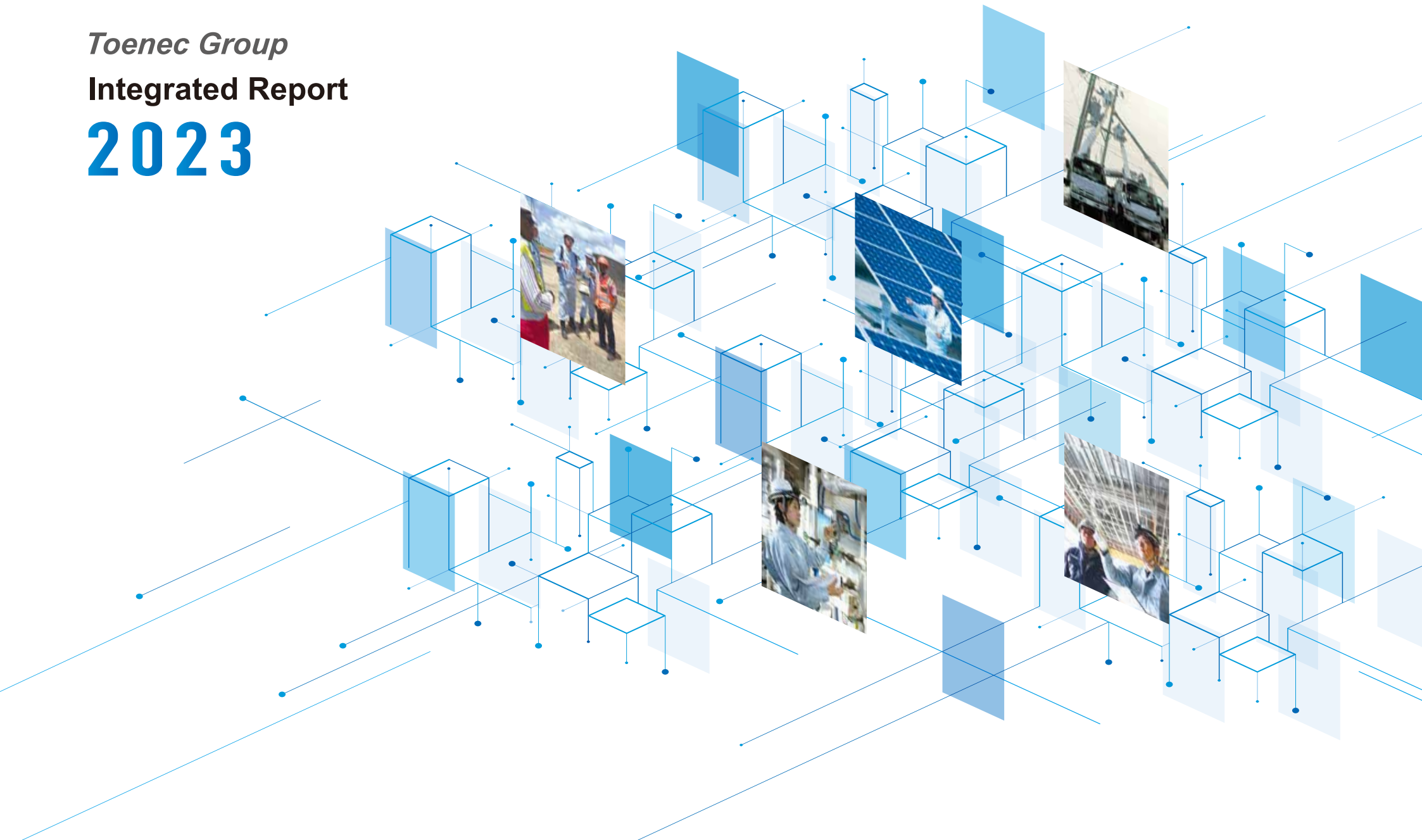


*TOENEC*

*Toenec Group*  
**Integrated Report**  
**2023**



## Regarding the Publication of the Integrated Report 2023

Thank you for reading the Toenec Group Integrated Report 2023.

Toenec was established as TOKAI DENKI KOJI in October 1944 with the merger of 23 electrical construction companies to take on the construction of electric power infrastructure. Over the years, Toenec has expanded and diversified its business to meet the needs of its customers as they changed with the times. The Toenec Group, as a group of engineering and construction companies, is engaged in a wide range of businesses, from the construction of power supply, electrical, air-conditioning ducting and sanitation, and information communication equipment, to energy businesses such as solar power generation and residential equipment installation.

To date, we have reported various efforts and results to our stakeholders through annual reports focusing on financial information, construction / installation results, etc., in addition to environmental reports focusing on activities for environmental conservation. As we approach our 80th anniversary, we are facing a variety of challenges, including the transition to a carbon-neutral society, the progress of the declining birthrate and aging population, and the response to work style reforms. Under these circumstances, we have recognized the need for dialog with investors and other stakeholders, and we have decided to issue an integrated report for the first time ever, aiming to provide an opportunity for dialog by comprehensively reporting on our Group's efforts to increase corporate value over the medium to long term.

This report describes our management philosophies and visions, our business activities, growth strategies, non-financial initiatives, and more. Information of high importance to creating corporate value for our Group is summarized and explained in an easy-to-understand way.

Since our foundation, our mission has been to "support society and safeguard living conditions." This mission has been passed down carefully as part of Toenec's DNA. We will strive to enhance our value as a sustainable company.

We hope that you can deepen your understanding of our Group through this report.

### Organizations covered

In principle, the Toenec Group (as of March 31, 2023), consists of the Toenec Corporation, six consolidated subsidiaries, and four equity-method affiliates.

### Period covered

FY 2022 (April 1, 2022 to March 31, 2023). However, some activities before and after the relevant period of time are included.

### Various references

In compiling the report, we refer to the International Integrated Reporting Framework recommended by IIRC, WICI, etc., and the Guidance for Collaborative Value Creation by the Ministry of Economy, Trade and Industry. We also refer to the GRI Sustainability Reporting Guidelines (Standards).

### Precautions on outlook

Earnings outlook is based on currently available information and certain assumptions that are judged to be reasonable. Various risks and uncertainties could cause actual results to differ materially from the outlook.

## C O N T E N T S

### Introduction

Management Philosophies and Vision .....	02
History of Toenec .....	03
Current Status .....	04
Financial / Non-Financial Highlights .....	05

### Value Creation Stories

Top Commitment .....	07
Value Creation Process .....	12
Materiality .....	13

### Growth Strategy

Medium-term Management Plan 2027 ...	14
Area Strategy .....	15
Carbon Neutrality Initiatives .....	16
Kaizen Activities .....	17
Promotion of Digitalization and DX .....	18
Technological Research and Development ...	19
Status by Business Segment .....	20

### Sustainability

Basic Stance on Sustainability .....	29
Environment .....	30
Human Resource Strategy .....	36
Work style Reform .....	41
Safety, Health, and Quality .....	42
Harmony and Coexistence with the Local Community .....	43
Corporate Governance .....	44
Risk Management .....	49
Compliance .....	51
Stakeholder Engagement .....	53

### Management / Financial Information

Operating Results and Financial Analysis	54
10-year Summary .....	55
Company Information .....	57





## Management Philosophies and Vision

Since its founding, Toenec has been supporting society and safeguarding living conditions by playing a part in the development of social infrastructure through business activities centered on equipment installation.

Going forward, based on our management philosophies, we will continue to enhance the power of our staff and technologies, which are the cornerstones of our company, and continue to fulfill our mission. Thus, we will aim to be a Integrated Equipment Engineering company that continues to grow in tandem with our customers, society, and the people.

### Management Philosophies

- Aspire to create a comfortable environment in response to society needs.
- Look to the future, aspiring to develop unique technologies we can be proud of.
- Aspire to build a corporation of active people who think and challenge each other.

### Vision

#### Toward a Integrated Equipment Engineering company that continues to grow in tandem with all stakeholders

We will achieve sustainable growth together with you by maximizing the power of our staff and continuing to create shared value for customers and society with reliable technologies

#### With customers

We will grow alongside our customers through the pursuit of useful services and providing the value they need and expect

#### With society

We contribute to solving social issues through business development utilizing our technologies and develop sustainably along with society

#### With people (colleagues)

We work to create a safe and secure work environment where everyone can work energetically, and feel a sense of "pride and joy" in their work and feel a sense of growth alongside their colleagues

### Medium-term Management Plan (Specific Action Plan)

### Management Infrastructure: Sound and Fair Corporate Management



# History of Toenec

**Sales**  
(Unit: Million yen)

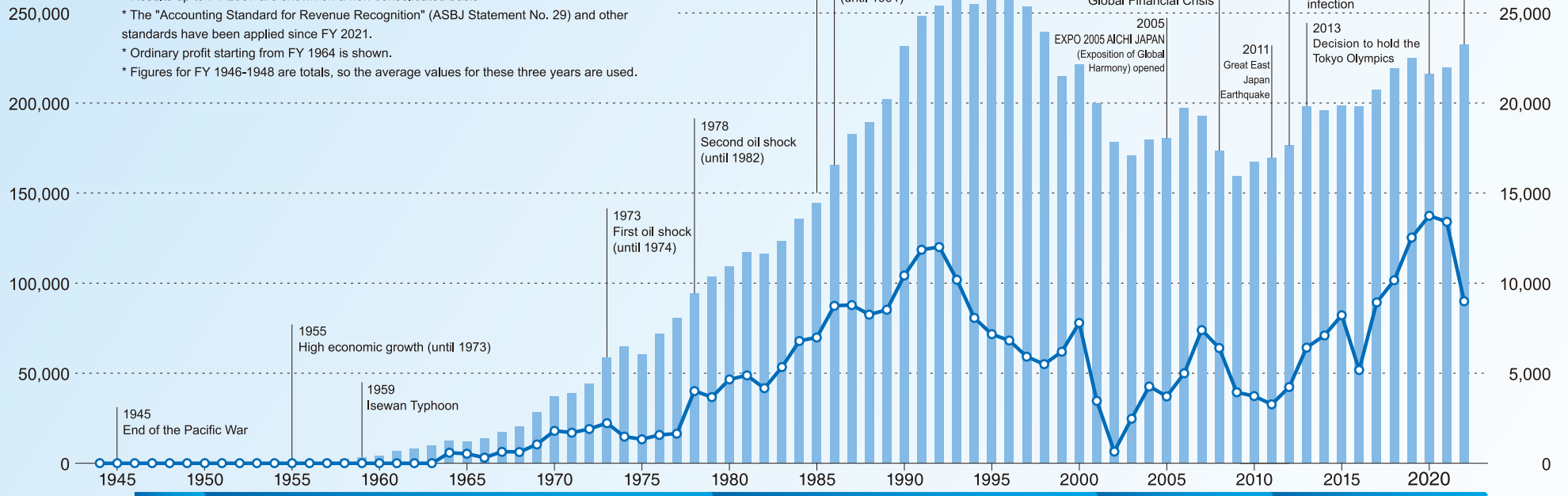
## Changes in sales and ordinary profit

\* Results up to FY 2007 are shown on a non-consolidated basis.

\* The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) and other standards have been applied since FY 2021.

\* Ordinary profit starting from FY 1964 is shown.

\* Figures for FY 1946-1948 are totals, so the average values for these three years are used.



### 1944-1949

#### Establishment of Tokai Denki Koji

Tokai Denki Koji, was established in October 1944 during the Pacific War. Contributed to the post-war reconstruction by making efforts to improve the electric power infrastructure in the Chubu area.

- 1944 Established Tokai Denki Koji K.K.  
Established a branch in Tokyo, Aichi, Shizuoka, Mie, and Gifu
- 1945 Conducted power distribution restoration work even though the Head Office was destroyed by fire due to the bombings of Nagoya during the Pacific War
- 1946 Established Nagano Branch
- 1947 Tokyo Branch became independent as Toko Electrical Construction Co., Ltd.

### 1950-1978

#### Breakthroughs during the period of high economic growth

In order to respond to the rapidly growing demand for electric power amid high economic growth, we not only participated in the construction of power distribution equipment but also large-scale power-transmission lines and extra-high voltage substations, supporting the development and living conditions needed by society. In addition, we expanded our business area to include ventilating and air-conditioning work in addition to underground line work.

- 1957 Established Tokyo Branch (restarting business in the Kanto area)
- 1961 Commenced operations of air conditioning, sanitation, water supply, and other piping work
- 1962 Listed on the Second Section of the Nagoya Stock Exchange (transferred to the First Section in 1972)
- 1964 Established Osaka Sales Office (raised status to a branch office in 1966)
- 1971 Listed on the Second Section of the Tokyo / Osaka Stock Exchange (transferred to the First Section in 1972)
- 1975 Established the Overseas Division (currently, the International Division)

### 1979-2000

#### A turbulent era and the beginning of Toenec

Amid drastic changes in the business environment, such as the oil shock, the bubble economy, and subsequent stagnation, we worked to enter the telecommunications field and expand the market in Southeast Asia in preparation for the advent of the advanced information age and the advancement of internationalization. In 1989, the company changed its name to Toenec, making a new start for the new century.

- 1981 Established Toko Sangyo Co., Ltd. (currently Toenec Service Corporation)
- 1984 Began operations for telecommunications and firefighting work
- 1985 Established the Technology Development Office (currently the Research & Development Division)
- 1989 The company name was changed from Tokai Denki Koji K.K. to Toenec Corporation
- 1995 Established Toenec Philippines Incorporated (Philippines)
- 1996 Established Toenec (Thailand) Co., Ltd. (Thailand)

### 2001-2010

#### Overcoming adversity and becoming a more resilient company

The situation continued to be severe due to a decline in construction investment and restraint in electric power equipment investment due to the deregulation of the electric power business. By promoting both business growth measures and fixed cost reduction measures, we transformed corporate culture with the aim of becoming a resilient company that can secure profits even through adversity.

- 2002 Established Customer Service Division and Energy Solution Division (currently, Energy Business Division)
- 2003 Established Toenec Construction (Shanghai) Co., Ltd. (China)
- 2007 Became a consolidated subsidiary of Chubu Electric Power Co., Inc.
- 2007 Business reorganization with C-TECH Corporation

### 2011-

#### Aiming for sustainable growth along with all of our stakeholders

With the establishment of the feed-in tariff (FIT) scheme in 2012, we entered the renewable energy field. We have also strengthened our business in the Tokyo metropolitan area and Asia by strengthening our staff's skills, increasing their numbers, and through mergers and acquisitions.

We will continue to contribute to achieving a sustainable society and will continue to work towards being a Integrated Equipment Engineering company that continues to grow together along with all of our stakeholders.

- 2013 Began renewable energy (solar power generation) business
- 2016 Subsidiary acquisition of Asahi Synchronet Corporation
- 2017 Established the Safety Creation Center
- 2019 Invested in a local Thai company (Tri-En Solution Co., Ltd.)
- 2022 Invested in a local Vietnamese company (Hawee Mechanical and Electrical Joint Stock Company)

## Current Status

**FY 2022**

**Sales ratio (Non-consolidated)**

**Power distribution line work**

**35.4%**

**73.5 billion yen**

Construction and maintenance of power distribution line routes



**Indoor wiring work**

**33.8% 70 billion yen**

Installation of heavy electrical equipment for receiving / transforming power in buildings, trunk power, monitoring control, lighting, and outlets, etc.; and light electrical equipment for broadcasting, LAN, automatic fire alarming, and telecommunication equipment, etc.



**Commodity sales**

**2.0% 4.2 billion yen**

**Underground line work**

**4.3%**

**8.9 billion yen**

Underground work for power distribution lines and construction related to solar power generation



**Energy business**

**6.0%**

**12.5 billion yen**

A variety of energy businesses, focusing on solar power generation and high-voltage bulk power services



**Communication line work**

**9.5% 19.7 billion yen**

Installation of mobile telecommunication stations and optical cables, construction of network systems and information infrastructure, and ICT (information and communication technology) solutions

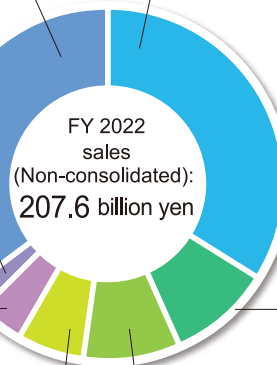


**Air conditioning plumbing work**

**9.0%**

**18.6 billion yen**

Installation of air conditioning, ventilation, sanitation, water supply and drainage equipment for buildings



## Network

**Major offices in Japan**

Nagano Branch (Nagano)

Hokuriku Branch (Kanazawa)

Osaka Headquarters (Osaka)

Kyushu Branch (Fukuoka)

Hokkaido Branch (Sapporo)

Tohoku Branch (Sendai)

Ibaraki Branch (Tsukuba)

Tokyo Headquarters (Toshima)

Kanagawa Branch (Yokohama)

Shizuoka Branch (Shizuoka)

Okazaki Branch (Okazaki)

Head Office, Head Office Annex (Nagoya)

Education & Training Center, Research & Development Division (Nagoya)

Chubu Headquarters (Nagoya)

Mie Branch (Tsu)

Gifu Branch (Gifu)

**Major overseas offices**

Hawee Mechanical and Electrical Joint Stock Company (Vietnam)

Toenec Construction (Shanghai) Co., Ltd. (China)

Taiwan Branch (Taiwan)

Toenec Philippines Incorporated (Philippines)

Yangon Branch (Myanmar)

Tri-en Toenec Co., Ltd. (Thailand)

PT.Asahi Synchrotech Indonesia (Indonesia)

Cambodia Office (Cambodia)

**FY 2022 financial results (Consolidated)**

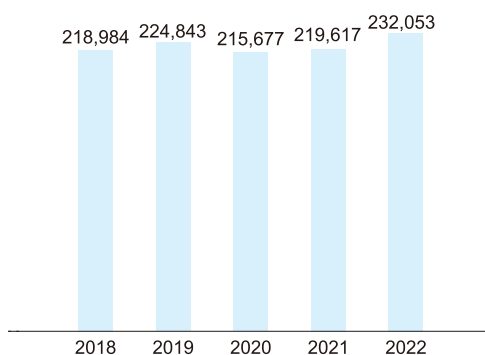
Sales	232,053 million yen (up 5.7% year-on-year)
Operating profit	10,287 million yen (down 26.9% year-on-year)
Ordinary profit	8,983 million yen (down 32.9% year-on-year)
Net profit attributable to shareholders of the parent company	-5,548 million yen

Domestic bases (Non-consolidated)	84 bases
Overseas bases (groups)	8 bases
Group companies	10 companies (4 in Japan, 6 overseas)
Number of employees	6,038 (Whole group), 4,808 (Nongroup)

# Financial Highlights (Consolidated)

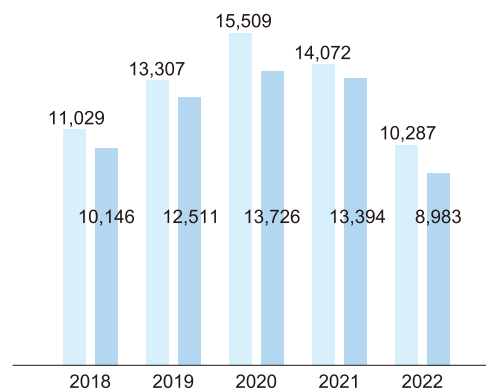
Sales: 232,053 million yen

Sales (million yen)



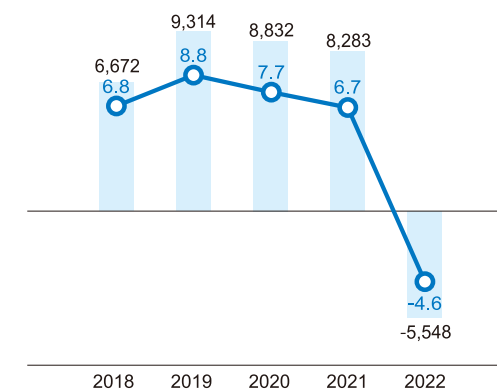
Operating profit: 10,287 million yen  
Ordinary profit: 8,983 million yen

Operating profit (million yen) Ordinary profit (million yen)



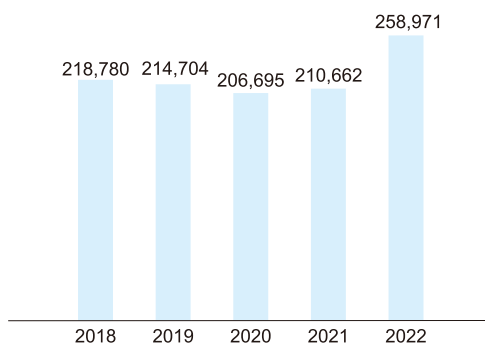
Net profit attributable to shareholders of the parent company: -5,548 million yen  
Return on equity (ROE): -4.6%

Net profit attributable to shareholders of the parent company (million yen) ROE(%)



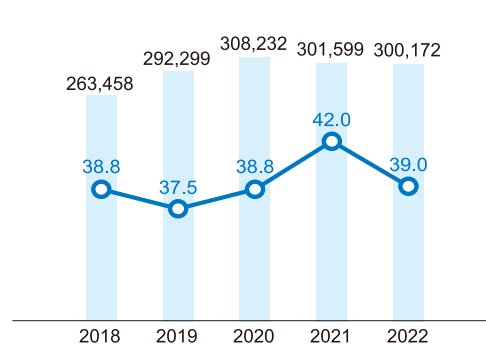
Orders received: 258,971 million yen

Orders received (million yen)



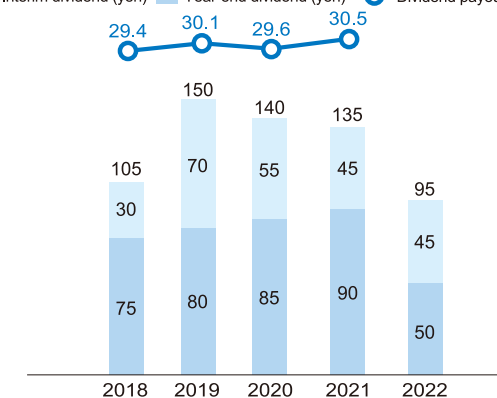
Total assets: 300,172 million yen  
Equity ratio: 39.0%

Total assets (million yen) Equity ratio (%)



Dividend per share: 95 yen

Interim dividend (yen) Year-end dividend (yen) Dividend payout ratio (%)

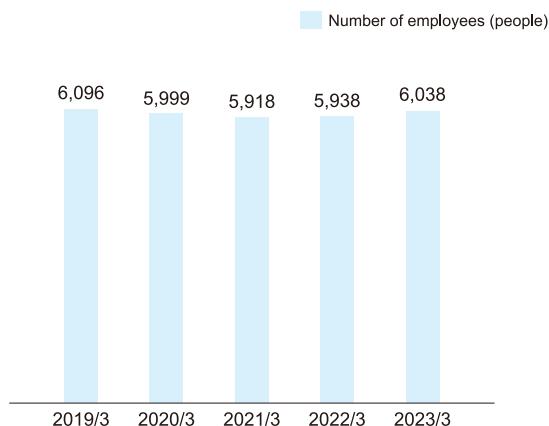


\* The dividend payout ratio for FY 2022 is not presented here because the net profit attributable to shareholders of the parent company was negative (net loss).

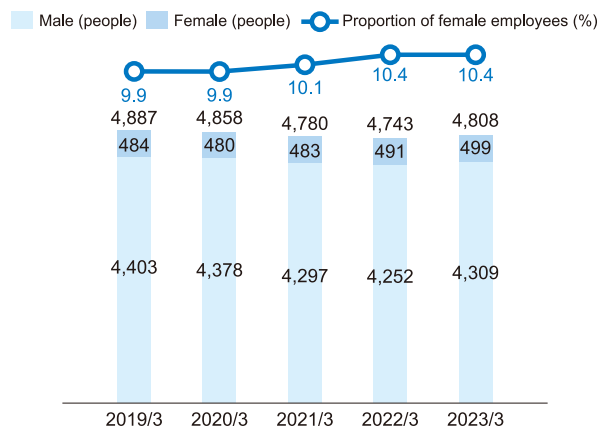


## Non-Financial Highlights

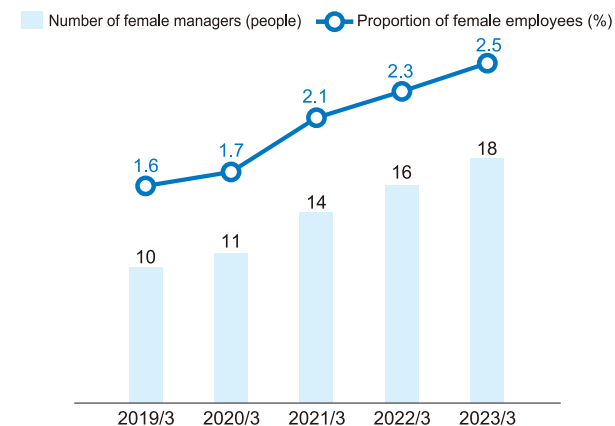
Number of employees (Consolidated): 6,038



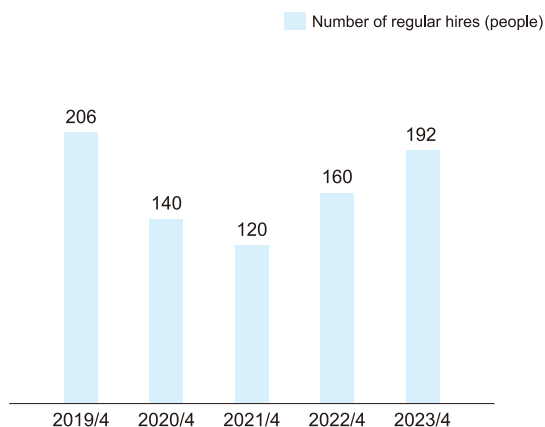
Number of employees (Non-consolidated): 4,808  
Proportion of female employees: 10.4%



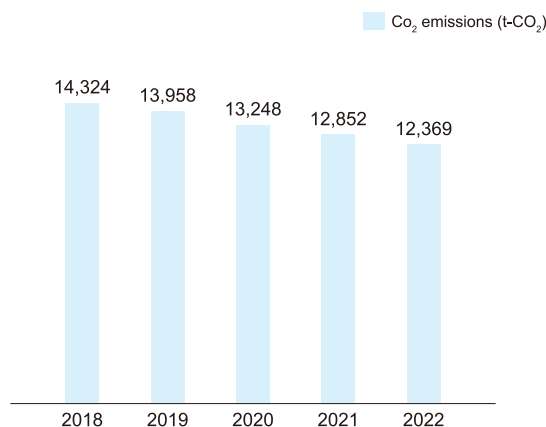
Number of women female managers (Non-consolidated): 18  
Proportion of female employees (Non-consolidated): 2.5%



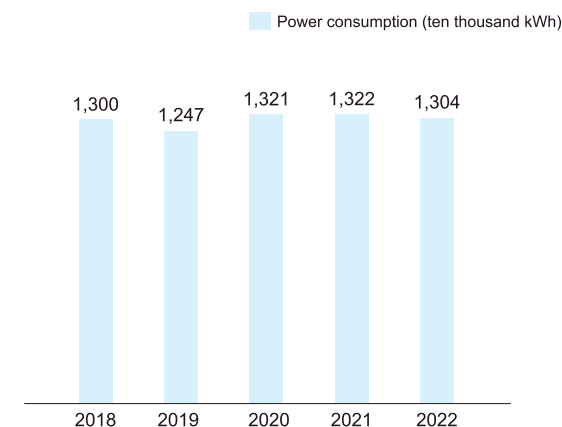
Number of regular hires (Non-consolidated): 192



CO<sub>2</sub> emissions (Non-consolidated): 12,369 t-CO<sub>2</sub>



Power consumption (Non-consolidated): 1,304 million kWh



## Top Commitment

We will create the "comfortable environment" required by our customers and by society, and achieve sustainable growth along with all of our stakeholders.

Yuuzou Fujita, President and Representative Director, Chief Executive Officer



### Vision: "Toward a Integrated Equipment Engineering company that continues to grow in tandem with all stakeholders"

Our company was established in October 1944 as Tokai Denki Koji K.K. for the purpose of constructing electric power infrastructure. In 1989, we changed our company name to Toenec Corporation.

We have been expanding and diversifying our business while riding the waves of the post-war reconstruction and high economic growth. As a Integrated Equipment Engineering company, we are currently providing proposals for the effective use of energy as well as planning, designing, constructing / installing, and maintaining not only power supply equipment but also electrical equipment, air conditioning pipes, and information and communication equipment in buildings.

Based on our management philosophies, "creating a comfortable environment," "developing original technologies," and "becoming a human enterprise where there are active people who think and challenge each other," we have provided a comfortable environment by developing safe and secure infrastructure facilities, and supported our customers, the development of society, and people's living conditions from behind the scenes. Today, we live surrounded by many electric products. As the use of digital tools and the spread of electric vehicles progresses into the future, we believe that the importance of electric power and information and communications infrastructure will increase even more.

In addition, in response to social issues such as global warming and the increasing frequency and severity of natural disasters, we feel that the comfortable environments required by customers have changed somewhat from the way they

were before. In the past, convenience and the stability of equipment were regarded as important, but now there is a need for sustainability in a comfortable environment that meets environmental considerations and strengthens resilience. As society moves forward toward digital innovation and carbon neutrality, the mission and role of our company as a Integrated Equipment Engineering company are expected to become increasingly weighted in the future.

Based on our management philosophies, we have been discussing how our Group should achieve sustainable growth along with all of our stakeholders. The results of these discussions have been summarized in the vision, "Toward a Integrated Equipment Engineering company that continues to grow in tandem with our customers, society, and the people" that is the image of our Group's future which we are aiming for. This vision expresses the direction of our Group, which will

continue to contribute to the growth of customers and the achievement of an affluent and sustainable society by creating the comfortable environment required by customers and society through our business activities.

In order to achieve this vision, it is necessary not only to firmly fulfill our mission of developing social infrastructure, but also to boldly take on the challenges of new business fields through technological proposals related to energy generation, energy utilization, and energy saving, and PPA projects that contribute to the spread of renewable energy.

We launched an antenna sharing business in October 2022 to support the early spread of 5G. The business model of installing 5G base station antennas on the tops of existing utility poles and lending them to mobile operators led to the commercialization of the service by integrating the technologies and know-how possessed by our information and communication department and our distribution department.

We will continue to work together, using all of our combined knowledge to contribute to our customers.

### Review of FY 2022 and Medium-term Management Plan 2022, and outlook for FY 2023

The Medium-term Management Plan 2022 was formulated in May 2020, when the spread of COVID-19 worsened.

Until FY 2021, the circumstances continued to be severe due to significant restrictions on behavior and economic activities both in Japan and overseas. However, in FY 2022, the final year of the plan, the restrictions on behavior due to COVID-19 were greatly relaxed, leading to the normalization of economic activities, and the Japanese economy continued to recover moderately. In the construction industry, public investment remained firm, and capital investment in the private sector showed signs of recovery on the back of firm corporate

earnings. On the other hand, there were concerns about the impact of soaring raw material prices, disruptions in the supply chain, and drastic exchange rate fluctuations.

Under these circumstances, based on the four priority policies of the Medium-term Management Plan 2022," (1) business expansion and base strengthening, (2) strengthening competitiveness to improve profitability, (3) strengthening human resource development, (4) promoting corporate culture reform," we have focused on strengthening business activities in areas (Tokyo metropolitan area, Kinki area, and Asia, etc.) and industries (related to semiconductors, medical and pharmaceuticals, etc.), that are expected to grow, on building a flexible construction / installation system that transcends area boundaries, and on promoting work style reform and Kaizen activities. In addition, a relationship of trust with customers and society is indispensable for the survival of a company, so we have continuously worked to ensure safety and quality, promote compliance, strengthen governance, and more.

In addition, under the subtitle of the Medium-term Management Plan 2022, "further growth through investment in human resources," we have worked to enhance the quality and quantity of human resources, which are the driving force of our company, by actively hiring engineers, strengthening human resource development, and promoting diversity, etc.

Although some work was suspended due to the state of emergency, there was no significant impact on business results due to thorough infection prevention measures at construction / installation sites and workplaces and a strong resolve to continue doing business. In addition, due to steady progress in large-scale construction / installation projects with high profitability and efforts to reduce costs, we were able to exceed the ordinary profit target (12 billion yen) set in the

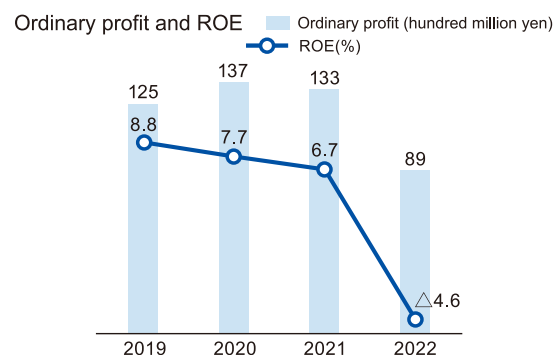
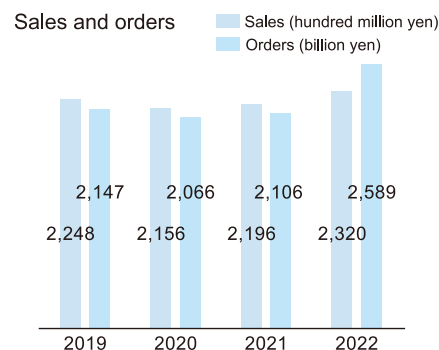
Medium-term Management Plan 2022 consecutively in the first and second years.

In addition to COVID-19, our Group was impacted by disruptions in the supply chain and soaring raw material prices, etc. However, the Group worked to avoid construction delays and secure profits by taking measures such as early ordering of materials and equipment and considering alternatives. As a result, consolidated sales in FY 2022, the most recent business year, reached a record high. However, the impact of postponed investment due to the COVID-19 pandemic has had a lingering effect on subsequent work progress, and was therefore not enough to reach the sales target (245 billion yen) for the most recent business year.



In terms of orders received, there were moves to cancel or postpone capital investment plans in the hospitality industry, including hotels and retail facilities, which were significantly impacted by COVID-19. As a result, we conducted proactive sales activities in manufacturing and medical-related fields, which had relatively little impact from COVID-19, and consequently were able to achieve record high orders in FY 2022.

Regarding profits, both ordinary profit and ROE fell short of targets (consolidated ordinary profit target: 12 billion yen, ROE target: 6.5%) due to a decline in profitability in some construction / installation projects and businesses and the



recording of impairment losses on fixed assets related to the solar power generation business.

Continuing issues from the Medium-term Management Plan 2022 have been incorporated into the new medium-term management plan, and we will steadily address these going forward.

As for the outlook for FY 2023, economic recovery is expected to continue under the COVID-19 pandemic. However, downside risks still remain due to the volatile international situation and global belt tightening. In the construction industry, in addition to public investment, private-sector capital investment is expected to stay strong, but the impact of soaring raw material prices and disruptions in the supply chain on the business environment needs to be closely monitored.

In FY 2023, we started with a record-high amount of uncompleted construction contracts on-site at the beginning of the period due to strong orders received in FY 2022. In addition, there will be no temporary factors that squeezed profits in the previous fiscal year (declines in some projects and impairment losses on fixed assets), so both sales and profit are expected to exceed the previous fiscal year. While paying due attention to the safety and health of the people working on the site, and the quality of the work, the entire company will work as one so that the work entrusted to us by our customers can proceed according to plan.

## Medium-term Management Plan 2027

Under the Medium-term Management Plan 2027, we have identified key issues to achieve our Group's vision, taking into account changes in the business environment, such as the transition to a carbon-neutral society, the progress of a declining birthrate and an aging population, and responses to

work style reforms, and summarized measures to be taken over the next five years in four basic policies: "taking on challenges in growing fields," "deepening existing businesses," "further expanding human resource investment," and "strengthening management infrastructure."

As society faces pressing issues such as carbon neutrality, digital innovation, and strengthening resilience, it is expected that the importance of pre- and post-construction / installation areas such as proposal and design before an order is received, and maintenance and equipment diagnosis after construction / installation will increase in the future. For this reason, in addition to improving construction / installation capabilities, this plan will further deepen our Group's overall system, All Toenec, and promote the utilization of digital technology and big data. Therefore, we will strengthen the value chain by improving our ability to make proposals, conduct maintenance, and respond to equipment diagnosis.

In addition, we will develop an area strategy that looks ahead to the future, taking into account management resources such as our staff, offices, and brand strength, as well as external factors such as future population prediction and redevelopment plans. The Chubu area, where we are located, is a cluster of manufacturing industries that support manufacturing in Japan, and we are very grateful to be involved in the installation and renewal of equipment at our customers' factories. With the future opening of the Linear Chuo Shinkansen in the Chubu area, it is expected that the movement of people and goods will become even more active, and business and tourism exchanges will further expand. We will also seek to make ourselves more useful to our customers and aim to expand our market share in the Chubu area by taking advantage of our superiority in the local area (construction / installation capabilities, information





networks, etc.).

On the other hand, we will strengthen and expand our business in metropolitan areas such as the Tokyo metropolitan area and the Kinki area, where the size of the market is expected to endure over the medium to long term even in the phase of population decline. By flexibly allocating personnel within the company and strengthening personnel recruitment in metropolitan areas, we will respond to large-scale projects in the area and aim to expand sales and improve the strength of our brand.

In addition, we currently have bases in eight countries and regions in Asia which are rapidly growing, and are installing electrical and air conditioning pipe equipment mainly for Japanese manufacturing customers. We will continue to provide construction services to Japanese customers and take advantage of the strong growth potential of the local market. We invested in Tri-En in Thailand in 2019 and Hawee in Vietnam in 2022. While gaining knowledge and sales

channels through cooperation with local companies, we will promote entry into the local market.

We will strengthen our competitiveness by deploying intangible assets such as customer connections, brands, technologies, and know-how acquired in each area to other areas.

In the Medium-term Management Plan 2027, the three key themes that exist across the basic policies are “Carbon neutral initiatives,” “Promotion of digitalization and DX,” and “Securing and staff promotion” as drivers of growth. By focusing on these drivers of growth, we will accelerate initiatives related to various measures based on our basic policies.

With regard to numerical targets (consolidated for FY 2027), we have set a sales target of 270 billion yen, an ordinary profit target of 18 billion yen, and ROE of 8.0%.

Based on the management philosophies, mission, and management infrastructure that have been passed down to date, we will achieve sustainable growth by continuing to provide solid value to customers and society through challenges and reforms.

### It is essential to practice "ESG management" in order to achieve our visions.

ESG management is critical to achieving our Group's visions of aiming for sustainable growth along with our customers, society, and colleagues, and it is necessary for our entire Group to share the importance of ESG management and work on it earnestly. By conducting "Sanpo-yoshi" businesses and corporate management that benefit not only our customers, but also society and the people we work with, we hope to continue to be a company that grows together with all stakeholders.

With regard to the response to climate change, which is of

high interest to investors, we announced our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) on April 28, 2022.

The impact of climate change on our business is not small, as we conduct sales proposals related to social infrastructure conservation and effective energy use. Based on the TCFD recommendations, we analyze and organize the impact of climate change on our Group, disclose information, and incorporate opportunities and threats into our management strategies and risk management. We will contribute to the reduction of CO<sub>2</sub> emissions in our business and at customer facilities by strengthening the PPA business that supports the introduction of renewable energy and proposal-based sales related to energy generation, energy utilization, and energy saving. In addition, we have set a zero emissions goal and are aiming to achieve net zero CO<sub>2</sub> emissions by 2050. We will work to achieve a carbon-neutral society by steadily reducing our CO<sub>2</sub> emissions through electrification of vehicles, installation of solar power generation equipment at business sites and installing energy-saving equipment.

### We have formulated the Human Resource Strategy Policy and the DX Promotion Basic Plan in order to achieve sustainable growth.

Although various tools and methods have been used in the construction industry to improve efficiency and reduce manpower, it is still highly labor-intensive, so construction / installation are carried out by bringing together the power of our company staff and cooperative companies. Our employees are the driving force of our company, and we cannot do more than what our own talent can do. Although the worker shortage in the construction industry is expected to worsen due to the declining birthrate and aging population, it



## To our stakeholders

To achieve our vision, we must continue to be a company that is trusted and supported by all stakeholders, including customers and employees. In order to build and maintain a relationship of trust with all of you, we recognize that "safety," which protects the lives and health of workers, and "construction / installation quality," which satisfies customers, are of particular importance. We share our goal of "three zeros" with our group companies, aiming to achieve zero work and traffic accidents, zero employees on long-term leave, and zero construction / installation defects, and continue to make constant efforts to achieve these goals.

In addition, with awareness as members of society, we will continue to conduct fair and sincere corporate activities by strengthening compliance and governance, and strive to ensure transparency by disclosing information in a timely and appropriate manner.

We will continue to respond to valuable opinions and suggestions received through dialog with stakeholders and reflect them in our business activities, aiming for sustainable growth for our company. We look forward to your continued understanding and support.

is essential to enhance the quality and quantity of our staff in order to achieve sustainable growth of the company. In April 2023, we formulated the Human Resource Strategy Policy. We will actively conduct recruiting activities in the future based on the Human Resource Strategy Policy that are not bound by attributes such as gender, nationality, or disability. In addition to hiring new graduates, we will also strengthen the hiring of experienced personnel by establishing systems such as a system necessary to accept personnel who are immediately effective and professionals who excel in specific fields.

In terms of human resource development, we are working to quickly develop staff to be immediately useful by improving the effectiveness of on-the-job training (OJT) and supporting the acquisition of priority public qualifications. In FY 2022, we introduced an internal recruitment system for transferring to DX promotion divisions, participating in overseas training programs, and more. We provide passionate employees who have applied voluntarily with opportunities to test their strengths and develop and improve their abilities.

In addition to hiring and developing employees, we are also working to create workplaces where employees can work healthily and energetically in order to maximize the abilities of each employee and to bring them together. By promoting health management, diversity and inclusion, and by improving engagement, we aim to be an attractive company where everyone can feel comfortable and feel that their work is worthwhile.

In addition, the advancement of digital technology has brought about changes in working styles and business models regardless of industry, and we expect that it will give us the potential to improve productivity and safety, and create new businesses. On the other hand, if we make a mistake or fall behind other companies, we may significantly reduce our

competitiveness.

For this reason, we established the DX Promotion Group within the Corporate Planning Division in October 2022, and based on advice from outside experts, formulated the DX Promotion Basic Plan and a roadmap up to 2027. In the Basic Plan, we anticipate a 15 billion-yen-scale investment for five years starting from FY 2023 with the three pillars of the initiative: the "foundation for promoting DX," which aims to build a promotion system for developing and securing staff dealing with DX, preparing information security, and reforming organizational culture and employee awareness, "DX of operations," which aims to reform existing business processes and improve productivity, and "DX of business," which aims to create new business models.

Currently, at the plan's initial stage, we are building the foundation for the promoting digitalization and DX for the future. By FY 2027, we will provide training to 500 employees, or about 10% of our employees, and work to improve DX literacy and develop staff dealing with DX. In addition, in order to promote visualization and efficiency of business processes, which are prerequisites for digitalization, we have expanded Kaizen activities which we started in 2018 to the entire company and are continuing to work on them. Since this year, we have been deploying smartphones to all employees, and we hope to use them to speed up the transmission of information, improve operational efficiency, and improve employee engagement.

By promoting digitalization and DX across the entire company, we will resolve issues such as work style reform and the worker shortage in the construction industry. In addition, strengthening the value chain and providing new value to customers and to society will lead to improved business continuity and competitiveness of our company.

# Value Creation Processes

As a Integrated Equipment Engineering company, Toenec provides the world with a comfortable environment that takes into consideration not only the needs of customers but also the environment. The external environment surrounding us is changing rapidly and drastically, but we expect our role to increase against the backdrop of social issues such as climate change and aging infrastructure and buildings.

In order to continue to meet these expectations, our Group will work as one to pursue useful services for customers.

## External environment

Progress of declining birthrate and aging population  
Transition to a carbon-neutral society

Digital innovation  
Aging infrastructure and buildings

More frequent and severe natural disasters  
Diversification of work styles to balance life and work

## Inputs

### Financial capital

Total assets .....¥300.1 billion  
Equity .....¥117.1 billion  
Equity ratio .....39.0%

### Human capital

Number of employees (non-consolidated) .....4,808  
Number of employees (consolidated) .....6,038  
Number of female employees (non-consolidated) .....499

### Manufacturing capital

Domestic business bases .....84  
Overseas business bases .....8  
Group companies (domestic and overseas) .....10

### Intellectual capital

R&D investment .....¥0.5 billion  
Number of patents held .....41  
Number of employees involved in R&D (non-consolidated) .....24

### Social and related capital

Relationship of trust with our stakeholders built since our founding (1944)

### Natural capital

Power consumption .....13.04 million kWh  
Vehicle fuel consumption .....2.92 million l  
Renewable energy generation capacity generated by operating businesses .....223MW

## Materiality (Material issues)

### Environment

Carbon neutral

Recycling-based society

### Social

Safe and secure social infrastructure

Regional resilience

Diversity and inclusion

Ensure worker health and safety

Opportunities for capacity building

Harmony with local communities

### Governance

A sound and highly-transparent management system

Relationships with stakeholders

## Business activities

### Create a comfortable environment

Safety and security

Convenience

Ease environmental burden

Enhance resilience

Power distribution line work

Equipment installation for general housing

Underground line work

Electrical equipment

Information and communication equipment

Air conditioning and sanitation equipment

Energy business

\* Electrification renovation, EV charging equipment, storage batteries, etc.

### One-stop service

Planning Design Procurement Construction Maintenance Diagnosis

### Management strategies

### Medium-term Management Plan 2027

### Management infrastructure

Human resource

Corporate governance

Compliance

Stakeholder engagement

### Management philosophies

Create a comfortable environment

Develop original technologies / techniques

Become a human enterprise

Re-investment

## Outputs

### Finance

FY 2022 results \* Figures in parentheses are targets for FY 2027

- Orders (Consolidated) .....¥258.9 billion
- NET sales (Consolidated) .....¥232 billion (¥270 billion)
- Operating profit (Consolidated) .....¥10.2 billion
- Ordinary profit (Consolidated) .....¥8.9 billion yen (¥18 billion)
- Net profit attributable to shareholders of the parent company .....¥5.5 billion
- ROE .....4.6% (8.0%)
- Dividends per share .....¥95

### E Environment

- Conduct sales proposals for saving, generating, and storing energy
- Promote research and development of technologies / techniques that contribute to easing environmental burden
- Endorse the TCFD recommendations and disclose information
- Implement initiatives to achieve a zero emission goal

### S Society

- Maintain and improve power and communications infrastructure
- Respond to recovery work after natural disasters
- Start antenna sharing business for the spread of 5G
- Formulate safety and health policies and quality policies
- Promote work reform and diversity

### G Governance

- Respond to IR interviews and participate in events for individual investors
- Thorough compliance (Holding of committees, implementing education, etc.)

## Outcomes

### Vision

Toward a Integrated Equipment Engineering company that continues to grow in tandem with all stakeholders

### With customers

We will grow along with our customers by pursuing useful services and providing the value that they expect and need

### With society

We contribute to solving social issues through business development utilizing our technologies / techniques and develop sustainably together with society

### With people (colleagues)









We create a safe and secure work environment where everyone can work lively, and feel "pride and joy" in their work and feel growth together with colleagues



## Materiality

In order to contribute to the achievement of a more affluent and sustainable society through our business and activities and to achieve our own sustainable growth, we have identified materiality (material issues) to be addressed selectively by referring to international standards (SDGs, ISO26000, TCFD, etc.).

We aim to solve social issues by making the most of our Group's technologies / techniques and know-how and promoting various measures related to materiality.

	Materiality (Material issues)	Main activities in FY 2022	Contributing to SDGs
Environment	<b>Carbon neutral</b>	<ul style="list-style-type: none"> <li>Received orders and conducted operations for renewable energy-related projects</li> <li>Conducted proposal-based sales to reduce CO<sub>2</sub> emissions</li> <li>Planned and conducted initiatives to achieve a zero emission goal</li> </ul> <div>CO<sub>2</sub> emissions (Scope 1 + 2): 12,369 t-CO<sub>2</sub> Year-on-year: -3.7%</div>	  
	<b>Recycling-based society</b>	<ul style="list-style-type: none"> <li>Implemented operational follow-ups and education for reduction and proper waste management</li> <li>Started selling "scum reducer"</li> </ul> <div>Industrial waste recycling rate: 88% General waste recycling rate: 92%</div>	
Social	<b>Safe and secure social infrastructure</b>	<ul style="list-style-type: none"> <li>Started antenna sharing business for the spread of 5G</li> <li>Studied construction / installation quality control methods using IoT technology (jointly developed with manufacturers)</li> <li>Formulated quality policies and codes of conduct and strengthened quality control systems based on them</li> </ul>	  
	<b>Regional resilience</b>	<ul style="list-style-type: none"> <li>Received orders and conducted infrastructure renewal work (overhead distribution lines, underground power distribution lines, and communication equipment)</li> <li>Responded to recovery work after large-scale disasters</li> </ul>	
	<b>Diversity and inclusion</b>	<ul style="list-style-type: none"> <li>Established work environments and systems enabling for diversity and inclusion</li> <li>Promoted various measures that enhance and bring harmony to the balance between work and life</li> <li>Introduced a retirement age extension system to secure experienced and motivated senior staff</li> </ul> <div>Number of female managers (percentage): 18 (2.5%) Childcare leave acquisition rate: 88.6% for male employees and 100% for female employees Average years of service: 17.8 years for male employees and 22.2 years for female employees</div>	
	<b>Ensure worker health and safety</b>	<ul style="list-style-type: none"> <li>Formulated health and safety policies and codes of conduct, and took related initiatives</li> <li>Implemented "experiencing and thinking" safety education using the Safety Creation Center (including for cooperative companies)</li> </ul>	
	<b>Opportunities for capacity building</b>	<ul style="list-style-type: none"> <li>Provided opportunities for competence and career development by implementing application-based training and the introduction of an internal recruitment system</li> <li>Introduced a staff management system to visualize employee skills</li> </ul> <div>Group training organized by the Education &amp; Training Center and the department administration division Number of implementations: 124 Total number of participants: 3,943</div>	
	<b>Harmony with local communities</b>	<ul style="list-style-type: none"> <li>Conducted risk experience training and technical guidance for external companies</li> <li>Implemented community-based activities (e.g., support for food banks)</li> </ul> <div>Number of times risk experience training was conducted for external companies: 116 Donated emergency food: Approx. 8,080 meals</div>	
Governance	<b>A sound and highly-transparent management system</b>	<ul style="list-style-type: none"> <li>Continued to provide education to ensure thorough compliance</li> <li>Strengthening the effectiveness of the Board of Directors (appointed a female director and implemented effectiveness surveys)</li> </ul> <div>Number of times compliance education was provided: 647 Number of serious illegal acts requiring administrative guidance and punishment: 0</div>	 
	<b>Relationships with stakeholders</b>	<ul style="list-style-type: none"> <li>Enhanced dialog with institutional and individual investors (participated in IR events)</li> <li>Endorsed TCFD recommendations and disclosed information based on them</li> </ul>	



## Medium-Term Management Plan 2027 (2023-2027)

In April 2023, we formulated the five-year Medium-term Management Plan 2027, which begins in FY 2023. In light of changes in the business environment, such as the transition to carbon neutrality, the development of digital technology, and the progress of a declining birthrate and an aging population, we have summarized future actions in four basic policies to achieve our vision. In addition, in order to strongly promote our basic policies, we have positioned three key themes as drivers of growth: Carbon neutrality, digitalization and DX, and further expansion of human resources. Based on the philosophies, mission, and management infrastructure that have been passed down to date, we will achieve sustainable growth by continuing to provide solid value to customers and society through challenges and reforms.

### Drivers of growth

Key themes that exist in a cross-sectional way when practicing the basic policies

#### Carbon neutral

In addition to supporting customer carbon neutrality through our technologies, techniques and services, we will continue to work to achieve carbon neutrality ourselves in order to achieve a sustainability for our company activities and for society.

#### Digitalization and DX

##### DX of operations

We will promote work reforms and improve safety and quality by promoting digitalization and DX of operations.

##### DX of business

We will aim to transform our business and create new business models by using big data.

#### Human resource

We will strive to enhance the quality and quantity of our employees, who are the foundation of our business and the source of our growth, by actively recruiting and strengthening staff development. We will also strive to create a workplace where employees can demonstrate their abilities and work with enthusiasm and satisfaction by working on work reforms and improving employee engagement.

### Basic Policies

#### 1 Challenges in growth areas

Strengthen business in growing fields (related to carbon neutrality, renewable energy, and DX) as well as in areas (Tokyo metropolitan area, Kinki area, and Asia, etc.). Also work to create and develop new businesses that meet the ever diversifying needs of our customers.

#### 2 Deepening existing businesses

Focus on strengthening the comprehensive structure and value chain to further enhance competitiveness in the Chubu area, which is our base, and securing technological capabilities including cooperative companies to refine our core strengths as a General Equipment Engineering company, such as one-stop service, and solidify our business foundation.

#### 3 Further expansion of human resource investment

Enhance the quality and quantity of our employees by further accelerating staff investment. In addition, promote initiatives to maximize each employee's diverse abilities.

#### 4 Strengthening management infrastructure

In addition to improving the safety and quality that should be continuously addressed, promote corporate culture reforms and measures to practice sound and fair corporate management, and strengthen trust with stakeholders, which are all the foundation of management.

### Numerical Targets (FY 2027 consolidated)

Sales  
**270 billion yen**

Ordinary profit  
**18 billion yen**

ROE  
**8.0 %**

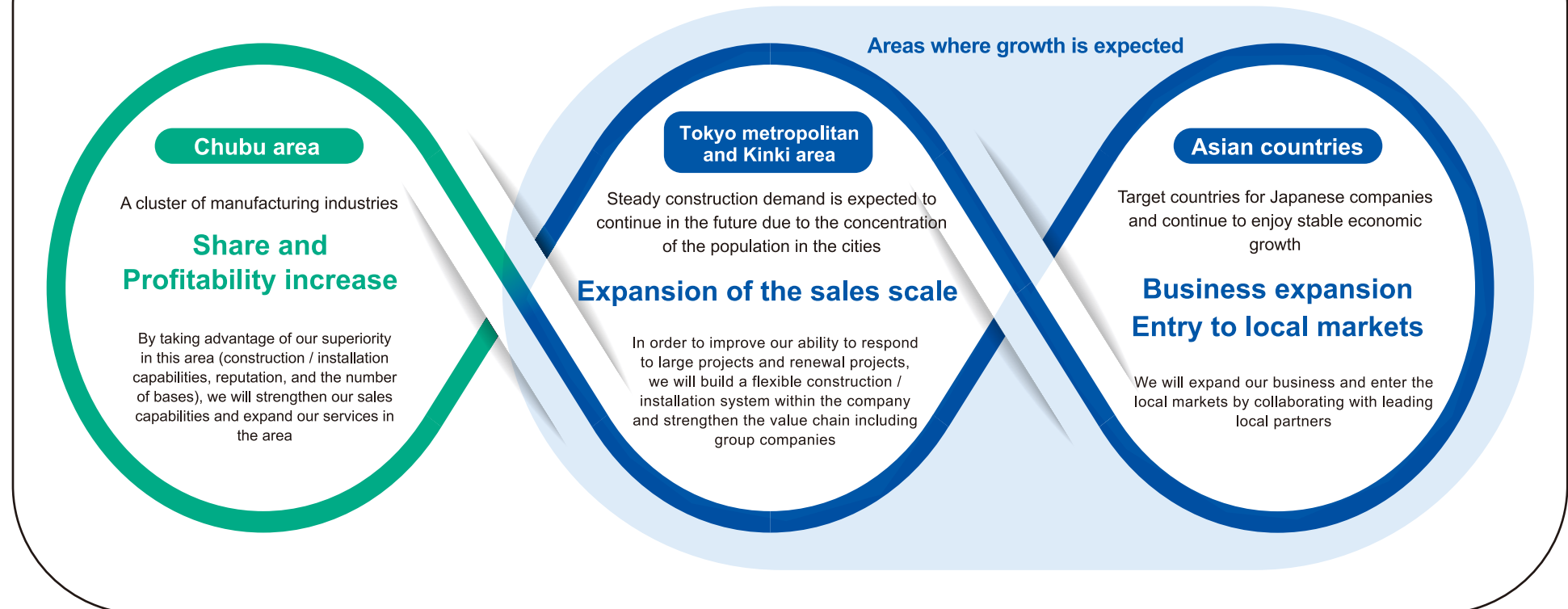
## Area Strategy

We will develop an area strategy that looks forward to the future, taking into account management resources such as our staff, offices, and brand strength, as well as external factors such as future population predictions and redevelopment plans. The Chubu area, our home ground, is a cluster full of manufacturing industries in Japan, and with the opening of the Linear Chuo Shinkansen in the near future, it is expected that the movement of people and goods will become more active, and business and tourism exchanges will expand. By taking advantage of our superiority in the local area (construction / installation capabilities, information networks, and reputation, etc.) that have built up through many years of business, we will aim to further expand our market share and improve profitability in the area.

At the same time, we are focusing on strengthening our business in the Tokyo metropolitan area and the Kinki area, where future growth is expected, by strategically allocating personnel and strengthening the value chain that includes group companies. In Asia, we are working to expand our business and enter the local market through alliances with leading local partners.

By deploying intangible assets acquired in each area to other areas, we will strengthen our Group's competitiveness as a whole.

**By sharing intangible assets (human resources, technologies, connections with customers, and corporate brand, etc.) acquired in each area, we will strengthen our Group's competitiveness as a whole**



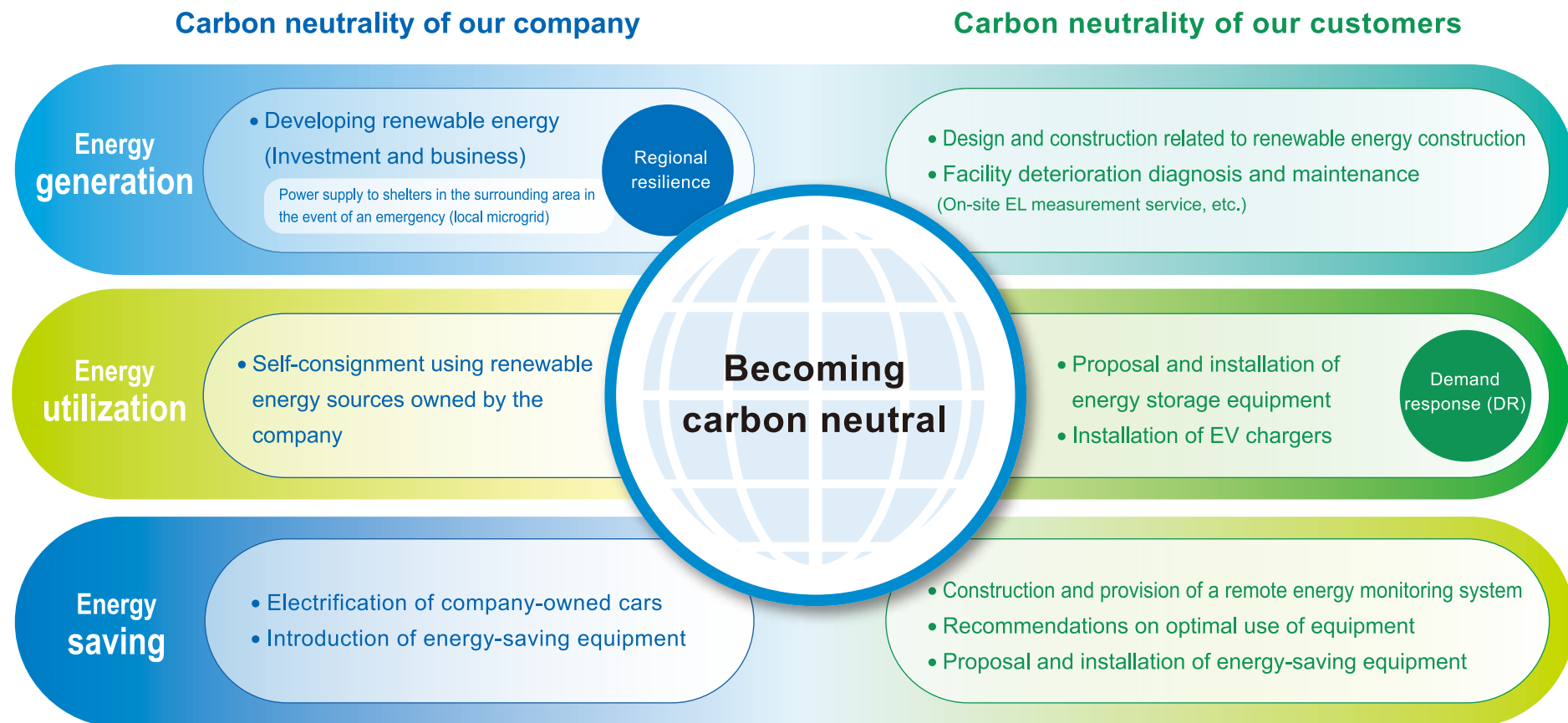


## Carbon Neutrality Initiatives

As the issue of climate change becomes apparent, achieving carbon neutrality is recognized as a global issue, and concrete measures are also required for companies and households.

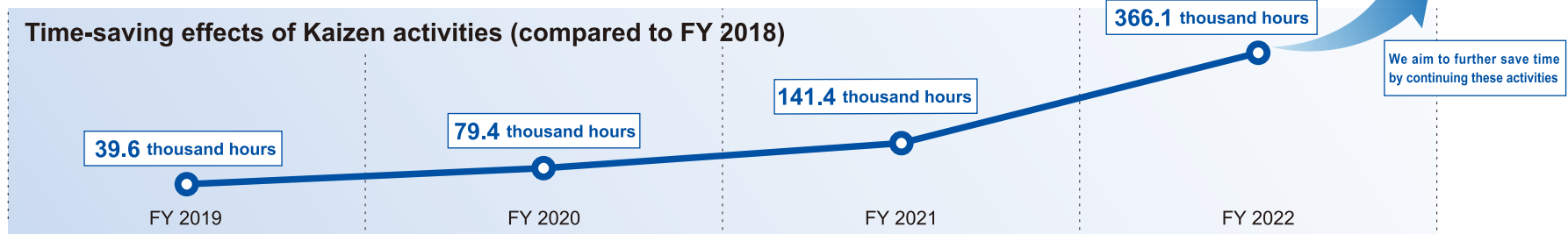
As a Integrated Equipment Engineering company, we will support customers' carbon neutrality by expanding services related to "energy generation," which develops and maintains renewable energy, "energy utilization," which promotes the effective use of energy, and "energy saving," which suppresses energy consumption.

In order to fulfill our responsibilities as members of society, we will work to achieve our own carbon neutrality by introducing energy-saving equipment and promoting vehicle electrification. In addition, by taking on the challenge of constructing a local microgrid using our solar power generation equipment, we hope to contribute to strengthening the resilience of the surrounding area in the event of a disaster.



## Kaizen Activities

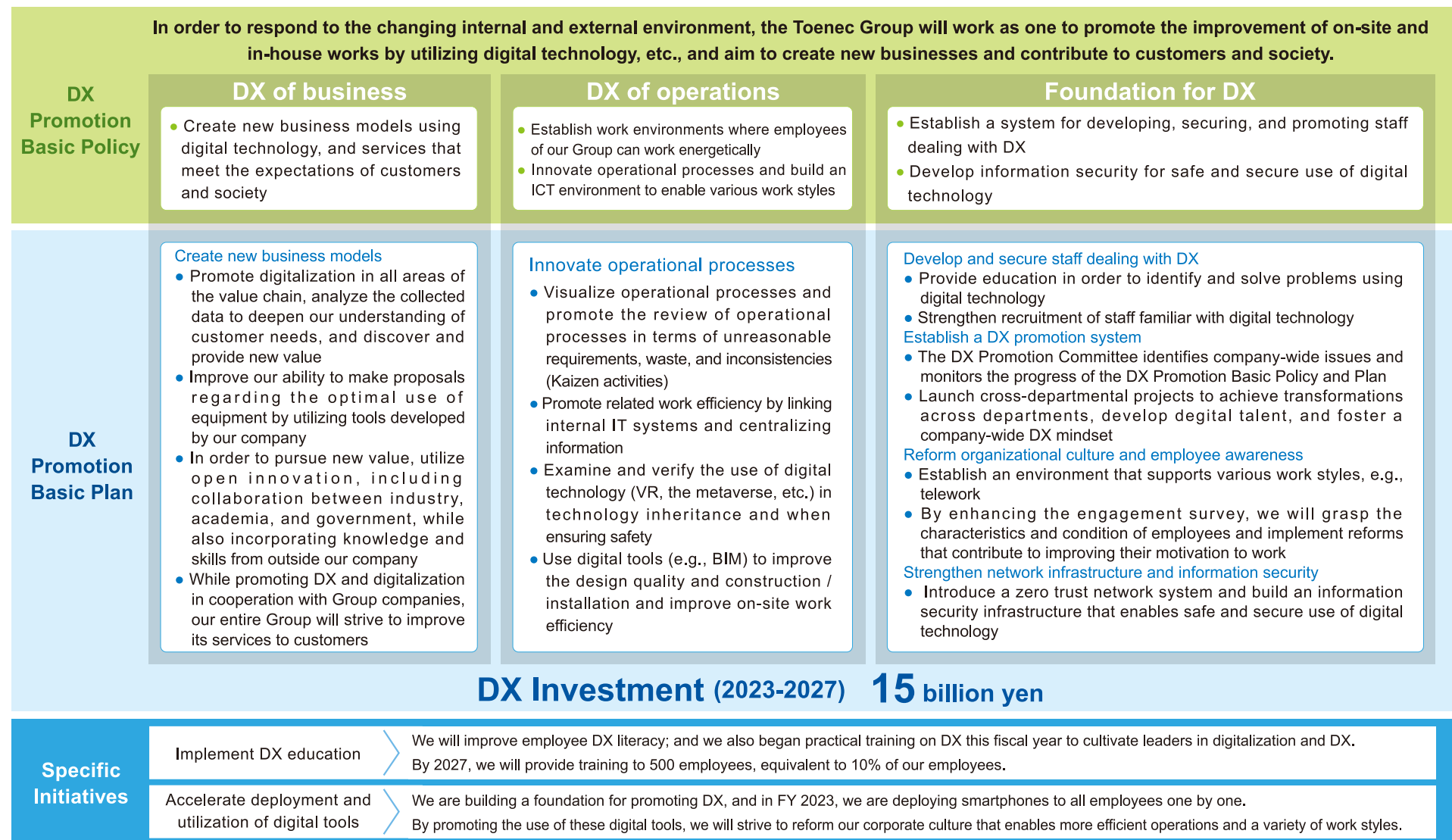
In order to achieve sustainable growth, we need to break away from current methods and thinking, and develop measures to continuously improve productivity. We are making a company-wide effort to carry out Kaizen activities based on the concept of TPS (Toyota Production System). By eliminating unnecessary work through Kaizen activities, we are not only reducing time and costs, but also working to ensure safety and improve quality.





## Digitalization and DX

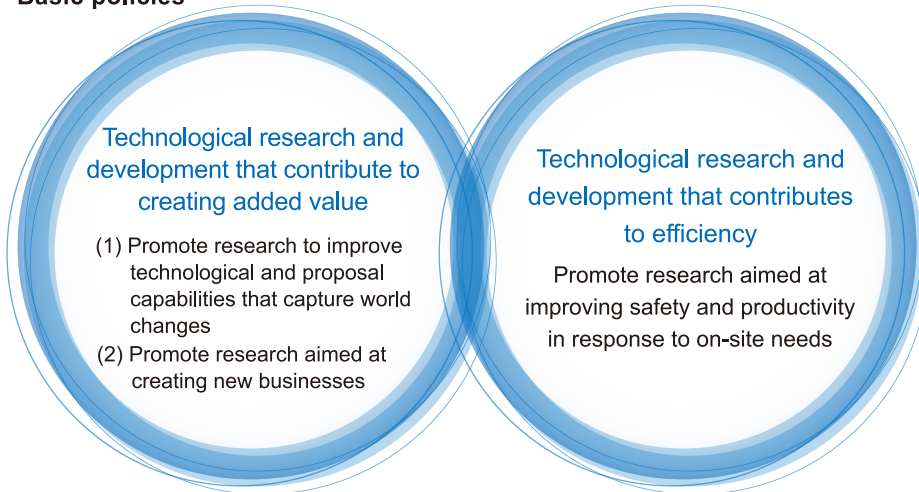
In October 2022, we established the DX Promotion Group (within the Corporate Planning Division) and formulated the DX Promotion Basic Policy and Basic Plan to serve as guidelines for promoting digitalization and DX. The basic policies and plans consist of three pillars: "DX of business," "DX of operations," and "foundation for promoting DX." In order to achieve them, a five-year roadmap based on the Medium-term Management Plan 2027 were established to commence various initiatives.



## Technological Research and Development

In order to achieve one of our management philosophies, "developing original technologies / techniques," we are conducting technological research and development that contributes to the enhancement of added value that leads to the creation of new businesses and the response to diversifying customer needs, as well as technological research and development that contributes to the improvement of safety, labor saving, and efficiency at construction / installation sites.

### Basic policies



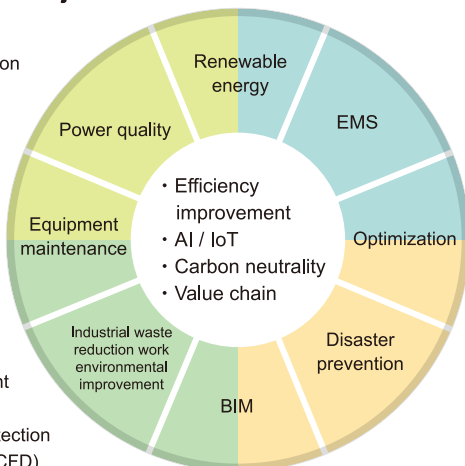
### Forming teams and major research areas

#### Power team

- Electrical circuit simulation
- Lightning protection and grounding systems
- Failure/deterioration diagnosis
- Failure / deterioration diagnosis
- Anti-noise measures
- Harmonic measures

#### Environmental team

- Wastewater treatment
- Air volume measurement
- Deodorization
- Air conditioning fault detection
- Thermal fluid analysis (CFD)



#### Energy management team

- Solar power generation equipment diagnosis
- Storage batteries and energy saving measures
- Fuel cells
- Local 5G
- Microgrid

#### Information team

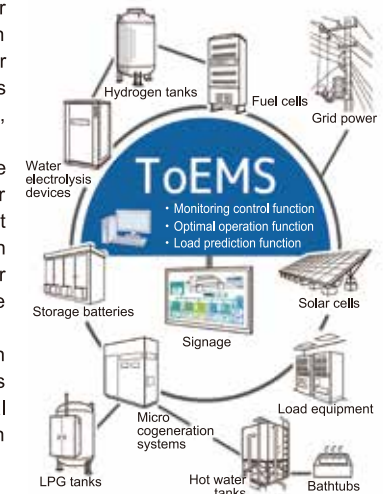
- Power prediction
- Operational optimization
- Image recognition
- Equipment capacity design
- Natural language processing

### Develop optimal operation technology for microgrid systems using ToEMS®

We have built a microgrid (DC-MGS) consisting of solar power generation, cogeneration systems, hydrogen production devices, fuel cells, and DC load equipment at our own facilities. We are monitoring and controlling all facilities collectively using our own energy management system, ToEMS.

ToEMS can control the equipment operations and minimize energy costs by predicting the amount of solar power generation and the amount of electricity and heat used at facilities, which is expected to reduce energy consumption and costs. In addition, in the event of a disaster or other power outage, storage batteries and other devices are available to supply power instantaneously.

As part of our proposal for ToEMS to achieve carbon neutrality for our company and customers, ToEMS was adopted as a monitoring and control device for the regional microgrid, whose operation is scheduled to begin in Toyohashi City, Aichi Prefecture in April 2024.

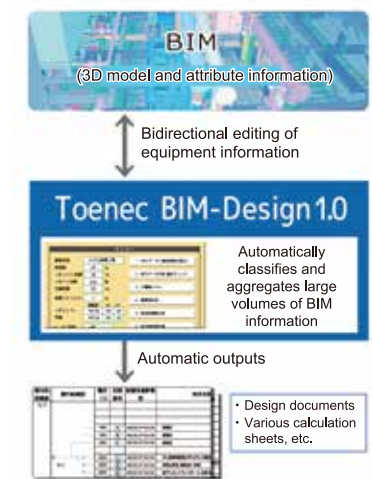


### Develop software to improve work efficiency in the design and construction / installation departments

As part of promoting work reform, we are working on the development of software to improve work efficiency in the design and construction / installation departments.

In order to improve the operational efficiency of the design department, we have developed software that automatically creates a necessary documents attribute information entered in BIM (Building Information Modeling) (right figure, Toenec BIM-Design1.0).

To improve the operational efficiency of the construction / installation department, we have developed software that automatically creates a report of insulation resistance test results from CAD screens, software that supports the storage of completed work documents, and software that automatically creates a strength calculation sheet for cable rack support materials.



## Power Distribution Line Work

### Description

In the distribution department, as a contracted construction company of Chubu Electric Power Grid Co., Inc., we are mainly carrying out construction work and maintenance of whole overhead distribution equipment such as electric wires, supports, and distribution transformers, and the installation and replacement work for electricity charge meters, consistently carrying out construction / installation, including planning, examination, and material management for construction / installation methods. When a power outage occurs due to natural disasters such as typhoons, snowstorms, and lightning strikes that damage our overhead distribution equipment, we will mobilize all of our resources to restore them so that everyone can feel at ease as quickly as possible.

We are also actively developing tools to be used for full application of the indirect live wire work method scheduled for April 2025 (abolishing work near the high-voltage live wires performed by wearing protective equipment, and fully changing to a method that use indirect live wire tools), and equipment (switches and cables), etc. to carry out work on overhead distribution equipment without power outages. In the development process, we not only improve work efficiency by reducing weight and labor, but also consider safety and hygiene by reducing the burden on field workers.

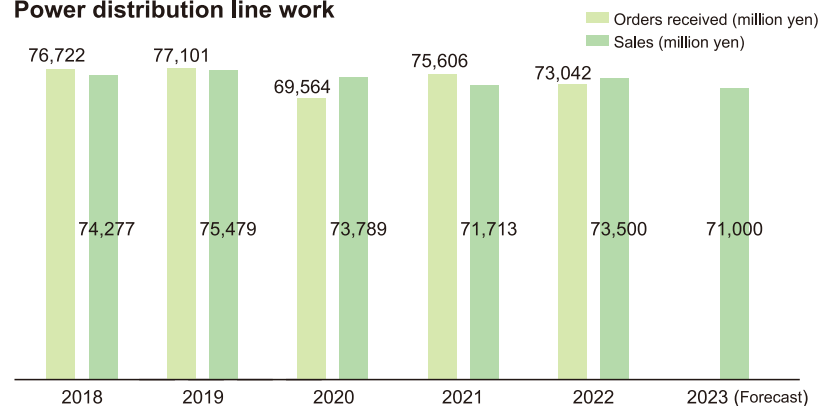
### Overview of FY 2022 and outlook for FY 2023

Orders received decreased by 3.4% year on year to 73 billion yen due to a decrease in orders received for renewable energy-related work, despite ongoing orders received for installing overhead distribution equipment.

Sales increased by 2.5% year on year to 73.5 billion yen due to the completion of major projects related to renewable energy and due to sales recording.

In FY 2023, sales are expected to decrease due to the impact of a decrease in on-site operations due to measures to promote work reform and the enhancement of education for full application of the indirect live wire work method, and so on. In addition, due to a decrease in renewable energy-related work, sales are expected to decrease by 3.4% year on year to 71 billion yen.

Power distribution line work



Click here for  
business details

[https://www.toenec.co.jp/  
guide/const\\_supply/](https://www.toenec.co.jp/guide/const_supply/)



Click here for  
construction / installation results

<https://www.toenec.co.jp/result/>

### Topic

### Overhead power distribution line work (Indirect live wire work method)

#### To supply stable power

In my day-to-day on-site work, I place great importance on reliably doing the work in order to supply stable electricity to our customers. I also focus on training and guiding junior workers so that I can pass on the knowledge and skills I have gained through my experience.

Currently, the on-site environment for work on overhead power distribution lines is undergoing major changes, such as introducing new tools and methods of construction and installation, in preparation for the full application of the indirect live wire work method in 2025. When work styles change, there will be many tasks that I am not yet accustomed to, but in the unlikely event that an accident occurs, I will continue to exercise the utmost care in directing and supervising daily operations so that I don't inconvenience customers or get my fellow workers injured.



**Koji Taniguchi**  
Senior Work Leader  
Distribution Work Group  
Seto Sales Office,  
Nagoya Branch



Work using the indirect live wire work method



## Power Distribution Line Work (Market Development)

### Description

The market development department carries out housing equipment-related work, small and medium sized electrical equipment installation, and renewable energy related work.

In housing equipment related work, we are strengthening our efforts to receive orders mainly from individual customers for installation and sales of all-electric equipment, and renovation work that utilizes electrical work technologies / techniques. In addition, we propose efficient energy use by installing solar power generation equipment and storage batteries for residential use.

In electrical equipment installation, we carry out general installation related to electrical equipment, such as the installation of power receiving and transforming equipment at offices, stores, and factories, and the repair of electrical wiring, as well as on-site power distribution line work that utilizes technologies / techniques of overhead power distribution line work.

In terms of renewable energy-related work, we are increasing our track record in the areas of mega-solar equipment installation and private interconnection line work, etc.

We will continue to make use of our experience and technologies / techniques to achieve continuous order reception with our construction / installation system that covers a wide range of areas, mainly in the Chubu region, as well as our high quality technologies / techniques.

## Renewable energy-related work

We are actively carrying out renewable energy-related work from design to construction and installation, utilizing our technologies / techniques and services. We are actively promoting installation work of mega-solar equipment and the construction of private interconnection line work for wind power generation, etc. by utilizing our technologies / techniques in electrical equipment installation and power distribution line work. We are contributing to the spread and expansion of renewable energy through renewable energy related work.



New construction on the Wakayama Shirahama Solar Power Plant

## Installation of charging equipment for electric vehicles (EVs)

In recent years, we have been strengthening installation work of charging equipment for electric vehicles (EVs). EVs are being developed and sold by automakers in order to achieve a carbon-neutral society. EVs have become familiar to general consumers as well. We entered the field of EV charging equipment installation work several years ago, and have achieved a lot of results in expressways, city buses, convenience stores, private houses, and more.



Charging equipment for electric vehicles (EVs)

### Topic All-electric renovation work

#### Provide customer-friendly renovation work

To date, I have been mainly in charge of installation related to housing equipment, such as all-electric work and renovation work. For each job, I often feel that I am responsible for everything from sales to installation management alone, but it is a very rewarding job that I can receive appreciative words directly from customers.

In order to provide renovation work that satisfies customers, I will try to provide renovation proposals that make customers' daily lives more comfortable by listening to their requests until they are satisfied.

I will continue to provide high-quality renovation work that achieves the ideals of our customers and makes them happy.



Karen Wakata  
Market Development Group  
Kamo Sales Office  
Gifu Branch

#### System bath construction



# Underground Line Work

## Description

The underground line department mainly deals with underground power distribution line work for Chubu Electric Power Grid Co., Inc. and TEPCO Power Grid, Inc. , and also a wide range of projects from other companies, such as renewable energy related work.

This department possesses cable work technologies (design, construction, and maintenance of extra high- to low-voltage cables) and civil engineering technologies (design, construction, and maintenance of tunnels, pipeline burial, manhole installation, propulsion work, foundation work, etc.), and also deals with 154-kV extra-high-voltage cables especially for cable connections. We are working on proposal based sales to further expand our business based on the technological capabilities and trust we have cultivated so far, in addition to the evaluations of our customers.

In addition, we are working to coordinate eliminating utility poles by conducting activities including technical sales activities related to the elimination of utility poles to local governments that are promoting the elimination of utility poles and private companies that are aiming to achieve smart cities.

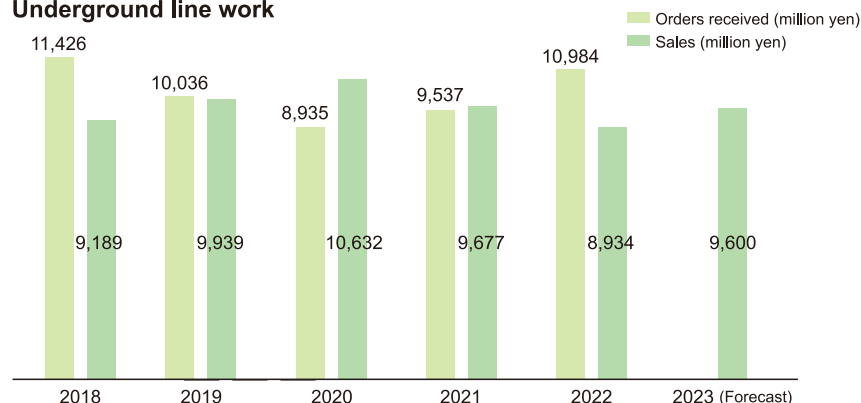
## Overview of FY 2022 and outlook for FY 2023

The amount of orders received increased by 15.2% year on year to 10.9 billion yen due to progress in underground power distribution line work as planned and orders received for large-scale renewable energy-related work in the current term.

The sales decreased by 7.7% year on year to 8.9 billion yen due to the impact of slowing progress in renewable energy and railway related works, etc. although underground power distribution line work progressed as planned.

In FY 2023, we expect an increase in the number of work going underground alone, and an increase in the number of work related to multipurpose electric cable tunnels as a result of the plan to promote eliminating utility poles. In addition, sales are expected to increase by 7.4% year on year to 9.6 billion yen due to large-scale projects such as renewable energy-related work for which orders were received in FY 2022.

Underground line work



Click here for  
business details

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guide/const\\_supply/](https://www.toenec.co.jp/guide/const_supply/)



Click here for  
construction / installation results

<https://www.toenec.co.jp/result/>

### Topic

### Burial work of extra-high-voltage cables and pipelines (interconnection equipment installation)

#### Provide consistent work from design to installation for underground lines

We handled the entire process from design to installation of extra-high-voltage cables and construction of civil engineering work to link the factory 2 km away, and I acted as the field representative.

Various tasks had to be carried out in parallel at this site, and precise process control and error-free construction / installation were required. At the same time, many buried objects onsite was one of problems, and it was a series of hardships. The problem was solved by designing a route so as to pass through the exact place as if passing through a needle hole in place with the design and construction / installation divisions worked as one. Thus, we were able to complete it within the construction period without any accidents.

In addition to the construction / installation using special methods such as the intermediate-distance curve jacking method, there was a wide range of the work details, so it was a very meaningful field in terms of guidance and training for young employees with little experience.



Katsuji Sawa

Senior Engineer,  
Construction Group 2,  
Underground Cable Division,  
Distribution Department



Excavation with the jacking method



Installation of cables



## Indoor Wiring Work

### Description

The indoor wiring work department carries out electrical equipment installation for buildings such as factories, office buildings, cultural facilities, hospitals, schools, commercial facilities, and amusement parks. In addition to new construction, expansion, and renewal work for buildings, we respond to the needs of a variety of customers who aim to achieve a decarbonized and sustainable society that meets the demands of the times.

We can deal with all electrical equipment necessary for buildings, such as heavy electrical equipment, e.g., power receiving and transforming equipment, trunk power equipment, and monitoring and control equipment, as well as light electrical equipment, e.g., broadcast equipment, LAN, and automatic fire alarm equipment.

In addition, we have more than 80 offices stretching from Hokkaido to Kyushu, and we believe that our strength is that we can provide one-stop solutions for construction / installation projects all throughout Japan, from proposal, design, construction / installation, maintenance, and energy-saving proposals.

In addition to providing high-quality and safe equipment, we propose and provide optimal equipment that customers can use with peace of mind, including its future maintenance and renewal.

### Overview of FY 2022 and outlook for FY 2023

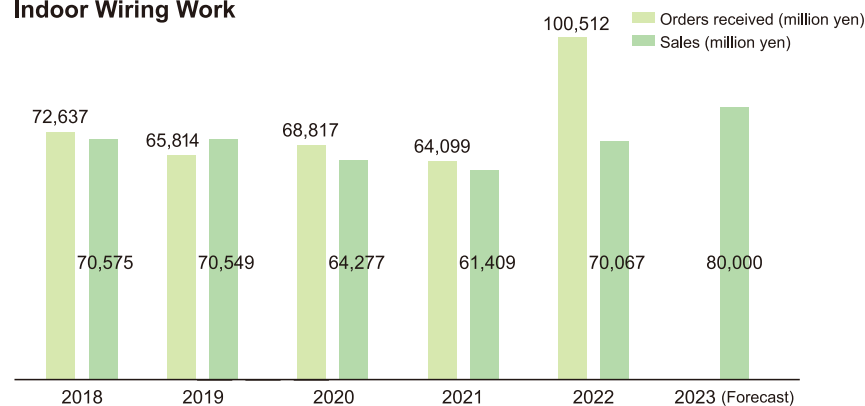
The amount of orders received increased by 56.8% year on year to 100.5 billion yen due to orders received for large-scale projects such as new construction of factories and hospitals, as well as urban redevelopment as a result of efforts to secure and expand order reception despite signs of a recovery in private-sector capital investment.

Sales increased by 14.1% year on year to 70 billion yen due to an increase in construction / installation carried over from the previous fiscal year and an increase in the completion of large-scale projects compared to the previous fiscal year.

In FY 2023, we will work to secure order reception and expand sales based on the Medium-term Management Plan 2027. We will secure and expand sales and profits by improving the efficiency of order reception through company-wide optimization and strengthening the construction / installation system through collaboration with cooperative companies.

In addition, we will make further efforts to strengthen the value chain, promote work style reform, and ensure safety and construction / installation quality. As a result of these measures, sales in FY 2023 are expected to increase by 14.2% year on year to 80 billion yen.

### Indoor Wiring Work



Click here for  
business details  
[https://www.toenec.co.jp/  
guide/const\\_equipment/](https://www.toenec.co.jp/guide/const_equipment/)



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### Topic Nagoya International Exhibition Hall (Port Messe Nagoya)

#### Overwhelmed by the vast space

Exhibition Hall 1 of the Nagoya International Exhibition Hall is one of the largest astylar spaces in Japan, with a ceiling height of 20 m and an area of 20,000m<sup>2</sup>. It can be used for a variety of purposes, from holding multiple exhibitions at the same time to performing concerts for 15,000 people. The electrical equipment installation on the ceiling was a high-place to do the work. In order to proceed with construction safely and efficiently in such a vast space, we carefully planned the work area of the high-place work vehicle in advance on the drawings, and carefully checked whether the work could be carried out according to the plan at the site before starting actual work.

Three years ago, I was in charge of the new construction of a large exhibition hall, and the know-how I gained during the large-space work at that time was useful in the work at Exhibition Hall 1. In addition, I think I was able to pass on the techniques to the juniors who were in charge of the work together. Thanks to the many people who were involved in the site, we were able to finish the construction / installation safely.



**Hitoshi Kitanishi**  
Manager,  
Construction Group 3,  
Electric Construction Division,  
Chubu Headquarters



Nagoya International Exhibition Hall (Port Messe Nagoya)

## Air Conditioning & Plumbing Work

### Description

The Air Conditioning & Plumbing department works on installing air conditioning, ventilation, sanitation, and water supply and drainage equipment for all facilities, from production facilities to public and commercial facilities such as factories, buildings, hospitals, and schools.

We provide optimal air conditioning systems for our customers when we install air conditioning equipment, such as the installation of cogeneration systems and energy saving through the use of waste heat, from individual distributed air conditioning to large-scale central air conditioning.

In addition, in the water supply and drainage sanitation equipment installation, we propose electrification systems for commercial kitchens for hospitals and hotels, etc. and PFI projects for food service centers, etc., as well as water saving through the use of rainwater and the reuse of wastewater. We also offer optimal water supply and drainage sanitation equipment and systems to meet customer needs, such as proposals for energy saving through the installation of hybrid hot water supply systems and cogeneration systems.

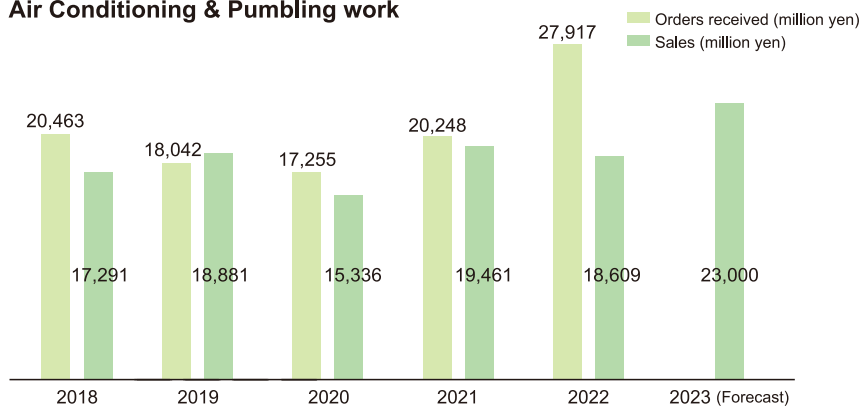
### Overview of FY 2022 and outlook for FY 2023

The amount of orders received in FY 2022 increased by 37.9% year on year to 27.9 billion yen due to orders received for large-scale projects such as hospitals and factories.

Sales decreased by 4.4% year on year to 18.6 billion yen, as progress in the construction of large-scale projects was carried over to the next fiscal year and thereafter.

In FY 2023, based on the Medium-term Management Plan 2027, we will work to expand the foundation of the entire department with the aim of strengthening sales capabilities and securing construction / installation capabilities. In addition, as an area strategy, we will strengthen the structure of the Tokyo Headquarters in addition to the Osaka Headquarters, and establish a sales office to serve as a base, thereby expanding the revenue base for building the value chain, and taking on the challenge of entering new areas in terms of technology. As a result of these measures, sales in FY 2023 are expected to increase by 23.6% year on year to 23 billion yen.

### Air Conditioning & Plumbing work



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### Topic

#### Improvement work of Carat, Toyoake City Coexistence Exchange Plaza (Machines and equipment installation)

### Playing our part in achieving a harmonious society

When renovating a closed-down elementary school facility from a child-rearing support facility to a base for a variety of activities, such as the history and folklore material room, we understood the design intent well and proceeded with the construction based on a detailed survey in order to respond to the different needs of each area. In addition, we used 3D CAD to carry out construction and ensure a proper fit.

In the midst of problems caused by the deterioration of existing buildings, delays in the delivery of equipment due to global conditions occurred, and the circumstances continued to be difficult. However, we successfully completed construction, minimizing the impact of such events by cooperating and adjusting with the parties involved.

When I see the smiling faces of users, I feel a sense of accomplishment together with my colleagues who were in charge of the construction by getting involved in the construction of a facility that serves as a base for community coexistence.



**Shinichi Niimi**  
Chief,  
Air Conditioning & Plumbing  
Group,  
Business Promotion Division,  
Okazaki Branch



Carat, Toyoake City Coexistence Exchange Plaza



## Communication Line Work

### Description

The information and communication department provides original information and communications equipment to meet the needs of a wide range of applications and services, including the latest high-speed information and communications infrastructure, such as fifth-generation mobile communications systems (5G) and the Internet of things (IoT), as well as factories, buildings, hospitals, schools, and expressways, etc., from production facilities to public and commercial facilities.

By providing one-stop services from proposal, design, cost estimation, construction / installation, inspection, and maintenance, we not only provide high-quality and highly reliable equipment, but also provide long-term proposals with a view to future maintenance and renewal.

In recent years, we have established an information and communication group in the Kyushu Branch and have been working to expand base station construction and maintenance work for mobile operators in the western Japan area. In addition, in the event that the communications infrastructure is damaged by natural disasters such as typhoons, we are mobilizing all our resources to restore it so that customers can feel at ease as soon as possible.

As a future growth area, we are working to expand road-related construction projects. We will expand the scope of our sales activities to the eastern and western Japan areas, and proactively engage in initiatives to win construction orders.

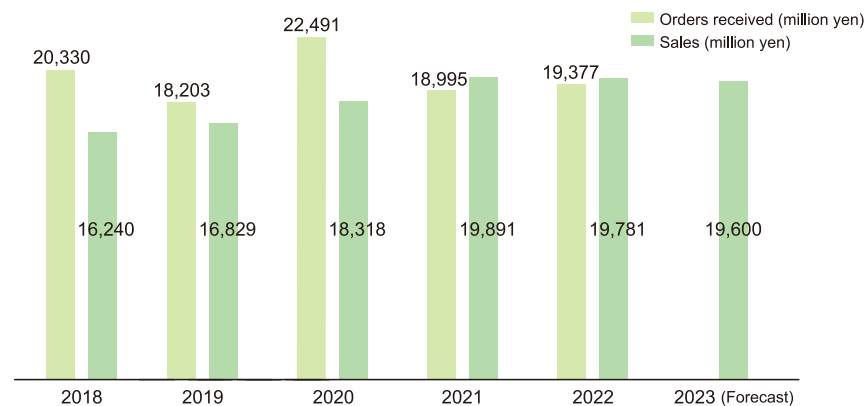
### Overview of FY 2022 and outlook for FY 2023

Orders received were solid overall, despite revisions to maintenance plans and delays in scheduled base station construction orders, etc. In addition, they increased by 2.0% year on year to 19.3 billion yen due to large-scale project orders for road-related construction.

Due to the impact of the delay in delivery of materials due to a shortage of semiconductors at mobile operators, and the progress of some large-scale projects carried over to the next fiscal year and thereafter, overall sales were 19.7 billion yen at the same level as the previous fiscal year.

In order to secure stable orders from mobile operators, which are the core business of the information and communications department, we are working to improve customer evaluations by improving construction / installation quality and further strengthening construction / installation and maintenance systems. In road-related construction, we will work to expand the construction area and strengthen the construction system, aiming to increase orders as the next pillar of our department. In order to secure sales, under the leadership of the department administration divisions, we will implement flexible and efficient personnel allocation that can respond to fluctuations in construction volume at each base. As a result of these measures, sales in FY 2023 are expected to be 19.6 billion yen.

Communication line work



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business details

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### Topic

### Demonstration experiment using Low Power Wide Area (LPWA)

#### Toward the achievement of smart cities through ICT

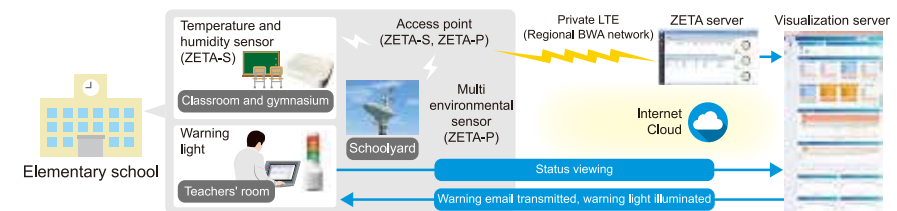
In many regions, local governments are promoting the use of ICT in their local communities against the backdrop of declining working age populations due to declining birthrates and aging populations, responding to complex and diverse administrative needs, and disaster prevention and mitigation measures against the increasing severity and frequency of natural disasters. Our company is conducting a variety of demonstration experiments aimed at achieving smart cities in order to revitalize local communities and resolve regional issues through ICT provided by local governments.



Satoshi Azuma  
Manager,  
Engineering and Maintenance  
Group,  
Information & Communication  
Administration Division

#### • Heat stroke prevention measures using LPWA

By using a private wireless network that utilizes LPWA (ZETA), the actual heat index (WBGT) of the environment is estimated at schools (classrooms and schoolyards), and based on pre-set threshold levels, heatstroke warning alerts are sent to employees by e-mail and warning lights are turned on to remind them. We have thus built a system that can continually check the status using a visualization tool on the web.



# Energy Business

## Description

The energy business department provides a variety of energy related service based on the design, construction, and maintenance technologies we have cultivated as a Integrated Equipment Engineering company to effectively utilize energy and meet the needs of our customers.

We operate solar power generation projects throughout Japan as a project that can contribute to environmental issues such as global warming by utilizing environmentally friendly natural energy. Leveraging the knowledge and experience gained from these projects, we will work to create new energy services to meet customers' needs for the expected transition to carbon neutrality in the future.

For other energy services, we are developing a high-voltage bulk power receiving service that allows condominium residents who have contracted with us to use electricity at a lower price, visualizing the amount of electricity they use, and further discounting charges according to the amount of electricity they save.

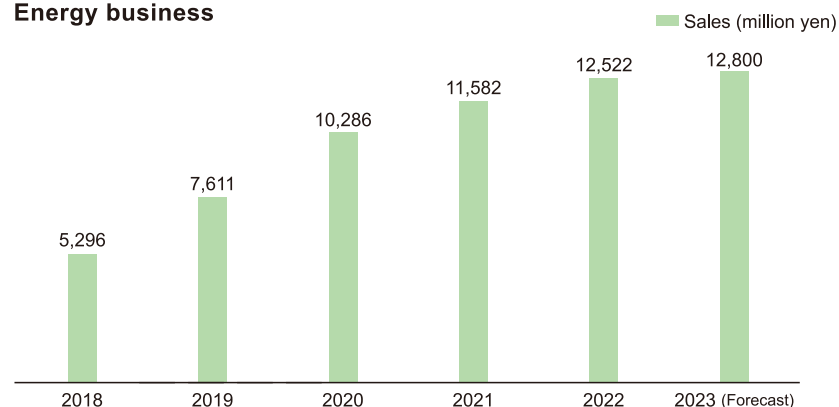
In addition, by using company owned equipment rather than making the customer pay for it, we keep customers' initial investments low, and also provide facility services (mainly for school air conditioning and groundwater use) that provides comprehensive technical services, from equipment installation to the maintenance and management thereof. We will continue to work on our business so that we can provide our energy services to as many customers as possible.

## Overview of FY 2022 and outlook for FY 2023

Sales increased by 8.1% year on year to 12.5 billion yen due to factors such as the new solar power plant, which started operation at the end of FY 2021, being operated full-year in FY 2022.

In the FY 2023, we expect sales to increase by 2.2% year on year to 12.8 billion yen as a result of continued stable business operations. In addition, we will strive to further reduce costs by further promoting operational efficiency.

### Energy business



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guide/energyproject/](https://www.toenec.co.jp/guide/energyproject/)



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### Topic

### Solar power generation project in Motomiya City, Fukushima Prefecture

#### To supply stable power

The project is a solar power generation facility with 126,700 solar panels and a power generation output of 34,980 kW (AC) in Motomiya City, Fukushima Prefecture, and began operation in January 2022.

We expect to generate approximately 45 million kWh per year in our largest solar power generation project, which is equivalent to the annual power consumption\* of approximately 10,000 ordinary households.

The construction of the Toenec Fukushima Motomiya Solar Power Plant was carried out after thorough discussions with the construction company with the understanding and cooperation of the local residents.

We will continue to strive for safe management and stable business operation of the power plant.

\* Calculated based on 4,258 kWh/year per household

(Source: Ministry of the Environment, "Materials of Survey on the Actual Conditions of Carbon Dioxide Emissions from Residential Sector in FY2020 (Final Figures) ")



Yoshiyuki Horishita  
Manager,  
Business Group 1,  
Energy Business Division



Toenec Fukushima Motomiya Solar Power Plant



# International Business

## Description

Our international business was established in 1975, focusing on the construction of petrochemical plants in the Middle East. Since then, as the Japanese manufacturing industry has been moving overseas alongside the appreciation of the yen, we have moved the construction area to Southeast Asia and China to provide electrical, air conditioning, and sanitation work.

We currently have bases in 8 Asian countries, and handle installation of electrical equipment, air conditioning equipment, and water supply and drainage equipment for factories, buildings, hotels, and other production facilities, as well as commercial facilities. We provide one-stop services to meet various needs such as new construction, expansion, and renewal.

Since April 2018, we have been participating in Official Development Assistance (ODA) by leveraging our Group's technological capabilities in the infrastructure field, contributing to the development of electric power, communications, and infrastructure in the Asian region.

People working in different countries often have different values, so we work to resolve difficulties stemming from cultural differences and strive to absorb the languages, cultures, and laws of each country. In order to continue to be a company trusted by customers, we will continue to develop together and lead to the future by providing industry-leading technologies, facilities, and services to all.

## Topic Phnom Penh Transmissipn and Distribution Expansion Project

### Contribute to developing Cambodia using our technological capabilities

An ODA project has been implemented at two substations in Cambodia's metropolitan areas (new 115-kV underground power-transmission and 22-kV underground power-distribution line works).

In this project, we introduced Japanese technologies (including earthquake-resistant design and construction of buildings, which local companies have never seen before, and manufacturing and installation of precast manholes, etc.) and worked together with local staff while instructing on-site construction / installation methods and how to use tools. In addition, due to their lack of knowledge about safety, the TBM-KY method was taught through on-the-job training (OJT), etc., and tools were imported from Japan to prevent disasters.

Going forward, we will continue to make use of our domestic technologies in overseas projects and contribute to their economic development by contributing to a stable supply of electricity. In addition, we will provide safe and high-quality equipment along with the training of local staff.



**Ikuro Nakagawa**  
Manager,  
Information & Communication /  
Underground Cable Group,  
International Division



## History of international business

### 1975 - 1989 The beginning of an international business

In 1975, we established the Overseas Business Division and began full-scale overseas business operations. At that time, we expanded our sales activities in the Middle East, where construction was booming due to oil money, and performed electrical work on refineries, hospitals, and other facilities in Iraq. In the 1980s, we expanded our sales area and received construction orders not only in the Middle East but also in Asia and Europe.

### 1990 - 2015 Shift to the Asian market and active business development

Although we withdrew from the Middle East due to the Iran-Iraq War, we shifted our business to the Chinese and Southeast Asian markets because investment in Asia, mainly in the manufacturing industry, increased due to the appreciation of the yen after the Plaza Accord. In the 1990s, we strengthened our business by establishing bases (subsidiaries and branches) in the countries in which we began to operate.

1990: Started business in China

1995: Established Toenec Philippines Incorporated

1996: Established Toenec (Thailand) Co., Ltd.

2003: Established Toenec Construction (Shanghai) Co., Ltd.

2011: Established Taiwan Branch

#### Major construction track records

- Shanghai Senmao International Building (China)
- TOSTEM (currently LIXIL) Dalian Plant (China)
- Epson Toyocom Thailand Factory 3 (Thailand)
- Makita Chonburi Plant (Thailand)
- Canon Batangas Plant (Philippines)

### 2016 - Further strengthening

In recent years, we have participated in the ODA business in Cambodia and Myanmar, and are contributing to the development of local social infrastructure through our technologies. In addition, in order to capture the growing force of Asian countries, we are working to further expand and strengthen our business foundation by forming alliances with local electrical and mechanical equipment companies.

2016: PT.Asahi Synchrotech Indonesia

(Indonesia) acquired to be included in our Group by investing in Asahi Synchrotech Corporation.

2016: Established Yangon Branch

2019: Invested in Tri-En Solution Co., Ltd. (Thailand)

2022: Invested in Hawee Mechanical and Electrical Joint Stock Company (Vietnam)

#### Major construction track records

- ROHM Cavite Plant (Philippines)
- Kyocera Taiwan Plant (Taiwan)
- Kao Hefei Plant 2 (China)
- Toray Kaohsiung Plant 2 (Taiwan)
- Phnom Penh metropolitan area power transmission and distribution network expansion project (Cambodia)
- Myanmar Railway Improvement Project CP102 (Myanmar, under construction)

For current overseas bases, refer to page 4, "Major overseas offices."

Details of each base are available on our website.

[https://www.toenec.co.jp/docs/international\\_cata\\_20220916.pdf](https://www.toenec.co.jp/docs/international_cata_20220916.pdf)



## Notable Businesses

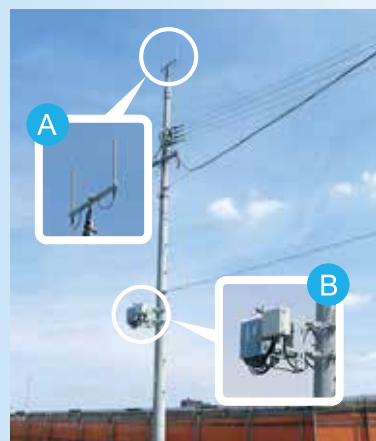
### Antenna sharing business

As an initiative to promote the early spread of 5G, we launched our antenna sharing business.

The information and communication department and the distribution department are working together to help promote this business. This business involves installing equipment such as antennas and power supplies for mobile phone base stations (hereinafter referred to as "base stations") on utility poles in the areas desired by mobile operators, and lending the equipment out to mobile operators.

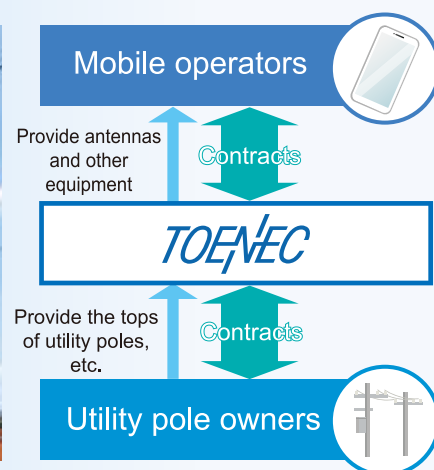
The advantages of this business include the eliminating the need for mobile operators to build base stations and the sharing of antennas and other equipment among mobile operators, which is expected to shorten the construction period and reduce costs compared to building base stations by mobile operators themselves. We believe that this will lead to the early spread of 5G.

We first started this business in Aichi, Gifu, Mie, Shizuoka, and Nagano Prefectures, and will gradually expand the area.



An antenna (A) installed at the top of the utility pole; a power supply and wireless equipment, etc. (B) installed in the middle section

\* Image is for illustrative purposes only



### On-site EL measurement service business

The on-site EL measurement service for solar power plants is a service that detects panel failures using the EL measurement method without removing the solar panel from the frame. The EL measurement method is a method of photographing electroluminescence, a phenomenon in which the solar panel itself emits light by flowing current to the solar panel. When the inside of the solar panel is cracked or the panel is deteriorating, the luminescence intensity is reduced, so it is possible to identify defective parts and deterioration status from the images taken. By detecting these failures at an early stage and taking the necessary countermeasures, we can safely continue generating electricity and prevent a decrease in electricity sales revenue.

In general, EL measurements are performed in the darkroom of the solar cell manufacturer, but by using a dedicated camera developed by our company, measurements can be made at the site (on-site) where the solar power plant is located. As a result, our EL measurement can significantly reduce the time and cost of diagnosis compared to in-plant measurements. In particular, at large-scale solar power plants, dedicated cameras are mounted on drones to perform EL measurements to improve the efficiency of measurement work. Moreover, since EL measurements are performed at night, electricity sales revenue is not affected.





## Basic Stance on Sustainability

Our vision is 'Toward a Integrated Equipment Engineering company that continues to grow in tandem with all stakeholders'. We aim to achieve sustainable growth along with our stakeholders by practicing "Sanpo-yoshi (satisfy the buyer, the seller, and society)."

### Vision

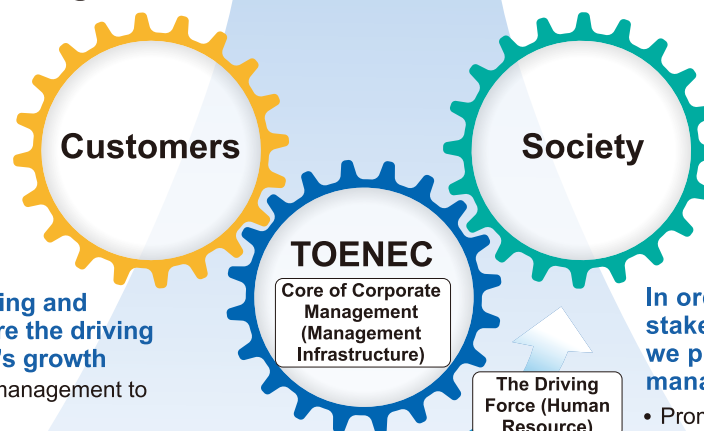
**Toward a Integrated Equipment Engineering company that continues to grow in tandem with all stakeholders**

**We will continue to meet the needs of our customers by pursuing useful services and enhancing our technologies and services**

- Providing a one-stop service that handles everything from technical proposals to maintenance
- Providing construction services overseas, mainly in Asia
- Promoting research & development that responds customer needs, creating new businesses, etc.

**We promote initiatives to enhance hiring and human resource development, who are the driving force and the source of the Company's growth**

- Thorough occupational safety and health management to ensure safety and health
- Recruiting staff actively for medium to long term Company growth
- Securing engineers with reliable technologies, by focusing on human resource development
- Respecting the diversity of employees and organizing workplaces where everyone can work energetically and can display their abilities, etc.



**We contribute to achieving a sustainable society by solving social issues**

- Promoting businesses that contribute to achieving a carbon-neutral society
- Contributing to the improvement of regional resilience through stable supply and restoration of power and telecommunications infrastructure, etc.

**In order to strengthen the relationship of trust with stakeholders, which is our management infrastructure, we pursue sound and transparent corporate management that adapts to the changing social needs**

- Promoting initiatives to ensure and improve construction / installation quality
- Strengthening corporate governance and ensuring compliance
- Steady implementation of initiatives aimed at achieving carbon neutrality, etc.

#### Relevant Policies and Code of Conduct

##### **E**Environment • Basic Environmental Policy

- S**Society
- Human Resource Strategy Policy
    - Human Resource Development Policy
    - Implementation policy to promote the active participation of a diverse group of staff
  - Safety and Health Policy, Code of Conduct for Safety and Health
  - Quality Policy, Code of Conduct for Quality
  - DX Promotion Basic Policy
  - Research & Development Division Policy
  - Chubu Electric Power Group Basic Policy on Social Contribution

Chubu  
Electric  
Power  
Group CSR  
Declaration

- G**Governance
- Compliance Basic Policy
  - Internal Control Basic Policy
  - Privacy Basic Policy

Based on policies and codes of conduct related to sustainability, we have established various committees to set targets for solving issues, formulate specific action plans to implement them, and monitored the progress of various measures.

Important matters discussed and deliberated by each committee are submitted and reported to the Management Council, which is then implemented by management.

	Chairpersons	Frequency of holding
Environmental Measures Promotion Meeting	President and Representative Director	About once a year
Human Resource Strategy Committee	General Manager of Personnel Division	About twice a year
DX Promotion Committee	General Manager of Corporate Planning Division	About once a year
Information Technology Promotion Committee	General Manager of Information Systems Division	About once a year
Work Style Reform Promotion Committee	President and Representative Director	About twice a year
Company-wide Safety and Health Committee	President and Representative Director	About once a year
Quality Measure Promotion Council	President and Representative Director	About once a year
Research & Development Division Committee	General Manager of Research & Development Division	About once a year
Compliance Promotion Committee	President and Representative Director	About twice a year
Internal Control Committee	President and Representative Director	About once a year
Business Continuity Plan Promotion Committee	General Manager of General Affairs Division	About once a year

# Basic Environmental Policy and Management System

## The Toenec Group Basic Environmental Policy

As a group of engineering and construction companies centered on power supply construction, electrical, air-conditioning ducts, and information and communications equipment, we aim to achieve sustainable growth by striving to protect the global environment.

To achieve this goal, each and every staff member will become disciplined in their work and contribute to the development of society.

### Policy 1

**We aim to achieve a decarbonized society, aiming to achieve zero emissions**

We will promote to prevent global warming (CO<sub>2</sub> reducing measures), and aim to achieve a decarbonized society through our business activities. We will propose solutions for a decarbonized society that meet the needs of our customers and society.

### Policy 2

**We will strive to coexist with nature**

In order to protect the rich natural environment, we will strive to prevent environmental pollution by conducting business activities with consideration for the sustainability of diverse ecosystems and water resources.

### Policy 3

**We aim to achieve a recycling-based society**

In addition to reducing resource consumption, we will strive to minimize the amount of waste disposed by curbing the generation of waste and reusing and recycling resources.

### Policy 4

**We will strive to raise environmental awareness**

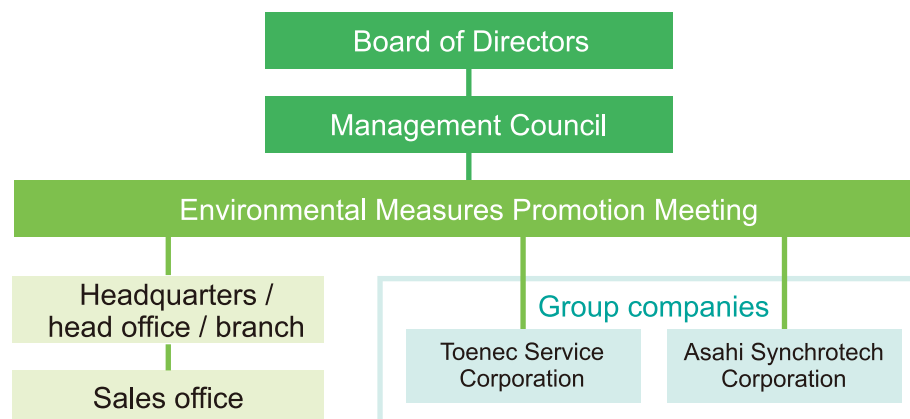
We will deepen social relations and communication with local communities regarding the environment and energy. We will contribute to society by developing staff who can voluntarily act in consideration of the environment.

We will continuously improve our environmental conservation efforts and disclose information in a timely and appropriate manner.

## Environmental Management System

Based on The Toenec Group Basic Environmental Policy, the Environmental Measures Promotion Meeting (chaired by the President) has been established to deliberate on basic policies and measures. Important matters are discussed and decided by the Management Council, reported to the Board of Directors, and a governance system has been established under the supervision of the Board of Directors.

Environmental Measures Promotion Meeting consists of managers from the relevant departments and presidents of Group companies, identifies climate-related risks and opportunities based on TCFD recommendations, deliberates assessment results, and manages the degree of achievement of targets such as the achievement of zero emissions.



### Certifications

#### ISO14001



Registration No.: JQA-EM5245  
 Certified office: Head Office, Chubu Headquarters, Tokyo Headquarters  
 \* Some divisions are not certified

Scope of activities registered: Electrical equipment, air-conditioning and sanitation facilities

#### Nagoya SDGs Green Partners



Offices certified as an excellent eco business:  
 Head Office (01383)  
 Head Office Annex (01384)

Offices certified as an eco business:  
 Nagoya Branch (00074)  
 Daiko Sales Office (00075)  
 Tenpaku Sales Office (00076)  
 Nakagawa Sales Office (00065)  
 Odaka Sales Office (00077)

\* Certification number is displayed in parentheses



## Activities in FY 2022

We promote PDCA cycle, which is the basis of our environmental management system, to continuously improve our environmental conservation activities.

Policies	Details on environmental goals or activities	Achievements
<b>Policy 1</b> We aim to achieve a decarbonized society, aiming to achieve zero emissions	<ul style="list-style-type: none"> <li>Discussion and implementation of initiatives to achieve zero emissions</li> </ul>	<ul style="list-style-type: none"> <li>Plan and begin introduction of measures to reduce Scope 1 and 2 emissions, such as motorization of company cars and rebuilding sites to transform into them as ZEB Ready.</li> </ul>
	<ul style="list-style-type: none"> <li>Contribution to help our customers achieve their targets of carbon neutrality</li> </ul>	<ul style="list-style-type: none"> <li>Introduction of high-efficiency equipment, orders for construction works that reduce environmental impact, and implementation of sales proposals for energy saving, energy creation, and livestock energy</li> </ul>
<b>Policy 2</b> We will strive to coexist with nature	<ul style="list-style-type: none"> <li>Development of technologies to reduce environmental impact</li> </ul>	<ul style="list-style-type: none"> <li>Renewal of materials and equipment for power distribution line work</li> </ul>
	<ul style="list-style-type: none"> <li>Proper storage and management of PCB waste</li> <li>Environmental follow-ups</li> </ul>	<ul style="list-style-type: none"> <li>Confirmation of storage conditions and waste disposal by a specially controlled industrial waste control supervisor (confirmation of proper storage)</li> <li>Exchange information and opinions with business sites to promote environmental conservation activities</li> </ul>
<b>Policy 3</b> We aim to achieve a society with a sound material-cycle	<ul style="list-style-type: none"> <li>Strengthening management of industrial waste</li> </ul>	<ul style="list-style-type: none"> <li>Appointment of a person tasked with industrial waste management at all sites that handle industrial waste and provide training in accordance with business operation methods</li> </ul>
	<ul style="list-style-type: none"> <li>Conversion to valuable resources by utilizing wood chips (used as fuel to generate power)</li> </ul>	<ul style="list-style-type: none"> <li>Conversion record: approx. 507 tons (chip + raw wood)</li> </ul>
	<ul style="list-style-type: none"> <li>Converting dismantled materials into valuable resources</li> <li>Compliance with environment-related laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Conversion record: approx. 4,200 tons</li> <li>Assessment of compliance with environment-related laws</li> </ul>
<b>Policy 4</b> We will strive to raise environmental awareness	<ul style="list-style-type: none"> <li>Education on environmental management</li> </ul>	<ul style="list-style-type: none"> <li>Provide education to all staff to ensure thorough compliance with laws and regulations and to raise awareness of voluntarily acts in consideration of the environment</li> </ul>
	<ul style="list-style-type: none"> <li>Collaborative activities with various organizations and community contribution activities</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of beautifying the local community by cleaning in cooperation with the government</li> <li>Collection of PET bottle caps (cumulative collection of 2,667,480 caps: CO<sub>2</sub> reduction of approx. 20 tons)</li> </ul>

\* The above figures shows the result for Toenec Corporation only

## Main Activities in FY 2022

### Policy 1 We aim to achieve a decarbonized society

#### Ran a booth at JECA FAIR 2022 for awareness activities

We propose solutions that meet the needs of our customers and society to aim to achieve a decarbonized society.

As one of the awareness activities, we ran a booth at JECA FAIR 2022, which was held at Tokyo Big Sight (Koto-ku, Tokyo) in June 2022.

At this booth, in addition to introducing product development, services, and construction examples that contribute to achieving customer decarbonization, presentations and panels introduced our efforts to use felled wood generated in safety logging as fuel for biomass power plants, as well as agrivoltaics (agriculture + photovoltaics)\* implemented by our company.






\* Agrivoltaics is an initiative to share solar power between agricultural production and power generation by installing solar power generation equipment in the upper space by erecting posts on farmland.

### Policy 2 We will strive to coexist with nature

#### Renewal of materials and equipment for power distribution line work

In power distribution line work, we have introduced the temporary power transmission construction method, which establishes temporary distribution line routes for the purpose of avoiding power outages when construction cannot be carried out due to power outages.

In the past, there were 24 types of materials and equipment used for temporary power transmission, however, we have renewed these to 8 types after reviewing and unifying the standards. This system is anticipated to contribute not only to saving labor in operations and equipment management, but also to reducing environmental impact by saving energy and reducing CO<sub>2</sub> emissions in the manufacturing and transportation of various materials and equipment.

Current materials and equipment (before renewal)			Equipment after renewal	
Pole air switch 300A	(1) Switches		Pole air switch 200A	
Gas switch 300A				
Fused air circuit breaker 25A				
Fused gas circuit breaker 25A				
For power supply: CV38 mm <sup>2</sup> 10, 18 m	(2) Power cables		For power supplies and transformers	
For transformer: PN14 mm <sup>2</sup> 7, 10 m			CV22 mm <sup>2</sup> 13 m	
For short: CV38 mm <sup>2</sup> 5, 10 m			For short: CV22 mm <sup>2</sup> 5 m	
For spans: CV22 mm <sup>2</sup> 30, 40, 50, 60, 70, 80 m CV38 mm <sup>2</sup> 30, 40, 50, 60 m			For spans: CV22 mm <sup>2</sup> 40, 50, 60 m	
Linear-type	(3) Intermediate connecting tubes		Linear-type	
T-junction type			T-junction type	
2 convex 1 concave				
π bifurcation				

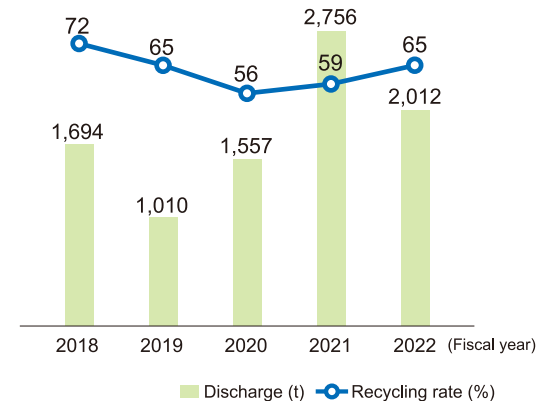
### Policy 3 We aim to achieve a sound material-cycle society

#### Actions to take regarding plastic recycling methods

Our company disposes of a large amount of waste plastic due to dismantling and removal work. Although the emissions fluctuate depending on the type of construction work, our Company wastes more than 250 tons annually, and is classified as a large-volume generator under the Act on Promotion of Resource Circulation for Plastics.

As a large-volume generator, we will strive to improve the recycling rate by educating staff to raise their awareness, selecting industrial waste disposal companies with a high recycling rate, and promoting reuse.

Rate of total amount of waste plastic and recycling



### Policy 4 We will strive to raise environmental awareness

#### Development of staff who can contribute to the environment

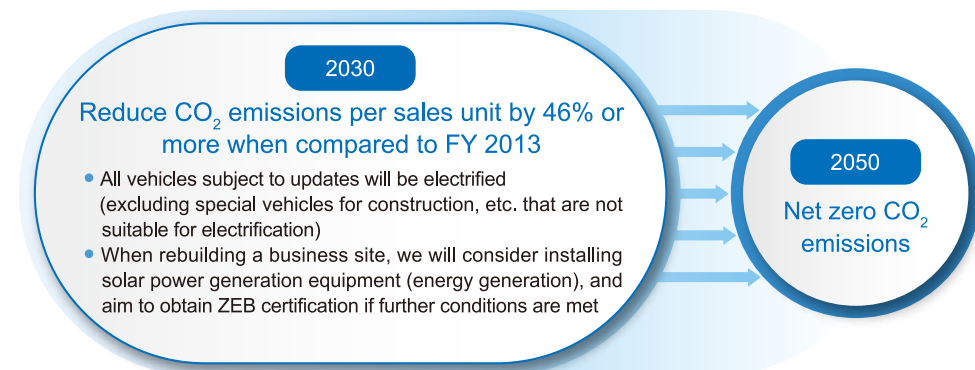
In FY 2022, we provided education on the Act on Promotion of Resource Circulation for Plastics for all staff and knowledge education on industrial waste disposal for staff responsible for industrial waste management at each business site.

In addition, by promoting information on environmental conservation continuously through the company website, participating in community cleanup activities in cooperation with the government, and participating in various activities such as the eco-cap campaign, we will change staff behavior (energy saving, power saving, etc.), we are working to raise the environmental awareness of our employees.



## Initiatives to Achieve a Zero Emission Goal

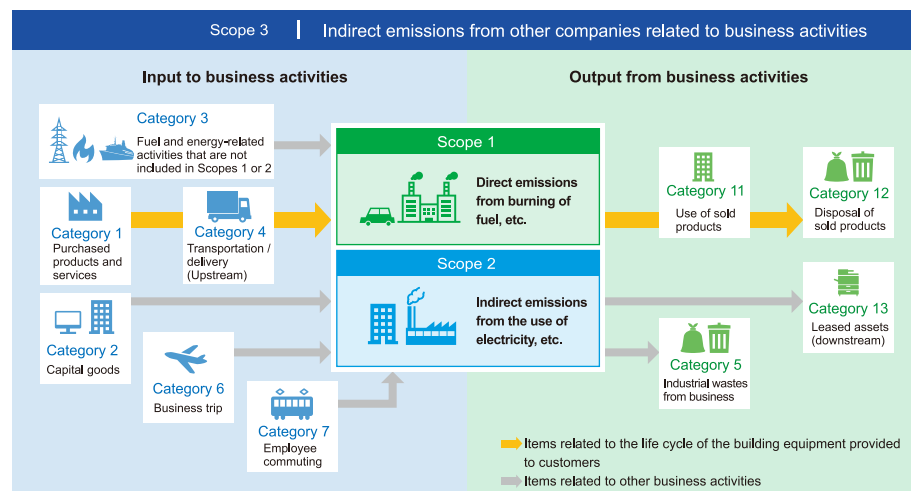
### Our goal



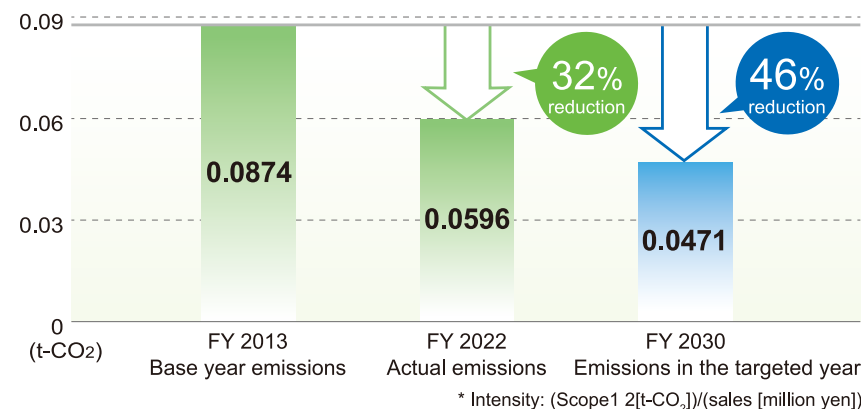
### Initiatives to reduce CO<sub>2</sub> emissions in the supply chain

Our Group calculates greenhouse gas emissions in Scope 1, 2 and 3, grasps the big picture of emissions associated with its business, and identifies hotspots that have a significant impact on the environment. In FY 2022, emissions from the entire supply chain totaled 1,924,000 t-CO<sub>2</sub>, with Scope 3, Category 11 (emissions from the use of products sold) accounting for the largest amount at 1,513,000 t-CO<sub>2</sub>.

In order to contribute to reducing emissions not only at the construction stage but also throughout the entire life cycle, we are engaged in a variety of initiatives, including research and development of technologies and proposal activities for customers.



### CO<sub>2</sub> reduction targets and results (intensity)



### Calculation results for FY 2022

(totals for Toenec, Toenec Service, and Asahi Synchrotech)

Category	Subject to calculation	Actual value (t-CO <sub>2</sub> )
Scope 1	Direct discharge due to use of vehicle fuel, etc.	8,679
Scope 2	Indirect emissions associated with the use of electricity supplied by other companies	5,329
Scope 3	Indirect emissions related to business activities (total of all categories)	1,909,997
1 Purchased products and services	Emissions produced from processing raw materials and parts	337,746
2 Capital goods	Emissions from manufacturing and construction of own capital goods	5,487
3 Fuel and energy-related activities not included in Scopes 1 or 2	Emissions from upstream processes (including mining, refining, etc.) for procured fuel and electricity	2,560
4 Transportation / delivery (upstream)	Emissions from logistics from the supplier of the product to our company	35,561
5 Waste generated by the business	Emissions associated with transportation and waste disposal generated by our company	2,494
6 Business trips	Emissions associated with employee business trips	1,461
7 Employee commuting	Emissions from employee commutes	3,413
11 Use of sold products	Emissions from product use by customers after delivery (usage period set at 15 years)	1,513,450
12 Disposal of sold products	Emissions associated with product disposal by customers	7,335
13 Leased assets (downstream)	Emissions associated with managing leased assets that are leased to others	491
Total of Scope 1,2,3		1,924,005

(Note) 1. Calculated based on the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (ver.2.5) issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry  
2. Categories 8 to 10, 14, and 15 do not apply to business activities

## Information Disclosure Based on TCFD Recommendations

Recognizing the impact of climate change on our business as an important management issue, we expressed our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to promote sustainability initiatives. In order to inform investors and other stakeholders about our initiatives, we are disclosing information in line with the TCFD recommendations.

### Governance

Based on the Toenec Group's Basic Environmental Policy, the Toenec Group has established the Environmental Measures Promotion Meeting (chaired by the President) to deliberate on basic policies and measures. Important matters are discussed and decided at the Management Council and reported to the Board of Directors. We have established a governance system supervised by the Board of Directors.

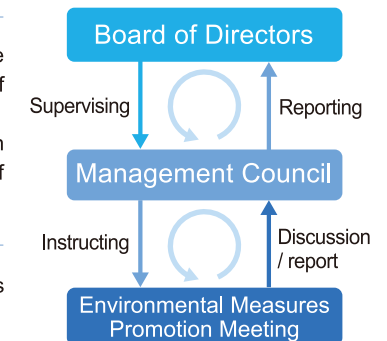
Environmental Measures Promotion Meeting, which consists of managers from the relevant departments and presidents of Group companies, deliberates on the results of identifying and assessing climate-related risks and opportunities based on the TCFD recommendations, and also manages the degree of achievement of targets such as the achievement of zero emissions.

### Strategies

With regard to the 2°C scenario and the 4°C scenario, which cover the installation work and the energy business, which account for the majority of the Group's net sales, we identified important risks and opportunities based on our future worldview.



\* The Task Force on Climate-related Financial Disclosures established by the Financial Stability Board (FSB) in response to the wishes of the G20 Finance Ministers and Central Bank Governors.



		Time axis	2°C scenario		4°C scenario	
			Expected changes in society	Impact on our company	Expected changes in society	Impact on our company
Major risk	Policy and law [Cost increase due to introduction of carbon pricing]	Medium	Carbon pricing, which is already widespread in Europe, has now been introduced in Japan	Payment of carbon pricing according to the level of CO <sub>2</sub> emissions will be required, which will increase costs	High prices will not be set or introduced due to the delay of emission reduction initiatives	No impact because carbon prices will not be introduced
	Soaring energy prices [Increase in vehicle fuel costs]	Medium	The spread of renewable energy will suppress the increase in demand for fossil fuels and curb the rate of price increases	Fuel costs will be increased due to the rising cost of fossil fuel-derived fuels	As demand for fossil fuels increases without the spread of renewable energy, prices will rise further compared to the 2°C scenario	Fuel costs will be increased due to the rising cost of fossil fuel-derived fuels
	Energy saving standards regulations [Increase in procurement costs for building materials]	Medium	The carbon price will be added to the price of building materials	Construction material procurement costs will be increased due to the introduction of carbon pricing	As carbon prices are not introduced, there will be no increase in the price of building materials due to a reduction in CO <sub>2</sub> emissions	As carbon pricing are not introduced, the procurement costs of building materials will remain unchanged
	Flood and storm surge damages [Decrease in revenue from renewable energy sales]	Short	Temperatures will continue to rise until 2030, and the frequency of occurrence of disasters will be higher than today	The solar power generation system will be damaged by disasters, and electricity sales revenue will be decreased due to power outages	Although there is no significant difference in temperature in 2030, the frequency and severity of disasters will further increase compared to the 2°C scenario	The solar power generation system will be damaged by disasters, and electricity sales revenue will be decreased due to power outages
	Storm and flood damages [Decrease in revenue from renewable energy sales]	Short		The amount of precipitation and the number of days of rainfall will increase, the amount of power generated by solar power will decrease, and electricity sales revenue will decrease		The amount of precipitation and the number of days of rainfall will increase, the amount of power generated by solar power will decrease, and electricity sales revenue will decrease
Important opportunities	Resource efficiency [Decrease in vehicle fuel costs]	Medium	In order to reduce CO <sub>2</sub> emissions, the next-generation of vehicles such as passenger cars and freight cars will become widespread	Vehicle fuel costs will be reduced by switching to next-generation vehicles such as small passenger cars and freight cars	The spread of next-generation vehicles will be delayed, and the spread of these vehicles will be limited to the current level of small passenger cars	The effects of fuel cost reductions will be negligible, and it will be limited to switching from small passenger cars to next-generation vehicles
	Energy source [Increase in renewable energy-related construction sales]	Medium	Momentum for the use of renewable energy as a measure against climate change will be increased, and the proportion of renewable energy such as solar and wind power generation in the power supply mix will increase	Sales of solar and wind power generation related construction will increase	There will be no major changes in power supply configuration, and dependence on fossil fuels will continue	Construction related to solar and wind power generation will remain at the current levels
	Energy source [Increase in revenue from renewable energy sales]	Medium		Electricity sales revenue will increase by promoting the installation of solar power generation facilities to meet the growing demand for renewable energy		The demand for renewable energy will not change, and the number of solar power generation facilities will not increase significantly from now
	Energy sources / products / services / markets [Increase in sales of ZEB, ZEH and energy saving support]	Medium	Companies will become more conscious of reducing CO <sub>2</sub> emissions, and most of the new buildings will meet the standards from ZEB, ZEH, etc.	Received orders for ZEB/ZEH-related work and energy-saving renovation work will increase by strengthening work related to energy-saving support	There will be no significant change in corporate awareness of reducing CO <sub>2</sub> emissions from the current situation, and the need for ZEB and ZEH will remain at the current level	Energy-saving support and construction related to ZEB and ZEH will remain at the current levels
	Products / services / resilience [Increase in opportunities for the response to disaster]	Short	Temperature will continue to rise and disaster frequency will be higher than it is today (less than 4°C)	Opportunities of quick restoration work in the event of a disaster will increase by strengthening BCP	Temperatures will continue to rise, and the frequency and severity of disasters will increase	Opportunities for quick restoration work in the event of a disaster will increase significantly by strengthening BCP

(Note) As for the 1.2°C scenario, refer to the International Energy Agency (IEA): SDS (Sustainable Development Scenario), etc.

As for the 2.4°C scenario, see Intergovernmental Panel on Climate Change (IPCC): RCP 8.5, etc.

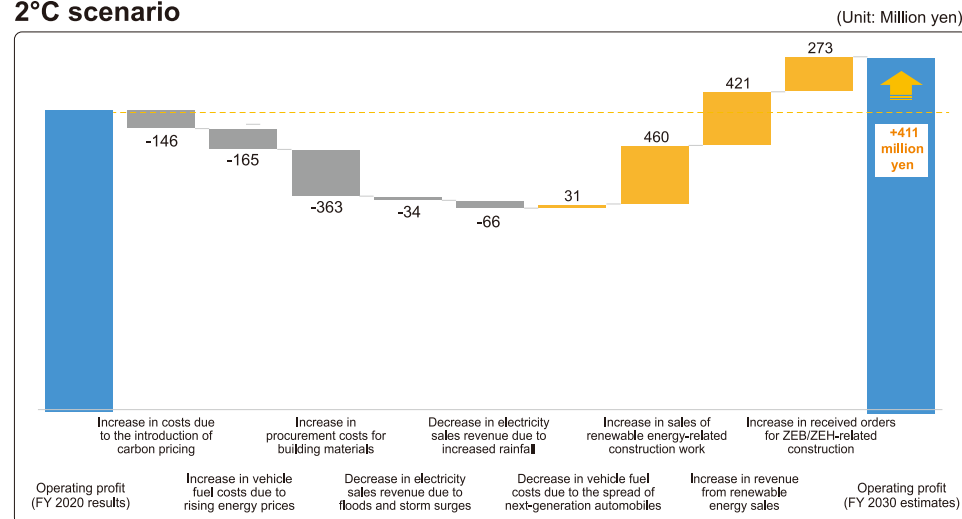


## Impact assessment on operating profit

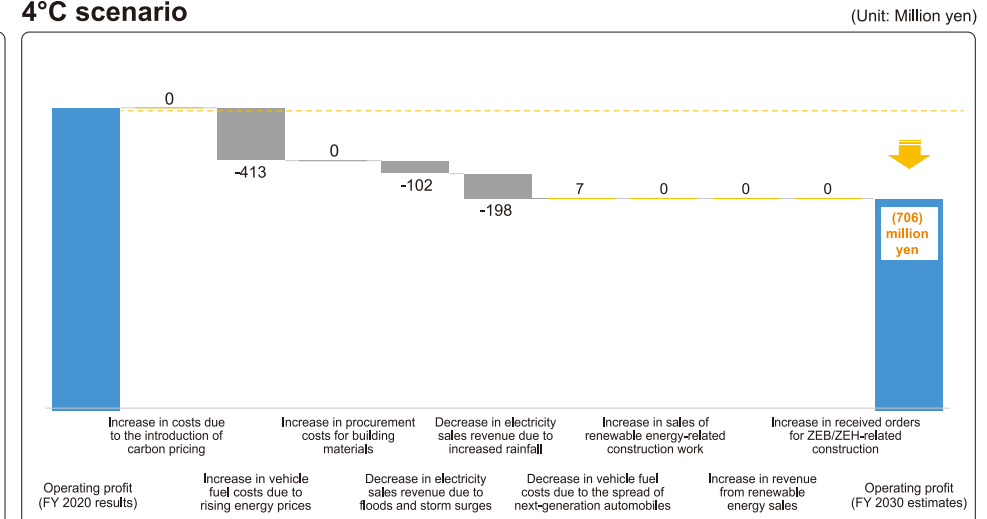
Under the 2°C scenario, our operating profit in FY 2030 will be increased due to the large impact of renewable energy-related construction and the sale of renewable energy electricity. On the other hand, under the 4°C scenario, the increase in vehicle fuel costs caused by the rise in energy prices will be significant, resulting in a decrease in our operating profit.

We aim to maximize operating profit by integrating the results of this scenario analysis into our management strategies and promoting initiatives to expand identified opportunities and reduce risks.

### 2°C scenario



### 4°C scenario



## Risk management

The Environmental Measures Promotion Meeting deliberates on the results of the identification and evaluation of climate-related risks and opportunities based on the TCFD recommendations, and confirms the progress of countermeasures related to the identified risks and opportunities. In addition, we have set targets to achieve zero emissions and monitor emissions.

Climate-related risks assessed as having a significant impact by the Environmental Measures Promotion Meeting are linked with Group-wide risk management, where the Corporate Planning Division serves as the secretariat. Climate-related risk measures determined in Group-wide risk management are shared with the Environmental Measures Promotion Meeting as necessary.

## Metrics and goals

We will contribute to achieve a decarbonized society by setting goals for zero emissions and advancing initiatives toward these goals.

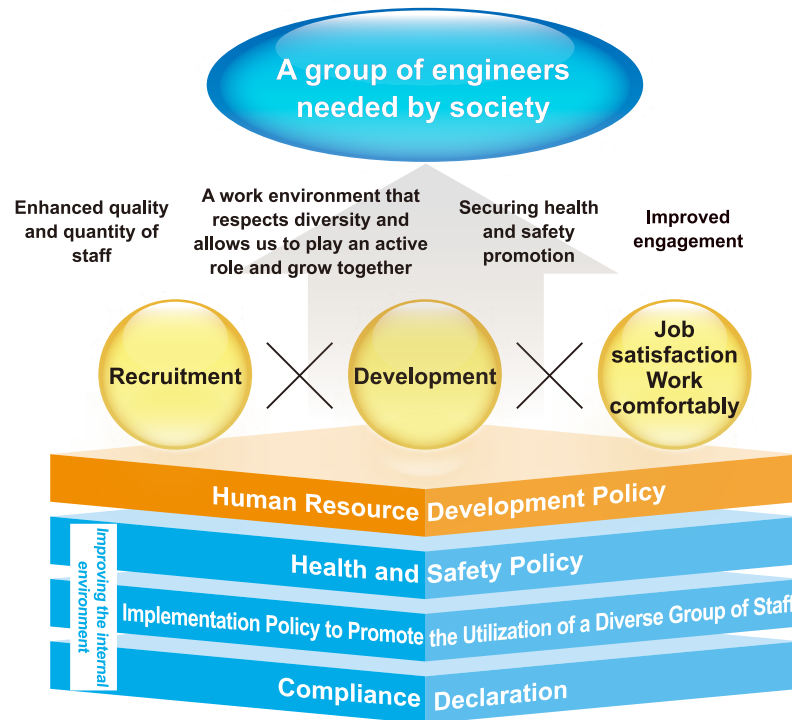
**Goals** **2030:** We will reduce CO<sub>2</sub> emissions per sales unit by **more than 46%** compared to FY 2013

**2050:** We will achieve **net zero** CO<sub>2</sub> emissions

# Human Resource Strategy Policy and Basic Stance

## Human Resource Strategy Policy of the Toenec Group

Staff are the driving force of our company and the source of our growth. In order to deliver a safe and friendly environment to society, we will further expand the investment in staff and enhance the quality and quantity of staff. In addition, we will actively promote measures to increase employee engagement so that a diverse group of staff can work healthily, safely, and energetically. Through these efforts, we hope that each and every one of our employees will feel pride and joy in their work, and that we will be a group of engineers needed by society.



## Human Resource Strategy Committee

In July 2023, we established the Human Resource Strategy Committee, which deliberates, confirms, and evaluates strategies and measures related to human talent. In addition to steadily implementing strategies based on the Human Resource Strategy Policy, we are working to improve the effectiveness of various measures by gathering opinions from each department and division and reflecting them in the strategies.

## Basic stance and main initiatives

### Recruitment

In order for our company to continue to grow strongly, it is necessary to strengthen existing businesses and build a foundation for future growth. In order to achieve it, we believe that it is inevitable to recruit talented staff. So, we will promote the recruitment of not only new graduates, but also experienced personnel who are ready to work, as well as a diverse group of staff regardless of nationality, gender, disabilities, and so on.

### Regular (new graduates) recruitment

In order to achieve our growth strategy and sustainable growth, we actively recruit technical positions. We strive to secure staff by hiring a diverse group of staff regardless of gender, nationality, or area of expertise. We also hold events for job-hunting students, such as recruitment activities, internships, and workplace tours, in order to connect with more students and let them become interested in our company.

### Recruitment of experienced personnel

We are focusing on hiring experienced personnel while utilizing various hiring channels in order to acquire staff who are ready to work and core employees. In the future, we will aim to promote the acceptance of highly specialized and skilled professionals who will drive the growth of our company, and develop necessary systems.

### Follow-up system after joining the company

We are working to prevent turnover (for staff retention) by focusing not only on hiring but also on follow-ups after joining the company. In order to encourage internal communication after joining the company and to be able to quickly blend in with the company, we are implementing a mentor system and holding events for joining the company at the same time. In addition, we are working to enhance various systems such as scholarship loan repayment support, and have established a system to support young employees.

Regular (new graduates) hires (joined in FY 2023)

Job type	Operational			Technical			Skilled			Total (people)
	University graduate	High school graduate	Total	University graduate	High school graduate	Total	University graduate	High school graduate	Total	
Male	4	0	4	68	47	115	0	59	59	178
Female	8	0	8	4	5	9	0	0	0	17
Total	12	0	12	72	52	124	0	59	59	195

\* University graduates include graduates from junior colleges, technical colleges, and vocational schools

Success rate of conversion from non-regular employment to regular employment (FY 2022)

Male	6
Female	1

Turnover rate of regular hires over the past three years (as of March 31, 2023)

Fiscal year joined	FY 2022	FY 2021	FY 2020
No. of hires	192	160	120
No. of employees who left the company	2	17	18
Turnover rate	1.0%	10.6%	15.0%

Recruitment of experienced personnel (as of March 31, 2023)

No. of currently-employed experienced personnel	268
Employee percentage	6.2%
No. of experienced personnel in management (employees)	67
Percentage in management (employees)	9.1%

## Development

Our human resource development is aimed at improving the job satisfaction of our employees and achieving sustainable company growth. By promoting the development, we believe that individual growth leads to company growth, which in turn creates a virtuous circle. Under the Human Resource Development Policy, we will work on the development so that each and every employee has the motivation to grow on their own and enhance their knowledge, technical skills, and human capabilities.

### Human Resource development policy

- 1. Expected staff image**
  - (1) A person who is sincere and thinks from the other person's point of view
  - (2) A person who has safety awareness, high technical skills, and expertise
  - (3) A person full of motivation who thinks and acts on their own
  - (4) A person who take on challenges without fear of failure
- 2. The role and mindset of human resource development**
  - (1) In order to promote the growth of employees, the company will enhance its systems and environments.  
When developing our employees, we will respect the individuality of each individual and implement it in a systematic manner.
  - (2) Supervisors must work closely with their subordinates and develop them with a sense of responsibility.
  - (3) Employees shall have a positive attitude to learn and improve their knowledge and skills.
- 3. Initiatives for Human Resource development**
  - (1) Promote development based on education and guidance through practical work.
  - (2) Enhance manager's ability to properly coach subordinates.
  - (3) Provide a variety of work opportunities to enable broader thinking.
  - (4) Implement education to acquire knowledge and improve technical skills and abilities.
  - (5) Motivate employees to grow and support their motivation.

## Group training

The Education & Training Center and each department systematically implements group training according to the type of job, department, level, etc. We not only enhance our expertise outside the workplace to acquire the necessary knowledge, skills, and techniques, but also improve their motivation for self-development by providing opportunities to learn with colleagues.

In addition, at the practical training facility in the Education & Training Center, employees can acquire practical training such as practical skills suitable for the field. In addition, at the Safety Creation Center, they aim to improve their sensitivity to danger and safety awareness through experiencing unsafe situations.



Education & Training Center (Minami Ward, Nagoya City)

Group training organized by the Education & Training Center and the department administration division (FY 2022)

No. of courses	Total no. of training days	Total no. of trainees
124	1,273	3,943

## OJT (On the Job Training)

We recognize that OJT is an important opportunity for staff development, where you can acquire practical knowledge and skills through practical work. OJT is implemented systematically rather than individually, and OJT manuals have been prepared to improve its effectiveness. In addition, we are systematically creating an environment for education by managing individual skills and setting goals using checklists.

## Self-improvement

We have established systems to support employee self-improvement, such as correspondence education, and voluntary training organized by the Education & Training Center. Also, employees who aim to acquire the qualifications necessary for work will be provided with preparatory courses and we will also support the employee acquisition of qualifications at the company's own cost for the price of examinations.

Status of the number of qualified persons (as of March 31, 2023)

Engineer	Professional Engineer	35
Electrical	Type 1, 2, and 3 Chief Electrical Engineers	598
	First- and Second-Class Electrical Works Execution Managers	1,429
	Electrician	1,413
Facilities	First- and Second-Class Plumbing Work Construction Management Engineers	262
	Building Mechanical and Electrical Engineer	78
	Instrumentation Engineer	54
	Chief Engineer of Water Service Installation Works	35
	Class A Fire Defense Equipment Officer	737
Communications	First- and Second-Class Telecommunication Engineering Construction Management Engineers	56
	Chief Telecommunications Engineer - Transmission Exchange	25
	Chief Telecommunications Engineer - Lines	15
	AI Type 1 Installation Technician	101
	DD Type 1 Installation Technician	143
Architecture	AI and DD Installation Technician	209
	First- and Second-Class Architects	24
Civil engineering	First- and Second-Class Building Construction Management Engineers	44
	First- and Second-Class Civil Work Construction Management Engineers	123
	Surveyor	10
Other	First- and Second-Class Construction Industry Accountants	479
	Type 1 Health Supervisor	355



## Internal recruitment system

We have introduced an internal recruitment system to promote active staff participation for those who are motivated to take on challenges and who have the aptitude. Recently, we recruited candidates for overseas training at our local subsidiary in the Philippines, employees dispatched to other companies for training and recruited DX promotion division staff through internal recruitment. We are also recruiting trainees for human resource development who can formulate management plans, recruiters, and mentors through internal recruitment. We are encouraging employees to think and act on their own and provide opportunities for challenge and skill development.

## Skills Competition

We have participated in the National Skills Competition every year since 1991, with the aim of developing staff with high skills and techniques, and passing those on to younger staff. To date, we won five gold medals and participated in the WorldSkills Competition four times.

In competitions, not only skills such as minuteness and accuracy are necessary, but also a strong mind that always stays calm, so we are working to improve our human ability to respond to any challenge.

Number of awards at the National Skills Competition (Electric works)

Gold Prize	5
Silver Prize	13
Bronze Prize	15



Skills Competition participants

## Job satisfaction and comfortable work environment

Our employees are very important to us. In order for our company to achieve sustainable growth, it is necessary for each and every employee to carry out their work with a sense of vigor and satisfaction. We will continue to work to improve employee engagement so that employees and the company can understand and trust each other.

## Employee satisfaction survey

In order to objectively grasp the level of employee satisfaction with the company, the work, work environment, etc., we are conducting regular employee satisfaction surveys (previous survey response rate: 83.9%). The results of the survey are analyzed and evaluated, and requests from employees are reflected as much as possible in systems and measures to improve employee engagement.

## Positive campaign

As an initiative to invigorate communication among employees, we are conducting a positive campaign for employees to exchange greetings companywide. We strive to create a workplace culture that is highly psychologically safe and comfortable by building good human relationships through mutual interest in and recognition of everyone's work and roles.

## Health management

Based on the Health and Safety Policy, we are working to maintain and promote employee health and to improve the work environment so that everyone who works at our company can fully demonstrate their abilities, both physically and mentally. In the annual stress check, we are working to improve the test-taking rate and reduce overall health risks. We encourage employees to take the test to ensure proper self-care. In addition, we strive to create a workplace where employees can play an active role by providing face-to-face guidance by an industrial physician for employees judged to be high stress, and by improving the workplace environment which is judged to be high risk.

Average number of years employees have worked (as of March 31, 2023)

Male	Female	Total
17.8 years	22.2 years	18.1 years

Average number of days of paid leave taken (FY 2022)

Operational position	Technical position	Skilled position	Total
14.9 days	11.9 days	16.7 days	13.9 days

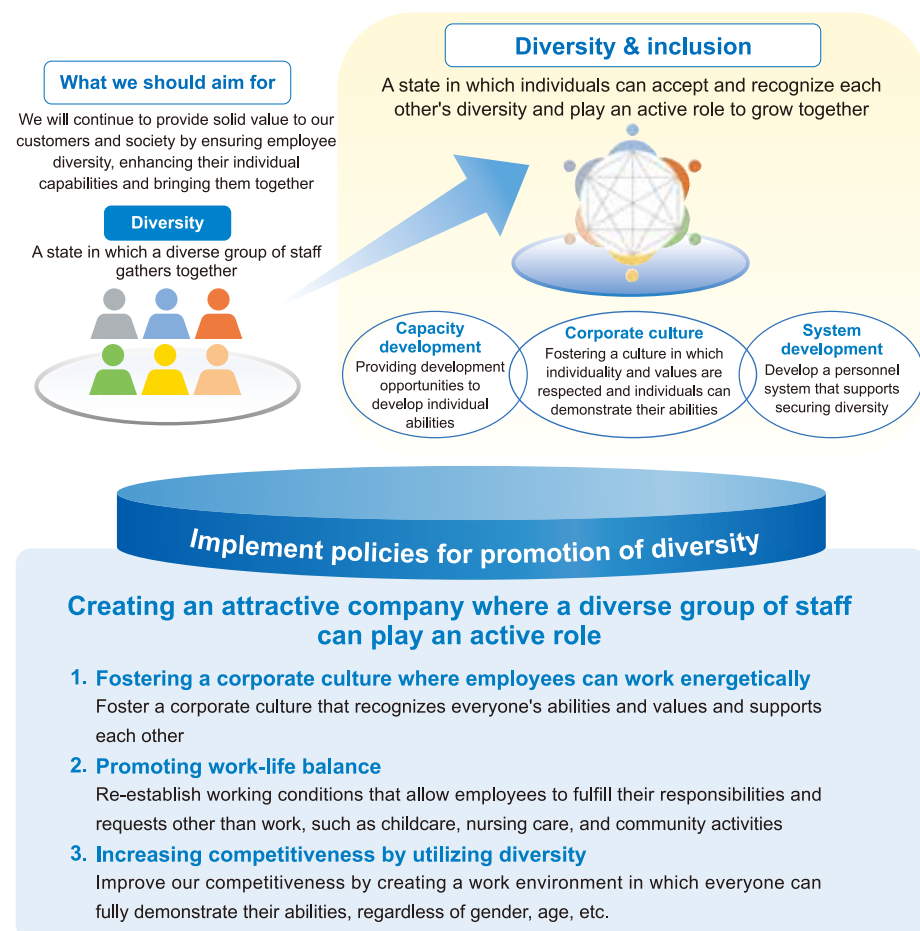
Stress check test result (FY 2022)

Test-taking rate	99.8%
Total health risk*	84

\* A quantitative measure of the impact of the workplace environment on employees' health. Setting the national average to 100, the higher the number, the higher the risk.

## Diversity & Inclusion 2027

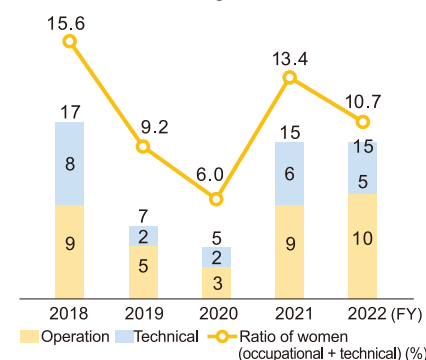
Since diversity is an important factor in securing human capital and enhancing value, in April 2023 we formulated Diversity & Inclusion 2027 (D&I 2027), which summarizes our vision and goals for FY 2027. Based on the implementation policy for promoting the active participation of a diverse group of staff, we will steadily work on not only ensuring and spreading diversity, but also further developing it to create a workplace environment where diversity is accepted and mutually recognized, and where people can play active roles and grow together (diversity & inclusion).



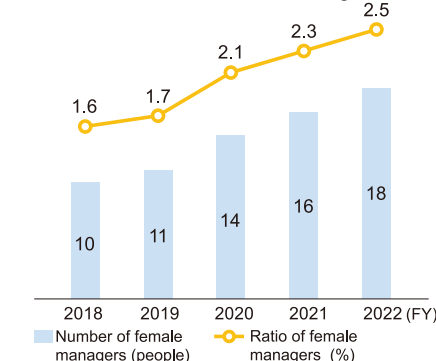
### Quantitative goals

Theme	Index	At the time of establishment (FY 2022 results)	Goal
Women's participation	Percentage of female in regular hires	Total	10.7%
		Technical	3.9%
		Others	83.3%
	Number of female managers (percentage of female managers)	18 (2.5%)	31 or more (4%)
Work-life balance	Percentage of employees taking childcare leave	Male	88.6%
		Female	100%
Employment of persons with disabilities	Employment rate	2.8%	2.8% or more

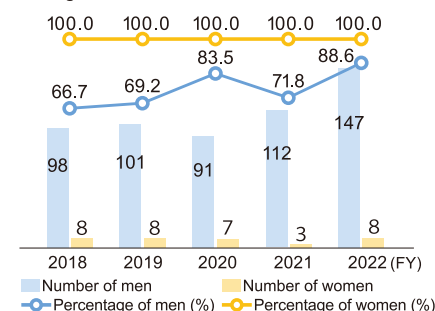
Number of female regular hires



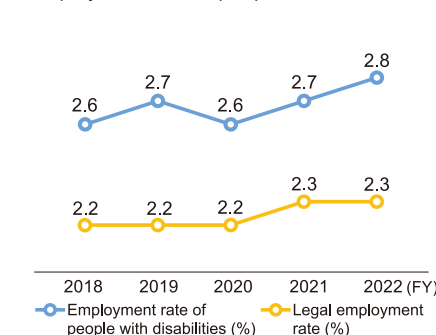
Number and ratio of female managers



Number and percentage of people taking childcare leave



Employment rate of people with disabilities



## Promotion of Diversity

### Promoting the active participation of women

We are working to create an environment where everyone can fully demonstrate their abilities, regardless of gender, age, etc. We are implementing a variety of measures to help women build their careers and expand their work fields.

#### Female mentoring activities

We are conducting female mentoring activities with the aim of relieving work anxiety, improving motivation, and forming a personal network within the company. In addition, interacting with senior female employees who are taking active roles in the workplace is leading to the improvement of junior female employees' motivation to advance their careers.



Mentoring activity kickoff training

#### Opinion exchange meeting

We are holding exchange meetings and other events for female engineers in construction management and other work, as well as female sales staff. Based on these opinions, we are working on improvements to the employee lounge and dress code, etc., which are both important for workplace improvement. We will work to improve the environment where it is easy for everyone to continue working by preventing isolation of minority groups, maintaining and improving motivation, and utilizing new perspectives unique to women.



Female engineer on-site follow-up

#### Women's participation promotion

We are working on a variety of awareness-raising activities aimed at creating a vibrant corporate culture in which female individuals can fully demonstrate their individuality and abilities, as well as providing joint seminars for five CHUBU Electric Group companies, unconscious bias trainings for officers, Femtech seminars on women's health issues, trainings to promote women to managerial positions, etc.



Femtech seminar

#### Other

We are working to create an environment where everyone can fully demonstrate their abilities, regardless of gender, age, etc. We are reviewing our internal systems, adding work-life balance support tools on our internal website, spreading information, and so forth. In addition, the average length of service for women continues to exceed 20 years.

Our company has received commendations and certifications from Aichi Prefecture and Nagoya City in recognition of its stance and initiatives to promote the active participation of women. In addition, we are also active as an "Aichi Women's Advancement Promotion Leader" commissioned by Aichi Prefecture, and we are encouraging not only our company but also our business partners to take steps for active participation of women and to encourage the use of prefectural measures.



Aichi Women's  
Brilliance  
Company (Aichi  
Prefecture)



Aichi Women's  
Advancement  
Promotion  
Leader



Nagoya City's  
"Company  
promoting the  
advancement of  
women"

### Work-life balance

With the aim of creating a company where employees can enjoy fulfilling days at work by balancing their work and personal time, we are working as one to reform work styles as a company where employees can value their own time. In addition, we have set the target childcare leave rate, and are working to achieve a reality where zero employees leave the company for nursing care. We are implementing a work-life balance support system that makes it normal to balance childcare, nursing care, illness treatment, etc. with work, and we are creating a positive workplace culture by enhancing support tools and raising awareness.

#### Balancing work with childcare

We are working to increase the rate of male employees taking childcare leave. In addition to raising awareness through IkuBoss training (for bosses to understand and support his worker's participation in childcare and work-life balance), e-learning education, study groups, etc., we are creating a work environment where employees can easily take childcare leave through the creation of the HoKatsu support guidebook (a guidebook for activities that parents take to enroll their children in nursery school) and leaflets.



A guidebook for working  
moms and dads



Work-life balance support  
handbook:  
Basic knowledge of nursing care

#### Balancing work with nursing care

At nursing care seminars, we provide useful knowledge and information to prepare workers for nursing care. In addition, we have introduced a flextime system and a telecommuting system, and are developing internal systems to support a diverse range of work styles.

In recognition of our efforts to create an employee-friendly working environment, we received an award from Aichi Prefecture as a family-friendly company. In FY 2022, we received an award from Nagoya City as a parental support company in recognition of our long-term work-life balance support, such as a life support leave (infertility treatment leave) and a short-time work system that employees having children up to the third grade of elementary school can use.



Company awarded  
as a parental  
support company  
(Nagoya City)



Family Friendly  
Award (Aichi  
Prefecture)



Family Friendly  
Company (Aichi  
Prefecture)



Aichikko Home  
Education Support  
Company

### Employing people with disabilities

We aim to create a people-friendly workplace culture where everyone can understand the diverse personalities and characteristics that make up the workforce, help each other, and come up with ideas. We continue to support our employees to ensure employee retention and to help them display their abilities. Through a working farm where people with disabilities can cultivate vegetables, we are working to expand employment and foster awareness and understanding of people with disabilities.

We also encourage employees with disabilities to participate in the Abilympics (skills competition for people with disabilities) if they so choose, with the goal of contributing to the growth and further active participation of employees with disabilities. (Participated in the 2019, 2020, and 2021 national competitions)



\* Please refer to our website for more details on diversity and inclusion  
<https://www.toenec.co.jp/csr/diversity/index.html>



# Work Style Reform

## Basic philosophy

In April 2017, we established the Work Style Reform Promotion Committee to improve productivity, reduce long working hours and holiday work, and aim to be a company where each employee can value their own time. "Stop and reform" your work. Under the slogan of "creating a new corporate culture," we are working on various initiatives with promotional targets for responding to overtime limit regulations that will be applied to the construction industry starting from FY 2024, as well as work style reforms.

## Specific initiatives

### Holding KAERU meeting

We are regularly holding "KAERU\* meetings" in the internal wiring and air conditioning piping departments to transform the workplace into an ideal workplace based on ideas suggested from the site. We are working to improve work efficiency and reduce overtime hours by actively exchanging opinions and immediately adopting ideas that can be put into practice on themes such as "what should employees do to go home on time?" and "what should employees do to take a vacation every now and again?" In May 2022, we held a meeting to share the details of the results from each team.

\* KAERU has meaning of Change, Going back home and Return. The purposes of the meeting are to discuss issues relating to changing working environment and going back home earlier, and to return the results of the meeting to the attendees.



KAERU meeting

### Introducing a super-flex system

We have had a flex system under which employees can decide the starting and ending time of the workday by themselves. In April 2022, we introduced a super-flex system for employees who carried out on-site management work without a core time (period of time during which they must be working). We will promote the development of an environment and systems that enable employees to work efficiently while maintaining a work-life balance.

## Goals

- Total actual hours worked (companywide average) to be less than 2,000 hours/year by the end of FY 2024
- Improve employee satisfaction
- Regarding overtime limit regulations\*, we aim to achieve zero employees who exceed the overtime limit from FY 2023

\* (1) 720 hours per year; (2) Exceeding monthly overtime limit of 45 hours per month limited to six times per year; (3) Less than 100 hours per month; and (4) The average over the last two to six months was within 80 hours

### Introducing Free-address offices

In order to promote communication among employees and improve work efficiency, some divisions have adopted a Free-address system. Examining the design and equipment of the office, led mainly by mid-career and young employees led to a work environment with both functionality and comfort. By installing internal phones using smartphones and telecubes (sound-proof private boxes) for web conferencing, we are able to respond to changing work styles.



## Safety and Health Policy / Quality Control Policy

For our company, ensuring employee safety and health, and our technology / service quality is the foundation of our corporate activities. We place the utmost importance on ensuring that all employees continue to work safely and healthily, and that our technologies and services continue to be of a trustworthy and satisfying quality.

### Safety and healthy Policy

The Toenec Corporation has established the following safety and health policy.

**We place health and safety as a highly important management priority so that our colleagues can lead lively and fulfilling lives, working to eradicate occupational accidents, maintain and improve mental and physical health, and create a comfortable work environment.**

In accordance with this health and safety policy, we will develop sustainable activities for health and safety. We will also invest the necessary management resources to achieve this.



### Safety and Health

### Safety and Health Conduct Code

All officers and employees shall act as follows for the wellbeing of themselves, their families, and their colleagues. We will also respect each other's actions and raise awareness of health and safety through dialog and cooperation.

1. Prioritize health and safety.
2. Understand the rules and be sure to follow them.
3. Think and act on our own to ensure health and safety.
4. Do not ignore unsafe behavior or the signs of a colleague in bad condition.
5. Identify risks and prevent disasters before they occur.
6. Investigate the cause of the trouble and improve measures.



### Quality control policy

Toenec Corporation has established the following quality control policy.

**We will contribute to society by providing technologies and services that meet customer needs and that create a comfortable environment.**

In accordance with this quality control policy, we will set quality targets and continue to evaluate and improve them. We will also invest the necessary management resources to achieve this.



### Quality Control

### Quality Control Conduct Code

All officers and employees shall, under any and all circumstances, act as follows and strive to earn the trust and confidence of customers.

1. Comply with laws and regulations and respond to customer needs.
2. Strive to improve our technologies and skills.
3. Strive to improve construction quality and services.
4. Strive to research and develop technologies that anticipate societal needs.
5. Strengthen cooperation with business partners.



### ISO9001



Registered place of business: Business Promotion Department and Air Conditioning & Plumbing Department (including the sales department of each branch and regional headquarters)

Registration number: JQA-1933

Registered activity scope: Design and installation of electrical and air-conditioning equipment for contract work



### Safety Creation Center



We place the highest priority on ensuring the health and safety of workers, and aim to completely eliminate occupational accidents by aligning safety awareness with safe behavior.

In addition to the conventional "seeing and listening" health and safety education, in 2017 we established the Safety Creation Center, an educational facility that allows employees to "experience" the sparks of danger lurking in their work to raise their sensitivity to potential dangers and safety awareness.

### Safety Creation Center

Address: 1-79, Takiharu-cho, Minami-ku, Nagoya, Aichi URL: <https://www.toenec.co.jp/company/safetycreation/index.html>



Equipment for experiencing a landslide



Experiencing feet breaking through the floor (VR)



Electric shock sensing equipment (high voltage)

## With Local Community

As part of our corporate social responsibility, we aim to be a company that is trusted by local customers and one that actively contributes to local communities.

Through not only disaster recovery when lifelines are disrupted due to natural disasters such as typhoons, snowstorms, and lightning strikes, but also the activities of the athletics club, technical guidance in cooperation with schools, and the sponsorship of classical concerts, etc. we will engage in community contribution activities as a good corporate citizen.



Technical instruction at schools



Weeding in community areas

### Disaster recovery responses

**October 2019**

Heavy rain damage caused by Typhoon No. 19



**August 2021**

Heavy rain damage in eastern Japan



**July 2020**

Heavy rain damage in the Chubu region



**February 2022**

Heavy snowfall damage in Nagano Prefecture



**May 2021**

Tornado damage in Shizuoka Prefecture



**September 2022**

Damage caused by typhoons No. 14 and 15



### Strengthening system against natural disasters

Based on the knowledge and experience we have gained through disaster recovery, we have established a system that enables early recovery in the event of a disaster.

In the power distribution department, we have established rules that provide details on disaster recovery, and have been deploying necessary materials and equipment. In addition, we conduct annual disaster recovery training jointly with Chubu Electric Power Grid, Co., Inc. to maintain and improve our response capabilities. In the information and communication department, we work with cooperative companies to deploy power supply vehicles and generators, and conduct training on the installation of on-board and portable base stations to maintain and improve our response capabilities.

In the event of a disaster, recovery work is carried out nationwide, including in the Chubu region as well as remote islands.



Air tents are used to secure base functions

### Track and field club activities

Our track and field club was founded in October 1990 and is currently based in Mizuho-ku, Nagoya. In addition to participating 13 times in the New Year Ekiden (All Japan Industrial Teams Men's Ekiden) for 11 years in a row, the club members have also been active in individual events, including being highly ranked in international competitions and in the Japan Championships in Athletics.



### Donation of emergency food

Emergency food is stockpiled in preparation for a large-scale disaster.

We make efforts such as donating food to external organizations as part of our efforts to reduce food loss and contribute to society.

#### Donation of food stockpiles (FY 2022)

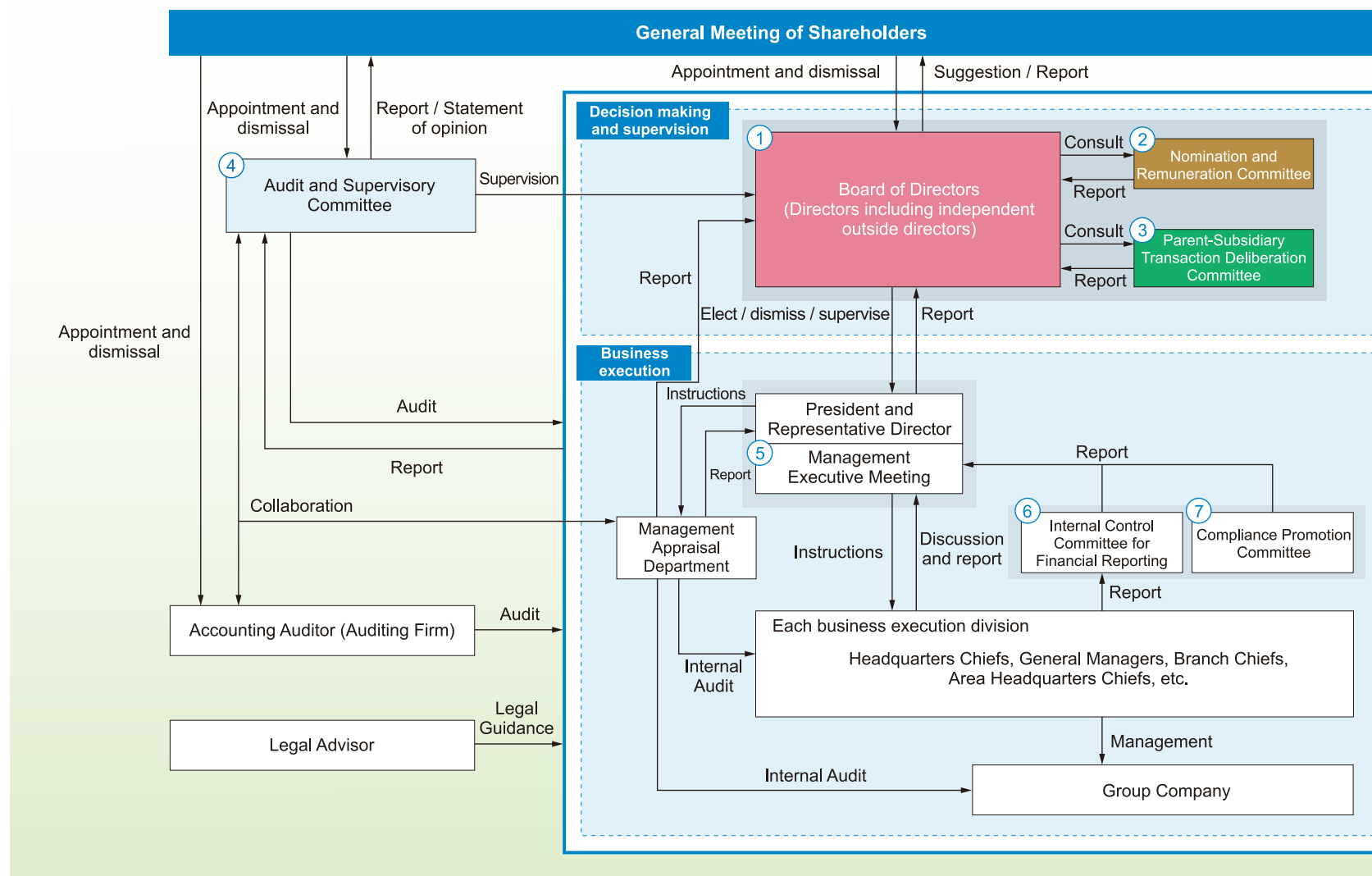
Head office and Nagoya Branch	About 5,000 meals
Okazaki Branch	About 170 meals
Shizuoka Branch	About 80 meals
Mie Branch	About 450 meals
Gifu Branch	About 1,500 meals
Nagano Branch	About 880 meals



## Corporate Governance System

Under our management philosophy of "developing businesses with creation and challenge at the core, earning the trust of society and our customers, and becoming an excellent company brimming with personality," we will strive to strengthen our corporate governance by enhancing management efficiency and corporate transparency in accordance with the principles of the Corporate Governance Code.

Corporate Governance System Chart



# Management Committee and Council

## 1 Board of Directors

Number of meetings held in FY 2022: 16

In principle, the Board of Directors meets once a month to make decisions on important matters related to management, such as medium- to long-term management strategies, officer nomination and remuneration, and important transactions with our parent company, as well as to supervise director duties. In addition, to strengthen supervisory functions, six of our thirteen directors are outside directors.

## 2 Nomination and Remuneration Committee

Number of meetings held in FY 2022: 3

In order to strengthen objectivity and transparency in procedures related to officer nomination and remuneration, the Nomination and Remuneration Committee has been established as a voluntary advisory body to the Board of Directors. The Nomination and Remuneration Committee deliberates on matters such as the nomination of director candidates, selection and dismissal of representative directors, and director remuneration (excluding members of the Audit and Supervisory Committee) in response to consultation by the Board of Directors, and reports to the Board of Directors.

## 3 Parent-Subsidiary Transaction Deliberation Committee

Number of meetings held in FY 2022: 4

The Parent-Subsidiary Transaction Deliberation Committee, consisting of independent outside directors, has been established to deliberate on important transactions with our parent company, Chubu Electric Power Co., Inc., and its spin-off subsidiaries, Chubu Electric Power Grid Co., Inc. and Chubu Electric Power Miraiz Co., Inc., from the perspective of protecting the interests of general shareholders.

## 4 Audit and Supervisory Committee

Number of meetings held in FY 2022: 20

The Audit and Supervisory Committee consists of four directors (three of whom are outside directors) who are members of the Audit and Supervisory Committee. As an independent body entrusted by shareholders, the Audit and Supervisory Committee formulates audit plans / programs and audits director duties. The Audit and Supervisory Committee carries out its duties by attending meetings of the Board of Directors, Management Executive Meeting, and other important meetings, hearing reports from directors, etc., and inspecting important documents.

## 5 Management Council

Number of meetings held in FY 2022: 32

The Management Council has been established to deliberate on business execution related to the cores of our management and to receive reports on the status of business execution, etc., with regard to the business execution structure of the divisions. The meeting is held at least once a month in principle.

## 6 Internal Control Committee for Financial Reporting

Number of meetings held in FY 2022: 1

The Internal Control Committee for Financial Reporting has been established to deliberate on the status of maintenance and operation of internal control over financial reporting and to ensure efficient operation of internal control over financial reporting.

## 7 Compliance Promotion Committee

Number of meetings held in FY 2022: 2

The Compliance Promotion Committee has been established to strengthen and enhance our structure for preventing compliance risks.

## Internal Audit

The Management Examination Department, a body independent of the business execution divisions that reports directly to the President, has been established as a dedicated department for the purpose of contributing to improving management efficiency and ensuring appropriate business execution. The Department conducts inspections of routine operations and special assignments across all company operations, reports the results of these inspections to the President, and provides advice and recommendations to the relevant departments to encourage continuous improvement. In addition, important matters are reported directly to the Board of Directors.

## Accounting Audit

KPMG AZSA LLC has been appointed as the accounting auditor, and two certified public accountants, Kuniyoshi Iwata and Tatsuhisa Murai, have performed the accounting audit. Four certified public accountants and 15 other staff members have assisted the accounting audit work.

# List of Directors

## President and Representative Director

### Yuuzou Fujita



Jul. 2014: Executive Officer and General Manager of Distribution, Customer Service Division, Chubu Electric Power Co., Inc.  
 Jul. 2015: Managing Executive Officer and General Manager of Nagoya Branch, Chubu Electric Power Co., Inc.  
 Apr. 2018: Senior Managing Executive Officer and General Manager of Tokyo Headquarters of the Company  
 Jun. 2018: Director, Senior Managing Executive Officer and General Manager of Tokyo Headquarters  
 Apr. 2020: Representative Director and Executive Vice President, assisting the President in general business management, Supervisory Manager of Secretarial Division, Research & Development Division, and Information & Communication Administration Division  
 Apr. 2021: President and Representative Director, Chief Executive Officer (current position)

[Number of shares held] 4,140

[Attendance at the Board of Directors meetings] 16/16

## Outside Director (part-time)

### Atsushi Iizuka



Jul. 2015: Director-General, Tokai Local Finance Branch Bureau, Ministry of Finance  
 Jul. 2016: First Deputy Commissioner, National Tax Agency  
 Jul. 2017: Director-General, Customs and Tariff Bureau, Ministry of Finance (Retired from Ministry of Finance in July 2018)  
 Nov. 2018: Advisor, Sampo Holdings, Inc.  
 Jan. 2019: Chairman, Sampo Japan Nipponkoa Research Institute Inc. (Retired in June 2020)  
 Jun. 2020: Outside Director of the Company (part-time) (current position)  
 Senior Managing Executive Officer, JAPAN POST HOLDINGS Co., Ltd.  
 Jun. 2021: Representative Executive Officer, Executive Vice President, JAPAN POST HOLDINGS Co., Ltd.  
 Jun. 2023: Director and Representative Executive Officer, Executive Vice President, JAPAN POST HOLDINGS Co., Ltd. (current position)

[Number of shares held] 605

[Attendance at the Board of Directors meetings] 16/16

## Director, Senior Managing Executive Officer

### Kouji Hirata



Apr. 1981: Joined the Company  
 Jun. 2012: Executive Officer and General Manager of Engineering Administration Division of Business Promotion Department  
 Jul. 2013: Advisor and Deputy General Manager of Electric Construction Administration Division of Business Promotion Department  
 Jun. 2014: Managing Executive Officer, General Manager of Electric Construction Administration Division of Business Promotion Department  
 Apr. 2017: Senior Managing Executive Officer, Supervisory Manager of Overseas Division and General Manager of Business Promotion Department  
 Jun. 2017: Director, Senior Managing Executive Officer, Supervisory Manager of Overseas Division and General Manager of Business Promotion Department  
 Apr. 2018: Director, Senior Managing Executive Officer, Supervisory Manager of International Division and General Manager of Business Promotion Department (current position)

[Number of shares held] 3,708

[Attendance at the Board of Directors meetings] 16/16

## Representative Director, Executive Vice President

### Tsuguhisa Takimoto



Apr. 1986: Joined the Company  
 Jun. 2013: Advisor and Deputy General Manager of the Underground Cable Division of the Distribution Department  
 Jun. 2014: Executive Officer and General Manager of Shizuoka Branch  
 Apr. 2018: Executive Officer and Deputy General Manager of Tokyo Headquarters  
 Apr. 2020: Senior Managing Executive Officer and General Manager of Tokyo Headquarters of the Company  
 Jun. 2020: Director, Senior Managing Executive Officer and General Manager of Tokyo Headquarters  
 Apr. 2022: Representative Director and Executive Vice President, assisting the President in general business management, Supervisory Manager of Corporate Planning Division, Finance & Accounting Division, and Purchasing Division  
 Apr. 2023: Representative Director and Executive Vice President, assisting the President in general business management, Supervisory Manager of Secretarial Division, Personnel Division, Education & Training Center, and Purchasing Division (current position)

[Number of shares held] 2,506

[Attendance at the Board of Directors meetings] 16/16

## Outside Director (part-time)

### Hiroyuki Ukai



Apr. 2010: Vice-President of Nagoya Institute of Technology and Professor of Graduate School of Engineering, Nagoya Institute of Technology  
 Apr. 2014: President, Nagoya Institute of Technology  
 Apr. 2020: Vice-President and Professor of Faculty of business administration of Aichi Toho University, -Toho Gakuen Administration Officer, Toho Gakuen (current position)  
 Apr. 2021: President, Aichi Toho University (current position)  
 Jun. 2021: Auditor, ASTI CORPORATION (current position)  
 Jun. 2022: Outside Director of the Company (part-time) (current position)

[Number of shares held] 126

[Attendance at the Board of Directors meetings] 13/13

## Director, Senior Managing Executive Officer

### Tatsuo Ikeyama



Apr. 1987: Joined the Company  
 Jun. 2013: Executive Officer and General Manager of Sales Division and Manager of Construction Group of Mie Branch  
 Jul. 2013: Executive Officer and General Manager of Air Conditioning & Plumbing Administration Division of Business Promotion Department  
 Jul. 2016: Executive Officer and General Manager of Air Conditioning & Plumbing Administration Division of Air Conditioning & Plumbing Department  
 Apr. 2018: Executive Officer and General Manager of Mie Branch  
 Apr. 2021: Senior Managing Executive Officer and Supervisory Manager of Information Systems Division and Information & Communication Administration Division  
 Apr. 2022: Senior Managing Executive Officer and Supervisory Manager of Research & Development Division, Information Systems Division and Information & Communication Administration Division  
 Jun. 2022: Director, Senior Managing Executive Officer and Supervisory Manager of Research & Development Division, Information Systems Division and Information & Communication Administration Division (current position)

[Number of shares held] 1,913

[Attendance at the Board of Directors meetings] 13/13

## Representative Director, Executive Vice President

### Yasuhiko Horiuchi



Apr. 1981: Joined the Company  
 Jun. 2010: Director and General Manager of the Underground Cable Division of the Distribution Department  
 Jun. 2011: Executive Officer and General Manager of the Underground Cable Division of the Distribution Department  
 Jun. 2012: Executive Officer and General Manager of Shizuoka Branch  
 Jun. 2014: Managing Executive Officer, Deputy General Manager of Business Promotion Department and Assistant Supervisory Manager of Overseas Division  
 Jun. 2016: Director, Senior Managing Executive Officer, Deputy General Manager of Business Promotion Department and Assistant Supervisory Manager of Overseas Division  
 Jul. 2016: Director, Senior Managing Executive Officer, General Manager of Air Conditioning & Plumbing Department  
 Apr. 2019: Director, Senior Managing Executive Officer, Supervisory Manager of Energy Business Division, and General Manager of Air Conditioning & Plumbing Department  
 Apr. 2020: Representative Director and Executive Vice President, assisting the President in general business management, Supervisory Manager of Energy Business Division, and General Manager of Air Conditioning & Plumbing Department (current position)

[Number of shares held] 3,526

[Attendance at the Board of Directors meetings] 16/16

## Outside Director (part-time)

### Akiko Yoshimoto



Jul. 2013: Vice-Governor, Aichi Prefecture  
 Jul. 2015: Assistant Minister (in charge of Worker's Compensation), Minister's Secretariat, Ministry of Health, Labour and Welfare  
 Oct. 2015: Assistant Minister (in charge of Equal Employment, Child and Family, and policy on the Declining Birthrate), Minister's Secretariat, Ministry of Health, Labour and Welfare  
 Jul. 2017: Deputy Director-General of Secretariat (in charge of adjustment, planning and public relations), Central Labour Relations Commission, Ministry of Health, Labour and Welfare  
 Jul. 2018: Director-General of Human Resources Development, Ministry of Health, Labour and Welfare  
 Jul. 2019: Director-General of Secretariat of Central Labour Relations Commission, Ministry of Health, Labour and Welfare (retired from the ministry in October 2021)  
 Feb. 2022: Senior Advisor, Boston Consulting Group (current position)  
 Jun. 2022: Outside Director of the Company (part-time) (current position)  
 Jun. 2023: Outside Auditor, Takara Holdings Inc. (current position)

[Number of shares held] 0

[Attendance at the Board of Directors meetings] 13/13

## Director, Senior Managing Executive Officer

### Shigemitsu Yamazaki



Apr. 1987: Joined the Company  
 Jun. 2015: Advisor and Deputy General Manager of Corporate Planning Office  
 Jul. 2016: Executive Officer, Deputy General Manager of Corporate Planning Division and Manager of Corporate Management Group  
 Apr. 2017: Executive Officer, General Manager of Electric Construction Administration Division of Business Promotion Department  
 Apr. 2021: Executive Officer and General Manager of Personnel Division  
 Apr. 2022: Senior Managing Executive Officer and General Manager of Tokyo Headquarters  
 Jun. 2022: Director, Senior Managing Executive Officer and General Manager of Tokyo Headquarters (current position)

[Number of shares held] 2,900

[Attendance at the Board of Directors meetings] 13/13



## List of Directors / Skills Matrix



Outside Director, Full-time Audit and Supervisory Committee member (full-time)

### Shuichi Terada

Jul. 2007: Deputy General Manager, Tokyo Branch, Chubu Electric Power Co., Inc.  
 Jul. 2009: General Manager, Legal Affairs Department, Chubu Electric Power Co., Inc.  
 Jul. 2012: Executive Officer, General Manager, Legal Affairs Department, Chubu Electric Power Co., Inc.  
 Apr. 2017: Director, chubuseiki Co., Ltd.  
 Jun. 2019: Corporate Auditor, Chubu Electric Power Co., Inc.  
 Apr. 2020: Corporate Auditor, Chubu Electric Power Grid Co., Inc.  
 Jun. 2023: Outside Director, Full-time Audit and Supervisory Committee member of the Toenec Corporation (current position)

[Number of shares held] 0



Director, Audit and Supervisory Committee member (full-time)

### Masahiko Kimura

Apr. 1982: Joined the Company  
 Jun. 2011: Executive Officer and General Manager of Secretarial Office  
 Jun. 2014: Executive Officer and General Manager of Finance & Accounting Division  
 Apr. 2018: Executive Officer and General Manager of Nagano Branch  
 Apr. 2021: Advisor to Auditors Room (full-time)  
 Jun. 2021: Director, Audit and Supervisory Committee Member (current position)

[Number of shares held] 2,858

[Attendance at the Board of Directors meetings] 16 / 16

## Skills Matrix

The Board of Directors is composed of directors with abundant experience and broad insight cultivated through diverse backgrounds in order to fulfill its roles and responsibilities, such as "directing corporate strategies," "creating an environment that supports appropriate risk taking by the management," and "highly effective supervision from an independent and objective standpoint," and to achieve our sustainable growth and increase our corporate value over the medium to long term.



Outside Director, Audit and Supervisory Committee member (part-time)

### Katsuhiko Sugita

Apr. 1984: Registered as an attorney at law  
 Joined Ishihara Law Office  
 Apr. 2004: Vice President, Ishihara Law Office (current position)  
 Sep. 2012: Outside Corporate Auditor, Toyoshima & Co., Ltd. (current position)  
 Jun. 2015: Outside Auditor of the Company (part-time)  
 Jun. 2021: Outside Director, Audit and Supervisory Committee Member of the Company (part-time) (current position)

[Number of shares held] 182

[Attendance at the Board of Directors meetings] 16 / 16



Outside Director, Audit and Supervisory Committee member (part-time)

### Mitsuaki Shibata

Mar. 1981: Registered as Certified Public Accountant  
 May 2003: Representative Partner, ChuoAoyama Audit Corporation  
 Aug. 2007: Representative Partner, KPMG AZSA LLC  
 Jul. 2013: Auditor, KPMG AZSA LLC  
 Jul. 2015: President of Shibata Mitsuaki CPA Office (current position)  
 Jun. 2019: Outside Auditor of the Company (part-time)  
 Jun. 2021: Outside Director, Audit and Supervisory Committee Member (part-time) (current position)

[Number of shares held] 182

[Attendance at the Board of Directors meetings] 15 / 16

Name	Independent Outside	Main areas of expertise						
		Corporate Management	Business Promotion, Marketing	Technology, Quality, DX	Finance & Accounting	Legal Affairs, Risk Management	Internationality	ESG (Environment, Society, Governance)
Yuuzou Fujita		○	○	○		○		○
Tsuguhisa Takimoto		○			○	○	○	○
Yasuhiko Horiuchi		○	○	○			○	○
Atsushi Iizuka	●	○			○	○		
Hiroyuki Ukai	●	○		○				○
Akiko Yoshimoto	●	○				○		○
Kouji Hirata		○	○	○			○	
Tatsuo Ikeyama		○	○	○				○
Shigemitsu Yamazaki		○	○	○				○
Shuichi Terada		○				○		
Katsuhiko Sugita	●				○	○		
Mitsuaki Shibata	●				○	○		
Masahiko Kimura					○	○		

\* The above chart is not an exhaustive list of each person's areas of expertise and experience.

## Remuneration and Evaluation of the Board of Directors

### Matters concerning the decision policy regarding the content of remuneration, etc. for each director (excluding a director who is an audit and a Supervisory Committee member)

Our company has established a policy for determining the content of individual remuneration, etc. for directors (excluding directors who are audit and a Supervisory Committee members; hereinafter the same shall apply in this policy). The outline of the policy is as follows.

- In terms of company director remuneration, in order to achieve sustainable growth and increase corporate value over the medium- to long-term, our company's basic policy is configured to reach the level for securing excellent staff, sharing greater value with shareholders, and functioning as an incentive to improve business performance.
- When determining the remuneration for individual directors, remuneration for executive directors consists of fixed basic remuneration, performance-linked remuneration, and non-monetary remuneration. Remuneration for outside directors and non-executive directors consists of basic remuneration only. No retirement bonus or retirement allowance under any other name shall be paid.
- Basic remuneration for directors shall be a fixed monthly remuneration paid during their term of office, and shall be determined by position according to their responsibilities in comprehensive consideration of company performance, the level of other companies, the medium to long-term business environment, etc.
- Performance-linked remuneration shall be in cash and will reflect performance indicators for each fiscal year, and the amount calculated according to the degree of achievement of consolidated ordinary profit targets for each fiscal year during the term of office shall be paid as bonuses at a certain time every year. Target performance indicators and their values will be reviewed based on deliberations made by the Nomination and Remuneration Committee.
- Transfer-restricted shares shall be granted as non-monetary remuneration in order to share the benefits and risks of share price fluctuations with shareholders and to further increase motivation to increase share price and corporate value. Grants shall be determined by position according to their responsibilities in comprehensive consideration of company performance, levels of other companies, the medium to long-term business environment, etc. In addition, grants shall be made at a certain time every year during the term of office.
- Total amount of basic remuneration, performance-linked remuneration, and non-monetary remuneration is determined based on the results of an independent third party survey on director remuneration for companies comparable to our company in terms of business details and size and through deliberation at a voluntary Nomination and Remuneration Committee. The Board of Directors shall respect the contents of such deliberations. The ratio of performance-linked remuneration shall not be fixed, and shall be designed to increase the ratio of performance-linked remuneration occupied in the total amount as business performance improves. Other remuneration ratios shall be determined within the range of the remuneration ratio for each type of remuneration deliberated by the Nomination and Remuneration Committee.

### Remuneration for Directors (FY 2022)

Officer category	Total remuneration (million yen)	Total remuneration by type, etc. (million yen)			Number of eligible officers
		Base remuneration	Performance-linked remuneration, etc.	Non-monetary remuneration, etc.	
Directors (Excluding directors who are Audit and Supervisory Committee members.) (Including outside directors)	274 (21)	233 (21)	34 (-)	6 (-)	14 (5)
Directors who are Audit and Supervisory Committee members (Including outside directors)	62 (39)	62 (39)	- (-)	- (-)	4 (3)

Notes:

1. The above figures include three directors who resigned at the conclusion of the 104th Ordinary General Meeting of Shareholders held on June 28, 2022.
2. Bonuses are paid to directors (excluding outside directors and directors who are Audit and Supervisory Committee members) as performance-linked remuneration, etc. The performance indicators selected as the basis for the calculation of the amount of performance-linked remuneration, etc. are consolidated ordinary profit set in line with the numerical targets set in the medium-term management plan. The reason for selecting the performance indicators is because it was determined that the indicators clearly indicate our Group's performance. Performance-linked remuneration, etc. shall be calculated according to the degree of achievement of the consolidated ordinary profit target value, and the target value shall be reviewed based on deliberations by the voluntary Nomination and Remuneration Committee.
3. We issue transfer-restricted shares to directors (excluding outside directors and directors who are Audit and Supervisory Committee members) as non-monetary remuneration, etc.

### Evaluation of the Board of Directors

In order to effectively operate the Board of Directors, our company conducts a questionnaire of all directors once a year, and the Board of Directors evaluates and analyzes the results of the questionnaire at their meeting. In the evaluation for FY 2022, the Board of Directors has evaluated that our company has been operating effectively with the aim of achieving sustainable corporate growth and increasing corporate value over the medium to long term.

In order to further enhance the effectiveness of the Board of Directors, we will share the identified issues and future initiatives, and continue to work to enhance deliberations on important issues.

#### Evaluation of the effectiveness of the Board of Directors (FY 2022)

Evaluation method and result	Issues	Initiatives
Based on the results of the questionnaire and analysis, we have evaluated that the Board of Directors has been operating effectively.	(1) Improve the quality of materials for the Board of Directors (2) Activate discussions at Board of Directors meetings	(1) Organize and clarify the points of discussion in the materials (2) Enhance the explanation of the contents of discussions at internal meetings

## Risk Management System and Major Risks

### Basic philosophy

As part of the measures to establish a system for ensuring the proper business of our company as stipulated in the Companies Act, our company's basic philosophy is to ensure the continuous and stable development of our business by understanding and assessing risks, implementing countermeasures, checking the implementation status, and make necessary improvements, on a daily basis within the scope of work that employees, etc. are responsible for.

### Risk management system

The Corporate Planning Division and each department shall regularly and as necessary identify and evaluate risks that could have a significant impact on management for the Group each year when formulating management plans and making important decisions, and they shall deliberate and manage the details at the Management Executive Meeting. In addition, deliberations and reports shall be made at the Board of Directors meeting on a regular basis every year and as necessary.

## Major potential risks to have a significant impact on the Group's management

### Sales to Chubu Electric Power Co.

Our company is a subsidiary of Chubu Electric Power Co., Inc. Our company has received orders and conducted construction and installation for new expansion of power distribution equipment and other repair work, etc. from the parent company and its spin-off subsidiaries, i.e., Chubu Electric Power Grid Co., Inc. and Chubu Electric Power Miraiz Company, Inc., which account for approximately 40% of our company's sales. In the future, construction volume is expected to decrease due to restraining of capital investment in electric power due to changes in the business environment of the three companies mentioned above. Therefore, we are working to improve productivity and strengthen cost competitiveness.

However, in the event of a decline in transaction prices with the three companies mentioned above due to a greater-than-anticipated restraint in capital investment in electric power and a decline in market prices, etc., our sales and profits could decline, which could affect the Group's financial status, operating results, and cash flows.

### Sales to other customers

Our Group's business is mainly in the equipment installation business, and is affected by economic trends such as the construction market and capital investment by general customers. In order to respond to a decline in orders received due to restrained capital investment and low price competition, the Group is implementing measures to increase orders, including the development of new markets and the acquisition of new customers.

However, if capital investment is significantly restrained due to a worse-than-anticipated economic downturn, sales and profits could decline, which could affect the Group's financial status, operating results, and cash flows.

### Fluntuation of construction cost

The cost of construction of the Group is mainly composed of material costs, labor costs, and outsourcing costs and expenses. we are working to reduce costs by examining costs before orders are received, and to purchase materials, etc. at low prices.

However, a greater-than-anticipated change in construction costs could affect the Group's financial status, operating results, and cash flows.

### Serious detective work and accident

In order to provide customers with safe and high-quality construction, our Group has prepared construction manuals and guide books, provided technical education, and conducted on-site patrols, striving to ensure thorough quality control.

However, the Group's financial status, operating results, and cash flows may be adversely affected if significant quality defects or accidents occur in connection with construction work.

### Owend assets

Our Group holds assets such as commercial real estate and securities due to necessities related to its business activities. With respect to commercial real estate, the Group is verifying that the book value of an asset can be recovered from future cash flows obtained from said asset. In addition, the Group will verify that the necessity, benefits, and risks associated with holding securities and other assets are commensurate with the cost of capital, and will sell them if they are inappropriate or incommensurate.

However, in the event that the profitability of commercial real estate declines significantly or the market value of securities declines significantly, the Group's financial status, operating results, and cash flows may be affected.



## Customer credit

Our Group enters into contracts with customers, performs construction work in accordance with contract terms, and receives construction fees. When contracting, we manage our customer's credit to prevent non-performing loans.

However, in the event that a customer goes bankrupt and large-scale non-performing loans arise, the Group's financial status, operating results, and cash flows may be affected.

## Solar power generation business

Since these projects usually last a long period of time, we select projects after thorough investigation and consideration of avoidance and reduction of assumed risks.

However, in the event of a significant change in the business environment or of a serious disaster or accident in business execution, the Group's financial status, operating results, and cash flows may be adversely affected. In addition, if projects are insufficiently explained to local governments and local residents, the Group's reputation may deteriorate as a result.

## Retirement benefit debt

With regard to managing our company's retirement pension assets, the Pension Asset Management Review Committee reviews the medium to long-term investment environment to ensure appropriate asset management.

If the management results of retirement pension assets differ from what is assumed, the actuarial differences shall be expensed over a certain period starting from the fiscal year in which they occurred.

However, a significant increase in premiums and retirement benefit costs due to a deterioration in the investment yield of retirement pension assets or a decline in the discount rate could affect the Group's financial status, operating results, and cash flows.

## Compliance

In addition to establishing basic policies and codes of conduct in the compliance declaration, the Group strives to ensure thorough compliance by providing employees with education.

However, if the Group's reputation decreases due to an event that violates compliance, the Group's financial

status, operating results, and cash flows may be affected.

## Information leakage

In order to properly manage important information such as personal information, our Group has established internal systems and rules regarding the handling of such information in accordance with the relevant laws and regulations, and is working to strengthen the security of information systems, educate employees, and take other measures.

However, if information leaks out to the outside world and the reputation of the Group decreases, the Group's financial status, operating results, and cash flows may be affected.

## Natural disasters

Our Group has established business continuity plans and other measures to reduce the risk of business interruption due to large-scale natural disasters, wars, coups, terrorism, and other emergencies, as well as pandemics of infectious diseases, etc.

However, in the event of human or property damage, difficulty of material acquisition due to disruptions in logistics networks, interruption or delay of construction work due to personnel shortages, or a deterioration in the global economy, etc. due to events such as a large-scale natural disaster, war, coups, terrorism, or other emergencies, or pandemics of infectious diseases, etc., the Group's financial status, operating results, and cash flows may be affected.

## Climate change

Our Group has established the Toenec Group Basic Environmental Policy and is actively working to protect the environment. At the same time, we promote the mitigation of global warming to achieve a decarbonized society, and are promoting initiatives aimed at decarbonization through our business activities. In April 2022, the Group announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Also, in anticipation of the impact of climate change on our business, we are strengthening risk management and beginning initiatives to integrate countermeasures and business strategies.

However, due to delays in the Group's attempts toward a decarbonized society, if orders from customers who promote environmental management decrease significantly, or if various regulations and carbon prices, etc. are introduced and procurement costs significantly increase, or if productivity decreases due to abnormal weather conditions, the Group's financial status, operating results, and cash flows may be affected.

## Compliance

The greatest foundation for the survival and development of a company is the relationship of trust with its customers and society.

To become a company that continues to be trusted by society, we have established the Basic Compliance Policy with respect to thorough compliance and fair and sincere corporate activities.

Based on this basic policy, we have built an open workplace culture and are working to ensure thorough compliance so that customers, shareholders, and investors can choose and support us.

### Compliance declaration

Toenec and its group companies will work together as one to establish compliance based on the following basic policies and code of conduct in order to fulfill our social responsibility as a General Equipment Engineering company, based on the three management principles of

**"looking to the future and aiming to create a comfortable environment that meets social needs,"**

**"aiming to develop original technologies that we can be proud of,"**  
and

**"aiming to be a vibrant Human Company that carefully considers and takes on its challenges."**

### Basic compliance policy

We, Toenec Corporation and its group companies, have established the following basic policies regarding compliance.

Thorough compliance	We will comply with laws and regulations, internal rules, and social norms
Fair and sincere corporate activities	We will enhance the trust of our customers, cooperative companies, suppliers, and local communities, and conduct fair and sincere corporate activities We respect intellectual property rights such as copyright and patent rights
Appropriate management of information and disclosure	We will strictly handle information and disclose information in a timely manner
Establishing a sound corporate culture	We respect human rights and will work to create a healthy corporate culture
Proper financial accounting	We will enhance the appropriateness of financial statements such as balance sheets and profit-and-loss statements under appropriate internal controls in accordance with corporate accounting laws and regulations, and standards
Fair behavior	We will not act with a conflict of interest or provide or receive money or other goods that go against social norms We will take a resolute stance against antisocial forces
Environment preservation	We will strive to preserve the global environment
Ensuring safety, hygiene, and security	We will strive to ensure and maintain occupational safety, health, and security

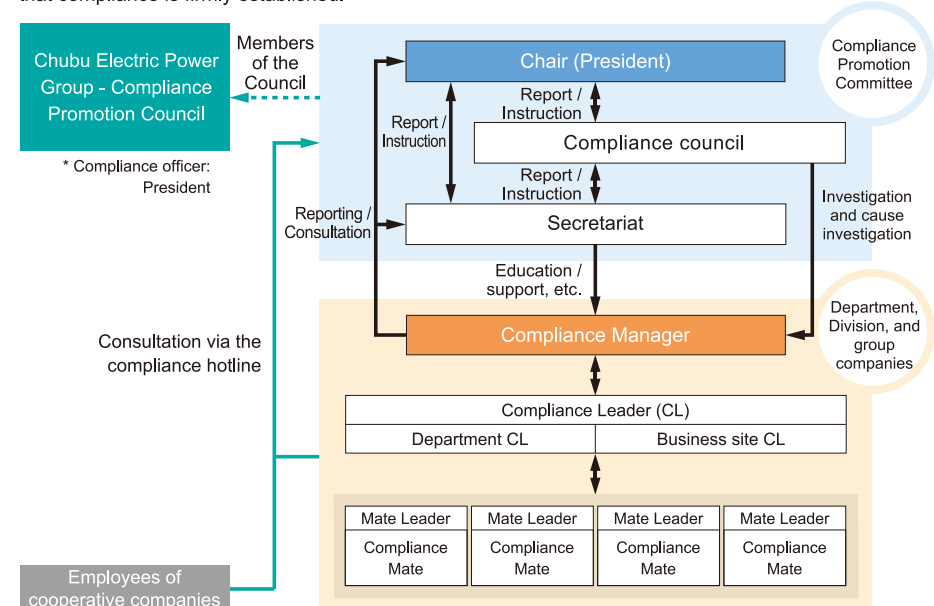
### Conduct Code for crisis prevention <Seven yardsticks>

- (1) Confirming whether or not there are any activities ..... We will comply with laws, regulations, and that deviate from the rules internal rules as well as social norms
- (2) Confirming whether or not anybody makes decisions ..... We will act with common sense not only as and taking actions that prioritize their own protection individuals, but also as members of the
- (3) Confirming whether or not there are problems with ..... company and of society  
our habits We will abandon our herd instinct and
- (4) Confirming whether or not any questions are left ..... precedent-based thinking and actions  
unresolved inside the company We will promote doing the right thing
- (5) Confirming whether or not anybody pretends not to ..... We will actively interact with those surrounding  
see things us with interest
- (6) Confirming whether or not reporting is neglected ..... We will resolutely report negative information
- (7) Confirming whether or not you can confidently ..... We will remain disciplined and strive to  
explain events to others perform our duties in good faith

### Compliance promotion system

In order to ensure thorough compliance, we have established a Compliance Promotion Committee chaired by the President in accordance with company rules to achieve thorough compliance. In addition, we have established a companywide system with a head office manager, a department administration division manager at the head office, a branch manager, a headquarters administration division manager, etc. appointed as compliance officers.

Under this system, we conduct awareness activities for directors and compliance officers to ensure that compliance is firmly established.



## Compliance education

In order to ensure thorough compliance awareness, we continuously conduct education and promotional activities for officers and employees.

In FY 2022, we held seminars on harassment prevention and anger management by external lecturers with the aim of eradicating power harassment and fostering a comfortable work environment.

In addition to the above, Compliance Leaders (CL) and Mate Leaders (ML) took the lead in carrying out compliance promotion activities to examine and discuss the causes of inappropriate events as well as appropriate responses.

### Seminar for officers

Implemented: February 2023

Lecturer: Mori Hamada & Matsumoto  
Lawyers: Mr. Kojima, Mr. Kita

Content: Harassment prevention

Attendees: 36 people (Including officers from group companies)



Seminar for officers

### Education for Compliance Leaders (CL)

Date: May 2022 (3 times in total)

Content: Sharing of detailed compliance promotion activities, compliance education by the secretariat, harassment prevention, introduction of related laws and regulations, etc.

Attendees: 137 people

### Seminar for Employees

Conducted: From August 2022 to February 2023  
(18 times in total)

Lecturer: Ms. Iwatsuki, Meihoku Labour Standards Association

Content: Anger management

Attendees: 357 people  
(Employees responsible for workers)



Employee seminar

### Compliance promotion activities

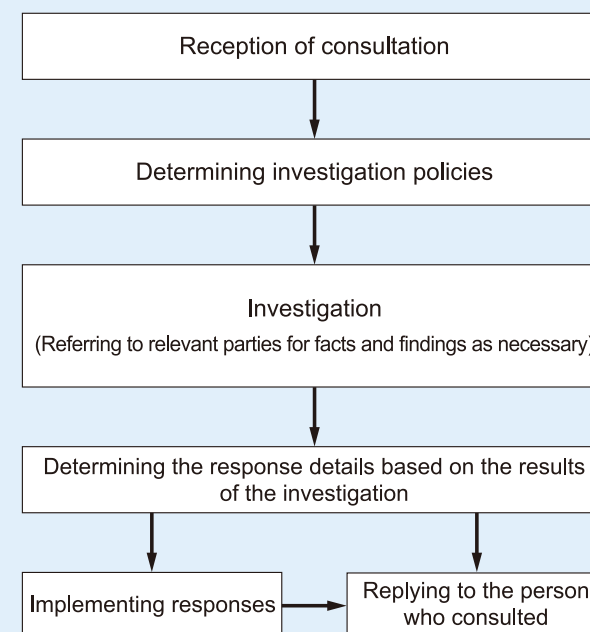
- Compliance education in the workplace by a CL (All divisions: 625 times/year)
- Compliance Mate activities centered on a ML (Participants from all divisions: Total number of 4,904 members in the first half and total number of 4,905 members in the second half)

## Compliance hotline system

Our company has established compliance hotlines both internally and externally as a point of contact for consultations when it becomes aware of acts that violate laws, regulations, or company rules, or events that are considered to be compliance-related issues.

Company rules stipulate the protection of whistleblowers, confidentiality of the content of consultations, and prohibition of disadvantageous treatment as a result of consultations, in an effort to improve the effectiveness of the internal whistleblowing system. (13 consultations in FY 2022)

### Flow from consultation to response








\* Consultation is available not only for officers and employees of our company, but also for retirees (within one year from resignation or retirement), group companies, and business partners



## Stakeholder Engagement

In order for us to contribute to the resolution of social issues and achieve sustainable growth alongside our customers and society, we believe that it is important to grasp the current circumstances of social issues and the expectations placed on us through active dialog (engagement) with stakeholders.

We will deepen our relationships of trust with stakeholders by reflecting your feedback in our corporate management.

	Our stance	Main methods of dialogue
 <b>Customers</b>	<p>We will support the sustainable growth of customers by working to understand their needs through dialogue and continuing to provide a comfortable environment that meets expectations through our technologies and services.</p>	<ul style="list-style-type: none"> <li>• Sales activities</li> <li>• Various exhibitions</li> <li>• Integrated reports</li> <li>• Website</li> </ul>
 <b>Shareholders and investors</b>	<p>We will ensure effectiveness of corporate governance, maintain sound and fair corporate management, and disclose information in a timely and appropriate manner. In addition, we will meet the expectations of shareholders and investors by maintaining financial solvency, enhancing corporate value, and ensuring a stable return to shareholders.</p>	<ul style="list-style-type: none"> <li>• General meetings of shareholders</li> <li>• IR events</li> <li>• Individual interviews</li> <li>• Website</li> <li>• Securities reports</li> <li>• Integrated reports</li> </ul>
 <b>Employees</b>	<p>We will strive to create a workplace where employees, who are the driving force of our company and the source of our growth, can work vigorously in a healthy and safe manner. In addition, we will provide opportunities for each employee to develop and utilize their abilities so that they can feel pride and joy in their work.</p>	<ul style="list-style-type: none"> <li>• Company intranet, company newsletters (monthly)</li> <li>• Contacts for consultations (Hotlines)</li> <li>• Exchange of opinions with labor unions</li> <li>• Employee satisfaction surveys</li> <li>• Stress checks</li> </ul>
 <b>Cooperative companies</b>	<p>In order to achieve coexistence and co-prosperity of the whole supply chain, we will conduct appropriate transactions in accordance with laws and regulations, company rules and policies, and strive to support the improvement of safety and technology of cooperative companies by providing them with education.</p>	<ul style="list-style-type: none"> <li>• Consultations with cooperative companies (organized for each department)</li> <li>• Training on safety and technologies</li> </ul>
 <b>Local communities</b>	<p>As a member of the local community, we will actively perform activities rooted in the local community and contribute to achieving a sustainable society by practicing environmentally friendly management.</p>	<ul style="list-style-type: none"> <li>• Acceptance of interns and persons for workplace experience</li> <li>• Environmental conservation activities</li> <li>• Participation in regional events</li> <li>• Activities of the track and field club</li> </ul>

# Operating Results and Financial Analysis (FY 2022)

## (1) Overview of operating results

In the current term, the Japanese economy continued to show signs of a gradual recovery amid the transition to a new phase of COVID-19. In the construction industry, public investment remained firm, and private-sector capital investment showed signs of recovery on the back of stable corporate profits, etc. On the other hand, there were concerns about the impact of rising raw material prices, supply chain issues, sharp exchange rate fluctuations, etc.

Based on the priority policies of the Medium-term Management Plan 2022 (FY 2020-FY 2022), i.e. (1) business expansion and base strengthening, (2) strengthening competitiveness to improve profitability, (3) strengthening human resource development, (4) promoting corporate culture reform, our Group will strengthen sales in areas where growth is expected (Tokyo metropolitan area, Kinki area, etc.) and industries (semiconductors, medical / pharmaceutical-related, etc.), build a flexible construction system, actively recruit technical personnel, strengthen human resource development, and promote various measures such as work style reform and promotion of Kaizen activities. In addition, because a relationship of trust with customers and society is indispensable for the survival of a company, we have continuously worked to ensure safety and quality, promote compliance, and strengthen governance, etc.

Consequently, the results of the current term that is the final year of the Medium-term Management Plan 2022 reached record highs in both orders and sales. However, in addition to the lower progress of construction projects than initially expected, the profitability of some construction projects and businesses has

declined, and impairment losses on fixed assets related to solar power generation and other businesses have been recorded. Our numerical targets (245 billion yen for sales, 12 billion yen for ordinary profit, and 6.5% for ROE) were therefore not reached.

## (2) Overview of financial condition

### Assets

Current assets, due to an increase in cash deposits (1,086 billion yen), an increase in notes receivable, and accounts receivable from completed construction projects (10,366 billion yen), etc., and fixed assets, due to a decrease in tangible fixed assets (13.96 billion yen), etc. resulted in a decrease of 1,427 billion yen compared with the end of the previous fiscal year to 300,172 billion yen.

### Liabilities

Liabilities increased by 7,975 billion yen from the end of the previous fiscal year to 182,978 billion yen, mainly due to an increase in notes payable, accounts payable for construction contracts, etc. (5,954 billion yen) and short-term loans payable (4.9 billion yen) in current liabilities, and a decrease in lease obligations (5,979 billion yen) in non-current liabilities.

### Net assets

Net assets decreased by 9,402 billion yen from the end of the previous fiscal year to 117,193 billion yen, mainly due to a decrease in retained earnings (8,071 billion yen).

## (3) Overview of cash flow

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the fiscal year increased by 2,176 billion yen from the

end of the previous fiscal year to 30,601 billion yen.

### Cash flow from operating activities

Net cash provided by operating activities amounted to 12.64 billion yen (5,943 billion yen in the previous fiscal year) due to net loss before income taxes (4,046 billion yen), depreciation (9,887 billion yen), impairment loss (10,004 billion yen), increase in allowance for lease cancellation loss (0,967 billion yen), increase in trade receivables (10,339 billion yen), increase in trade payables (5,130 billion yen) and income taxes paid (3,553 billion yen).

### Cash flow from investing activities

Net cash used in investing activities amounted to 2,119 billion yen (provided 2,969 billion yen in the previous fiscal year) due mainly to expenditures for the acquisition of tangible fixed assets (2,378 billion yen).

### Cash flow from financing activities

Net cash used in financing activities amounted to 8,358 billion yen (used 27,522 billion yen in the previous fiscal year), mainly due to an increase in short-term loans payable (4.9 billion yen), repayment of lease obligations (7,526 billion yen), and cash dividends paid (2,518 billion yen).

## (4) Future outlook

As for the future outlook, economic recovery is expected under the COVID-19 pandemic. However, downside risks still remain due to the volatile international situation and global belt tightening.

In the construction industry, in addition to public investment, private-sector capital investment is expected to stay strong, but the impact of factors such as soaring raw material prices and disruptions in the supply chain on the business environment must be closely monitored.

(Unit: Million yen; numbers at the bottom indicate composition ratio)

	Fiscal year ending March 2022	Fiscal year ending March 2023 Performance	YoY
Sales	219,617 (100.0%)	232,053 (100.0%)	(105.7%)
Operating profit	14,072 (6.4%)	10,287 (4.4%)	(73.1%)
Ordinary profit	13,394 (6.1%)	8,983 (3.9%)	(67.1%)
Net profit attributable to shareholders of the parent company or net loss attributable to shareholders of the parent company (minus)	8,283 (3.8%)	-5,548 (-2.4%)	(-)
Earnings per share	443.23 yen	-296.83 yen	(-)

(Unit: Million yen; numbers at the bottom indicate composition ratio)

		End of March 2022	End of March 2023	Change	Major factors
Assets	Current assets	113,270 (7.6%)	125,633 (41.9%)	12,362	Cash deposit: +1,086 Notes receivable / accounts receivable from completed constructions, etc.: +10,366
	Non-current assets	188,328 (62.4%)	174,538 (58.1%)	-13,790	Tangible fixed assets: 13,960
	Total assets	301,599 (100.0%)	300,172 (100.0%)	-1,427	
Liabilities	Current liabilities	64,704 (21.4%)	77,937 (26.0%)	13,232	Notes payable / accounts payable for construction contracts, etc.: +5,954 Short-term loans payable: +4,900
	Non-current liabilities	110,298 (36.6%)	105,041 (35.0%)	-5,256	Lease obligations: -5,979
	Total liabilities	175,002 (58.0%)	182,978 (61.0%)	7,975	
Total net assets		126,596 (42.0%)	117,193 (39.0%)	-9,402	Retained earnings: -8,071
Total liabilities and net assets		301,599 (100.0%)	300,172 (100.0%)	-1,427	

# Financial Summary

	(Unit)	Term 96 (Year ended March 2014)	Term 97 (Year ended March 2015)	Term 98 (Year ended March 2016)	Term 99 (Year ended March 2017)	Term 100 (Year ended March 2018)	Term 101 (Year ended March 2019)	Term 102 (Year ended March 2020)	Term 103 (Year ended March 2021)	Term 104 (Year ended March 2022)	Term 105 (Year ended March 2023)
Management performance											
Sales	Million yen	197,910	195,574	198,242	197,842	207,198	218,984	224,843	215,677	219,617	232,053
Operating profit	Million yen	6,129	6,972	8,117	7,716	9,002	11,029	13,307	15,509	14,072	10,287
Ordinary profit	Million yen	6,423	7,077	8,209	7,906	8,918	10,146	12,511	13,726	13,394	8,983
Net profit attributable to shareholders of the parent company	Million yen	3,455	3,490	4,442	5,170	5,783	6,672	9,314	8,832	8,283	-5,548
Return on equity (ROE)	%	4.2	4.2	5.2	6.1	6.4	6.8	8.8	7.7	6.7	-4.6
Cash flow											
Cash flow from operating activities	Million yen	8,116	16,843	236	8,915	11,117	9,616	16,593	24,111	5,943	12,640
Cash flow from investing activities	Million yen	-3,128	-853	-7,597	-13,533	-32,967	-24,030	-4,642	-3,716	2,969	-2,119
Cash flow from financing activities	Million yen	-3,740	-3,721	-2,487	9,921	19,305	11,958	-8,000	-9,933	-27,522	-8,358
Financial status											
Total assets	Million yen	178,903	191,661	198,015	208,923	239,395	263,458	292,299	308,232	301,599	300,172
Net assets	Million yen	82,006	86,806	82,754	88,110	93,358	102,132	109,628	119,740	126,596	117,193
Cash and cash equivalents at end of period	Million yen	29,888	42,252	32,296	37,572	34,993	32,472	36,390	46,857	28,424	30,601
Equity ratio	%	45.8	45.3	41.8	42.2	39.0	38.8	37.5	38.8	42.0	39.0
Depreciation	Million yen	4,383	4,338	4,442	4,884	5,418	5,596	6,561	7,950	8,970	9,887
Capital investment	Million yen	6,007	7,176	8,606	17,037	32,703	20,051	30,383	22,773	17,713	5,956
R&D expenses	Million yen	273	304	325	378	366	361	402	407	455	507
Stock indicators											
Book value per share (BPS)	Yen	875.95	927.38	884.32	942.25	4,993.93	5,463.36	5,864.44	6,405.63	6,772.38	6,267.16
Earnings per share (EPS)	Yen	36.91	37.29	47.47	55.27	309.28	356.94	498.34	472.57	443.23	-296.83
Dividend payout ratio	%	27.1	32.2	29.5	30.8	30.7	29.4	30.1	29.6	30.5	—
Dividend per share	Yen	10	12	14	17	71	105	150	140	135	95

Note 1. The Company consolidated shares at a ratio of one share per five common shares on October 1, 2017. The book value per share and the earnings per share have been calculated by supposing that this consolidation of shares had been carried out at the beginning of Term 100.

2. The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards have been applied from the beginning of Term 104, and the key management indices for Term 104 are those after said accounting standards have been applied.



# Non-Financial Summary

	(Unit)	Term 96 (Year ended March 2014)	Term 97 (Year ended March 2015)	Term 98 (Year ended March 2016)	Term 99 (Year ended March 2017)	Term 100 (Year ended March 2018)	Term 101 (Year ended March 2019)	Term 102 (Year ended March 2020)	Term 103 (Year ended March 2021)	Term 104 (Year ended March 2022)	Term 105 (Year ended March 2023)
<b>Directors</b>											
Number of Directors	People	9	9	10	12	11	11	11	11	14	15
Number of Outside Directors	People	0	0	1	2	2	2	2	3	6	6
Percentage of Outside Directors	%	0	0	10.0	16.7	18.2	18.2	18.2	27.3	42.6	40
Number of Female Directors	People	0	0	0	0	0	0	0	0	0	1
<b>Human Resources</b>											
Number of employees (Consolidated)	People	5,729	5,662	5,955	6,004	6,093	6,096	5,999	5,918	5,938	6,038
Number of employees	People	4,884	4,772	4,754	4,797	4,858	4,887	4,858	4,780	4,743	4,808
Number of female employees	People	414	415	422	444	467	484	480	483	491	499
Percentage of female employees	%	8.5	8.7	8.9	9.3	9.6	9.9	9.9	10.1	10.4	10.4
Number of female managers	People	3	2	4	7	9	10	11	14	16	18
Percentage of female managers	%	0.5	0.4	0.7	1.2	1.5	1.6	1.7	2.1	2.3	2.5
Average age	Years old	42.1	41.9	41.9	41.5	41.2	40.6	41.3	41.4	41.4	41.5
Years of service	Years	21.0	20.6	20.5	19.9	19.5	18.9	19.4	19.4	19.3	19.3
Number of new hires	People	182	110	146	201	198	206	140	120	160	192
Number of annual paid leave taken	Days	11.6	11.7	11.3	11.7	11.1	12.1	13.6	13.3	14.0	14.9
Number of childcare leave recipients (men)	People	0	0	0	5	3	4	9	20	45	147
Number of childcare leave recipients (women)	People	10	8	8	9	4	9	7	5	6	7
Childcare leave acquisition rate (men)	%	0	0	0	3.6	2.4	2.7	6.2	18.3	28.8	88.6
Childcare leave acquisition rate (women)	%	100	88.9	100	100	100	100	100	100	100	100
Percentage of employees with disabilities	%	1.9	2.0	2.0	2.0	2.1	2.6	2.7	2.6	2.7	2.8
<b>Technological Research and Development</b>											
Number of patents held	Patents	42	45	46	47	43	45	45	47	40	41
<b>Environment</b>											
CO <sub>2</sub> emissions	t-CO <sub>2</sub>	16,759	16,483	15,296	15,283	15,200	14,324	13,958	13,248	12,852	12,369
CO <sub>2</sub> emissions intensity	(t-CO <sub>2</sub> )/Sales	0.0874	0.0864	0.0793	0.0847	0.0805	0.0728	0.0686	0.0675	0.0650	0.0596
Electricity consumption	10,000 kWh	1,541	1,462	1,356	1,364	1,345	1,300	1,247	1,321	1,322	1,304
Vehicle fuel consumption	10,000 ℓ	375	365	342	347	347	327	333	307	315	292
Vehicle electrification rate	%	0.52	0.52	0.50	0.53	0.55	0.55	0.55	0.51	0.55	0.59
Total amount of industrial waste generated	t	23,117	20,957	23,999	26,104	22,132	22,678	24,699	27,330	33,713	31,195
Industrial waste recycling rate	%	82	84	84	88	87	87	82	90	83	88

Note 1. At the 103rd Ordinary General Meeting of Shareholders held on June 25, 2021, a resolution was passed to amend the Company's Articles of Incorporation: as a result, the Company transitioned to a company with an Audit and Supervisory Committee as of the same date.

2. The percentage of female managers and the number of childcare leave recipients / childcare leave acquisition rate are calculated based on the number of regular employees.

3. From the fiscal year ended March 31, 2023, the number of childcare leave recipients / childcare leave acquisition rate also includes any leave taken for childcare purposes.

4. The percentage of employees with disabilities is as of June 1, 2023.

5. CO<sub>2</sub> emissions intensity is per million yen of sales.

## Company Information (As of March 31, 2023)

### Company Information

Trade Name	Toenec Corporation
Head Office Address	20-31, Sakae 1-chome, Naka-ku, Nagoya, Aichi, 460-0008, Japan
Established	October 1, 1944
Capital	JPY 7,680 million
Number of Employees	4,808
Main Offices	Head Office, Head Office Annex, Education & Training Center, Research & Development Division, Chubu Headquarters, Tokyo Headquarters, Osaka Headquarters, Nagoya Branch, Okazaki Branch, Shizuoka Branch, Mie Branch, Gifu Branch, Nagano Branch

### Group Company Information

#### <Japan>

Company Name	Main Businesses
Toenec Service Corporation	Equipment installation and leasing of office equipment
Asahi Synchrotech Corporation	Plant plumbing work
PFI Toyokawa Hoi Saijo Corporation	Operation and maintenance of funeral homes
Chubu Plant Service Co., Ltd.	Construction, maintenance and operation of power generation facilities

#### <Overseas>

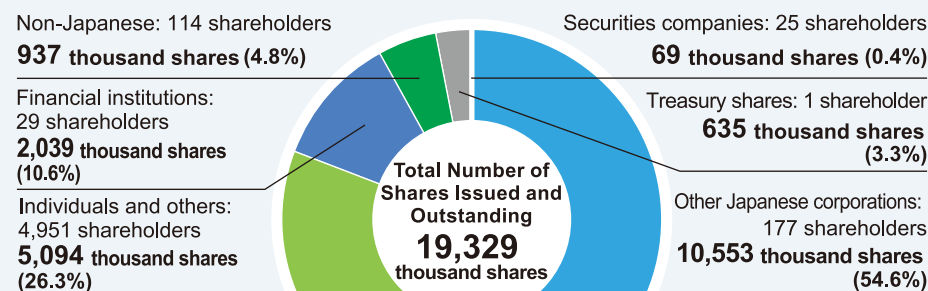
Company Name	Main Businesses
Toenec Construction (Shanghai) Co., Ltd.	Electrical, air-conditioning work
Toenec (Thailand) Co., Ltd.	-
Toenec Philippines Incorporated	Electrical, air-conditioning, water supply and drainage work
PT.Asahi Synchrotech Indonesia (Indonesia)	Electrical, air-conditioning, plant plumbing work
Tri-En TOENEC Co., Ltd.	Electrical, air-conditioning work
Hawee Mechanical and Electrical Joint Stock Company	Electrical, air-conditioning work

Note: Toenec (Thailand) Co., Ltd. has completed its business transfer to Tri-En TOENEC Co., Ltd. and is in the process of liquidation.

### Stock Information

Total Number of Authorized Shares	40,000,000
Total Number of Shares Issued and Outstanding	19,329,990 (including 635,825 treasury shares)
Total Number of Shareholders	5,297

### Breakdown by Shareholder Type (Unit Shares)



### Major Shareholders

Shareholder Name	Number of Shares Held (thousand shares)	Shareholding Ratio
Chubu Electric Power Co., Inc.	9,666	51.71%
Toenec Employee Shareholding Association	1,124	6.01%
The Master Trust Bank of Japan, Ltd. (Trust account)	826	4.42%
Toenec Kyoekai	627	3.36%
Custody Bank of Japan, Ltd. (Trust account)	264	1.42%
DFA International Small Cap Value Portfolio	215	1.15%
MUFG Bank, Ltd.	201	1.08%
Toenec Nagoya Cooperative Association Shareholding Association	139	0.75%
Toenec Okazaki Cooperative Association Shareholding Association	135	0.73%
Toenec Union	131	0.70%

Note 1. The Company holds 635 thousand treasury shares, but this is not included in the above list of major shareholders.  
2. The shareholding ratios have been calculated excluding treasury shares.



## TOENEC CORPORATION

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