



RAITO ANNUAL REPORT 2024



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 2022 – March 2024

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

Reference Guidelines

Ministry of the Environment of Japan
Environmental Reporting Guidelines (2018)
Global Reporting Initiative GRI Standards
International Integrated Reporting Council (IIRC)
International Integrated Reporting Framework
Ministry of Economy, Trade and Industry Value Creation
Guidance 2.0
TCFD Consortium TCFD Guidance 3.0
ISSB IFRS S1,IFRS S2

Date of publication

Aug 30, 2024

Disclosure Medium

Financial Information

Nonfinancial Information

RAITO CORPORATE REPORT

Summary of Financial Results

Securities Report

Business Report

Financial Results Briefing Materials

Shareholders/Investors Information Site
<https://www.raito.co.jp/ir/index.html>

Business Outline

Company guide for children・Comic-format company guide

Construction Method Catalog

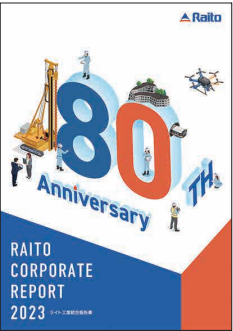
Corporate Governance Report

Sustainability Site
<https://www.raito.co.jp/company/kankyou/index.html>

Raito Kogyo Corporate Site
<https://www.raito.co.jp/index.html>

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About the cover
On July 1, 2023, Raito Kogyo Co., Ltd. marked the 80th anniversary of its founding. The cover illustration depicts the fusion of our origins in special civil-engineering work with information and communication technology for the future, along with the bonds between the people involved in this work and our commitment to continue to create new value based on these.

Message from the President



Realizing continual growth and increases in corporate value by providing Group technologies and value.

Raito Kogyo Co., Ltd.
President
Kazuhiro Akutsu

Marking our 80th anniversary

In 2023, Raito Kogyo marked the 80th anniversary of its founding. Our origins can be traced to 1943, when we were founded in the town of Hanawa (now the city of Kazuno), Akita Prefecture to work on tunnel waterproofing. Raito Kogyo continued to grow from the World War II years through the postwar recovery, making progress along a difficult path over the decades from the 20th into the 21st century. Thanks to the unceasing efforts of our predecessors, we have been able to grow steadily through our 80th anniversary. We are truly grateful to all who have contributed to and supported the Group's growth through now. The Group has made substantial progress over these 80 years. Seeking even further growth, as the Chief Executive Officer of the Group I am determined to move forward toward a new stage of continuous growth and progress with an eye on even further growth.

A look back on the three years since I was appointed President in the midst of the COVID-19 pandemic

Three years have passed since I took office as President. During my first two years as President, the COVID-19 pandemic caused substantial restrictions on meeting with others, both inside and outside the Company, but in 2022 we were able to resume business travel at last. Since then, I have had the chance to visit many facilities for the first time. Meeting with each other in person is very important. I was reminded anew of the importance of meeting face to face to engage in frank and open discussions. Unlike communicating through video screens or behind masks, being able to see the other's reaction in real time enables direct, open exchange of opinions. I have been reminded how conveying ideas and emotions to one another is the essence of communication, and the quality of communication is connected directly to the fullness of interpersonal relations.

Today, when the everyday of the pre-COVID world has returned, I sense keenly how vital it is to maintain our own health and strength as managers. Physical strength is of utmost importance in making difficult decisions and communicating both inside and outside the organization. I am also careful in how I spend my days off, so that I can work each day feeling refreshed through regular breaks and appropriate exercise.

Looking back on the Medium-term Management Plan and FY2022

I believe that building corporate value integrating economic and social value is vital to our continued growth beyond our 80th anniversary toward the next turning point, our 100th anniversary as a company. FY2022 was the first year of the Raito2024 Medium-term Management Plan. Identifying as its fundamental policy "Creating new value and realizing sustainable growth by taking on challenges in new fields," the medium-term management plan aims to deliver new value to society by reviewing our history as a company that has continued to grow by constantly taking on the challenges of new fields, strengthening analysis of external conditions and business conditions for the future, and taking on the challenges of new fields amid today's dramatically changing external conditions. But business results in FY2022 were disappointing, as profit decreased while sales grew. Since then, external environmental conditions have been changing dramatically, at a pace that far exceeds our business results. We face an extremely challenging environment characterized by manifestation of geopolitical risks and unprecedented cost hikes, including the effects of the lengthy downturn in the value of the yen on international currency markets. Under such conditions, we will not be able to continue to grow without taking on the challenges of the future. Accordingly, the entire Group will work together to advance various measures aiming to enhance our organizational backbone to withstand a changing business environment.

Reinforcing the organizational structure to withstand a changing business environment

In many cases, the methods employed until now are unable to adapt to contemporary environmental changes. This is true in many areas both large and small, including the organization, our lines of business, and our construction methods and materials. We aim to be an organization in which all members are aware of the need for and welcome bold action and help one another improve. We will do so by reviewing the expertise and other resources we have built up, developed, and grown over the past 80 years of our history and improving them to adapt to contemporary conditions or transforming them to something new from a long-term perspective. Looking at our lines of business, the business of repairing aged infrastructure, such as tunnels, bridges, dams, and waterway facilities, is one in which we have built up a substantial stock of businesses in Japan and one in which demand can be expected to continue over the medium to long term. Our immediate goal is to achieve a positive cycle to enable sustainable growth in these businesses by securing business volume and building up new expertise for further growth. We are also actively making progress on the development and adoption of machinery in pursuit of our strength in technology. New machinery development in particular, which combines elements such as information and communication technology (ICT) and AI, is of particular importance to our future growth, and we are identifying clear priority measures in this area. In the construction industry, we are focusing on machinery development that promises considerable effects in the areas of labor saving, automation, and productivity improvement, to resolve the chronic challenge of a shortage of labor. We consider promotion of digital transformation (DX) initiatives to be of utmost importance in adapting to the business environment of the future. The Medium-term Management Plan also calls for rebuilding business systems by promoting DX. We will promote transformation of existing businesses by using digital technologies in all fields. To do so, we will continue to prioritize investment in development, as part of our strategy for the future.

Active investment in human capital for sustained growth

As investment for the future, we also will aim to invest actively in human capital. Our human resources are essential to the Group's growth. We will aim to increase the value the Group provides even further by delivering high-quality services through each and every executive and employee working with a high degree of satisfaction. We consider investment in human resources—including hiring, training, education, and appropriate evaluation—as well as promoting women's careers and advancing health management, to be an important process for our future growth and creativity.

Sustainability initiatives

A major change over the past few years has been society's increasing interest in human rights, the environment, and other environmental, social, and governance (ESG) topics. We too recognize the importance of ESG initiatives, and are advancing multifaceted efforts toward realizing sustainability—an important topic of global concern. We have long made progress on efforts to lessen our environmental impact, through means such as controlling carbon dioxide emissions, putting natural resources to efficient use, and reducing waste. Since 2022, we have disclosed information based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In addition to disclosing information on our responses to climate change and carbon dioxide emissions from business activities, we also are making active efforts to reduce carbon dioxide emissions and to realize carbon neutrality by 2050. As part of these efforts, we have installed solar panels on the head office building and the R&D Center and switched to the use of renewables for some of our power consumption. In the future as well, we will continue striving to further enhance disclosure of environment-related information and to promote efforts to address environmental issues, as important issues in corporate management.

Rewarding society's trust by establishing the Human Rights Policy

In April 2023, we signed the United Nations Global Compact and were registered as a participating firm. Our Medium-term Management Plan identifies sustainability strategy as one of its three priority strategies, calling for active efforts to contribute to solutions to social and environmental issues through our business activities. In addition, in November 2023 we established and published our Human Rights Policy. While the Group already had established rules on human rights for officers and employees as a code of conduct, through the Human Rights Policy we will clearly communicate policies on subjects such as the responsibility to respect human rights. In March 2023, we established the Multi-Stakeholders Policy as well. Under this policy, we aim to build relations of trust and achieve sustainable development through dialogue and cooperation with all stakeholders. These efforts are intended to reward the trust placed in us by society, through all officers and employees complying with rules of the business world that are recognized broadly in society. Activities based on principles (such as the corporate vision we have followed since our founding and the code of conduct) have permeated the entire Group since our founding, as the foundations of our corporate culture. We are also formulating and implementing various policies to conduct business activities guided by high ethical standards and respect for all human rights.

Focusing on making the Board of Directors more effective

To enhance the Group's governance, in FY2022 we focused on improving efficacy, and I believe that we were able to achieve results. Of utmost importance to improving governance are thorough discussions and reaching conclusions based on them. Our current Board structure of 10 inside and five outside Directors is able to conduct evaluation from varied perspectives. Directors engage in free and open discussions with consideration for overall optimization, and as a result this leads to thorough discussions in the Board of Directors. To help achieve the sound, sustainable growth of the Group and increase our corporate value over the medium to long term, while meeting the expectations of our diverse stakeholders and enhancing structures to enable the effective functioning of governance, we



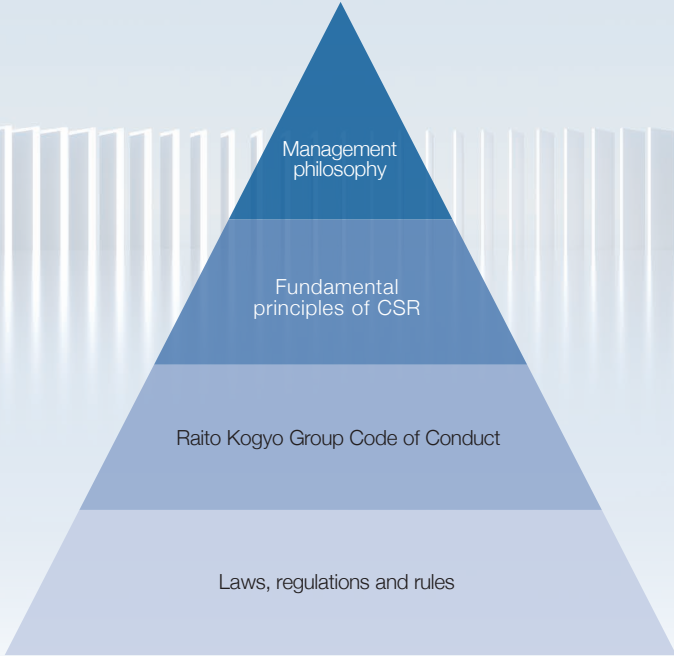
have established a Basic Policy on Corporate Governance. We will continue aiming to realize a governance structure that demonstrates the functions required to adapt swiftly to future changes in business activities.

Raito Kogyo's social mission

The Raito Kogyo Group does business chiefly in the field of construction work on social infrastructure. We consider our social mission to be one of transforming construction technologies into value for stakeholders. Stakeholder value is extremely diverse. We believe that the value delivered to customers is intuitive and easily ascertainable. It includes safety, quality, and shorter delivery times. The value provided to shareholders consists of returns from profits. This too is fairly easy to ascertain. But we need to be conscious of the value we provide to the end users who are difficult to identify directly in everyday business operations. When people are able to use roads, railways, and housing with peace of mind, they will enjoy increased convenience and a more affluent lifestyle can be achieved. In addition, safe infrastructure generates positive cycles in various ways. We are highly aware that it contributes to national economic growth and sustainable development, and we aim to realize continual growth and increases in corporate value through our Group's technology and value provision. We appreciate the continued support of all stakeholders.



Source of value creation



Management philosophy

"Continuing to take on the challenge of creating new value"

As the basis of our CSR activities, the management philosophy serves as a guideline to all Raito Kogyo Co., Ltd. business operations.

Fundamental principles of CSR

The fundamental principles of CSR represent the basic foundation for actions that employee should take in alignment with the management philosophy. They demonstrate to society the courses of action that employees should take, while also serving as a code of corporate ethics.

Raito Kogyo Group Code of Conduct

The Code of Conduct establishes detailed norms regarding CSR. Together with various internal standards and rules, it serves as a standard with which all executives and employees of the Raito Kogyo Group should comply.

Laws, regulations and rules

These are the most fundamental rules that should be complied with in business activities.

Basic Sustainability Policy

Based on our management vision of "Continuing to take on the challenge of creating new value," we strive to build disaster-resilient national infrastructure for peace of mind and enriched lives, while maintaining harmony with the environment and society. Fully recognizing the fact that corporate survival is premised on a sustainable society, we will contribute to solutions to society's challenges and sustainable development through our business activities.

Fundamental principles of CSR

- 1 . Doing business responsibly as a member of society, while encouraging our employees to raise their awareness of corporate social responsibility and to make responsible decisions on their own volition as to how they should go about everyday production activities.
- 2 . Fulfilling our responsibilities as a global enterprise through proactively contributing to society and protecting the global environment, based on a full understanding of the fact that our survival as a business depends on the existence of a sustainable society.
- 3 . Respecting human rights and fulfilling our accountability obligations by emphasizing opportunities for dialogue with stakeholders in various aspects of our business activities.

Value creation history

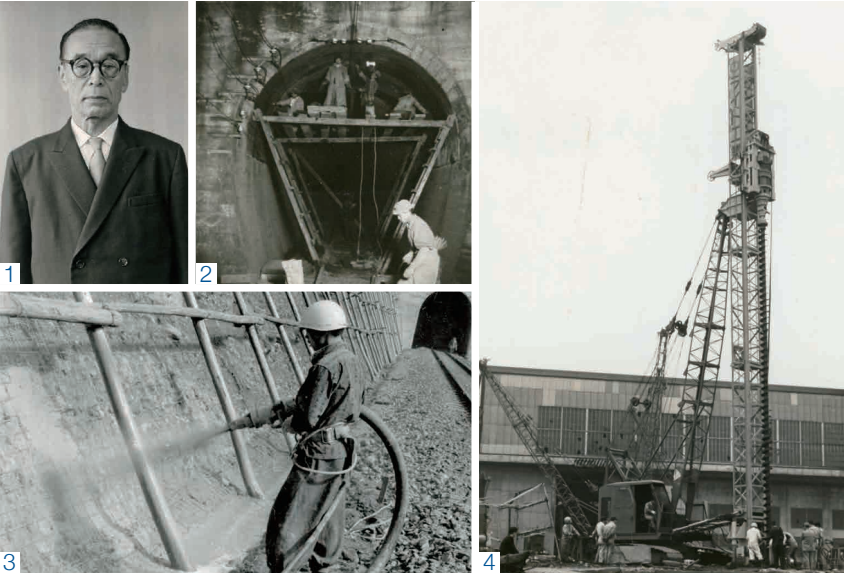
Raito Kogyo Group history

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.

1943～

Operating as a company with special technologies that nobody else can offer since our founding

In 1943, Tadao Kamijo founded the Kamijo Waterproofing Works in the town of Hanawa, Aki-ta Prefecture. Then, in 1945, spurred by the need to address water leaks in aged brick tunnels on the Japan National Railway, Kamijo began to specialize in tunnel waterproofing work.At that time, the individual management bureaus of the Japan National Railway had merely con-ducted 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 water-proofing based on its unique technology.



- 1943 1 Tadao Kamijo appointed first President
- 2 Tunnel waterproofing work
Helped to ensure the safety of Japan National Railways transit by waterproofing its tunnels.
- 1950 3 Slope spraying work
Met demand for surface work on slopes facing the roadways of the rapidly expand-ing road network, in line with national road improvement plans.
- 1963 4 Self-propelled RG piling machine
Developed the RG piling method of ground improvement and entered into the subway and office-building construction fields.

1970~

Innovating tunnel construction by introducing state-of-the-art European technology

The injection 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. Later, successfully used the Soletanche method on the Takayama shaft section of the Joetsu Shinkansen's Nakayama Tunnel project, known for the historic challenge of dealing with water flows arising about 200 meters underground. This both transformed the existing concept of injection work and was the strongest impetus behind the Company's Soletanche construction method becoming well known in Japan.



- 1971 1 Then-President Samaru and President J. Alice of Soletanche shake hands after concluding the contract
- 1974 2 Injection work in construction of the Joetsu Shinkansen's Nakayama Tunnel
After completing the Takayama shaft section of the Joetsu Shinkansen's Nakayama Tunnel project, the Soletanche method was used on the tunnel portion, establishing this as a reliable construction method.
- 1976 3 Japan National Railways Aomori Rail Yard Asahimachi crossing elevation project
4 An overview of the injection plant for the crossing elevation project
Mortising work using the Soletanche method

1980~

Taking on the challenges of difficult construction projections through further technological development, improvement, and adoption

As Japan's economy advanced, we focused on the adoption of new technologies while also actively improving and streamlining management. In addition to adopting the "pipe laying under special slurry" (PLUSS) method from Soletanche, we also adopted and began on-site use of a construction management system developed jointly with Soletanche. We also established the Development Department to develop and improve our proprietary technologies, as well as advancing joint research with outside agencies, including testing under contract to the Ministry of Construction's Civil Engineering Laboratory, as we worked to develop new construction methods. Following the Great Hanshin-Awaji Earthquake (1995), we and others dispatched engineers to survey, repair, and restore railways, roads, and other infrastructure, driving for a swift recovery from the damage.



- 1980 1 "Pipe laying under special slurry" (PLUSS) method adopted
The PLUSS method used in pipe construction also was adopted through the technical alliance with Soletanche. This method enabled sewer work on sites with difficult construction conditions.
- 1988 2 Enpasol soil survey system adopted
This system developed by Soletanche demonstrates its strengths in ground improvement work and other projects, by making it possible to quickly identify ground type and hardness.
- 1995 3 Kandagawa/Loop Route No. 7 underground regulating reservoir work
This ground improvement work on the base of a continuous underground wall, intended to build facilities for water intake to the underground regulating reservoir, was conducted using the Soletanche method for injection at depths of 100 m and more.
- 4 Hokuhoku Line Nabetachiyama Tunnel injection work
This project, which required about 22 years to complete (from 1973 to 1995), was one of the most challenging tunnel construction projects in Japan's civil-engineering history. We fully mobilized our technologies to complete the injection work.

2000~

We fully mobilized our technologies to complete the injection work

The Kyoto Protocol adopted by COP3 in 1997 set targets for addressing global warming through 2020. Amid such growing interest in environmental protection around the world, in 1997 we established the new Environmental Science Office at the Technology Laboratory. After the enactment of the Basic Act on Establishing a Sound Material-Cycle Society in 2000, we began full-fledged development of eco-friendly construction methods and technologies. In 2000 we established the new Ground Environmental Department in the Environmental Business Division, to apply our strengths in ground improvement technologies to address soil pollution. 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.



- 2001 1 Eco-friendly all-greening spray method
- 2003 2 Eco clay wall method
This construction method developed to eliminate mud generation offers outstanding water-blocking performance and can be used for a wide range of applications including isolating polluted soil and water blocking on river levees.
- 2008 Entered the construction business
3 Okamoto 2-chome Condominiums
4 Musashiseki Mansion condominiums

2010~

Major disaster recovery and restoration, and building new cities

Major earthquakes such as the Great East Japan Earthquake (2011), the Kumamoto Earthquake (2016), and the Hokkaido Iburi East Earthquake (2018) during the second decade of the 21st century caused severe damage. We played a role in recovery and restoration work including ground improvement work and landslide prevention work for various infrastructure facilities including damaged ports, levees, and roads. Then, in 2018 we opened the R&D Center to build a more efficient R&D structure. 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.



- 2015 1 Sanriku Expressway FF slope surface protection work
- 2016 2 Nakashima Kaigan RAS ground improvement work
- 2017 3 Choyo Ohashi route restoration work
We were in charge of restoration work on the Choyo Ohashi route, including the collapsed slopes of Aso Choyo Ohashi and Koga Ohashi after the Kumamoto Earthquake.
- 2018 4 Opened the R&D Center

Raito Kogyo Group businesses

As a pioneer in special civil-engineering work, the Raito Kogyo Group has developed technologies and amassed expertise that serve as the bases of our proprietary technologies capable of meeting today's requirements in civil engineering, construction, and international projects. We contribute to safe and secure lifestyles for people around the world.

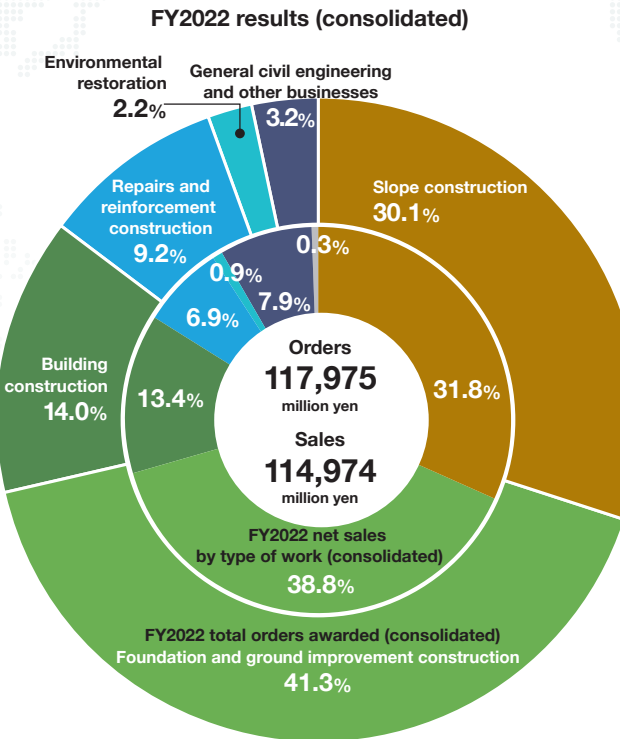
Business domains

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



(million yen)			
FY2022 results (consolidated)		Orders	Sales
Construction contracts	Slope construction	35,485	36,585
	Foundation and ground improvement construction	48,693	44,570
	Building construction	16,571	15,354
	Repairs and reinforcement construction	10,847	7,908
	Environmental restoration	2,540	1,018
	General civil engineering and other businesses	3,837	9,198
Sideline businesses		—	338

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
- Renewal



Overseas businesses

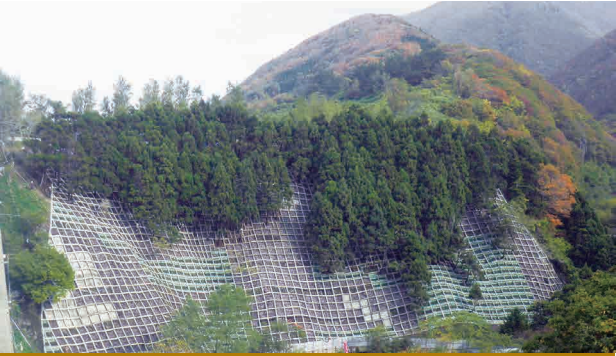
Utilizing the know-how and advanced technological capabilities acquired through comprehensive experience in Japan, our global business operations are involved in numerous projects around the world, including in Asia and North America.

Main overseas facilities

- United States of America
- Singapore
- Vietnam



The Raito Kogyo Group's business and a breakdown of FY2022 consolidated results by construction type



Slope construction

Orders 35,485 million yen
Sales 36,585 million yen
Construction in progress 13,679 million yen

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.



Building construction

Orders 16,571 million yen
Sales 15,354 million yen

Construction in progress 14,562 million yen

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.



Foundation and ground improvement construction

Orders 48,693 million yen
Sales 44,570 million yen

Construction in progress 26,409 million yen

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.



Repairs and reinforcement construction

Orders 10,847 million yen
Sales 7,908 million yen

Construction in progress 7,684 million yen

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.



Environmental restoration

Orders 2,540 million yen
Sales 1,018 million yen

Construction in progress 2,458 million yen

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



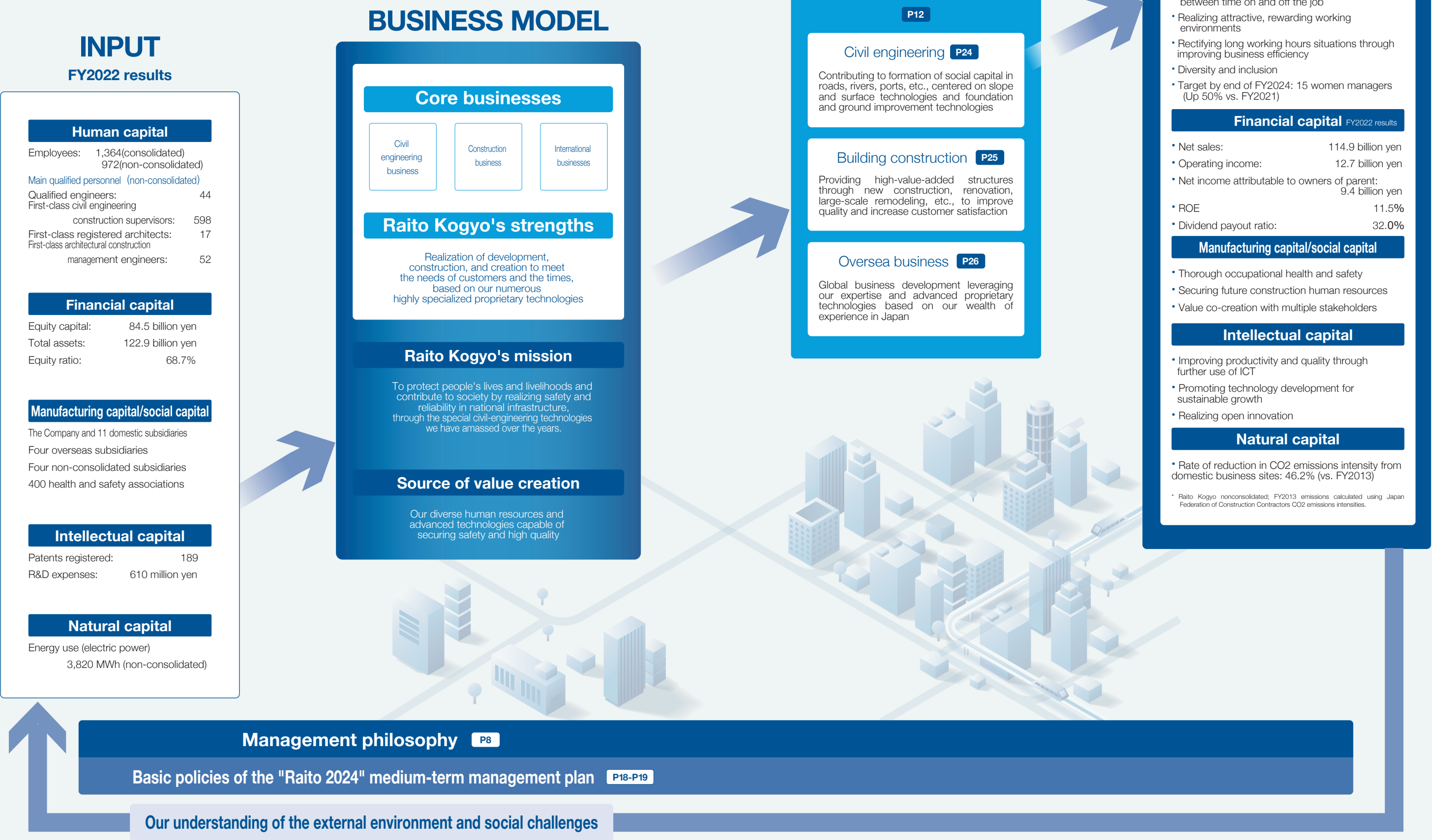
Other businesses

Orders 3,837 million yen
Sales 9,198 million yen
Construction in progress 2,112 million yen

We contribute to building safe, reliable national infrastructure by incorporating the specialized civil-engineering technologies we have accumulated over many years and deploying our civil-engineering business based on our comprehensive technological strengths.

Value creation process

Raito Kogyo recognizes contribution to society through solutions to various social challenges, based on the wide range of experience and reliable technologies that we have amassed over the years, as our unchanging mission, and we will aim to contribute to new value creation and building strong, enriched national infrastructure through efforts including taking on the challenges of new business domains and developing new technologies.



Management capital

The Raito Kogyo Group's business activities are based on the following types of capital, and by developing these capitals, we will create new value and realize sustainable growth.

Human capital

The Raito Kogyo Group has identified "Developing diverse human resources and realizing attractive, rewarding workplaces" as one of its materiality topics for sustained growth. Recognizing strengthening the organization by securing and developing capable human resources and creation of new value through promoting diversity to be growth opportunities, we are carrying out various related initiatives. We are committed to supporting our employees' skill development to nurture human resources who can succeed on the global stage, with diverse values and broad perspectives, regardless of nationality, ethnicity, gender, or other characteristics.



Employees:	1,364	Main qualified personnel (non-consolidated)	Qualified engineers:	44
	(consolidated)		First-class civil engineering construction supervisors:	598
	972		First-class registered architects:	17
	(non-consolidated)		First-class architectural construction management engineers:	52

Financial capital

Under the basic policy of building a robust financial foundation, the Group is striving to secure robust management foundations to support its corporate growth and is investing in the future with an eye toward continuous growth. Toward these ends, the Group makes investments that are expected to contribute to increasing its corporate value, while being aware of capital costs. We will carry out forward-looking investment toward overall-optimized allocation of profits and sustained growth, by generating appropriate profit and funds for investment through strategic use of funds and CCC improvement.



Equity capital:	845 billion yen
Total assets:	1,229 billion yen
Equity ratio:	68.7%

Manufacturing capital/ social capital

The Group aims for sustainable growth by building trusting relationships through dialogue and cooperation with all stakeholders. We strive to maintain and improve sound relationships with stakeholders through fair and open communication, aiming to be an attractive company for all stakeholders, including customers, shareholders, and employees.



- The Company and 11 domestic subsidiaries
- Four overseas subsidiaries
- Four non-consolidated subsidiaries
- 400 health and safety associations

Intellectual capital

Under our R&D Policy of "conducting R&D on new technologies and construction methods for the next generation and R&D to contribute to new businesses," the Group carries out R&D to develop new technologies to protect people's lives and national infrastructure and R&D with a view to new businesses centered on employing ICT technologies to improve working environments and work styles. We will actively promote technological development for the next generation, who will be responsible for sustainable growth, while responding flexibly to changing environments.



Patents registered:	189
R&D expenses:	6.1 billion yen

Natural capital

"Building a sustainable, eco-friendly society" is one of the Group's materiality topics for sustained growth. In line with this topic, we aim for sustained growth by contributing to solutions to environmental challenges through various business activities based on environmental policy. We will promote environmental conservation activities to lessen our environmental impact, by ascertaining, evaluating, and managing the impact of electricity, fuel, and other energy used in business activities, as well as CO2 emissions.

Energy use (electric power):	3,820 MWh
	(non-consolidated)



"Raito 2024" medium-term management plan

Under our management philosophy of "Continuing to take on the challenge of creating new value," the Raito Group aims to be an enterprise that is essential to our stakeholders, by being constantly creative. This medium-term management plan identifies as its fundamental policy "Creating new value and realizing sustainable growth through taking on the challenges of new fields." It aims to establish new foundations for growth by promoting digital transformation (DX) and technology development, to contribute to building a sustainable society through our proprietary technologies, and to realize the sustained growth of the Group.



Fundamental policy of the Medium-Term Management Plan (2022-2024)

Position of the fundamental policy

A roadmap for planning toward realization of the management vision and contributing to the Sustainable Development Goals (SDGs)

Basic policy

Creating new value and realizing sustainable growth through taking on the challenges of new fields

- 01 Establishing new foundations for growth through development of technologies to lead the digital society
- 02 Contributing to environmental protection and a suitable society through proprietary technologies
- 03 Co-creation of value with multiple stakeholders

Numerical management targets

	Net sales (100 million yen)	Operating profit (100 million yen)	ROE	Dividend payout ratio
Results: FY2021(consolidated)	1,095	132	11.4%	31.0%
Target: FY2024(consolidated)	1,200	135	10% or above	35% or above

Three priority strategies

1 Business enhancement strategies

1 Strategies for strengthening the specialized civil engineering business

Enhancing comprehensive strengths toward further growth

- Creating new pillars through strengthening in the repair and reinforcement fields
- Improving productivity and quality through further use of ICT
- Further development and promotion of technologies to help prevent disasters due to climate change

3 Strategies to strengthen international businesses

Sustained growth toward a level of about 10% of total sales

- Securing business volume through maintenance and growth in existing markets and entering new markets
- Further strengthening of organizational structures through enhancement of human and physical resources
- Building new alliances and further promoting localization

5 Strategies to enhance health and safety

Building a culture of safety linked to sustained growth

- Enhancing safety management activities to put human lives and safety first
- Stimulating health and safety activities to realize work-style reforms
- Promoting online migration of operations to realize swift, accurate communication

2 Strategies for strengthening the construction business

Further growth through enhancing comprehensive adaptive strengths

- Improving quality and reliability thoroughly, from design through renovation
- Strengthening management resources and improving structures, to grow business areas
- Measures targeting high-value-added buildings with high environmental performance, such as zero-emission buildings

4 Strategies for strengthening R&D

Promoting technology development for sustainable growth

- Rebuilding business systems by further promoting DX
- Developing technologies to protect the natural environment
- Strengthening co-creation and promoting accelerated development

2 Management, finance, and investment strategies

1 Management and finance strategies

Establishing a strong financial standing and securing human resources to support corporate growth

- Generating appropriate returns and funds availability through strategic use of funds and CCC improvements
- Realizing forward-looking investment with an eye toward overall optimized allocation of profit and sustained growth
- DX promotion to create a new normal

2 Strategies for investing in growth

Realizing forward-looking investment with an eye toward sustained growth

- Promoting M&A to grow management resources
- Forward-looking investment in R&D and creation of innovative technologies
- Aiming for business continuity and environmental contributions by investing in ESG and the SDGs

3 Sustainability strategies

Actively contributing to social and environmental issues through business activities

- Co-creating the foundations of a sustainable society through advanced construction technologies
- Securing safety and peace of mind in society and realizing a society where everybody can thrive
- Further enhancing responses to climate change and environmental impact reduction
- Promoting human-rights training and awareness

Policy on returns to shareholders

While our basic policy of maintaining stable, sustained dividends from a long-term perspective will continue, we will aim to increase the payout ratio in stages during the period of the medium-term management plan, toward a target of at least 35% by FY2024, the final year of the plan, to share with shareholders the results of growing net income attributable to shareholders.

(Reference) Trend in dividend payout ratio in FY2019-2021

	FY2019	FY2020	FY2021
Dividend payout (yen/per share)	41.0	50.0	54.0
Dividend payout ratio(%)	30.1	30.0	31.0

Message from the Director Responsible for Finance

Establishing measures to improve total corporate value, for perpetual growth

Vice President and Director General Manager, Management Administration Division
Shigeaki Funayama

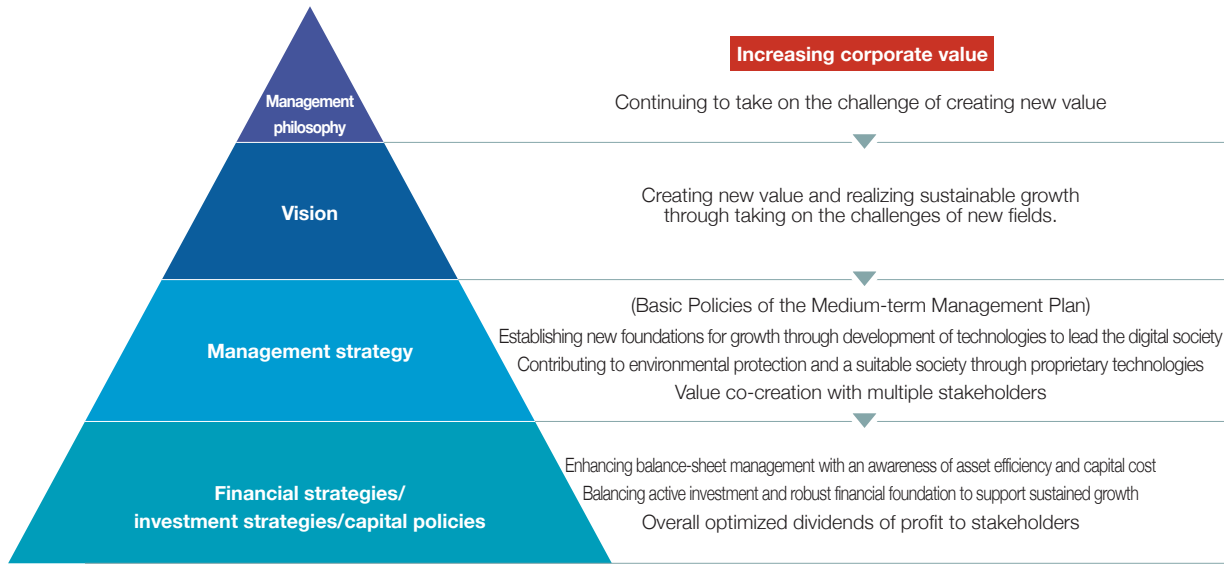


To achieve increased total corporate value, as the new normal in corporate value generated by fusing the paradigms of stakeholder capitalism and shareholder capitalism, we will realize investment and returns optimized overall for business and social value.

Toward sustained corporate growth

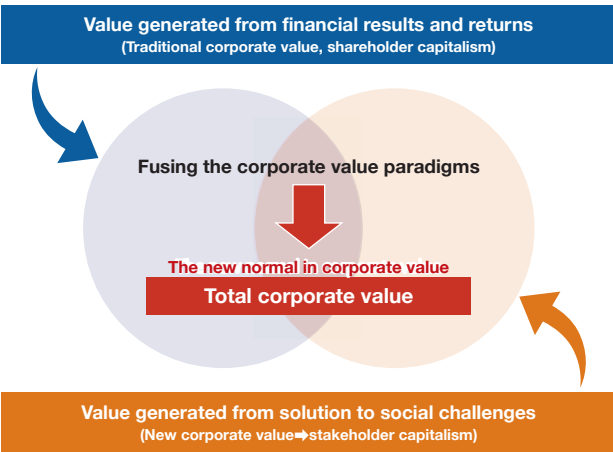
Of course, a company needs to grow. But it needs to grow in various ways, and not simply pursuing numerical targets. This requires consideration of its meaning for existence: its purpose, whom it should benefit, and how it should do so. This is known as purpose-driven management. I believe that the following five steps are essential for the Group to continue to grow as an enterprise needed by society. First, to continue to grow and develop we need to secure and maintain cash flow by continuing to operate in the black. Next, we need to minimize risks and stabilize management. To do so, it is vital to develop business infrastructure to support safe, reliable activities while maintaining a long-term vision.

Third, we need to build, maintain, and strengthen positive relations with all stakeholders. Fourth, we need to establish the corporate brand by improving our evaluation and repatriation in the markets and embodying progress through innovation. Lastly, we need to increase corporate value through means such as increasing business value, social value, and environmental value, and pursuing innovation for reform, as an industry leader. These are the true foundations for achieving the management philosophy and mission and building a sustainable future. Below, I would like to discuss some financial, investment, and capital strategies to realize the above aims.



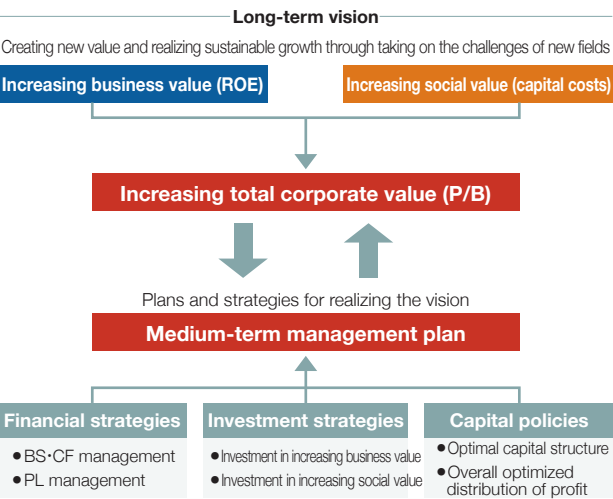
Fusing the corporate value paradigms

I understand well that the values we need to uphold have changed in recent years. Until only recently, a company was judged by the scale of its financial results, how it returned to investors, and their growth potential. But amid progressive globalization, the necessity of efforts to address factors such as the environment, trading partners, and employees, which can be cost factors that put pressure on financial results, has been reconsidered from the perspective of business sustainability. Today, in addition to the traditional elements of financial results and returns, companies need to consider efforts toward sustainable growth as an important part of their corporate value as well. To realize such sustainability, companies need to break away from traditional thinking and make steady efforts toward coexistence and co prosperity with stakeholders. We will pursue total corporate value, a new concept of corporate value that fuses two concepts that may appear to be contradictory at first glance: shareholder capitalism, which seeks to increase corporate value over the short term, and stakeholder capitalism, which aims to realize sustainability as medium- to long-term corporate value.

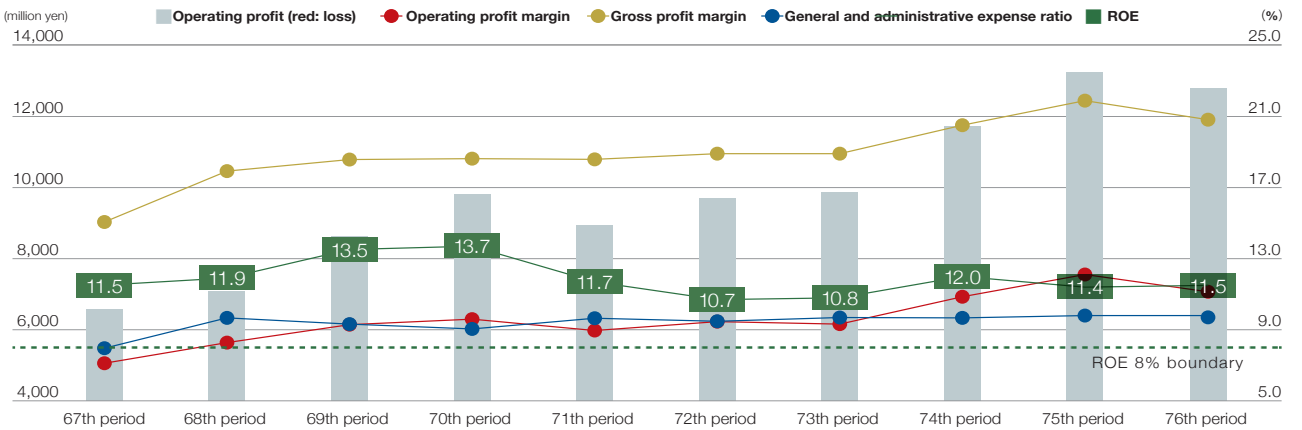


Realizing the long-term vision and increasing total corporate value

I understand that in order to achieve perpetual growth for the company, it is vital both to have a long-term vision and to carry out management to realize this vision. While keeping our eye on our long-term vision of "Creating new value and realizing sustainable growth by taking on challenges in new fields," we will strive to maximize ROE through increasing business value and to minimize risk (capital costs) through increasing social value. By doing so, we will aim to maintain and improve our price/book ratio at a level of one or more, through an orientation toward increasing total corporate value. The Medium-term Management Plan describes how we will achieve this long-term vision over time. Financial sections are establishing financial strategies, investment strategies, and capital policies for doing so.



Trends in profit and ROE



Strategies and cash-flow allocation for achieving the Medium-term Management Plan

While investment of capital in each strategy is based on overall optimized allocation with an awareness of stakeholder capitalism, currently we are addressing investment in growth and enhancement of returns to shareholders as top-priority targets.

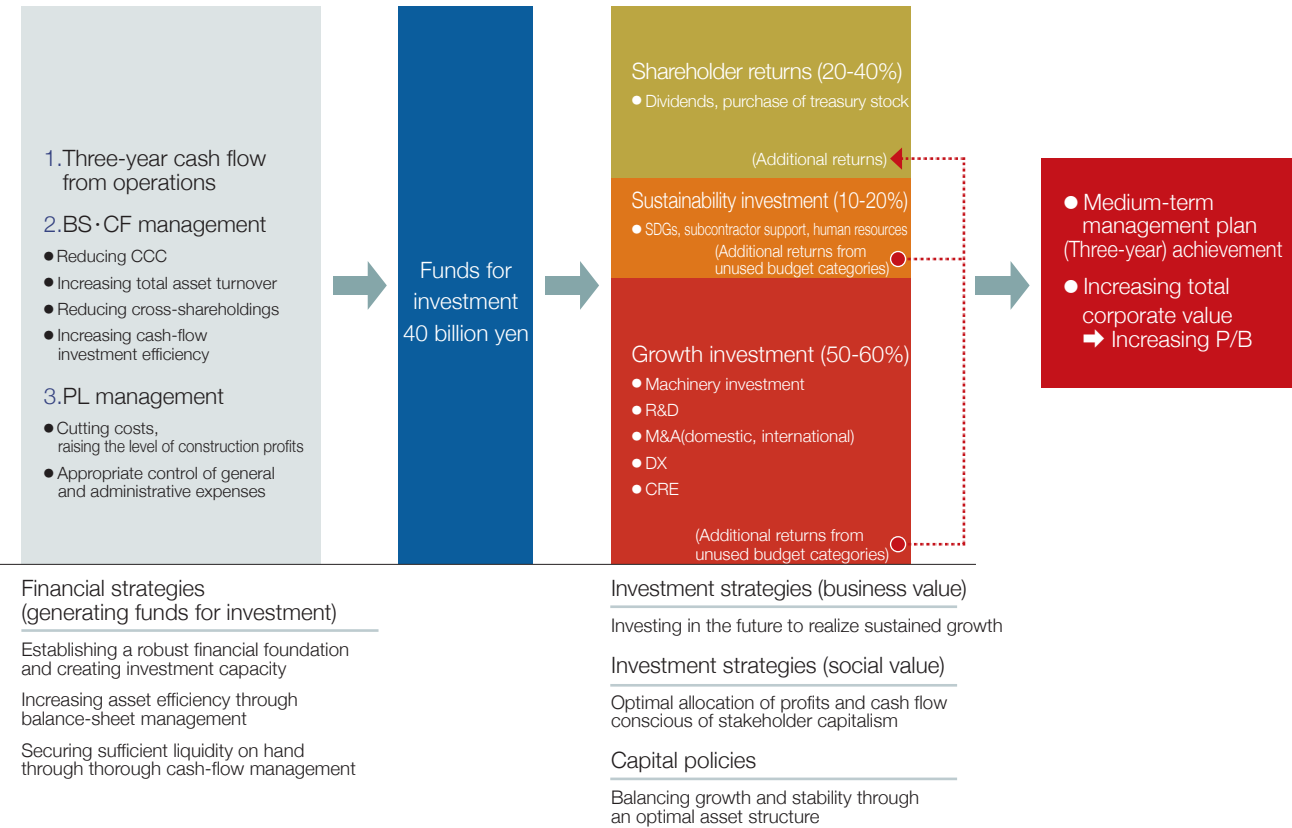
In financial strategies, with a focus on balance-sheet management in particular, we will strive to secure highly efficient cash flow by improving CCC, revising the asset portfolio, and increasing value, to reflect costs in selling prices more efficiently. We also recognize revising cross-shareholdings to be an important topic, and we have adopted a policy of reviewing the importance of holding them, their benefits, and their risks, and reducing their holdings if they are not appropriate in terms of capital costs. Furthermore, in profit/loss management, together with improving construction profits through strategic and efficient operations and cost management, we also will control general and administrative expenses appropriate to raise the level of the operating profit margin further.

We will strive to maximize profit and cash flow by steadily putting the above measures into practice. Our target is to secure funding for the investment of 40 billion yen in three years, including cash on hand. We will invest these funds primarily in investment in growth and shareholder returns, important themes of our investment strategies.

We consider our most important target to be that for investment in growth, and we will invest about one-half of the investment funds in this area. In particular, we will invest actively in M&A and R&D activities, while keeping capital efficiency in mind. The aim is to increase both the top line and profits, and, by extension, to maximize ROE.

We also consider returns to shareholders to be one of the most important management topics. Under a policy of containing stable dividends over the long term, we will increase the consolidated payout ratio in stages, targeting a level of 35% or higher in the final fiscal year of the Medium-term Management Plan. We will make decisions on purchase of treasury stock based on comprehensive consideration of matters such as future business development, investment plans, internal reserve levels, business performance trends, and share prices.

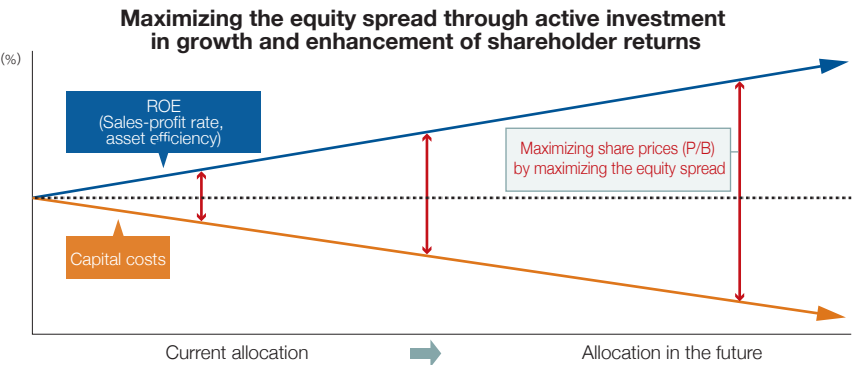
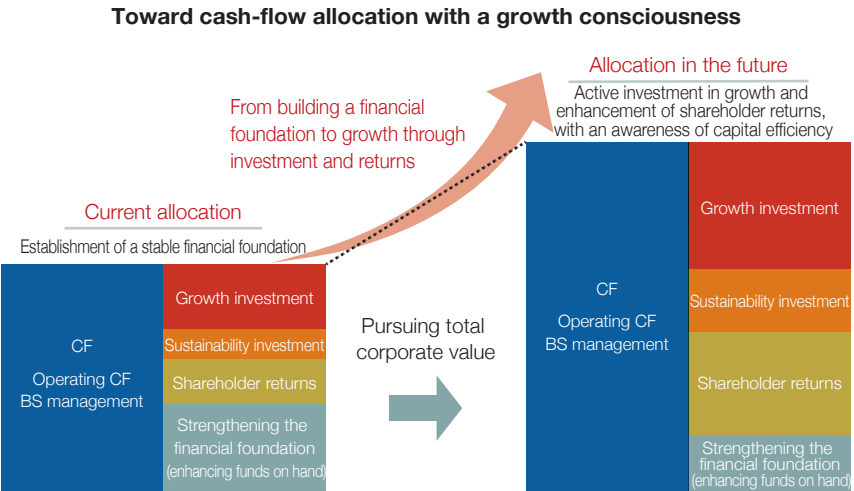
In addition to these capital policies focused mainly on growth and returns, we also will strive to realize sustainability through means including ESG activities and activities in line with our partnership statement. In this way, we will increase corporate value (share prices) and the P/B ratio by maximizing the equity spread through reducing capital costs.



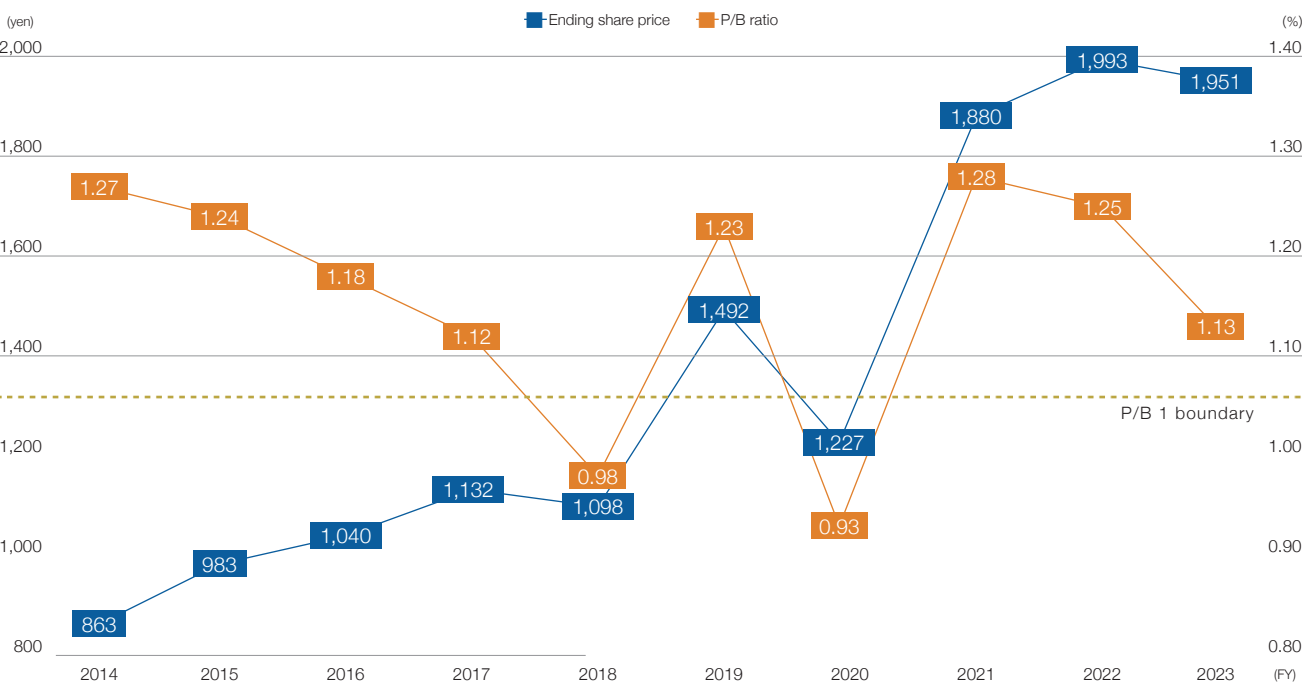
From building a financial foundation to growth through investment and returns

While our policy on cash flow allocation has emphasized building a stable financial foundation to be prepared for the external risks of earthquakes, abnormal weather, and infectious diseases, as noted above we will shift gradually to active investment in growth and enhancement of shareholder returns, to promote increases in total corporate value more strongly.

Together with expanding the scale of our business through active investment in growth and accumulating profits by doing so, we also will strive to increase the absolute value of cash flow through balance-sheet management. In addition, we will allocate more to shareholder returns while also investing this increased cash flow in further growth and in sustainability enhancement. Through this cyclical process, we will aim for steady, perpetual corporate growth.



Trends in share prices and P/B



Section growth strategies

Civil engineering

Increasingly severe natural disasters have become an important societal issue in recent years. In the civil engineering business, the Company aims to build social capital to realize disaster prevention and mitigation while also supplying high quality and safety through our proprietary technologies. In the field of updating aged infrastructure, another important topic in Japan, we are aiming to contribute to society by building safe, reliable infrastructure through the high-quality products that we provide.



Strategies toward realizing the medium-term management plan

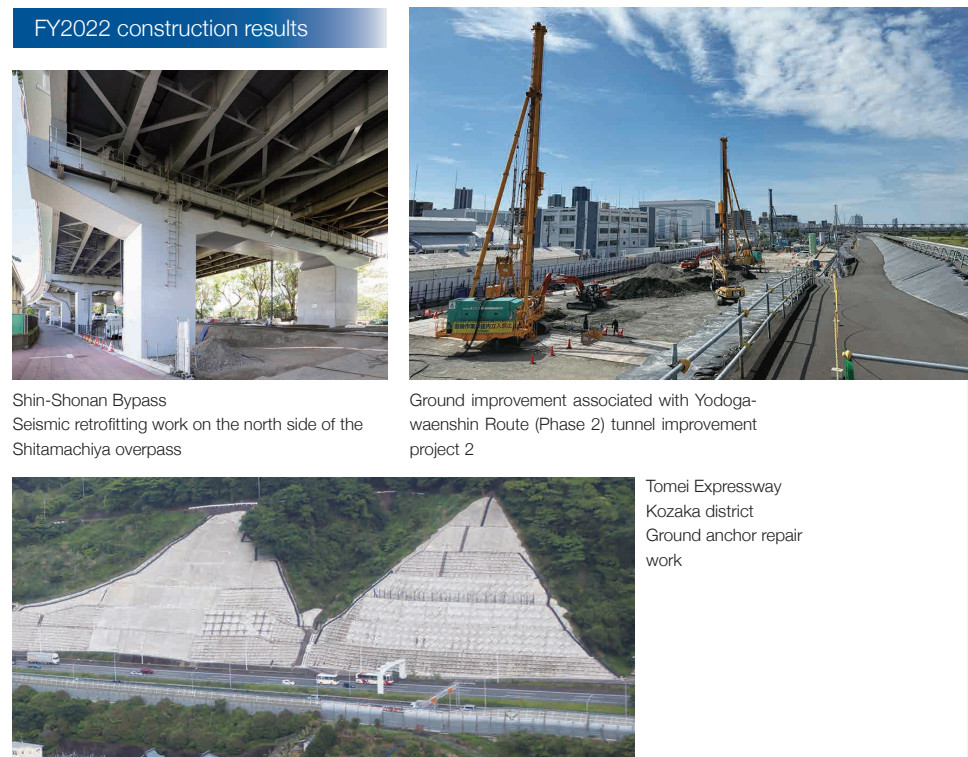
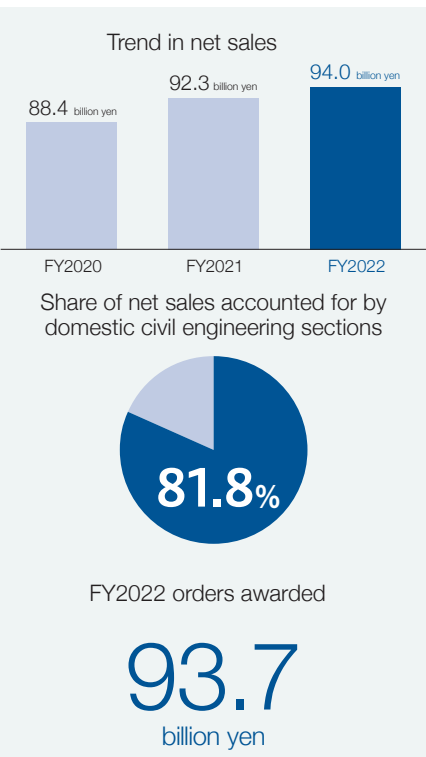
Looking back on FY2022

Under the Raito2024 Medium-term Management Plan launched in FY2022, we verified the efficacy of various types of newly developed machinery and new technologies introduced during the first year of the plan, under the basic policy of "Creating new value and realizing sustainable growth by taking on challenges in new fields." To improve efficiency even more, we carried out repeated improvements with reference to feedback from the field, and these efforts have earned favorable evaluations. We also made progress on development of construction and machinery to save labor, to be ready for anticipated future labor shortages.

In the area of repair and retrofitting work, we were able to achieve substantial results through nationwide deployment of work such as expressway bridge repairs and water tunnel repairs related to electric power.

Results in the first year of the Medium-term Management Plan showed steady progress toward achievement of the Medium-term Management Plan targets, as construction in process increased with steady growth in orders received in the ground improvement and repair and retrofitting fields.

- Aiming for further improvements in productivity, we will accelerate digital transformation (DX) and automated construction efforts to improve productivity, as well as introducing and using technologies to contribute to work-style reforms.
- In the future as well, we will aim for sustained growth through nationwide deployment of repair and retrofitting work as a pillar of our business strategy.
- Since we expect growth in ground improvement work to continue in the future, we will aim for further growth by actively proposing solutions using our proprietary construction methods and utilizing management resources efficiently.
- Securing a workforce for the construction industry in the future is a pressing issue. We will actively promote use of the construction career development system, to promote hiring of young workers and evaluate the abilities of skilled workers.
- Climate change is an issue that all businesses need to address, and we will promote decarbonization efforts on construction sites actively. In particular, we will focus on reducing CO2 emissions from fuel used in construction and strive to control overall emissions.



Building construction

Various kinds of construction work are needed to adapt our living environment to global climate change year by year and other factors. We aim to deliver healthy, reliable residents through various creative efforts in this area. Considering thorough maintenance of safety and quality to be necessary conditions of business continuity, we will aim to realize a sustainable society and increase corporate value by increasing new value for strengthening relations of trust with customers and realizing sustained growth.



Strategies toward realizing the medium-term management plan

Looking back on FY2022

Under the Raito2024 Medium-term Management Plan launched last fiscal year, we are advancing various enhancement strategies under the basic policy of "Further growth through enhancing comprehensive adaptive strengths."

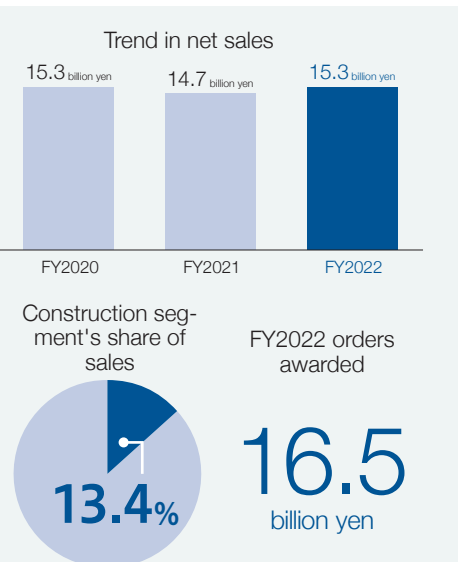
To thoroughly improve quality and reliability, from design through renovation, we are aiming to establish design sections and expand renovation work, and we will continue to promote these efforts so that they will contribute to increasing special-order projects and improving profitability.

In the area of "Strengthening management resources and improving structures to expand business areas," together with strengthening our technological capabilities related to residential construction, one of the Group's strengths, we also are promoting on a Groupwide basis efforts to expand our marketing areas and enhance sales in non-residential fields. In entering the market for public works projects as well, we will aim to secure business volume by continually participating in bidding processes.

In the area of "Measures targeting high-value-added buildings with high environmental performance, such as zero-emission buildings," requests from customers are growing gradually, and we also are actively employing such measures in operation of our own properties.

A look at the performance of the construction business in FY2022 shows that orders awarded exceeded plans, as large-scale projects showed no signs of decreasing despite challenges in earning customers' understanding of rising construction costs due to higher prices of building materials and labor costs. Construction and sales exceeded plans along with steady progress on orders received in the previous period. Gross profit was no higher than planned, due to the higher material costs referred to above.

- Aiming to achieve the fundamental policy "Creating new value and realizing sustainable growth by taking on challenges in new fields" of the new medium-term management plan Raito 2024, we will promote the strategy for strengthening the construction business for enhancing comprehensive strengths toward further growth.
- For growth, we aim to develop structures for expanding business volume and establishing foundations for earnings over the coming three years. We will establish a new design section and actively promote use of building information management (BIM), aiming for sustainable relationships with customers from design and construction through building maintenance and management support and renovation.
- As efforts to increase corporate value further, we will raise awareness of construction for carbon neutrality through proposing energy saving and energy creating buildings through ZEB and zero-emission house (ZEH) accreditation and strengthening our abilities to propose building reuse and recycling.
- We will strive to train attractive human resources with the broad-ranging perspective needed to adapt to difficult environmental changes in the future, as we continue efforts to realize sustainable growth.



Oversea business

We are actively leveraging the wealth of technologies and experience that we have built up in ground improvement and slope work in Japan to contribute to infrastructure improvements and disaster prevention around the world, through business facilities in United States, Vietnam, and Singapore. Over the medium to long term, we will work toward sustained growth of international businesses to reach a level of about 10% of total sales.

Director
General Manager,
Overseas
Business Division

Tomoyuki
Yamane



Results in the previous period and initiatives in this period

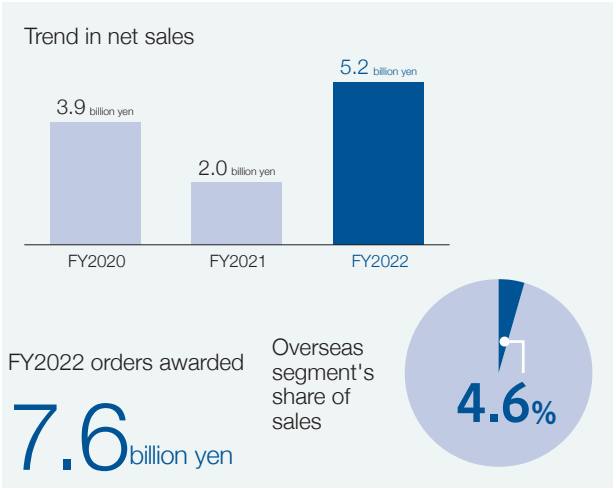
Performance of orders awarded was favorable last year, thanks to growing demand for large-scale projects in both the U.S. and Southeast Asian markets. Specifically, sales grew by 2.6 times from last year, thanks to orders awarded for a shoring wall at the Port of Oakland in California and work related to the Cross-Island Line of the Singapore subway system. We consider growth in the U.S. market to be a topic of utmost importance for future overseas business growth. Currently we are actively promoting efforts to grow our marketing area from the West Coast to include the Gulf Coast as well.

Strategies toward realizing the medium-term management plan

Sustained growth toward a level of about 10% of total sales

■ Together with the maintenance and growth of existing markets in each region (U.S., Vietnam, Singapore), we will strive to secure business volume by entering new markets through expansion of sales areas and types of construction offered. In the U.S., we will aim to enter the markets for ground improvement work and environmental remediation related to energy facilities, while also expanding our marketing area in that market. In Vietnam, in addition to chemical injection and jet grout we will enter the new market for deep-earth mixed treatment.

- To strengthen the organizational structure further through enhancement of human and physical resources, along with increasing hiring of local engineers and technicians, we also will carry out necessary capital investment actively to strengthen the construction structure for growth in business scale.
- To form new alliances and promote localization, we will aim to strengthen sales alliances with local firms to grow our sales network in the U.S. In Singapore, we will strive to improve our cost competitiveness through further promotion of localization of the construction structure by hiring more local technicians.



Research and development

Our R&D segment develops and supplies appropriate technologies with a sense of urgency, based on its wealth of experience, by collecting information on needs from the field and from customers. We also strive to deliver solutions to challenges over the medium to long term, through continual technological development from a multifaceted approach.

Senior Managing Director
General Manager,
Development Division/General
Manager, DX Promotion Office

Koichi Yokota



Looking back on FY2022

Our proprietary technologies mainly cover the fields of machinery development and materials development. Among these, in the area of machinery development we have begun efforts to increase production of machinery to accelerate implementation of completed technologies in the field. To accelerate responses to defects, we will establish a new structure for collecting construction information and begin building systems for integrated collection and management of information from active construction sites across Japan, via the cloud. We believe that construction information collected from machinery can be used to make visible skills that have been complemented by experience through now, to help establish technologies independent of operator skill levels. In materials development, we have made progress in materials improvements with the aim of growing demand further. In recent years, we have been generating results in areas such as adoption on site of materials intended to expand applications of our proprietary construction methods for special ground conditions. We will continue developing materials suited for similar site conditions in the future as well. In addition, we are striving to revise raw-materials structures using substitute materials, to address difficulties in material procurement, due chiefly to recent price hikes. By doing so, we have been able to enhance structures by increasing staffing to meet development demand arising in multiple places simultaneously. Through such initiatives, we will respond swiftly to customer needs. From now on, in addition to supplying high-quality construction generated through improvements to existing technologies, by combining machinery and materials development, we also will take on the challenge of developing new technologies (construction methods) to deliver even better solutions.

Strategies toward realizing the medium-term management plan

Promoting technology development for sustainable growth

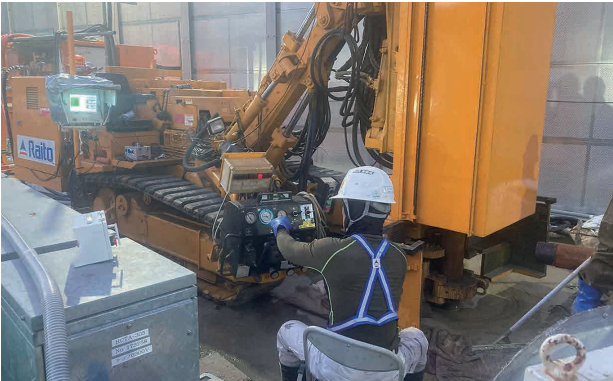
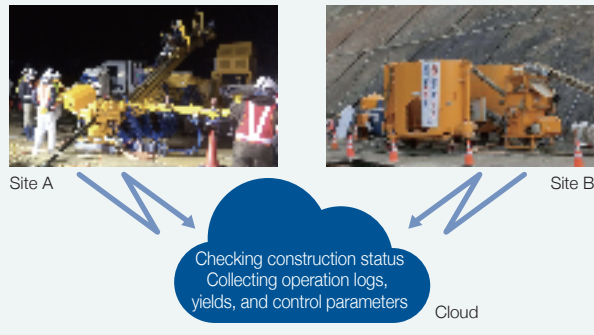
- To further enhance promotion of digital transformation (DX), we will strive to raise overall skill levels through training core human resources in cooperation with related sections and through guidance and support on site. We also will consider method diversification by adopting cordless development tools and other approaches to promote DX at the individual level.
- We will continue development efforts intended to mitigate disasters, which are expected to become more common with the intensification of climate change, to lessen environmental impact through means such as technologies to reduce ground changes and extend the lives of existing facilities, and to help protect the environment.
- We will participate in various construction platforms to continue to secure opportunities for growing partnerships above and beyond existing development structures, as we strive to carry out development based on optimal structures.

Technologies adopted on site



Automatic-Shot R

Automatically collecting data from sites nationwide



ICT mortising management system

FY2022 construction results



Lach Huyen 5 & 6, Vietnam (ground improvement)



North-South Corridor Expressway (Singapore) N105 (ground improvement)



Stockton, California, United States (impermeable wall)



Monitoring slope surface to prevent secondary disasters

On site we use laser and wire instruments to continuously measure and monitor the distance between the original mountain slope and the collapsed slope, watching for any signs of slope collapse. Laser instruments measure distances by pointing lasers at fixed intervals and measuring against mirrors installed on the slope surface. If a distance changes, it is a sign that the mountain has shifted, which could mean that there is a risk of a landslide. We strive to prevent secondary disasters through continual precise monitoring of conditions using these instruments.



Laser measurement instrument



Wire measurement instrument

A social mission for disaster recovery and prevention

The special civil-engineering business, one of our most important businesses, plays important roles in both preventing and recovering from sediment-related disasters. Together with working on disaster recovery work with a sense that it is an important mission of the Company in society, we also strive to make Japan safer and more disaster resilient by using disaster prevention and mitigation technologies to prevent damage before it occurs.

Staff comments

The Hachioji Bypass on National Highway 16 is a very important piece of social infrastructure that serves as a transit lifeline linking important urban areas near Tokyo. While we have brought the bypass's complete closure to an end, the Aihara Interchange onramp remains closed, and this continues to have a major impact on the lives of local residents and road users. To reopen the onramp as soon as possible, we believe it is important to choose safe construction methods and proceed with simultaneous work to make the slope safe soon. Various Company sections are working together toward these goals. Through thorough discussions with the client and customers and continual study and proposal, we are striving to complete the work safely and efficiently using our proprietary special technologies. We consider "Building resilient social infrastructure to support safety and peace of mind" to be an important topic of management, and we will strive diligently to support the safety of local residents and road users by using our technologies.



Kanto Disaster Prevention Branch
Construction Technology Department,
Construction Technology Department No. 5
General Manager
Hiroyuki Hosoya

Customer comments

At this site, we began working on disaster recovery in response to a request from the Ministry of Land, Infrastructure, Transport and Tourism soon after the disaster. Urgent restoration was needed, because the affected spot is an important thoroughfare used by more than 30,000 vehicles per day. We planned optimal allocation of machinery and equipment to the limited construction area, advanced recovery work through various means, and quickly eliminated the traffic blockage on the main road. Currently, we are working with Raito Kogyo on slope restoration work. Since disaster recovery work requires an urgent response, it involves numerous aspects that need to be handled flexibly, since their detailed designs are not yet decided. For this reason, we focus on smooth construction management through close communication with the client and contractors. Since the work inconvenienced local residents by closing the ramp, we installed clear signage and guidance, while also taking steps such as controlling dust during strong winds. While restoration work will continue for a while longer, all of us on site are working hard toward the shared goal of completing the recovery as soon as possible.



Taisei Corporation
R5 Hachioji Bypass Disaster Recovery
Work Site
Foreperson
Kazutoshi Yanase

Staff comments

I think that two of the main concerns on this site were the need to reopen the road quickly and the need for safety during construction work. Everyone on site has worked to address these two concerns from right after the disaster through today. Our construction, marketing, and design sections worked together to consider construction methods to enable swift reopening of the road, propose them to the client and customers, and play a role in safe and efficient construction work. We also meet daily with engineers to consider in detail methods of ensuring safety on site. In preliminary recovery work, we needed to use an 80t rough-terrain crane to spray mortar on the upper layer, but there was no space for bringing the crane onto the onramp site. Accordingly, we first developed a yard by cutting away the base of the slope and fixing it with spray and rock bolts. This provided the room needed to extend the outriggers (legs that support the vehicle during crane work) of the 80t rough-terrain crane. That made it possible to spray mortar on the upper layer. We will continue working to reopen the facility as soon as possible while keeping the site safe.



Construction Technology Manager,
Disaster-Prevention Engineering
Department, Construction Technology
Division
Yuta Zaizen

Contributing to disaster recovery and striving for a resilient national infrastructure and social infrastructure development/recovery

About 70% of Japan's land is covered by mountains and hills, and the distance from high elevations to river mouths is short and steep. This means that rainwater flows quickly from the mountains to the sea. In light of these geographical conditions, Japan occasionally experiences sediment-related disasters caused by heavy rainfall during the rainy season or typhoons. Torrential downpours caused by Typhoon Mawar in June 2023 resulted in more than 300 sediment-related disasters. Raito Kogyo sees disaster recovery as one of its focal missions. We also strive to make the nation more disaster resilient using our disaster prevention and mitigation technologies.

Damage to the Hachioji Bypass due to torrential downpours, and our urgent response

Torrential downpours caused by Typhoon Mawar in June 2023 resulted in a sediment-related disaster in which the slope of the Hachioji Bypass on National Highway 16 collapsed. The slope surface collapsed on an area totaling 46 meters in length. For a time, the section from Yarimizu Interchange to the Sakashita intersection was closed to traffic in both directions. Full closure of National Highway 16, which links important cities in the Tokyo area, caused chaos on nearby streets and greatly impacted logistics, emergency transport, and other aspects of residents' lives. The roads needed to be restored as soon as possible. We went to the site the morning after the disaster to make the collapsed slope safe, and we took emergency preventive measures to avoid further collapse. In these ways, we helped to reopen the interchange to traffic quickly.

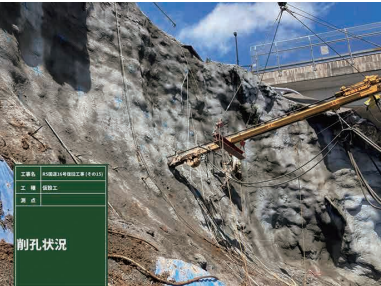


R5 Hachioji Bypass disaster recovery work

We are participating in the Hachioji Bypass disaster recovery project led by Taisei Corporation to restore slope collapse and reopen the Hachioji Bypass as soon as possible. Before beginning full-fledged slope restoration work, we sprayed mortar and installed rock bolts on the collapsed slope areas as part of the preliminary recovery work. This stabilized the slope and prevented secondary disasters caused by further collapse of the damaged slope. Since mortar spraying can be dangerous to workers while unstable clods remain, we used Robo-Shot Type-G to carry it out remotely with suspended sprayers. If workers got on the slope while it is still unstable, they could be at risk from landslides or other dangers. We spray mortar on the slope surface to harden it so that workers can then get on it. Even if the result is not fully stable, it makes it possible for workers to work on the slope, and we installed rock bolts using suspended Sky Drills to prevent the slope surface from collapsing. National Highway 16 connects major cities in the Tokyo area. Since the route reopened in both directions, it has been used by numerous vehicles daily. The earth protection work and slope protection work conducted as emergency disaster recovery construction keeps the road and the work site safe. However, we need to keep in mind the risk of heavier than expected rains due to recent climate change. For this reason, to complete the work safely, we are employing safety structures in work not only on the site but on nearby roads and buildings as well.



Robo-Shot Type-G mortar spraying



Rock bolt work using suspended Sky Drills



Building a housing complex in Fukuoka aiming for ZEH-M certification

In response to global warming, Japan is aiming to achieve carbon neutrality by 2050. The sixth basic energy plan approved by the cabinet in October 2021 aims for residences completed in FY2030 and later to achieve energy-conservation performance under the ZEH standards and for about 60% of all new single-family homes to have solar panels in 2030. These government targets call for promoting ZEH residences that can greatly reduce energy consumption and for realizing carbon neutrality.

Efforts to improve thermal insulation performance

To improve thermal insulation performance, we expanded the scope of use of spray hardened urethane foam as an insulating material and thickened insulating layers, for more efficient walls. We also use composite window frames and double-paned Low-E glass on windows. Double-paned Low-E glass is coated with a Low-E film to retain interior heat. It offers improved thermal insulation performance compared to previous double-paned glass. Through these efforts, we expect thermal insulation performance with a designed UA value of about 0.46.



Spray hardened urethane foam



Composite window frames and double-paned Low-E glass



We also use LED lighting with motion sensors and daytime lighting features, for improved energy-conservation performance. Combining thermal insulation performance and energy-conservation performance in this way is projected to reduce primary energy consumption excluding renewables, etc. by about 41% (at the design stage) from energy-conservation base levels.

Adoption of solar power equipment

Installation of 84 solar panels on the roof, with a total area of about 160 m², and two storage cells, is projected to generate about 32,000 kWh of electricity per year for use in common areas. With this solar power equipment, we expect to reduce primary energy consumption, including renewables, etc., by about 56% (at the design stage) from energy-conservation base levels.



Solar panels



Realizing high energy-conservation performance

Together with thermal insulation, use of energy-efficient high-performance water heaters and air-conditioning helps to realize high energy-conservation performance. Use of heat-recovering water heaters to put waste heat to use in preheating water makes it possible to heat water using less gas than was used by previous models. In addition, high-performance air-conditioner internal motors and exterior units were installed for more efficient energy consumption during air-conditioner use. Furthermore, by installing ventilation equipment with a full heat-exchange design to return heat and humidity to the interior, we reduce energy consumption during air-conditioner use through efficient ventilation of interior and exterior air.

Other facilities

Adoption of home energy-management systems (HEMS) makes the energy use and operating status of home applicants and electrical equipment visible on monitors, tablets, and other devices. This helps residents to ascertain and manage their energy use. We also installed five EV chargers to make it easier for residents to use EVs. There is a coworking space in the common area on the first floor, equipped with furniture and partitions for residents to use for remote work and other activities. We have adopted a facial-recognition security system for unlocking entrance and unit doors as well as opening parcel delivery lockers and operating the elevators.

New construction of the Hakata-ku Katakasu 1-chome Project (tentative name)

In this way, ZEH standards are attracting attention as a decarbonisation initiative in the construction segment. After we relocated the Kyushu Branch, we began construction on the new Hakata-ku Katakasu 1-chome Project (tentative name), a project aiming to earn ZEH-M Oriented certification, on its former site. A Net Zero Energy House (ZEH) is one with improved thermal insulation and energy conservation performance as well as solar power and other power-generating features, aiming for a level of roughly zero net annual primary energy consumption. Types of ZEH residences vary by the standards applied. This project aims to earn ZEH-M Oriented certification, intended for condominium complexes of six or more floors. The standards to be satisfied are shown below.

Project name
Hakata-ku Katakasu 1-chome Project (tentative name)
Address
1-28 Katakasu, Hakata-ku, Fukuoka, Fukuoka Prefecture
Main use
Housing complex (67 single-bedroom units with dining rooms and kitchens)
Floors (above ground)
8




ZEH-M Oriented

	Summary	ZEH-M Oriented standards
Thermal insulation performance	A residence with superior thermal insulation performance can reduce energy use for heating and cooling, by making it harder for heat to transfer between the interior and exterior. All units in the complex were required to achieve the standards.	Conformity to enhanced exterior coating standards for all residences in the building (UA value 0.4-0.6 W/m ² K or less, depending on area)
Energy conservation performance	We will decrease greenhouse-gas emissions from energy use by increasing energy efficiency and reducing primary energy consumption. The entire complex, including common areas, is required to achieve the standards.	Reducing primary energy consumption by 20% or more from primary energy consumption under 2016 energy conservation standards for the entire complex, including common areas, not including renewables, etc.
Energy creation	We will use renewable energy for some energy consumption of the entire complex, including common areas. The entire complex, including common areas, is required to achieve the standards for both energy conservation and renewable energy.	N/A

Voice

Staff comments



Construction Business Department,
Construction Business Division
Construction Department II
Kazuki Tsuge

This was my first housing complex project aiming to earn ZEH-M Oriented certification. It is also my first appointment as site representative. I have received considerable support from the head office as I faced numerous new challenges as this project has advanced. To earn ZEH-M Oriented certification, we need to keep records of how we satisfy standards and carry out construction according to plan. This requires more documentation and photographs than an ordinary project. I take care to check to make sure that these are sufficient and correct. We also need to consider more matters when a design change arises. These include whether or not the change concerns a subject related to

ZEH-M Oriented certification and, if so, whether we can compensate in another area. Head office support is invaluable in proceeding through these tasks. The government's basic energy plan and other policies aim for residences completed in FY2030 and later to achieve energy-conservation performance under the ZEH standards. Recognizing the importance of meeting ZEH standards, I feel that my work on this housing complex project intended to satisfy ZEH-M standards will be a valuable experience for the future.



Senior Managing Director
General Manager, Development
Division/General Manager, DX
Promotion Office

Koichi Yokota

Senior Managing Director

Akimasa Nakajima

President

Kazuhiro Akutsu

Outside Director

Takaji Kokusho

Koseki Geotechnics Laboratory
Technical Officer

Junichi Koseki

Fulfilling our role as an industry leader with the mission of building a more resilient national infrastructure

We exchanged opinions from diverse perspectives with people highly experienced in various aspects of the civil engineering field about what Raito Kogyo, as a leader in slope and ground improvement, should do in the future, at a time of environmental and social changes including increasingly severe natural disasters.

Changing impressions since joining the Company

Yokota Today's discussion is among five persons: three highly knowledgeable experts from outside the Company, President Akutsu, and myself. Let's get started. I have a number of topics I would like us to discuss, and I would like to ask each of you to freely give us your frank, unreserved opinions. First of all, I would like to ask you how your impressions of Raito Kogyo have changed since joining the Company. A graduate of the Graduate School of Civil Engineering of the University of Tokyo, Mr. Kokusho serves today as a professor emeritus of Chuo University. You have been a director of the Japan Society of Civil Engineers and the International Society for Soil Mechanics and Geotechnical Engineering in your extensive career as an expert in geotechnical engineering. You joined Raito Kogyo three years ago. Have your impressions of the Company changed?

Kokusho To be honest, I had little interaction with Raito Kogyo before joining it. But since joining, I have learned a lot about its position in society, its organization, finances, working conditions, and other aspects. In doing so, I have come to see that it truly is a leader in special civil engineering, with a focus on slope and ground improvement work. I think that its high profitability is the fruit of its construction experience, technological and mechanical development capabilities, and the marketing abilities and trust it has built up through now.

Yokota Mr. Nakajima is a graduate of the Graduate School of Civil Engineering of Kyoto University. You have served in roles including Director General of the Kyushu Regional Development Bureau in the Ministry of Land, Infrastructure and Transport. What do you think, Mr. Nakajima?

Nakajima I worked for a long time in the public sector, on the customer side of the business. Before joining Raito Kogyo I thought of it as a group of engineers specializing in slope and ground improvement work. Since joining the Company, I have sensed its pride as an industry leader that focuses on capital investment, operating its own R&D Center and developing machinery as well. Not only is it a construction company but it also has the foundations for taking the initiative in research and design.

Yokota Mr. Koseki too is a graduate of the Graduate School of Civil Engineering of the University of Tokyo. After serving as a researcher with what is now the Ministry of Land, Infrastructure and Transport (Public Works Research Institute) and a Professor at the University of Tokyo, you have appointed Technical Officer of the Koseki Geotechnics Laboratory at the Company's R&D Center. Has your impression of the Company changed in the half year since you were appointed?

Koseki Previously my image of Raito Kogyo was that of a company that specializes in ground improvement and slope reinforcement, but since coming here I have learned that it also plays a part in the construction and geo-environmental fields. It seems to have a wealth of knowledge about actual construction, and to be using this knowledge to develop various construction methods.

The importance of construction technologies and civil-engineering technologies

Yokota I would like to start by discussing with all of you the importance of construction technologies and civil-engineering technologies. This year Raito Kogyo marks the 80th anniversary of its founding. President Akutsu, would you begin by reviewing the Company's history through today?

Akutsu Our predecessor was the Kamijo Waterproofing Works, founded in July. Founded mainly to handle waterproofing work on mining tunnels, it developed the waterproofing setting agent Raito Fluid as its first patent. That's where we got our name. The injection method we had used in ground improvement and other work through the 1960s, which was an American method, had proved difficult to adapt to Japan's fragile geology of mixed stratum layers. 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. We then introduced this Soletanche method to Japan in 1971. This method became well-known in Japan as a result of its use in the Takayama shaft section of the Joetsu Shinkansen's Nakayama Tunnel project, which began in August 1974. In this project, still well known today, we fully mobilized the Company's technologies, including the Soletanche method, to complete the project successfully over a period of six years. We have established a position as a leader in special civil engineering by carefully responding to the diverse needs in the field over the years. I believe that our management philosophy of "Continuing to take on the challenge of creating new value" truly expresses the corporate culture of Raito Kogyo.

Yokota Next let's discuss the importance of construction technologies and civil-engineering technologies. What are your thoughts on this subject, Mr. Kokusho?

Kokusho Ground disaster prevention is an important field for Raito Kogyo. While the ground is something we tend to overlook, in fact it is the most important underpinning of society. Ground reinforcement for social infrastructure is the essence of national infrastructure resilience measures. In the future, we can expect it to involve not only improving tangible technologies but also closely integrating intangibles such as disaster prevention and systems for swiftly responding to disasters. Since addressing natural disasters is an important global topic right now, I think that technological development strategies incorporating the perspectives of international markets will be increasingly important in the future.



Nakajima About 20% of the earthquakes of magnitude 6 or above in the world occur in or around Japan. What's more, about 70% of Japan's land is mountainous, while the bulk of its lowlands are on soft ground. This means that the geology of Japan itself is weak against disasters. Civil engineering is vital to ensuring that people can live in safety and peace of mind on this terrain. Although they are not flashy, Raito Kogyo's technologies can be said to be essential, core parts of Japan's infrastructure.

Koseki Through now, I have studied subjects such as addressing ground liquefaction caused by earthquakes. Such measures aim above all not to eliminate all damage but to achieve tenacity and flexibility to limit damage. For this reason, advanced construction and civil-engineering technologies are likely to continue to be in demand in the future.

Yokota You've brought up a very challenging topic. In addressing disasters, it is important to seek out a level based on considerations of the whole, instead of taking extreme measures. This brings me to a related subject: What do you think is most appealing about construction and civil-engineering technologies?

Kokusho Construction technologies and civil-engineering technologies are essential to a sustainable society and safe lives into the future. I would like to communicate to the younger generation more strongly this appeal of technologies with permanence.

Nakajima As Mr. Kokusho says, I believe that the ability to create assets that will remain as foundations of the society of the future may be the most appealing part of these fields. Japan's climate and geological conditions vary from north to south. I think it is fascinating to employ technologies to build projects through processes that differ one from another.

Koseki Raito Kogyo's specialty of ground disaster prevention and ground environmental technologies are ones that tend to be out of people's direct view. But without these technologies, it is impossible to build a safe, secure society. I think that this way of contributing to society behind the scenes is their greatest appeal.

Akutsu It's true that our work often remains out of sight. But nothing makes us happier than to see how our ground improvement work to prevent liquefaction has prevented damage in an actual earthquake. I think this is an even happier feeling than that we have right after completing a project (laughs). As you say, Mr. Koseki, it's a matter of contributing behind the scenes.

Toward solutions to the construction industry's challenges

Yokota Next, I would like us to move on to the theme of "Toward solutions to the construction industry's challenges." The construction industry faces numerous challenges against the backdrop of Japan's low birth rates, aging society, and shrinking population. Pressing issues among these include the need to address shortages of labor and of successors to key personnel, work-style reforms (including overtime restrictions taking effect in 2024), and efforts to improve productivity through digital transformation (DX). What are your thoughts on these subjects?

Kokusho While I was working at a university, particularly since the 2010s, the number of women desiring to major in construction and civil engineering grew rapidly. After graduating, most of them joined the giant general contractors, where they are still active today. I think this may reflect how interesting it is to build things, and the way it provides a genuine feeling of contributing to society. With reference to this trend, there is a need for further efforts to make the workplace more comfortable for women, and we also need to focus on guidance for specialized fields to make the appeal of special civil-engineering technologies easy to understand. As was noted earlier, although it is not flashy, Raito Kogyo is a leading company with technologies that are of utmost importance for protecting national infrastructure. We need to convey this fact through TV commercials and other advertising and PR efforts.

Nakajima There are limits to what can be done by the private sector alone to increase productivity, whether through automation of construction or DX and other technological development. I think that we should seek out new ways to promote public-private partnerships, with special tax treatment, in infrastructure development.

Kokusho In fact, the volume of documents we need to submit to the government is growing in areas such as safety improvements. This is putting pressure on regular operations. This is a case of putting the cart before the horse, and it is occurring in various fields, not just construction. I think it is extremely important to apply DX technologies steadily in these areas to free up more time for engineers to think about engineering.

What Raito Kogyo needs to be a sustainable company in pursuit of technology

Yokota Let's move on to the subject of what Raito Kogyo needs to do to be a sustainable company that pursues technology even more. What are your thoughts?

Kokusho Don't you think it needs to advance and develop technologies for national resilience in the face of frequent natural disasters and global environmental changes, as well as on-site response technologies focused on swift recovery from disasters? While there is a pressing need to be ready for increasingly severe natural disasters around the world, we need to recognize that this is not only a risk but also directly related to business opportunities for Raito Kogyo.

Nakajima The essential purpose of infrastructure is to demonstrate its functions in use. It also is important to advance active efforts in the area of follow-up management. For this reason, I think the Company should develop 3D databases of research, design, and construction results, ascertain information such as results of inspection by road managers and others after completion of construction, and try to ascertain changing conditions over time. This should lead to new knowledge.

Koseki I think that in the future it will be important to make a wide range of preparations based on medium- to long-term forecasting, instead of simply responding in the short term. To take the initiative in addressing issues such as the aging of social infrastructure and social changes such as the aging population and low birth rates, trial and error will be unavoidable. I think it will be essential to start such efforts in the future.

Yokota Thank you very much. Next, please give us your thoughts on how the Company should develop human resources.

Nakajima Raito Kogyo's core is its collection of specialized engineers. Building up experience on construction sites is one means of maintaining this core strength. At the same time, infrastructure development involves a very large number of related parties, including customers, subcontractors, administrators, and residents. I think in the future even specialized engineers will find their communication abilities tested increasingly.

Koseki I think one topic for the future will be the need to develop workplace environments and related systems to help women and foreign workers to succeed. I think the Company will need to develop systems that are able to respond attentively to various new cases in the future.



Takaji Kokusho
1969: Graduated from the Graduate School of Civil Engineering of the University of Tokyo. 1969: Joined the Central Research Institute of Electric Power Industry. 1996: Appointed a Professor of the Department of Civil Engineering (now Department of Urban Environment) in the Chuo University Faculty of Civil Engineering. 2015: Named professor emeritus of Chuo University (current position). 2Has been an Outside Director of the Company since June 2020.

Yokota Thank you very much. How do you think the Company should pass along technology to continue to grow as a group of specialized engineers? What are your expectations for the Company's engineers?

Kokusho While it goes without saying that passing along Raito Kogyo's specialized technologies to the next generation is of utmost importance to its continued growth, I think it will be essential to provide appropriate compensation to the outstanding human resources who support its construction sites today and to have them assist in developing the younger workforce, to build a corporate structure in which people can succeed regardless of age. There also will be a need for a broader range of interdisciplinary knowledge and experience in the future. For this reason, the Company should build social channels for communicating and exchanging information with a broad range of counterparties from industry, government, and academia. In some cases, Raito Kogyo might need to make proposals to academic societies in its specialty technological fields and provide guidance to contribute to technological development.

Nakajima It is important to understand the vectors of social changes in order to identify future technological courses of action, and to proceed with technological development conscious of Raito Kogyo's position in society. In addition, while success is a result of complex factors, failure can be caused by a single one. For this reason, unsuccessful experiences are easy to understand as teaching materials. It might be a good idea to develop a collection of such cases.

Akutsu Isn't a truly positive flow one of absorbing specialized knowledge and generating expertise based on knowledge rooted in experience? While it is tough to be both a good manager and a good engineer, we must aim to balance both of these responsibilities.

Raito Kogyo's future growth



Akimasa Nakajima
1980: Graduated from the Graduate School of Civil Engineering of Kyoto University. 1980: Joined the Ministry of Construction. Appointed Director General of the Kyushu Regional Development Bureau in the Ministry of Land, Infrastructure and Transport in 2011. 2012: Named Managing Director, Japan Construction Engineers' Association. Has been a Senior Managing Director of the Company since October 2017.

Yokota All of you have cooperated greatly in our efforts through now. What are your thoughts on Raito Kogyo's future growth?

Nakajima What I will continue to focus on in the future is collecting various types of information, on subjects such as public-sector budgets, bidding contracts, new laws and measures, and technology, and then translating it in my own way and providing it to related parties. I will try to leverage my experience on the customer side as a public-sector manager to communicate future administrative developments and concepts while at the same time engaging in sales activities to let those on the public-sector side understand the field better.

Yokota That's very reassuring. What about you, Mr. Koseki?

Koseki Highly specialized engineers need not only to understand the details of technology and utilize it but also to be able to adapt flexibly to various situations. I hope that my knowledge and experience from academic research and university education can help in some way to develop highly specialized engineers.

Yokota Thank you very much. In conclusion, I would like to ask the three of you what kind of company you think Raito Kogyo should be in the future. Let's start with you, Mr. Kokusho.

Kokusho I would like it to aim to play a leading role in society through means such as creating new technological fields and systems while expanding and strengthening its current strength of proprietary expertise, in light of the need for new social infrastructure development and enhancements in respond to changing social and environmental conditions.

Nakajima In the future, I would like the Company to pursue even more diverse business development, as true professionals in areas from research and design through management, instead of focusing on construction alone.

Koseki Raito Kogyo already is an industry leader. While remaining a group of specialized engineers, I would like to see it contribute even more to society, through means such as enhancing its support for the activities of related academic societies. I think this is a true responsibility of an industry leader.

Yokota Speaking with you today gave me a true sense of the high expectations you have for the Company. I hope we will proceed steadily with our eyes on the future, while sticking to the fundamentals. Although I feel a sense of pressure (laughs). Would you like to comment, Mr. Akutsu?

Akutsu One of our most pressing issues is that of securing human resources. Another major issue is that of human-resource development and retention. I would like us to actively hire women and provide them with a place where they can succeed, while also hiring more engineers from overseas. We must be certain to retain our position as the leader in slope and ground improvement in the Japanese market. While the Japanese market is shifting from a period of new infrastructure development to one of maintenance and repair, I see overseas businesses as areas where we can expect considerable future growth. development and capital investment activities. I would appreciate your continued advice from your diverse perspectives and points of view. I would like us to proceed actively with steady technological.

Yokota Thank you very much for your time today.



Junichi Koseki
1987: Graduated from the Graduate School of Civil Engineering of the University of Tokyo. 1994: Earned a PhD (Engineering) from the University of Tokyo. Appointed a Professor in the Graduate School of Production Engineering of the University of Tokyo in 2003. 2022: Named Chairperson, Japanese Geotechnical Society (current position). Has been a Technical Officer of the Company's R&D Center since April 2023.

Sustainability management

Based on our management vision of "Continuing to take on the challenge of creating new value," the Raito Kogyo Group aims to be a group essential to society by contributing to building a sustainable society through solutions to social challenges that reflect our outstanding technologies, construction methods, and services.

As a member of today's society, which faces various issues including international disputes, climate change, and resource depletion, instead of pursuing short-term profit alone we have acted to balance business growth with social contributions through means including environmental protection initiatives conducted through our businesses. To promote these initiatives further, we have established the Basic Sustainability Policy, under which we aim to promote sustainable management and increase corporate value.

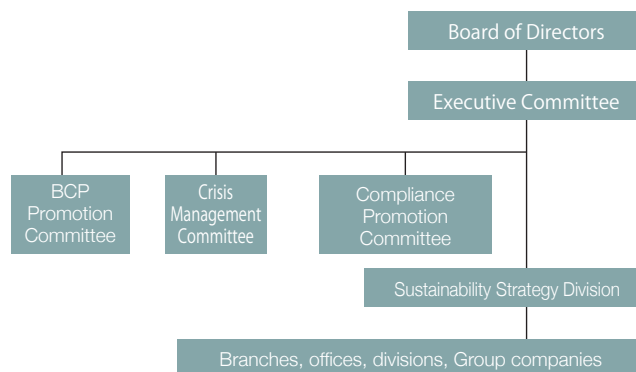
Basic Sustainability Policy

Based on our management vision of "Continuing to take on the challenge of creating new value," Raito Kogyo strives to build disaster-resilient national infrastructure for peace of mind and enriched lives, while maintaining harmony with the environment and society. Fully recognizing the fact that corporate survival is premised on a sustainable society, we will contribute to solutions to society's challenges and sustainable development through our business activities.



Promotion structure

In addition to establishing a Sustainability Strategy Division and drafting and implementing various promotion measures, the Company maintains a promotion structure to ensure the permeation of sustainability initiatives in the Group, share information, and check on progress. Together with deliberation and decisions on matters such as basic policies and priorities on sustainability in the Executive Committee, a decision-making body for business execution, this structure includes reporting to the Board of Directors as appropriate to enable proper oversight by the Board.



Fundamental principles of CSR

1. Doing business responsibly as a member of society, while encouraging our employees to raise their awareness of corporate social responsibility and to make responsible decisions on their own volition as to how they should go about everyday production activities.
2. Fulfilling our responsibilities as a global enterprise through proactively contributing to society and protecting the global environment, based on a full understanding of the fact that our survival as a business depends on the existence of a sustainable society.
3. Respecting human rights and fulfilling our accountability obligations by emphasizing opportunities for dialogue with stakeholders in various aspects of our business activities.

Raito Kogyo Group priorities

The Company's management prioritizes sustainability. We have identified as materiality topics our priorities for meeting the expectations of diverse stakeholders and realizing sustained growth together with society.

To make progress toward the 17 goals of the United Nations Sustainable Development Goals (SDGs), we promote business activities by linking Raito Kogyo's materiality topics to the SDGs.

Materiality topic establishment process

STEP 1 Ascertaining and organizing social challenges to be considered

We identified social challenges affecting the Group's businesses over the medium to long term. In doing so, we took into consideration global frameworks, guidelines, etc. on topics such as ESG and the SDGs.

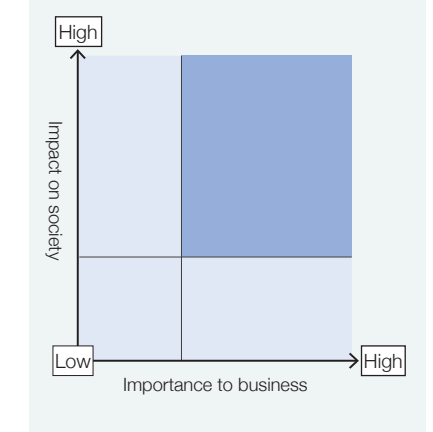
STEP 2 Prioritizing challenges and identifying those with high priority

We mapped the social challenges identified in STEP 1 along the two axes of social impact and business importance and evaluated and organized them by their importance,

STEP 3 Establishing materiality topics

We described six materiality topics after achieving consistency between the social challenges organized above and the Raito 2024 medium-term management plan, while also considering main initiatives in FY2021 and the state of their achievement.

Evaluation of the importance of social challenges



The Raito Kogyo Group's materiality topics

The Company has identified from the various challenges related to its business activities six materiality topics for 2022, as topics that are important to stakeholders while also being important to balancing the Company's sustained growth with solutions to social challenges such as the SDGs.



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

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.

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)				●	●			●	●	●			●			●	●

ESG priorities and initiatives (list)

Raito Kogyo's management emphasizes sustainability. We have identified six materiality topics to enable the Company's sustained growth while meeting the expectations of diverse stakeholders through solutions to social challenges. We will formulate KPIs for business initiatives on each materiality topic and use these in appropriate monitoring and review of our progress.

ESG	The Raito Kogyo Group's materiality topics	SDG category	Measures		Business opportunities, risks opportunities ● risks ●	Main initiatives	KPI
Environment	Building a sustainable society in harmony with the environment	<div> <div>7</div> <div>RENEWABLE ENERGY</div> </div> <div> <div>12</div> <div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div> </div> <div> <div>13</div> <div>CLIMATE ACTION</div> </div> <div> <div>14</div> <div>LIFE BELOW WATER</div> </div> <div> <div>15</div> <div>LIFE ON LAND</div> </div>	Lessening the environmental impact of business activities Eco-friendly technology development		● Increasing opportunities for business growth through development of environmental technologies ● Increased costs due to stricter regulations ● Decreased competitive strength due to delays in responding	● Controlling greenhouse gas emissions ● Controlling industrial waste emissions and promoting recycling ● Development of environmental greening technologies for resource recycling and coexistence with nature ● Development of technologies to reduce industrial wastes ● Soil-pollution countermeasures ● Promotion of green procurement	● Reducing CO2 emissions by construction output (vs. FY2013) ● Construction output of environmental remediation work
	Building strong infrastructure to support safety and security	<div> <div>9</div> <div>INDUSTRIAL INFRASTRUCTURE AND TRANSPORTATION</div> </div> <div> <div>11</div> <div>SUSTAINABLE CITIES AND COMMUNITIES</div> </div>	Contributing to society through disaster recovery Social infrastructure development		● Increasing orders received for disaster recovery and disaster countermeasures work ● Increasing orders received in the markets for social infrastructure upgrades and maintenance ● Business interruption due to a disaster	● Promoting disaster prevention and mediation technologies ● Contributing to recovery and restoration from disasters ● Repairs and reinforcement to extend the life of social infrastructure	● Slope and surface work construction output ● Foundation and ground improvement work construction output ● Repair and reinforcement work construction output
	Securing quality and pursuing technological innovation	<div> <div>11</div> <div>SUSTAINABLE CITIES AND COMMUNITIES</div> </div> <div> <div>12</div> <div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div> </div>	Providing technologies based on the customer's point of view Developing technologies to address issues in the construction business Enhancement of the quality control structure		● Earning greater trust from customers and securing new customers ● Improving productivity through labor-saving technologies ● Strengthening price competitiveness through productivity improvements ● Loss of society's trust and order opportunities, and increased losses due to causes such as reworking, as a result of quality issues	● Labor-saving technological development ● DX promotion ● Horizontal deployment of case studies on quality issues, to prevent similar issues ● Implementation of internal auditing for quality control	● Eliminating serious quality issues ● Applying for 15 or more patents
	Thorough occupational health and safety management	<div> <div>3</div> <div>GOOD HEALTH AND WELL-BEING</div> </div> <div> <div>8</div> <div>DECENT WORK AND ECONOMIC GROWTH</div> </div>	Occupational health and safety management Implementing risk assessment		● Improving productivity by realizing safe and comfortable workplace environments ● Increasing the trust earned from customers and society ● Decreased trust, loss of order opportunities due to on-the-job accidents	● Implementing safety patrols ● Stimulating safety training ● Swiftly and accurately communicating information in the event of an on-the-job accident ● Construction planning utilizing risk assessment	● An incident rate of 0.25 or less ● Eliminating fatalities and serious accidents ● Eliminating serious injuries (disability level 7 or higher)
Social	Development of diverse human resources and realizing attractive, rewarding working environments	<div> <div>5</div> <div>GENDER EQUALITY</div> </div> <div> <div>8</div> <div>DECENT WORK AND ECONOMIC GROWTH</div> </div> <div> <div>10</div> <div>REDUCED INEQUALITIES</div> </div>	Human-resource development and promotion Developing comfortable working environments		● Strengthening the organization by securing and developing capable human resources ● Creation of new value through promoting diversity ● Loss of capable human resources, reduced productivity, ossification of the organization	● Support for earning official qualifications ● Promoting work-style reforms ● Promoting dialogue between management and employees ● Enhancement of employee training at individual levels ● Promoting diverse human resources ● Providing training to prevent harassment	● At least 15 women in management positions ● Percentage of women in engineering positions ● Percentage of work sites closed for eight days every four weeks ● Percentage of men taking childcare leave
	Promotion of respect for human rights and fair business activities	<div> <div>10</div> <div>REDUCED INEQUALITIES</div> </div> <div> <div>16</div> <div>PEACE, JUSTICE AND STRONG INSTITUTIONS</div> </div>	Respect for human rights Compliance promotion Risk management enhancements Enhancement of governance		● Increasing trust from society ● Business continuity and creation of order opportunities through appropriate risk management ● Loss of society's trust due to legal and regulatory violations, etc. ● Loss of society's trust due to human-rights violations ● Interruption and suspension of business activities, and delays in their resumption	● Covering fundamental human rights in the Code of Conduct ● Information security enhancements ● Preparing a communication flowchart as a countermeasure against COVID-19 ● Business continuity plan (BCP) formulation ● Implementing compliance training ● Oversight of anti-corruption policies	● Number of major legal or regulatory violations ● Number of major information security incidents ● Percentage of employees undergoing compliance training



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.

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

Activities implemented

- 1. Implementation and continual improvement of autonomous environmental management
- 2. Development and deployment of eco-friendly technologies
- 3.Environmental contribution through our green infrastructure and soil purification business operations

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
Date of certification	March 20, 2003
Date of certification renewal	October 27, 2023
Expiration date	November 28, 2026
Scope	28. Construction 34. Engineering, R&D
Applicable standard	JIS Q 14001 : 2015 (ISO 14001 : 2015)
Inspection and registration agency	Management System Assessment Center
Scope of certification	Design, construction, and decontamination of civil engineering structures and building
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, Kanto Disaster-Prevention Branch, Kan-Etsu Branch, Chubu Branch, West Japan Branch Office, Chugoku Branch, Kyushu 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.



Initiatives in the construction stage

Use of diesel alternative fuels with low environmental impact

In construction work, the most common fuel used is diesel, as fuel for construction machinery. Diesel accounts for about 80% of the Company's CO2 emissions from energy use. For this reason, we will strive to reduce our CO2 emissions by reducing diesel used in construction through means such as alternative fuels and use of electric construction machinery. GTL fuel is being used as an alternative to diesel. GTL is a compound fuel made from natural gas, which has CO2 emissions 8.5% lower than those of CO2. We are moving forward with adoption of RD fuel, a biomass fuel, for the future. RD fuel is produced from raw materials such as waste cooking oil and animal and vegetable oil. It is an eco-friendly fuel that reduces CO2 emissions by approximately 90% based on life-cycle assessment.

Use of solar power

We are making progress on powering site break areas using solar power. We use solar power for lighting, refrigerators, power outlets, beacons, and other electrical items. The combination of solar with storage units makes it possible to use renewable energy with stability regardless of fluctuations in power generation.



Solar panels combined with storage units



Internal power storage units

Use of a monorail powered by GTL fuel and solar power

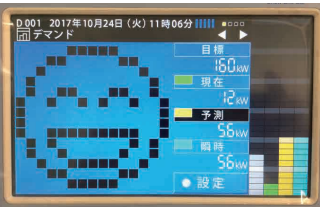
Most temporary monorails installed to transport materials on construction sites are powered by gasoline, but we are reducing CO2 emissions using a monorail designed for diesel fuel powered using GTL fuel. We also have adopted a battery-powered electric monorail, which reduces CO2 emissions by charging the batteries with solar power.



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 FY2022 totaled 404MWh. 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 display panel showing electricity consumption

Overview of the environmental impact of Head Office activities in FY2022

INPUT		OUTPUT	
Electricity	404MWh	CO2 emissions	212.0t-CO2
Gasoline	7,094.8L	General wastes	5.5t
Water	1,390m³	Water	1,390m³
Paper	2,403kg		

*Calculated based on "Emissions Coefficients by Power Producer" (published January 24, 2023) 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. We also use web conferencing for meetings with people outside the company, which reduces CO2 emissions from travel and printing of paper documents, thereby making a significant contribution to reducing our environmental impact.





Disclosure of climate-related information based on the TCFD recommendations

Disclosure of climate-related information based on the TCFD recommendations

In November 2021, the Company announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB) and joined the TCFD Consortium.

To achieve a prosperous, sustainable society in the future, the Group will assist in the realization of a material-cycle society through supporting coexistence between the environment and humans. Accordingly, we are committed to achieving the Sustainable Development Goals (SDGs) in order to contribute to solutions to various social challenges through diverse business activities.

In the future, together with enhancing our initiatives toward solutions

to climate change-related issues and other social challenges, we will proactively disclose information in accordance with the disclosure framework recommended by the TCFD (including governance, strategies, risk management, and indicators and goals related to climate change risks and opportunities).



Governance

We are striving to further enhance our activities to promote initiatives to address climate change and other environmental issues through our business activities, in accordance with TCFD recommendations.

In April 2022, we established the new Sustainability Strategy Division in the Management Planning Division, to promote sustainability initiatives, including responses to climate change, in a manner integrated with management strategies.

Under our climate-change governance structure, the Executive Committee, chaired by the Company President, deliberates on climate change with regard to future management plans and other efforts, and reviews and evaluates the state of related activities. In addition, the Board of Directors receives reports on matters such as the state of activities related to climate change, oversees their progress, and issues instructions on responses.

Risk management

The Company recognizes the importance of properly identifying, assessing, and managing various risks, including those associated with climate change. We aim for sustained increases in corporate value through the maintenance of sound financial and revenue structures and properly managing risks that may arise over the medium to long term, such as those of climate change.

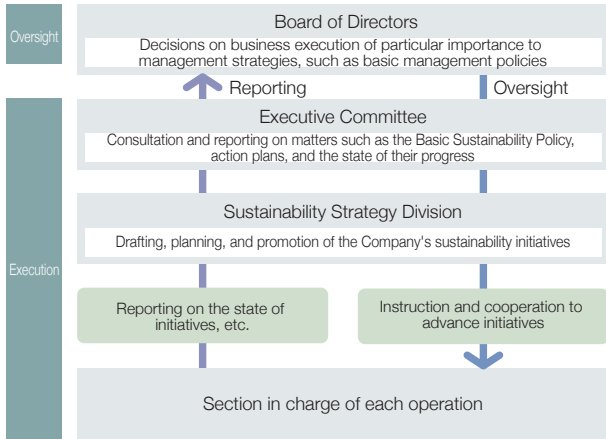
The Sustainability Strategy Division, which is in charge of matters related to climate change, drafts and plans measures related to climate change, including the processes of identification and assessment of the impacts of climate change, structures for managing identified impacts, and structures incorporated into organization-wide risk management. It reports and makes proposals to the Executive Committee and promotes companywide responses to climate change. In addition, as necessary Crisis Management Committee receives reports and advice concerning identified impacts of climate change. Its role is to manage the impacts of climate change as part of companywide risk management.

The Executive Committee reviews and assesses the impacts of climate change, and responses to them, reported and proposed. It also engages in deliberation and coordination as appropriate on matters such as formulation of policies and strategies to minimize identified risks and reflecting these in plans, budgets, targets, etc. The state of risk management, and related responses, reviewed and coordinated in the Executive Committee, are reported to the Board of Directors as necessary, together with other agenda items.

The Crisis Management Committee assesses reports and proposals from the section in charge of managing each risk, ascertains risks on a companywide basis, and deliberates on appropriate responses, reporting on these efforts to the Executive Committee. If a report or proposal has been received concerning an impact of climate change, then it similarly decides on appropriate responses from the perspective of companywide risk management.

The Board of Directors receives reports from the Executive Committee on the state of risk management concerning climate change and related responses and carries out related oversight.

Climate-change governance structure



Strategy

Climate change risks and opportunities

Recognizing climate change as an important topic in doing business, the Company identifies the risks and opportunities associated with climate change in its main construction business from short- to long-term perspectives and assesses their impacts. The "Business impact and response" table shows important risks and opportunities associ

ated with climate change as recognized by the Company. From now on, we plan to continue analysis employing the 2 °C scenario and other considerations, estimate the financial impacts of climate change, and consider responses.

Business impact and responses

Item			Impact on business	Response
Transition	Risks	Strengthening of various regulations	• Strengthening of regulations on existing construction machinery due to adoption of restrictions on construction work involving high environmental impacts	• Eliminating/reducing carbon emissions in cooperation with supply chains
		Adoption of carbon tax	• Increased costs due to taxation of CO2 emissions from business activities	• Reducing CO2 emissions during construction and at Company offices, through the use of renewable energy
	Opportunities	Growing demand for energy-conservation and renewable-energy technologies	• Growth in businesses related to renewable energy • Growing demand for ZEB and energy-conservation and technologies due to rising awareness of the need to lessen environmental impact	• Strengthening ability to handle projects related to renewable energy • Strengthening ability to supply high-value-added buildings with outstanding environmental performance
Physical	Risks	Rising average summer temperatures	• Increasing health risks such as heatstroke on construction sites • Increasingly severe shortage of skilled workers due to worsening of working conditions on construction sites	• Saving labor and power, and further increasing productivity, through use of ICT and AI • Improving working conditions on site through work-style reforms and technological innovation
		Increasingly common and severe natural disasters	• Difficulties in procuring supplies, machinery, labor, etc. due to damage to suppliers • Rising risks of damage to structures under construction and work interruptions due to increasing disasters	• Building strong networks with supply chains • Stronger disaster prevention during construction and BCP measures in response to disasters
	Opportunities	Strengthening of national resilience policies	• Growth in infrastructure construction and maintenance and building renovation for purposes of disaster prevention and mitigation and national infrastructure	• Strengthening sales activities for infrastructure construction and improvement businesses

KPIs and goals

Based on its environmental policies, the Company will aim for sustainable development by contributing to environmental solutions through various business activities. We will strive to prevent global warming

- Key performance indicators (KPIs)
- 1. Greenhouse gas emissions (Scopes 1 and 2)
 - 2. Rate of reduction from base year toward the 2030 midterm target
 - 3. CO2 emissions per construction output (intensity)
 - 4. Fuel used in heavy machinery and vehicles
 - 5. Electricity used

Midterm target

Reducing greenhouse gas emissions in FY ending March 2030 by 50% vs. FY ending March 2014

Long-term target

Aiming to eliminate greenhouse gas emissions (i.e., achieve carbon neutrality) in 2050

Greenhouse gas emissions

The Company's GHG (CO2) emissions in FY2022 (ending March 2023) totaled 439,189 t-CO2. This total is broken down below.

Company emissions (Scopes 1 and 2)

Category	Emissions (t-CO2)				
	FY2018	FY2019	FY2020	FY2021	FY2022
Direct emissions (Scope 1) *1	27,005	27,278	25,837	25,285	24,781
Indirect emissions (Scope 2) *2	1,585	1,556	1,451	1,539	1,641
Total	28,590	28,834	27,288	26,824	26,423

*1 Subject: Fossil fuels used at Company construction sites, offices, and machinery centers in Japan. Figures based on the greenhouse gas emissions calculation, reporting, and disclosure program under the Act on Promotion of Global Warming Countermeasures are used for unit calorific value and CO2 emissions coefficients for each fuel.

*2 Subject: Fossil fuels used at Company construction sites, offices, and machinery centers in Japan. Calculated based on the adjusted emissions coefficients of individual electric power companies as stipulated in the Act on Promotion of Global Warming Countermeasures (using emissions coefficients specified in contracts between retail electric power companies and business sites)

on a Groupwide basis through assessment and management of the progress and achievements of environmental conservation activities on five main environmental key performance indicators (KPIs).

Emissions intensity per 100-million-yen construction output in the construction stage

(kg-CO2/100 million yen)

FY2013 (base year)	FY2018	FY2019	FY2020	FY2021	FY2022
51,549*3	33,779	32,576	30,975	28,699	27,756

*3 Calculated using CO2 emissions coefficients from the Japan Federation of Construction Contractors

Upstream through downstream emissions (Scope 3)

Category		Subjects of calculations	Emissions (t-CO2)
			FY2022
Other indirect emissions (Scope3) ※4	Category	1 Resource extraction, manufacture, and transport of products and services purchased *5	341,184
		2 Manufacture and transport of equipment and other capital goods services purchased	10,062
		3 Resource extraction, production, and transport of fuel and energy purchased *2	4,129
		4 Transport and delivery (upstream) *6	4,654
		5 Treatment of wastes emitted by facilities *7	2,027
		6 Employee business travel	367
		7 Worker commuting	109
		8 Operation of lease assets rented	not subject
		9 Transport and delivery (downstream)	not subject
		10 Processing of intermediate products	not subject
		11 Use of products sold *8	50,230
		12 Treatment of products sold upon waste disposal	not subject
		13 Operation of lease assets to be rented	not subject
		14 Operation of franchises	not subject
		15 Operation of investments	not subject
Total			412,766

*4 Using Company nonconsolidated procurement data Calculated by multiplying procurement data figures by intensity. Intensities in the emissions intensity database of calculation of organizational greenhouse gas emissions, etc. throughout the supply chain used.

*5 *6 Main materials refer to building materials such as concrete, cement, and steel frames. Subject: Products and services procured in Japan

*7 Using total wastes emitted from Company job sites in Japan

*8 Calculated by multiplying total floor area of new buildings built by the Company by emissions intensity and building useful life (years)



Development of Eco-friendly technologies

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, etc.
Inorganic	Asphalt fragments, concrete fragments, shell fragments, glass bottle fragments, sludge from water-purification sites, coal cinders, pulp sludge, etc.

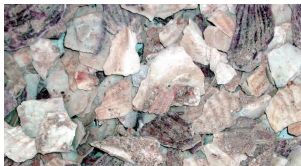
*Put to effective use through the processes of drying, conversion to fertilizer, sieving, or mixing, depending on intended use



Wood from demolition



Lumber from thinning, roots



Shells from aquaculture

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.



Highly degradable short fibers

Construction examples: Greening using pressure plate covers and potted seedlings



Three months after construction

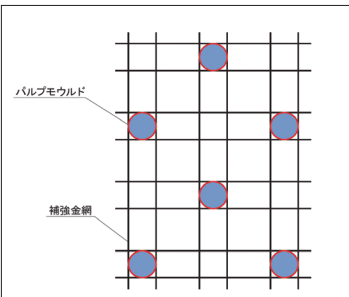


Six years after construction

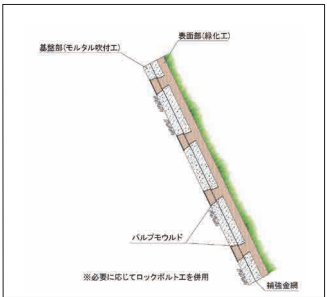
A new slope protection method that can withstand disasters and is easy on the environment

Multiple slope face construction method

This slope protection method is outstanding in terms of both disaster prevention and the environment, fusing highly erosion-resistant mortar spraying with the vegetation method, which is better in terms of scenic considerations. By combining pulp molding and reinforcing metal nets, reinforcement bars, grating cribs, and other features, this method is suitable for a wide range of site conditions and meets the needs to prevent weathering and erosion, to landscape slopes, and to prevent surface-level destruction. It also provides a choice of partial or full landscaping options, in consideration of weeding and other aspects of maintenance and management after the work is complete.



Plane diagram



Cross-section diagram



After completion of the work

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 • In situ bioremediation • Soil gas absorption	All pollutants	• Chemical oxidative decomposition • Hot-soil method • Water lifting aeration • Air sparging • Sealed in situ • Excavation and removal

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 Repair and reinforcement technologies that reduce industrial wastes 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

- 1 Cleaning the sloped surface using water
- 2 Inspection and checking of the surface
- 3 Spraying resin
- 4 Filling gaps
- 5 Spraying the top coat



Spraying resin



Spraying the top coat



Before



After (close-up)



Contributing to society through disaster recovery

Collapse of Aso Ohashi Bridge and restoration of the Choyo Ohashi Bridge Route

In April 2016, a very strong earthquake with a seismic intensity of seven on the Japanese scale caused considerable damage, chiefly in Kumamoto and Oita prefectures. In particular, the main tremor, which struck before dawn on April 16, caused numerous slopes to collapse in the village of Minamiaso, Kumamoto Prefecture. The damage was centered in areas including the Tateno and Kawayo districts and the western and southwestern foothills of Mt. Aso. Aso Ohashi Bridge collapsed due to a massive surface collapse in the Tateno district, cutting off road access to the village of Minamiaso from the city of Kumamoto. While plans had called for using the Choyo Ohashi Bridge Route, which includes Aso Choyo Ohashi Bridge and Toshita Ohashi Bridge and totals about three kilometers in length, as a substitute route, when this route too was damaged by an earthquake quick restoration became a pressing need. Raito Kogyo was involved in the series of projects toward restoration, handling tasks ranging from checking conditions of the damage on site through proposals related to designing response measures, developing construction methods, and managing the construction work. In addition to difficult work conditions unlike any ever experienced before, this project also needed to be completed in a short period, as emergency repair work.

Development of new technologies to prevent secondary disasters

The FY2016 Tateno district external slope work project, which the Company conducted as part of recovery work on the Choyo Ohashi Bridge Route was done on a site where it was extremely difficult to protect the surface while ensuring safety, since the slope was susceptible to earth collapse that posed a risk of secondary damage. Faced with these conditions, the Company concluded that the best solution was to develop a method to balance safety and construction feasibility by adding newly developed technologies to existing ones. In traditional surface protection work, workers spray the surface while protected by lifelines known as rope scaffolding. On this site, however, that method posed a high risk of secondary damage by causing earth collapse. In response, the Company developed the Robo-Shot Type-G method, using new technology based on the concept of conducting spraying work while keeping workers out of the danger zone. This technology made it possible to complete the work safely by spraying from a nozzle system suspended from a crane. In particular, the ability of workers to control the nozzle system remotely by radio greatly improved work processes overall, by reducing the physical burden as well as improving safety. This new technology was improved further to enhance operability and feasibility, and it generated substantial results when used on the FY2016 Toshita district external lower slope work disaster restoration project.



Raito Kogyo was in charge of restoration work on the Choyo Ohashi Bridge Route, including the slopes at Aso Choyo Ohashi and Toshita Ohashi bridges (photo), which had suffered surface collapse.

Restoration from liquefaction caused by the Hokkaido Eastern Iburi Earthquake

The Hokkaido Eastern Iburi 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. 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 cave-ins 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 cave-ins, 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.

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

Raito Kogyo carried 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 used 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 used fluid permeation grouting (infiltration solidification processing) in liquefied layers below groundwater level, to prevent the 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, fluid infiltration 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 being the most suitable approach for the various ground improvement methods involved in this project.



Prevention of liquefaction using the MegaJET method



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



Social infrastructure development

Nichinan Aburatsu Port quay seismic reinforcement work

Aburatsu Port in the city of Nichinan, Miyazaki Prefecture, is a natural harbor located on the scenic coast of Nichinan. Active shipping through the port commenced after the head of the Obi clan excavated a canal during the Edo Period (1603-1868) and, in 1938, a paper mill opened in the Agata area in the port's hinterland, followed by the designation of Aburatsu as a major port in 1952. Steady improvements were made following formulation of a port plan in 1955. They included construction of seawalls and mooring facilities. After the eastern quay opened in 1998, domestic and international container shipping routes using the port were opened. Since then, it has been a logistics base for southern Miyazaki Prefecture.

Highly challenging construction project to install a ground anchor of more than 100 m

Seismic reinforcement work has been underway on Quay No. 10 at Aburatsu Port since 2017. This project is being carried out through the method of seismic reinforcement of a gravity quay wall using a caisson through installation of a ground anchor to control landsliding and displacement in the event of an earthquake. Characteristics of this method are the way in which it realizes results with long-term stability through fully redundant erosion protection using tension materials and the power of pre-stressing to connect the tip of the caisson with the ground, as well as its low environmental impact. Another distinctive feature is how it makes it possible to carry out construction work while the port facility is still in use, due to the construction yard surface area being relatively small. Because the site has a deep base layer, the work involved the highly difficult challenge of boring at a depth of approximately 100 meters. Most ground anchors involve depths of around 30 m, and boring at 50 m is normally considered quite deep. There are few examples in Japan of boring at deeper than 100 m. In fact, the task is so rare that the software normally used to design anchors was incompatible with the depth of more than 100 m. Since the ground anchors are installed at 1.9 m intervals, this required high-precision boring to avoid interference with neighboring anchors. Another important issue was the need to reliably verify that the base layer had been reached.

Developing a new borer to realize stable boring

As a solution to this difficult challenge, we developed the new TSD-300 Megatitan borer, one of the largest rotary-percussion drills in Japan, with a maximum boring length of 120 m. Its maximum boring diameter of 330 mm is also the highest in Japan. This borer has high capacity, making it usable not only for anchor work but also for chemical injection and micropile work. This task involved two-layer boring with a casing 216 mm in diameter and an inner rod 135 mm in diameter, ensuring high levels of quality and construction feasibility. Use of the Megatitan in combination with a wide range of existing boring technologies made it possible to realize stable boring in this project to install one of the longest-ever ground anchors.



TSD-300 Megatitan

Bridge-pier seismic retrofitting work between Chigasaki Junction and Chigasaki-Nishi Interchange

As part of our seismic retrofitting work, Raito Kogyo is carrying out seismic retrofitting work on the north side of the Shitamachiya overpass on the Shin-Shonan Bypass in the city of Chigasaki, Kanagawa Prefecture. The Shin-Shonan Bypass is on National Highway 1 that connects the city of Fujisawa with the town of Oiso via the cities of Chigasaki and Hiratsuka. The section between Fujisawa Interchange and Chigasaki Junction is a part of the Ken-O Expressway. It has been in use for more than 30 years since it opened to traffic between Fujisawa Interchange and Chigasaki-Nishi Interchange in 1988. For this reason, we received an order for bridge pier reinforcement and other work to ensure conformity to current seismic standards. We are handling seismic retrofitting of 23 bridge piers between Chigasaki Junction and Chigasaki-Nishi Interchange. This project involves a wide range of construction methods including structural excavation, bridge-pier seismic retrofitting, plate jacking, bridge accessory structure work, support replacement, and recoating and repainting.

Bridge-pier seismic retrofitting work

This work involves assembling reinforcing bars around existing bridge piers and then pouring concrete into the surrounding formwork. An integrated structure of strong concrete surrounding the bridge pier makes it more earthquake resistant. Since the foundations of a bridge pier are embedded deep in the ground, this work requires excavating around the perimeter to expose the foundation. The excavation work needs to proceed with care as the surrounding earth needs to be shored up and problems such as subsidence on nearby roads need to be prevented.

Plate jacking

This work involves spraying a special mortar called polymer cement mortar after assembling reinforcing bars around the bridge pier perimeter, similar to bridge-pier seismic retrofitting work. Incorporating polymers into the cement helps to prevent cracking by increasing adhesion and strength. Since the thinner polymer cement mortar imparts the same strength as conventional thicker concrete, this method is used on sites that involve space restrictions.

Support replacement

This work involves replacement of aged supports between bridge piers and bridge structures, and those that do not satisfy current seismic standards, while still enabling use of the roadway. Supports are replaced by installing brackets on the bridge piers and using these to jack the girders up by about three millimeters with hydraulic jacks. Then, the existing supports are removed, new ones installed, and the bridge is jacked down and into place to complete the work. This delicate process carried out while the roadway remains in use must be conducted with extreme care.



A finished polymer cement mortar surface



Supports and jacks



Support replacement site

Quality management

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.

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

Ensuring reliable quality

- 1. Development and utilization of advanced construction technologie
- 2. Comprehensive technology management
- 3. 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 plando-check-act (PDCA) cycle.



Registration certificate

ISO 9001certification

Certification No	MSA-QS-200
Date of certification	March 18, 1999
Effective date	October 27, 2023
Expiration date	November 28, 2025
Scope	28 Construction 34 Engineering, R&D
Applicable standard	JIS Q 9001 : 2015 (ISO 9001 : 2015)
Inspection and registration agency	Management System Assessment Center
Scope of certification	Design, construction, and decontamination of civil engineering structures and buildings
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

On November 25, 2022, our work on the Takaogawa Underground Channel Improvement Project won the third Civil Engineering Award in the 2022 Japan Federation of Construction Contractors Awards, presented in a ceremony held at the Okura Tokyo.



The award

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 FY2022

Awarding organization	Award	Recipient
Japan Federation of Construction Contractors Awards	Third Civil Engineering Award in the 2022 Japan Federation of Construction Contractors Awards	Takaogawa Underground Channel Improvement Project
Tokyo Metropolitan Government Bureau of Port and Harbor	FY2022 Bureau of Port and Harbor Outstanding Partner Company	FY2018 Shinsunasuimon (Re-development) Construction Project (2)
Ministry of Land, Infrastructure, Transport and Tourism	Minister of Land, Infrastructure, Transport and Tourism's Award for outstanding construction staff	Company employee
Ministry of Land, Infrastructure, Transport and Tourism Kanto Regional Development Bureau	FY2021 Safety Management Outstanding Sub-contractor Award	Slope treatment work, maintenance and repair work
Ministry of Land, Infrastructure, Transport and Tourism Tohoku Regional Development Bureau	FY2022 Director General's Award for Outstanding Construction	Nishinouchi District Road Improvement Project
Ministry of Land, Infrastructure, Transport and Tourism Hokkaido Regional Development Bureau	FY2022 Subcontractor Awards, Director General's Award	National Highway 238 Wakkanai Higashiura Slope Improvement Work
Ministry of Land, Infrastructure, Transport and Tourism Hokkaido Regional Development Bureau	FY2022 Subcontractor Awards, Director General's Award	Abashirigawa Emergency Work Special Levee Repair Work on the Omagari Right Bank
Ministry of Land, Infrastructure, Transport and Tourism Chubu Regional Development Bureau	FY2022 Related partner company Office General Manager's Award	FY2020 Kisogawa Yoshigasujoryugawa Surface hightide embankment reinforcement work

Digital transformation (DX) initiatives

DX accreditation

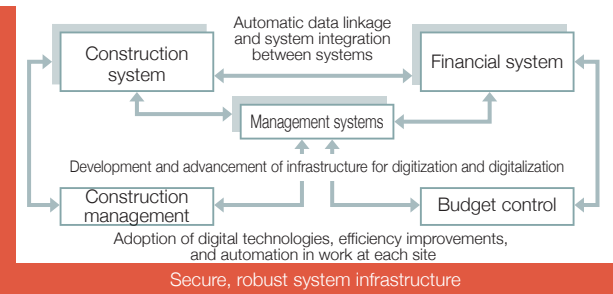
In October 2022, the Company was accredited by the Ministry of Economy, Trade and Industry as a DX accredited business under the ministry's DX accreditation program, for companies that are prepared for DX promotion on the basic points covered in the ministry's Digital Governance Code. This is a result of using digital technologies to improve business efficiency and reform work styles and using DX to advance corporate reforms, in line with the strategy of "Establishing new foundations for growth through development of technologies to lead the digital society" identified in the Raito 2024 medium-term management plan. The internal structure is centered on the DX Promotion Office, which promotes DX projects in various fields through Companywide activities by the DX Promotion Committee in cooperation with the DX units of individual sections. Specific initiatives cover a wide range of activities, including improving work efficiency on site by adopting various IT devices and tools; using sensor-based automatic measurement and photo-management software on construction sites; enabling use by multiple users of data from a single source using a new application; and utilizing knowledge from internal information through development, integration, automation, and application of AI in the backbone system that supports the construction business. We also aim to realize a corporate environment that enables further DX promotion by improving objective evaluation of the DX promotion indicators needed for DX accreditation, through continuing initiatives targeting these indicators. Furthermore, by simultaneously promoting cybersecurity measures, which are important under the Digital Governance Code, we will strive to reduce security risks through business DX.



Backbone system advancement and reforms

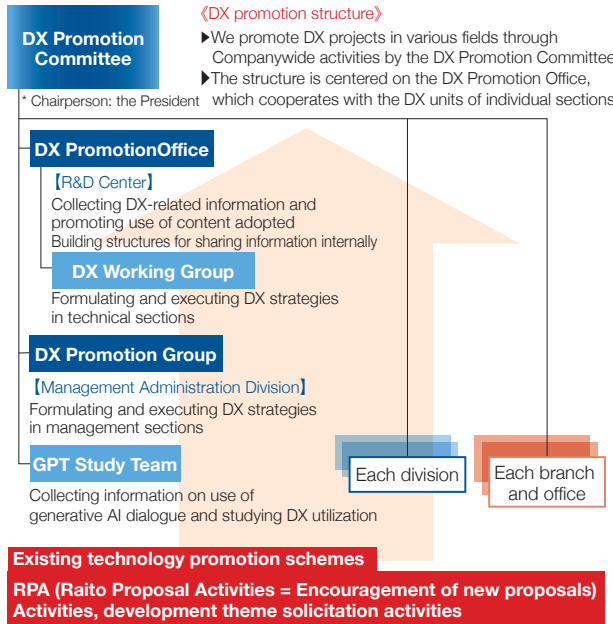
In the backbone system that supports the construction business, we are accelerating the adoption of digital technologies, efficiency improvements, and automation through the development and advancement of management systems based on digitization and digitalization. In addition, through business system improvements we are promoting DX through automatic data linkage and integration among systems, realizing productivity improvements through more efficient business operations as a whole. Furthermore, together with these initiatives we also are advancing measures to maintain highly reliable infrastructure to enable stable, secure system operation.

Backbone system upgrade



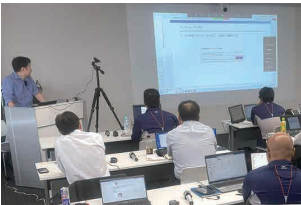
Further promotion of digital transformation (DX)

Our companywide DX promotion efforts are advancing from the introductory stage (DX1.0) to the promotion stage (DX2.0).These efforts clearly are taking root in our businesses as we advance from top-down promotion led by the head office to horizontal deployment in each facility. Furthermore, to ensure that this movement will be permanent, we have appointed promotion personnel to place central roles at individual facilities and hold regular meetings and other activities to share information among facilities. To support and promote these efforts, we are updating and expanding the information in our AI-supported knowledge-management tool and will continue to promote information sharing.

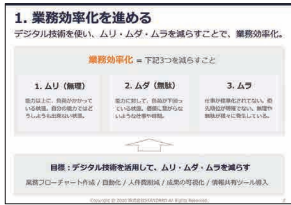


Holding DX Literacy courses and training to improve IT knowledge

In promoting DX, we believe it is important for not just specific sections but all officers and employees to take an interest and be aware of related operations. Accordingly, we hold individualized DX literacy courses through e-learning so that all officers and employees, including management, can understand the background of the need to promote DX and learn and improve the knowledge needed to use DX. We also hold training to improve IT knowledge intended to develop core human resources at each facility, and will continue other activities such as visitation courses to broaden the range of their knowledge.



Training to improve IT knowledge (group training)



e-Learning screen

Safety management

Health and Safety Management Policies

We are aiming to be a safe, trusted company, free of accidents, based on the fundamental principles of respect for human life and "safety first." We also will strive to improve health management and build safe, comfortable workplace environments.

Health and Safety Management Policies

- 1. Aiming to be a safe, trusted company, free of accidents, based on the fundamental principles of respect for human life and "safety first"
- 2. Strictly complying with laws, regulations, official notices, guidelines, internal rules, etc. concerning occupational health and safety
- 3. 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
- 4. 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

Health and safety management and oversight structure

Health and safety committees meet monthly at the Company's head office and each managing branch and branch office, for reporting and deliberation on health and safety activities. Employees are notified of their decisions through the intranet. The Central Health and Safety Committee at the head office is chaired by the General Manager of the Health, Safety, and Environmental Division. Its membership includes members of management and worker representatives. In addition, the Company appoints a Director as the Chief Health and Safety Management Officer, who reports regularly to the Board of Directors on health and safety management policies and plans and the state of related activities.

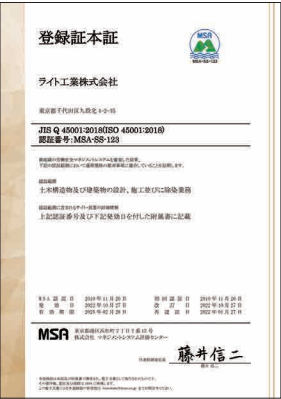
Health and safety education and awareness raising

To increase understanding of health and safety, the Company provides basic health and safety education as part of training provided by the head office for new employees. This is followed up by continuing education through e-learning as well as regular guidance on site, to raise employees' safety awareness. In addition, the intranet provides thorough information concerning matters such as disaster case studies and amendments to occupational health and safety rules, so that the latest information can be checked quickly.



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
Date of certification	November 26, 2010
Date of certification renewal	January 27, 2022
Expiration date	February 26, 2025
Applicable standard	ISO 45001:2018
Inspection and registration agency	Management System Assessment Center
Scope of certification	Design, construction, and decontamination of civil engineering structures and buildings
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

Sharing information on health and safety and preventing reoccurrence

The intranet website has a safety information page where information can be shared to prevent the reoccurrence of incidents. By sharing information on disasters and accidents, this makes it possible to search cases for reference information to help in implementing thorough measures to prevent reoccurrence. Timely posting of information to the safety forum helps to share information on the most recent health and safety topics. We also collect data from daily health and safety patrols and use it in risk assessment.



Safety information page

Safety forum

Health and safety management initiatives

Safety track record

The Company's safety track record shows that, every year, our incident frequency rate remains below the national average *1. In FY2021, the Company's incident frequency rate stood at 0.78*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 1.47
Scope of accreditation (from Ministry of Health, Labour and Welfare, "2022 Occupational Injury Trends Survey")

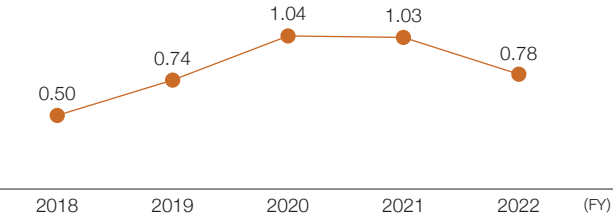
FY2023 numerical health and safety targets

- 1. Maintaining a level of zero fatal accidents and zero serious accidents
- 2. Zero serious accidents (those involving a disability level of 7 or above)
- 3. An incident rate of 0.25 or less
(Decreasing the number of accidents not involving time off by 30% from the previous period)

FY2023 health goals

- 1. Reducing overtime work and ensuring that employees take at least seven days of paid vacation
- 2. Providing health checkups for all employees and checking to make sure that those instructed to undergo follow-up examinations do so
- 3. Enhancing mental health measures at each business facility
* Enhancing the roles of and cooperation with industrial physicians and health supervisors

Trends of incident rates



	Unit	FY2019	FY2020	FY2021	FY2022
Frequency of occupational injuries	—	0.74	1.04	1.03	0.78
Number of times off work due to occupational injuries (not including fatalities)	Case	6	8	8	6
Fatalities involving permanent employees	Case	0	0	0	0
Fatalities involving contracted employees	Case	0	0	0	0
Number of employees undergoing health and safety training	Persons	914	940	943	972
Percentage undergoing stress checks	%	78.2	83.3	81.1	92.1

Management safety patrol

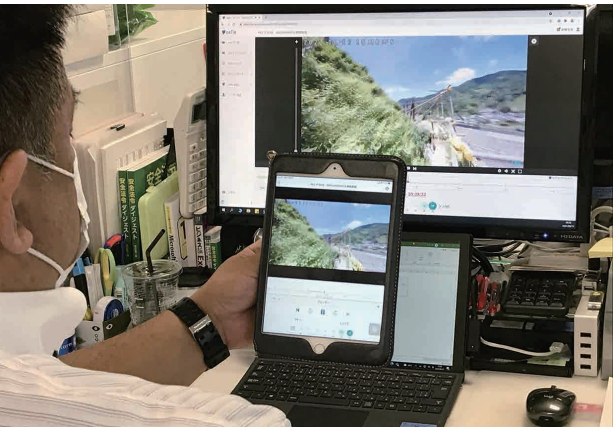
Focusing particularly on special weeks and preparatory periods, such as National Safety Week and National Industrial Safety and Health Week, the Company carries out safety patrols in which members of management check on safety, occupational health, and other matters, year-round. In these patrols, the 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

Implementing health and safety patrols using wearable cameras

As part of our DX efforts, we are promoting the use of wearable cameras on site, to make quantitative and qualitative improvements to work and improve work efficiency. Health and safety patrols using wearable cameras are an experimental effort to patrol sites via computer monitors at the head office, based on images from wearable cameras on site. Wearable cameras also can be used for remote observation of health and safety based on accident and other information, as well as remote guidance for mechanical problems and remote support of quality and construction. They can be used to check construction progress as well.



Health and safety patrol using a wearable camera



Human-resource development and promotion

Enhancing human capital to continue to create new value

Basic thinking

Our human resources are essential to the growth of the Raito Kogyo Group. Over the 80 years since our founding, our human resources have led the industry, regardless of when they were born. Past and present, all of our human resources have built trusting relationships and helped grow the Company by sharing their hopes, complying with rules and regulations, and working together through dialogue. Human resources are key to corporate growth. We will create new value by enhancing the capabilities of each and every individual and linking management strategies to HR strategies. Specifically, we will encourage employee autonomy and activity through more opportunities for direct dialogue with management and stronger investment

in education, among other efforts. We also will develop comfortable working environments and environments that make it easier for people to demonstrate their abilities. Through doing so, we will promote human capital management in which the Company grows together with employees, while maintaining the essence of Raito Kogyo as a company that values people.

Human capital strategy

Basic policy

Securing and developing human resources and improving the working environment for sustainable growth

- HR strategy formulation is based on (i) HR development and (ii) working environment improvements.
- Timely disclosure of the status of measures and other information

1. Hiring policy

In light of Japan's low birth rate and aging population, along with the decreasing number of students interested in the construction industry, securing human resources is becoming a pressing issue. We will review existing hiring activities and strive to secure capable human resources. Key points of specific efforts are reviewed below.

- We will hire employees regardless of business conditions by broadly seeking out promising human resources able to demonstrate their abilities in the construction industry, regardless of the majors they graduated in. We will do so based on education suited to individual majors.
- For female applicants in particular, we will take various opportunities to communicate actively the social importance and appeal of our businesses. With consideration for diversity, we will develop environments where it is easier for women to work.
- In midcareer hiring, we will enhance efforts to secure knowledgeable, skilled, and experienced human resources through means including consideration of adopting job-based programs for some tasks.
- We will consider a program by which the Company helps repay part of the student loans of new graduates who used financial aid, to lessen their economic burdens.

Through these initiatives, we will further enhance our efforts to secure human resources and promote hiring activities.

2. HR development and education

Employee education is one of our focuses, and we particularly emphasize support for earning official qualifications. In addition, from now on we will revise HR development and education policies based on the views of employees and others in the field, as well as providing education when needed in addition to tiered training. In particular, we will enhance education on domains that are the subject of focus in management strategies and focus more on cooperation with outside parties as necessary. Examples of some specific initiatives are provided below.

- We carry out HR exchange with organizations such as the Public Works Research Institute and the Railway Technical Research Institute. We are also conducting joint research with numerous institutions including Kyoto University and Osaka University. In these ways, we support external learning opportunities through cooperation with institutes of higher education with extensive track records.
- As we work to increase the share of overseas businesses to 10% of total net sales, we provide employee support through means such as study abroad and secondment to overseas firms.
- While we already permit employees to work side jobs and second jobs, we will carry out active discussions on how best to connect these to employee growth.

Through these efforts, we will support employee growth and improve organizational competitive strength.

3.Evaluation and transfer

We carry out fair and impartial evaluation based on evaluator training and standard profiles for individual posts. Furthermore, together with thoroughly sharing evaluation standards, we also will enhance the attention paid to matters such as everyday communication and dialogue. In particular, since the grace period on maximum overtime hours will expire in April 2024, we will raise employee awareness by incorporating evaluation items on time management and efficient use of time. In addition, we will support career development and growth for motivated and capable employees through job rotations, including transfer to priority areas under management strategies, based on mutual agreement.

4. Promoting women in the workplace

Currently, while the Company has many women employed in area-specific posts, most men are assigned to general posts. Although the HR system allows employees to change these categories, we need to establish standards for upper-level transfers and increase the understanding and awareness among related parties in order to make the system more effective. Key points of specific efforts are reviewed below.

- We will provide women with opportunities to improve their abilities and skills through taking on more important and challenging work and undergoing leadership and management training.
- Regarding the system for changing job categories, in addition to further raising awareness among superiors and colleagues in addition to women employees, we also will identify and alleviate barriers to such changes.
- To encourage promotion of motivated, capable women to managerial posts, we will identify the number of women managers as a KPI.

Through these efforts, we will promote women's careers further, by supporting their career development, increasing the percentage of women managers, and reducing male-female wage disparities more rapidly.

5. Promoting health management

The Company issued a Health Management Declaration (see p. 53) in October 2022 and strives to maintain and improve the health of all employees. Centered on the Human Resources Department and the General Affairs Department, we have established a project team including industrial physicians and other experts. This team analyzes current health data, identifies any issues, and formulates specific measures to address them. We also actively promote awareness of health management both inside and outside the organization. Furthermore, in addition to aiming to earn certification under the Certified KENKO Investment for Health Outstanding Organizations Recognition Program and the Kurumin Program, we use regular employee engagement surveys and other means to enhance organizational performance overall by improving employees' health and happiness.



Developing comfortable working environments

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. We also have formulated the Raito Kogyo Group Human Rights Policy in accordance with the United Nations Guiding Principles on Business and Human Rights.

Raito Kogyo Group Human Rights Policy

Basic stance on respect for human rights

The Raito Kogyo Group ("Group" hereinafter) identifies its basic thinking and establishes a code of conduct on human rights in the Raito Kogyo Group Code of Conduct. This Policy makes clear the Group's thinking on respect for human rights, based on the United Nations Guiding Principles on Business and Human Rights.

1. Scope

This Policy applies to all Group officers and employees (all employees, including officers, permanent, full-time employees, and seconded and temporary employees). We also encourage suppliers and business partners to support and comply with this Policy.

2. Respect for and conformity with standards, laws, regulations, etc.

Based on the United Nations Guiding Principles on Business and Human Rights, the Group supports and respects international standards on human rights such as the United Nations International Bill of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. We also are a signatory to the United Nations Global Compact and comply with its 10 principles.

We comply with laws, regulations, etc. applicable to the countries and regions in which we do business. In the event of any conflict between internationally recognized human rights standards and the laws, regulations, etc. of individual countries and regions, we make every effort to respect internationally recognized human rights.

3. Respect for human rights

We respect individuals' fundamental human rights and diversity and prohibit discrimination, harassment, and other acts in violation of human rights on grounds such as race, ethnicity, nationality, religion, gender, sexual orientation or identity, age, disability status, social status, and physical properties. We also prohibit and refuse to be involved in various forms of child labor, forced labor, and human trafficking and violations of the human rights of foreign workers and others. If a supplier or business partner has caused a negative effect on human rights, we encourage it not to violate human rights and strive to make improvements.

We respect individuals' fundamental human rights and diversity and prohibit discrimination, harassment, and other acts in violation of human rights on grounds such as race, ethnicity, nationality, religion, gender, sexual orientation or identity, age, disability status, social status, and physical properties. We also prohibit and refuse to be involved in various forms of child labor, forced labor, and human trafficking and violations of the human rights of foreign workers and others.

4. Human rights due diligence

We will establish and implement on an ongoing basis a system for human rights due diligence to fulfill our responsibility to respect human rights. We also will review and improve the system as appropriate. Human rights due diligence includes continual efforts to identify, prevent, and mitigate real or potential negative effects on human rights in business activities and the supply chain.

5. Correction and remediation

When the Group has been found to have caused or contributed to a negative effect on human rights, it will strive to correct and remedy such effect through appropriate means. In addition, if a Group business leads directly to a negative effect on human rights, even if the Group has not contributed to such effect itself, we will strive to prevent or mitigate such effect.

6. Education and training

To enable the firm establishment of this Policy across business activities as a whole, we will reflect its thinking in necessary procedures and provide appropriate education and training to enable all officers and employees to understand this Policy fully.

7. Dialogue and cooperation with stakeholders

We will engage in dialogue and cooperation with related stakeholders regarding any real or potential negative effects on human rights.

8. Disclosure

We will disclose information on efforts to respect human rights based on this Policy periodically.

Kazuhiro Akutsu, President
Established November 1, 2023

Raito Kogyo Mirai Scholarships established

The Raito Kogyo Mirai Scholarships were established using the My Fund program of the Koeki Suishin Kyokai to help young people who need economic assistance to attend college.

They reflect our desire to help broaden young people's hopes and future possibilities in order to train engineers and researchers to develop resilient domestic and international infrastructure as well as human resources to become the IT engineers of the future. The scholarships are provided to young people seeking opportunities for such specialized education. Recipients are under no obligation to repay the scholarships and there are no restrictions regarding post-graduation career paths or employment.

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.

Issuing a Health Management Declaration

We issued a Health Management Declaration in October 2022. We will continue striving to promote health management further in the future as well.

Health Management Declaration

Raito Kogyo considers the health management of its valuable employees to be an important topic of management. It will implement health management to maintain a comfortable workplace environment in which employees can continue to work with vitality while demonstrating their individuality and abilities to the maximum extent in good mental and physical health.

October 1, 2022
Kazuhiro Akutsu, President

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.

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.

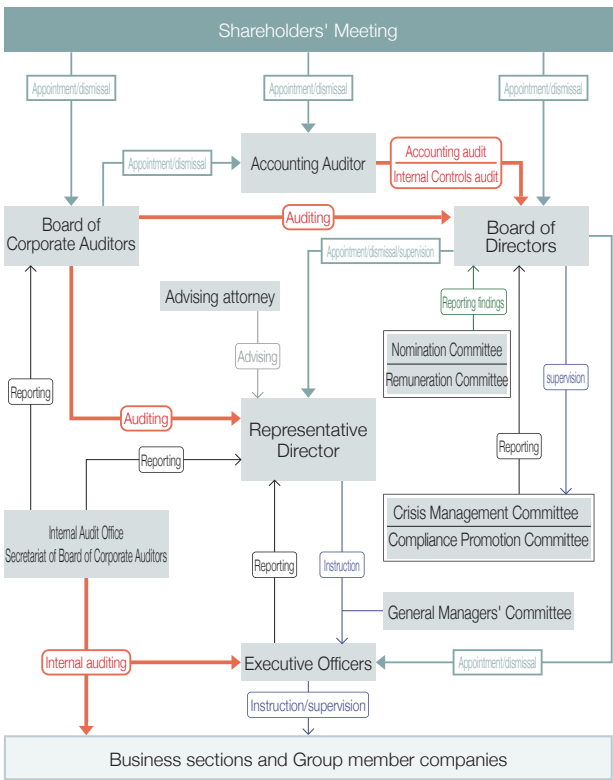
Board of Directors

Raito Kogyo's Board of Directors comprises fifteen Directors (including five 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.

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 man-

Corporate governance structure



agement. 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.

Outside Directors and Outside Corporate Auditors

The Company has five 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 eight Outside Directors are reported to the Tokyo Stock Exchange as independent directors. The Company also concludes contracts with the Outside Directors limiting their liability.

Activities of outside Directors and Outside Corporate Auditors

Name	Position and responsibilities with the Company	Attendance Rate of Board Meeting (Number of times held : 13)	Attendance rate of Audit Committee (Number of times held : 14)	Attendance rate of designated committee meetings (Number of times held : 1)	Attendance rate of the Compensation Committee (Number of times held : 2)
Makoto Shira	Lead Outside Director	100% (13/13)		100% (1/1)	100% (2/2)
Takaji Kokusho	Outside Director	100% (13/13)		100% (1/1)	
Youko Shimizu	Outside Director	100% (13/13)		100% (1/1)	100% (2/2)
Takeshi Nagata	Outside Director	100% (13/13)		100% (1/1)	100% (2/2)
Hiromi Asano	Outside Director	100% (13/13)		100% (1/1)	100% (2/2)
Tokiko Maruno	Outside Corporate Auditor	100% (13/13)	100% (14/14)		
Nobuo Iida	Outside Corporate Auditor	92.3% (12/13)	92.8% (13/14)		
Yasushi Sasaki	Outside Corporate Auditor	100% (9/9)	100% (10/10)		

Attendance in meetings of the Board of Directors, etc.
(April 1, 2022 to March 31, 2023)

* In the attendance rates on the left, the number of meetings held during the term of office is used as the denominator.
* Outside Corporate Auditor Yasushi Sasaki took office June 29, 2022. (The Board of Directors has met nine times and the Audit and Supervisory Board has met 10 times since his appointment.)

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 mediumto 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.

Knowledge, experience, and skills of Directors and Corporate Auditors

To ensure a highly effective Board of Directors, a good balance is maintained in its composition. The board is made up of individuals who come from diverse career backgrounds and have the knowledge, experience, and other characteristics that the directors need

given the business environment in which we operate. In the table below, the fields in which each person has special expertise are marked with a circle.

Skills Matrix (As of June 29, 2023)

Name	Position and responsibilities with the Company	Corporate sales Management strategy	Financial Accounting	Sales Marketing	R&D	Technology/IT	Legal/Compliance/Risk management	Human resources/labor management Human-resource development	ESG Sustainability	Global
Kazuhiro Akutsu	President	◎		○	◎	◎			○	○
Shigeaki Funayama	Vice President General Manager, Management Administration Division Management Administration Division	◎	◎			○	◎	○	○	
Kohei Kawamura	Senior Managing Director General Manager, Health, Safety, and Environmental Division	◎		◎		○	○	◎	○	
Makoto Nishi	Senior Managing Director General Manager, Management Planning Division	◎	○				○	◎	◎	
Akinobu Yamamoto	Senior Managing Director General Manager, Construction Business Division	◎		◎			○	○	○	
Yusuke Murai	Managing Director General Manager, Kanto Branch Office	○		○	○	○		◎	○	
Osamu Kawamoto	Managing Director General Manager, Engineering Marketing Division	◎		◎	○	○	○		○	
Tatsuya Kaneto	Managing Director General Manager, Construction Technology Division	○		◎	◎	◎	○		○	
Tomoyuki Yamane	Director General Manager, Overseas Businesses Division	◎	◎				○	○	○	◎
Yoshinobu Wahira	Director General Manager, West Japan Branch Office	◎		◎		○	○	○		
Makoto Shirai	Lead Outside Director		○				◎		○	
Takaji Kokusho	Outside Director	○			◎	◎			◎	○
Youko Shimizu	Outside Director	◎		○		◎		◎	○	
Takeshi Nagata	Outside Director		◎				○			
Hiromi Asano	Outside Director						◎	◎	◎	
Tsutomu Sato	Corporate Auditor (Standing)		◎				◎	○	◎	
Tokiko Maruno	Outside Corporate Auditor		○				◎	◎	○	
Nobuo Iida	Outside Corporate Auditor	◎	◎	◎			○	○	○	
Yasushi Sasaki	Outside Corporate Auditor	○	○	◎			○	◎	○	

Directors, Corporate Auditors

Directors



President and Representative Director
Kazuhiro Akutsu
Apr. 2013 Managing Executive Officer and General Manager of Kanto Branch Office
June 2015 Director and General Manager of Kanto Branch Office
June 2016 Managing Director and General Manager of Kanto Branch Office
Apr. 2018 Managing Director and General Manager of Sales Engineering Division
Apr. 2019 Managing Director and General Manager of Construction Engineering Division
June 2019 Senior Managing Director and General Manager of Construction Engineering Division
June 2020 President and Representative Director (current position)



Vice President and Director
General Manager,
Management Administration Division
Shigeaki Funayama
May 2009 Advisor of the Company
June 2009 Director in-charge of Finance and Accounts
Apr. 2011 Director and General Manager of Business Administration Department
June 2012 Managing Director and General Manager of Business Administration Department
June 2016 Senior Managing Director and General Manager of Business Administration Department
June 2021 Director and Vice President, and General Manager of Business Administration Division (current position)



Senior Managing Director
General Manager,
Health, Safety, and Environmental Division
Kohei Kawamura
Apr. 2011 Deputy General Manager of Tohoku General Branch Office
Apr. 2013 Executive Officer and General Manager of Tohoku General Branch Office
Apr. 2016 Managing Executive Officer and General Manager of Tohoku General Branch Office
June 2017 Director and General Manager of Tohoku General Branch Office
June 2019 Managing Director and General Manager of Sales Engineering Division
June 2020 Senior Managing Director and General Manager of Sales Engineering Division
April 2023 Senior Managing Director and General Manager of Health, Safety, and Environmental Division (current position)



Senior Managing Director
General Manager,
Management Planning Division
Makoto Nishi
Apr. 2008 Deputy General Manager of Sales Division
Apr. 2009 Executive Officer in-charge of Human Resources and General Affairs
Apr. 2011 Executive Officer and General Manager of Management Planning Division
June 2011 Director and General Manager of Management Planning Division
June 2016 Managing Director and General Manager of Management Planning Division
June 2021 Senior Managing Director and General Manager of Management Planning Division (current position)



Senior Managing Director
General Manager,
Construction Business Division
Akinobu Yamamoto
Apr. 2010 General Manager of Sales, Building Construction Business Department, Construction Business Department
June 2013 Deputy General Manager of Building Construction Business Division
Apr. 2015 Executive Officer and General Manager of Construction Business Division
Apr. 2016 Managing Executive Officer and General Manager of Construction Business Division
June 2018 Director and General Manager of Construction Business Division
June 2020 Managing Director and General Manager of Construction Business Division
June 2023 Senior Managing Director and General Manager of Construction Business Division (current position)



Managing Director
General Manager,
Kanto Branch Office
Yusuke Murai
Apr. 2011 Executive Officer and General Manager of Chubu General Branch Office
Apr. 2013 Executive Officer and General Manager of Nishinoh Branch Office
Apr. 2014 Managing Executive Officer and General Manager of Nishinoh Branch Office
June 2016 Director and General Manager of Nishinoh Branch Office
Apr. 2018 Director and General Manager of Kanto Branch Office
June 2019 Managing Director and General Manager of Kanto Branch Office (current position)



Managing Director
General Manager,
Engineering Marketing Division
Osamu Kawamoto
Apr. 2014 Deputy General Manager of Nishinoh Branch Office, and General Manager of Chugoku Branch
Apr. 2015 Deputy General Manager of Sales Engineering Division
Apr. 2016 Executive Officer and General Manager of Kyushu General Branch Office
Apr. 2018 Managing Executive Officer and General Manager of Kyushu General Branch Office
Apr. 2020 Managing Executive Officer and Deputy General Manager of Construction Engineering Division
June 2020 Director and General Manager of Construction Engineering Division
April 2023 Director and General Manager of Engineering Marketing Division
June 2023 Managing Director and General Manager of Engineering Marketing Division (current position)



Managing Director
General Manager,
Construction Technology Division
Tatsuya Kaneto
Apr. 2007 General Manager of Kobe Sales Office, Osaka Branch
Apr. 2011 General Manager of Construction Engineering Department, Chubu General Branch Office
Apr. 2012 Deputy General Manager of Chubu General Branch Office
Apr. 2013 Executive Officer and General Manager of Chubu General Branch Office
Apr. 2016 Managing Executive Officer and General Manager of Chubu General Branch Office
June 2021 Director and General Manager of Chubu General Branch Office
April 2023 Director and General Manager of Construction Technology Division
June 2023 Managing Director and General Manager of Construction Technology Division (current position)



Director
General Manager,
Overseas Business Division
Satoyuki Yamane
Apr. 2009 General Manager, Business Administration Department
Apr. 2011 General Manager, Management Planning Department, Management Planning Division
Apr. 2013 General Manager of Sales Planning Department, Sales Engineering Division
Apr. 2016 Executive Officer and General Manager of Overseas Business Division
Apr. 2020 Managing Executive Officer and General Manager of Overseas Business Division
June 2022 Director and General Manager of Overseas Business Division (current position)



Director
General Manager, Nishinoh Branch Office
Yoshinobu Wahira
Apr. 1989 Joined the Company
Apr. 2011 General Manager of Sales Engineering Department, Nishinoh Branch Office
Apr. 2012 Deputy General Manager of Nishinoh Branch Office
Apr. 2016 Executive Officer and Deputy General Manager of Nishinoh Branch Office
Apr. 2018 Executive Officer and General Manager of Nishinoh Branch Office
Apr. 2021 Managing Executive Officer and General Manager of Nishinoh Branch Office
June 2023 Director and General Manager of Nishinoh Branch Office (current position)

Outside Directors



Lead Outside Director
Makoto Shirai
Oct. 2003 Registered as an attorney at law
Apr. 2008 Securities and Exchange Inspector of Securities and Exchange Surveillance Division, Kanto Local Finance Bureau, Ministry of Finance Japan
Apr. 2010 Professional Inspector of Inspection Division, the Executive Bureau of Securities and Exchange Surveillance Commission, Financial Services Agency
July 2012 Re-registered as an attorney at law
Partner of KOHWA SOHGOH LAW OFFICES (current position)
June 2016 Outside Director of the Company (current position)
July 2018 Outside Audit & Supervisory Board Member of BIT Point Japan Co., Ltd. (current position)



Outside Director
Takaji Kokusho
Apr. 1969 Joined Central Research Institute of Electric Power Industry
Apr. 1982 Doctor of Engineering of Graduate School of Engineering, the University of Tokyo
Apr. 1985 Part-time Lecturer of Faculty of Engineering in Civil Engineering, the University of Tokyo
Mar. 1996 Technical Advisor of West Japan Engineering Consultants, Inc.
Apr. 1996 Professor of Faculty of Science and Engineering in Civil Engineering, Chuo University
Apr. 2015 Professor Emeritus of Chuo University (current position)
June 2020 Outside Director of the Company (current position)



Outside Director
Hiroko Shimizu
Apr. 1979 Joined FUJITSU
Apr. 2002 Representative Director and President of Fujitsu HR Professionals Limited
Apr. 2007 Chief General Manager of Service Business Division of FUJITSU LIMITED
Aug. 2011 Chief Investigator of National Committee of ISO/IEC JTC1 SC42/WG3 (current position)
Nov. 2015 Executive Officer of TOKYO SYSTEM RESEARCH CORP.
June 2019 Chair of ITES-BPO JIS Drafting Committee
June 2021 Outside Director of the Company (current position)
June 2022 Outside Director of FUKOKU Co., Ltd. (current position)
Sept. 2023 Outside Director (Audit and Supervisory Committee Member) of NITAKA Co., Ltd. (current position)



Outside Director
Takeshi Nagata
Apr. 1977 Joined Sendai Regional Taxation Bureau
July 2009 District Director of Hongo Tax Office
July 2015 Assistant Regional Commissioner of Kanazawa Regional Taxation Bureau
July 2017 Regional Commissioner of Takamatsu Regional Taxation Bureau
Nov. 2019 Registered as a tax accountant
Established Takeshi Nagata Tax Accountant Office
June 2021 Outside Director of the Company (current position)
Mar. 2024 Director of the Japan Sake and Shochu Makers Association (current position)



Outside Director
Hiromi Asano
Apr. 1983 Joined Ministry of Labour
Apr. 2000 Assistant Regional Commissioner of Gunma Labor Bureau, and General Manager of Public Employment Security Office, Ministry of Health, Labour and Welfare
Apr. 2007 General Manager, Supply and Demand Balancing Department, Tokyo Labor Bureau, Ministry of Health, Labour and Welfare
Apr. 2015 Chief Employment Promotion Officer, Public Employment Security Division, Ministry of Health, Labour and Welfare
Mar. 2019 Director-General of Tochigi Labour Bureau, Ministry of Health, Labour and Welfare
Mar. 2021 Retired from Ministry of Health, Labour and Welfare
Apr. 2021 Professor, Graduate School of Business Creation Faculty of Graduate Institute for Entrepreneurial Studies (current position)
June 2021 Outside Director of the Company (current position)

Corporate Auditors



(Full-time) Corporate Auditor
Tsutomu Sato
Apr. 1983 Joined the Company
Apr. 2008 General Manager of Administration Department, Tohoku Branch Office
Apr. 2009 Deputy General Manager of Higashinoh Branch Office (in charge of Management Control)
Apr. 2011 General Manager of Management Planning Division, Human Resources and General Affairs Department
July 2012 Executive Officer, Deputy General Manager of Management Planning Division and General Manager of Human Resources and General Affairs Department
June 2013 Executive Officer, Deputy General Manager of Management Planning Division, General Manager of Human Resources and General Affairs Department and General Manager of Management Planning Department
Apr. 2017 Managing Executive Officer, Deputy General Manager of Management Planning Division, General Manager of Human Resources and General Affairs Department and General Manager of Management Planning Department
Apr. 2019 Managing Executive Officer, Deputy General Manager of Management Planning Division and General Manager of Human Resources Department
June 2023 Full-time Corporate Auditor (current position)



Outside Corporate Auditor
Tokiko Maruno
Oct. 2002 Registered as an attorney at law (55th term, Dai-ichi Tokyo Bar Association)
Idesawa & Partners (current position)
Nov. 2016 Outside Audit & Supervisory Board Member of CHIKISHINBUNSHA CO., LTD. (current position)
June 2017 Outside Audit & Supervisory Board Member of NICHIRYOKU CO., LTD.
June 2019 Outside Audit & Supervisory Board Member of the Company (current position)
Mar. 2022 Audit & Supervisory Board Member of FAN Communications, Inc.
Apr. 2022 Auditor of Association of Healthcare Corporation Kousei-Kai (current position)
Mar. 2023 Outside Director (Audit and Supervisory Committee Member) of FAN Communications, Inc. (current position)



Outside Corporate Auditor
Nobuo Iida
Apr. 1979 Joined The Taiyo Kobe Bank, Limited
Apr. 2008 Executive Officer and General Manager of Osaka-ka-ita Corporate Service Department of Sumitomo Mitsui Banking Corporation
June 2010 Representative Director and President of Yoko Building ME Co., Ltd.
June 2017 Representative Director and President of Yoei Holding Co., Ltd., Representative Director and President of Yoei Co., Ltd.
June 2019 Audit & Supervisory Board Member of KOGANEI CORPORATION (current position)
June 2020 Director and Chairman of Yoei Co., Ltd.
June 2021 Outside Director of TOYOKOSAN-ItD (current position)
Outside Audit & Supervisory Board Member of the Company (current position)



Outside Corporate Auditor
Yasushi Sasaki
Apr. 1985 Joined Nippon Life Insurance Company
Mar. 2016 Manager, General Manager, Market Development Department (Hokkaido), Nippon Life Insurance Company
Mar. 2017 Executive Officer, Deputy General Manager, East Japan Corporate Sales Division, Nippon Life Insurance Company
Mar. 2021 Retired as Executive Officer, Nippon Life Insurance Company
Apr. 2021 President and Representative Director, Aroma Square Co., Ltd. (current position)
June. 2022 Outside Audit & Supervisory Board Member of the Company (current position)



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 Promotion Committee

To promote sound business activities, the Raito Kogyo Group has established the Basic Compliance Policy and the Raito Kogyo Group Code of Conduct and set up the Compliance Committee as a body tasked with checking whether business activities are conducted in line with this Policy and Code.

In addition to monitoring the state of compliance, the Compliance Committee also reports regularly to the Board of Directors on the state of compliance activities, as well as carrying out activities including reviewing related rules and periodic training to promote compliance throughout the entire Group. In addition, the Board of Directors receives reports periodically and at other times as necessary, to carry out oversight of the state of compliance operations Groupwide and implement appropriate responses when needed. There were no compliance violations in FY2021, and no cases such as violations of laws or regulations or payment of fines.

Indicator	Unit	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Antimonopoly/ Legal action in response to anticompetitive acts	Number	0	0	0	0	0
Antimonopoly/ Fines and settlements related to anticompetitive acts	Million yen	0	0	0	0	0
Confirmed cases of corruption	Number	0	0	0	0	0
Fines and settlements related to corruption	Million yen	0	0	0	0	0

Exclusion of anti-social forces

The Raito 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 being responsible for preventing improper demands and an environment has been established to enable timely responses to any such demands.

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.

Internal whistleblowing system

The Group has adopted an internal whistleblowing system, securing independence from management by naming the Corporate Auditors and the legal affairs section as internal contact points. We have also established an external contact point staffed by two attorneys with a high degree of independence from management, as we work to increase the efficacy of the whistleblowing hotline. Furthermore, we have formulated internal whistleblowing management rules to protect whistleblowers by keeping information on them confidential and prohibiting treating them at a disadvantage.

The Group accepts reports of suspected violations of compliance or the Raito Kogyo Group Code of Conduct from not only Group executives and employees but all stakeholders, including employees of business partners.

Policy on anticorruption initiatives

The Group is striving thoroughly to prohibit not only bribery, facilitation payments, kickbacks, excessive gifts and entertainment, and unlawful political donations, but also any and all acts of corruption involving any counterparty, whether engaged in directly or indirectly.

Oversight of anticorruption policies

The Group maintains a compliance structure based on the Basic Policy on Development of Internal Controls Systems. It has established a Compliance Committee chaired by the President and CEO, which reports on its activities as appropriate to the Board of Directors. This committee monitors the state of compliance as well as reviewing related rules and conducting training and other activities to achieve permeation of compliance awareness.



Risk management

Risk management system

The Group has established a Crisis Management Committee independent of the Audit and Supervisory Board, to review various risks. Together with regular monitoring, assessment, and analysis of the status of important risks and providing necessary advice and guidance to individual sections and Group companies, this committee also reports periodically to the Board of Directors on related details.

In addition, the Board of Directors performs oversight functions by receiving reports directly from the Crisis Management Committee and evaluating the state of operation and efficacy of the Group Code of Conduct, risk management rules, and the management structure. Risks subject to evaluation and oversight by the Board of Directors and the Crisis Management Committee include those of legal and regulatory violations as well as environmental and other ESG risks.

Formulation of and thorough compliance with crisis management rules

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.

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.

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, renamed the General Affairs/IP Department and transferred to the R&D Center, which 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.

Preparing a communication flowchart as a countermeasure against COVID-19

We have prepared a communication flowchart for use when employees feel unwell, as a countermeasure against COVID-19. In addition to a chart showing the actions to be taken if an employee is found to feel unwell, organized by symptom, this flowchart also describes the structure for communication of reports of such cases and the flow for communication of positive PCR test results. All employees are being made aware of this flowchart so that it can be put to comprehensive use in order to minimize resulting impacts on business operations.

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

* Briefings on financial results held in FY2023 were conducted in a new venue, reflecting consideration for prevention of COVID-19 transmission, including social distancing, disinfection, ventilation, and temperature-taking in the venue.

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

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 45 shareholders attended the 76th Shareholders' Meeting, held on June 29, 2023 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.

The event included descriptions of the Company's priority businesses, its financial standing, the high level of technological capabilities and other strengths, and matters such as future prospects based on the current statuses of priority businesses. 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.



IR event

Exhibiting at trade shows

We introduce our proprietary technologies and solutions to potential customers and other stakeholders through various trade shows. We introduced our Remote Sky Drill ICT mortising system, which enables higher productivity, at the Advanced Construction, Disaster-Prevention, and Disaster-Mitigation Technologies Fair in Kumamoto 2022.

We exhibited our ICT-JET high-pressure jet grinding management system, which uses ICT to make jet grout visible, and our GNSS Steering System, which integrates a machine guidance system to support operators' concrete-pouring work using a global navigation satellite system (GNSS) with construction management functions, at EE Tohoku '23.



Exhibiting at a trade show

Partnerships with business partners

Partnership Declaration

Aiming to be an attractive company for all stakeholders, the Raito Kogyo Group promotes partnership building aiming for sustained growth with partner companies.

We also support the concept of building sustainable relations between large firms and SMEs to enable their mutual growth, as advocated by the Future Partnership Promotion Council promoted by the Cabinet Office, the Small and Medium Enterprise Agency, and other agencies together with related business associations.



Partnership Declaration

Raito Kogyo will focus on the following measures to build new partnerships by advancing collaboration and coprosperity with our partners, including members of the supply chain and businesses with which we create value.

1. Coprosperity throughout the supply chain and new collaboration extending beyond boundaries such as company size and group

Through encouragement of other partners via direct partners (i.e., from Tier N to Tier N+1), we will strive to increase added value throughout the entire supply chain, while also aiming to build coexistence and coprosperity with partners through collaboration extending above and beyond boundaries such as existing transactions relationships and company size. In doing so, we will support partners through means such as advising on adoption of remote working and business continuity planning (BCP), for purposes such as business continuity after a disaster and work-style reforms.

(Individual items)

Based on the Autonomous Action Plan for Normalization of Transactions with Subcontractors and Proper Order Receipt Activities established by the Japan Federation of Construction Contractors, we will implement appropriate transactions ourselves as well as helping partner companies and others in areas such as raising awareness of appropriate transactions and human-resource development.

2. Compliance with the promotion standards

We will comply with recommended practices for transactions with new businesses and subcontractors (the promotion standards under the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises) and actively strive to rectify any transactions or commercial practices that could impede the building of partnerships with transaction counterparties.

(i) Methods of deciding on prices

We will not make unreasonable demands to lower costs. We will ensure thorough implementation of procedures based on the Construction Industry Compliance Guidelines issued by the Ministry of Land, Infrastructure, Transport and Tourism, to build relations of equality between contractor and subcontractor and to implement fair and transparent transactions.

In concluding contracts, including decisions on transaction prices, in accordance with the Construction Business Act and other applicable laws and regulations we will ensure that subcontracting agreements are concluded in writing (including e-contracts) before beginning the work, to clarify contractual terms and conditions as the contractor and to prevent disputes and rectify any unilaterality. In doing so, we negotiate based on equal standing between contractor and subcontractor and strive to conclude contracts based on conditions acceptable to both sides.

(ii) Payment conditions for notes, etc.

When paying subcontracting proceeds in both cash and notes, we make sure to pay portions corresponding to labor costs in cash, as well as endeavoring to increase the percentage paid in cash in general. In the event of amendment of official notices or other documents on payment in notes, we will revise payment conditions and other matters appropriately.

(iii) Intellectual property and know-how

We refrain from unilaterally demanding the conclusion of nondisclosure agreements or demands such as those for disclosure of know-how or gratis transfer of intellectual property rights based on our positions in transactions.

(iv) Shifting the burden of work-style reforms, etc.

To ensure that counterparties also can promote work-style reforms, we refrain from acts such as demanding short lead times or sudden changes in specifications without covering appropriate costs. In the event of a disaster or similar incident, we employ consideration in areas such as avoiding unilaterally forcing the burden of transactions on subcontractors and continuing transaction relationships as much as possible when resuming business operations.

3. Others (optional)

The Group considers initiatives implemented throughout the supply chain to be essential to the fulfillment of our corporate social responsibility. In addition to securing worker health and safety and building comfortable workplace environments, we also engage in fair transactions with suppliers and strive to strengthen relations of trust with our partners in value creation.

May 23, 2022

Raito Kogyo Co., Ltd. President Kazuhiro Akutsu

Initiatives to promote the Construction Career Up System (CCUS)

The Company is actively promoting adoption of the Construction Career Up System (CCUS) as an important system to improve the treatment of skilled workers. The Company has achieved a level of 100% registration of technician information for skilled employees in civil engineering and is promoting CCUS registration of technicians at partner companies as well, so that all those working on construction sites can join the program.

In addition, to collect data on the career histories of technicians in the CCUS program, we are actively installing card readers for construction work in which we are the contractor.

Addressing those not covered by social insurance

The Company thoroughly is promoting coverage by social insurance. For both public- and private-sector construction projects, we demand in principle submittal of written quotes that clearly indicate a breakdown of statutory welfare costs under which all skilled workers can be provided with social insurance coverage. We refuse to conclude contracts with companies that do not provide social insurance coverage, except in certain special situations. The rate of social insurance coverage at partner companies in FY2022 was about 100%.

Health and Safety Federation

We have established the Raito Kogyo Health and Safety Federation to ensure quality and safety in construction work, together with partner companies.

In addition to fostering awareness of and building up knowledge concerning health and safety and working to establish safe work processes and promote health management, this Federation also carries out various activities to build smooth relationships with partner companies.

(i) Health and safety patrols

We carry out periodic joint patrols based on annual plans.

(ii) National health and safety promotion conference

We hold a national health and safety promotion conference during national safety week each year.

(iii) Various types of education and training

We carry out education and training in various locations each year.

Cash payments to partner companies

Since May 2022, we have made all payments related to outsourcing contracts in cash, to build even stronger partnerships with our partner companies. This helps to strengthen the business foundations of partner companies and support their efforts to secure and develop human resources.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	29,605	30,933
Notes receivable, accounts receivable from completed construction contracts and other	43,749	37,928
Electronically recorded monetary claims - operating	5,543	3,454
Securities	1,000	3,999
Costs on construction contracts in progress	1,366	1,501
Merchandise and finished goods	25	16
Raw materials and supplies	597	834
Accounts receivable - other	112	741
Other	2,218	2,114
Allowance for doubtful accounts	(34)	(41)
Total current assets	84,183	81,483
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,411	14,409
Accumulated depreciation	(6,095)	(6,578)
Buildings and structures, net	7,316	7,831
Machinery, vehicles, tools, furniture and fixtures	28,955	31,415
Accumulated depreciation	(23,518)	(25,555)
Machinery, vehicles, tools, furniture and fixtures, net	5,437	5,859
Land	11,361	11,361
Leased assets	158	158
Accumulated depreciation	(55)	(77)
Leased assets, net	103	80
Construction in progress	428	599
Total property, plant and equipment	24,647	25,732
Intangible assets		
Goodwill	447	426
Other	255	306
Total intangible assets	703	732
Investments and other assets		
Investment securities	7,152	8,788
Long-term prepaid expenses	84	57
Distressed receivables	6	6
Investment property	382	280
Deferred tax assets	1,448	751
Retirement benefit asset	1,637	2,928
Other	3,048	4,051
Allowance for doubtful accounts	(369)	(364)
Total investments and other assets	13,391	16,499
Total non-current assets	38,741	42,964
Total assets	122,925	124,447

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	12,047	10,524
Electronically recorded obligations - operating	8,527	7,868
Short-term borrowings	1,532	1,438
Income taxes payable	2,393	1,883
Advances received on construction contracts in progress	1,102	1,799
Provision for warranties for completed construction	299	109
Provision for loss on construction contracts	11	205
Accrued expenses	2,961	3,023
Other	7,228	5,356
Total current liabilities	36,105	32,209
Non-current liabilities		
Long-term borrowings	181	62
Long-term accounts payable - other	144	68
Lease liabilities	115	53
Deferred tax liabilities	2	7
Deferred tax liabilities for land revaluation	769	769
Provision for share awards for directors	108	111
Other	60	69
Total non-current liabilities	1,382	1,143
Total liabilities	37,487	33,352
Net assets		
Shareholders' equity		
Share capital	6,119	6,119
Capital surplus	6,447	6,447
Retained earnings	75,792	78,867
Treasury shares	(5,010)	(4,951)
Total shareholders' equity	83,349	86,483
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	866	1,804
Revaluation reserve for land	(1,120)	(1,120)
Foreign currency translation adjustment	1,512	2,217
Remeasurements of defined benefit plans	(103)	805
Total accumulated other comprehensive income	1,154	3,706
Non-controlling interests	933	905
Total net assets	85,437	91,094
Total liabilities and net assets	122,925	124,447

Consolidated Financial Statements

Consolidated Statements of Income

	(Millions of yen)	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales		
Net sales from completed construction contracts	114,636	117,019
Net sales from sideline businesses	338	305
Total net sales	114,974	117,324
Cost of sales		
Cost of sales of completed construction contracts	90,828	93,880
Cost of sales of sideline businesses	229	223
Total cost of sales	91,057	94,104
Gross profit		
Gross profit on completed construction contracts	23,807	23,138
Gross profit on sideline businesses	109	81
Total gross profit	23,916	23,220
Selling, general and administrative expenses	11,131	11,974
Operating profit	12,785	11,245
Non-operating income		
Interest income	25	108
Dividend income	267	145
Royalty income	13	15
Insurance claim income	124	141
Rental income from non-current assets	307	339
Foreign exchange gains	98	130
Share of profit of entities accounted for using equity method	3	—
Other	205	198
Total non-operating income	1,045	1,079
Non-operating expenses		
Interest expenses	50	122
Loss on sale of notes receivable - trade	2	6
Commission expenses	24	12
Guarantee commission	63	64
Rental costs	277	315
Share of loss of entities accounted for using equity method	—	55
Other	101	140
Total non-operating expenses	520	716
Ordinary profit	13,310	11,609
Extraordinary income		
Gain on sale of non-current assets	41	15
Gain on sale of investment securities	0	41
Gain on step acquisitions	229	—
Total extraordinary income	270	56
Extraordinary losses		
Settlement payments	3	—
Loss on sale and retirement of non-current assets	134	4
Extra retirement payments	2	—
Loss on valuation of investment securities	74	—
Total extraordinary losses	214	4
Profit before income taxes	13,366	11,661
Income taxes - current	4,142	3,640
Income taxes - deferred	(186)	(90)
Total income taxes	3,955	3,550
Profit	9,410	8,111
Loss attributable to non-controlling interests	(78)	(69)
Profit attributable to owners of parent	9,489	8,181

Consolidated statements of comprehensive income

	(Millions of yen)	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	9,410	8,111
Other comprehensive income		
Valuation difference on available-for-sale securities	341	937
Foreign currency translation adjustment	(38)	481
Remeasurements of defined benefit plans, net of tax	(468)	909
Share of other comprehensive income of entities accounted for using equity method	234	264
Total other comprehensive income	69	2,592
Comprehensive income	9,480	10,703
Comprehensive income attributable to:		
Owners of parent	9,432	10,732
Non-controlling interests	47	(28)

Consolidated Financial Statements

Consolidated Statements of Changes in Net Assets

(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, 2022	6,119	6,358	70,588	(3,411)	79,654	525	(1,120)	1,316	364	1,085	77	80,817
Changes during period												
Dividends of surplus			(2,746)		(2,746)							(2,746)
Profit attributable to owners of parent			9,489		9,489							9,489
Purchase of treasury shares				(3,150)	(3,150)							(3,150)
Cancellation of treasury shares			(1,538)	1,538	—							—
Delivery of Treasury Shares through the Stock Benefit Trust				13	13							13
Change in ownership interest of parent due to transactions with non-controlling interests		89			89							89
Net changes in items other than shareholders' equity						341	—	196	(468)	69	856	925
Total changes during period	—	89	5,203	(1,598)	3,694	341	—	196	(468)	69	856	4,620
Balance at March 31, 2023	6,119	6,447	75,792	(5,010)	83,349	866	(1,120)	1,512	(103)	1,154	933	85,437
Changes during period												
Dividends of surplus			(3,001)		(3,001)							(3,001)
Profit attributable to owners of parent			8,181		8,181							8,181
Purchase of treasury shares				(2,059)	(2,059)							(2,059)
Cancellation of treasury shares			(2,104)	2,104	—							—
Delivery of Treasury Shares through the Stock Benefit Trust				14	14							14
Net changes in items other than shareholders' equity						937	—	704	909	2,551	(28)	2,522
Total changes during period	—	—	3,075	58	3,134	937	—	704	909	2,551	(28)	5,656
Balance at March 31, 2024	6,119	6,447	78,867	(4,951)	86,483	1,804	(1,120)	2,217	805	3,706	905	91,094

Consolidated Statements of Cash Flows

(Millions of yen)		
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	13,366	11,661
Depreciation	2,441	2,843
Amortization of goodwill	—	47
Loss (gain) on sale and retirement of non-current assets	93	(11)
Share of loss (profit) of entities accounted for using equity method	(3)	55
Increase (decrease) in allowance for doubtful accounts	(0)	2
Increase (decrease) in provision for warranties for completed construction	126	(189)
Increase (decrease) in provision for loss on construction contracts	10	194
Decrease (increase) in retirement benefit asset	647	(380)
Increase (decrease) in provision for share awards for directors	1	2
Interest and dividend income	(293)	(253)
Interest expenses	50	122
Loss on sale of notes receivable - trade	2	6
Loss (gain) on sale of investment securities	(0)	(41)
Loss (gain) on valuation of investment securities	74	—
Loss (gain) on step acquisitions	(229)	—
Decrease (increase) in trade receivables	(8,881)	7,975
Decrease (increase) in costs on construction contracts in progress	869	(107)
Decrease (increase) in inventories	83	(213)
Increase (decrease) in trade payables	393	(2,299)
Increase (decrease) in advances received on construction contracts in progress	(1,092)	694
Other, net	1,326	(1,347)
Subtotal	8,987	18,760
Interest and dividends received	293	250
Interest paid	(50)	(122)
Payments for sale of notes receivable - trade	(2)	(6)
Income taxes paid	(4,465)	(4,295)
Net cash provided by (used in) operating activities	4,761	14,586
Cash flows from investing activities		
Proceeds from redemption of securities	1,000	1,000
Purchase of property, plant and equipment	(2,951)	(3,994)
Proceeds from sale of property, plant and equipment	102	16
Purchase of intangible assets	(82)	(114)
Purchase of investment securities	(50)	(230)
Proceeds from sale of investment securities	50	66
Purchase of shares of subsidiaries and associates	(223)	—
Collection of loans receivable from subsidiaries and associates	4	4
Purchase of investment property	(76)	(14)
Proceeds from sale of investment property	2,830	117
Purchase of insurance funds	(481)	(1,417)
Proceeds from maturity of insurance funds	392	301
Other, net	(28)	11
Net cash provided by (used in) investing activities	487	(4,252)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	135	(135)
Repayments of long-term borrowings	—	(67)
Purchase of treasury shares	(3,150)	(2,059)
Repayments of finance lease liabilities	(10)	(69)
Dividends paid	(2,739)	(2,997)
Net cash provided by (used in) financing activities	(5,765)	(5,329)
Effect of exchange rate change on cash and cash equivalents	98	323
Net increase (decrease) in cash and cash equivalents	(417)	5,328
Cash and cash equivalents at beginning of period	30,022	29,605
Cash and cash equivalents at end of period	29,605	34,933

Overview of the Raito Kogyo Group

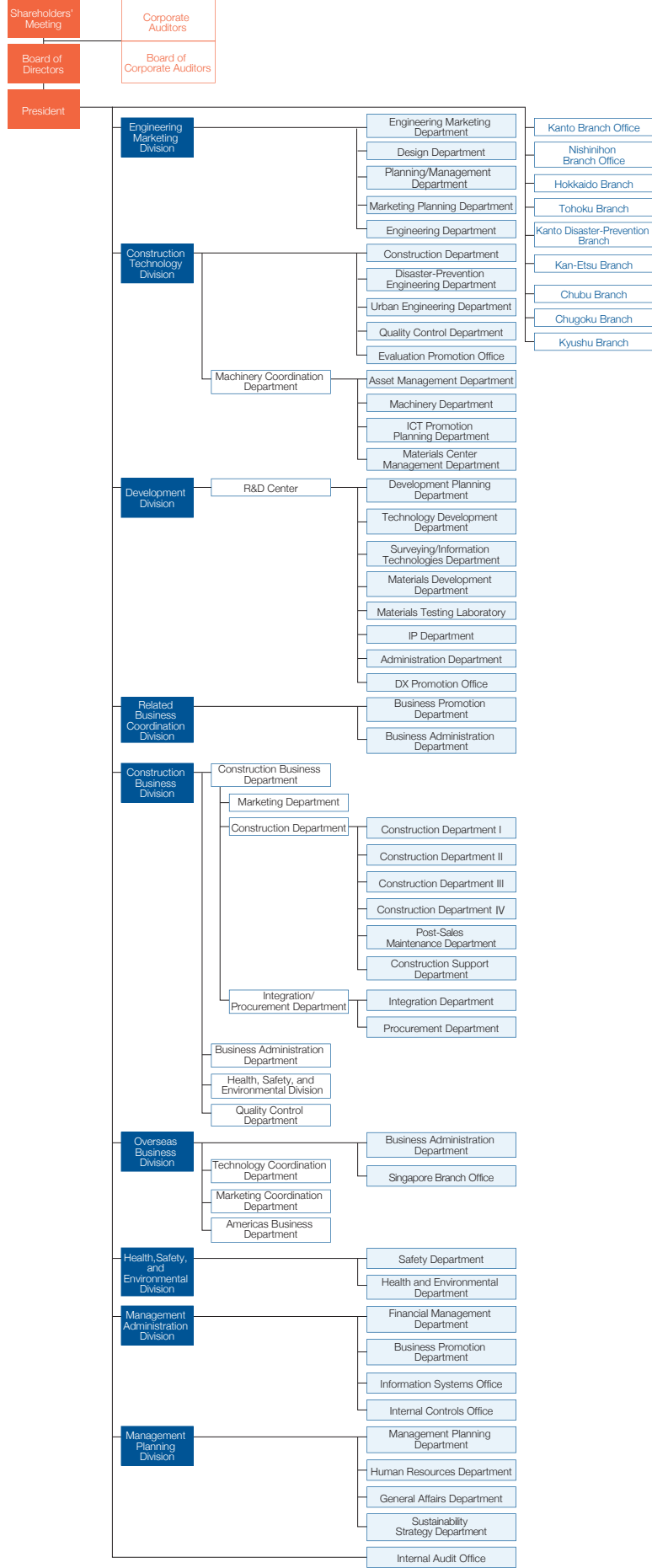
Corporate overview

Name	Raito Kogyo Co., Ltd.
Head Office	2-35 Kudan-Kita 4-chome, Chiyoda-ku, Tokyo, Japan
Founded	July 1, 1943
Representative	Kazuhiro Akutsu, President
Capital	6,119,475,000 yen
Employees	967 (as of March 31, 2024)
Lines of business	Construction and other businesses
Branch offices	Kanto, Nishinihon
Coordinat- ing branches	Hokkaido, Tohoku, Kanto Disaster-Prevention, Kan- Etsu, Chubu, Chugoku, Kyushu
G r o u p o f Companies	14 consolidated subsidiaries, 1 Affiliate companies 4 non-consolidated subsidiaries

Consolidated
Group member companies

Construction (Japan)	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 (Overseas)	RAITO, INC(U.S.A.) RAITO FECON INNOVATIVE GEOTECHNICAL ENGINEERING JSC (Vietnam) Fecon-Raito Underground Construction JSC (Vietnam)
Others	Yasashiite Raito Corp. (long-term care)

Organization



Stock information (as of March 31, 2024)

Stock status

Authorized shares	198,000,000 shares
Total shares issued and outstanding	48,183,238 shares (not including 3,962,212 shares of treasury stock)
Shareholders	14,278

Major shareholders

Name	Shares held (thousand)	Percentage of shares held (%)
Master Trust Bank of Japan, Ltd. (trust account)	6,480	13.44
Taiyo Life Insurance Co.	2,734	5.67
Custody Bank of Japan, Ltd. (trust account)	2,624	5.44
Sumitomo Mitsui Banking Corporation	2,437	5.05
Nippon Life Insurance Co.	2,039	4.23
Hokuriku Bank, Ltd.	1,586	3.29
STATE STREET BANK AND TRUST COMPANY 505025	1,096	2.27
GOVERNMENT OF NORWAY	624	1.29
Aioi Nissay Dowa Insurance Co.,Ltd	612	1.27
JP MORGAN CHASE BANK 385781	592	1.23

(Notes) 1.Although the Company owns 3,962,000 shares of treasury stock, it is not included in the major shareholders above.
2.Percentages of shares held are calculated excluding treasury stock.
3.Treasury stock does not include 145,000 shares of Company stock held by the Custody Bank of Japan, Ltd. (trust account) (held in trust for performance-linked share-based Director compensation).

External evaluation and support for various initiatives

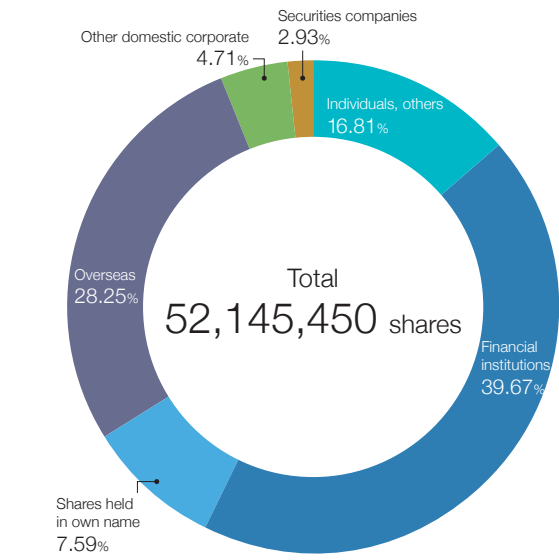


Shareholder notes

Business year	April 1 – March 31
Regular General Meeting of Shareholders	Annually in June
Basis date	Date of finalization for exercise of voting rights in the Regular General Meeting of Shareholders March 31 of each year Date of finalization of shareholders receiving year-end dividends March 31 of each year * The Company has not adopted a system of payment of interim dividends.
Shareholder registry administrator	4-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan Sumitomo Mitsui Trust Bank, Limited
Postal address	168-0063 8-4 Izumi 2-chome, Suginami-ku, Tokyo, Japan Securities Agency Division, Sumitomo Mitsui Trust Bank, Ltd.
Tel.	0120-782-031 (toll free)
Method of public announcement	Electronic public announcement * Published in the Nihon Keizai Shimbun newspaper if electronic public announcement is not feasible.

Agency administration is handled by the head office and all branch offices in Japan (not including consulting offices and consulting plazas) of Sumitomo Mitsui Trust Bank, Ltd.

Percentage of shares held





2-35 Kudan-Kita 4-chome, Chiyoda-ku, Tokyo 102-8236, Japan

Tel.: +81-3-3265-2551 (main switchboard)

Fax: +81-3-3265-0879

<https://www.raito.co.jp>

Please address any inquiries regarding this Report to:

Overseas Business Division, Raito Kogyo Co., Ltd.

Tel.: +81-3-3265-2506