity implementation ratio, and raise awareness of their business partners through guidance.

2. Survey on the Foreign Technical Intern Acceptance Status

To cope with the recent increase of foreign technical interns, we conducted a questionnaire and interview to confirm the labor environment and management system of foreign technical interns hired by our business partners. While we received replies from about 150 companies, we did not find any cases where a violation of laws and regulations is suspected and any cases of an insufficient management system.

3. Human Rights Traceability*1 Survey to Material Suppliers

For 43 major material suppliers that handle raw materials which are associated with environmental burden or are sourced in developing countries, we conducted a questionnaire survey to understand their supply chain and check if the overseas companies of their supply chain are abusing human rights through forced or child labor, infringing the rights of indigenous people or conducting illegal acts.

With the survey, we confirmed the status of almost the entire supply chain from original raw material suppliers to worksites for raw materials such as wood, stone and iron, and found no foreign companies of their supply chain engaged in the violation of human rights and illegal activities.

4. CSR Procurement Seminar for Overseas Subsidiaries

We conducted a CSR procurement seminar and interview for employees and local specialized contractors at our overseas subsidiary in Vietnam, Vinata International, and 13 people from 11 specialized contractors including business owners attended.

5. Explanation of CSR Procurement by Chief of Branch

Each Chief of all 13 branches in Japan took opportunities such as the Safety Conference, explained the importance of CSR procurement to business partners and asked for their cooperation in the promotion of activities.

KPIs (Key Performance Indicators)

<table>
<thead>
<tr>
<th>(Non-consolidation)</th>
<th>FY2018 targets</th>
<th>FY2018 results</th>
<th>FY2019 targets</th>
<th>Department responsible for promotion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation rate of companies where CSR activity survey was conducted</td>
<td>70%</td>
<td>74.2%</td>
<td>___*2</td>
<td>Corporate Communication Department (CSR Promotion Section)</td>
</tr>
</tbody>
</table>

*1 To make a production history and distribution channel traceable
*2 No questionnaire survey for subcontractors will be conducted in FY2019 (biennial implementation)
Thorough Management of Labor Safety and Sanitary conditions

By setting out “Safety First” and reinforcing labor safety and sanitation management, as the entire company, we are trying to arrange and improve a safe and sanitary environment that allows people to work at ease.

Major Results in FY2018

- **TAISEI OHSMS**
  Based on the labor safety and sanitation management system, “TAISEI OHSMS,” we properly implement and operate the PDCA (plan–do–check–adjust) cycle to conduct risk assessment and take necessary measures based on it. To continuously improve the safety and sanitation level, we make sure we reduce risks at workplaces, and provide safety education to the concerned people at construction sites.
  
  In 2018, to keep reinforcing safety and sanitation management based on TAISEI OHSMS, we conducted construction site patrols and provided safety education to workers.

- **Improvement of Safety and Sanitation Level**
  The safety record of the company in 2018 was 52 accidents that require time off from work, of which 40 were accidents entailing four or more days off work and two fatal accidents. The frequency rate was 0.42.
  
  In 2019, we have again set the targets as follows:
  
  • “Zero fatal accidents” (Shift from recurrence-prevention safety management to preventative safety management)
  • “Zero serious accidents” (Prevention of accidents with significant social impact, fire, etc.)
  
  We will promote various measures to achieve the targets.

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

**KPIs (Key Performance Indicators)**

<table>
<thead>
<tr>
<th>Non-consolidation</th>
<th>FY2018 targets</th>
<th>FY2018 results</th>
<th>FY2019 targets</th>
<th>Department responsible for promotion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of fatal accidents</td>
<td>0 projects</td>
<td>2 projects</td>
<td>0 projects</td>
<td>Safety Administration Division</td>
</tr>
</tbody>
</table>
**Cultivation of Technical Staff and Securing Human Resources**

In an aim to establish a construction business that is attractive for younger generations, Taisei Corporation focuses on improving its workplaces and working conditions and strives to further strengthen measures to secure and develop human resources.

### Major Results in FY2018

#### Initiatives to Correct Long Working Hours

Taisei Corporation formulated a roadmap for correcting long working hours that runs up until FY2024 and has set targets for “health management overtime,” “rest days + time off in lieu” and “closure of work sites” in phases for each fiscal year (see p.17).

In addition, to promote awareness reforms and behavioral changes by employees, all employees take part in discussing and implementing specific initiatives according to the circumstances of their respective workplaces. Activities that have proven to be effective for reducing working hours are implemented across the company and initiatives are taken to have such activities take root as ongoing activities.

#### Promotion of Construction Career Up System (CCUS)

In reinforced coordination with cooperating companies, we are promoting the introduction, popularization and promotion of CCUS, which registers and promotes the transparency of skills, experience and qualifications of each construction worker and the status of enrollment in social insurance programs under uniform rules of the industry.

Under the guidance of the Ministry of Land, Infrastructure, Transport and Tourism, relevant organizations in the construction industry, such as the prime contractors’ organization, specialty contractors’ organization, housing industry association, and construction workers’ association, have been working together and promoting CCUS as an important infrastructure that leads to securing human resources for the future and improving the working conditions of skilled construction workers. Following a limited operation from January 2019, the system went into full-scale operation in April. Taisei Corporation has been working to popularize this system by expanding the scope of applicable work sites for registration from the initial plan (as a general rule, work sites with a construction value of ¥100 million or more), and the work site registration rate has already significantly exceeded the 60% target set for the end of September 2019. We will continue to work on enlightening cooperating companies so that progress is made with the registration of business operators and technicians and promote popularization of CCUS.

#### Promotion of Women’s Participation and Advancement

Taisei Corporation expressed support for the “Declaration on Action by A Group of Male Leaders Who Will Create a Society in which Women Shine” announced by the Gender Equality Bureau Cabinet Office in April 2017 and has been supporting the empowerment of females. Female technical staff members at Taisei Corporation account for 9.1% of all technical staff, and the number of female technical staff increased from 621 in the previous fiscal year to 663. In addition, the number of female employees at our work sites increased from 140 in FY2014 to 188 in FY2018. We will continue to work on enlightening cooperating companies so that progress is made with the registration of business operators and technicians and promote popularization of CCUS.

### KPIs (Key Performance Indicators)

<table>
<thead>
<tr>
<th>(Non-consolidation)</th>
<th>FY2018 targets</th>
<th>FY2018 results</th>
<th>FY2019 targets</th>
<th>Department responsible for promotion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Career Up System Worksite registration rate*</td>
<td>60% or more</td>
<td>0.9%</td>
<td>0.3%</td>
<td>Civil Engineering Division</td>
</tr>
<tr>
<td>Average overtime hours per month</td>
<td>35 hours</td>
<td>37.8 hours</td>
<td>35 hours</td>
<td>Building Construction Division</td>
</tr>
<tr>
<td>Number of female engineers</td>
<td>640 persons</td>
<td>663 persons</td>
<td>680 persons</td>
<td>Human Resources Department</td>
</tr>
</tbody>
</table>

* The ratio of total net sales of registered worksites against the total net sales. The target set for September 2019 is 60% or more. The system went into full-scale operation from April 2019.
Realization of an Attractive Working Environment That Is Good to Work in

Taisei Corporation pursues the development of human resources and promotes active participation of workers in an aim to realize a workplace in which all employees can fully demonstrate their skills and work with enthusiasm by taking advantage of their diversity in terms of gender, nationality, disability, values, working styles and career.

Major Results in FY2018

- **Diversity and Inclusion**
  The number of females that participated in the female leaders training conducted as part of the measures to promote female empowerment was 166 and the number of participants in the diversity management training for managerial levels was 470. We help employees flexibly select the working style that meets their lifestyles by using systems such as job return, flex working hours, and telework. We also promote the use of a sign language interpreter, UD Talk (a communication supporting application that makes conversations transparent) and put in place a consultation window, etc. and we currently have approximately 140 employees with disabilities taking active roles.

- **Improving Retention Rate of Young Employees**
  We strive to eliminate the mismatching of employees and jobs through measures such as providing detailed job descriptions during the recruitment screening process, visiting construction sites and actively receiving interns. We also work to retain employees by striving to create a pleasant working environment through periodically holding interviews with young employees after they join the Company and taking other steps.

- **Improved Childcare Leave Usage Rate by Male Employees**
  Since July 2016, we have been targeting a childcare leave usage rate by male employees of 100%. As a result of implementing various measures, including the sending out a message from the President and enhancing the childcare leave system, the childcare leave usage rate by applicable male employees reached 94.2% and the average number of days taken was 5.8 as of March 31, 2019.

KPIs (Key Performance Indicators)

**Topics • Implementation of Virtual Reality Experience-Based Nursing Care Seminar**

To support employees who have worries about balancing work and nursing care, we hold a virtual reality experience-based nursing care seminar several times a year in which employees can participate with their family members. We are also proceeding to enhance our support systems, including nursing care holiday and nursing care leave.

**Promotion of Compliance**

In an aim to become a company which truly gains the trust of society and which customers feel comfortable doing business with, Taisei Corporation implements various measures to encourage each and every officer and employee to demonstrate awareness and autonomy.

KPIs (Key Performance Indicators)
**Corporate Governance**

**Basic Policy for Corporate Governance and Management Systems**

Based on our Group Philosophy of “To Create a Vibrant Environment for All Members of Society (objectives to be pursued by the Taisei Group; goals),” we emphasize harmony between people and nature and aim to be a company that is trusted by society by contributing to the formation of social and industrial infrastructure.

In addition, based on the concept of the Taisei Spirit, which is represented by the commitment to “Active and Transparent Culture,” “Value Creation” and “Evolution of Tradition” and the Group Action Guidelines (being the fundamental principles for actions and decision-makings upon which the Taisei Group is to conduct itself, and which are to be strictly complied with by all members of the Taisei Group), we will contribute to society by providing excellent quality and services at a reasonable price in our core construction industry business and by solving various problems of our customers.

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

The aforementioned fundamental view is reflected in the Fundamental Corporate Governance Policy in light of the response to each of the principles of the Corporate Governance Code. The Fundamental Corporate Governance Policy is available on our official website indicated below:

**Fundamental Corporate Governance Policy**

WEB: [https://www.taisei.co.jp/english/profile/governance/](https://www.taisei.co.jp/english/profile/governance/)

**Main History of Corporate Governance at Taisei Corporation**

<table>
<thead>
<tr>
<th>1999</th>
<th>2003</th>
<th>2015</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduced a System of Executive Officers (Number of Members of the Board: from 49 to 12)</td>
<td>Introduced Independent External Members of the Board Number of Members of the Board: 12 (Including 2 External Members of the Board)</td>
<td>Established Fundamental Corporate Governance Policy Members of the Board: 12 (Including 4 External Members of the Board) Audit &amp; Supervisory Board Members: 6 (Including 4 External Audit &amp; Supervisory Board Members)</td>
<td></td>
</tr>
</tbody>
</table>

**Corporate Governance System**

**Chart of Corporate Governance System**

- Shareholders / General Meeting of Shareholders
- Members of the Board / Board
- Committees of the Board
- Executive Officers / President and Chief Executive Officer
- Special Committee
- Operations Committee
- Auditing Department
- Group Companies
- Operating Divisions

- Prior Consultation and Report
- Report/Advice
- Environment Committee
- Risk Management Committee, etc.
1 Shareholders / General Meeting of Shareholders (held on June 26, 2019)
The Company shall endeavor to dispatch the convocation notice of its General Meeting of Shareholders at least three weeks prior to the scheduled date of such General Meeting of Shareholders in order to provide its shareholders time to sufficiently consider the agenda of such General Meeting of Shareholders and exercise their voting rights appropriately. In addition, prior to dispatching each notice, the Company shall announce electronically the information relevant to such General Meeting of Shareholders through the TDnet system and its official website.

2 Members of the Board / Board (convened 13 times in FY2018)
The Board, entrusted by the shareholders, shall pursue activities for the common benefit of the Company and its shareholders, and shall be responsible for maintaining an efficient and effective corporate governance structure to facilitate the growth of the Company in a sustainable manner and improve its corporate value in the mid- to long-term.

At least two of the Members of the Board shall be Independent Members of the Board in order to ensure that the independent and objective oversight of the execution of the Board's operations may be effectively carried out, and the Board is composed of 12 Members of the Board (eight Internal Members of the Board and four External Members of the Board).

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

3 Committees of the Board
For the purpose of invigorating and substantializing deliberations by the Board, the Company has established the following committees within the Board as organs for prior consultation of important matters: 1) the Executive Personnel Committee responsible for deliberating on the personnel-matters of the Members of the Board, Executive Officers, etc.; 2) the Remuneration Committee responsible for deliberating on the remuneration of Members of the Board and Executive Officers; 3) the Finance Committee responsible for deliberating on the potential acquisition and holding of significant assets; 4) the Affiliates Committee responsible for deliberating on important matters associated with Group companies; and 5) the CSR Committee responsible for deliberating on matters to enhance the entire Group’s CSR-based business management (see p.49).

Composition of the Executive Personnel Committee / Remuneration Committee

<table>
<thead>
<tr>
<th>Name</th>
<th>Executive Personnel Committee</th>
<th>Remuneration Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairperson</td>
<td>External Members of the Board</td>
<td>External Members of the Board</td>
</tr>
<tr>
<td>(including the Chairperson)</td>
<td>4 Internal Members of the Board</td>
<td>4 Internal Members of the Board</td>
</tr>
</tbody>
</table>

| Number of meetings convened in FY2018 | 11 times | 2 times |

4 Executive Officers
For the purpose of separating the important management decision-making and oversight functions and the business execution function and enabling agile business execution, Taisei Corporation adopts the executive officer system.

5 Audit & Supervisory Board (convened 14 times in FY2018)
As an entity independent of the Board and the Operating Divisions, and in accordance with the Audit Policy established by the Audit & Supervisory Board, the Audit & Supervisory Board Members audit the performance of the Member of the Board including attending the meetings of the Board and hearing of reports on business conditions from the Members of the Board.

The Audit & Supervisory Board Members and the Chief Executive Officer, the Auditing Department and the Accounting Auditors hold regular meetings to arrive at mutual understanding and to improve the effectiveness of the audits.

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

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

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

To ensure the external accounting auditors conduct fair and appropriate audits, the management of the Company, Audit & Supervisory Board Members and the Auditing Department shall have meetings on a regular and as-needed basis, and exchange their opinions with the external accounting auditors. Further, the Board shall respond appropriately if external accounting auditors detect dishonest practices and request that appropriate action be taken, or indicate errors or problems.

9 Special Committee
We have set up the Compliance Committee chaired by an external expert as a Special Committee to respond to consultations with the President and we endeavor to reinforce the promotion of compliance (see p.72).

10 Operations Committee
We have set up a range of operations committees including the Technology Committee, the Central Safety Committee, the Environment Committee (see p.49), the Risk Management Committee (see p.63), and the Central Labor Affairs Committee to deliberate matters that involve consultations with the President.
Corporate Governance

Effectiveness of the Board

At Taisei Corporation, we analyze and evaluate the effectiveness of the Board on the whole once every year. In FY2018, the Members of the Board and Audit & Supervisory Board Members conducted a self-evaluation for the evaluation items which had been reviewed and revised, followed by deliberations by the Board with reference to an overall evaluation by the External Members of the Board and a third-party opinion from a lawyer.

The results of the evaluation indicate that the Board of the Company is properly operated and is functioning effectively overall, that the Board’s diverse composition is a contributing factor and the Internal Members of the Board are sincerely accepting active comments and advice from the External Members of the Board, etc.

From the perspective of continuing to improve the activities and the effectiveness of the Board of the Company, recommendations that the Board should further devise a timeframe for explaining and deliberating the agenda items to allow even fuller discussions of important matters, that points of discussions organized by the various committees should be reported to the Board in a more concise manner, and that greater efforts should be made to identify and evaluate in a timely manner changes in the management environment and the status of progress of the management plan were among other opinions noted. In addition, in response to the FY2017 evaluation, the Company made efforts to invigorate operations of the Board in FY2018 through measures such as partially revising the standards for addressing matters to the Board and holding free debates and exchange of opinion sessions on medium- to long-term themes of the Company.

The Company aims to further enhance the operation of the Board based on the results of the FY2018 evaluation.

Promotion of Internal Controls

At Taisei Corporation, the Board has established the “Fundamental Policy to Enhance Operational Compliance Systems” to ensure the reliability of financial reporting and systems for conducting operations in an appropriate and efficient manner as a Group. Through these systems, we deliver enhanced risk management and compliance (see p.70). The Company implemented a range of measures also in FY2018, such as developing rules concerning compliance.

Ensuring Credibility of Financial Reporting

Internal controls on financial reporting based on the Financial Instruments and Exchange Act are recognized as one of the most important issues for a corporation. We have set up the internal systems including daily monitoring to ensure the credibility of the financial reporting disclosed to the public.

The effectiveness of the system is evaluated by the Audit Department and audited by KPMG AZSA LLC. The results are disclosed in the Internal Control Report and in the Audit Report of Internal Controls. We will fulfill our social responsibility as a corporation by continuing to ensure the effectiveness of these internal controls.

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

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

The Secretarial Department is responsible for assisting operations of External Members of the Board, and the Audit & Supervisory Board Members’ Department, which is independent of Members of the Board, is responsible for assisting operations of External Audit & Supervisory Board Members.

The responsible officers and employees of the Secretarial Department distribute materials and provide explanations concerning proposals to External Members of the Board prior to the meetings of the Board held in principle once a month. For External Audit & Supervisory Board Members, the responsible employees of the Audit & Supervisory Board Members’ Department provide explanations and distribute materials in advance regarding proposals. Information is also provided in a timely manner to External Members of the Board and External Audit & Supervisory Board Members.
Implementation of Training for Members of the Board and Audit & Supervisory Board Members

The Company holds necessary training seminars for Members of the Board and Audit & Supervisory Board Members in order for them to fulfill their functions to supervise and audit its business. Seminars covering related laws and regulations, the Articles of Incorporation, the Board Regulations, and internal processes for determining important policies of the Company, etc. are provided when officers assume their positions.

In addition to this training, the Company continuously provides opportunities for Members of the Board and Audit & Supervisory Board Members to undergo trainings provided by third-party organizations. We also implement measures such as visits to worksites as needed for External Members of the Board and External Audit & Supervisory Board Members to deepen their understanding of the Taisei Group and our business.

Accountability

Taisei Corporation established the Information Disclosure Policy in 2006, and has set forth principles for ensuring appropriate information disclosure and transparency in the Fundamental Corporate Governance Policy. These policies form the basis for our practice of timely and appropriate information disclosure. In 2015, the Company established the IR Policy and has been promoting constructive dialogue through discussions with shareholders and investors, IR briefings, and the annual general meeting of shareholders.

Furthermore, we strive for fair information disclosure via the Taisei Corporation official website, where we publish explanatory material with commentary, summaries of the President’s speeches and the main question and answer sessions (in Japanese and English) on top of the Medium-term Business Plan and materials distributed at results briefings. In addition, we disclose information to overseas investors in English in our annual reports and on the Taisei Corporation official English website.

We also report on key business activities and ESG (Environment, Society, Governance) initiatives in the shareholder newsletter in order to further deepen our shareholders’ understanding of our corporate activities.

Remuneration for Officers

Policies and procedures in determining remuneration

Remuneration for the Members of the Board is determined from a comprehensive perspective that includes the scale, content, and performance of our business, as well as individual job specifications and responsibilities. Based on a resolution passed at the 146th Annual General Meeting of Shareholders on June 27, 2006, the sum total of monthly remuneration for the Members of the Board shall not exceed ¥70 million. Based on a resolution passed at the 134th Annual General Meeting of Shareholders on June 29, 1994, the sum total of monthly remuneration for Audit & Supervisory Board Members shall not exceed ¥12 million. Further, where remuneration for the Members of the Board is concerned, the system of remuneration shall reflect performance and will be determined by the Board after deliberation by the Remuneration Committee, which carries out preliminary reviews ahead of board meetings, while remuneration for Audit & Supervisory Board Members shall be determined upon consultation with the Audit & Supervisory Board.
Corporate Governance

(Performance-Linked Remuneration)
Remuneration for the Members of the Board of the Company consists of the performance-linked remuneration set by position (including the position of Executive Officer when concurrently serving as Executive Officer) and the remuneration, etc. other than the performance-linked remuneration, and the amount of remuneration is determined and promoted by position. The indicators associated with the performance-linked remuneration represent the sum of income before income taxes on the non-consolidated statement of income of the most recent business year and the total amount of bonuses for employees borne in the most recent business year and these indicators are selected on the grounds that they are approximate to the added value of the Company. In determining the amount of the performance-linked remuneration, the Remuneration Committee holds discussions on the following matters and addresses them to the Board.

(1) Total amount of remuneration and others paid to Members of the Board and the amount by position
(2) Establishment of and revisions to internal rules concerning remuneration for Members of the Board and others

Targets and results of indicators associated with performance-linked remuneration are as shown below.

<table>
<thead>
<tr>
<th>Date of resolution by the Board</th>
<th>June 26, 2019</th>
<th>June 8, 2018 (FYI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target or Result</td>
<td>Target</td>
<td>Results</td>
</tr>
<tr>
<td>Income before income taxes in the most recent business year</td>
<td>115,000</td>
<td>137,235</td>
</tr>
<tr>
<td>Total amount of bonuses for employees borne in the most recent business year</td>
<td>(Note)</td>
<td>33,738</td>
</tr>
<tr>
<td>Total</td>
<td>(Note)</td>
<td>170,973</td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of recipients</th>
<th>Fixed remuneration (Millions of Yen)</th>
<th>Performance-linked compensation (Millions of Yen)</th>
<th>Total amount of remuneration (Millions of Yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members of the Board</td>
<td>8</td>
<td>395</td>
<td>313</td>
<td>708</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Members</td>
<td>2</td>
<td>78</td>
<td>—</td>
<td>78</td>
</tr>
<tr>
<td>Subtotal</td>
<td>10</td>
<td>473</td>
<td>313</td>
<td>787</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of recipients</th>
<th>Fixed remuneration (Millions of Yen)</th>
<th>Performance-linked compensation (Millions of Yen)</th>
<th>Total amount of remuneration (Millions of Yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members of the Board</td>
<td>3</td>
<td>46</td>
<td>—</td>
<td>46</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Members</td>
<td>4</td>
<td>57</td>
<td>—</td>
<td>57</td>
</tr>
<tr>
<td>Subtotal</td>
<td>7</td>
<td>104</td>
<td>—</td>
<td>104</td>
</tr>
</tbody>
</table>

Note: All remuneration, etc. paid to Audit & Supervisory Board Members and Members of the Board are basic remuneration.
Major Activities and Attendance of External Members of the Board and External Audit & Supervisory Board Members in FY2018

<table>
<thead>
<tr>
<th>Name</th>
<th>Independent Director</th>
<th>Major Activities (Significant Concurrent Positions As of June 21, 2019)</th>
<th>Attendance at Meetings in FY2019 Number of Meetings Attended/Total Number of Meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toru Tsuji</td>
<td>○</td>
<td>He attended all the board meetings held in the current fiscal year. Based on the deep insights obtained from his experience as a manager in a different industry and from his neutral position and view as an external member of the board, he offered useful opinions to the Company's management in order to establish an internal control system and strengthen corporate governance and a compliance system.</td>
<td>Attendance at the Board 13 out of 13 Meetings (100%)</td>
</tr>
<tr>
<td>Fumio Sudo</td>
<td>○</td>
<td>He attended all the board meetings held in the current fiscal year. Based on the deep insights obtained from his experience as a manager in a different industry and from his neutral position and view as an external member of the board, he offered useful opinions to the Company's management in order to establish an internal control system and strengthen corporate governance and a compliance system.</td>
<td>Attendance at the Board 13 out of 13 Meetings (100%)</td>
</tr>
<tr>
<td>Atsuko Nishimura</td>
<td>○</td>
<td>Since she assumed the position of an external member of the board in the 157th General Meeting of Shareholders held on June 29, 2017, she attended all the board meetings held during the current fiscal year. Based on her abundant international sense obtained from her experience as a diplomat and from her neutral position and view as an external member of the board, she offered useful opinions to the Company's management in order to establish an internal control system and strengthen corporate governance and a compliance system.  ● Outside Director of INPEX CORPORATION</td>
<td>Attendance at the Board 13 out of 13 Meetings (100%)</td>
</tr>
<tr>
<td>Terunobu Maeda</td>
<td>○</td>
<td>He attended all the board meetings held in the current fiscal year and 13 out of a total of 14 audit &amp; supervisory board meetings held during the same period. He offered his opinions as and when appropriate based on his broad knowledge of finance and accounting.  ● Outside Audit &amp; Supervisory Board Member of the Higo Bank Ltd.</td>
<td>Attendance at the Board 13 out of 13 Meetings (100%)</td>
</tr>
<tr>
<td>Shigeru Morichi</td>
<td>○</td>
<td>He attended all the board meetings and audit &amp; supervisory board meetings held in the current fiscal year. He offered his opinions as and when appropriate based on the deep insights obtained from his experience as a university professor.  ● Director of Policy Research Center of National Graduate Institute for Policy Studies</td>
<td>Attendance at the Board 13 out of 13 Meetings (100%)</td>
</tr>
<tr>
<td>Kiwamu Miyakoshi</td>
<td>○</td>
<td>He attended all the board meetings and audit &amp; supervisory board meetings held during the current fiscal year. He offered his opinions as and when appropriate based on the deep insights obtained from his experience as a police officer.  ● Director (Audit and Supervisory Committee Member) of LIXIL VIVA CORPORATION</td>
<td>Attendance at the Board 13 out of 13 Meetings (100%)</td>
</tr>
<tr>
<td>Kunitoshi Saito</td>
<td>○</td>
<td>He attended all the board meetings and audit &amp; supervisory board meetings held during the current fiscal year. He offered his opinions as and when appropriate based on the deep insights obtained from his experience at the Board of Audit of Japan.</td>
<td>Attendance at the Board 13 out of 13 Meetings (100%)</td>
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</table>
## ESG Section

### Corporate Governance

### Management Members

**Members of the Board**

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Years of Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Takashi Yamauchi</td>
<td>Chairman, Representative Director</td>
<td>1989.06 - present</td>
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<tr>
<td>Yoshiyuki Murata</td>
<td>President, Representative Director</td>
<td>1977.04 - present</td>
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<tr>
<td>Shigeyuki Sakurai</td>
<td>Representative Director</td>
<td>1979.04 - present</td>
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<tr>
<td>Norihiko Yaguchi</td>
<td>Director</td>
<td>1978.04 - present</td>
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<tr>
<td>Atsuko Nishimura</td>
<td>External Board Member</td>
<td>1979.04 - present</td>
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<td>Fumiya Kokubu</td>
<td>External Board Member</td>
<td>1975.04 - present</td>
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<tr>
<td>Hiroshi Shirakawa</td>
<td>Director</td>
<td>1979.04 - present</td>
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<tr>
<td>Hiroshi Kimura</td>
<td>Director</td>
<td>1982.04 - present</td>
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<tr>
<td>Takao Murakami</td>
<td>External Board Member</td>
<td>1969.04 - present</td>
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<tr>
<td>Norio Otsuka</td>
<td>External Board Member</td>
<td>1973.04 - present</td>
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<td>Shigeyoshi Tanaka</td>
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</table>
Audit & Supervisory Board Members

Takashi Hayashi  
Audit & Supervisory Board Member (Full-Time)  
1974.04 Joined the Company  
2006.04 Executive Officer  
2008.10 President and Representative Director of TAISEI HOUSING CORPORATION  
2009.04 Managing Executive Officer of Taisei Corporation  
2012.04 President and Representative Director of Taisei-Yuraku Real Estate Co., Ltd.  
2017.04 Member of the Board  
2017.06 Senior Advisor  
2019.06 Audit & Supervisory Board Member of Taisei Corporation [Present Position]

Akihiko Noma  
Audit & Supervisory Board Member (Full-Time)  
1981.04 Joined the Company  
2014.04 General Manager of Contract & Claims Management Department, International Operations Headquarters  
2016.04 General Manager of International Business Strategy Department, International Operations Headquarters  
2016.06 Audit & Supervisory Board Member of Taisei Corporation [Present Position]

Terunobu Maeda  
External Audit & Supervisory Board Member  
1968.04 Joined Fuji Bank, Ltd.  
1995.06 Director  
1997.05 Managing Director  
2001.05 Vice-president  
2002.01 Director of Mizuho Holdings, Inc.  
2002.04 President and Chief Executive Officer, Director  
2003.01 President and Chief Executive Officer of Mizuho Financial Group  
2009.04 President Emeritus  
2011.06 Audit & Supervisory Board Member of Taisei Corporation [Present Position]

Shigeru Morichi  
External Audit & Supervisory Board Member  
1966.04 Joined Japan National Railways  
1987.03 Professor of Civil Engineering, School of Engineering, Tokyo Institute of Technology  
1996.04 Professor of Social Infrastructure Engineering, Graduate School of Engineering, University of Tokyo  
2004.04 Professor, National Graduate Institute for Policy Studies  
2004.04 Vice Chairman, The Institute For Transport Policy Studies  
2011.04 Director of Policy Research Center of National Graduate Institute for Policy Studies [Present Position]  
2012.06 Audit & Supervisory Board Member of Taisei Corporation [Present Position]

Kiwamu Miyakoshi  
External Audit & Supervisory Board Member  
1977.04 Joined National Police Agency  
1980.04 First Secretary, Embassy of Japan in Germany, Ministry of Foreign Affairs  
1988.03 Police Commissioner, Tsuchiura Prefectural Police  
2004.07 Auditor-Secretary, Hanshin Expressway Company Limited  
2005.09 Police Commissioner, Ibaraki Prefectural Police  
2010.03 Chief of Police, Chugoku District  
2011.03 Chief of Police, Kanto District  
2012.06 Audit & Supervisory Board Member of Taisei Corporation [Present Position]

Kunitoshi Saito  
External Audit & Supervisory Board Member  
1977.04 Joined Board of Audit of Japan  
2009.12 Director General of 3rd Bureau, Board of Audit  
2011.05 Director General of 6th Bureau, Board of Audit  
2013.03 Secretary General, Board of Audit  
2016.06 Audit & Supervisory Board Member of Taisei Corporation [Present Position]

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TAISEI ANNUAL REPORT 2019
ESG Section

Chairman
Takashi Yamauchi

Executive Officers

President and Chief Executive Officer
Yoshiyuki Murata

Vice Chairman and Executive Officer
Kazuhiko Dai

Executive Vice Presidents
Shigeyoshi Tanaka
  Chief of Civil Engineering Division; In charge of Safety Administration
Shigeyuki Sakurai
  Chief of Business Administration Division
Masahiro Sakai
  Chief of Marketing & Sales Division (Integrated)

Senior Managing Executive Officers
Yoshioobu Shigeki
  In charge of Marketing & Sales (Building Construction), Marketing & Sales Division (Integrated)
Katsuyuki Kanai
  Chief of Urban Development Division
Shoji Kondo
  Chief of Nagoya Branch
Morihiko Yaguchi
  Deputy Chief of Marketing & Sales Division (Integrated), Supervising Marketing & Sales (Building Construction) Divisions
Takao Kanai
  Chief of Marketing & Sales (West Japan) Division
Hiroshi Shirakawa
  Chief of Marketing & Sales (Building Construction) Division II

Managing Executive Officers
Kazuhiko Hombu
  In charge of Technology; In charge of Energy & Environment
Masahiro Oshima
  Chief of Corporate Planning Office
Yasushi Yoshinari
  Chief of Medical & Pharmaceutical Business Division
Masaharu Okada
  Chief of Marketing & Sales (Building Construction) Division III
Masao Yosihikawa
  In charge of Marketing & Sales (Building Construction), Marketing & Sales Division (Integrated)
Takeshi Kagata
  Chief of Kansai Branch
Jiro Tanaya
  Deputy Chief of Civil Engineering Division; General Manager of Civil Engineering Department
Yoshiro Akawa
  Chief of Architecture & Engineering Division (Integrated); Chief of Building Construction Division
Kei Hirano
  Chief of International Operations Headquarters

Hiroshi Tsuchiya
  Chief of Marketing & Sales (Building Construction) Division I
Susumu Morita
  Chief of Energy Division
Noriaki Kon
  Chief of Procurement Division
Nobuyuki Hayashi
  General Manager of Design Department, Civil Engineering Division
Atsushi Yamamoto
  Chief of Marketing & Sales Promotion Division
Hiroshi Kimura
  Deputy Chief of Marketing & Sales Division (Integrated), Supervising Marketing & Sales (Civil Engineering) Divisions; Chief of Marketing & Sales (Civil Engineering) Division
Jo Iwata
  Chief of Proposal & Solutions Division; In charge of Community Design & IR Development Department; In charge of Olympic and Paralympic Projects
Fumihiro Sudoh
  Chief of Tokyo Branch
Yuichi Kitauchi
  In charge of New National Stadium Project, Tokyo Branch
Yasumitsu Sakurai
  Deputy Chief of International Operations Headquarters
Shun Kitano
  Chief of Safety Administration Division
Hiroshi Harada
  In charge of Civil Engineering Projects, Civil Engineering Division
Yoshioohiro Teramoto
  Chief of Yokohama Branch

Executive Officers
Shinpei Oguchi
  Deputy Chief of Marketing & Sales (West Japan) Division, in charge of Building Construction
Taku Yamamoto
  In charge of Marketing & Sales (Building Construction), Marketing & Sales Division (Integrated)
Atsushi Suzuki
  Chief of Mechanical & Electrical Division
Shunichi Sonoda
  Deputy Chief of Marketing & Sales (Building Construction) Division III
Makoto Ohta
  General Manager of International Projects Management Department, Civil Engineering Division
Toru Inaba
  Deputy Chief of International Operations Headquarters (Building Construction & Engineering)
Yasushi Kamezawa  
Chief of Environment Division

Shinsaburo Sawa  
Deputy Chief of Marketing & Sales (Building Construction)  
Division I

Shinji Kawamura  
Chief of Kyusyu Branch

Masahiko Okada  
General Manager of Secretariat Department

Yoshihiko Abe  
Deputy Chief of Marketing & Sales (Civil Engineering)  
Division;  
General Manager of Marketing & Sales Department;  
In charge of Olympic and Paralympic Projects

Akira Ejima  
Chief of Chugoku Branch

Iwao Nishioka  
Chief of Hokushinetsu Branch

Akira Nakaya  
Chief of Shikoku Branch

Yoshihiko Ikeuchi  
Deputy Chief of Marketing & Sales (Civil Engineering)  
Division;  
General Manager of Marketing & Sales Department

Ichiro Nagashima  
Chief of Taisei Technology Center

Weiyu Chung  
General Manager of Marketing & Business Development  
Department (Taiwan), International Marketing & Business Development Division

Katsuhiro Kitagawa  
In charge of Marketing & Sales (Building Construction),  
Marketing & Sales Division (Integrated)

Kenji Shirakawa  
Chief of Chiba Branch

Shinichiro Takahama  
Chief of Engineering Division

Naohisa Hirata  
Chief of Tohoku Branch

Koichiro Okuhata  
Chief of Kanto Branch

Shinichi Hiraizumi  
Chief of Sapporo Branch

Toshihiko Acki  
Deputy Chief of International Operations Headquarters  
(Civil Engineering);  
General Manager of Civil Engineering Department

Minoru Hamanaka  
Deputy Chief of Marketing & Sales (Building Construction)  
Division II

Yasui Yamauchi  
In charge of Technology

Executive Fellows

Toshiko Tsuka  
In Charge of Information Planning, Corporate Planning Office

Hisotoshi Ikeda  
Deputy Chief of Architecture & Engineering Division (Integrated)

Miyoshi Kato  
In charge of Energy & Environment

Yozo Shinozaki  
Deputy Chief of Design Division

Tsuyoshi Maruyama  
Deputy Chief of Taisei Technology Center;  
General Manager of Infrastructure Technology Research  
Department

Takaharu Yamamura  
Deputy Chief of Urban Development Division
Risk Management/Compliance

Risk Management Policy and Management Systems

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

In terms of handling risk management, we set forth the Basic Risk Management Rules and we identify and select risks associated with quality and technology, laws and regulations, compliance, information, safety, labor and employment, the environment, natural disasters and others that influence business activities every year. Depending on their importance, we then classify risks into categories such as “important company-wide risk” or “risk within the jurisdiction of head office” and we develop, implement, evaluate and improve (follow the PDCA cycle) risk countermeasures.

We implement effective risk management across the whole company including measures to prevent any reoccurrence by sharing this information with the Risk Management Committee and the Risk Management Council.

Company-Wide Risk Management System

Initiatives for Business Continuity Planning (BCP)

In order to meet its responsibilities as a general construction company supporting the infrastructure for economic activities even in times of disaster, Taisei Corporation has established the Policy on Business Continuity in Times of Disaster and aims to become a company that gains the trust of society by contributing to business continuity at central and local governments and corporations.

Based on this Policy, we formulate the Business Continuity Plan to be implemented in times of disaster, conduct disaster countermeasure training at least once a year, and fully review and update the Business Continuity Plan based on the results of the training and other factors each time.

FY2018 Large-Scale Disaster Countermeasure Training

Taisei Corporation conducted the FY2018 Large-Scale Disaster Countermeasure Training in November 2018 based on its Business Continuity Plan. A total of approximately 18,000 officers and employees from the head office, 13 branches across the country and all 25 Group companies participated in the training (see p.108).

Setting the theme of this training as “establishing and verifying the initial action system that functions even at times of confusion immediately after the outbreak of a disaster,” we informed the members of each countermeasure/response headquarters of the time of outbreak of the disaster, the transportation status and the availability of a building for use on the day of the training to replicate the confusion at the time of initial response and carried out increasingly practical training.

In addition, to prepare for a situation where the managers of the countermeasure/response headquarters are unable to gather at the headquarters due to paralyzed traffic functions, etc. and provide prompt instructions, we set up multiple temporary contact points at branches in the Tokyo metropolitan area and conducted training where also on the day of the training some of the managers of countermeasure/response headquarters temporarily gathered at such temporary contact points and took command remotely.
**Compliance Policy and Systems**

The Action Guidelines for Taisei Personnel and the Taisei Group as a Whole state that in order to fulfill its social responsibilities, the Taisei Group shall adhere to laws and regulations, etc. (laws and ordinances, by law, administrative guidance, customs and other social rules, and various company rules and regulations).

The guidelines also state that the company must act in good faith and fulfill contracts and promises with customers, suppliers, or the local community in all sincerity.

As indicated in the diagram below, each department at Taisei Corporation has deployed managers, promoters, and implementors to install the in-house compliance promotion system and to strengthen compliance by incorporating the opinions and recommendations of the Compliance Committee, which has been established as a special committee serving as the President’s advisory committee and chaired by an external expert (lawyer), and exchanging opinions with the Committee (see p.61).

**Raising Awareness of Compliance**

Taisei Corporation systematically implements education and training to raise awareness of compliance. We strive to establish awareness for compliance among personnel by implementing e-learning and publishing the Compliance newsletter on familiar topics related to compliance, and are expanding these efforts to personnel of Group companies as well.

We also endeavor to strengthen group compliance by organizing periodic conferences for staff who are responsible for legal affairs at the domestic Group companies as a system for information sharing and exchange of opinions regarding issues related to legal affairs.

In addition, we are working to enhance awareness for compliance by holding compliance-related trainings for specialized contractors.

**Subject and Training for Raising Awareness of Compliance**

<table>
<thead>
<tr>
<th>Subject organization</th>
<th>Officers and employees</th>
<th>Group</th>
<th>Specialized contractors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training/education conducted</td>
<td></td>
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<tr>
<td>Distribute the Compliance Newsletter (once a month)</td>
<td>Organize conferences for staff responsible for legal affairs at Group companies in Japan (once a year)</td>
<td>Implement compliance training at the Safety Conference*4 (once a year)</td>
<td></td>
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<tr>
<td>Implement e-learning (as necessary *Four times in FY2018)</td>
<td>Conduct Group compliance interviews on Group companies in Japan (once a year)</td>
<td>Implement compliance training for new employees of Soyukai member companies (twice a year)</td>
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<tr>
<td>Implement group training (as necessary)</td>
<td>Provide guidance on KPI establishment to Group companies in Japan</td>
<td>Promote CSR procurement</td>
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</table>

*4 A conference that aims to inform specialized contractors about ensuring safety management.
Measures to Ensure Thorough Compliance

[1] Whistleblowing and Consultation System
At the Taisei Group, we have set up the Corporate Ethics Helpline, a system for whistleblowing and consultation where acts contravene laws and ordinances or the Action Guidelines for Taisei Personnel and the Taisei Group as a Whole. We have established consultation desks in-house and at an external organization (a law firm).

At these in-house and external consultation desks, we accept whistleblowing reports from external parties. When handling whistleblowing reports, we abide by the Whistleblower Protection Act and treat all information about the whistleblower as confidential and prohibit any adverse action as a direct result of whistleblowing. Furthermore, we accept anonymous tips in order to find a clue of a wide range of illegal activities.

We carry out fact-finding investigations on the whistleblowing reports received, and respond appropriately, including taking corrective measures as needed.

We accept any consultation from external stakeholders at our inquiry counter.

Flow of Internal Whistleblowing Based on the Helpline System

[2] Verification of Compliance with Laws and Regulations (Guidance)
In order to ensure the legitimacy of bids, Taisei Corporation operates an in-house system whereby the heads of branch offices confirm, produce the documents, and keep all bids on file.

Every year, the legal department verifies the legitimacy of bids and checks compliance with the Construction Business Act, Antimonopoly Act and the Subcontractors Protection Act. The results are reported to the in-house Auditing Department.

[3] Initiatives to Ensure Fair Subcontracts and Eliminate Anti-Social Forces
Taisei Corporation has adopted Promoting Partnerships with Supply Chains in its Action Guidelines for Taisei Personnel and the Taisei Group as a Whole, and declares “Promoting partnerships with subcontractors and suppliers” and stipulates that transactions be conducted on an equal footing.

Furthermore, we have set out Measures for Dealing with Anti-Social Forces and Organizations, stipulating that we will take a resolute stance against anti-social forces and will not comply with illegitimate demands. In order to eliminate anti-social forces, we have included a condition in our contracts, including the basic contract for specialized sub-contractors, declaring that the supplier is not an anti-social force and that if revealed otherwise, the contract may be cancelled without notice.

At Taisei Corporation, we have set forth “Ensuring fair trade” and “Maintenance of proper relationships with individuals or entities engaged in politics and government” under the Action Guidelines for Taisei Personnel and the Taisei Group as a Whole and implement Group-wide initiatives to prevent bribery and other misleading acts.

In April 2018, we signed the United Nations Global Compact and have been making sure we prevent corruption based on one of the ten principles, “Business should work against corruption in all its forms, including extortion and bribery.”

In the previous fiscal year, we organized enlightenment activities for all officers and employees to prevent bribery of foreign public officials.
**Priority Initiatives Taken in FY2018**

Taking the fact seriously that we were indicted on suspicion of violating the Anti-Monopoly Act in connection with the Linear Chuo Shinkansen construction project, we have implemented the measures indicated below based on deliberations by the Compliance Committee chaired by an external lawyer and resolution by the Board.

1. Revision and tightening of internal rules relating to contacts with competitors (September 2018)
2. Reinforcement of procedures to confirm the appropriateness of the bidding process (September 2018)
3. Carrying out re-education to ensure compliance with the Anti-Monopoly Act
   - Implementation of e-learning for all officers and employees (September 2018)
   - Implementation of training by an external lawyer for officers and employees in the sales departments and the technical departments that engage in operations related to taking orders (October and November 2018)

**Practicing Intellectual Property Policy and Intellectual Property Strategy**

Taisei Corporation has formulated the Policy on Intellectual Property, based on which we practice our Intellectual Property Strategy. We strategically manage and utilize all intellectual property including patents, copyright, construction and business know-how to promote management that is focused on intellectual property. Regarding management of intellectual property, we intend to improve operational efficiency through building a search function for our own patents and preparing a database for managing patents.

We have tightened the handling of classified information and we have established Rules for Handling Intellectual Property Information in order to prevent leaks of technical know-how or other confidential business information. We also take measures to reduce the risk of infringing the intellectual property rights of third parties, such as making technical departments and business departments thoroughly aware of other companies’ patent information.

In addition, we conduct training to ensure that employees are fully informed about this policy and utilize intellectual property strategically in order to strengthen our competitiveness and improve our corporate value. In FY2018, we conducted intellectual property courses for technical departments in the head office and operations departments in branch offices as well as e-learning for all officers and employees, including the utilization of application rights and a series of awareness raising campaigns about infringement (see p.108).

**Information Security Measures**

Taisei Corporation has formulated policies and action guidelines in order to protect and make appropriate use of company information. We have systematically built rules and regulations concerning company-wide information security systems and information management. We established Taisei-SIRT in order to strengthen the system for responding to security incidents involving electronic information. We have been actively involved in the Nippon CSIRT Association since joining in March 2013. Under the slogan “ICT Safety First!,” Taisei Corporation implements a range of information security measures.

Together with all Group companies, specialized constructors, and other partner companies, we aim for zero incidents related to information security.

We have been promoting a tighter information security environment at overseas business offices and construction sites since FY2016. We have summarized the minimal rules to be followed in a pamphlet, and conducted education and instruction for all officers and employees as well as specialized constructors and other partner companies. In FY2018, we conducted 19 sessions of company-wide information security training and the number of major information security accidents came down to zero (see KPIs on p.60).

**To Share Our Philosophy and Values**

To spread and consolidate the Group Philosophy among employees while connecting it to social demands and in-house initiatives, we have operated annual trainings about the Group Philosophy based on an e-learning format since FY2011. In FY2018, we held an e-learning session for employees on the theme of the relationship between the Group Philosophy and improvements in corporate value required by Observing the Charter of Corporate Behavior of the Keidanren (Japan Business Federation), with a participation rate of 97%.