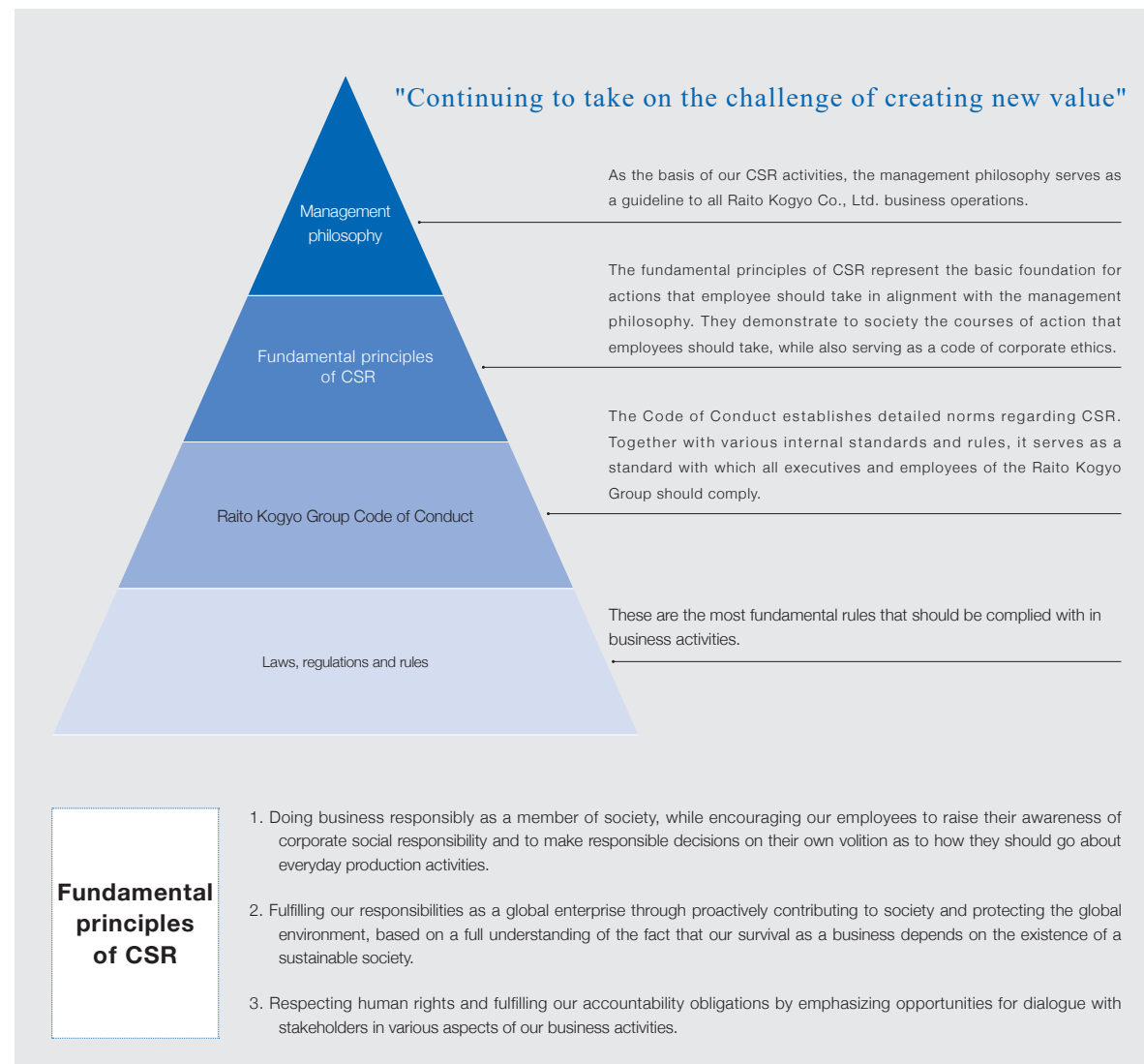


ANNUAL REPORT 2020



Group vision

To give concrete form to its management philosophy, Raito Kogyo establishes and publishes its fundamental policies on each area of corporate social responsibility (CSR). It aims to be a company trusted by stakeholders, and one in which its employees can take pride, by continuously raising awareness among personnel through demonstrating a stance of keeping its word, both within and outside of the organization.



Behind the Company name

There are two stories behind the Company name. The first tells of how the brand name Raito ("light"), used for tunnel repair materials under development at the time to express the desire to brighten the dark postwar situation, was adopted as a company name when the Company was incorporated in 1948. The other says that the name Raito Kogyo was chosen out of a strong desire to move construction management forward in appropriate, enlightened ways during the confusion of the postwar period when there were calls for modernization of construction industry management. These stories may serve as clues to the origins of the company name Raito, which may have been intended to express the concepts of propriety and enlightenment by evoking the English words "light" and "right" transliterated into Japanese. "Propriety and enlightenment" are the Company's guiding precepts.

Editorial policy

Raito Kogyo carries out various environmental and societal initiatives based on its fundamental principles of CSR. Since FY2015, we have communicated information on these activities to stakeholders through the CSR Report. Beginning in FY2019, we have aimed to enhance the report as the integrated Annual Report, to communicate more clearly to stakeholders information on our management policies, growth strategies, and other topics related to value creation over the medium to long term. We consider the Annual Report to be an important tool for disclosure of information and, going forward, we will continue to work on a daily basis to make the report easier to read and understand, while reflecting valuable input from stakeholders. Please feel free to let us know of any concerns you may have concerning this report, no matter how small they may seem. All feedback received will be used to further enhance future reports.

Subject organization

This report covers Raito Kogyo Co., Ltd. For some subjects, information on Group member companies is also included.

Subject period

April 2018 – March 2020

For some subjects, the latest information as at the time of publication of this report is included.

Guidelines referenced

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

Global Reporting Initiative

GRI Standards

Date of publication

May 30, 2020

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Special Feature 1

Contributing to society through our businesses
[Continuing to support safety and security of social infrastructure through ground improvement work in an area affected by a major disaster](#)

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Special Feature 2

Initiatives with an eye to the future
[Promoting next-generation R&D in response to dramatic changes in society and the environment](#)

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Environment

Contributing to the global environment through our business activities

Lessening the environmental impact of business activities

Social

Quality-improvement efforts

Creating safe, comfortable workplaces

Respect for human rights

Human resources development

Ties to our local communities

Governance

Corporate governance

Compliance

Risk management

Communication with stakeholders

Consolidated financial statements

Notes to consolidated financial statements

Directors, Corporate Auditors



We will contribute to the sustainable growth of society by continuing to deliver new value

Raito Kogyo Co., Ltd.
President
Kazuo Suzuki

This year, once again, many places around the world experienced large-scale natural disasters. We offer our condolences to those affected by disasters and our best wishes for swift recovery and restoration.

Contributing to the sustainability of society based on our management philosophy

Recent years have seen increasing numbers of natural disasters, such as earthquakes and torrential downpours, and their enormous subsequent damage has become a serious issue both here in Japan and around the world. Perceiving that our contribution to society in terms of sustainable growth through our businesses is required in light of this historical background, we have a strong desire to contribute to the development of an amenable society by helping to enhance people's living environments through our business activities, based on our management philosophy of "Continuing to take on the challenge of creating new value."

Launch of the new Raito 2021 medium-term management plan

This year marked the start of a new imperial era in Japan, as well as the dawn of a new era for the Company, as we set out to realize further growth and adopt a more resilient business structure.

As the first step in these efforts, we launched the new medium-term management plan, Raito 2021. As its basic policy "Enhancing our corporate power toward sustainable growth" makes clear, this medium-term management plan is intended to enable stable growth into the future. As part of this effort, it calls for "accelerating investment in growth." We plan to implement growth measures during the period of this medium-term management plan by putting to effective use the management resources that we have built up to date.

We will carry out such investment in growth centered on the three areas of direct domestic and overseas business investment, investment in technological development in areas such as information and communications technology (ICT) and artificial intelligence (AI), and investment in human resources development to secure and train our workforce.

In the area of direct business investment, we plan to complete investment in FECON in Vietnam, which already is achieving significant growth, while also considering further domestic and overseas investments including merger and acquisition (M&A) activities. In addition, in the area of technological investment, we will further enhance our ICT construction technologies and develop new technologies utilizing AI, with the R&D Center serving as the core facility. Furthermore, our initiatives in human resources investment will include investing in securing human resources to increase our productivity as an organization, as investment related to work-style reforms, and investing in development of new systems to eliminate waste and reduce labor requirements. We expect the results of investing in growth in these three areas to generate profits in the near future and help realize sustained growth

by contributing to the Company's growth over the medium to long term.

Through growth centered on these measures, we will advance management stressing environmental, social and governance (ESG) criteria as we aim to become a company that is trusted by customers, through both helping to resolve social challenges by delivering new value and fulfilling our social responsibilities as a corporation.

Enhancing ESG management through addressing the Sustainable Development Goals (SDGs)

Even as environmental issues attract increasing attention worldwide, the relentless progress of global warming, which is said to have a major impact on climate change, is a pressing challenge. In our efforts to date to mitigate the environmental impact of our business activities, we have restrained carbon dioxide emissions, made more efficient use of natural resources, and reduced waste generation. In addition to these and other efforts, we have also worked steadily to develop technologies that will help to improve the natural environment. The Group considers environmental protection through its business activities to be a goal of the utmost importance, and we aim to contribute to the realization of a sustainable society through identifying those business activities of Group member companies that can contribute to attainment of the 17 Sustainable Development Goals (SDGs) adopted in 2015 by a United Nations summit meeting.

In addition, we also believe that we can make considerable progress toward realizing sustainable growth by securing new business opportunities and raising

the level of our ESG management through taking on the challenge of the SDGs, in addition to promoting our existing business.

Human resources initiatives are a top concern

The Group considered human resources initiatives to be of utmost importance in its ESG. We have implemented various measures intended to realize a structure in which all people involved in the Group's businesses can thrive, enjoying the satisfaction of doing rewarding work. In addition to improving productivity by scheduling working hours with an emphasis on sound work-life balance and adopting varied ways of working, other initiatives have included extending the retirement age to 65 to enable senior citizens to make a greater contribution to society. In addition, we established the Group member company Tough Earth to improve working conditions for skilled construction workers and help pass on their skills to the next generation, as part of our efforts to build a structure to enable all of the human resources who support the Group's overall capabilities to do their jobs in rewarding environments.

While it is said in some quarters that technical advances and the spread of AI will eliminate some jobs, it is likely that human resources will continue to be the most important resources in the construction industry for some time. And, going forward, we will share our growth with the people who support the Group, through various measures.

Initiatives for strengthening the corporate governance structure

Today, given the increasing importance of the roles that a company is required to play in society, it is vital to earning public trust that each and every executive and employee fully understands our corporate social responsibilities and complies with society's rules as representatives of a company that is worthy of the general public's respect.

The Raito Kogyo Group has made continuous efforts to enhance our corporate governance structure based on fairness and transparency while also ensuring that activities based on the corporate philosophy handed down since our founding, the Code of Conduct, and other precepts permeate the entire organization as the foundation of our corporate culture.

The Raito Kogyo Group has established the Basic Corporate Governance Policy to contribute to achievement of sustained Group growth and increases in corporate value over the medium to long term by enhancing the structures that enable effective governance while meeting the expectations of various stakeholders. And, going forward, we will aim to be able to respond swiftly in the area of building the functions and structures needed in light of changes in our business activities.

Through such efforts toward sustained growth, we will continue to take on the challenges of finding solutions to the issues faced by individuals and society, by leveraging the diversity and innovativeness that are distinctive features of our organization. The Raito Kogyo Group will continue to contribute to sustainable social progress as a company that consistently delivers new value to society.

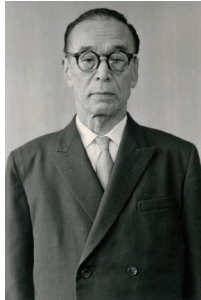
Raito Kogyo Group history

Since its founding in 1943, Raito Kogyo has contributed to society through disaster prevention and infrastructure development while proactively developing and adopting special-purpose technologies in the field of specialized civil engineering. Considering our mission to be that of contributing to society through the wealth of experience and reliable technologies that we have built up over many years, we believe that value for the future can be generated only through constant innovation as a practical expression of our philosophy: "Continuing to take on the challenge of creating new value."

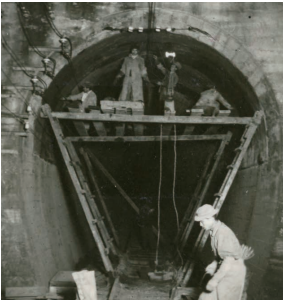
Playing an active role as a company that has delivered one-of-a-kind special-purpose technologies since our founding

1943-1963

In 1943, Tadao Kamiyo founded the Kamiyo Waterproofing Works in the town of Hanawa, Akita Prefecture. Then, in 1945, spurred by the need to address water leaks in aged brick tunnels on the Japan National Railway, Kamiyo began to specialize in tunnel waterproofing work. At that time, the management bureaus of the Japan National Railway had merely conducted small-scale repairs in response to tunnel leaks. It was not until the post-war period that expertise specialized in tunnel waterproofing technologies emerged, and Raito Kogyo took the initiative to provide such expertise. What today is the largest specialist civil engineering firm in Japan began life as that small business, which would become a pioneer in tunnel waterproofing based on its unique technology.



Tadao Kamiyo, the Company's first President



Tunnel waterproofing work

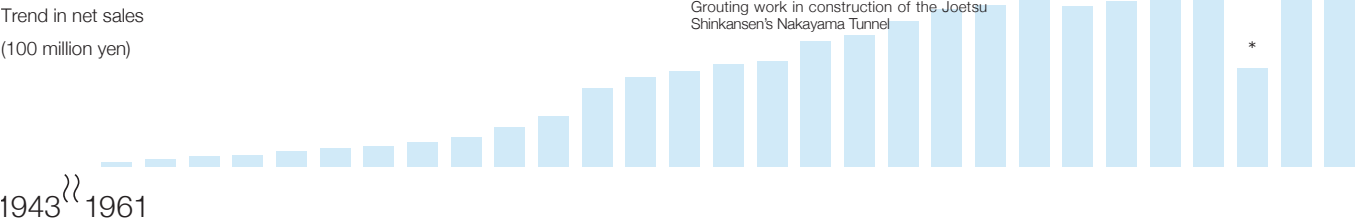


Road damage prevention work



RG pile ground improvement method

Trend in net sales (100 million yen)



1943 1961

* Fiscal year-end changed (November 1, 1987 – March 31, 1988)

Adoption of advanced technologies from Europe and taking on the challenges of difficult construction projects

1964-1986

The grouting process in use at that time was the U.S. method of powerfully firming up the soil. This method was not particularly well suited to Japanese soil, which was weak due to the mix of different layers. It was even said that this method could not be expected to be effective at all. Against that background, while touring a subway construction project in France, representatives of the Company observed a method being employed by the French civil engineering company Soletanche that involved solidifying weak soil to transform it into bedrock. Right then and there, the Company decided to adopt that technology and it entered into a technological partnership with the French firm. This became well-known in Japan as the "Soletanche method," as a result of its use in the Takayama shaft section of the Joetsu Shinkansen's Nakayama Tunnel project. This project, known for the historic challenge of a flood that occurred some 200 meters underground, was the strongest impetus behind the Company's construction method becoming well known. While the massive spring made construction extremely difficult, as a result of fully mobilizing the Company's technologies, the project was completed successfully over a period of six years, greatly transforming existing concepts of grouting work.



Then President Samaru and President J. Alice of Soletanche shake hands after concluding the contract



The Aomori Rail Yard Asahimachi crossing elevation project, for which the Soletanche method was used



Grouting work in construction of the Joetsu Shinkansen's Nakayama Tunnel



PLUS construction in Yokosuka
The "pipe laying under special slurry" (PLUS) method used in pipe construction also was adopted through the technical alliance with Soletanche

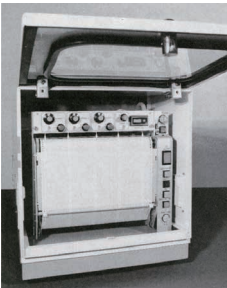
Promotion of management reforms

1987-2008

As Japan's economy grew, we proactively adopted management reforms, while also focusing on developing our own proprietary techniques as well as adopting a construction management system developed jointly with Soletanche and applying it to construction sites. In 1997, a new environmental and scientific laboratory was opened in the Technological Research Center and, in 2000, against the backdrop of the passing of the Basic Act on Establishing a Sound Material-Cycle Society, the new Soil Environmental Department was established within the Environmental Business Division, as we launched full-fledged development of eco-friendly construction methods and technologies. In addition, in 2008, we entered the construction business. This led to increased earnings centered on condominium construction and, today, it has grown to be a major pillar of the Company's business.



Eco-friendly EC Wall method



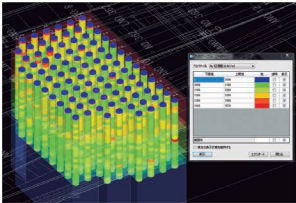
Enpasol soil survey system



Musashiseki Mansion condominiums



Okamoto Mansion condominiums



3D-ViMa system



Robo-Shot



New head office building

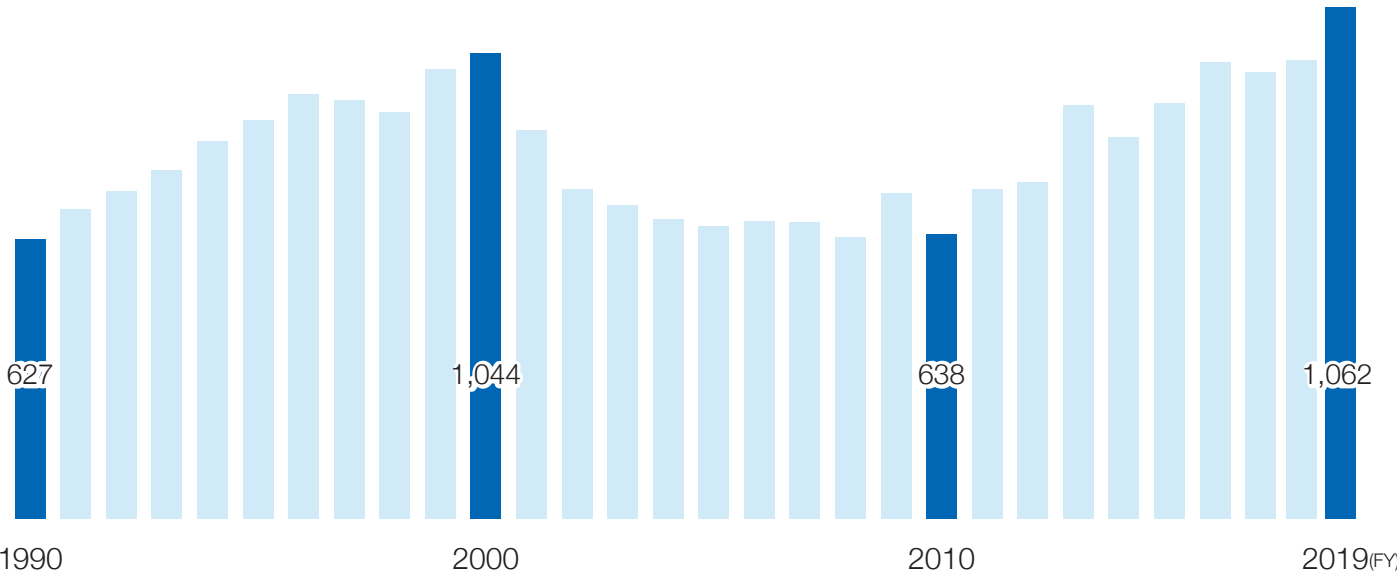


R&D Center

Structural enhancements for the next generation

Since2009

In line with our management philosophy of "Continuing to take on the challenge of creating new value," research and development activities are the lifeblood of our Company. The medium-term management plan that began in FY2016 also called for enhancement of the research and development structure in our core specialized civil engineering business, under a policy of "Structural enhancements for the next generation." In order to build an efficient R&D structure, we integrated and reorganized the R&D section and the technical research center in the Construction Technology Division to create the new R&D Center. We continue to advance R&D based on innovative approaches that include creation of new markets as well as responding to increasingly diverse market needs in areas such as applications of leading-edge ICT technologies, new technologies to realize safety and assurance in the national infrastructure through means such as disaster prevention and mitigation, and new technologies to respond to environmental issues such as global warming and soil pollution.



627

1,044

638

1,062

1990

2000

2010

2019(FY)

Overview of the Raito Kogyo Group

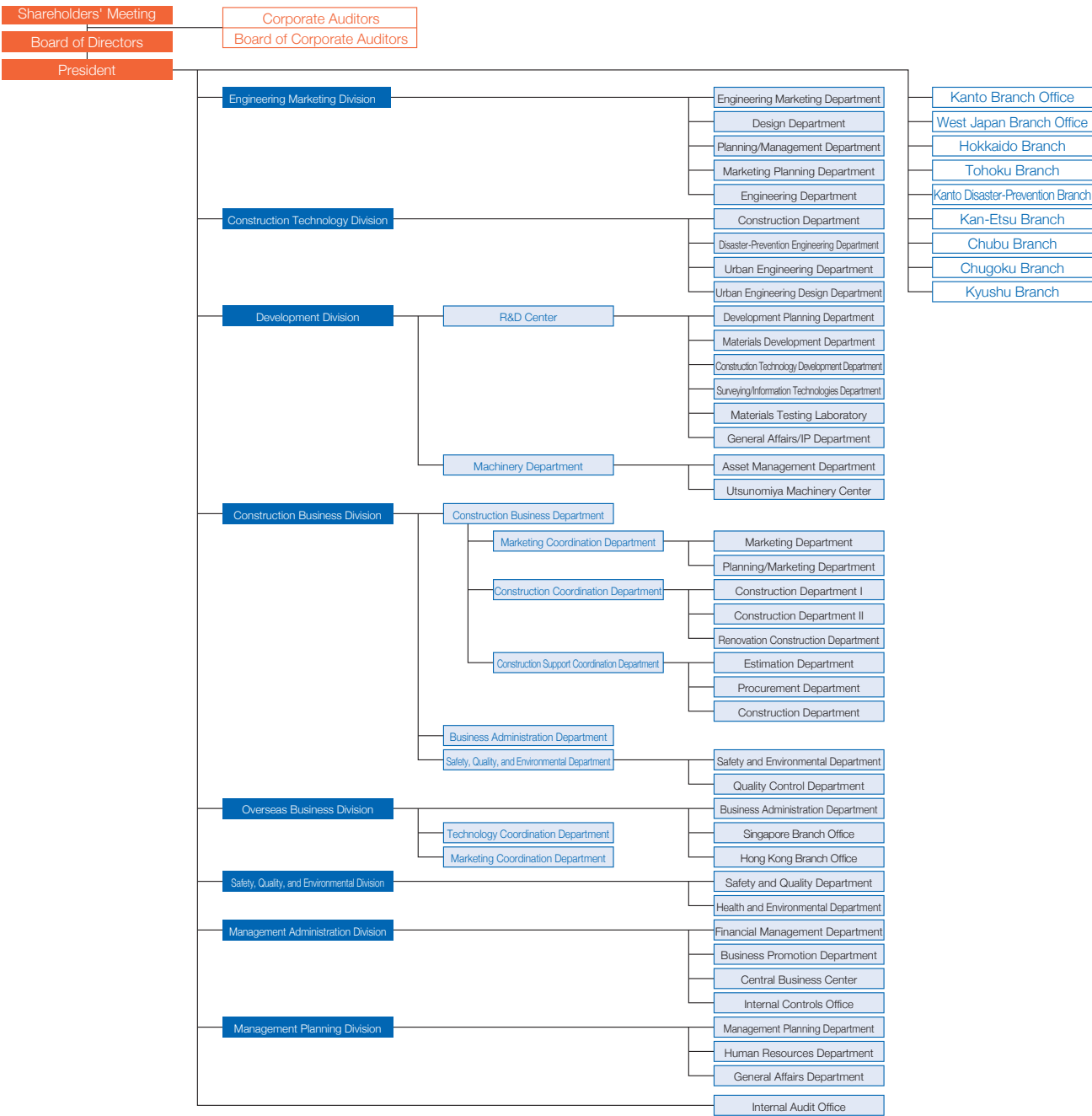
Corporate overview

N a m e	Raito Kogyo Co., Ltd.
Head Office	2-35 Kudan-Kita 4-chome, Chiyoda-ku, Tokyo, Japan
F o u n d e d	July 1, 1943
Representative	Kazuo Suzuki, President
C a p i t a l	6,119,475,000 yen
E m p l o y e e s	880 (as of March 31, 2019)
Lines of business	Construction and other businesses
Branch offices	Kanto, West Japan
Coordinating branches	Hokkaido, Tohoku, Kanto Disaster-Prevention, Kan-Etsu, Chubu, Chugoku, Kyushu
G r o u p o f C o m p a n i e s	14 consolidated subsidiaries, 4 non-consolidated subsidiaries

Consolidated Group member companies

Construction (J a p a n)	Michinoku Realize Co., Ltd. Tohoku Realize Co., Ltd. Onoryo Co., Ltd. Fukushima Realize Co., Ltd. Niigata Realize Co., Ltd. Aura CE Co., Ltd. Tokai Realize Co., Ltd. Sanyoryokuka Co., Ltd. Yamaguchi Realize Co., Ltd. Kyusyu Realize Co., Ltd.
Construction (O v e r s e a s)	Raito, Inc. (U.S.A.) Raito Engineering & Construction Limited (Hong Kong) Raito Fecon Innovative Geotechnical Engineering JSC (Vietnam)
O t h e r s	Yasashiite Raito Corp. (long-term care)

Organization



Business domains

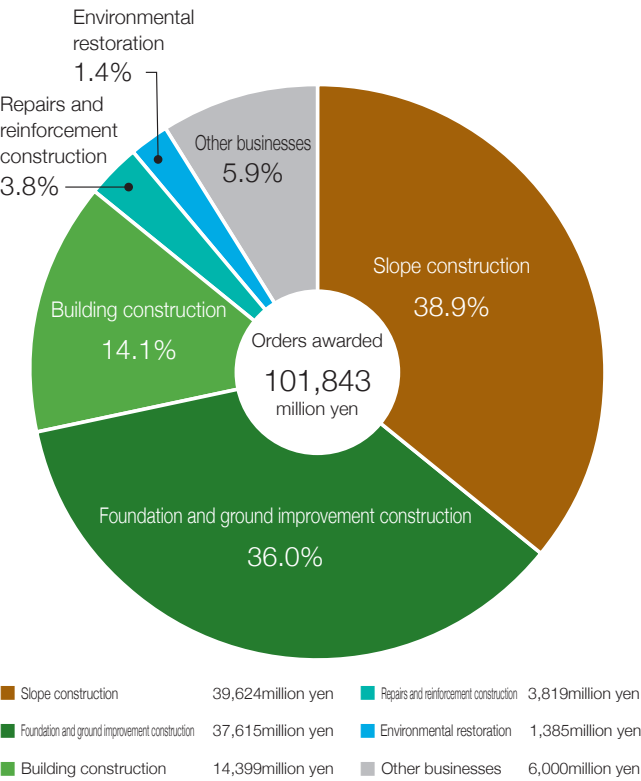
Building construction

Fusing our specialist know-how, technological capabilities, and management strengths, we meet our clients' varied needs through proposal of high added-value solutions, from design through construction of condominiums, offices, retail buildings, and other facilities.

- Main construction track record**
- Housing complexes
 - Office buildings
 - Hotels
 - Retail buildings
 - Health and welfare facilities
 - Production facilities
 - Large-scale repairs



FY2019 total orders awarded (consolidated)

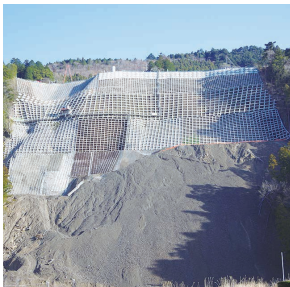


Civil engineering business

Applying our urban civil engineering technologies, slope technologies, and structural repair and reinforcement technologies, we help to realize safe and reliable national infrastructure by contributing to the formation of social capital such as roads, waterways and ports and to extending its useful lifespan.

Main civil engineering technologies

- Slope protection, Slope greening
- Slope stabilization, disaster prevention
- Ground improvement
- Diaphragm walls
- Pipe laying
- Chemical grouting
- Structural repair and reinforcement
- Soil-pollution countermeasures
- Surveying



Overseas businesses



Utilizing the know-how and advanced technological capabilities acquired through comprehensive experience in Japan, our global business operations are involved in numerous projects around the world, including in Asia and North America.

Main overseas facilities

- United States of America
- Hong Kong
- Singapore
- Vietnam

FY2018 Topics

Raito Kogyo wins FY2018 i-Construction Merit Award

Our project to utilize information and communication technologies (ICT) in ground improvement work directly beneath road embankments won a Merit Award in the i-Construction Promotion Consortium members' section of the i-Construction Awards established by the Ministry of Land, Infrastructure, Transport and Tourism of Japan.

The i-Construction Awards are presented by the Ministry of Land, Infrastructure, Transport and Tourism for outstanding initiatives related to the concept of "i-Construction," which is aimed at improving productivity on construction sites through such means as use of innovative technologies. The awards program is intended to promote "i-Construction" initiatives by broadly publicizing best practices and encouraging their application to other projects.

Our award-winning initiative employs advanced technologies such as use of satellite data to position ground-improvement machinery, a Global Navigation Satellite System (GNSS) steering system, and a Three-dimensional Visualized Management System (3D-ViMa) to visualize construction data in three dimensions. Such comprehensive use of ICT was highly rated by the awards judges for the results achieved, including labor savings, improved precision, and prevention of human error.




i-Construction Awards ceremony

Raito Kogyo Group businesses

Focusing on improvement of national infrastructure, the business activities of the Raito Kogyo Group span various fields, from the mountains to the sea and from above-ground to underground.

1

Slope construction



We help to protect communities against slope-related disasters through measures for preventing erosion of artificial slopes due to rainwater, surface water, or other causes, and preventing debris falls, slope failures, and landslides on natural slopes.

2

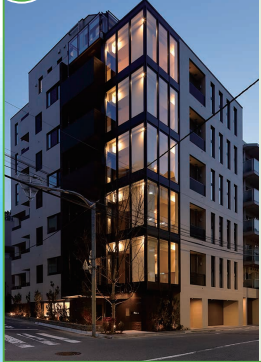
Foundation and ground improvement construction



By improving soft ground, we help to create disaster-resistant urban spaces. We help people live with serenity through protecting and maintaining safe living environments.

3

Building construction



We propose construction solutions based on our philosophy of coexistence with the Earth, seeking to make life better for the people who live in, work in, and visit facilities.

4

Repairs and reinforcement construction



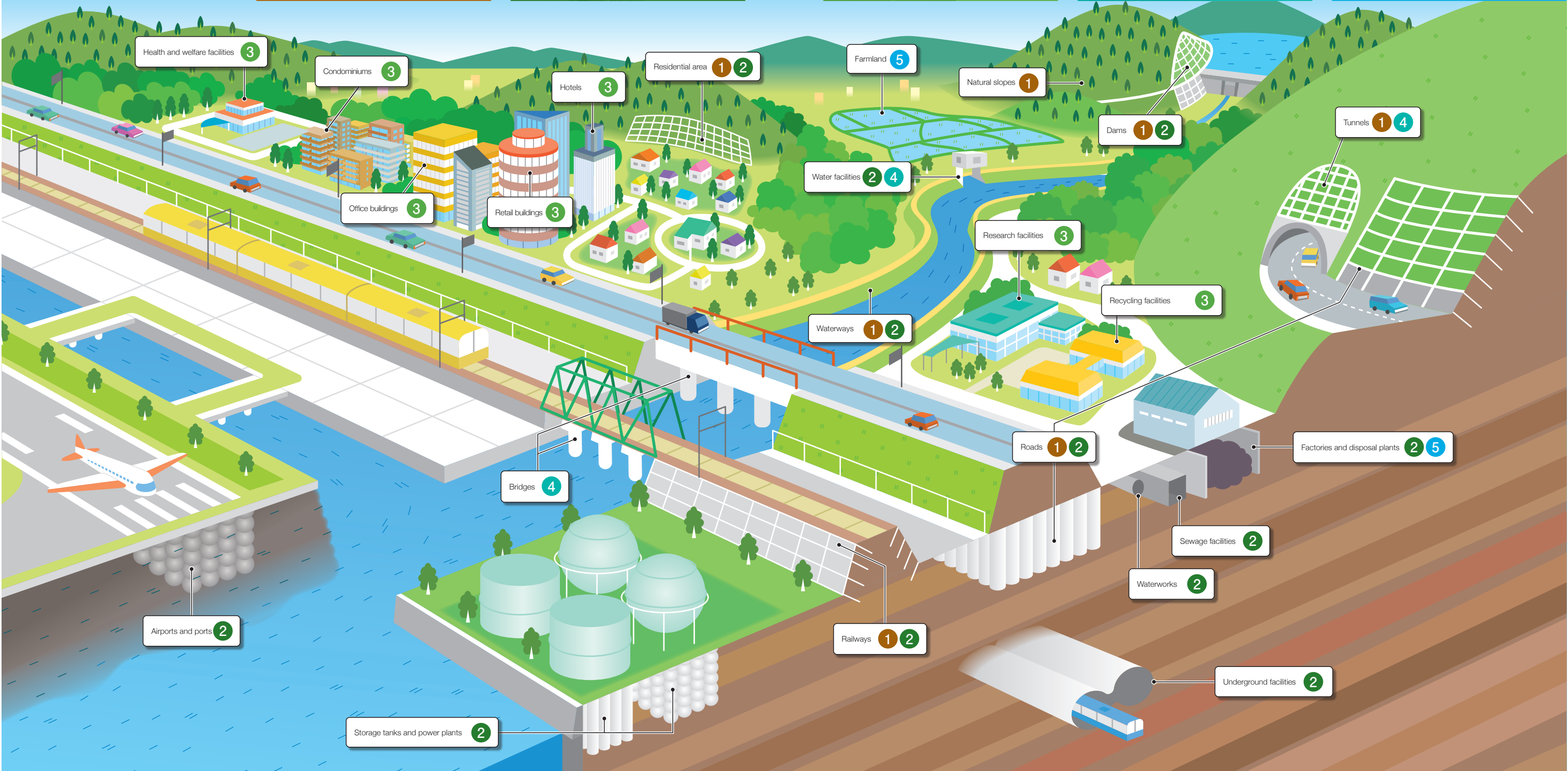
As existing infrastructure approaches the age at which maintenance is essential, there is a need to ensure that it can maintain its functionality over the long term. By proposing high-quality repair and reinforcement solutions, we contribute to extending the service lives of existing structures.

5

Environmental restoration



Utilizing our wealth of knowledge related to slope protection and ground improvement, we contribute to environmental protection and effective utilization of land through such means as landscaping, surveys, and countermeasures targeting soil and groundwater pollution.



Raito Kogyo Group growth strategies

Under our management philosophy of "Continuing to take on the challenge of creating new value," The Raito Kogyo Group aims to be an enterprise that is essential to our stakeholders, by being constantly creative. The basic policy of the current medium-term management plan calls for "Improving our corporate power to enable sustained growth" and, in our core business field of specialized civil engineering work we will aim to achieve sustained growth through further enhancement of our research and development structure, centered on the R&D Center, as well as promoting efficient business administration and investing in growth.

Medium-term management plan

Raito 2021

GOAL
Achieving sustained growth

Management philosophy

Continuing to take on the challenge of creating new value



Basic policy

Improving our corporate strength to enable sustained growth

Business enhancement strategies

Civil Engineering Business	Further enhancing our overall capabilities in order to realize growth	Research and development	Promoting technological development to support sustained growth
<ul style="list-style-type: none"> Improving construction efficiency to enable work-style reforms By taking advantage of the Group's unique characteristics, securing stable earnings based on marketing activities rooted in local communities Proactive investment in hardware and software to enable productivity improvements 		<ul style="list-style-type: none"> Technological development and promotion to be the leader in ICT slope work and ICT ground improvement technologies Development of labor-saving technologies in response to decreasing numbers of engineers and skilled workers in the labor force Implementing development with a sense of urgency, through enhancing structures by such means as external alliances 	
Construction business	Further growth through expanding marketing areas and business fields	Safety, health, quality	Aiming to be a company trusted by all
<ul style="list-style-type: none"> Securing business volume through expanding marketing areas Enhancing our business in non-residential sectors and renovation Building new structures through such means as participation in public sector projects and alliances with business partners 		<ul style="list-style-type: none"> Safety management based on the fundamental principles of valuing human life and "safety first" Enhancing diverse ways of working and work-life balance through promoting work-style reforms Advancing human resources training and ensuring more thorough quality control, in order to be respected as a trusted enterprise 	
Overseas businesses	Growth strategies toward securing a 10% share of total net sales from overseas businesses	Management, finance	Various initiatives for realizing growth and stability at high levels
<ul style="list-style-type: none"> Enhancing alliances with local partners Taking on global projects through enhanced collection of information Advancing further localization at overseas offices 		<ul style="list-style-type: none"> Establishing a robust financial foundation and creating investment capacity Investing in the future and securing human resources to realize new growth Advancing use of ICT to improve management efficiency 	

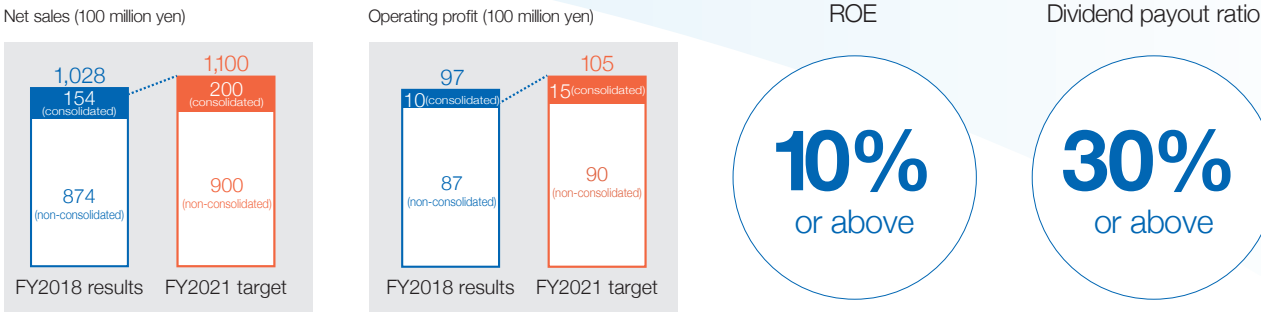
Trends in social conditions and the construction market

Amid uncertainty about global political and economic trends, the Japanese economy has been impacted by developments such as U.S.-China trade friction, economic slowdown in emerging markets, and conditions in the international oil market.

While special demand related to the Olympics has peaked and demand in respect of disaster recovery is leveling off, conditions in the domestic construction market remain favorable, due chiefly to such factors as urban redevelopment projects and infrastructure development intended to achieve more resilient national infrastructure.

In light of a pronounced shortage of skilled workers and progressive work-style reforms, efforts to improve productivity through such means as promoting use of ICT and business streamlining are vital.

Numerical management targets



Business enhancement strategies

Messages from directors responsible for the specialized civil engineering business



Senior Managing Director
General Manager,
Construction Technology Division
Kazuhiro Akutsu

Ensuring Raito will be recognized for its overall capabilities in addition to its technologies

During the period of the previous medium-term management plan (2016-2018), we implemented various measures aimed at enhancing our marketing and construction capabilities in order to continue growing. Particularly in the area of construction work, we focused on efficient construction work through effective utilization of our management resources, in light of the need to carry out a very large volume of projects each year against a backdrop of booming construction demand. As a result, on a non-consolidated basis, we were able to increase earnings over three consecutive fiscal years and to achieve our management targets in the final fiscal year.

The business strategy policy for this medium-term management plan calls for further enhancement of our overall capabilities in order to realize growth. Under this policy, we will implement various measures aimed at making Raito, long recognized for the technological capabilities it has built up through its marketing and construction efforts, an even more attractive company.

While the efforts to improve construction efficiency that were carried out during the period of the previous medium-term management plan will continue under this new plan, it is clear that this is a very difficult challenge given the need to generate better results in the limited time available under work-style reforms. In light of those conditions, we will further advance the efforts that are already underway to equalize the workload over the course of the entire fiscal year, so that we can make the most effective use of our limited management resources. Also, in addition to investing in our hardware through such means as development of construction methods and machinery, we will also train and invest proactively in human resources with the aim of improving efficiency in various respects.

At a time like this, when it seems that large-scale natural disasters are occurring every year, demand for the services of our civil engineering businesses is growing steadily, spurred by the need to enhance the resilience of national infrastructure. During the period of this medium-term management plan, we will establish a solid platform for strengthening our business in the areas of maintenance and repair, in addition to disaster recovery and disaster-prevention measures, in preparation for future requirements.

Our history shows that we have been able to grow and build up our technologies by taking on the challenges that we have faced in the field. We will aim to realize sustained growth by enhancing our overall capabilities to address the various challenges and needs of today's society.



Managing Director
General Manager,
Engineering Marketing Division
Kohei Kawamura

Creating new value for society through technology

During the period covered by the previous medium-term management plan, we received repeat orders due to strong construction demand, spurred by recovery work in response to frequent natural disasters as well as numerous large-scale projects centered on the greater Tokyo area in preparation for the Tokyo Olympics.

Under the medium-term management plan Raito 2021, in addition to the measures implemented to date, we will also initiate new marketing activities in responses to societal changes.

First, the push for infrastructure improvements spurred by the three years of urgent measures aimed at securing resilient national infrastructure should be an excellent opportunity for us, and we believe that marketing activities which demonstrate our design and solution capabilities to the maximum extent will be an effective way to capture the resulting demand. In light of the frequency of natural disasters in these times, we have participated in restoration work as one of our missions in society, but we also will contribute in the areas of disaster prevention and mitigation to prevent damage from disasters before they strike.

Second, we will also engage in business activities that will lead to creation of new value to help realize a sustainable society. Specifically, businesses related to renewable energy, such as offshore wind power, represent social contribution initiatives that should be advanced on a global scale, and we believe that our ground-improvement and other technologies can contribute in a number of businesses. We will advance various measures, including development of new technologies, to enable use of our numerous technologies in the renewable energy business in various ways.

Third, we will respond to demand for new services arising in response to the progress being made in the development of the information society. One example is foundation work related to construction of the large-scale logistics centers that are essential for responding to the revolution in distribution and logistics driven by growth in e-commerce. We will enter new business fields by responding proactively to such new types of demand.

In addition to these initiatives, we will also upgrade our ability to serve clients by accelerating efforts to disseminate the proprietary know-how that we have built up in each of the communities in which we operate, through enhancing training and exchange among the employees who carry out our marketing activities.

As we have done thus far, we will continue to deliver new value to society through our technological capabilities.

SDGs initiatives

Raito Kogyo Group SDGs initiatives

The 2030 Agenda for Sustainable Development to Innovate Our World adopted at the United Nations Sustainable Development Summit in September 2015 identified the Sustainable Development Goals (SDGs), consisting of 17 goals and 169 targets, aimed at advancing efforts worldwide to address social challenges such as poverty, inequality, and climate change.

The Raito Kogyo Group will contribute to realization of the SDGs through its multifaceted business operations, based on the principles of supporting safe, comfortable living with peace of mind, as well as coexistence with the Earth.



Businesses of the Raito Kogyo Group that contribute to achievement of the SDGs

The Raito Kogyo Group puts into practice its corporate philosophy of "Continuing to take on the challenge of creating new value" by seeking solutions to various social challenges. The diverse business activities of Group member companies contribute to achievement of the SDGs together with implementation of our corporate philosophy.

SDGs targets to which the Raito Kogyo Group's businesses and activities contribute

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Construction business																	
Slope Construction																	
Foundation and Ground Improvement Construction																	
Repairs and Reinforcement Construction																	
Environmental Restoration																	
Building Construction																	
Supply of building materials																	
Long-term care business																	
Insurance agency business																	
Fundamental activities (ESG)																	

Continuing to support safety and security of social infrastructure through ground improvement work in an area affected by a major disaster.

The Hokkaido Eastern Iburu Earthquake that struck at 3:07 am on September 6, 2018 was the first quake with a seismic intensity of seven ever to be measured in Hokkaido, causing severe tremors and massive damage across a wide area. That earthquake killed 42 persons and injured 762, while also completely destroying 462 homes, seriously damaging 1,570 others, and causing other damage, forcing more than 16,000 persons to evacuate. The power blackout that struck all across Hokkaido immediately after the quake, combined with shutdowns of water supply services and paralysis of transportation networks, along with other consequences of the earthquake, caused serious damage to residents' lives and economic activities.



Ground subsidence occurred across Hokkaido due to large-scale soil liquefaction.

In the town of Atsuma, there were large-scale landslides on sloped surfaces as 30 million cubic meters of earth collapsed in one movement. The surface area of landslides was 13.4 square km, or about 1.2 times that of the Niigata Chuetsu Earthquake in 2004, representing the most widespread damage since the Meiji Era in the 19th century. Aside from slope damage, there was also major destruction due to large-scale soil liquefaction, and subsidence occurred across Hokkaido, requiring restoration work on various types of infrastructure, including ports, roads, and embankments.

In the Satozuka district of Sapporo's Kiyota Ward, ground shifting due to soil liquefaction in a residential district caused large-scale subsidence over an area of about five hectares in Satozuka 1-jo 1-chome and 2-chome, on the south side of the old route of National Highway 36. There were multiple cases of ground depression

and subsidence across a district that includes residential land, and subsidence of as much as 2.2 meters was confirmed in Satozuka Chuo Popura Park within a residential area. Subsidence and ground depression, as well as damage to paved surfaces, were identified on eight roads in the vicinity, including Satozuka Rte. 21, as a large volume of earth flowed down toward the former national highway route in the northeast and accumulated there.



Results of ground subsidence



Customer feedback

The order for this project was received in April 2019 and construction began in July, after completion of inspection and design work. To restore as quickly as possible as many as 141 home sites damaged in the disaster, we are collaborating with Raito Kogyo and several other contractors. As the ground improvement work has progressed, as of October 2019 we have more than 100 people working on the project.

Since it involves restoration of residential land, this project entails construction work that needs to be conducted in close proximity to people's homes, and we need to give as much consideration as possible to matters such as residents passing by while the work is underway. In June 2019, before the work began, we held a briefing for local residents with Raito Kogyo's cooperation; this included a demonstration of the actual construction work, which helped to deepen residents' understanding of the work. Since construction began, we have been publishing a weekly bulletin, the Satozuka Restoration Project Newsletter, to keep residents informed about the status of the work. As a result, residents are now highly cooperative as they, clients, and contractors work together to restore the area.

We are aiming to complete the ground improvement work by March 2020 and, despite the looming heavy winter snows, which will make working conditions tough, we hope to help residents return to normal life as soon as possible by combining our know-how and capabilities with those of Raito Kogyo.



Special-purpose joint venture between Penta-Ocean and Ito
Satozuka Ground Improvement Project Office
Project manager
Sadayoshi Suzuki

Utilizing various methods to improve the ground in a disaster-affected area

Raito Kogyo is carrying out ground improvement work as part of a project to restore the cityscape in the Satozuka district of Sapporo's Kiyota Ward. On the road portions of the project, we are using the Mega-JET deep-mixing method to mix earth and cement solids in the embankment layer below groundwater level, in order to form continuous columnar structures on which walls can be built to prevent soil liquefaction by restraining lateral ground movement.

In the residential portions of the project, we are using chemical grouting (infiltration solidification processing) in liquefied layers below groundwater level, to prevent occurrence of liquefaction. This infiltration solidification processing method enables ground improvement beneath residences through diagonal or horizontal drilling on slopes, leaving the buildings intact. In addition, permeated grout at low pressure makes it possible to minimize displacement and deformation of buildings above-ground because the soil on which they are built remains unchanged, since gaps are filled with fluid without the need to rearrange soil particles. Thanks to these advantages, this method was adopted as



Prevention of liquefaction using the MegaJET method



Ground improvement in the lower portion of a residence, using the infiltration solidification processing method



Minimizing building displacement and deformation through permeation grouting

VOICE

We have received numerous inquiries and requests for reconstruction work from areas across Hokkaido affected by the Hokkaido Eastern Iburu Earthquake of 2018, including here, in the Satozuka district of Sapporo's Kiyota Ward. The Company is doing everything it can to help Hokkaido residents regain their lives from before the earthquake as early as possible. Our engineering marketing sections work to propose optimal technological solutions for each individual site of damage. In addition, we believe that the Company's engineering marketing is another way in which we can help to deliver solutions to social challenges through partnerships. Aiming to help clients and customers understand how our technologies contribute to society, and to deliver solutions to societal challenges through construction, we will continue to strengthen our cooperation with clients.



Marketing Manager
Hokkaido Branch
Deputy General Manager/General Manager,
Engineering Marketing Department
Toru Hattori

Aiming for a swift recovery, this project is being carried out by a team of some 60 people. Since residents still live in the area, we seek to manage the site efficiently by taking care to locate ground improvement machinery in places where it does not block entry to buildings, parking lots, or other facilities, and by appropriately communicating with local residents; for example, greeting them every day.

Other construction work, such as sewer restoration, is going on in the area simultaneously with the Company's ground improvement work, requiring integrated management such as the order in which construction work is carried out, locations for sorting materials, and methods of transporting them. We work every day to ensure optimal, loss-free site operation, in collaboration with the general contractor, a joint venture between Penta-Ocean and Ito.

This is the first example in Japan of ground improvement work conducted beneath existing residences and it requires particular care to avoid damaging underground fixtures. Despite the fact that the construction needs to be advanced at a rapid pace, we are managing it while giving full consideration to safety. We are receiving support from skilled personnel from across Japan and, in the coming season, we will have to ask them to work in levels of snowfall to which they are unaccustomed. As this difficult work continues, we are aiming to complete it as soon as possible, thereby helping local residents to get back to normal life.



Construction Manager
Hokkaido Branch Construction Engineering
Department
Construction Engineering Group II
Naoki Shoji

Promoting next-generation R&D in response to dramatic changes in society and the environment



ライト工業株式会社 R&Dセンター

Advancing R&D by bringing together various types of know-how

Opened in 2018 to consolidate various existing development facilities, the R&D Center is the Company's flagship laboratory, bringing together the experience and technologies that it has accumulated to date. The basic concept behind the Center is promotion of R&D for the next generation. It carries out this work based on three pillars: developing pioneering ICT technologies in the specialized civil engineering field; developing new technologies for realizing safety and security in national infrastructure through such means as disaster prevention, mitigation, and infrastructure maintenance; and developing technologies to address environmental issues based on our proprietary construction methods combining various types of knowledge from both within and outside of the Company to carry out R&D with an eye to development of new businesses. Among these, in the area of developing pioneering ICT technologies in the specialized civil engineering field, the Center is focusing on making further advances and on development of new technologies utilizing AI. Meanwhile, the Center has also adopted a policy of seeking solutions to the social issues of a shrinking workforce due to the ageing population and low birth rates and a shortage of skilled workers, by approaching these issues from various perspectives, including adoption of state-of-the-art technologies such as ICT and robotics. In addition, in response to natural disasters such as landslides and water damage due to earthquakes and torrential downpours, which can be said to have practically become commonplace as a result of rapid changes in the natural environment, we believe that there is a pressing need to work to protect land and improve infrastructure through such means as using the Company's propriety disaster prevention and -mitigation technologies, and its ground improvement technologies.

In many ways, the environment around us is changing rapidly. We believe that the mission of the R&D Center is to respond to these dramatic changes by building foundations that can be handed down to future generations, and we will strive to address this challenge through further advances in research and development.



Landslide testing using precipitation testing equipment



Development of ICT-compatible specialized construction machinery

ICT utilization technologies

Raito Kogyo wins FY2018 i-Construction Merit Award

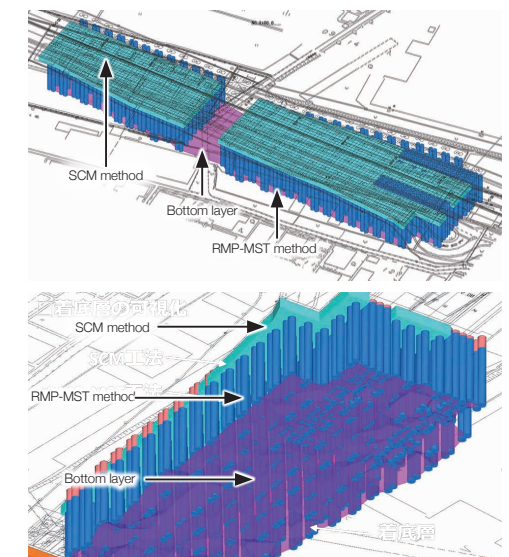
Our project to utilize information and communication technologies (ICT) in ground improvement work directly beneath road embankments won a Merit Award (in the i-Construction Promotion Consortium members' section) of the FY2018 i-Construction Awards, organized by the Ministry of Land, Infrastructure, Transport and Tourism of Japan as part of its i-Construction program, which is aimed at promoting utilization of ICT, 3D data, and other advanced technologies to improve productivity on construction sites.

The i-Construction Awards were established by the Ministry of Land, Infrastructure, Transport and Tourism in FY2017 to encourage timely deployment of i-Construction across the industry through sharing of information on successful examples. Winners are chosen by the judges from among projects commissioned by public sector clients, from the perspectives of efficacy, advanced technology, and applicability to other projects.



Presentation of the Merit Award at the i-Construction Awards

This example introduced a Global Navigation Satellite System (GNSS) steering system to guide ground improvement machinery to the points planned for improvement with high precision, and to manage construction information centrally on a single monitor, as well as a Three-dimensional Visualized Management System (3D-ViMa) for 3D visualization of designs, topographical data, and various construction-management values in deep mixing work.

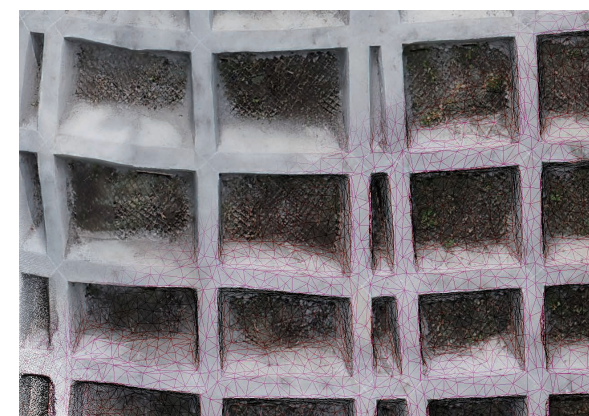


Example of management of construction progress in three dimensions using 3D-ViMa

ICT slope construction

ICT slope construction is aimed at improving efficiency in inspection work on sites such as steep slopes, which are dangerous for workers to enter. It uses drones and other devices to rapidly measure slopes in three dimensions, enabling the drafting of designs and construction plans based on such data and management of progress while construction is underway, resulting in more efficient inspection work. The 3D measurement data collected in this way is also used in initial maintenance management models for inspection and other tasks. Application of ICT slope construction has already been introduced for spraying work (such as mortar spraying).

To promote such ICT slope construction, the Company is testing, at sites across Japan, precision verification of measurement of construction progress using grating cribs, employing point group data through drone measurements with the aim of applying ICT to grating crib work in FY2020.



Measurement example of progress of construction using grating cribs, employing point group data

Slope disaster-prevention/-mitigation technologies

In response to more frequent loss of topsoil due to localized torrential downpours in recent years, development of slope disaster-prevention technologies has advanced, as a new concept that offers similar weathering and erosion prevention functions to mortar spraying while also promising to improve the landscape through planting of vegetation.

The functions that offer high erosion-prevention performance and help plants grow are physically reciprocal. For this reason, continued studies are underway on methods of forming solid foundations to prevent run-off of natural ground and growing layers as well as growing layers that offer high erosion resistance and resistance to drying when sprayed atop a solid foundation.



Development of multiple slope construction methods

Contributing to the global environment through our business activities

Raito Kogyo's specialized civil engineering businesses such as slope protection and ground improvement are deeply related to nature and to people's lives, as technologies essential to improving our environment. The Company is advancing high-quality environmental protection and creation activities while also reducing environmental impacts from construction work.

Environmental greening technologies for resource recycling and coexistence with nature

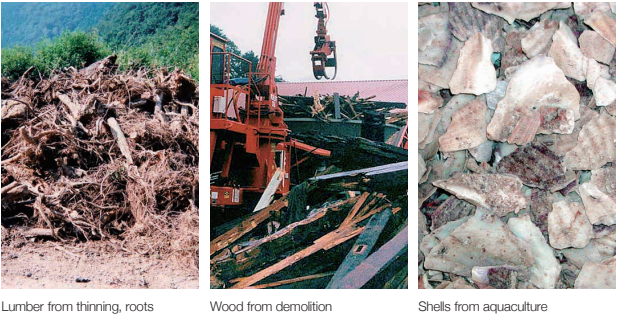
Sometimes, the construction business involves modification of original topographic features. We work to restore vegetation that has been destroyed in such cases. These eco-friendly technologies aimed at resource recycling and coexistence with nature put lumber from tree-thinning on construction sites to effective use as chips or fertilizer materials.

Eco-Cycle greening method

This is a method of greening and natural restoration that involves recycling of construction by-products such as powdered wood from thinning and tree roots for use as a foundation material for growing vegetation on slopes.

Track record on recycling wood into foundation materials for growing plants	
Category	Wastes reusable as recycled materials
Organic	Lumber from thinning, raw chips or fertilizer from roots, grass clippings and pruned branches, wood from demolition (charcoal), wastewater sludge (granules), livestock wastes, waste plastics, etc.
Inorganic	Asphalt fragments, concrete fragments, shell fragments, glass bottle fragments, sludge from water-purification sites, coal cinders, pulp sludge, etc.

*Put to effective use through the processes of drying, conversion to fertilizer, sieving, or mixing, depending on intended use



All Greening method

This eco-friendly spray-landscaping method secures high retention and erosion resistance by mixing short fibers in the foundation for growing vegetation. Since the short fibers increase adhesion of seeds cast on the ground and encourage propagation of vegetation, this method is also very suitable for construction sites where the objective is to achieve rapid natural restoration through surrounding vegetation, with consideration for biodiversity.



Integrated soil-pollution remediation technologies

The Soil Contamination Countermeasures Act was enacted in 2003 as a law concerning countermeasures against soil pollution. Numerous regions have also enacted their own ordinances and other rules on soil pollution.

The Company handles all tasks related to soil pollution surveying, from survey planning through implantation and analysis of results. Furthermore, it is developing and possesses integrated soil-pollution remediation technologies that include subsequent assessment, proposing optimal purification methods, and implementation.



Based on the results of surveying surface pollution, including ground soil and soil gas, we survey the state of pollution at deeper levels. Purification technologies

Raito Kogyo soil-pollution remediation technologies

Pollutants	Purification technologies	Pollutants	Purification technologies
Heavy metals	Insolubility in situ	Oil content	Chemical oxidative decomposition
Volatile organic compounds	• Iron powder reduction purification • Hot-soil method • Water lifting aeration	All pollutants	• Sealed in situ • Excavation and removal
	• Chemical oxidative decomposition • In situ bioremediation • Soil gas absorption • Air sparging		

Repair and reinforcement technologies that reduce industrial wastes

To date, the most common method of protecting sloped surfaces has been through use of mortar spraying. This method has been used to prevent weathering and erosion, and it needs to be waterproof. Existing spray mortar itself degrades, cracks, and peels with age, and the effects of these conditions, and of groundwater, can lead to erosion and hollowing out of the soil. The Company offers technologies that reduce industrial wastes and mortar use when repairing and reinforcing spray mortar.

Norefresh Method

Traditionally, removing existing sprayed mortar and replacing it with new mortar involved generation of large volumes of industrial wastes. The Norefresh Method, however, makes it possible to repair and reinforce existing

sloped surfaces without removal (and disposal) of existing aged sprayed mortar, by applying a new layer of mortar on top of the old one.

Mixing of short fibers into the mortar improves its flexural ductility, enabling use of thinner sprayed surfaces than was previously possible. This helps to lessen environmental impact by reducing the volume of mortar used. In addition, minor damage to mortar can be repaired easily by using a resin spray. Since this method involves no use of mortar, it eliminates losses from mortar recoil. Furthermore, the smaller size of the machinery used helps to reduce CO2 emissions from construction work.

Steps



Lessening the environmental impact of business activities

Environmental Policy

Through implementation and ongoing improvement of autonomous environmental management, and development and deployment of eco-friendly technologies, we promote the creation of a recycling-oriented society to enable continual progress, contributing to maintenance and improvement of the Earth's environment through such means as helping to mitigate global warming.

- Maintenance and improvement of the Earth's environment
- Mitigating global warming
- Creating a recycling-oriented society to enable continual progress

Activities implemented

- Implementation and continual improvement of autonomous environmental management
- Development and deployment of eco-friendly technologies

Environmental Management System

Raito Kogyo's Environmental Management System involves activities to build structures for more effective management and ongoing improvement of business activities in compliance with environmental laws and regulations, while taking into consideration environmental protection, pollution prevention, and social and economic needs, based on compliance with the requirements of the international standard ISO 14001: 2015.



Registration certificate

ISO 14001 certification

Certification no.	MSA-ES-191	Scope of certification
Date of certification	March 20, 2003	Design, construction, and decontamination of civil engineering structures and buildings
Date of modification	October 29, 2019	
Expiration date	November 28, 2020	
Scope of certification	28. Construction 34. Engineering, R&D	
Applicable standard	JIS Q 14001:2015 (ISO 14001:2015)	
Inspection and registration agency	Management System Assessment Center	
Organizations included in the scope of certification	Head office: 4-2-35 Kudan-Kita, Chiyoda-ku, Tokyo Utsunomiya Machinery Center, R&D Center, Tohoku Branch, Kan-Etsu Branch, Chubu Branch, West Japan Branch Office, Chugoku Branch, Kanto Disaster-Prevention Branch	

Promotion of green procurement

Based on the principle of implementation and continual improving of autonomous environmental management called for in its Environmental Policy, the Raito Kogyo Group considers the environmental impacts of all of its business activities and prioritizes procurement of office supplies, building materials, and other purchases with lower levels of environmental impact.

Initiatives in the development, design, and construction stages

With regard to its technologies that have been developed independently to lessen environmental impact, the Company works to ensure that such technologies are widely recognized, through having them identified as technologies that conform to the standards in the Act on Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities, and proactively proposes them to construction clients, designers, and others in the construction stage. The new R&D Center completed in January 2018 uses only Ecomark products (i.e., products conforming to the standards in the Act on Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities) in the rock wool sound-absorption plates in its ceilings.

Green procurement of office supplies, etc.

The Company promotes green procurement at all offices in Japan, and Head Office proactively selects and purchases eco-friendly products when buying office supplies and other goods. As a result, items conforming to the standards in the Act on Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities and similar items account for 90% of all office supplies and similar goods purchased by Head Office.

Environmental education and awareness-raising

To improve understanding of the Company's environmental policies and the related management, system, Head Office provides basic environmental education through training for new employees. Once individual employees fully appreciate the Company's position on and system for environmental management, we encourage them to take action, on their own volition, to address global environmental issues. We also work to raise employees' environmental awareness through proactive efforts such as posting of policies and information aimed at promoting environment-related activities, and we invite them to cooperate in implementation of environmental initiatives.



Environmental education

Initiatives in the construction stage

Eco Clay Wall II method

While working to develop safe technologies with low levels of environmental impact from the R&D stage, the Company also employs environmental considerations in the construction stage in order to reduce CO2 emissions and minimize the volume of waste generated during construction work.

The Company's proprietary Eco Clay Wall II method involves construction of a sludge-free clay barrier wall, made mainly of natural clay minerals, without releasing sludge. A distinguishing feature of this method is how it enables significant reduction of the volume of dirt generated from construction work, through use of powder injection mixing. In addition, it greatly reduces the environmental impact compared to traditional construction methods, cutting total emissions, including CO2 emissions generated during cement production, by about 80%.

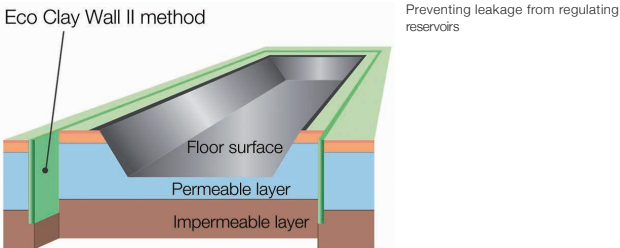
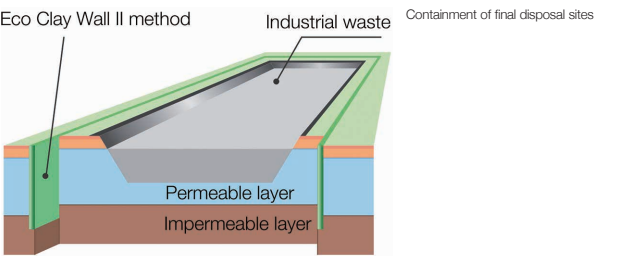
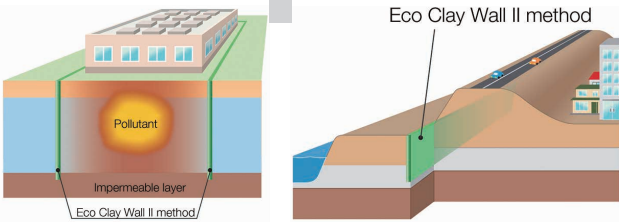


Cross-section of excavation



Construction machinery

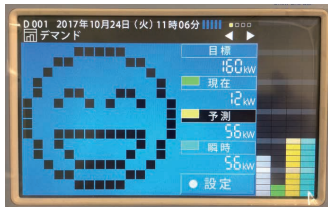
Examples of application of the Eco Clay Wall II method



Office energy-conservation activities

The Company carries out a wide range of energy-conservation activities in its offices, including turning off the lights when not in use, wearing cooler clothing during the hot months to save on air conditioning use, and using energy-saving air conditioner settings. We are also raising awareness of energy conservation by making electricity use visible, through such means as setting up power usage display panels and using LED lamps that change color when electricity consumption is high.

Electricity use by Head Office in FY2018 totaled 374,000 kWh. Since the emissions coefficient of electricity use varies by power company, we evaluate these efforts based on total electricity use, without converting to CO2 emissions.



A display panel showing electricity consumption



A clock that issues notices on power usage

Overview of the environmental impact of Head Office activities in FY2018

INPUT		OUTPUT	
Electricity	374,000 kWh	CO2 emissions	168.3t-CO ₂
Gasoline	5,386.3L	General wastes	11.7t
Water	1,582m ³	Water	1,582m ³
Paper	2,695t		

*Calculated based on "Emissions Coefficients by Power Producer" (published December 27, 2018) and "Guidelines on Calculation Methods for Greenhouse Gas Emissions Coefficients," both issued by the Ministry of the Environment of Japan

Promoting Web conferencing

As one green IT initiative aimed at minimizing our impact on the global environment, we are promoting use of Web conferencing. When people assemble in one place for a meeting, they use automobiles, trains, aircraft, and other means of transport, which adds to CO2 emissions. Use of a Web conferencing system to avoid excessive business travel clearly helps to reduce transport-related CO2 emissions. In FY2018, we held some 2,700 Web meetings, thereby contributing significantly to reducing our environmental impact.

Quality-improvement efforts

Quality policy

Increasing trust in the Company's quality and contributing to societal progress to enable people to live with assurance, through development and comprehensive management of advanced construction technologies based on coexistence with nature.

- Building a society in which people can live with peace of mind
- Coexistence with nature
- Ensuring reliable quality

Items implemented

- Development and utilization of advanced construction technologies
- Comprehensive technology management
- Human-resources training to secure quality levels in line with technological advances

Quality Management System

Raito Kogyo's Quality Management System involves organization-wide activities, originally certified on March 18, 1999, to build structures for continuously improving quality control in outputs, through compliance with the requirements of the international standard ISO 9001: 2015 and applying the plan-do-check-act (PDCA) cycle.



Registration certificate

ISO 9001certification

Certification No.	MSA-QS-200	Scope of certification
Date of certification	March 18, 1999	Design, construction, and decontamination of civil engineering structures and buildings
Date of certification renewal	October 29, 2019	
Expiration date	November 28, 2022	
Scope of certification	28 Construction 34 Engineering, R&D	
Applicable standard	JIS Q 9001:2015(ISO 9001:2015)	
Inspection and registration agency	Management System Assessment Center	
Organizations included in the scope of certification	Head Office: 4-2-35 Kudan-Kita, Chiyoda-ku, Tokyo Utsunomiya Machinery Center, R&D Center, Hokkaido Branch, Tohoku Branch, Kanto Branch Office, Kan-Etsu Branch, Chubu Branch, West Japan Branch Office, Chugoku Branch, Kyushu Branch, Kanto Disaster-Prevention Branch	

Quality improvement efforts

Regarding efforts to realize even higher levels of quality, the Company is primarily focusing on utilization of construction technologies to enable quality improvement and carefully managing these technologies.

Through developing and improving construction technologies based on data collected through actual construction work, we work constantly to secure even better quality in workplaces under a range of conditions.

Awards

In the technological presentations held during Slope Disaster Management Technology Forum '18 in Kobe , organized by the Japan Association for Slope Disaster Management, a case study on slope construction in the Hokura district of the Rokko Mountains greenbelt improvement project, presented by a Company employee, won the award for best presentation.



Award-winning employee Kimura (second from right) at the awards ceremony

The Company's construction projects have won various awards for their high-quality construction technologies and construction-management technologies as well as their contributions to local communities and other achievements. Going forward, the Company will continue development and comprehensive management of advanced technologies, aiming to maintain and improve quality levels and to become an even more highly trusted enterprise.

Main awards won in FY2018

Awarding organization	Name of award	Subject of award
Ministry of Land, Infrastructure, Transport and Tourism Hokkaido Regional Development Bureau	Subcontractor award Bureau Director's award	National Highway 40 Nakagawa Kamikotohira improvement project
Ministry of Land, Infrastructure, Transport and Tourism Kanto Regional Development Bureau Chiba National Highways Office	Office Director's award for superior construction and outstanding construction engineers	FY2015/2016 National Highway 357 Samukawa Chashi Bridge seismic retrofitting project, Phase 2
Ministry of Land, Infrastructure, Transport and Tourism Chubu Regional Development Bureau Gifu National Highways Office	Office Director's award for outstanding construction work	FY2016 Tokai loop road northern district road construction
Ministry of Land, Infrastructure, Transport and Tourism Kinki Regional Development Bureau	Bureau Director's award for an outstanding construction contractor (construction)	Tsurukabuto East District slope construction (3)
Ministry of Land, Infrastructure, Transport and Tourism Chugoku Regional Development Bureau Okayama National Highways Office	Award for contributions to land, infrastructure, and transport policy Okayama National Highways Office Director's award	Phase 2 improvement work in Daijuku District on the southern route of the Okayama loop road
Ministry of Land, Infrastructure, Transport and Tourism Kyushu Regional Development Bureau Saga National Highways Office	Saga National Highways Office Award for contributions to land, infrastructure, and transport policy Subcontractor (construction category)	Yamauchi District roads Disaster-prevention construction

Creating safe, comfortable workplaces

Health and Safety Management Policies

At the beginning of each fiscal year, we establish Health and Safety Management Policies and numerical health and safety targets. Based on these, each branch, Group member company, and workplace establishes its own numerical health and safety targets and plans for attaining them, and deploys related activities.

FY2019 Health and Safety Management Policies

- Aiming to be a safe, trusted company, free of accidents, based on the fundamental principles of respect for human life and "safety first"
- Working to reduce risks through active use and continual improvement of the Occupational Health and Safety Management System, to create comfortable workplace environments in which people can work in safety and security
- Strictly complying with laws, regulations, official notices, guidelines, internal rules, etc. concerning occupational health and safety
- Aiming to attain health and safety targets in cooperating with partner companies, through ensuring full understanding among all workers of health and safety management policies and plans, and strengthening and enhancing health and safety training

Occupational Health and Safety Management System

Raito Kogyo's Occupational Health and Safety Management System involves organization-wide activities to build structures for continuously improving and enhancing the levels of occupational health and safety in our workplaces, through compliance with the requirements of the international standard ISO 45001: 2018, and application of the plan-do-check-act (PDCA) cycle.



Registration certificate

ISO 45001 certification

Certification no.	MSA-SS-123	Scope of certification
Scope of certification	November 26, 2010	Design, construction, and decontamination of civil engineering structures and buildings
Date of certification renewal	October 25, 2019	
Expiration date	November 25, 2022	
Applicable standard	JIS Q 45001:2018(ISO 45001:2018)	
Inspection and registration agency	Management System Assessment Center	
Organizations included in the scope of certification	Head office: 4-2-35 Kudan-Kita, Chiyoda-ku, Tokyo Utsunomiya Machinery Center, R&D Center, Hokkaido Branch, Tohoku Branch, Kanto Branch Office, Kan-Etsu Branch, Chubu Branch, West Japan Branch Office, Chugoku Branch, Kyushu Branch, Kanto Disaster-Prevention Branch	

Safety track record

The Company has maintained a safety track record of zero fatal accidents in nine years. The incident rate*¹ also remains low every year, standing in FY2018 at 0.50 *².

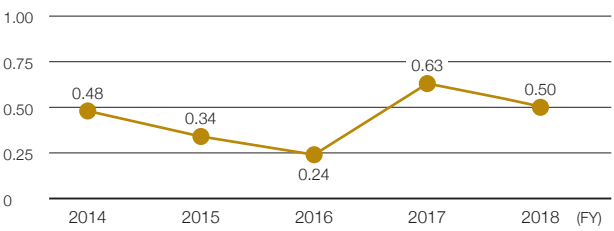
*¹ The incident rate is the number of accidents per 1 million cumulative total working hours.

*² The total incident rate in the construction industry nationwide (on construction sites) is 1.09.

FY2019 numerical health and safety targets

- Maintaining a level of zero fatal accidents
- Eliminating serious accidents (those involving a disability level of 7 or above)
- An incident rate of 0.25 or less

Trends of incident rates



Management safety patrol

Focusing particularly on special weeks and preparatory periods, such as National Safety Week and National Industrial Safety and Health Week, the Company carries out safety patrols in which members of management check on safety, occupational health, and other matters, year-round. In these patrols, the President and other members of management encourage Company employees and partner companies to participate proactively in health and safety management activities as well as checking on the status of implementation of priority items and, as necessary, pointing out necessary improvements and issuing related instructions. The aim of having the President directly participate in safety patrols is to communicate to all executives and employees, as well as partner companies, the importance of health and safety management, and to link this understanding to stimulation of health and safety activities, in order to create safer, more comfortable working environments.



Management safety patrol

Respect for human rights

Basic human resources concept

The Raito Kogyo Group Code of Conduct expresses its basic concept with respect to human rights in the Group as follows: "Executives, employees, and others must respect basic human rights and refrain from discrimination on such grounds as gender, nationality, ethnicity, religion, social status, or physical attributes, both on and off the job." The Code of Conduct has been established to engender respect for fundamental human rights.

Diversity and inclusion

Enabling female employees to flourish

Our five-year action plan for the period beginning April 1, 2016 set a target for attracting women to career-track positions, chiefly in engineering positions, of "10 or more, through hiring of one or more each year, centering on new graduates." Hiring activities are carried out in accordance with this target. Other proactive efforts to develop an environment in which each and every individual employee can demonstrate his or her abilities to the maximum extent include establishment of a program under which employees, including female employees, hired to work in specific areas can transfer to career-track positions.

Holding Raito Women's Construction Association meetings

Raito Kogyo holds Women's Construction Association meetings every two to three months, to help improve construction sites by making them more accommodating to female engineers. In addition to female employees sharing information with each other to improve their skills, these meetings also involve proactive exchange of opinions with President Suzuki and other members of management regarding making workplaces more comfortable for female employees, through improvements to both the tangible and intangible aspects of the workplace.



A Women's Construction Association meeting

Employment of persons with disabilities

We strive constantly to promote employment of persons with disabilities, through such means as creating workplaces that reflect consideration for disability status and providing jobs and workplaces suited to individual abilities, so that workers with disabilities can be valued members of the workforce, wherever they work.

Employment of senior citizens

Through combination of our retirement age of 65 years and a program for re-employment of retirees, which enables employees to choose how they want to work at age 60 and older, we offer employment opportunities that make the most of the skills, techniques, and knowledge that senior citizens have accumulated over the years. In FY2018, we rehired 15 senior employees.

Education to prevent harassment

The Raito Kogyo Group Code of Conduct explicitly prohibits acts in violation of human rights, such as sexual harassment, power harassment, and maternity harassment. The Company has established a helpline in the Human Resources Department and works to maintain comfortable workplace environments. We also take measures to educate and raise awareness among top management, as well as all executives and employees, regarding prevention of harassment, through internal training, official notices, and Company bulletins. We also provide training through e-learning and seminars led by licensed social insurance consultants and attorneys, explaining in detail, using real-world examples, what kinds of speech, behavior, and ideas constitute harassment, in order to deepen understanding of harassment among executives and employees.



Education to prevent harassment

Work-life balance

As initiatives intended to realize sound work-life balance through developing more amenable working conditions, The Raito Kogyo Group: 1) develops and enhances programs such as childcare leave, shortened working hours for childcare, and family leave, and 2) promotes efforts to reduce overtime work.

We also encourage employees to take annual paid leave in combination with the year-end/New Year holidays or summer vacation and to rest and refresh body and mind through taking consecutive days off, so that they can perform their work more efficiently.

Rectifying long working hours situations through improving business efficiency

Improving efficiency and productivity on construction sites is essential to advancing work-style reforms. In light of the prospect of decreasing numbers of new hires in the future, as society progressively ages and birth rates fall, the Company is advancing efforts to increase operational efficiency through such means as development of techniques utilizing ICT technologies, enhancement of IT tools and other solutions, and standardization of work. We will strive to make work more rewarding and to improve quality of life for employees and partner businesses through Company-wide utilization of ICT to increase production efficiency Company-wide and more effective use of time.

Human resources development

Basic human resources policies

Raito Kogyo aims to develop human resources who can succeed on the global stage, with diverse values and broad perspectives, regardless of nationality, ethnicity, gender, or other characteristics. Based on our management philosophy of "Continuing to take on the challenge of creating new value," we consider one of the most important priorities of management to be that of creating an environment in which each and every employee can grow and demonstrate his or her abilities to the maximum extent. Based on this understanding, we work to enhance our support for employees' skills development.

Main education and training programs

- Introductory training
- On-the-job training (OJT)
- Technical training (construction skills)
- Salesperson training (marketing)
- Manager training
- Training for acquisition of various qualifications, such as those for professional engineers and construction management engineers
- Various e-learning training and education programs

Examples of education and training for new employees

● Introductory training (for new employees)

This training familiarizes employees with the basic knowledge, skills, business etiquette, and other requirements for carrying out their duties as members of the Company. It is aimed at helping them to advance from the status of students to that of professionals.

Contents of training

1. Overview of Company rules, etc.
2. Business etiquette
3. Health and safety management
4. Basic knowledge of various construction methods
5. Basics of civil engineering and construction
6. Education for acquisition of various qualifications

● On-the-job training (OJT)

Guidance personnel provide one-on-one training aimed at imparting, through practical activities, the basic and specialized knowledge needed in the respective sections to which employees are assigned.

Contents of training

1. Site (workplace) rules and basic activities
2. Understanding of health and safety activities
3. Ascertaining daily work cycles
4. Learning how to prepare internal documents and those used in construction management
5. Education on earning various qualifications



A training session

VOICE



Overseas Business Division
Koichi Ichise

For the past year, I have been working on an urban civil engineering site. Currently, I work on a ground improvement site, using heavy machinery. In introductory training, I acquired a basic knowledge of construction management and health and safety management; since then, I have been learning every day through OJT, mastering more specialized knowledge with the support of by senior colleagues and superiors whom I can count on. Even as I accumulate on-the-job experience, I still sometimes run into roadblocks, but with the help of my senior colleagues and superiors I want to do the best I can to become a true professional, thoroughly mastering each new skill.

VOICE



Hokkaido Branch
Katsuyuki Fujiwara

I joined the Company one year ago; since then, I have worked in construction management at slope and urban civil engineering sites. While it was difficult at first because I needed to remember so much information, since I had learned the basics of civil engineering and various construction methods in introductory training, I was able to put that knowledge to effective use in doing my work. Currently, I am working on an urban civil engineering site, and I am trying to grow every day with the guidance of my senior colleagues. While I do sometimes make mistakes, I want to improve myself every day with the support of my superiors and senior colleagues.

Ties to our local communities

● Participation in Tsukuba Chibikko Hakase 2019

Raito Kogyo participated in Tsukuba Chibikko Hakase 2019 ("Tsukuba PhD Kids Program 2019"), co-sponsored by the city of Tsukuba in Ibaraki Prefecture and the city's Board of Education, by hosting a tour of the R&D Center. Tsukuba Chibikko Hakase is a program in which elementary and junior high school students visit 39 research centers, universities, and other facilities in the city for tours and hands-on experiences, collecting stamps as they do so.

The children were provided with easily understandable, fun lessons on the three topics of what kind of work drones can do, what causes landslides, and what happens when an earthquake strikes. Attendees were very interested in the landslide images on display, in which erosion control work was conducted for only one-half of a simulated hillside and then, when it rained heavily, only the half on which the work had not been conducted suffered a landslide. Children and their parents said they were surprised at how clear the difference was between the two sides.



A description of landslides

Experimentation using models

● Participating in a disaster-prevention lesson for a nearby elementary school

We participated in a disaster-prevention lesson for Tanabe Municipal Ayukawa Elementary School in Tanabe City, where construction was conducted as commissioned by the Kii Mountains Erosion Control Office of the Ministry of Land, Infrastructure, Transport and Tourism. This lesson involved describing the site and the use of drones for transportation of emergency supplies and for taking photographs. Participants on the day included 29 persons from the school, comprising fifth-grade students and teachers, along with clients, contractors, and others, for a total of more than 40 persons.

Surprised at the slope of the site, the students listened closely to the presentations, and they seemed to enjoy watching a drone carry a heavy load of emergency supplies. They appeared to be especially interested in the drone, not only watching intently as it flew high in the sky but also listening with interest to descriptions of the equipment incorporated in the drone.



Explanation of the drone

Demonstration of transportation of emergency supplies

● Long-term care business expands the scope of community exchange

Against the backdrop of an ageing society, the Raito Kogyo Group is committed to doing all it can to help create a society in which community residents can continue to live long, healthy lives. Raito Care Co., Ltd. operates the senior assisted living facilities Tochinoki Tsuruta and Tochinoki Kamitomatsuri in the city of Utsunomiya, Tochigi Prefecture. The Tochinoki facilities hold various events each year, and they are looking to expand the scope of community exchange through organizing opportunities for interaction with members of the community in addition to everyday activities for the enjoyment of residents.

In FY2018, the local volunteer group Hananokai was invited to present a Japanese dance performance and short dramatic sketches. Attendees seemed delighted to experience these performances up close. In addition, the Tochinoki Summer Festival, which also is open free of charge to community residents, was held again this year. The number of local children attending grows each time the event is held, and the voices of children enjoying the activities made the summer festival even livelier.



Japanese dance performance

Tochinoki Summer Festival

● Experiencing long-term care through Hie Elementary School's "community exploration" activity

Group member company Yasashiite Raito Co., Ltd. operates four home-visit long-term care facilities in Kanagawa Prefecture. In July 2019, a class of second-grade students from Hie Elementary School in Yokohama visited Yokohama Minami Home Care Center (in Yokohama's Minami Ward) as part of a "community exploration" activity for their social studies class. Apparently, the students had seen the Yasashiite Raito sign on their way to school and wondered what kind of company it was.

On the day of their visit, the students, bursting with energy, were able to observe aspects of long-term care work, experience riding in wheelchairs, and take part in other activities to learn about what Yasashiite Raito does. The visit proved to be successful in deepening the students' connections to their community through getting to know more about it. Going forward, Yasashiite Raito plans to continue cooperating in various ways to help local students learn.



Riding in wheelchairs

● Donating bamboo benches and other items to a kindergarten

As part of the Yamashita District Landslide Prevention Project commissioned by the town of Yamamoto, Miyagi Prefecture, Group member company Tohoku Realize Co., Ltd. donated three bamboo benches and three sets of stilts made using bamboo and cedar wood recovered from on-site thinning work to the Fuji Kindergarten operated by Yamashita Gakuen.

The presentation ceremony was attended by 150 persons, including the site manager and other workers as well as staff members of partner companies, the kindergarten principal and teachers, and kindergarten students. After donating the benches, the foreperson was presented with a letter of thanks by the principal, who remarked: "We teach our students about the importance of nature and the environment; the bamboo benches and stilts have a warm, natural feel and are very popular with the students." The site manager said "We will continue giving back to society, as a company with deep roots in the community, through our CSR activities."



The letter of thanks from Fuji Kindergarten

● Exhibiting in community events

The Raito Kogyo Group exhibits in community events as part of its activities to deepen public understanding of the Company's business and its disaster-prevention activities. The West Japan Branch Office participated in the 1st Motoyama Summer Festival, held near the Higashi Rokko Branch of the Rokko Sabo Office, exhibiting panels on disaster prevention and describing sites on which the Company is working in the vicinity.

In addition, the Group member company Aura CE Co., Ltd. participated in the "Hello Yokohama" festival in Yokohama's Naka Ward. In the Yokohama Construction Association booth, it exhibited panels describing its disaster-prevention activities and a wide range of construction projects with deep roots in the community, festooned with balloons on which the names of staff members were printed. In light of the occurrence of large-scale natural disasters across Japan each year, activities such as these will continue in order to help local residents become more familiar with the construction industry.



1st Motoyama Summer Festival



"Hello Yokohama" Festival

● Participating as Doshi Forest Supporters

The Group member company Aura CE Co., Ltd. carries out donation activities to support the Yokohama Water Quality Doshi Forest Fund, managed by the City of Yokohama waterworks, to support activities for preserving the Water Conservation Forest in Doshi Village in Yamanashi Prefecture, in which the non-profit Doshi Watershed Forest Volunteers Association plays a central role. This privately owned forest covering about 60% of the village of Doshi is home to increasing numbers of forested areas that are not properly cared for due to a shortage of labor, resulting in degradation of its watershed properties (through which it stores and purifies water and mitigates flooding). Citizen volunteers and the Yokohama Waterworks Bureau are working together to revitalize the forest. For a city located near the mountains, as Yokohama is, preservation of watershed forests is vital for securing the water supply and preventing flooding. As a business that operates in Kanagawa Prefecture, the Company participates in this activity annually, based on its commitment to helping protect the natural environment.



Letter of thanks to Doshi Forest Supporters

● Site field trip and internships

The West Japan Branch Office hosted a field trip for students from the Kobe City College of Technology. This outing proved to be highly educational as the smiling, enthusiastic students listened to lessons taught while viewing an actual site, in a very different environment from that of their classrooms.

In addition, Group member company Onoryo Co., Ltd. accepted second-year students from the mechanical engineering program of Miyagi Prefecture Kesennuma Koyo High School into its existing internship program. This gives them the opportunity to experience a curriculum that includes an overview of the construction industry and an explanation of the Company's business, including its safety management system, site tours, operating CAD equipment, hands-on woodworking and frame assembly, learning about measurement and plans for finished projects, and pouring concrete. While helping each other, the students engaged wholeheartedly in the curriculum activities, seeming to enjoy themselves each day. The written reviews of the program that they submitted on the final day showed that their understanding of the construction industry was strengthened.



Site field trip



Internship

Corporate governance

Basic Corporate Governance Policy

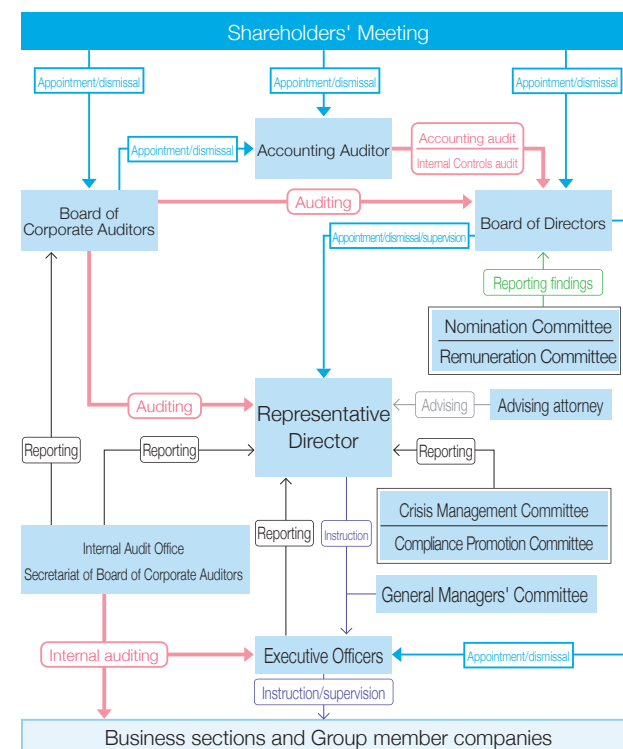
To realize its basic management policy of working for the prosperity of clients, shareholders, employees and all other stakeholders, the Raito Kogyo Group has adopted a basic policy on corporate governance which commits it to ensuring the soundness of Company management structures and systems at all times.

Board of Directors

Raito Kogyo's Board of Directors comprises eleven Directors (including two Outside Directors) and four Corporate Auditors (including three Outside Corporate Auditors). In principle, the Board of Directors holds regular monthly meetings and extraordinary meetings as necessary, to deliberate on important matters relating to management and to oversee the status of execution of the duties of Directors, thereby functioning as a management monitoring and supervisory body. Concurrently with Board of Directors meetings, the President, core members of management, and others take part in roundtable discussions (exchange of opinions) with the Outside Directors in order to ensure objectivity in management decision-making and enhance the monitoring functions.

In addition, the Company's Outside Directors possess high levels of insight and a wealth of practical experience, so, according to their respective capabilities, they participate in decision-making and enhancement of supervisory functions from impartial perspectives. Outside Directors are chosen from among independent candidates about whom there are no grounds for concern regarding potential conflicts of interest with ordinary shareholders.

Corporate governance structure



Outside Directors and Outside Corporate Auditors

The Company has two Outside Directors and three Outside Corporate Auditors. The functions of the Outside Directors include advising the Board of Directors in order to ensure fairness and validity of decision-making by the Board; for example, through attending meetings of the Board of Directors and offering opinions on overall management from impartial points of view, free of conflicts of interest. The Outside Corporate Auditors attend meetings of the Board of Corporate Auditors and offer opinions in order to ensure fairness and validity of decision-making by that body, based on their wide-ranging knowledge and experience gained from working in other industries and on information obtained through activities such as inspection of Company sites.

Appointment of Outside Directors and Outside Corporate Auditors is conducted with reference to the standards on determining the independence of outside independent directors established by the Tokyo Stock Exchange, and all five Outside Directors are reported to the Tokyo Stock Exchange as independent directors. The Company also concludes contracts with the Outside Directors limiting their liability.

In FY2018, the rates of attendance by Outside Directors at meetings of both the Board of Directors and the Board of Corporate Auditors were 100%.

Executive compensation

The Company's basic policy on executive compensation requires that compensation decisions be based on creation of an optimal remuneration structure for the purposes of improving business performance and increasing corporate value over the medium to long term, as well as ensuring fairness and transparency in the executive-compensation decision-making process.

Compensation for Directors is deliberated on by the Remuneration Committee, chaired by the lead Outside Director, and decided on by the Board of Directors based on the Committee's recommendations, within the scope of amounts approved by the Shareholders' Meeting.

Compensation for Corporate Auditors is decided on through deliberation by the Board of Corporate Auditors, within the scope of amounts approved by the Shareholders' Meeting.

Compensation for Directors (not including Outside Directors) consists of fixed remuneration specified for each title based on the responsibilities thereof, performance-linked remuneration reflecting Company business performance and results, and performance-linked, share-based compensation intended to serve as an incentive toward raising awareness of the need to contribute to medium- to long-term business results and increases in corporate value, through sharing with shareholders the risks and rewards arising out of share price trends. Compensation for Outside Directors is paid in the form of fixed remuneration only, in order to ensure their independence and objectivity.

Compensation for Corporate Auditors is paid in the form of fixed remuneration only.

Board of Corporate Auditors

The Board of Corporate Auditors comprises one Standing Corporate Auditor and three Outside Corporate Auditors. The Corporate Auditors attend meetings of the Board of Directors and other important internal meetings to audit the status of execution by Directors of their duties and to ensure the soundness and transparency of management. In addition, the Representative Director and the Corporate Auditors exchange opinions through opportunities to share information on important issues, and management information, in order to facilitate mutual understanding and communication between them.

Compliance

Basic Compliance Policy

1. We will engage in fair and sound business activities, complying with laws, regulations, and social norms.
2. We will aim to be good corporate citizens that contribute to our local communities
3. We will contribute to global environmental protection and the creation of prosperous, amenable communities.

Compliance training

The Raito Kogyo Group has established the Basic Compliance Policy and the Raito Kogyo Group Code of Conduct and distributed these in pamphlet form to all Group executives and employees to ensure comprehensive understanding of compliance obligations in everyday business activities. In addition, training programs have been established for specific positions and sections, covering subjects such as legal and regulatory compliance, and corporate ethics, as well as the Construction Business Act, the Building Standards Act, the Industrial Safety and Health Act, prevention of leakage of information, and prevention of insider trading.

Also, ongoing compliance training is provided via e-learning to Raito Kogyo Group executives and employees as another means of ensuring comprehensive understanding of compliance obligations. In the event that any compliance-related concerns arise, follow-up training is provided for executives and employees to raise awareness of the importance of compliance and help prevent reoccurrence of such issues.

Anti-corruption efforts

The Raito Kogyo Group has established in the Raito Kogyo Group Code of Conduct anti-corruption policies on subjects such as prevention of bribery of politicians, public officials, clients, and partner businesses, and prevention of excessive provision of gifts and entertainment. In light of recent trends, such as strengthening of anti-corruption laws worldwide, the Raito Kogyo Group will work to ensure soundness of business activities by further enhancing such efforts.

Exclusion of anti-social forces

The Raito Kogyo Group is strengthening its efforts to combat anti-social forces; this includes steadfastly rejecting any approaches by such forces and never responding to improper demands. In addition to independent establishment of the Raito Kogyo Group Code of Conduct and the Crisis Management Manual, contracts such as those concluded with construction subcontractors call explicitly for rejection of improper demands and other approaches from anti-social forces, and for severing all relations with them. Also, a section has been specified as the one responsible for preventing improper demands and an environment has been established to enable timely responses to any such demands.

Legal and regulatory compliance checklists

As part of its efforts to ensure legal and regulatory compliance and to carry out fair and sound business activities, the Raito Kogyo Group prepares legal and regulatory compliance checklists. These checklists cover the Construction Business Act, the Industrial Safety and Health Act, and regulations relating to specialized waste. They are prepared separately for individual construction projects and they are also used in management after completion of construction. Another effort to ensure comprehensive understanding of legal and regulatory compliance among the Raito Kogyo Group executives and employees involves compiling various legal and regulatory manuals, cautions, and questions and answers into documents on collected construction industry laws and regulations.

Fair transactions

To ensure that it engages in fair transactions with its trading partners, including clients and partner businesses, the Raito Kogyo Group works to deepen understanding of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, the Construction Business Act, and other applicable laws and regulations. Basic matters with which Raito Kogyo Group executives and employees should comply in execution of their duties are identified in the Code of Conduct in order to comprehensively ensure fairness in all transactions.

Compliance Promotion Committee

Raito Kogyo has established a Compliance Promotion Committee and, to promote sound business activities, it proactively raises its standards of compliance, broadly defined to include conformity to laws, regulations, social norms, corporate ethics, and similar requirements, under a structure in which the President chairs the Compliance Promotion Committee and the General Manager of the Management Administration Division serves as the Chief Compliance Officer and ensures that there is full understanding of related matters throughout the organization. The activities of the Compliance Promotion Committee include monitoring compliance status, reviewing/revising relevant rules, and providing periodic training.

Internal whistleblowing system

The Company has established an internal whistleblowing system to identify and rectify unlawful acts and any potential therefor. In addition, the Corporate Auditors, who are independent of the legal section and management, have established an internal whistleblowing hotline to accept consultation requests and reports from throughout the Raito Kogyo Group.

Risk management

Crisis management structure

The Raito Kogyo Group identifies in the Crisis Management Rules matters subject to management in order to respond rapidly and appropriately in the event that a risk materializes that has, or could have, a serious adverse effect on business operations, and defines preventive measures for such risks. In addition, the Crisis Management Committee categorizes and determines risks stipulated in the Crisis Management Manual and engages in activities such as periodic revision of the rules, training, and drills, ensuring that all executives and employees in The Raito Kogyo Group are fully informed.

Business Continuity Plan (BCP)

Raito Kogyo's Business Continuity Plan (BCP) establishes matters such as Company structures and the roles of executives and employees in the event of a major disaster, in order to enable minimization of any impact and continuity, or early resumption, of business operations, as well as contributions by the Company to society through use of our technologies and other capabilities during post-disaster recovery and restoration efforts. In principle, this plan is inspected and reviewed annually in order to maintain and improve our business continuity capabilities.

Business Continuity Plan (BCP): basic policy

1. Give top priority to protecting the lives and physical safety of executives and employees (including members of their families), visitors, construction workers, and others.
2. While giving full consideration to the community and related parties, work to ensure timely recovery of Company-built projects damaged as a result of a disaster and to prevent secondary damage.
3. Support the recovery activities and other efforts of trading partners.
4. Fully utilize the Company's technological capabilities in aid and recovery activities in cooperation with affected areas.
5. In the event of a major disaster, the entire Company shall work in concert to carry out the activities under 1-4 and, through such activities, to earn even higher levels of trust from our trading partners and society at large as a company that they can rely on.
6. It is desirable that activities in accordance with this Business Continuity Plan are also implemented in relevant cases other than major earthquakes.

Protection of intellectual property

We consider intellectual property to be a very important management resource supporting the growth and income of The Raito Kogyo Group. As the section in charge of intellectual property, the General Affairs/IP Department has been established within the R&D Center, which was opened in January 2018 to identify next-generation core technologies and business fields and promote efficient R&D to power the Group's perpetual growth. It handles application for, securing of, maintenance and management of patents, utility models, designs, trademarks, and other forms of intellectual property and proactively secures rights to new technologies that are created as a result of R&D activities, as it works to protect the Company's technologies. In addition to putting our own intellectual property to appropriate use, we also respect the intellectual property of others and conduct prior studies of existing technologies to ensure that we do not infringe on others' rights.

Information security enhancements

The Raito Kogyo Group works to manage risks in respect of information security throughout the Group, based on the Information Management Rules. We have prepared an Information Leakage Prevention Manual covering specific measures for preventing leaks of internal information and trade secrets, and we ensure that all executives and employees in The Raito Kogyo Group fully understand the contents thereof. In addition, to be prepared against cyberattacks such as targeted DOS attacks and ransomware, we are endeavoring to raise the level of security through adoption of advanced solutions.

Countermeasures against cyberattacks

To protect its internal networks against externally originated infection by computer viruses or cyberattacks, The Raito Kogyo Group employs next-generation firewall technology and monitors individual applications for improper communications and access for other than business purposes. We constantly implement the most up-to-date security measures, including installation of redundant antivirus software as an endpoint security measure.

Management of personal information

The Company manages personal information on customers, trading partners, employees, and others handled in the course of doing business in compliance with laws, regulations, and other standards concerning protection of personal information, and with its own rules and systems established with regard to personal information.

Communication with stakeholders

Briefings on financial results, facility tours

Aiming to further enhance its investor relations (IR) activities, Raito Kogyo holds briefings on financial results for institutional investors and analysts twice a year (in May and November). In these briefings, the Representative Director and other Directors responsible for IR explain matters such as an overview of settlement of accounts and trends in business results, policies for the future, and the latest technologies. The documents used in briefings on settlement of accounts are also made available to the general public via the Company website. We also proactively hold individual meetings in which the Directors responsible for IR engage in direct dialogue with institutional investors and analysts.

In addition, to deepen their understanding of our business activities, we held a tour of the R&D Center for institutional investors, analysts, and related parties. Going forward, we will further improve our information disclosure and communication efforts.



Briefing on settlement of accounts



Tour of the R&D Center

Shareholders' Meeting

Considering the Shareholders' Meeting to be an important opportunity for dialogue with shareholders, the Company strives to manage it accordingly through such means as appropriate disclosure of information and early circulation of convocation notices, in order to effectively secure the rights of shareholders. Some 70 shareholders attended the 72nd Shareholders' Meeting, held on June 27, 2019 at Arcadia Ichigaya (Shigaku Kaikan) in Kudan-Kita, Chiyoda-ku, Tokyo.

Participation in various IR events

To deepen individual investors' understanding of our business activities, the Company proactively communicates information and engages in direct dialogue through participation in various IR events and other activities.

In March 2019, we took part in "Haru no IR Matsuri 2019" ("Spring IR Festival 2019"), cosponsored by Radio Nikkei and Pronexus. President Suzuki attended this event and delivered an IR presentation for individual investors. Going forward, we will look to increase the number of opportunities for such communication and dialogue for better understanding of our business activities among the investors.



President Suzuki delivers a presentation

Company guide for children and comic-format company guide prepared

A company guide for children was prepared as a tool for use by Company executives and employees for explaining the Company in an easily understandable way, to audiences both within and outside of the organization.

This guide is used as a communication vehicle for telling one's own children about everyday work in the Company and helping relevant parties to better understand the Company. In addition, a comic-format company guide entitled "The Civil Engineering Technologies that Protect our Way of Life: Creating a Brighter Future," has been prepared and published on the recruitment page for new university graduates on the Company website, to deepen people's understanding of civil engineering technologies and specialized civil engineering. We will keep working to communicate the Company's business story in various ways.



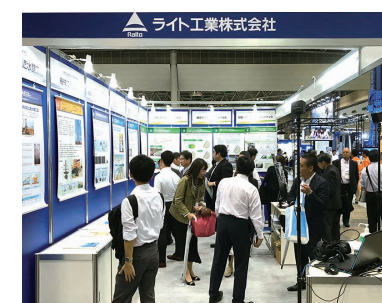
Company guide for children



Comic-format company guide

Exhibiting at trade shows

We introduce our proprietary technologies and solutions to potential customers and other stakeholders through various trade shows. At EE Tohoku '19, we unveiled the ICT-JET high-pressure spray grinding management system, which enables visualization of JET grout using ICT, and a construction and safety simulation solution that uses 3D-VR technology. At Geotechnical Forum 2019, we presented proprietary technologies such as Robo-Shot, which combines an automated spraying system and robotic sprayers for use in slope protection work, and Lotus Anchor, which forms large-diameter reinforcement materials through repeated injection via small-diameter boring.



Exhibiting at a trade show

Consolidated financial statements

Consolidated balance sheets

	Millions of yen		Thousands of U.S. dollars
March 31, 2020 and 2019	2020	2019	2020
Assets			
Current assets			
Cash and deposits (Note 3)	¥22,758	¥21,992	\$209,153
Notes receivable, accounts receivable from completed construction contracts and other	35,387	30,784	325,218
Electronically recorded monetary claims - operating	3,857	5,342	35,447
Securities	-	5,299	-
Costs on construction contracts in progress (Note 4)	3,951	3,881	36,311
Merchandise and finished goods (Note 4)	20	25	183
Work in process (Note 4)	0	0	0
Raw materials and supplies (Note 4)	569	779	5,229
Accounts receivable - other	258	283	2,371
Other	1,163	1,271	10,688
Allowance for doubtful accounts	(42)	(46)	(385)
Total current assets	67,923	69,614	624,234
Non-current assets			
Property, plant and equipment			
Buildings and structures	10,343	10,333	95,055
Accumulated depreciation	(5,455)	(5,224)	(50,133)
Buildings and structures, net (Note 10)	4,888	5,109	44,922
Machinery, vehicles, tools, furniture and fixtures	24,642	23,579	226,468
Accumulated depreciation	(21,147)	(20,408)	(194,347)
Machinery, vehicles, tools, furniture and fixtures, net	3,495	3,171	32,120
Land (Notes 7 and 10)	11,356	10,037	104,365
Leased assets	42	106	385
Accumulated depreciation	(15)	(68)	(137)
Leased assets, net	26	38	238
Construction in progress	740	113	6,800
Total property, plant and equipment	20,507	18,470	188,466
Intangible assets			
Other	315	244	2,894
Total intangible assets	315	244	2,894
Investments and other assets			
Investment securities (Notes 5 and 8)	6,921	3,250	63,606
Long-term prepaid expenses	907	1,208	8,335
Distressed receivables	13	13	119
Investment property	436	-	4,006
Deferred tax assets (Note 15)	1,384	1,273	12,719
Retirement benefit asset	715	898	6,571
Other	2,349	2,143	21,588
Allowance for doubtful accounts	(373)	(371)	(3,427)
Total investments and other assets	12,354	8,416	113,537
Total non-current assets	33,177	27,131	304,907
Total assets	¥101,101	¥96,745	\$929,151

*All the above U.S. dollar amounts are translated from yen at the rate of JPY108.81=U.S.\$1.00.

	Millions of yen		Thousands of U.S. dollars
March 31, 2020 and 2019	2020	2019	2020
Liabilities			
Current liabilities			
Notes payable, accounts payable for construction contracts and other	¥14,846	¥15,081	\$136,439
Electronically recorded obligations - operating	4,437	4,079	40,777
Short-term bank loans payable (Notes 9 and 10)	1,072	870	9,852
Current portion of long-term loans payable (Notes 9 and 10)	-	92	-
Income taxes payable	824	2,219	7,572
Advances received on construction contracts in progress	2,874	3,380	26,413
Provision for warranties for completed construction	147	115	1,350
Provision for loss on construction contracts (Note 2)	17	145	156
Accrued expenses	2,396	2,568	22,020
Other	5,176	4,492	47,569
Total current liabilities	31,792	33,046	292,179
Non-current liabilities			
Deferred tax liabilities for land revaluation (Note 7)	786	786	7,223
Long-term accounts payable - other	157	44	1,442
Lease obligations	20	15	183
Deferred tax liabilities (Note 15)	2	2	18
Provision for stock benefits	65	40	597
Other	61	61	560
Total non-current liabilities	1,093	950	10,045
Total liabilities	32,886	33,997	302,233
Net assets			
Shareholders' equity			
Share capital	6,119	6,119	56,235
Capital surplus	6,358	6,358	58,432
Retained earnings	59,276	53,009	544,766
Treasury shares (Note 12)	(2,793)	(2,792)	(25,668)
Total shareholders' equity (Note 13)	68,960	62,694	633,765
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	87	530	799
Revaluation reserve for land (Note 7)	(1,107)	(1,107)	(10,173)
Foreign currency translation adjustment	450	572	4,135
Remeasurements of defined benefit plans (Note 11)	(285)	58	(2,619)
Total accumulated other comprehensive income	(855)	53	(7,857)
Non-controlling interests	109	-	1,001
Total net assets	68,215	62,747	626,918
Total liabilities and net assets	¥101,101	¥96,745	\$929,151

*All the above U.S. dollar amounts are translated from yen at the rate of JPY108.81=U.S.\$1.00.

Consolidated financial statements

Consolidated statements of income

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31, 2020 and 2019	2020	2019	2020
Net sales			
Net sales of completed construction contracts	¥105,621	¥102,125	\$970,692
Net sales in sideline businesses	588	699	5,403
Total net sales	106,210	102,825	976,105
Cost of sales			
Cost of sales of completed construction contracts	85,583	82,815	786,536
Cost of sales in sideline businesses	486	582	4,466
Total cost of sales	86,069	83,397	791,002
Gross profit			
Gross profit on completed construction contracts	20,038	19,310	184,155
Gross profit on sideline business	102	117	937
Total gross profit	20,140	19,427	185,093
Selling, general and administrative expenses	10,266	9,725	94,347
Operating profit	9,874	9,702	90,745
Non-operating income			
Interest income	32	39	294
Dividend income	83	102	762
Royalty income	13	15	119
Insurance claim income	157	220	1,442
Rental income from non-current assets	159	167	1,461
Foreign exchange gains	-	34	-
Other	76	93	698
Total non-operating income	522	672	4,797
Non-operating expenses			
Interest expenses	29	13	266
Loss on sales of notes receivable - trade	3	3	27
Commission expenses	9	21	82
Guarantee commission	47	54	431
Rental costs	64	109	588
Foreign exchange losses	119	-	1,093
Share of loss of entities accounted for using equity method	402	-	3,694
Other	137	48	1,259
Total non-operating expenses	814	250	7,480
Ordinary profit	9,582	10,124	88,061
Extraordinary income			
Gain on sales of non-current assets	26	21	238
Gain on sales of investment securities	-	10	-
Total extraordinary income	26	31	238
Extraordinary losses			
Office relocation expenses	-	71	-
Settlement package	74	-	680
Loss on sales and retirement of non-current assets	37	301	340
Extra retirement payments	2	-	18
Loss on valuation of investment securities	-	5	-
Loss on withdrawal from business	-	168	-
Total extraordinary losses	115	547	1,056
Profit before income taxes	9,493	9,608	87,243
Income taxes - current	2,288	3,255	21,027
Income taxes - deferred	145	(159)	1,332
Total income taxes	2,434	3,096	22,369
Profit	7,059	6,512	64,874
Loss attributable to non-controlling interests	(7)	-	(64)
Profit attributable to owners of parent	¥7,066	¥6,512	\$64,938

*All the above U.S. dollar amounts are translated from yen at the rate of JPY108.81=U.S.\$1.00.

Consolidated statements of comprehensive income

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31, 2020 and 2019	2020	2019	2020
Profit	¥7,059	¥6,512	\$64,874
Other comprehensive income			
Valuation difference on available-for-sale securities	(442)	(293)	(4,062)
Foreign currency translation adjustment	(41)	83	(376)
Remeasurements of defined benefit plans, net of tax	(344)	23	(3,161)
Share of other comprehensive income of entities accounted for using equity method	(77)	-	(707)
Total other comprehensive income (Note 14)	(905)	(186)	(8,317)
Comprehensive income (Note 14)	6,153	6,326	56,548
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	6,157	6,326	56,584
Comprehensive income attributable to non-controlling interests	(¥4)	¥-	(\$36)

*All the above U.S. dollar amounts are translated from yen at the rate of JPY108.81=U.S.\$1.00.

Consolidated financial statements

Consolidated statements of changes in equity

Millions of yen

	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at March 31, 2018	¥6,119	¥6,358	¥47,715	(¥1,791)	¥58,401	¥823	(¥962)	¥488	¥34	¥383	¥-	¥58,785
Changes during period												
Change in scope of consolidation			479		479							479
Dividends of surplus			(1,843)		(1,843)							(1,843)
Profit attributable to owners of parent			6,512		6,512							6,512
Purchase of treasury shares				(1,000)	(1,000)							(1,000)
Reversal of revaluation reserve for land			144		144							144
Net changes in items other than shareholders' equity						(293)	(144)	83	23	(330)	-	(330)
Total changes during period	-	-	5,293	(1,000)	4,293	(293)	(144)	83	23	(330)	-	3,963
Balance at March 31, 2019	6,119	6,358	53,009	(2,792)	62,694	530	(1,107)	572	58	53	-	62,747
Changes during period												
Change in scope of consolidation			1,174		1,174							1,174
Dividends of surplus			(1,974)		(1,974)							(1,974)
Profit attributable to owners of parent			7,066		7,066							7,066
Purchase of treasury shares				(0)	(0)							(0)
Reversal of revaluation reserve for land						(442)	-	(121)	(344)	(908)	109	(799)
Net changes in items other than shareholders' equity						(442)	-	(121)	(344)	(908)	109	(799)
Total changes during period	-	-	6,267	(0)	6,266	(442)	-	(121)	(344)	(908)	109	5,467
Balance at March 31, 2020	¥6,119	¥6,358	¥59,276	(¥2,793)	¥68,960	¥87	(¥1,107)	¥450	(¥285)	(¥855)	¥109	¥68,215

Thousands of U.S. dollars

	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at March 31, 2018	\$56,235	\$58,432	\$438,516	(\$16,459)	\$536,724	\$7,563	(\$8,841)	\$4,484	\$312	\$3,519	\$-	\$540,253
Changes during period												
Change in scope of consolidation			4,402		4,402							4,402
Dividends of surplus			(16,937)		(16,937)							(16,937)
Profit attributable to owners of parent			59,847		59,847							59,847
Purchase of treasury shares				(9,190)	(9,190)							(9,190)
Reversal of revaluation reserve for land			1,323		1,323							1,323
Net changes in items other than shareholders' equity						(2,692)	(1,323)	762	211	(3,032)	-	(3,032)
Total changes during period	-	-	48,644	(9,190)	39,454	(2,692)	(1,323)	762	211	(3,032)	-	36,421
Balance at March 31, 2019	56,235	58,432	487,170	(25,659)	576,178	4,870	(10,173)	5,256	533	487	-	576,665
Changes during period												
Change in scope of consolidation			10,789		10,789							10,789
Dividends of surplus			(18,141)		(18,141)							(18,141)
Profit attributable to owners of parent			64,938		64,938							64,938
Purchase of treasury shares				(0)	(0)							(0)
Reversal of revaluation reserve for land						(4,062)	-	(1,112)	(3,161)	(8,344)	1,001	(7,343)
Net changes in items other than shareholders' equity						(4,062)	-	(1,112)	(3,161)	(8,344)	1,001	(7,343)
Total changes during period	-	-	57,595	(0)	57,596	(4,062)	-	(1,112)	(3,161)	(8,344)	1,001	50,243
Balance at March 31, 2020	\$56,235	\$58,432	\$544,766	(\$25,668)	\$633,765	\$799	(\$10,173)	\$4,135	(\$2,619)	(\$7,857)	\$1,001	\$626,918

*All the above U.S. dollar amounts are translated from yen at the rate of JPY108.81=U.S.\$1.00.

Consolidated statements of cash flows

Millions of yen

Thousands of U.S. dollars

For the years ended March 31, 2020 and 2019	2020	2019	2020
Cash flows from operating activities			
Profit before income taxes	¥9,493	¥9,608	\$87,243
Depreciation	1,772	1,737	16,285
Loss on retirement of non-current assets	37	280	340
Share of loss (profit) of entities accounted for using equity method	402	-	3,694
Increase (decrease) in allowance for doubtful accounts	(1)	(21)	(9)
Increase (decrease) in provision for warranties for completed construction	32	3	294
Increase (decrease) in provision for loss on construction contracts	(128)	29	(1,176)
Decrease (increase) in retirement benefit asset	182	(204)	1,672
Increase (decrease) in provision for stock benefits	24	22	220
Interest and dividend income	(116)	(141)	(1,066)
Interest expenses	29	13	266
Loss on sales of notes receivable - trade	3	3	27
Loss (gain) on sales of investment securities	-	(10)	-
Loss (gain) on valuation of investment securities	-	5	-
Decrease (increase) in trade receivables	(2,849)	(1,395)	(26,183)
Decrease (increase) in costs on construction contracts in progress	9	551	82
Decrease (increase) in inventories	271	(425)	2,490
Increase (decrease) in trade payables	171	(772)	1,571
Increase (decrease) in advances received on construction contracts in progress	(506)	(1,120)	(4,650)
Other, net	179	(142)	1,645
Subtotal	9,009	8,022	82,795
Interest and dividends received	116	141	1,066
Interest paid	(29)	(13)	(266)
Payments for sales of notes receivable - trade	(3)	(3)	(27)
Income taxes paid	(3,614)	(2,586)	(33,213)
Net cash provided by (used in) operating activities	5,478	5,560	50,344
Cash flows from investing activities			
Purchase of securities	(1,000)	(5,000)	(9,190)
Proceeds from redemption of securities	6,299	4,299	57,889
Purchase of property, plant and equipment	(3,730)	(1,485)	(34,279)
Proceeds from sales of property, plant and equipment	8	340	73
Purchase of intangible assets	(139)	(132)	(1,277)
Purchase of investment securities	(16)	(215)	(147)
Proceeds from sales of investment securities	-	19	-
Proceeds from redemption of investment securities	99	-	909
Purchase of shares of subsidiaries and associates	(3,835)	(100)	(35,244)
Collection of loans receivable from subsidiaries and affiliates	4	19	36
Purchase of investment property	(436)	(11)	(4,006)
Proceeds from sales of investment property	-	417	-
Proceeds from maturity of insurance funds	153	196	1,406
Other, net	80	(476)	735
Net cash provided by (used in) investing activities	(2,511)	(2,127)	(23,076)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	(102)	(80)	(937)
Repayments of long-term borrowings	(92)	(15)	(845)
Purchase of treasury shares	(0)	(1,000)	(0)
Repayments of finance lease obligations	(16)	(34)	(147)
Dividends paid	(1,966)	(1,838)	(18,068)
Net cash provided by (used in) financing activities	(2,178)	(2,969)	(20,016)
Effect of exchange rate change on cash and cash equivalents	(26)	58	(238)
Net increase (decrease) in cash and cash equivalents	762	521	7,003
Cash and cash equivalents at beginning of period	21,992	20,677	202,113
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	3	793	27
Cash and cash equivalents at end of period (Note 3)	¥22,758	¥21,992	\$209,153

*All the above U.S. dollar amounts are translated from yen at the rate of JPY108.81=U.S.\$1.00.

1. BASIS OF PREPARATION

The accompanying consolidated financial statements of RAITO KOGYO CO., LTD. (the "Company") and consolidated subsidiaries are translated and compiled from the Japanese consolidated financial statements, which are prepared by the Company on the basis of accounting principles generally accepted in Japan and in accordance with the requirements of the Securities and Exchange Law of Japan. These requirements are different in certain respects from the application and disclosure rules of International Financial Reporting Standards.

The amounts are rounded to the nearest million yen. Therefore, total or subtotal amounts do not correspond with the aggregation of such account balances. The United States dollar amounts presented in the accompanying financial statements are included solely for convenience and are stated, as a matter of arithmetical computation only, at the rate of ¥108.81 = US\$1.00, which was the exchange rate prevailing at March 31, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

i) Consolidated subsidiaries

The consolidated financial statements include the accounts of the Company and its 14 significant subsidiaries: RAITO, INC., ONORYO CO., LTD., AURA CE CO., LTD., RAITO ENGINEERING & CONSTRUCTION LIMITED, MICHINOKU REALIZE CO., LTD., TOHOKU REALIZE CO., LTD., TOKAI REALIZE CO., LTD., KYUSYU REALIZE CO., LTD., FUKUSHIMA REALIZE CO., LTD., NIIGATA REALIZE CO., LTD., YAMAGUCHI REALIZE CO., LTD., SANYO-RYOKUKA CO., LTD. and YASASHITE RAITO CO., LTD., RAITO FECON INNOVATIVE GEOTECHNICAL ENGINEERING JSC., after the elimination of all significant intercompany transactions, balances and unrealized profits. The consolidated financial statements do not include the accounts of, NISHINIHON REALIZE CO., LTD., TOUGH EARTH CO., LTD., RAITO CARE CO., LTD., EDO ENTERPRISE CO., LTD. since the combined total assets, sales, net income and retained earnings of these subsidiaries are not significant and would not have a material impact on the consolidated financial statements.

ii) Equity method

Effective from the fiscal year under review, the equity method was applied to SHINSAMPEI CONSTRUCTION CO., LTD., Fecon Corporation and Fecon Underground Construction Joint Stock Company. Four consolidated subsidiaries not subject to the equity method are excluded from the scope of equity method companies since such exclusion has no material impact on the Company's consolidated financial statements in terms of profit or loss (amount corresponding to the ownership held by the Company), retained earnings (amount corresponding to the ownership held by the Company) and other financial results, and they are not material as a whole.

iii) Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, the Company and its consolidated subsidiaries consider all highly liquid investments with insignificant risk of changes in value and original maturity of three months or less at the date of acquisition to be cash equivalents.

iv) Fiscal year of consolidated subsidiaries

The fiscal years of consolidated subsidiaries are the same as that of the Company.

(b) Marketable securities and investments in securities

Held-to-maturity securities are carried based on the amortized cost method. Marketable available-for-sale securities are carried at fair market value at the fiscal year-end. The cost of securities sold is determined based on the moving-average method. Unrealized holding gain or loss on available-for-sale securities, net of the applicable income taxes, is charged to shareholder's equity. Non-marketable available-for-sale securities are carried at cost based on the moving-average method. In case of impairment, non-marketable securities are reduced to net realized value by a charge to income.

(c) Inventories

Accumulated construction cost in progress is stated at cost determined by the identified cost method. Merchandise and finished goods, work in progress and raw material and supplies (amounts reduced to their book value due to a decline in profitability) are stated at cost determined by the first-in, first-out method.

(d) Property, plant and equipment depreciation

Property, plant and equipment are carried at cost. Regarding the Company and its domestic subsidiaries, depreciation for buildings, acquired before April 1, 1998, is mainly computed by the declining balance method, and depreciation for buildings acquired after April 1, 1998 and facilities attached to buildings and structures acquired after April 1, 2016 is computed by the straight-line method over the applicable useful lives. Regarding foreign subsidiaries, depreciation is mainly computed by the straight-line method over the estimated useful lives.

(e) Software

Software used by the Company and its consolidated subsidiaries is depreciated using the straight-line method, based on the useful life as determined by the Company and its consolidated subsidiaries (5 years).

(f) Basis for recording important provisions

i) Allowance for doubtful accounts

Allowance for doubtful accounts of the Company and its consolidated subsidiaries is provided as follows: For general receivables, allowance is provided at rates derived from historical credit loss experiences. For doubtful receivables, allowance is provided at the amount considered uncollectible based on respective assessment on collectability.

ii) Provision for warranties for completed construction

A provision for warranties for completed construction is provided at an estimated future amount for the fiscal year under review to cover expenses relating to defects on completed construction.

iii) Provision for loss on construction contracts

Accumulated construction cost in progress relating to contract work where a loss is anticipated and the allowance for anticipated loss on contract work are posted separately and not offset. The allowance for anticipated loss on contract work applicable to accumulated construction cost in progress relating to contract work where a loss is anticipated amounts to ¥17 million.

iv) Provision for stock benefits for directors

To grant directors with shares of the Company's stock, the Company provides an allowance in an amount accrued during the fiscal year under review based on the estimated amount of benefits.

(g) Accounting treatment for retirement benefits

i) Method of attributing expected retirement benefits to periods

In the calculation of retirement benefit obligations, expected retirement benefits are attributed to periods up to and including the consolidated fiscal year under review using the benefit formula method.

ii) Treatment of actuarial differences and prior service cost

Prior service cost is amortized using the straight-line method over the predetermined period (10 years) which is shorter than the average remaining years of service of eligible employees at the time of incurrence of such cost. An actuarial difference is amortized proportionately using the straight-line method over the predetermined period (10 years), which is shorter than the

average remaining years of service of eligible employees at the time of occurrence in each consolidated fiscal year, beginning with the following consolidated fiscal year.

One of the Company's domestic consolidated subsidiaries posted 100% of the required benefit amount at the end of the consolidated fiscal year under review, using the simplified method.

(h) Basis for recording the amount of completed work and the cost of completed work

In accounting for the amount of work completed, the percentage-of-completion method (the cost-to-cost method when estimating construction progress) is applied to the portion of progress where the certainty of results can be confirmed up to the end of the accounting period. For all other work the completed-contract method is applied.

(i) Consumption tax

Consumption tax is taken out from all the revenue and expense items and balance sheet items, and recorded separately, except mainly for receivables and payables.

Notes to consolidated financial statements

3. CASH AND CASH EQUIVALENTS

Reconciliation between cash and time deposits and marketable securities on the consolidated balance sheets as of March 31, 2020 and 2019 and cash and cash equivalents at end of years on the statements of cash flows for the years ended March 31, 2020 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Cash and deposits on the consolidated balance sheets	¥22,758	¥21,992	\$209,153
Time deposits with terms exceeding 3 months	-	-	-
Cash and cash equivalents on the statement of cash flows	¥22,758	¥21,992	\$209,153

4. INVENTORIES

Inventories as of March 31, 2020 and 2019 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Costs on construction contracts in progress	¥3,951	¥3,881	\$36,311
Merchandise and finished goods, work in process and raw material and supplies	589	804	5,413
	¥4,540	¥4,685	\$41,724

5. INVESTMENT SECURITIES

Information on investment in securities of non-consolidated subsidiaries and affiliated companies as of March 31, 2020 and 2019 is presented as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Investment in securities (shares)	¥4,561	¥266	\$41,917

6. NOTES RECEIVABLE - TRADE

Information relating to the balances of discounted notes receivable and endorsed notes receivable as of March 31, 2020 and 2019 is presented as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Endorsed notes receivable	¥18	¥30	\$165

7. REVALUATION OF LAND

Under the "Law of Land Revaluation," promulgated on March 31, 1998 and revised on March 31, 2001, the Company has elected a one-time revaluation of its own use land.

The resulting land revaluation excess represents unrealized appreciation of land and is stated, net of income taxes, as a component of shareholders' equity. There is no effect on the statements of operations. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation excess account and related deferred tax liabilities.

As of March 31, 2020, the carrying amount of the land after one-time revaluation exceeds the market value by ¥3,571 million (\$32,818 thousand).

8. MARKETABLE SECURITIES AND INVESTMENT IN SECURITIES

The market value of listed securities, which are classified as marketable securities, as of March 31, 2020 and 2019, is as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
As of March 31, 2020	Cost	(Carrying Amount)	Unrealized Gain (Loss)
Marketable equity securities	¥625	¥897	¥271
Fund trust and other	49	52	2
	¥675	¥949	¥273

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
As of March 31, 2019	Cost	(Carrying Amount)	Unrealized Gain (Loss)
Marketable equity securities	¥1,233	¥2,039	¥806
Fund trust and other	49	52	2
	¥1,283	¥2,092	¥808

	Thousands of U.S. dollars		Thousands of U.S. dollars
	Cost	(Carrying Amount)	Unrealized Gain (Loss)
As of March 31, 2020			
Marketable equity securities	\$5,743	\$8,243	\$2,490
Fund trust and other	450	477	18
	\$6,203	\$8,721	\$2,508

9. SHORT-TERM BANK LOANS PAYABLE

In order to ensure the efficient use and management of working capital, the Raito Kogyo Group has concluded overdraft and commitment lines of credit agreements with five banks. The total amount under overdraft and commitment lines of credit agreements as of the end of the fiscal year under review stood at ¥10,249 million (\$94,191 thousand).

10. PLEDGED ASSETS AND SECURED LIABILITIES

Details of assets pledged as collateral as of March 31, 2020 and 2019 are presented as follows.

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Buildings	¥-	¥249	\$-
Land	-	336	-
Total	¥-	¥586	\$-

Details of secured liabilities as of March 31, 2020 and 2019 are presented as follows.

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Short-term bank loans payable	¥-	¥-	\$-
Current portion of long-term loans payable	-	92	-
Long-term loans payable	-	-	-
Total	¥-	¥92	\$-

11. EMPLOYEES' RETIREMENT BENEFIT AND PENSION PLAN

1. Overview of adopted retirement benefit plans

The Company and some of its consolidated subsidiaries have a savings-type defined benefit plan and a defined contribution plan to cover employees' retirement benefits.

The defined benefit corporate pension plan provides lump-sum payments or pensions according to the amount of benefit and length of service.

Retirement benefit trusts are established under the lump-sum retirement allowance plan.

The lump-sum retirement allowance plan provides, as retirement benefits, lump-sum payments according to the amount of salary and length of service.

Some of the consolidated subsidiaries calculate retirement benefit obligations and expenses using a simplified method, wherein retirement benefits payable at the term end for personal reasons are regarded as retirement benefit obligations.

2. Defined benefit plan

(1) Adjustments to retirement benefit obligation at beginning of term and at end of term

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Retirement benefit obligation at beginning of term	¥7,270	¥7,403	\$66,813
Service cost	373	368	3,427
Interest expense	43	44	395
Actuarial difference amounts incurred for the period	(73)	(38)	(670)
Prior service costs incurred for the period	-	(84)	-
Retirement benefit payments	(198)	(423)	(1,819)
Retirement benefit obligation at end of term	¥7,415	¥7,270	\$68,146

Notes to consolidated financial statements

(2) Adjustments to plan assets at beginning of term and at end of term

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Plan assets at beginning of term	¥8,168	¥8,097	\$75,066
Expected return on assets	115	111	1,056
Actuarial difference amounts incurred for the period	(555)	(174)	(5,100)
Contributions from employer	592	452	5,440
Retirement benefit payments	(189)	(319)	(1,736)
Plan assets at end of term	¥8,130	¥8,168	\$74,717

(3) Retirement benefit obligations and plan assets at end of term and adjustments to liabilities and assets relating to retirement benefits recorded on the consolidated balance sheets

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Retirement benefit obligation of funded plans	¥7,415	¥7,270	\$68,146
Plan assets	(8,130)	(8,168)	(74,717)
	(715)	(898)	(6,571)
Retirement benefit obligation of unfunded plans	-	-	-
Net assets and liabilities recorded on the consolidated balance sheets	(¥715)	(¥898)	(\$6,571)

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Net defined benefit liability	¥-	¥-	\$-
Net defined benefit asset	(715)	(898)	(6,571)
Net assets and liabilities recorded on the consolidated balance sheets	(¥715)	(¥898)	(\$6,571)

(4) Retirement benefit expenses and itemized breakdown of their main amounts

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Service cost	¥366	¥368	\$3,363
Interest expense	43	44	395
Expected return on assets	(115)	(111)	(1,056)
Amount expensed for actuarial difference	(4)	85	(36)
Amount expensed for prior service cost	(8)	-	(73)
Retirement benefit expenses for the defined benefit plan	281	387	2,582
Retirement benefit expenses relating to defined benefit plans	¥281	¥387	\$2,582

(5) Remeasurements of defined benefit plans

A breakdown of items (before any applicable tax effect) recorded in remeasurements of defined benefit plans is as follows.

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Prior service costs	¥8	(¥84)	\$73
Actuarial differences	487	50	4,475
Total	¥496	(¥33)	\$4,558

(6) Total remeasurements of defined benefit plans

A breakdown of items (before any applicable tax effect) recorded in total remeasurements of defined benefit plans is as follows.

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Unrecognized prior service costs	(¥75)	(¥84)	\$689
Unrecognized actuarial differences	487	0	4,475
Total	¥411	(¥84)	\$3,777

(7) Plan assets

i) Principal breakdown of plan assets

The ratios by major classification with regard to total plan asset are as follows.

	2020	2019
Bonds	39%	35%
Shares	35%	40%
Cash on hand and in banks	9%	6%
Other	15%	17%
Total	100%	100%

ii) Method for setting expected rate of return on long-term plan assets

In deciding the expected rate of return on long-term plan assets, consideration is given to current and future plan asset distributions and to the current and future expected long-term rate of return from the variety of assets that constitute plan assets.

(8) Basis for actuarial calculations

The major actuarial assumptions for the consolidated fiscal year under review (shown as the weighted average)

Discount rate 0.6%

Expected rate of return on long-term plan assets 2.0%

Expected rate of salary increase 2.5%

3. Defined contribution plan

The required amount of contribution to the defined contribution plan of the Company is ¥113 million for the previous fiscal year and ¥116 million for the fiscal year under review.

12. TREASURY SHARES

The Company holds 5,924,291 shares of treasury shares as of March 31, 2020.

13. SHAREHOLDERS' EQUITY

Dividends may be approved by the shareholders after the end of each fiscal period. In accordance with the Company Act of Japan, these dividends and the related appropriations of retained earnings are not reflected in the financial statements at the end of such fiscal year but are recorded at the time they are approved.

However, dividends per share shown in the accompanying statements of income and retained earnings are included in the years to which they relate.

14. CONSOLIDATED COMPREHENSIVE INCOME

Information relating to the amounts of reclassification adjustment applicable to other accumulated comprehensive income for the years ended March 31, 2020 and 2019 is presented as follows.

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Valuation difference on available-for-sale securities:			
The amount arising during the period	(¥546)	(¥358)	(\$5,017)
Reclassification adjustment	-	(10)	-
Foreign currency translation adjustment:			
The amount arising during the period	(41)	83	(376)
Reclassification adjustment	-	-	-
Retirement benefit adjustment:			
The amount arising during the period	(482)	(51)	(4,429)
Reclassification adjustment	(13)	85	(119)
Share of other comprehensive income of entities accounted for using equity method:			
The amount arising during the period	(77)	-	(707)
Reclassification adjustment	-	-	-
Before adjustment for tax effects	(1,162)	(251)	(10,679)
Amount of tax effects	256	65	2,352
Total other accumulated comprehensive income	(¥905)	(¥186)	(\$8,317)

Information relating to the amounts of tax effects applicable to other accumulated comprehensive income for the years ended March 31, 2020 and 2019 is presented as follows.

	Millions of yen		
	Before adjustment for tax effects	Amount of tax effects	After adjustment for tax effects
Valuation difference on available-for-sale securities	(¥546)	¥104	(¥442)
Revaluation reserve for land	-	-	-
Foreign currency translation adjustment	(41)	-	(41)
Remeasurements of defined benefit plans	(496)	151	(344)
Share of other comprehensive income of entities accounted for using equity method	(77)	-	(77)
Total other accumulated comprehensive income	(¥1,162)	¥256	(¥905)

	Millions of yen		
	Before adjustment for tax effects	Amount of tax effects	After adjustment for tax effects
Valuation difference on available-for-sale securities	(¥369)	¥75	(¥293)
Revaluation reserve for land	-	-	-
Foreign currency translation adjustment	83	-	83
Remeasurements of defined benefit plans	33	(10)	23
Share of other comprehensive income of entities accounted for using equity method	-	-	-
Total other accumulated comprehensive income	(¥251)	¥65	(¥186)

	Thousands of U.S. dollars		
	Before adjustment for tax effects	Amount of tax effects	After adjustment for tax effects
Valuation difference on available-for-sale securities	(\$5,017)	\$955	(\$4,062)
Revaluation reserve for land	-	-	-
Foreign currency translation adjustment	(376)	-	(376)
Remeasurements of defined benefit plans	(4,558)	1,387	(3,161)
Share of other comprehensive income of entities accounted for using equity method	(707)	-	(707)
Total other accumulated comprehensive income	(\$10,679)	\$2,352	(\$8,317)

Notes to consolidated financial statements

15. INCOME TAXES

The significant components of the Company's deferred tax assets and liabilities as of March 31, 2020 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Deferred tax assets:			
Net defined benefit liability	¥532	¥473	\$4,889
Accrued expenses	435	424	3,997
Allowance for doubtful accounts	128	129	1,176
Provision for loss on construction denied for deduction	5	44	45
Net operating loss carryforwards	482	492	4,429
Impairment loss denied for deduction	155	156	1,424
Loss on support of subsidiaries and affiliates	908	908	8,344
Loss on valuation of stocks of subsidiaries and affiliates	408	408	3,749
Other	1,417	1,443	13,022
Subtotal	4,472	4,482	41,099
Valuation allowance	(2,715)	(2,705)	(24,951)
Total deferred tax assets	¥1,759	¥1,777	\$16,165
Deferred tax liabilities:			
Gain on securities contributed to employees' retirement benefit	(273)	(297)	(2,508)
Valuation difference on available-for-sale securities	(102)	(202)	(937)
Special depreciation allowance for tax purposes	(3)	(4)	(27)
Disposal expenses relating to asset retirement obligations	(2)	(2)	(18)
Total deferred tax liabilities	(¥382)	(¥506)	(\$3,510)
Total net deferred tax assets	¥1,377	¥1,270	\$12,655

Major components of significant differences between the statutory effective tax rate and burden rate of corporate taxes, etc. after application of tax-effect accounting for the years ended March 31, 2020 and 2019 are presented as follows.

	2020	2019
Statutory effective tax rate	30.6%	30.6%
(Adjustments)		
Non-deductible expenses such as entertainment	0.5	0.5
Per capita inhabitants' taxes	0.8	0.8
Increase / decrease in valuation reserves	(0.5)	0.2
Tax credit	(1.0)	(0.5)
Share of loss (profit) of entities accounted for using equity method	(5.7)	-
Other	0.9	0.4

16. SEGMENT INFORMATION

a) Overview of reportable segments

The Group's reportable segments are the business units for which the Company is able to obtain the relevant financial information separately in order for the Company's Board of Directors to conduct periodic investigations to distribute management resources and evaluate their business results.

The Group positions branch offices and consolidated subsidiaries by region, and each branch office and consolidated subsidiary determines comprehensive domestic and overseas strategies with regard to receiving construction orders and execution as well as product and material sales in the course of developing its business activities.

Regarding the branch offices and consolidated subsidiaries as its basis, the Group thus consists of businesses that include civil engineering, building construction, and product and material sales. To provide appropriate information on business activities and the management environment, the Group consolidates multiple segments with similar business structures into the reportable "Construction Business" segment.

The works encompassed by the Construction Business include slope protection, landslide prevention, foundation/ground improvement, structural repair/reinforcement, environmental restoration, and sewage system construction in addition to general civil engineering and building construction.

b) Calculation method for sales, profit and loss, assets, and other item amounts by reportable segment

The accounting method for reportable business segments generally follows the principles stated in the "Chief basis of preparation of the consolidated financial statements."

Reportable segment profit figures are based on operating income.

Intersegment transactions and transfers are based on market prices.

c) Industry segments

Summarized financial information by industry segment for the years ended March 31, 2020 and 2019 is as follows:

	Millions of yen				
	Year ended March 31, 2020				
	Construction	Others	Total	Elimination	Consolidated
Revenues:					
Customers	¥105,621	¥588	¥106,210	¥-	¥106,210
Inter-segments	-	1,305	1,305	(1,305)	0
Total	¥105,621	¥1,894	¥107,516	(¥1,305)	¥106,210
Operating expenses	95,795	1,843	97,639	(1,303)	96,336
Operating income/loss	9,825	50	9,876	(2)	9,874
Assets	67,721	1,128	68,850	32,251	101,101
Depreciation	1,720	21	1,742	(2)	1,740
Capital expenditures	3,799	10	3,809	-	3,809

	Millions of yen				
	Year ended March 31, 2019				
	Construction	Others	Total	Elimination	Consolidated
Revenues:					
Customers	¥102,125	¥699	¥102,825	¥-	¥102,825
Inter-segments	-	1,266	1,266	(1,266)	0
Total	¥102,125	¥1,965	¥104,091	(¥1,266)	¥102,825
Operating expenses	92,452	1,936	94,389	(1,266)	93,123
Operating income/loss	9,673	28	9,702	-	9,702
Assets	62,242	1,228	63,471	33,274	96,745
Depreciation	1,695	22	1,717	(5)	1,711
Capital expenditures	1,574	2	1,577	-	1,577

	Thousands of U.S. dollars				
	Year ended March 31, 2020				
	Construction	Others	Total	Elimination	Consolidated
Revenues:					
Customers	\$970,692	\$5,403	\$976,105	\$-	\$976,105
Inter-segments	-	11,993	11,993	(11,993)	0
Total	\$970,692	\$17,406	\$988,107	(\$11,993)	\$976,105
Operating expenses	880,387	16,937	897,334	(11,975)	885,359
Operating income/loss	90,295	459	90,763	(18)	90,745
Assets	622,378	10,366	632,754	296,397	929,151
Depreciation	15,807	192	16,009	(18)	15,991
Capital expenditures	34,914	91	35,005	-	35,005

"Others" are business segments not included in the reportable segments, and include product and material sales, leases, home-visit care and so on.

d) Geographical segments

Summarized financial information for revenues by geographical business segment for the years ended March 31, 2020 and 2019 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Japan	¥102,116	¥100,236	\$938,479
North America	1,899	824	17,452
Other	2,194	1,764	20,163
Total	¥106,210	¥102,825	\$976,105

17. PER SHARE INFORMATION

Details of net assets per share and net income per share for the years ended March 31, 2020 and 2019 are presented as follows:

	Yen		U.S. dollars
	2020	2019	2020
Net assets per share	¥1,312.74	¥1,209.47	\$12.06
Net income per share	¥136.21	¥124.35	\$1.25

18. SUBSEQUENT EVENT

On June 25, 2020 the following appropriations of retained earnings were approved at the shareholders' meeting of the Company:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Cash dividends of ¥41.0 (\$0.37) per share (final for the year ended March 31, 2020)	¥2,130	¥1,974	\$19,579

Directors, Corporate Auditors



Rear, from left

Senior Managing Director
General Manager, Safety, Quality,
and Environmental Division
Yoichi Howa

Director
General Manager,
Construction Business Division
Akinobu Yamamoto

Managing Director
General Manager,
Engineering Marketing Division
Kohei Kawamura

Managing Director
General Manager,
Kanto Branch Office
Yusuke Murai

Managing Director
General Manager,
Management Planning Division
Makoto Nishi

Outside Director

Tadashi Shibata

Outside Director

Makoto Shirai

Corporate Auditor
(Standing)

Hiroyuki Kinoshita

Outside Corporate Auditor

Shinji Miyagi

Outside Corporate Auditor

Yoshinobu Maeba

Outside Corporate Auditor

Tokiko Maruno

Front, from left

Senior Managing Director
General Manager,
Development Division
Nobuyuki Fujisawa

President

Kazuo Suzuki

Senior Managing Director
General Manager,
Management Administration Division
Shigeaki Funayama

Senior Managing Director
General Manager,
Construction Technology Division
Kazuhiro Akutsu



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