

Bringing greater comfort  
to the world.

*TOENEC*

**Toenec Group Integrated Report 2024**

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## Editorial Policy

This report describes our management philosophies and visions, our business activities, growth strategy, 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 purpose 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 this report will help you deepen your understanding of the Toenec Group.

### ■ Published

September 2024

### ■ Organizations covered

In principle, the Toenec Group (as of March 31, 2024), which consists of the Toenec Corporation, six consolidated subsidiaries, and four equity-method affiliates.

### ■ Period covered

FY 2023 (April 1, 2023 to March 31, 2024). However, some activities before and after the relevant period of time are included.

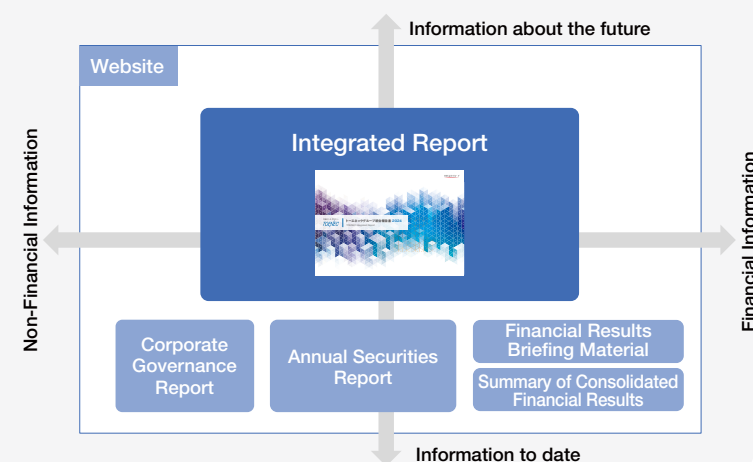
### ■ Various references

When 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.

## Communication overview



# History

Origin of the company name (TOENEC)

The name is a combination of the first several letters of "TOKAI," part of the previous company name TOKAI ELECTRICAL CONSTRUCTION CO., LTD., and "ENERGY ENGINEERING AND CONSTRUCTION."  
The name incorporates the idea that we aim to become a company that CREATES a comfortable environment through innovative technologies (ENGINEERING) related to ENERGY use TO create a future.



## 1944-1949

### Establishment of TOKAI ELECTRICAL CONSTRUCTION CO., LTD.

TOKAI ELECTRICAL CONSTRUCTION CO., LTD., our predecessor, was established in October 1944. The company contributed to post-war reconstruction by working to improve the electric power infrastructure in the Chubu area.

- 1944** TOKAI ELECTRICAL CONSTRUCTION CO., LTD. established
- Established branch offices in Tokyo, Aichi, Shizuoka, Mie, and Gifu
- 1946** Established Nagano Branch
- 1947** Tokyo Branch became independent as Toko Electrical Construction Co., Ltd.

## 1950-1978

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

In order to meet rapidly growing demand for electric power in the face of high economic growth, the Company began installing not only power distribution equipment but also large-scale power transmission lines and ultra-high-voltage substations, supporting social development and people's daily lives. We also expanded our business domain to include air conditioning and underground line work.

- 1957** Established Tokyo Branch (re-entry into Kanto area)
- 1961** Started air conditioning, sanitation, water, and other plumbing operations
- 1962** Listed on the Second Section of the Nagoya Stock Exchange (moved to the First Section in 1972)
- 1964** Established Osaka Sales Office (Upgraded to a branch office in 1966)
- 1971** Listed on the Second Section of the Tokyo and Osaka Stock Exchanges (moved 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 an advanced information age and the advancement of internationalization. In 1989, the company name was changed to Toenec, making a new start for the new century.

- 1981** Established Toko Sangyo Co., Ltd. (currently Toenec Service Corporation)
- 1984** Started operations for telecommunications line and firefighting facility construction works
- 1985** Established the Technology Development Office (now the Research & Development Division)
- 1989** The company name was changed from TOKAI ELECTRICAL CONSTRUCTION CO., LTD. to Toenec Corporation
- 1995** Established Toenec Philippines Incorporated (Philippines)
- 1996** Established Toenec (Thailand) Co., Ltd. (Thailand)

## 2001-2010

### Overcoming hardships to become a more resilient company

Severe conditions continued due to a drop in construction investment and curbs on electric power equipment investment due to electric power business deregulation. By promoting both business growth and fixed cost reduction measures, we have transformed our corporate structure to become a resilient company that can ensure earnings even in adverse conditions.

- 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. Business reorganization with C-TECH Corporation

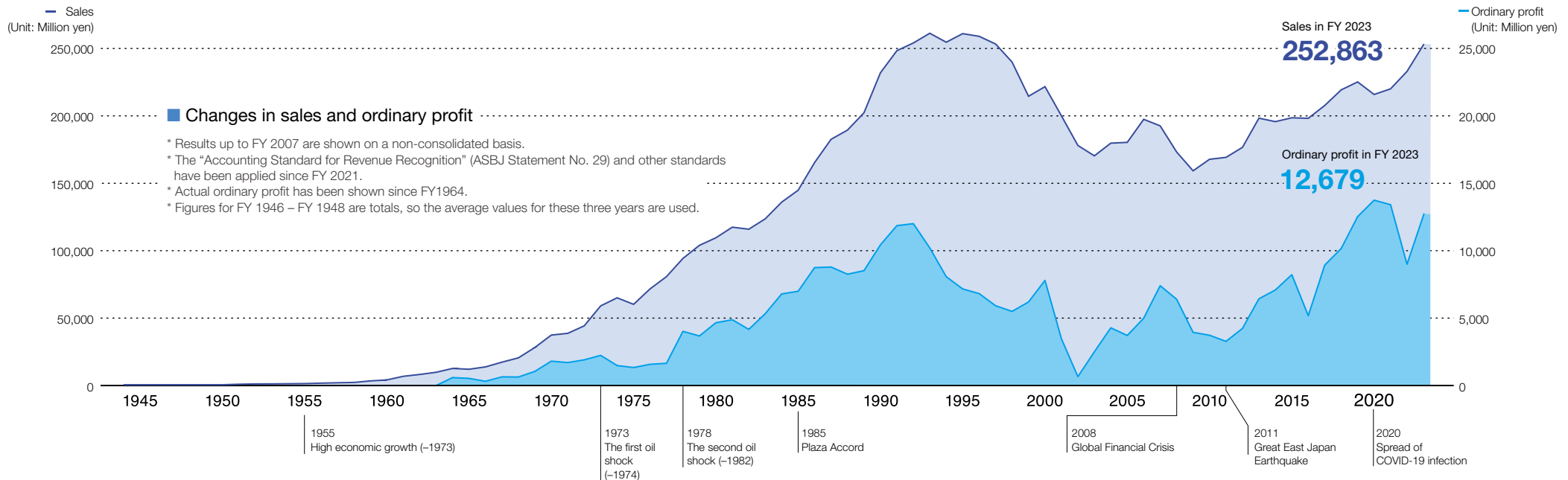
## 2011-

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

We entered the renewable energy field following the creation of the Feed-in Tariff (FIT) system in 2012. We have also strengthened our business in the Tokyo metropolitan area and Asia by reinforcing human resources and conducting mergers and acquisitions.

We will continue not only to contribute to achieving a sustainable society but also to work towards becoming an integrated equipment engineering company that continues to grow together along with all of our stakeholders.

- 2013** Started renewable energy (solar power generation) business
- 2016** Transformed Asahi Synchrotech Corporation into subsidiary
- 2017** Established Safety Creation Center
- 2019** Invested in local Thai company (Tri-En Solution Co., Ltd.)
- 2022** Invested in a local Vietnamese company (Hawee Mechanical and Electrical Joint Stock Company)
- 2023** Invested in a local Taiwanese company (FUHBIC International Corporation)
- 2024** Revised capital relationship with Chubu Electric Power Co., Inc. (dissolved parent-subsidary relationship with Chubu Electric Power) Celebrated its 80th anniversary on October 1



## Philosophy

Toenec's philosophy consists of four components: Management Philosophies, which is the ideal image of the company to be pursued; Purpose, which describes the company's unchanged usefulness to society since its foundation; Future Vision to Aim for, which describes the company's aspirations for the future; and Value, which summarizes the attitude and thoughts required to continue fulfilling our Purpose.

Our corporate slogan, "bringing greater comfort to the world," is a simple expression of our activities and stance based on our philosophy.

### | The "ideal company image" to pursue

1. Aspire to create a comfortable environment in response to society's needs.  
(Creation of a comfortable environment)
2. Look to the future, aspiring to develop unique technologies that we can be proud of.  
(Development of original technologies/techniques)
3. Aspire to build a corporation of active people who think and challenge each other.  
(Becoming a human enterprise)

### | "Usefulness to society" has remained unchanged since the company's founding

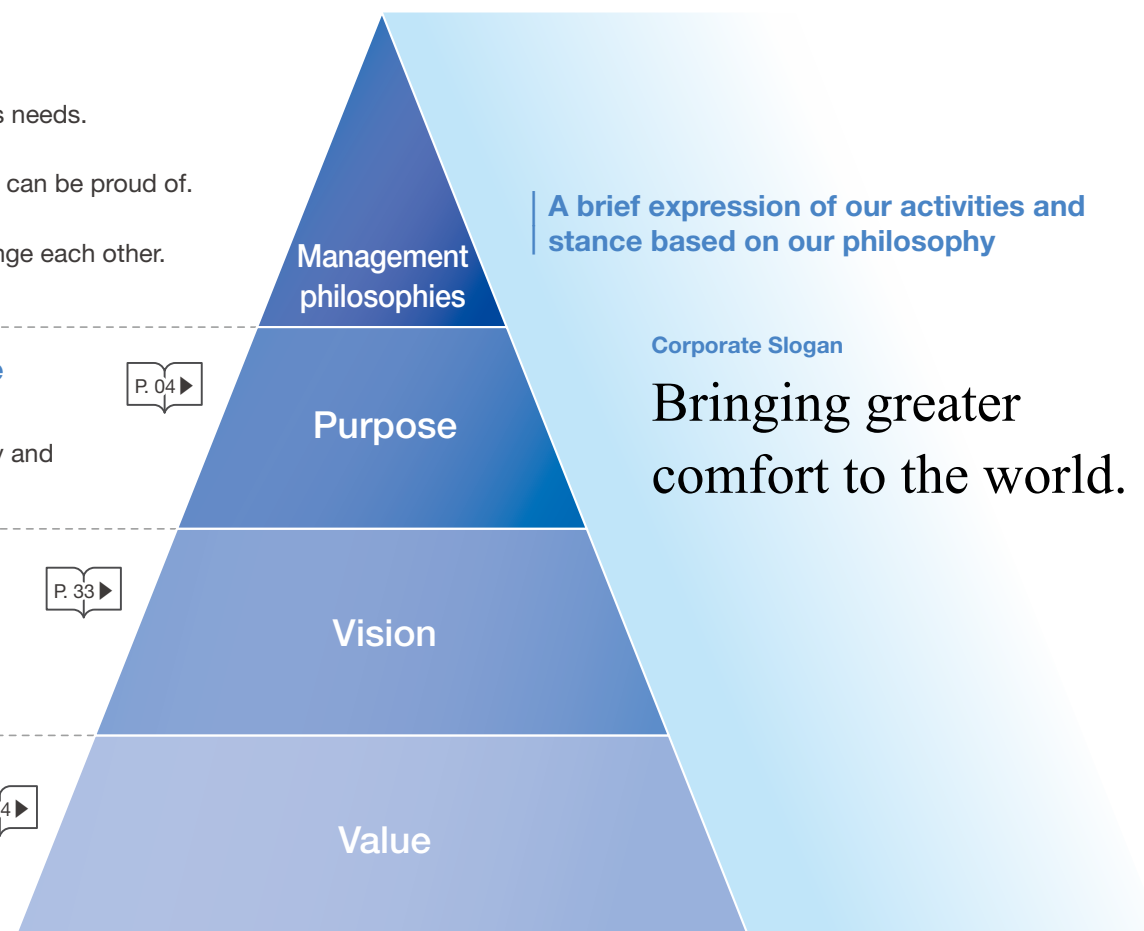
Create and protect a comfortable environment that gives rise to vitality and richness for people and society under any conditions.

### | How we want to be in the future

Toward an integrated equipment engineering company that continues to grow in tandem with all stakeholders

### | The "attitude and thoughts required" to continue fulfilling our Purpose

Pursuit of Technologies | Teamwork | Passion for work | Integrity



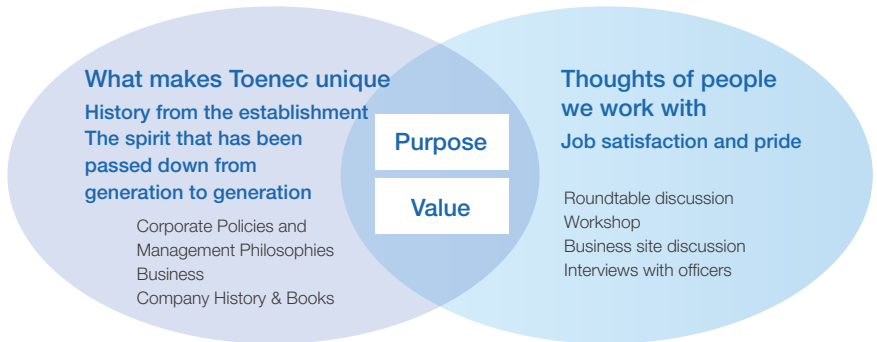
# Purpose

- Puts into words Toenec's unchanging usefulness to society as a supporter of the foundations of people's lives (announced in April 2024).
- Since its establishment in 1944, the Company has continued to support people's daily lives and the development of society through the development of social infrastructure and various facility construction projects. We will continue to create and safeguard the comfortable environment that people seek, thereby contributing to the realization of vibrant lifestyles and an affluent society.

Purpose	Value									
<p><b>Create and protect a comfortable environment</b> (1) <b>that gives rise to vitality and richness for</b> (2) <b>people and society under any conditions</b> (3)</p> <p>(1)   Create   We create a comfortable environment by not only installing various types of equipment, but also undertaking a variety of other projects.   Protect   We are responsible for maintaining social infrastructure and customer equipment.</p> <table border="1"> <tr> <th style="background-color: #0056b3; color: white;">(2)</th> <th style="background-color: #0056b3; color: white;">Vitality</th> <th style="background-color: #0056b3; color: white;">Richness</th> </tr> <tr> <td style="background-color: #0056b3; color: white;"><b>For people</b></td> <td style="background-color: #0056b3; color: white;"> <ul style="list-style-type: none"> <li>■ Maintain social infrastructure (to support natural, everyday life)</li> <li>■ Provide a space where people can feel at ease</li> </ul> </td> <td style="background-color: #0056b3; color: white;"> <ul style="list-style-type: none"> <li>■ Use new technologies to improve quality of life</li> </ul> </td> </tr> <tr> <td style="background-color: #0056b3; color: white;"><b>For society</b></td> <td style="background-color: #0056b3; color: white;"> <ul style="list-style-type: none"> <li>■ Develop a strong and stable infrastructure</li> <li>■ Secure and utilize renewable energy</li> </ul> </td> <td style="background-color: #0056b3; color: white;"> <ul style="list-style-type: none"> <li>■ Propose and install equipment that meet needs (to encourage development of customers and society)</li> <li>■ Implement environmentally friendly technical proposals</li> </ul> </td> </tr> </table> <p>(3) We are committed to maintaining social infrastructure both in normal times and in times of emergency. We will continue to meet the changing needs of customers and society changing with the times.</p>	(2)	Vitality	Richness	<b>For people</b>	<ul style="list-style-type: none"> <li>■ Maintain social infrastructure (to support natural, everyday life)</li> <li>■ Provide a space where people can feel at ease</li> </ul>	<ul style="list-style-type: none"> <li>■ Use new technologies to improve quality of life</li> </ul>	<b>For society</b>	<ul style="list-style-type: none"> <li>■ Develop a strong and stable infrastructure</li> <li>■ Secure and utilize renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>■ Propose and install equipment that meet needs (to encourage development of customers and society)</li> <li>■ Implement environmentally friendly technical proposals</li> </ul>	<p>In order to continue to fulfill its mission, Toenec will place importance on the following four points.</p> <div style="display: flex; flex-direction: column; gap: 10px;"> <div style="background-color: white; padding: 5px; border: 1px solid white;"> <p><b>Pursuit of Technologies</b></p> <p>We strive to acquire and study technology to meet the needs of customers and society, which change with the times.</p> </div> <div style="background-color: white; padding: 5px; border: 1px solid white;"> <p><b>Teamwork</b></p> <p>By marshalling strengths with our peers, we demonstrate our collective strength.</p> </div> <div style="background-color: white; padding: 5px; border: 1px solid white;"> <p><b>Passion for work</b></p> <p>We conduct our work with passion and boldly take on challenges without fear of failure.</p> </div> <div style="background-color: white; padding: 5px; border: 1px solid white;"> <p><b>Integrity</b></p> <p>We safeguard security and quality controls and enhance trust with stakeholders by always acting with integrity (comply with laws, regulations and social norms and are considerate to others).</p> </div> </div>
(2)	Vitality	Richness								
<b>For people</b>	<ul style="list-style-type: none"> <li>■ Maintain social infrastructure (to support natural, everyday life)</li> <li>■ Provide a space where people can feel at ease</li> </ul>	<ul style="list-style-type: none"> <li>■ Use new technologies to improve quality of life</li> </ul>								
<b>For society</b>	<ul style="list-style-type: none"> <li>■ Develop a strong and stable infrastructure</li> <li>■ Secure and utilize renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>■ Propose and install equipment that meet needs (to encourage development of customers and society)</li> <li>■ Implement environmentally friendly technical proposals</li> </ul>								

## Formulation Method

To verbalize our Purpose and Value, we searched for elements to be incorporated from the thoughts of our employees and what makes Toenec unique.



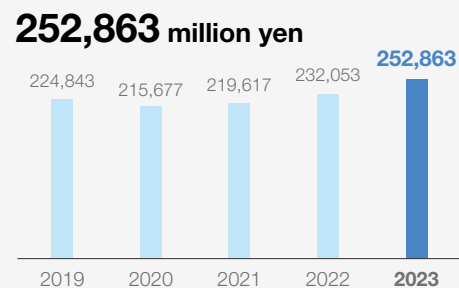
## More than 1,200 officers and employees participated in the following workshops and discussions

Roundtable discussion	Workshop	Business site discussion
<p>Young employees (in their 20s–30s) from each business site were invited to gather and exchange opinions about their work and the significance of Toenec's existence.</p> <p><b>When held (times)</b> May–June 2022 (13 times in total)</p> <p><b>Number of participants (target audience)</b> 132 (young employees)</p>	<p>Mid-level employees were asked to volunteer and take part in group work that involved participants thinking about our Purpose and Value, and then sharing their ideas with other participants.</p> <p><b>When held (times)</b> August 2022 (4 times in total)</p> <p><b>Number of participants (target audience)</b> 39 (mid-level employees)</p>	<p>Discussions were held at all business sites in Japan to exchange opinions on the thoughts and difficulties of the work and the significance of Toenec's existence.</p> <p><b>When held (times)</b> May–September 2023 (77 times in total)</p> <p><b>Number of participants (target audience)</b> 1,073 (employees at each business site)</p>

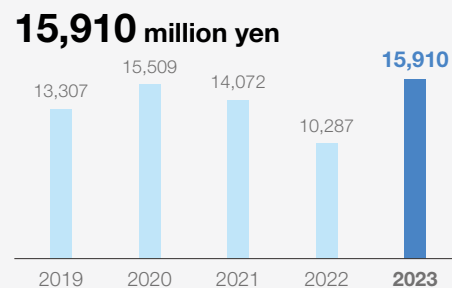
# Financial / Non-Financial Highlights

## Financial Information

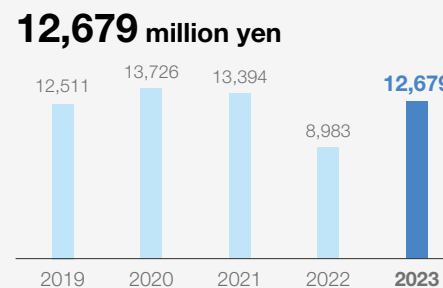
■ Sales (consolidated)



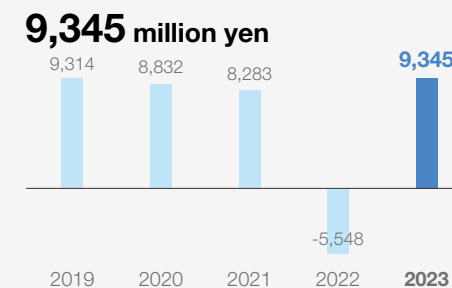
■ Operating profit (consolidated)



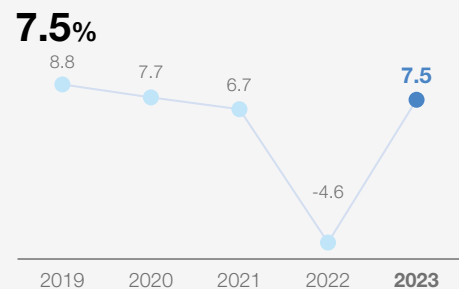
■ Ordinary profit (consolidated)



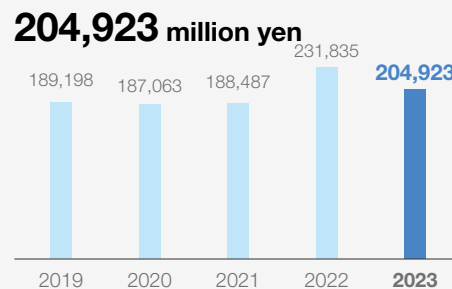
■ Net profit attributable to shareholders of the parent company



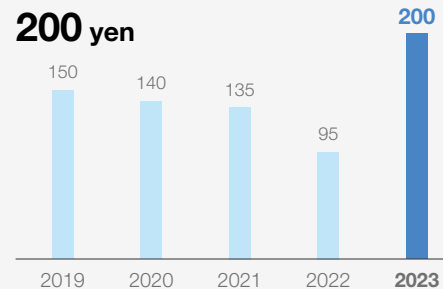
■ ROE (consolidated)



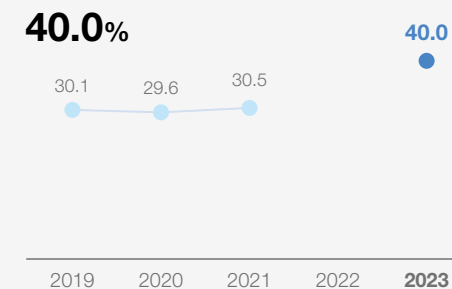
■ Orders (non-consolidated)



■ Dividend per share



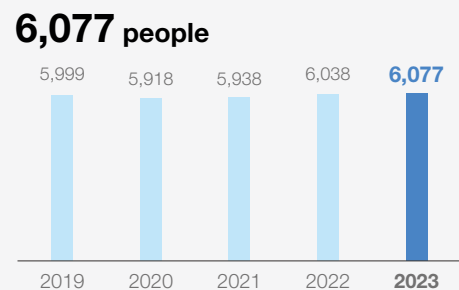
■ Dividend payout ratio (consolidated)



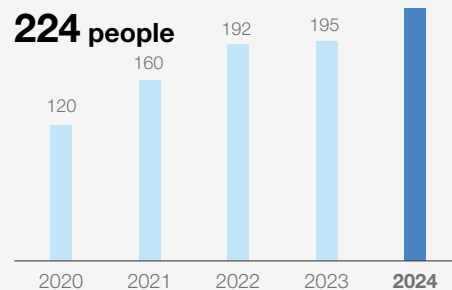
\* The dividend payout ratio for FY 2022 is not presented here because the net profit attributable to shareholders of the parent company was negative (net loss).

## Non-Financial Information

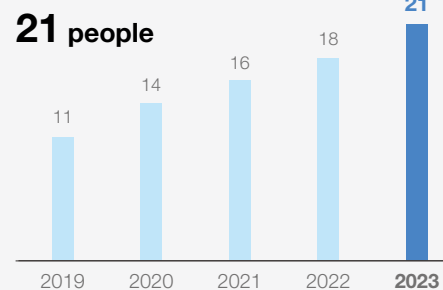
■ Number of employees (consolidated)



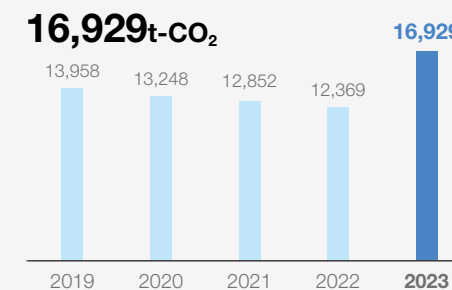
■ Number of regular hires (non-consolidated)



■ Number of female managers (non-consolidated)



■ Annual CO<sub>2</sub> emissions (non-consolidated)



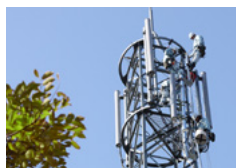
# Business Content / Network

## Sales ratio (non-consolidated)



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

Energy business  
**12.9** billion yen (5.7%)



Construction of mobile telecommunication stations and network systems and ICT solutions

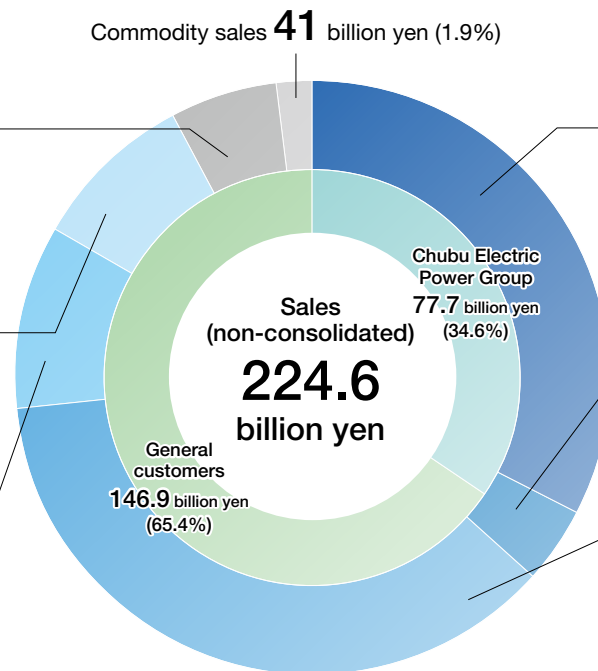
Communication line work  
**19.6** billion yen (8.8%)



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

Air conditioning plumbing work  
**22.7** billion yen (10.1%)

Commodity sales **41** billion yen (1.9%)



Power distribution line work  
**73.4** billion yen (32.7%)

Construction and maintenance of distribution line routes from substations to customers, and self-managed line construction



Underground line work  
**9.0** billion yen (4.0%)

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



Indoor wiring work  
**82.6** billion yen (36.8%)

Installation of electrical equipment for buildings



## Domestic network (individual) More than 80 bases nationwide, mainly in the Chubu area

Number of domestic bases (non-consolidated) **82** bases (74 bases in Chubu area)

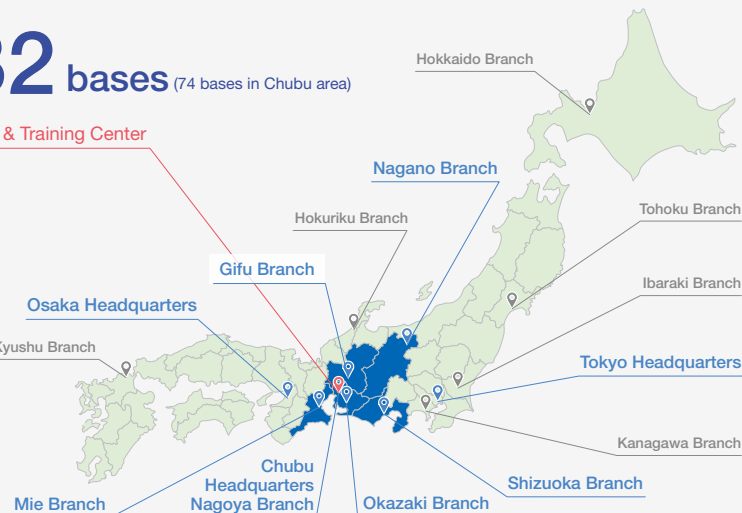
### Head Office / Education & Training Center



Head Office Annex (Minato Ward, Nagoya City)

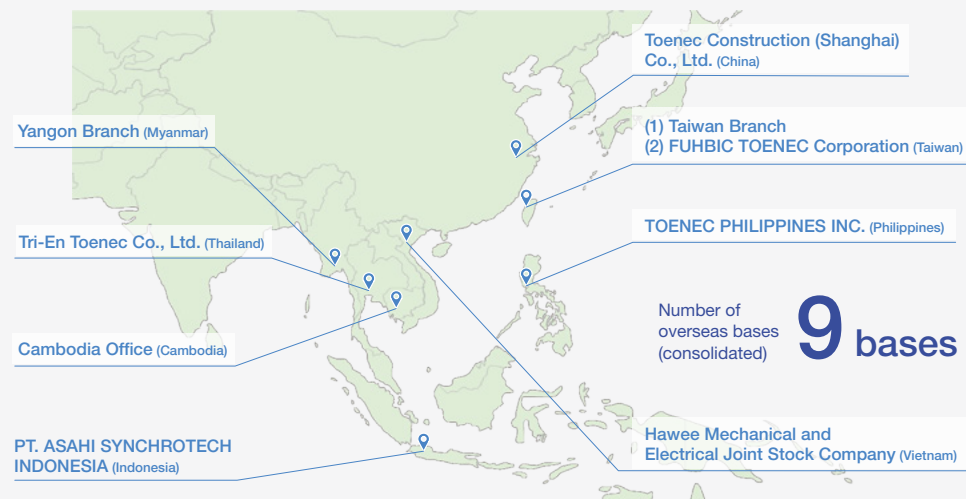


Education & Training Center (Minami Ward, Nagoya City)



## Overseas Network (Consolidated)

In the 1970s, the Company began full-fledged overseas operations, and today has nine bases in China, Taiwan, and Southeast Asian countries.



Number of overseas bases (consolidated) **9** bases

# Strengths

## Strong core business and local footing

- As an integrated equipment company, we are involved in infrastructure-related construction work that is indispensable for daily life, such as electricity, air-conditioning, and information and telecommunications.
- We are located in the Chubu area, which is the center of the manufacturing industry, and have built up a large track record and trust within the region.

In addition to serving many customers in the manufacturing industry, we have worked on many buildings that have become local landmarks.



Chunichi Building



Chubu Electric Power MIRAI TOWER  
(former name: Nagoya TV Tower)



Toyota Auto Body F Plant



Paloma Mizuho Arena



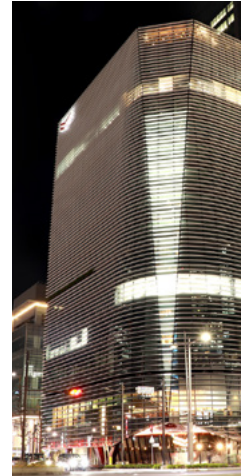
Nagoya International Exhibition Hall  
(Port Messe Nagoya)



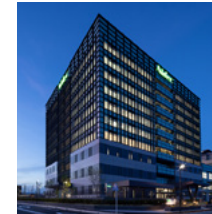
Makita Okazaki Plant Distribution Center

## Aggressive business development in growth markets

- We conduct business by establishing bases in major cities in Japan and other Asian countries where construction demand is strong.
- In addition to undertaking construction work related to renewable energy, we also operate a power generation business using its own capital.
- Our focus is on creating new businesses that meet the needs of customers and society by leveraging technologies and know-how cultivated in our core businesses.



YANMAR TOKYO (Tokyo)



Nidec Park C Building (Kyoto)



ROHM (Philippines)



Nagato Farm Mega Solar Power Plant (Nagano)



Solar Panel Abnormality Inspection Service



Installation details  
[electrical equipment installation]  
Electrical equipment wiring in each wind turbine  
Laying of private line to substation (13.4 km)  
Extra high-voltage power receiving equipment in substations, etc.

Second Nakakyushu Onitayama Wind Farm (Miyazaki)

## Sources of Strengths

Trust and achievements built up over many years



80th Anniversary

History

P. 02 ▶

Human resources as the driving force  
Lively and active work environment



Number of employees (consolidated)  
**6,077**  
(Number of employees (non-consolidated): 4,868)

Human Resources Strategy

P. 39 ▶

Technical capabilities to meet customer needs



Engage in research and development  
Number of employees: **27**  
Number of patents granted: **42**

Technology Research and Development Initiatives

P. 22 ▶

The Collective Strength of the Toenec Group



Group Companies **10**  
(including 6 overseas companies)

Company Overview

P. 64 ▶

Partnerships with cooperative companies



Numerous partner companies working together

Basic Procurement Policy Partnership Building Declaration

P. 47 ▶

## Top Message

## Continuing to proudly provide a comfortable environment to people and society as a supporter of the foundation of people's lives.



**Tsuguhisa Takimoto**

President and Representative Director

### | Introduction

My name is Tsuguhisa Takimoto, and I was appointed President in April 2024. I joined Toenec in 1986 (at that time its name was TOKAI ELECTRICAL CONSTRUCTION CO., LTD.) and initially worked as underground power distribution line project frontline staff. I have handled various operations and played numerous roles until now but have consistently undertaken that work with a sense of providing products and services that satisfy customers.

When steering this company forward, I will continue to focus on improving human capital. Because of my experience, I consider it important to undertake management while always being aware that people we work with support the company. Not only top-down but also bottom-up communication is essential for improving teamwork at worksites and realizing a workplace overflowing with vitality. Therefore, management, which includes me, and workplace leaders must more carefully listen to the opinions of employees and build a culture in which no one hesitates to express their opinions. It is my opinion that incorporating the diverse ideas that this type of culture gives birth to into management decision making and business operations increases employee motivation and moves the Company in a better direction.

In addition, seeing with one's own eyes how customers respond to one's work is the true pleasure of working at this construction company. We aim to establish a virtuous cycle in which employees feeling a sense of satisfaction and pride in making customers happy by providing them with better services leads to greater results.

## Top Message

## Medium-term Management Plan 2027—Progress, issues, and implementation

Turning to the business environment that we operate in, we need to continue to focus on such factors as the risk of an economic downturn due to the unstable state of world affairs, financial trends, and other developments as well as the impact that higher raw material prices and supply constraints have on business. Furthermore, I am aware that the business environment will change at an even quicker pace and grow more complex because caps on overtime work started to be applied to the construction industry this fiscal year.

In this environment, we have been implementing a strategy based on our Medium-term Management Plan 2027 (FY 2023 – FY 2027) since FY 2023. As for measures that should be implemented to achieve our targets, we have formulated a basic policy that incorporates the four elements of challenges in growth areas: “deepening existing businesses,” “further expansion of human resource investment,” and “strengthening management infrastructure.” Furthermore, I want to more quickly implement these measures and reap their fruits by focusing on carbon neutrality, digitalization and DX, and human resources as growth drivers throughout the Company.

We have set the targets of consolidated sales of 270.0 billion yen, consolidated ordinary profit of 18.0 billion yen, and an ROE of 8.0 for FY 2027 (fiscal year ending March 2028), the last year of the plan. In FY 2023, the first year of the plan, we posted our strongest consolidated sales since March 1999 and record operating profit and ordinary profit as a result of the firm environment for orders on account of robust public works spending in the construction industry and private-sector capital expenditures. This is an extremely strong start for the first year. The good environment for orders is expected to continue for a while, and we will leverage this tail wind to grow the Company.

As for fields (carbon neutral and DX related) and regions (Tokyo metropolitan area, Kinki area, and Asia, etc.) that are expected to grow in the future, we will expand and strengthen



our business by making the most of the management resources possessed by the Company. In our area strategy, we aim to increase our market share in the Chubu area, the Company’s core area, using information and our construction/installation capabilities. At the same time, in the Tokyo metropolitan area, a massive market, we are working to increase sales by capturing large-scale projects and renovation demand through a reinforced construction/installation system. Furthermore, we are strengthening our business in countries and regions expected to see continuing growth, primarily Asia, and invested in FUHBIC International Corporation, a Taiwan-based electrical and air-conditioning duct construction company. This is our third overseas M&A in recent years, following Thailand-based Tri-En Solution Co., Ltd., and Vietnam-based Hawee Mechanical and Electrical Joint Stock Company. In December of the same year, we received an order for the Project for Upgrading and Maintenance of the National Electric Power Grid, an ODA project in Republic of Palau.

Turning to securing and promoting the active participation of human resources, at the present time when our earnings are firm, we must address the issue of a shortage of technicians, engineers, and workers, an issue for the construction industry overall. The construction industry is one in which work is done by marshalling the power of people. Although we are working to reduce the number of required workers at worksites by introducing various equipment and construction methods, construction still requires workers as it always has. We are aggressively undertaking recruiting activities in order to secure the

FY 2023 results  
(consolidated)

Sales

252,800.63 million yen

Operating profit

15,910 million yen

ROE

7.5%

## Top Message

human resources needed to maintain and grow our business, and in recent years, we have increased the number of new graduate recruits. In addition, we are moving forward with several other initiatives, such as revising systems for bringing new recruits on board and ensuring diversity. Our focus is also on measures to increase the drive and skills of each employee and have them demonstrate those, which includes human resource training, creating workplaces conducive to work that also provide job satisfaction, and revising wages in light of social conditions.

In addition, the labor shortage is an issue for not only the Company but also our value chain, which includes such business partners as partner companies. Because we conduct business by marshalling the capabilities of numerous business partners, including partner companies, we must work with them to think about and solve this common issue.

In December 2023, we released “Appropriate Price Negotiation with Partners and Price Pass-through.” A survey conducted by the Small and Medium Enterprise Agency in August of the same year included the harsh finding that there has been insufficient response considering such changes as greater costs. After seriously reflecting on this finding, we implemented such measures as designating a Communication Promotion Month to encourage dialogue with business partners and establishing operation processes related to negotiating prices and passing on price increases. We will continue to increase competitiveness throughout the supply chain and build relations of mutual prosperity by carefully listening to the opinions of people we work with.

We also released “Response Guidelines for Achieving Management that is Conscious of Cost of Capital and Stock Price” in January 2024. Both sales and profits have risen as a result of aggressive growth investments to reinforce not only existing businesses but also our solar power generation business and human capital. Even so, our PBR has remained less than 1. This is likely because there continues to be room to improve capital efficiency and we have been unable to win sufficient praise for our business plans and growth potential due to insufficient communication with shareholders and investors. We aim to generate value that exceeds the cost of capital by confirming the profitability and growth potential of each business and making effective use of management resources. In order to strengthen IR activities, we are also expanding our disclosure to investors, which includes newly issuing integrated reports and earnings briefing materials starting in FY 2023. In

addition to sharing information on the Company’s current state, future plans, and other issues, and winning praise for our future potential, I want to raise our corporate value by continuing to implement initiatives that contribute to sustainable growth.

## | Formulating a Purpose with the help of numerous employees

We formulated our Purpose in April 2024. Our Purpose, “to create and protect a comfortable environment that gives rise to vitality and richness for people and society under any conditions,” puts into words our usefulness to society, which has not changed since the founding of the Company.

People are the driving force in the construction industry, which was discussed above. It is difficult to forecast the future, but it is essential that we demonstrate the Company’s collective strength by everyone conducting their work with passion, pride, and strong motivation, and working with people in different departments and companies to continue to satisfy customers. Because of this, we reworded our Purpose.

When formulating our Purpose, we confirmed what makes Toenec unique using the history of the Company and its previous policies, while launching discussions at all business sites throughout Japan to find out the thoughts of people we work with at the Company. Ultimately, more than 1,200 officers and employees participated in formulating the Purpose, and they discussed such points as satisfaction provided by their jobs and what one should value in one’s work. Although this took time and effort, it is because of this that we were able to reflect the spirit of an integrated equipment engineering company that has been passed down along with our technology and the thoughts of people we work with.

P. 04 ▶

TOENEC Purpose

**Create and protect a comfortable environment  
that gives rise to vitality and richness for people  
and society under any conditions**

## Top Message

We will strive to improve teamwork and motivation within the Company by spreading our Purpose throughout the Company. On the other hand, I want to actively communicate to outside parties the Company's usefulness and thus increase the number of stakeholders who agree with our work and activities, and use that to further spur us on.

### | Revising our capital relationship with Chubu Electric Power

As announced, we revised our capital relationship with Chubu Electric Power, our parent company, in July 2024. We were transformed from a subsidiary to an affiliated company when Chubu Electric Power sold off some of its holdings of our shares.

Until now, the Company and Chubu Electric Power have supported the development of society and people's lives by sharing the purpose of building and maintaining infrastructure and working together to do all that we could. This cooperative relationship has been indispensable for both our businesses, and of course, we will maintain that relationship. But Chubu Electric Power's selling off our shares has created an environment in which we can obtain diverse opinions from new shareholders. I would like to link the Company's new potential and awareness of problems as well as greater management independence and flexibility that we obtained from this change to strong growth.

### | To our stakeholders

We will celebrate the 80th anniversary of the founding of the Company on October 1, 2024. In light of current social problems, the Company's Purpose will grow more important, and people will have even greater expectations of us. In addition to marshalling the strengths of all, we will diligently continue to take on bold challenges, meticulously conduct work, and fulfill Toenec's Purpose so that we can celebrate a 90th and 100th anniversary of the establishment of the Company as a company that contributes to society.



In conclusion, I would like to grow with all stakeholders, including customers, business partners, shareholders, and employees, by earnestly addressing the valuable opinions and proposals obtained during dialogue with all and reflecting that in the Company's businesses and activities. Therefore, I hope for your continued understanding and support for the Company.

# Value Creation Process

## Management philosophies

1. Aspire to create a comfortable environment in response to society's needs. (Creation of a comfortable environment)
2. Look to the future, aspiring to develop unique technologies that we can be proud of. (Development of original technologies / techniques)
3. Aspire to build a corporation of active people who think and challenge each other. (Becoming a human enterprise)

## Purpose

Create and protect a comfortable environment that gives rise to vitality and richness for people and society under any conditions.



### Re-investment

#### Inputs (invested capital)

(As of March 31, 2024)

**Financial capital**  
 Total assets — **304.9** billion yen  
 Equity ratio — **43.0** %

**Human capital**  
 Number of employees (consolidated) — **6,077**  
 Number of employees (non-consolidated) — **4,868**

**Business capital**  
 Number of domestic bases (non-consolidated) — **82**  
 Number of overseas bases (consolidated) — **9**

**Intellectual capital**  
 Technology and expertise in equipment installation cultivated over many years  
 Number of patents held: — **42**

**Social and related capital**  
 Relationship of trust with stakeholders built since the company's founding  
 Cooperation with business partners with whom we do business

**Natural capital**  
 Power consumption — **12.59** million kWh  
 Total renewable energy generation capacity — **223** MW

#### Business Model (Business Activities)

### Medium-term Management Plan 2027

- **Basic Policies**
- 1. Taking on challenge of growth policy
- 2. Deepening existing businesses
- 3. Further expansion of human resource investment
- 4. Strengthening management infrastructure

#### Equipment installation industry (P. 24-29)

- Power distribution line work
- Underground line work
- Indoor line work
- Air conditioning plumbing work
- Communication line work

#### Energy business (P. 30)

- Solar power generation business
- High-voltage bulk power receiving business, etc.

#### Creating new businesses

- Technological research and development (P. 22)
- Promotion of DX (P. 16)
- All Toenec Strengths of Toenec

#### Strengths of Toenec (P. 07)

#### Management infrastructure

- Human resources (P. 39)
- Compliance (P. 60)
- Corporate governance (P. 53)
- Stakeholder engagement (P. 61)

#### Reflect

#### Materiality (Material Issues) (P. 13)

#### Opportunity Threat Demands

- |                      |  |                                    |  |
|----------------------|--|------------------------------------|--|
| External environment | Progress of declining birthrate and aging population | Digital innovation                 | More frequent and severe natural disasters |
|                      | Transition to a carbon-neutral society               | Aging infrastructure and buildings | Diversification of work styles             |

#### Outputs (value created)

#### Economic value

Sales **252.8** billion yen

Ordinary profit **12.6** billion yen

ROE **7.5** %

Dividend payout ratio **40.0** %

#### Social value

- Develop and maintain social infrastructure that supports economic activities and people's lives
- Conduct disaster recovery work
- Ensure installation quality control and implement technology proposals that meet customer needs
- Create a workplace environment where diverse human resources can thrive and play an active role
- Ensure fairness and transparency in management

#### Environmental value

- Research and develop technologies that contribute to easing environmental burden
- Conduct renewable energy-related construction
- Implement initiatives to become carbon neutral in our company











#### Outcomes (Future Vision to Aim for)

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

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# Material Issues

In order to enhance the medium- and long-term corporate value of the Toenec Group and contribute to the realization of a more prosperous and sustainable society, we have identified material issues that we must give priority to addressing. These material issues are given in the table below.

		Material issues	Main Activities	Related Pages	Relevant SDGs
	<b>Environment</b>	<b>Becoming carbon neutral</b>	<ul style="list-style-type: none"> <li>Develop packaged version of ToEMS (our proprietary energy management system)</li> <li>Undertake renewable energy-related projects</li> <li>Examine and implement initiatives to achieve zero-emission targets</li> </ul>	<b>Technological Research and Development</b> ..... ▶P. 22 <b>Energy Business Division</b> ..... ▶P. 30 <b>Environment</b> ..... ▶P. 34	
		<b>Recycling-based society</b>	<ul style="list-style-type: none"> <li>Implement operational follow-ups and education for reducing and proper managing waste</li> </ul>	<b>Environment</b> ..... ▶P. 34	
	<b>Social</b>	<b>Safe and secure social infrastructure</b>	<ul style="list-style-type: none"> <li>Win orders for and undertake social infrastructure-related work (overhead power distribution lines, underground power distribution lines, communication facilities)</li> <li>Participate in ODA projects (such as the Project for Upgrading and Maintenance of the National Electric Power Grid in Palau)</li> <li>Strengthen quality control systems based on quality policies and codes of conduct</li> </ul>	<b>Business Overview</b> ..... ▶P. 23 <b>Safety, Health, and Quality</b> ..... ▶P. 46	
		<b>Regional resilience</b>	<ul style="list-style-type: none"> <li>Participate in the Toyohashi Microgrid Project</li> <li>Support recovery work when major disasters occur</li> </ul>	<b>Technological Research and Development</b> ..... ▶P. 22 <b>Harmony and Coexistence with the Local Community</b> ..... ▶P. 48	
		<b>Diversity and inclusion</b>	<ul style="list-style-type: none"> <li>Establish a workplace environment and systems that enables women and people with disabilities to play a more active role</li> <li>Promote various measures for work-life balance</li> <li>Actively recruit non-Japanese</li> <li>Formulate a Toenec Group Human Rights Basic Policy and undertake human rights DD</li> </ul>	<b>Human Resource Strategy</b> ..... ▶P. 39 <b>Coexistence and co-prosperity with business partners / human rights</b> ..... ▶P. 47	
		<b>Ensure worker health and safety</b>	<ul style="list-style-type: none"> <li>Implement initiatives based on health and safety policies and codes of conduct</li> <li>Implement safety education that you “experience and think about” using the Safety Creation Center (including for cooperative companies)</li> </ul>	<b>Human Resource Strategy</b> ..... ▶P. 39 <b>Safety, Health, and Quality</b> ..... ▶P. 46	
		<b>Opportunities for capacity building</b>	<ul style="list-style-type: none"> <li>Provide employees with opportunities to develop their skills and careers through application-based training programs and internal recruitment system</li> <li>Introduce a human resources management system to visualize employee skills</li> </ul>	<b>Human Resource Strategy</b> ..... ▶P. 39	
		<b>Harmony with local communities</b>	<ul style="list-style-type: none"> <li>Conduct risk experience training and technical guidance for external companies</li> <li>Implement community-based activities (e.g., support food bank activities, conduct nature conservation activities, etc.)</li> </ul>	<b>Safety, Health, and Quality</b> ..... ▶P. 46 <b>Harmony and Coexistence with the Local Community</b> ..... ▶P. 48	
	<b>Governance</b>	<b>A sound and highly-transparent management system</b>	<ul style="list-style-type: none"> <li>Strengthen communication with business partners for coexistence</li> <li>Improve the effectiveness of the Board of Directors (appoint a majority of independent outside directors, conduct effectiveness surveys, etc.)</li> <li>Continue to provide education to ensure thorough compliance</li> </ul>	<b>Coexistence and Co-Prosperity with Cooperative Companies / Human Rights</b> ..... ▶P. 47 <b>Corporate Governance System</b> ..... ▶P. 53 <b>Compliance</b> ..... ▶P. 60	
		<b>Relationships with stakeholders</b>	<ul style="list-style-type: none"> <li>Endorse TCFD recommendations and implement information disclosure based on these recommendations</li> <li>Enhance dialogue with institutional and individual investors (participate in IR events, hold IR interviews, etc.)</li> </ul>	<b>Environment</b> ..... ▶P. 34 <b>Stakeholder Engagement</b> ..... ▶P. 61	

# Overview of the Medium-term Management Plan 2027

In April 2023, we formulated the five-year Medium-term Management Plan 2027, which began 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 of becoming an integrated equipment engineering company that continues to grow in tandem with all stakeholders. 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, Purpose, 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 Neutrality Initiatives

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 sustainability for our company activities and for society.

### Promotion of 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 resources

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 Taking on challenges in growing fields

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 business partners to refine our core strengths as a General Equipment Engineering company, such as one-stop service, and solidify our business foundation.

### 3 Further expanding 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

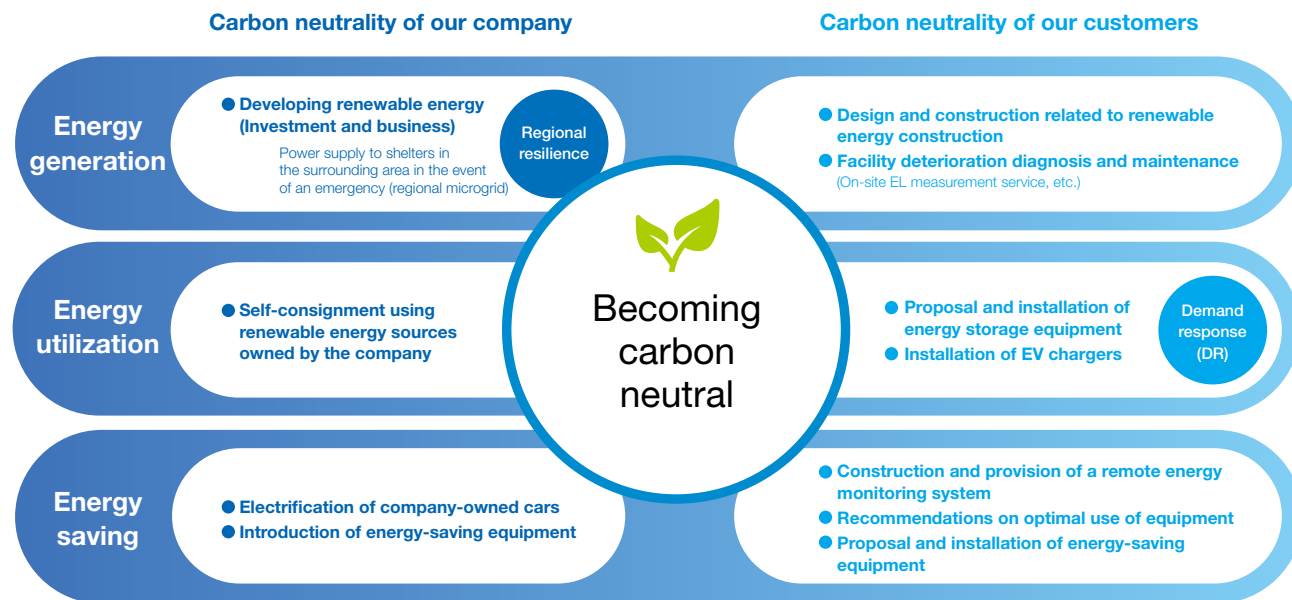
Ordinary profit  
**18**  
billion yen

ROE  
**8.0%**

# Carbon Neutrality Initiatives

As an Integrated Equipment Engineering company, we will support customers' initiatives to become carbon neutral by expanding services related to energy generation, which develops and maintains renewable energy; energy utilization, which promotes the effective use of energy; and energy conservation, which suppresses energy consumption.

In order to fulfill our responsibilities as members of society, we will also work to achieve our own carbon neutrality by introducing energy-saving equipment and promoting vehicle electrification.



## Second Nakakyushu Onitayama (Miyazaki Pref.) Wind Farm Electrical Construction

We constructed the second phase of the Nakakyushu Onitayama Wind Farm, developed by ENEOS Renewable Energy Corporation. In this project, four wind turbines were built on the ridgeline of Mt. Onita. We were in charge of wiring the electrical equipment inside each turbine and laying a 13.4 km self-owned line from the wind farm to the substation.



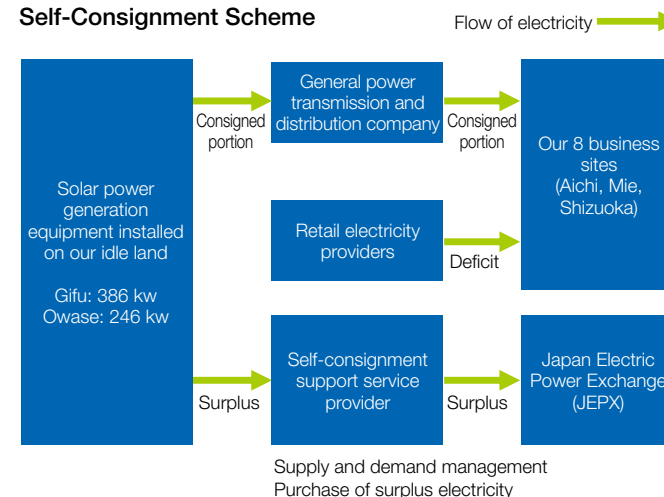
## Commencement of self-consignment using idle land

In July 2024, we began self-consignment of electricity generated by solar power facilities installed at two of our idle land (Gifu City, Gifu Prefecture and Owase City, Mie Prefecture) to our business sites.

Through this initiative, approximately 30% of the annual electricity consumption of our eight business sites will be covered by renewable energy, which is expected to reduce CO<sub>2</sub> emissions by approximately 288 tons per year.

Electricity that is not fully used is sold to the Japan Electric Power Exchange (JEPX) via a self-consignment support service provider, thus minimizing the waste of electricity generated.

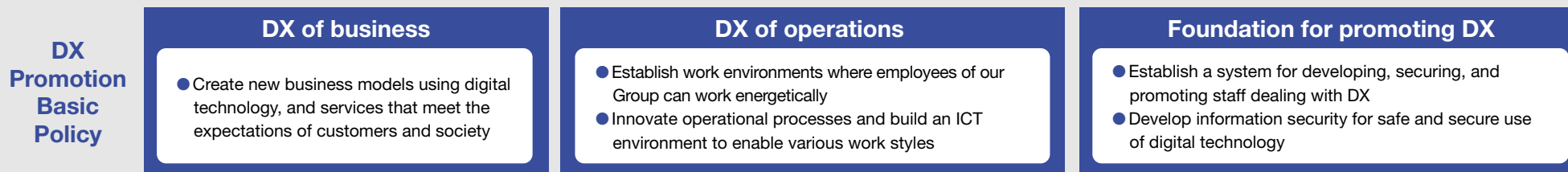
### Self-Consignment Scheme



## Promotion of Digitalization and DX

In October 2022, we established the Digital Transformation (DX) Promotion Group and formulated the DX Promotion Basic Policy and Basic Plan to serve as guidelines for promoting digitalization and DX. The DX Promotion Basic Policy aims to improve operations and create new businesses through group-wide use of digital technologies and consists of three pillars: DX of business, DX of operations, and foundation for promoting DX.

In order to respond to the changing internal and external environment, the Toenec Group will work as one to promote the improvement of on-site and in-house works by utilizing digital technology, etc., and aim to create new businesses and contribute to customers and society.



For FY 2023, the DX Promotion Group served as the secretariat, building a foundation for the promotion of digitalization and DX and selecting themes to be addressed.

As for building a foundation for the promotion of digitalization and DX, we established an internal DX promotion system and started DX human resource training in FY 2023, inviting outside experts to improve IT literacy and acquire specialized knowledge. In addition to DX mindset training for management, basic training was first provided to a wide range of employees selected through an internal recruitment system in order to develop human resources who will play key roles in DX-related projects. In addition, while utilizing smartphones deployed to all employees, we are working to review business processes such as expense reimbursement and information sharing, which were previously done on paper. We will improve productivity by utilizing our own IT infrastructure, as well as collect and utilize useful information that will lead to DX of operations and business.

In selecting the themes to be addressed, we listened to the opinions and issues faced on site and narrowed down the themes that should be solved through digitalization and DX. Currently, the DX Promotion Group is playing a central role in launching projects for each theme and is considering and implementing specific measures to resolve issues.

### Roles and Education Expected of DX Human Resources

	Expected roles	Started in FY 2023				Starts in FY 2024
		DX Basic Education (e-Learning)	DX Mindset Training	DX Basic Knowledge Training (internal recruitment)	DX Expertise Training (internal recruitment)	
DX promoters	As project managers, promote DX of operations and business	●		●	●	
DX expert human resources	Lead DX projects by leveraging expertise while collaborating inside and outside the company	●		●	●	
DX human resources	Solve issues faced by their departments through digitalization and DX, and improve business processes	●		●		
Management	Foster a workplace culture that understands the significance of DX promotion and encourages subordinates to take on challenges	●	●			
Employees	Understand basic knowledge and significance of DX and identify issues	●				

# Area Strategy

The Chubu area, our home ground, is a cluster full of manufacturing industries in Japan. By taking advantage of our superiority in the local area (construction/ installation capabilities, information networks, and reputation, etc.) built up through many years, we will aim to further expand our market share and improve profitability in the area.

At the same time, we will focus 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 will work 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 the Toenec Group's competitiveness as a whole.

## Chubu area

A cluster of manufacturing industries

**Acquire and share intangible assets  
(human resources, technology, know-how, brand power, etc.)**

### Tokyo metropolitan and Kansai area

Strong construction demand is expected to continue in the future due to redevelopment and renewal projects

### Asian countries

Target countries for Japanese companies and continue to enjoy economic growth

#### (Underground line work)

- Full-scale entry into underground power distribution line work for TEPCO Power Grid
- In addition to the above, our company has established a new Underground Line Group at the Tokyo Headquarters to strengthen sales activities for renewable energy-related work and work for general customers in the Kanto and Tohoku areas.

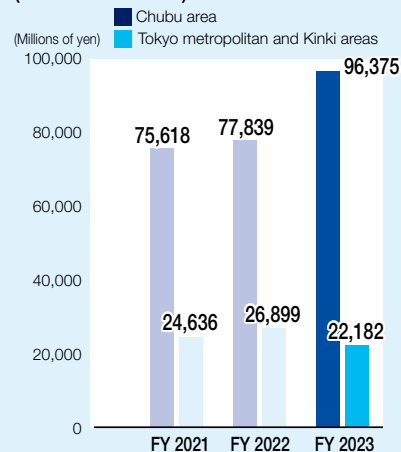
#### (Indoor wiring work and air conditioning plumbing work)

- While maintaining our market share in the Chubu area, we are focusing on metropolitan areas where redevelopment plans are active, and conducting sales activities while flexibly adjusting construction systems.

#### (Communication line work)

- Sales representatives have been assigned to the Tokyo metropolitan area to strengthen sales.
- Aiming to expand the area of communication line work for road systems, we are working to strengthen our activities to win orders in eastern and western Japan.

Completed construction contracts by area (non-consolidated)



#### Strengthening International Business Through Overseas M&As

In September 2023, our company invested in FUHBIIC International Corporation, a Taiwanese electrical and air conditioning plumbing work company.

This is the third investment in an overseas company in recent years, following Tri-En Solution Co., Ltd. (2019) in Thailand and Hawee Mechanical and Electrical Joint Stock Company (2022) in Vietnam.

#### Received Order for ODA Power Grid Improvement Project for the Republic of Palau

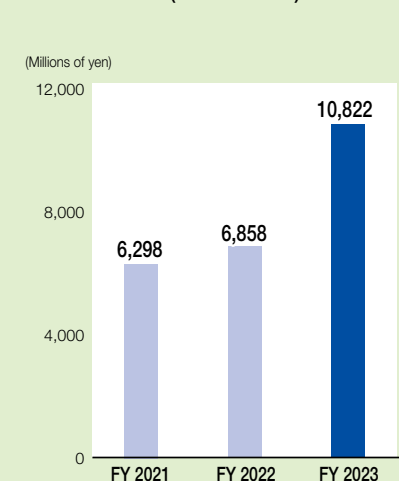
In December 2023, our company, together with Aichi Electric Co., Ltd., was awarded a contract by Palau Public Utilities Corporation (PPUC) for the Project for Upgrading and Maintenance of the National Electric Power Grid for Republic of Palau.

In this project, we will be responsible for the design, procurement, and construction (including communication lines) of 34.5 kV transmission lines and 13.8 kV distribution lines, as well as establishing buildings and civil engineering work at substations.

We will improve the stability of the power supply and promote the introduction of renewable energy by upgrading the country's power grid.



Overseas sales (consolidated)



# 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 have a company-wide system to carry out Kaizen activities based on the concept of TPS (Toyota Production System), and we are also working on this in cooperation with the Chubu Electric Power Group. By eliminating unnecessary work through Kaizen activities, we are not only reducing time and costs, but also working to ensure safety and improve quality.

## Improving productivity, safety, and quality control

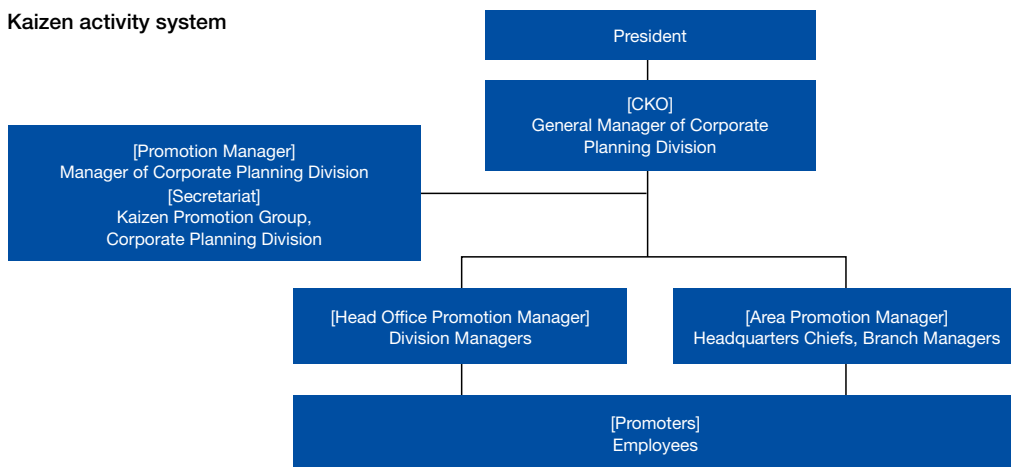
### Activities in our company Establishing a culture of Kaizen activities

<b>Kaizen study meeting</b> <small>(monthly)</small>	We report on the Kaizen activities of the participating divisions to our executives and external experts. The participants exchange opinions from the viewpoint of TPS and learn Kaizen methods.
<b>Productivity improvement study meeting</b> <small>(twice a year)</small>	Information is shared on the status of each division's activities (Kaizen details, results, current issues, future actions).
<b>Presenting company-wide Kaizen activities</b> <small>(once a year)</small>	We select the best practices that are recognized as being most effective among the Kaizen activities that have been carried out company-wide, and we hold presentations about them. We aim to increase our employee motivation for Kaizen by awarding divisions that have achieved particularly great results.

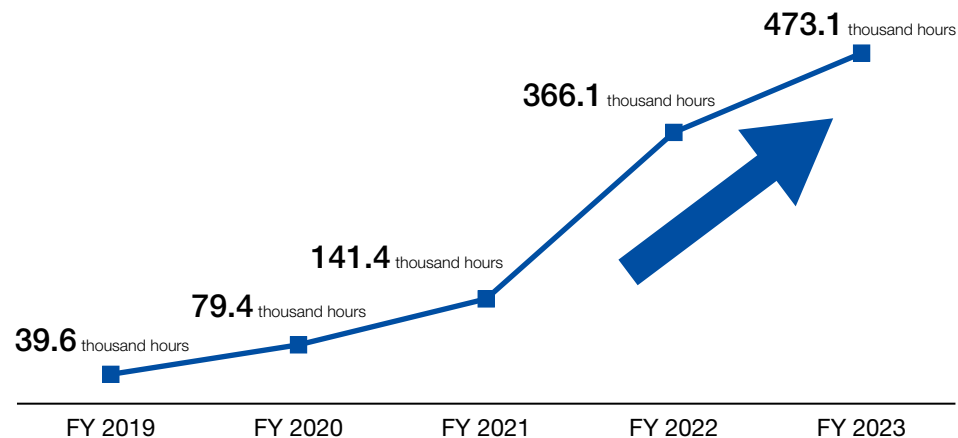
### Activities in Chubu Electric Power Group Establishing a company culture of Kaizen activities

<b>Kaizen study meeting</b> <small>(several times a year)</small>	Chubu Electric Power Group companies report on and discuss Kaizen activities with our executives and external experts.
<b>CKO* meeting</b> <small>(monthly)</small> <small>*Chief Kaizen Officer</small>	The purpose of the meeting is to share information on good practices, issues, and results of TPS initiatives among companies in order to promote their own initiatives.
<b>Kaizen contest</b> <small>(twice a year)</small>	Through the presentation of Kaizen initiatives implemented by employees of the entire Chubu Electric Power Group, we aim to raise awareness and utilize the results, as well as to increase employee motivation for Kaizen by awarding particularly great results.

Kaizen activity system



Time-saving effects of Kaizen activities



# Current Operating Results



**Chikara Oshima**  
 Senior Managing Executive Officer  
 General Manager of Corporate Planning Division,  
 General Manager of Finance & Accounting Division

Currently, the Toenec Group is making concerted efforts to implement various measures related to the drivers of growth and basic policies of the Medium-term Management Plan 2027, and as a result, consolidated sales and profit for FY 2023 reached record highs. We feel that we have made a good start for the first year of the plan. On the other hand, costs are expected to increase in the future due to the recent rise in prices and the need to respond to work style reform, and it is essential to ensure the availability of labor and construction capacity to achieve sustainable growth. To address these issues, we will further increase productivity by continuing to promote Kaizen activities and DX, and actively invest in human resources with an eye to the future.

In January 2024, our company also announced our policy for achieving management conscious of cost of capital and stock prices. In accordance with the policy, we will also work to improve capital efficiency by reviewing our business portfolio and downsizing non-business assets. We will also aim to enhance our medium- to long-term corporate value by further improving our dialogue with shareholders and investors and firmly reflecting their opinions in our business strategies and shareholder return policies.

## Review of FY 2023

In the construction industry, public investment remained steady and private capital investment remained high against the backdrop of solid corporate earnings and other factors. On the other hand, there were concerns about soaring raw material prices and supply constraints.

Under these circumstances, the Company's performance in FY 2023 was boosted by steady progress in indoor wiring work and air conditioning plumbing work on hand since the beginning of the fiscal year, as well as by a rebound from the temporary decline in profits and extraordinary losses related to the solar power generation business plan recorded in the previous fiscal year.

Sales of 252.8 billion yen were the highest ever recorded since FY 1998, when consolidated accounting began, and on the profit side, operating profit and profit, excluding ordinary profit, reached record highs. In terms of orders, the previous year's orders were extremely high and we had ample work on hand at the beginning of the period, so in FY 2023 we planned to receive orders in consideration of construction capacity and other factors. As a result, both orders received and work in progress at the end of the fiscal year were down, but we were still able to maintain a high level of work in progress.

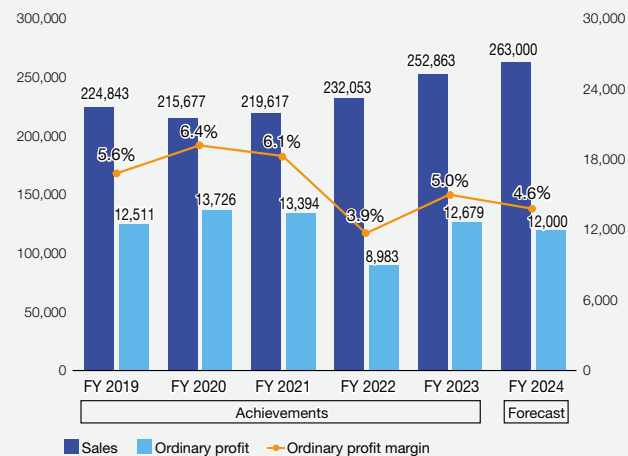
## Outlook for FY 2024

Although the environment for orders from both electric power companies and general customers is expected to remain steady, it is necessary to take appropriate measures while keeping a close eye on the impact on business of the overtime regulations that have been applied to the construction industry since FY 2024 and the rapid rise in prices.

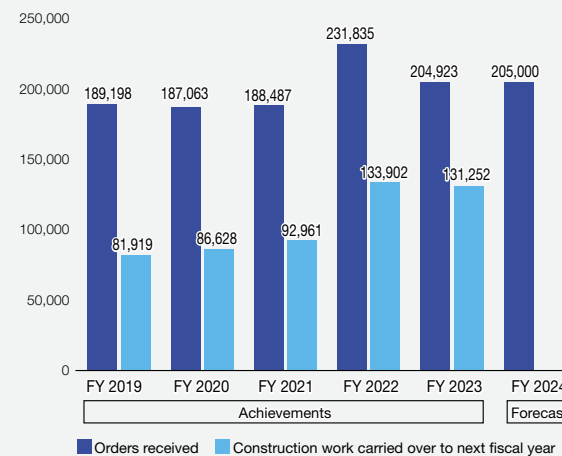
Based on this recognition of the business environment, our earnings outlook is expected to increase for FY 2024 by steadily completing an abundance of on-hand construction projects. Orders are expected to plateau from FY 2023, as we will continue to receive orders in a planned manner, taking into account construction capacity and other factors, although there are many inquiries from customers.

Profits are expected to decrease due to human resource investments such as increases in basic pay and human resource development, DX-related investments that contribute to growth, as well as expenses specific to the single fiscal year related to the 80th anniversary project and the relocation of the head office.

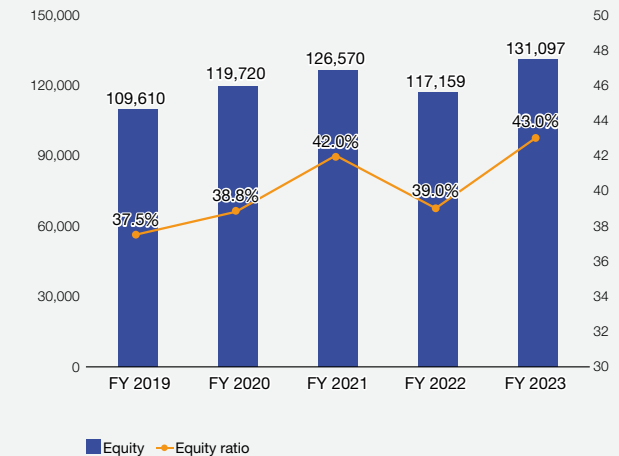
Sales / Ordinary profit



Orders received / Construction work carried over to next fiscal year (non-consolidated)



Equity / Equity ratio



# Management Conscious of Cost of Capital and Stock Price

## Realization of Management Conscious of Cost of Capital and Stock Price

In response to a request from the Tokyo Stock Exchange, we announced our Policy for Realization of Management Conscious of Cost of Capital and Stock Price in January 2024.

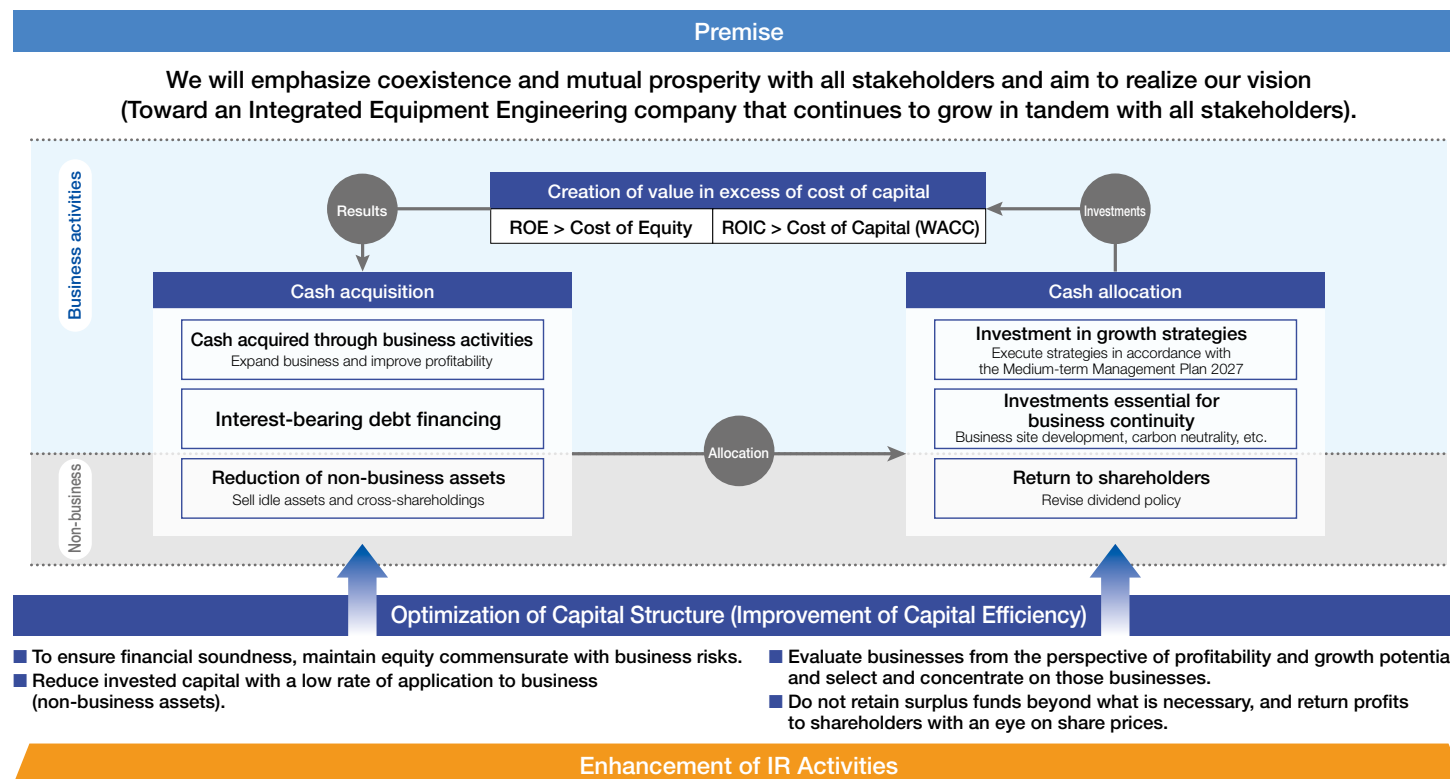
While maintaining coexistence and mutual prosperity with all stakeholders, in our business activities, we will confirm the profitability and growth potential of each business and aim to create value that exceeds the cost of capital by concentrating management resources on priority businesses. In terms of capital policy, we will reduce non-business assets and strengthen shareholder returns with an eye to share prices, in order to improve capital efficiency while maintaining financial soundness commensurate with business risk.

In addition to achieving solid results in terms of business performance, we will also focus on enhancing our investor relations activities and strive to improve our market valuation by appropriately communicating our business plan and future prospects to investors.

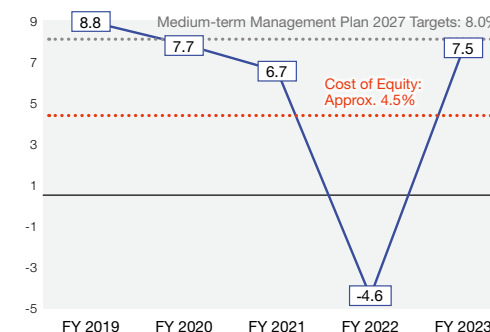
Since our performance for FY 2023 showed an increase in profit as mentioned above, each indicator related to capital efficiency has improved, with ROE (7.5%) approaching the numerical target of 8.0% set in the Medium-term Management Plan 2027.

In IR activities, we newly published our Integrated Report to promote dialogue with shareholders and investors. This enhanced information disclosure has led to more requests for IR interviews from investors than ever before.

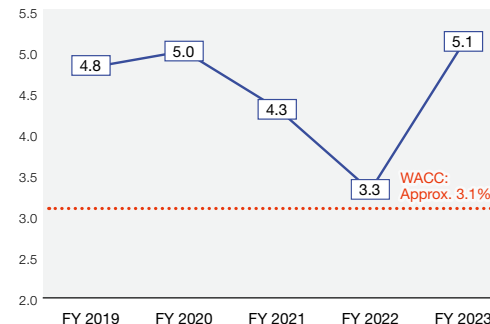
However, looking at the share stock level, the P/B ratio remains below 1x, and we recognize that there is still room for improvement in capital efficiency and IR activities. In July 2024, we reviewed our capital relationship with our former parent company, Chubu Electric Power Co., Inc. (selling some of our shares owned by Chubu Electric Power Co., Inc.). We expect that our expanded shareholder base will provide us with many new perspectives and opinions about our company. We will strive to enhance our IR activities even more than before and reflect the opinions we receive in our management strategies and capital policies in a flexible manner with the aim of improving our corporate value.



**ROE (Return on Equity)**



**ROIC (Return on Invested Capital)**



## Management Conscious of Cost of Capital and Stock Prices

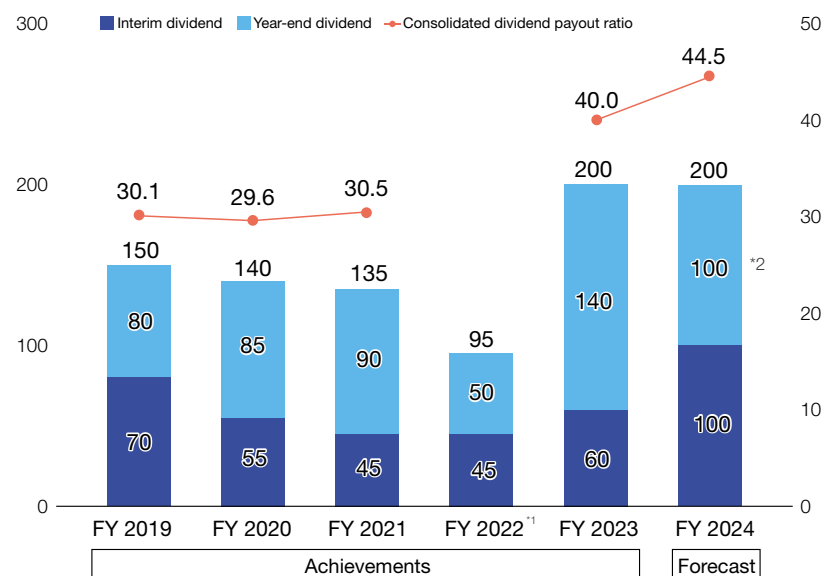
### Strengthening Shareholder Returns

In January 2024, we revised our dividend policy to clarify more clearly the strengthening of shareholder returns, in line with our policy of responding to the need to achieve management that is conscious of the cost of capital and stock prices. The Company's basic policy is to return profits to shareholders in proportion to business performance with a consolidated dividend payout ratio of 30% or more, and in FY 2023, the Company significantly increased its annual dividend to 200 yen per share (a consolidated dividend payout ratio of 40.0%). For FY 2024, we expect to maintain the annual dividend of 200 yen\*1 per share, including a commemorative dividend for the 80th anniversary of the Company's founding.

In July 2024, the Company resolved to repurchase up to 140,000 of its own shares in order to enhance shareholder returns and mitigate the impact of the secondary offering of its shares (announced on July 1, 2024) on supply and demand.

We will continue to steadily implement strategies based on the Medium-term Management Plan 2027 to enhance business profitability and strengthen shareholder returns, taking into consideration the balance with investment for growth.

#### Annual dividend per share / Consolidated dividend payout ratio



\*1: 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).

\*2: Due to the stock split shown on the right, the year-end dividend for FY 2024 will be 20 yen per share, but there will be no change in the actual dividend amount.

### Stock Split Implementation

On May 30, 2024, the Company announced a 5-for-1 split of common shares as shown in the table below. By lowering the amount per investment unit through this stock split, the Company aims to increase the liquidity of our shares and expand our investor base, particularly individual investors.

Split percentage	5-for-1 stock split of common shares
Reference date	September 30, 2024
Effective date	October 1, 2024

Total number of shares issued and outstanding before stock split	19,329,990
Number of shares to be increased by this stock split	77,319,960
Total number of shares issued and outstanding after stock split	96,649,950

### Reduction of Cross-Shareholdings

There is a growing desire to reduce cross-shareholdings from the perspective of strengthening corporate governance and capital efficiency. Each year, the Company's Board of Directors deliberates on the appropriateness of holding these shares by comparing the return on investment and cost of capital based on each stock's contribution to profits (construction orders, etc.). After deliberations, we have been steadily reducing cross-shareholdings that are not deemed appropriate, while obtaining the understanding of the issuing company. In FY 2023, the Company plans to sell approximately 3 billion yen. The proceeds from the sales will be allocated to human resources and DX-related investments that will contribute to future growth, as well as to business site development. We will continue to reduce our cross-shareholdings in line with the intent of our corporate governance code.

# Technological Research and Development



**Hiroshi Kobayashi**  
Executive Officer  
General Manager of  
Research & Development  
Division

The Research & Development Division engages in technological research and development based on the Basic Policies of technological research and development that contributes to creating added value and technological research and development that contributes to efficiency.

Technological research and development that contributes to creating added value will further promote research and development to realize carbon neutrality and strengthen the value chain with customers by developing optimal control methods for DC micro-grid systems and developing packaged and cloud-based versions of ToEMS, our proprietary energy management system.

Technological research and development that contribute to efficiency will focus mainly on research and development aimed at improving operational efficiency and achieving zero accidents in the Design and Construction / Installation Departments, including the development of software to support the preparation of completion inspection forms and technical calculations and the management of on-site materials and equipment, as well as systems to prevent traffic accidents and work-related disasters.

In addition, we are committed to the training of researchers, and in the last 10 years, four of our researchers have received their doctorates.

In the future, we will continue to promote company-wide research and development that contributes to our business in close cooperation with our on-site departments and foster a group of researchers and engineers who can solve issues faced by society and our customers, aiming to become the Toenec our customers choose for technologies.

## Technological Research and Development: Basic Policies

**Technological research and development that contribute to creating added value**

- Promote research to improve technological and proposal capabilities that capture world changes
- Promote research aimed at creating new businesses

**Technological research and development that contribute to efficiency**

Promote research aimed at improving safety and productivity in response to on-site needs

## Organization of Research and Development

Research Areas and Team Details

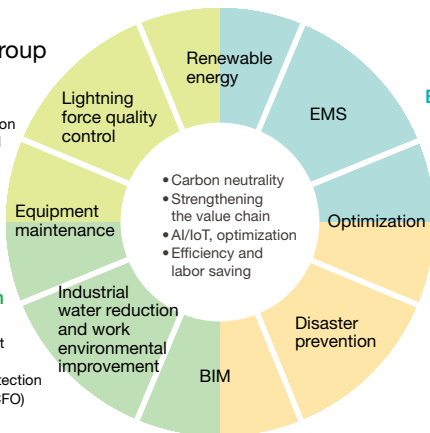
### Research and Development Group

#### Power team

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

#### Environmental team

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



#### Energy management team

- Solar power generation equipment diagnosis
- Storage batteries and energy saving measures
- Fuel cells
- Drones for EL measurement
- Microgrid

#### Information team

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

### Quality Management Group (newly established in April 2024)

We are responsible for the centralized management of quality control for the products, systems, and services we have researched and developed, such as ToEMS and Air Meister, to further improve the reliability of our products and services among our customers.



## Recent Research and Development Activities

### ToEMS Adopted for Regional Microgrid

ToEMS has been adopted as the EMS for the regional microgrid in Toyohashi City, which will be completed in April 2024. It is responsible for monitoring and controlling the entire system, including recharge/discharge control that makes full use of storage batteries to maximize the use of solar power generation.



Microgrid energy storage facility and the ToEMS screen

### Development of Packaged ToEMS

In order to respond quickly and efficiently to the diverse requests for ToEMS from customers, we have developed a packaged version of ToEMS that standardizes each of the multiple functions of ToEMS and allows customers to build a system by combining these functions.



Example of the redesigned screen of the packaged ToEMS

### Development of Labor-Saving Tools for the Design and Construction Departments

We have developed and deployed software to create completion inspection forms and seismic strength statements for use in completion inspections. We are also developing software to automate design work using BIM (Building Information Modeling) information and a materials and equipment management system that uses RFID tags to easily manage materials and equipment used on site.

## VOICE

For the results of our research to be available to the world

### Front-line employees' thoughts on their work

I am mainly researching deterioration diagnosis of electrical equipment. This technology will become more important in the future for proper equipment maintenance.

Since 2019, I have been researching a unique method of diagnosing oil-filled transformer deterioration using spectral analysis, and my research is gradually taking shape, including a prototype of a portable diagnostic device. My research results to date have earned me a doctorate. It was difficult to write a research paper in parallel with my regular work, but I was happy that my research results were recognized academically. Ultimately, I will bring the results of my research to the world in the form of products and services that will contribute to the stable operation of our customers' facilities.



**Mr. Oshima**  
Deputy Principal Investigator  
Research & Development Group  
Research & Development Division

# Business Overview

Status by Business Segment

## Status by Business Segment

Segment	Equipment installation industry					Energy business
Department	Power distribution line work	Underground line work	Indoor wiring work	Air conditioning plumbing work	Communication line work	
<b>FY 2023</b> Net sales (Percent of total)	<p><b>73.4</b> billion yen (32.7%)</p>	<p><b>9</b> billion yen (4.0%)</p>	<p><b>826</b> billion yen (36.8%)</p>	<p><b>22.7</b> billion yen (10.1%)</p>	<p><b>19.6</b> billion yen (8.8%)</p>	<p><b>12.9</b> billion yen (5.7%)</p>
<b>Business Overview</b>	<p>The Department is involved in the construction, maintenance, and servicing of utility poles, wires, and other power distribution equipment.</p> <p>The business has a Market Development Division and is also involved in B-to-C business such as all-electric equipment installation and EV quick-charging facility installation.</p>	<p>In addition to undertaking undergrounding of power lines for electric power companies, the business is also involved in the installation and connection of special high-voltage cables for offices and factories for general customers, as well as civil engineering work to run the cables.</p>	<p>The business is a one-stop provider of facility construction (electrical, air conditioning, sanitary, and communications) for a variety of buildings, including factories, office buildings, hospitals, schools, and commercial facilities, from planning to maintenance and servicing.</p> <p>In communication line work business, the department handles installation, maintenance, and servicing of communications base station equipment for mobile carriers.</p>	<p>The business domain is involved in a diverse range of businesses, including solar power generation business utilizing the FIT system, high-voltage bulk power receiving service that provides electricity to condominiums at a relatively low cost, installation of air conditioning systems in school facilities, and groundwater utilization.</p>		
	<p style="text-align: center;"><b>International business</b></p> <p>The department is engaged in facility construction in Asian countries and developing countries (ODA projects), utilizing the technology it has cultivated in Japan.</p>					
<b>Main Customers</b>	Electric power company groups, etc.		General clients (general contractors, developers, manufacturers, etc.), government and municipal offices, school corporations, medical corporations, etc.			

# Power Distribution Line Work



**Osamu Yoshioka**

Senior Managing Executive Officer  
General Manager of Power Distribution Division

In the Distribution Department, we are working to maintain a safe work environment, improve efficiency and productivity (Kaizen), and maintain and enhance the construction system to ensure a stable supply of electric power.

Among these, we consider the maintenance of a safe work environment to be a particularly important theme for our company, which places the highest value on safety. Toward this end, from April 2025, we are planning a full transition to the use of the indirect live wire work method (elimination of work performed in close proximity to high-voltage live wires with protective equipment and a full transition to the use of indirect live wire tools), and are vigorously promoting the development of new methods and tools, the establishment of safety rules, and other measures to create an environment where everyone can work safely. Furthermore, with this transition, we aim to further improve our technological capabilities.

In addition, to improve efficiency and productivity, we are promoting Kaizen (improvement), which incorporates the concept of the Toyota Production System. We will continue to reduce the number of workers through Kaizen of on-site work that is not bound by conventional methods. In addition, we will utilize IoT and digital technologies to further improve the overall efficiency of operations from many angles.

Finally, we believe it is important to maintain and enhance our construction system to ensure a stable supply of electric power, including new installation, maintenance, servicing and disaster recovery of power distribution facilities. We will continue to strive to maintain and enhance this system, including cooperative companies with specialized skills.

## Business Environment

### Risks

- Securing human resources and passing on skills due to the declining birthrate, aging population, and retirement of skilled engineers
- Deterioration of the working environment for outdoor workers due to global warming

### Opportunities

- Support for disaster recovery throughout Japan
- Expansion of construction area to communications facilities by leveraging technological capabilities

## Strengths

- High technological capabilities that have been protecting people's lives and supporting local infrastructure for the long span of the 80 years since the Company's founding
- Organizational capabilities to enable rapid recovery in the event of a natural disaster

## FY 2023 results

Orders received increased 0.9% from the previous fiscal year to 73.7 billion yen due to the price pass-through of higher labor costs, despite a decrease in on-site operations related to overhead distribution equipment as a result of enhanced education and training for the full transition to the indirect live wire work method.

Sales were 73.4 billion yen, on par with the previous year, due to steady progress in construction related to overhead distribution equipment and renewable energy-related work.

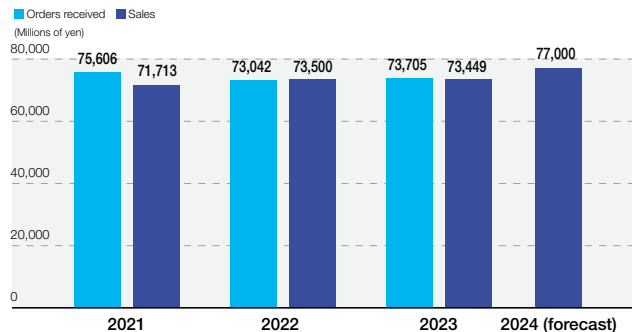
## Outlook for FY 2024

In FY2024, we expect sales to increase 4.8% year-on-year to 77.0 billion yen due to the price pass-through of further increases in material and labor costs and an increase in renewable energy-related work.

## Business strategies for the Medium-term Management Plan 2027

- Full transition from the direct to the indirect live wire work method, placing the highest priority on ensuring safety
- Conducting of further Kaizen of desk work and on-site operations based on the TPS (Toyota Production System) method
- Improvement of efficiency, productivity, and quality control by promoting DX
- Securing the personnel and maintain the technological capabilities necessary to maintain the construction system
- Optimization of the business site organizational structure, including functional concentration of operations
- Promotion of initiatives in accordance with the Basic Procurement Policy and the Partnership Building Declaration

Orders received / Sales



## VOICE Front-line employees' thoughts on their work

### Our Purpose is to deliver stable electricity to our customers.

In our daily on-site work, we are committed to ensuring construction quality control under the credo of "no unauthorized electricity shutdowns." We also work to ensure that public safety measures are in place to prevent injury to our customers. When I am in charge of a work site, I try to give detailed instructions and explanations to ensure that even younger workers can understand the work and my thoughts.

In the previous fiscal year, a major earthquake occurred on the Noto Peninsula in Ishikawa Prefecture, and I was engaged in disaster restoration work. Although I had experienced disaster restoration work in the aftermath of typhoons and snow damage, this was my first experience with disaster restoration work in the aftermath of an earthquake. I remember feeling shocked when I was dispatched to the site and found that more buildings had collapsed than I had imagined. I wanted to restore electricity as soon as possible, but I regret that I was not able to fully demonstrate my abilities because the environment at the site was not yet in a state allowing for work. It would be great if natural disasters never occurred, but when I am engaged in disaster restoration work, I will do my best to help restore electricity to as many customers as possible.



**Mr. Sugita**

Foreman  
Distribution Work Group  
Okazaki Sales Office,  
Okazaki Branch

## Power Distribution Line Work (Market Development)



**Shoji Otsubo**

Executive Officer  
General Manager of  
Market Development  
Division  
Distribution Department

Market Development carries out housing equipment-related work, small and medium-sized electrical equipment installation, and renewable energy-related work.

In addition to transactions with corporate clients (B2B), this department is the only one in the Company that deals with individual clients (B2C), and we consider ourselves a familiar presence in the community.

In order to realize the Medium-term Management Plan 2027, we will propose satisfactory plans and win orders for housing equipment-related work (installation and sales of all-electric appliances, renovation of housing equipment, and installation of solar power generation and storage batteries for residential use) targeting individual customers to provide them with a secure and comfortable lifestyle.

In addition, demand for renewable energy-related construction work (large-scale solar power generation equipment construction, private interconnection line construction, and EV charging equipment construction) is expected to remain high in the future, and we will continue to actively engage in this area to help resolve issues related to carbon neutrality that society as a whole needs to address.

We will make use of our experience and technologies to continue to receive orders with our construction system that covers a wide range of areas, mainly in the Chubu region, as well as with our advanced and high-quality technologies.

### Business Environment

#### Risks

- Shortage of materials and rising costs due to conditions in society
- Shrinking market due to population decline resulting from the low birthrate and aging population

#### Opportunities

- Expansion of demand for renewal and energy-saving renovation due to aging equipment (housing equipment, power receiving and transforming equipment, electrical wiring equipment, etc.)
- Promotion of renewable energy-related work for becoming carbon neutral
- Development of charging infrastructure in line with the growing popularity of electric vehicles (EVs)

### Strengths

- Construction system that can respond to a wide range of construction needs with bases located throughout the Chubu area
- Extensive experience in housing work, electrical equipment work, renewable energy-related work, etc.
- Possession of technological capabilities that leverage our capabilities in power distribution line work
- High reliability as a Chubu Electric Power Group company

### FY 2023 results

Demand for renewable energy-related work was high, and orders for large-scale photovoltaic power generation facility work and private interconnection line work increased. In housing equipment-related work, unit sales of electrical appliances declined compared to the previous year. Sales of renovation work for residential facilities increased. In other electrical work for general internal and external lines, orders for EV charging equipment installation increased in line with the development of EV vehicle infrastructure.

### Outlook for FY 2024

In FY 2024, sales are expected to increase due to the completion of renewable energy-related construction projects and continued orders for EV charging equipment installation. As demand for renewable energy-related construction work is expected to continue, the Company will work to systematically receive orders and strengthen its construction system.

### Business strategies for the Medium-term Management Plan 2027

- Strengthening of initiatives in growth areas such as renewable energy-related equipment installation and EV charging equipment installation
- Improvement of services such as maintenance support for customers
- Promotion of initiatives in accordance with the Basic Procurement Policy and the Partnership Building Declaration

## VOICE

Front-line employees' thoughts on their work

### Helping to create a comfortable environment that makes customers happy

As a first-class licensed architect, I am committed to providing renovation suggestions that are a cut above the rest. In particular, manufacturers offer a wide variety of products for bathrooms, changing rooms, kitchens, and toilets, and we need to recommend appropriate products according to the content discussed with customers. In addition, in work, no two sites are exactly alike, and construction management must be tailored to each site. When the customer is satisfied with my suggestion and the work is successfully completed, I am very happy to see the completion of the project and the customer's smile. The opportunity for residents to renovate their home equipment does not come along many times in a lifetime. I will continue to value meeting customers and suggest renovation solutions with an eye toward lifestyles 10 to 20 years from now.



**Mr. Ando**  
Senior Engineer  
Market Development Group  
Power Distribution Division,  
Nagano Branch

# Underground Line Work



**Mitsutaka Kagami**  
Executive Officer  
General Manager of  
Underground Line Division

The Underground Line Division is focusing on three key areas: strengthening our ability to respond to renewable energy-related work, expanding 154 kV cable splicing skills, and improving operational efficiency through DX promotion.

First, with respect to strengthening our ability to respond to renewable energy-related work, we have been handling everything from design to construction by utilizing our expertise in underground line work, mainly for interconnection line construction between power generation operators and power companies. By establishing a new organization, we are working to strengthen our sales and construction capabilities for renewable energy-related construction work.

Next, regarding expanding 154 kV cable splicing skills, we will quickly train and increase the number of 154kV cable splicing technicians in order to expand our construction capabilities to meet customer needs for ultra-high voltage power lines that require advanced skills.

Lastly, with regard to improving operational efficiency through DX promotion, ICT has been introduced as a measure to address personnel shortages and legal regulations restricting overtime, and efforts are being made to improve business efficiency through DX, including the use of tablets and smartphones to reduce the workload of on-site personnel and provide logistical support by desk-based personnel.

## Business Environment

### Risks

- Shortage of personnel due to increased demand for carbon-neutral-related construction work
- Aging of employees of cooperative companies due to recruitment difficulties because of the declining birthrate, etc.
- Impact on sales due to cancellation or postponement of large-scale projects because of restrained capital investments, etc.

### Opportunities

- Increase capital investments in renewable energy and other areas through efforts to become carbon neutral
- Increase equipment refurbishment due to aging of electric power company facilities
- Increase underground line work through promotion of the Removal of Utility Poles Promotion Plan

## Strengths

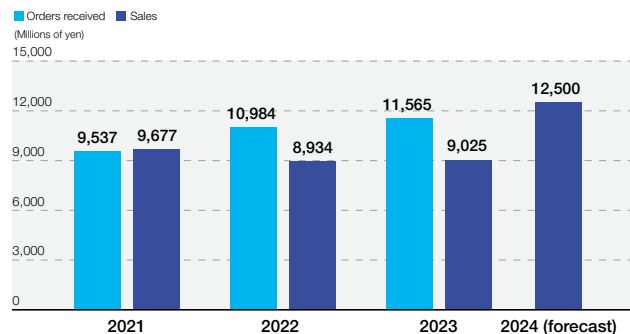
- Differentiation from other companies in the industry by possessing 154kV cable splicing skills in-house
- One-stop technological capabilities from route design to construction of underground power lines
- Efficient construction with specially equipped vehicles that specialize in underground line work (cable installation and removal, etc.)

## FY 2023 results

Orders received increased 5.3% from the previous fiscal year to 11.5 billion yen due to an increase in underground power distribution line work and an order for the Project for Upgrading and Maintenance of the National Electric Power Grid in Palau.

Sales increased 4.3% year on year to 9.0 billion yen due to an increase in the volume of underground power distribution line work and an increase in general construction work other than that related to renewable energy.

### Orders received / Sales



## Outlook for FY 2024

Orders are expected to decline in FY 2024 in reaction to orders for large-scale renewable energy-related projects in the previous fiscal year. Sales are expected to increase 38.5% from the previous year to 12.5 billion yen due to progress in large-scale uncompleted construction projects, such as renewable energy-related work.

## Business strategies for the Medium-term Management Plan 2027

- Laying the groundwork for an increase in general construction orders by strengthening construction capabilities
- Expanding sales to diversified customers, including large-scale renewable energy-related projects and elimination of utility poles
- Securing stable revenues through efficient planning for underground power distribution line work
- Strengthening 154kV cable installation capability and early human resource development through skill information management
- Promotion of initiatives in accordance with the Basic Procurement Policy and the Partnership Building Declaration

## VOICE Front-line employees' thoughts on their work

### Playing a role in the stable supply of electric power

I manage underground power distribution line work, including new installation, removal, and replacement of Chubu Electric Power PG underground facilities. There are various types of work, such as cable replacement, manhole installation, and electrical room assembly, and I work in different locations every day. Although the construction periods are short, we take on a large number of construction projects, so it is important to go to the site after receiving a construction slip, check the site, and make preparations in the most efficient manner. I make a to-do list so that I can make steady progress without omissions, and I try to take action with plenty of time to spare. During the busy season, I sometimes feel rushed by the volume of work, but when project is completed smoothly, I get a sense of accomplishment and find it very rewarding. I will continue to manage work responsibly and put safety first.



**Ms. Tamura**  
Distribution Work Group  
Underground Line Division,  
Distribution Department

# Indoor Wiring Work



**Shigemitsu Yamazaki**

Executive Vice President  
General Manager of  
Business Promotion  
Department

The Indoor Wiring Work Department strives to develop area strategies with an eye on the future, strengthen the value chain, and build a flexible construction system in order to achieve the goals of the Medium-term Management Plan 2027.

However, last year we received a harsh assessment in the Small and Medium Enterprise Agency's Price Negotiation Month follow up survey. The department takes these results seriously and is working to improve the competitiveness of the entire supply chain and build a relationship of co-existence and co-prosperity through appropriate price negotiations and price transfers.

In addition, in order to comply with the maximum overtime limit applied to the construction industry starting in FY 2024, we must promote measures such as encouraging purchasers and creating a construction system that includes cooperative companies. We will continue to strengthen our support system for construction staff, take various measures to improve the efficiency of on-site work through Kaizen activities and other initiatives, as well as train human resources and proactively recruit engineers, as we also have many on-hand projects this fiscal year, and conditions are busy.

Most important of all is the safety and health of workers. First, we value the health of our employees and promote the creation of a safe and secure workplace, aiming to achieve the three zeros of zero work and traffic accidents, zero long-term absences from work, and zero construction defects. In addition, we will continue our efforts to improve our technologies, skills, and services to meet customers' quality requirements for construction quality control.

## Business Environment

### Risks

- Impact of 2024 logistics issues on processes
- Infringement of regulations restricting overtime
- Decline in profitability due to higher prices for materials, energy, etc.
- Loss of order opportunities due to lack of construction capacity and difficulty in procuring materials

### Opportunities

- Expanding construction demand in the Tokyo metropolitan and Kinki areas
- Expanding capital investment in the manufacturing industry, particularly in the Tokai region
- Support customers to become carbon neutral
- Increase renewable energy-related construction

## Strengths

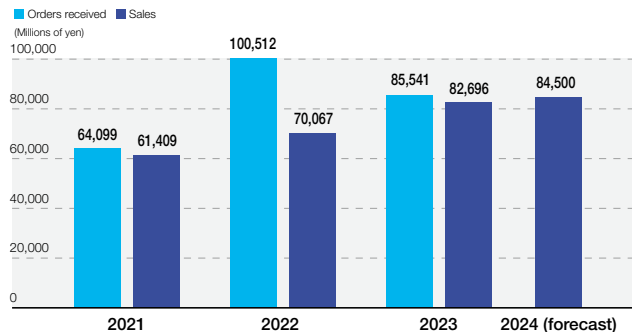
- Ability to provide one-stop services (power supply, electricity, air conditioning, sanitation, communications, and energy)
- Industry-leading technologies and extensive experience

## FY 2023 results

Orders received totaled 85.5 billion yen, compared with a target of 79.0 billion yen, as a result of company-wide efforts to secure orders by establishing a design and construction system amid a pickup in private capital investment, particularly in the manufacturing sector in the Chubu area and brisk redevelopment activity in urban areas.

Sales increased 18.6% from the previous year to 82.7 billion yen on the back of construction / installation carried over from the previous year. The amount of uncompleted construction projects at the beginning of the period was a high 84.4 billion yen.

Orders received / Sales



## Outlook for FY 2024

In FY 2024, we will work to secure order reception and expand sales based on the Medium-term Management Plan 2027. Specifically, we will secure and increase sales and profits by conducting systematic sales activities in an integrated manner, strengthening the construction system through cooperation with cooperative companies, and efficiently allocating personnel. In addition, we will further focus on strengthening the value chain to expand relationships with customers, complying with regulations restricting overtime, and ensuring safety and construction quality.

Through these measures, we project sales of 84.5 billion yen in FY 2024.

## Business strategies for the Medium-term Management Plan 2027

- Development of systematic sales activities in all divisions in a planned manner
- Reinforcement of the construction system and efficient personnel allocation
- Expansion of relationships with customers by strengthening the value chain
- Promotion of initiatives in accordance with the Basic Procurement Policy and the Partnership Building Declaration
- Continued efforts to comply with regulations restricting overtime

## VOICE Front-line employees' thoughts on their work

### Suggest and provide optimal equipment that customers can use with peace of mind

In ever-changing site environments, I have worked with a sense of speed as a construction manager, accurately grasping the needs of customers. At the semiconductor plants I am in charge of, layout changes are often made within a few weeks, and I am faced with difficult situations such as redesigning, re-estimating, and making arrangements for cooperative companies. It is easy to say no when I cannot do it, but if there is a possibility, I have worked with a sense of duty to consider other methods, to think about whether I can somehow construct something, and to provide the customer with a better product so that everyone involved can feel happy. I will continue to work to provide better suggestions and construction, and pass on my skills to junior employees.



**Mr. Baba**  
Senior Engineer  
Indoor Wiring Work Group  
Business Promotion Division,  
Nagano Branch

# Air Conditioning & Plumbing Work



## Atsushi Watabe

Senior Managing  
Executive Officer  
General Manager of  
Air Conditioning &  
Plumbing Department

The Air Conditioning & Plumbing Department has set strengthening the organizational structure as its most material issue in order to continuously expand sales. In order to make efficient use of management resources, we will establish strategies by collecting and analyzing information on areas, scale, building types, etc., and promote activities in cooperation with other divisions.

We will take the regulations restricting overtime that came into effect in FY 2024 as an opportunity to further improve operational efficiency and strengthen back-office operations to eliminate the uneven distribution of workload, and aim to receive orders systematically by visualizing the utilization status of employees and cooperative companies and promoting coordination with sales activities.

Furthermore, we will work to improve customer satisfaction by deepening cooperation with Group companies to expand maintenance services to strengthen relationships with customers after completion and delivery.

We will continue to place the highest priority on the safety and health of our workers, promote the creation of a safe and secure workplace, and strive to improve our technologies, skills, and services to meet the quality requirements of our customers.

### Business Environment

#### Risks

- Decline in profits due to price competition
- Infringement of regulations restricting overtime
- Decline in profitability due to higher prices for materials, energy, etc.
- Shortage of construction workers and recruitment difficulties in the construction industry
- Loss of order opportunities due to lack of construction capacity

#### Opportunities

- Expanding capital investment in the manufacturing industry, particularly in the Tokai region
- Support customers to become carbon neutral
- Increase renewable energy-related construction

### Strengths

- Ability to provide one-stop services (power supply, electricity, air conditioning, sanitation, communications, and energy)
- Ability to handle construction in the Chubu area, where there is a high concentration of industry

### FY 2023 results

Orders received in FY 2023 were 17.7 billion yen, down 38.2% from the previous fiscal year, due to the postponement of the order date for some properties.

Sales increased 21.6% from the previous year to 22.7 billion yen, due to steady growth in uncompleted construction projects at the beginning of the period, such as commercial facilities and factories.

The amount of uncompleted construction projects at the beginning of the period was a high 20.5 billion yen.

### Outlook for FY 2024

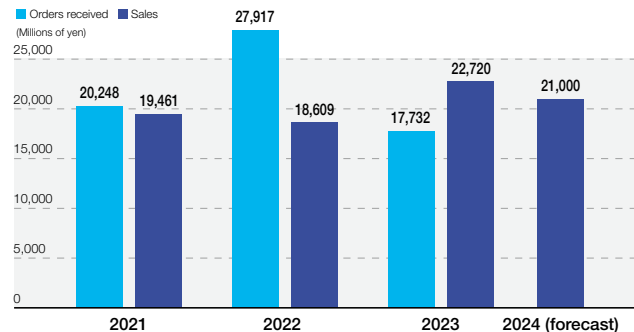
In FY 2024, we will continue to have a large amount of uncompleted construction projects, and we will manage construction personnel for large property orders throughout the company and promote planned orders through a flexible construction system.

Orders are expected to increase 15.8% from the previous fiscal year to 20.0 billion yen, and sales are expected to decrease 7.2% from the previous fiscal year to 21.0 billion yen.

### Business strategies for the Medium-term Management Plan 2027

- Visualization of construction personnel and a flexible construction system
- Expansion of the value chain of the Group as a whole
- Promotion of area strategies with an eye to the future
- Actions to eliminate violations of restrictions on overtime
- Improvement of capacity by securing and training human resources
- Promotion of initiatives in accordance with the Basic Procurement Policy and the Partnership Building Declaration

Orders received / Sales



## VOICE Front-line employees' thoughts on their work

### Renovation plans that ensure user safety and a comfortable environment

I worked on a complete renovation of an air conditioning system while the building was in use. Ensuring the safety of building users as well as third parties, including the public, and ensuring a comfortable environment for building users was a must. To this end, I focused on interviewing customers about the use of the building, their plans for use, and the lines of flow of people. I also worked hard to carefully prepare construction plans and obtain customers' approval by explaining things to them. In addition, I predicted the heat load of the building at different times of the year to maintain a comfortable environment, and planned when to remove and replace heat source and air conditioning equipment. Unlike new construction, renovation work while using a building requires interviews and detailed planning prior to the start of construction, as well as agreement with the customer at each site. I would like to convey to junior employees that this experience will be an asset to me and the Company.



#### Mr. Kimura

Construction Section Manager  
Air Conditioning & Plumbing Group  
Business Promotion Division,  
Gifu Branch

# Communication Line Work



**Tatsuo Ikeyama**  
Senior Managing Executive Officer  
General Manager of Information & Communication Administration Division

The Information & Communication Administration Division provides optimal solutions tailored to customer needs, from the latest information and communications infrastructure such as 5G and IoT, and production facilities such as factories, buildings, hospitals, schools, and highways to public and commercial facilities.

Customers are actively investing in information and communications, including carbon neutrality and DX response, and we see this as an area where growth is expected in our Medium-term Management Plan 2027. We will continue to improve our technological capabilities and strengthen our organization to proactively expand orders in these growth areas.

When natural disasters such as earthquakes and typhoons damage our communications infrastructure, we mobilize all of our resources to restore it as quickly as possible so that everyone can feel secure. We will continue to maintain our usefulness to society as a leader in supporting the foundations of everyone's daily life.

## Business Environment

### Risks

- Pressure on cost prices due to drastic inflation
- Delay in passing on skills to younger generations
- Shortage of construction workers and recruitment difficulties in the construction industry

### Opportunities

- Highway renewal projects
- Collaboration with startups and venture companies
- Order and installation of next-generation mobile communication systems
- Utilization of LPWA\* and other new communication standards

\*LPWA: Abbreviation for "low power, wide area."  
A communication network capable of communicating data over long distances with low current consumption.

## Strengths

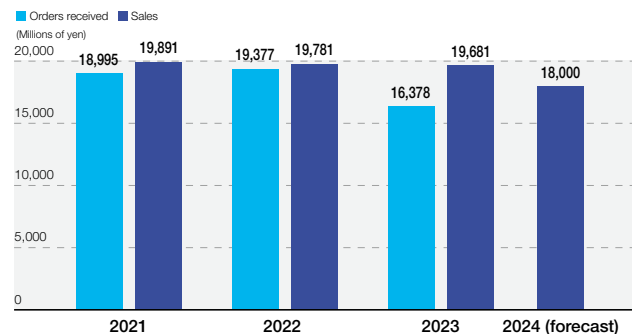
- One-stop service from proposal and design estimates to construction and maintenance
- Strong relationship of trust with customers through community-based business activities
- A group of technical experts that can play an active role in a variety of fields

## FY 2023 results

Orders received were significantly impacted by the substantial downsizing of maintenance operations, revisions of construction plans, and reductions in contract unit prices by some mobile carriers. Orders for road-related work were also sluggish, and overall orders decreased from the previous fiscal year to 16.3 billion yen.

Sales were affected by delays in delivery and depletion of materials supplied by mobile carriers. The road-related business was affected by a decrease in orders received, amounting to 19.6 billion yen overall, the same level as the previous fiscal year.

Orders received / Sales



## Outlook for FY 2024

Although harsh conditions are expected for orders from mobile carriers, we are working to secure orders by strengthening our sales activities in areas other than base station construction work. In road-related construction, we are working to expand the area of our sales activities to increase orders and strengthen our personnel structure to cope with the increase in construction projects. In terms of orders from general customers, we are developing our sales activities with a focus on the manufacturing industry in cooperation with the Business Promotion Department. Through these measures, we project sales of 18 billion yen in FY 2024.

## Business strategies for the Medium-term Management Plan 2027

- Expand human resource development and workforce planning
- Strengthen communication with cooperative companies
- Expand the market by taking advantage of new technologies
- Market research and strategy development with an eye to the future
- Promotion of initiatives in accordance with the Basic Procurement Policy and the Partnership Building Declaration

## VOICE Front-line employees' thoughts on their work

### Responding to evolving information and communication technologies

Information and communication technologies have become indispensable to people's lives and business, and our job is to support the communication infrastructure that forms the foundation of these technologies. Information and communication technologies are evolving at a dizzying pace, and customer needs are expanding in a wide range of areas. We continue to learn new skills and knowledge through our daily work, while taking on new challenges. Sometimes I feel anxious about new challenges, but I have been able to get through them with the mutual support of colleagues who have skills in their fields of expertise. I would like to continue to work hard in the future, believing that this way of continuing to take on new challenges will lead to our continued development as a General Equipment Engineering Company.



**Mr. Yoshida**  
Deputy Director  
ICTNW Group 1  
Information & Communication Administration Division,  
Chubu Headquarters

# Energy Business



**Makoto Nagase**  
Executive Officer  
General Manager of  
Energy Business Division

The Energy Business Division is engaged in the solar power generation business utilizing the FIT system, high-voltage bulk power-receiving services<sup>\*1</sup> that provide electricity to condominiums, and facility services such as installation of air conditioning systems in school facilities and installation of underground water usage facilities in factories and hospitals, etc. We will continue our efforts to secure stable earnings.

In addition, as part of our carbon neutrality initiatives (using our technologies and services to help customers become carbon neutral), as stated in the Medium-term Management Plan 2027, the division has installed solar power generation equipment on customers' roofs and grounds, etc., and is developing PPA<sup>\*2</sup> to provide a stable supply of electricity over the long term. Through this, we will aim to improve the profitability of the energy business.

Finally, as an energy service provider, we are committed to maintaining our business facilities in good working order and providing safe and stable service to our customers so that their daily lives and economic activities will not be disrupted.

<sup>\*1</sup> Services that purchase high-voltage electricity in bulk from retail electricity providers, transform it into low-voltage electricity at our electricity equipment, and provide it to customers.

<sup>\*2</sup> PPA (Power Purchase Agreement): A service in which a third party, rather than the company itself, installs and owns the power generation facilities and pays fees over a long period of time based on the amount of renewable energy electricity supplied.

## Business Environment

### Risks

- Decline in profitability due to damage to business facilities caused by natural disasters, etc.
- Decrease in profitability due to higher raw material costs against a backdrop of yen depreciation, higher fuel costs, etc.
- Decrease in profitability due to restrictions on business and response to legal changes
- Decrease in business demand due to changes in customer needs and the service environment

### Opportunities

- Growing demand for renewable energy in response to the movement toward a carbon-neutral, decarbonized society
- Increased interest in business continuity planning (BCP) measures (drinking water demand, regional microgrids) due to more frequent and severe natural disasters
- Advances in renewable energy-related technologies (grid storage batteries, VPPs [virtual power plants], etc.)

## Strengths

- Business management experience and maintenance management systems cultivated over many years
- Management and personnel systems that can respond quickly to problems, etc.
- Ability to propose effective energy utilization
- Promotion of business activities in harmony with local communities

## FY 2023 results

Sales increased 2.4% from the previous year to 12.9billion yen due to stable revenues from the maintenance of smooth business operations, despite the impact of solar power output control.

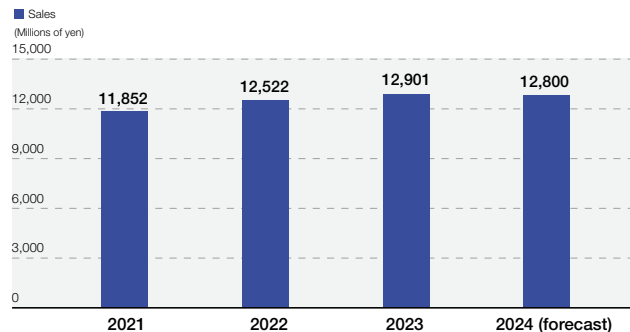
## Outlook for FY 2024

In FY 2024, sales are expected to be 12.8 billion yen, about the same as the previous year, thanks to continued stable business operations. We will work to further improve profitability through initiatives to reduce the impact of fuel price hikes.

## Business strategies for the Medium-term Management Plan 2027

- Expansion of business areas utilizing renewable energy (e.g., solar power generation)
- Creation of new services that can contribute to becoming carbon neutral
- Achievement of sustainable growth through initiatives to improve efficiency and productivity in existing businesses
- Promotion of initiatives in accordance with the Basic Procurement Policy and the Partnership Building Declaration

### Sales



## VOICE Front-line employees' thoughts on their work

### Helping customers become carbon neutral

I am in charge of planning and sales related to renewable energy projects, with a focus on PPAs, in which we install solar power plants on customers' premises to supply electricity. I find it very rewarding to be involved in renewable energy-related work, as I play a role in promoting the global trend toward a decarbonized society. I am also filled with a sense of anticipation and fulfillment as I believe that building a relationship of trust over a long-term business period while staying close to our customers' goals to become carbon neutral will contribute to the development of new business in our division and future orders in other divisions. In the future, as a General Equipment Engineering company, we hope to create a renewable energy business that brings together all of our technologies.



**Mr. Sato**  
Business Planning Group  
Energy Business Division

## International Business



Yoshihiro  
Hosokawa

Managing Executive Officer  
General Manager of  
International Division

The International Division currently has offices throughout Asia and handles electrical equipment installation, air conditioning installation, and water supply and drainage installation for factories, buildings, hotels, and other production facilities as well as commercial facilities, responding to various needs for new construction, expansion, and renewal. In addition to this, the division also provides power and communications infrastructure construction and other services.

In recent years, we have invested in companies in Vietnam and Taiwan, beginning with an investment in a local Thai company in 2019, in order to further strengthen our overseas operations, particularly in Asia. By investing in and collaborating with local companies, we aim to expand our business while riding the wave of development in Asian countries.

We also hope to contribute to the sustainable development of the region by engaging in ODA projects, particularly in Asia, where we have expertise.

In order to continue to be a company trusted by customers, we will continue to strive to be useful to society and to grow together by providing industry-leading technologies, facilities, and services.

### Business Environment

Up to now, our overseas business activities have been mainly factory construction for Japanese manufacturing companies. With the recent trend of declining overseas investments by Japanese companies due to the significant depreciation of the yen, we have been promoting collaboration with local construction companies in various countries.

By collaborating with local construction companies, we expect to be able to expand our business by being involved in real estate projects such as hotels, condominiums, and supermarkets, which we did not have much experience with before.

In addition, by targeting data centers and other facilities that are expected to grow, we are riding the wave of development in Southeast Asia and other countries and building a resilient structure that is less susceptible to investment trends in the Japanese manufacturing industry.



### Review of FY 2023

In 2023, the business environment was affected by the decline in Japanese investment due to the depreciation of the yen, but we were able to record stable sales, mainly to important customers.

However, profits have declined due to a wave of rising labor, materials, and equipment costs.

### Outlook for FY 2024

Despite the uncertain outlook due to the weak yen, we will continue to strive to improve profits as real estate projects by local companies are on the road to recovery.

### Business strategies for the Medium-term Management Plan 2027

- Further strengthening of overseas business by investing in and collaborating with local companies
- Establishment of stable management that is not affected by investment trends in the Japanese manufacturing industry by increasing orders for local projects, including non-Japanese projects
- Feedback to domestic business through continuous orders from Japanese companies
- Promotion of initiatives in accordance with the Basic Procurement Policy and the Partnership Building Declaration

### Examples of ODA project initiatives

In order to advance our business overseas utilizing our technologies related to electric power infrastructure, we began full-fledged activities to win ODA projects in FY 2016. To date, we have participated in projects in Mozambique and Cambodia, and are currently involved in the Project for Upgrading and Maintenance of the National Electric Power Grid in Palau in the Micronesian region (see details on P.17).

## VOICE

Front-line employees' thoughts  
on their work

### Work with local staff to provide safe, high-quality equipment

I am seconded to a local subsidiary in the Philippines to manage work processes, safety, and construction quality. Most of the engineers working on site are from here, so I communicate and work mainly in English and Tagalog, the local language. Conversations in English or Tagalog are more prone to miscommunication than when speaking to a Japanese person in Japanese. Therefore, it is necessary to use simple English words as much as possible, to explain by showing diagrams, to confirm understanding, etc., and to be considerate by changing the way of communication according to the personality and skill level of the person you are communicating with. That is the difficulty of working in a country that is different from Japan. At the same time, if you can communicate well, it can be a real pleasure.



Mr. Ozeki

(Seconded to Toenec Philippines)  
Electrical & Air conditioning pipe Group  
International Division

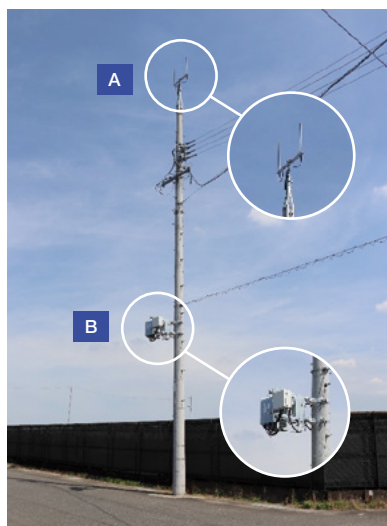
## Proprietary Business

### Antenna Sharing Business

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

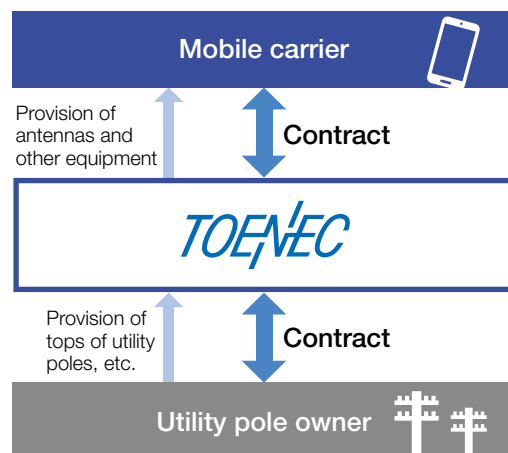
The Information & Communication Administration Division and the Distribution Division are working together to help promote this business. This business involves installing equipment such as antennas and power supplies for mobile phone base stations (hereinafter referred to as "base stations") on utility poles in the area desired by mobile carriers, and lending the equipment out to mobile carriers.

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



Antenna (A) at the top of a utility pole and power supply equipment, wireless equipment, etc., (B) in the middle

\*Photograph is for reference 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 within the plant 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.



# Sustainability

## Vision for the future

Our vision is “toward an 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).”

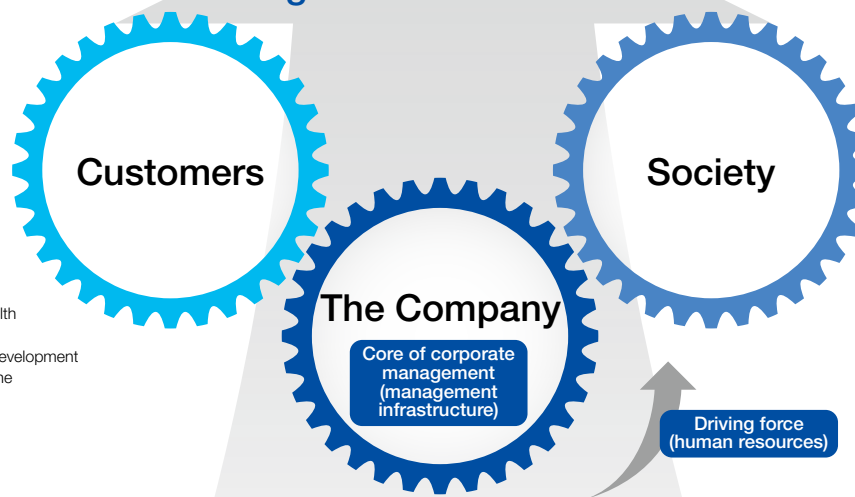
### Vision for the future Toward an Integrated Equipment Engineering company that continues to grow in tandem with all stakeholders

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 technological research and development that meets customer needs, and creating new businesses, etc.

We promote initiatives to enhance hiring, development, and use of human resources, 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 improving regional resilience through stable supply and restoration of electric power and telecommunications infrastructure, etc.

We pursue sound and highly transparent corporate management adapted to the times in order to further strengthen the “relationship of trust with stakeholders,” which is the foundation of our management.

- Promoting initiatives to ensure and improve construction / installation quality
- Strengthening corporate governance and thoroughly implementing compliance
- Steady implementing initiatives to become carbon neutral, etc.

Sustainability-related Policy and Code of Conduct		Chairpersons	Actual times held in 2023
<b>Environment</b> <ul style="list-style-type: none"> <li>● Basic Environmental Policy</li> </ul>	<b>Society</b> <ul style="list-style-type: none"> <li>● Human Resource Strategy Policy</li> <li>○ Human Resource Development Policy</li> <li>○ Implementation Policy to Promote the Active Participation of a Diverse Group of Staff</li> <li>● Safety and Health Policy, Code of Conduct for Safety and Health</li> <li>● Quality Policy, Code of Conduct for Quality</li> <li>● Procurement Basic Policy</li> <li>○ Partnership Building Declaration</li> <li>○ Multi-Stakeholder Policy</li> <li>● Human Rights Basic Policy</li> <li>● DX Promotion Basic Policy</li> <li>● Research &amp; Development Division Policy</li> <li>● Chubu Electric Power Group Basic Policy for Social Contribution</li> </ul>	Chubu Electric Power Group CSR Declaration	Environmental Measures Promotion Meeting President and Representative Director 1
			Human Resource Strategy Committee Supervisory Manager of Personnel Division 3
<b>Governance</b> <ul style="list-style-type: none"> <li>● Compliance Basic Policy</li> <li>● Internal Control Basic Policy</li> <li>● Privacy Basic Policy</li> </ul>			DX Promotion Committee Supervisory Manager of Corporate Planning Division 5
			Information Technology Promotion Committee Supervisory Manager of Information Systems Division 1
			Work Style Reform Promotion Committee Supervisory Manager of Corporate Planning Division 2
			Company-wide Safety and Health Committee President and Representative Director 1
			Quality Measure Promotion Council President and Representative Director 1
			Research & Development Division Committee Supervisory Manager of Research & Development Division 1
			Compliance Promotion Committee President and Representative Director 2
			Internal Control Committee President and Representative Director 1
			Business Continuity Plan Promotion Committee Supervisory Manager of General Affairs Division 1

Based on Sustainability-related Policy and Code of Conduct, 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 on by each committee are submitted to and reported to the Management Council, and then implemented by management.

## 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 help achieve these goals, each and every employee of the Group will control their own conduct and contribute to the development of society.

#### Policy 1 We will aim to achieve a decarbonized society - Toward Achieving Zero Emissions -

We will promote the prevention of global warming (CO<sub>2</sub> reduction measures) and aim to decarbonize 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 will aim to achieve a society with a sound material-cycle

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

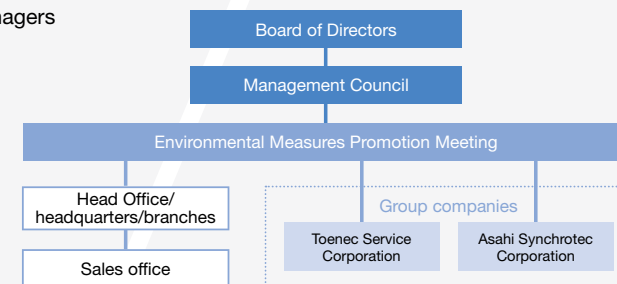
We will deepen communication with the local community regarding the environment and energy. We will contribute to society by fostering human resources who can voluntarily act in an environmentally friendly manner.

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.

The 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

#### ISO 14001



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)  
 Otaka Sales Office (00077)  
 \*The numbers in parentheses are the certification numbers.

## Main Activities and Achievements in FY 2023

We promote the 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 will aim to achieve a decarbonized society - Toward Achieving Zero Emissions -	<ul style="list-style-type: none"> <li>Plan and conduct initiatives to achieve our goal of zero emissions</li> </ul>	<ul style="list-style-type: none"> <li>Implemented plans for measures to reduce Scope 1 and 2 CO<sub>2</sub> emissions, such as by electrifying company cars and rebuilding sites to make them ZEB Ready</li> </ul>
	<ul style="list-style-type: none"> <li>Contribute to energy savings for customers by introducing high-efficiency equipment</li> </ul>	<ul style="list-style-type: none"> <li>Implemented construction work that is expected to reduce environmental impact</li> <li>Implemented sales proposals for energy savings, energy generation, and energy storage</li> </ul>
<b>Policy 2</b> We will strive to coexist with nature	<ul style="list-style-type: none"> <li>Reduce environmental impact by developing technology</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of CO<sub>2</sub> emissions due to decrease in materials and equipment associated with renewal of construction methods</li> </ul>
	<ul style="list-style-type: none"> <li>Store and manage PCB waste properly</li> </ul>	<ul style="list-style-type: none"> <li>Had a special management industrial waste control supervisor confirm storage conditions and waste disposal (confirmation of proper storage)</li> </ul>
	<ul style="list-style-type: none"> <li>Follow-up on the environment</li> </ul>	<ul style="list-style-type: none"> <li>Promoted environmental conservation activities by exchanging information and opinions with business sites</li> </ul>
<b>Policy 3</b> We will aim to achieve a society with a sound material-cycle	<ul style="list-style-type: none"> <li>Strengthen management of industrial waste</li> </ul>	<ul style="list-style-type: none"> <li>Appointed an industrial waste control supervisor and implemented management and education in line with business operation methods</li> </ul>
	<ul style="list-style-type: none"> <li>Convert to valuable resources by utilizing wood chips (used as fuel to generate power)</li> </ul>	<ul style="list-style-type: none"> <li>Chipped logs (fuel for power generation) Achievement: Approx. 567 tons (chips + logs)</li> </ul>
	<ul style="list-style-type: none"> <li>Promote resource recycling related to plastics</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of recycled plastic industrial waste: 53% (1,554 tons discharged)</li> </ul>
	<ul style="list-style-type: none"> <li>Comply with environment-related laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Assessed compliance to confirm compliance with environment-related laws and regulations</li> </ul>
<b>Policy 4</b> We will strive to raise environmental awareness	<ul style="list-style-type: none"> <li>Educate about environmental management</li> </ul>	<ul style="list-style-type: none"> <li>Provided education to all employees to ensure compliance with laws and regulations and raise awareness of voluntary environmentally conscious behavior</li> </ul>
	<ul style="list-style-type: none"> <li>Conduct activities in cooperation with various organizations and contribute to the local community</li> </ul>	<ul style="list-style-type: none"> <li>Promoted beautification of the local community by cleaning in cooperation with the government</li> <li>Collected PET bottle caps (cumulative collection of 2,667,735 caps: CO<sub>2</sub> emissions reduction of approx. 20 tons)</li> </ul>

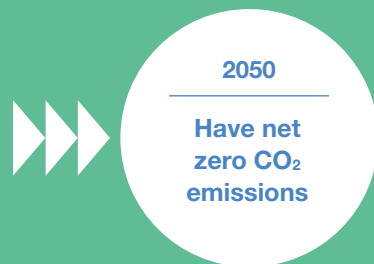
\*The above values are for Toenec Corporation only.

## Our Zero Emission Goal

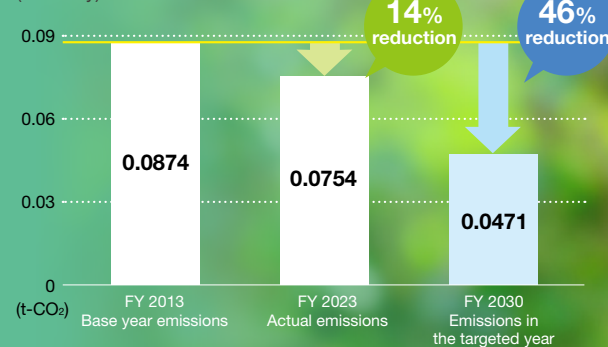
2030

Reduce CO2 emissions per sales unit by 46% or more when compared to FY 2013

- All vehicles subject to updates will be electrified (excluding special vehicles for construction, etc. that are not suitable for electrification)
- When reconstructing a business site, we will consider installing solar power generation equipment (energy generation), and aim to obtain ZEB certification if further conditions are met



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



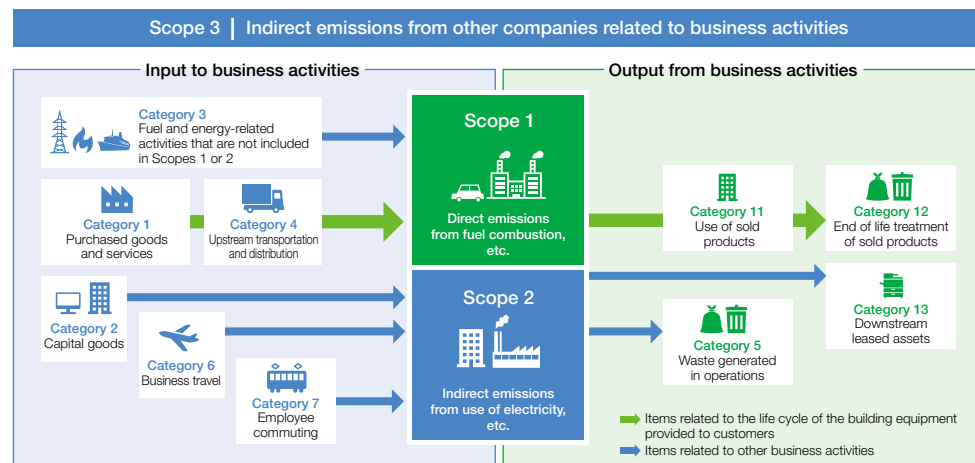
\*Intensity: (Scope 1 + 2 [t-CO<sub>2</sub>]) / (Sales [millions of yen])



## Initiatives to Reduce CO<sub>2</sub> Emissions in the Supply Chain

The Toenec Group calculates greenhouse gas emissions in Scopes 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 2023, emissions from the entire supply chain totaled 2,553,000 t-CO<sub>2</sub>, with Scope 3, Category 11 (emissions from the use of products sold) accounting for the largest amount at 2,017,000 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.



Calculated results for FY 2023 (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.	10,383
Scope 2	Indirect emissions associated with the use of electricity supplied by other companies	8,223
Scope 3	Indirect emissions related to business activities (total of all categories)	2,534,726
1 Purchased goods and services	Emissions produced from processing raw materials and parts	370,430
2 Capital goods	Emissions from manufacturing and construction of own capital goods	6,155
3 Fuel and energy-related activities that are not included in Scopes 1 or 2	Emissions from upstream processes (mining, refining, etc.) of procured fuel, electricity, etc.	55,767
4 Upstream transportation and distribution	Emissions from logistics of products from suppliers to the Company	69,293
5 Waste generated in operations	Emissions from the transportation and treatment of waste generated by the Company	3,156
6 Business travel	Discharges associated with employee business travel	1,747
7 Employee commuting	Emissions associated with employee travel to and from work	3,566
11 Use of sold products	(Emissions resulting from use of the product by the customer (after delivery) (with a usage period of 15 years))	2,016,591
12 End of life treatment of sold products	Emissions from the disposal of products by customers at the time of disposal	7,461
13 downstream leased assets	Emissions from the operation of assets leased to others	562
Total of Scopes 1, 2, and 3		2,553,332

(Note) 1. Calculated based on the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (ver.2.6) 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.

In April 2022, Toenec expressed its support for the TCFD\* Final Report.

\* The Task Force on Climate-related Financial Disclosures established by the Financial Stability Board (FSB) at the behest of G20 finance ministers and central bank governors.

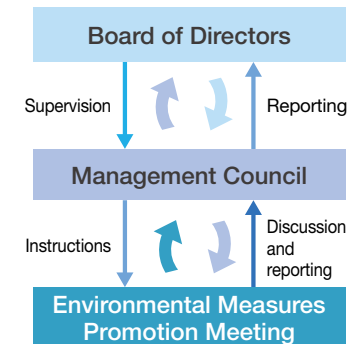
## Governance

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.

The 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 installation work and the energy business, which account for the majority of the Group's sales, we identified important risks and opportunities based on our future worldview.



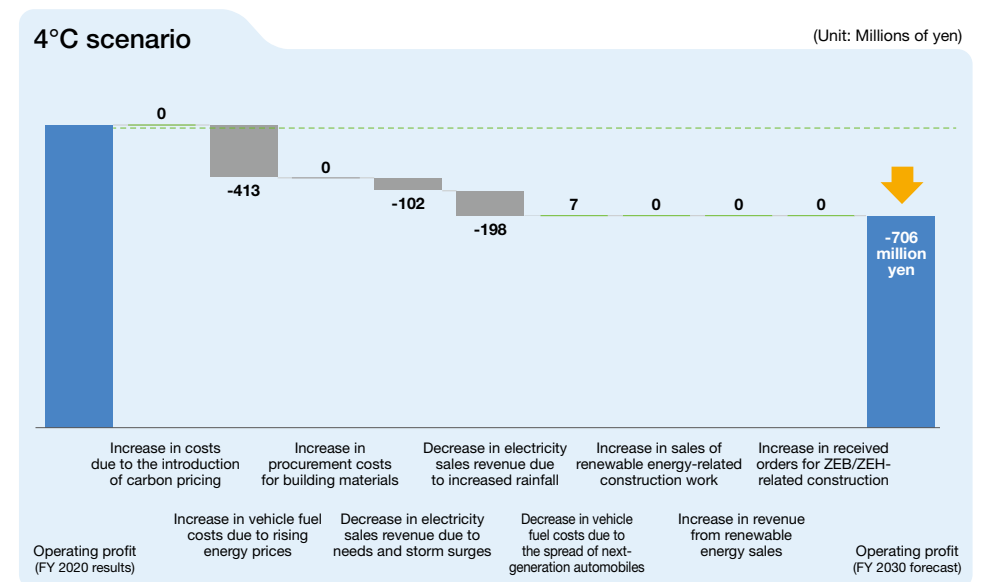
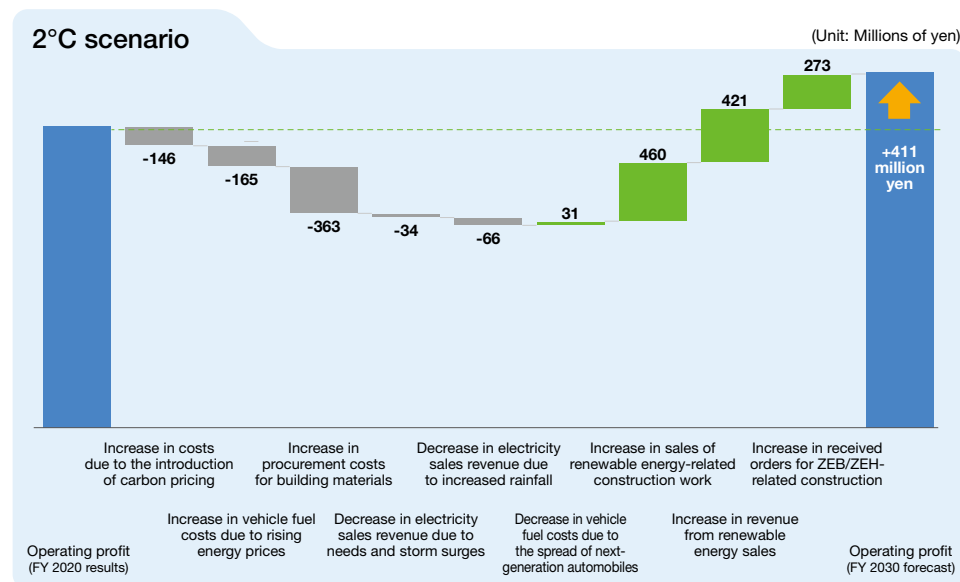
		Time Axis	2°C scenario		4°C scenario	
			Expected changes in society	Impact on our company	Expected changes in society	Impact on our company
Major risks	Policy and law [Cost increase due to introduction of carbon pricing]	Medium	Carbon pricing, which is already widespread in Europe, has now been introduced 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 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 reduction in CO <sub>2</sub> emissions.	As carbon pricing is 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 as 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 as 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 cost 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 reduction will be negligible, and it will be limited to switching from small passenger cars to next-generation vehicles.
	Energy sources [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 sources [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 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 changes 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 response to disaster]	Short	Temperatures will continue to rise and disaster frequency will be higher than it is today (less than 4°C).	Opportunities for 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 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 the 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.



## 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

Reduce CO<sub>2</sub> emissions per sales unit by **46% or more** when compared to FY 2013

2050

Achieve **net zero** CO<sub>2</sub> emissions

## Human Resource Strategy



Hiroyuki Mori

Senior Managing Executive Officer  
Supervisory Manager of  
Personnel Division

One of our management philosophies is to aspire to build a corporation of active people who think and challenge each other. We develop creative and unique human resources based on respect for the human person, and encourage them to raise the quality of their work with a constant desire to improve, and to take on challenges without fear of failure. We have worked to develop human resources with the goal of enabling our employees to reach their full potential.

In 2020, we established our human resource development policy to clarify the Company's expectations for human resources. We have established basic initiatives for human resource development and are working on measures to motivate and support the enthusiasm of employees to grow, as well as to enhance the skills of management to oversee employees.

In 2023, we also established the Human Resource Strategy Policy to strengthen human capital management. In order to achieve sustainable growth even as the construction industry faces a serious shortage of workers due to the declining birthrate and aging population, we are promoting investment in human resources, focusing on recruitment, training, and job satisfaction and a comfortable work environment.

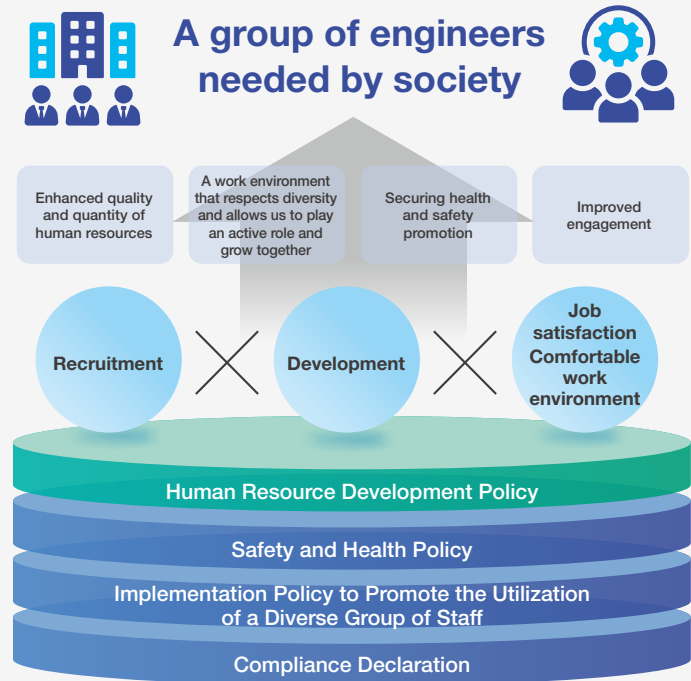
Through these efforts, we will strive to form a group of engineers needed by society.

### Human Resource Strategy Policy

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 capital. 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.



## Human Resource Strategy

### 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. 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 expert and skilled specialists 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 2024)

(Unit: People)

Job type	Operational position			Technical position			Skilled position			Total	
	Academic background	University graduate	High school graduate	University graduate	High school graduate	Total	University graduate	High school graduate	Total		
Male		13	0	13	62	39	101	—	87	87	201
Female		16	2	18	5	0	5	—	—	—	23
Total		29	2	31	67	39	106	—	87	87	224

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

#### Turnover rate of regular hires (as of March 31, 2024)

Fiscal year joined	FY 2021	FY 2022	FY 2023
No. of hires	160	192	195
No. of employees who left the company	33	15	8
Turnover rate	20.6%	7.8%	4.1%

#### Recruitment of experienced personnel (as of March 31, 2024)

Fiscal year joined	FY 2021	FY 2022	FY 2023	
Percentage of new hires with experience (No. of people)	14.1% (25)	10.1% (22)	13.1% (28)	
Percentage of employees hired with experience (No. of people)	6.3% (272)	6.2% (268)	6.4% (275)	
No. of employees converted from non-regular employment to regular employment	Male	14	13	12
	Female	2	1	5

### Development

Our human resource development is aimed at improving the job satisfaction of our employees and achieving sustainable company growth. By promoting 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 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 (The Company's expectations of its human resources)

- (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 takes on challenges without fear of failure.

2

##### The role and mindset of human resource development (The company's role and employee mindset)

- (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 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 (Basic initiatives of the company)

- (1) Promote development based on education and guidance through practical work.
- (2) Enhance managers' 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 implement 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 awareness of All Toenec 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. At the Safety Creation Center, they aim to improve their sensitivity to danger and safety awareness through experiencing unsafe situations.

Group training organized by the Education & Training Center and the department administration division (FY 2023)

No. of courses	Total no. of training days	Total no. of trainees
131	1,149	4,051



Education & Training Center  
(Minami Ward, Nagoya City)

## Human Resource Strategy

### 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 with congratulatory money for passing examinations, at the company's own cost for the price of examinations.

#### Status of the number of qualified persons (as of March 31, 2024)

Professional Engineer	Professional Engineer	31
Electrical	Type 1, 2, and 3 Chief Electrical Engineers	590
	First- and Second-Class Electrical Works Execution Managers	1,412
	First-Class Electricians	1,409
Facilities	First- and Second-Class Plumbing Work Construction Management Engineer	259
	Building Mechanical and Electrical Engineers	75
	First-Class Instrumentation Engineers	51
	Chief Engineers of Water Service Equipment Installation	35
	Class A Fire Defense Equipment Officers	745
Communications	First- and Second-Class Telecommunication Engineering Construction Management Engineers	65
	Chief Telecommunications Engineers - Transmission Exchange	28
	Chief Telecommunications Engineers - Lines	16
	AI Type 1 Installation Technicians	96
	DD Type 1 Installation Technicians	140
	AI and DD Installation Technicians-General	219
Architecture	First- and Second-Class Architects	22
	First- and Second-Class Building Construction Management Engineers	44
Civil engineering	First- and Second-Class Civil Work Construction Management Engineers	120
	Surveyors	9
Other	First- and Second-Class Construction Industry Accountants	486
	Type 1 Health Supervisors	344

### 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 DX Promotion Division Staff. We are also recruiting trainees for human resource development and DX 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 have won five gold medals and participated in the World Skills Competition four times. In competitions, not only skills such as sensitivity and accuracy but also a strong mind that always stays calm are necessary, 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	16



Skills Competition participants

## Human Resource Strategy

## 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.

## Introduction of engagement survey

We will introduce an engagement survey in FY 2024, replacing the employee satisfaction survey we have conducted in the past.

In addition to the existing survey on employees' satisfaction with the Company, their jobs, and the work environment, we will add items on employee attachment to and interest in the company to quantify, analyze, and evaluate employee engagement, and implement initiatives to improve each workplace issue and spread the ideal of what we should aim for, in order to improve employee engagement.

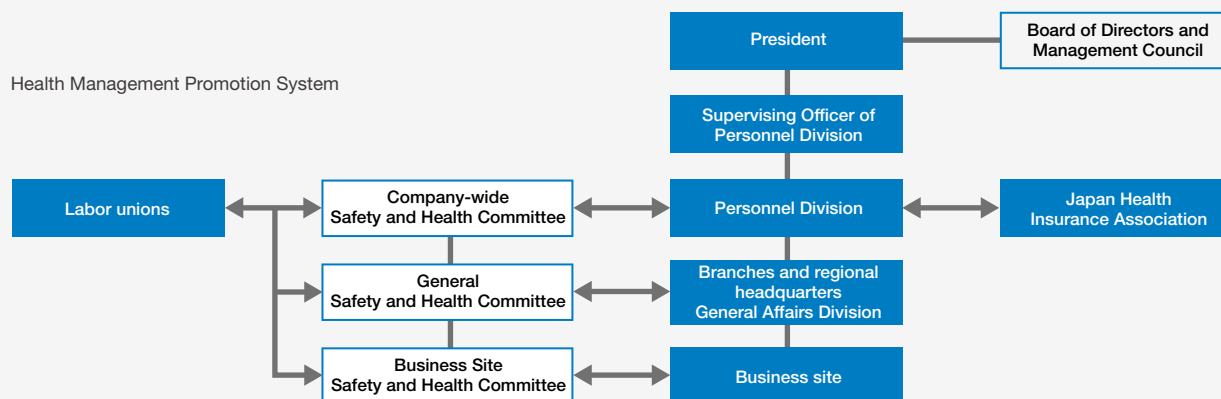
## Health management

The president is responsible for promoting health management, and in cooperation with labor unions and the Japan Health Insurance Association, we are promoting health management so that all employees of our company can be healthy in mind and body and fully demonstrate their abilities. In the annual stress check, we are working to maintain and improve the test-taking rate and reduce overall health risks. In addition, health guidance and health promotion campaigns are implemented based on the results of health checkups and lifestyle surveys.

As a result of our efforts, we were recognized as a Certified Health & Productivity Management Outstanding Organization 2024 (Large Enterprise Category) under the Certified Health & Productivity Management Outstanding Organizations Recognition Program organized by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi as a company practicing excellent health management. (March 2024)



## Health Management Promotion System



## Creating a psychologically safe and healthy workplace

Training sessions were held by outside lecturers for workplace leaders to learn communication and instructional methods that increase psychological safety (total of 12 sessions: 513 participants). (In FY2024, the same training sessions are scheduled to be held for general executive positions and above [approximately 1,600 employees]).

According to an in-house survey, the percentage of people implementing positive encouragement increased from 25.8% at the end of FY 2022 to 72.4% at the end of FY 2023, helping to create a workplace culture that is easy to work in.

## Health-related indicators

	FY 2021	FY 2022	FY 2023
Obesity rate (BMI: 25 or higher)	30.6%	30.9%	31.0%
Smoking rate	29.0%	28.1%	28.4%

## Stress check implementation status

	FY 2021	FY 2022	FY 2023
Test-taking rate	99.7%	99.8%	99.8%
Total health risk*	85	84	85
Rate of people with high stress	8.9%	10.5%	9.9%

\* 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.

## Average years of service of employees

	FY 2021	FY 2022	FY 2023
Overall	18.0 years	18.1 years	18.5 years
Male	17.9 years	17.8 years	18.1 years
Female	22.1 years	22.2 years	22.1 years

## Average number of days of paid leave taken

	FY 2021	FY 2022	FY 2023
Overall	12.6	13.9	14.7
Operational position	12.7	14.9	15.3
Technical position	11.0	11.9	13.0
Skilled position	15.6	16.7	17.9

## Average number of overtime hours worked per month

	FY 2021	FY 2022	FY 2023
Overall	28.5	31.2	27.5
Operational position	15.4	15.4	15.6
Technical position	35.4	39.7	33.3
Skilled position	21.4	23.5	20.8

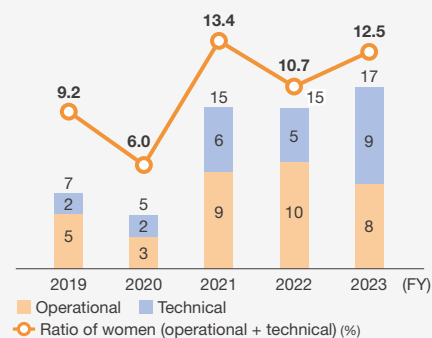
Human Resource Strategy

## Diversity, Equity & Inclusion 2027

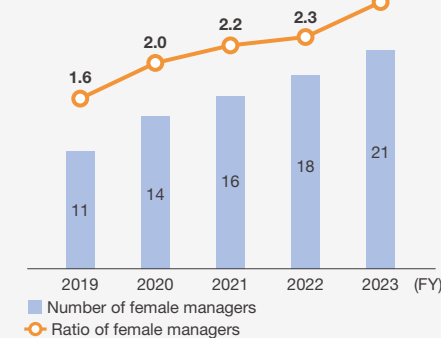
Since diversity is an important factor in securing human capital and enhancing value, in April 2023 we formulated Diversity, Equity & Inclusion 2027 (DE&I 2027), which summarizes our vision and goals for FY 2027. Based on the implementation policy for the promotion of diverse human resources, we will 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, equity & inclusion).

Quantitative goals	Theme	Index	At time of survey (FY 2022 results)	Target
Women's participation	Percentage of women among regular hires	Total	10.7%	15%
		Technical position	3.9%	
		Operational position	83.3%	
	Number of female managers (Percentage of female managers)		18 (2.3%)	31 or more (4%)
Work-life balance	Percentage of employees taking childcare leave	Male	88.6%	100%
		Female	100%	
Employing people with disabilities	Employment rate of people with disabilities		2.8%	2.8% or more

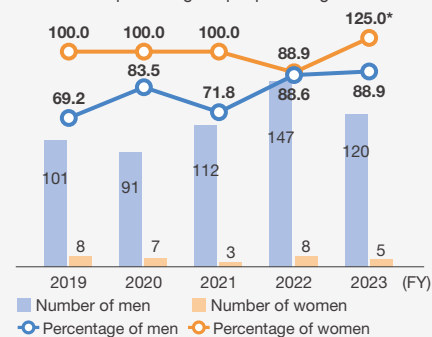
Number of female regular hires



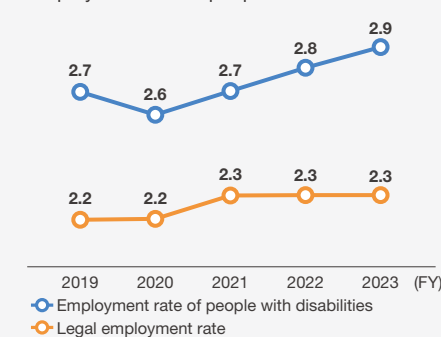
Number and ratio of female managers



Number and percentage of people taking childcare leave



Employment rate of people with disabilities



\* FY2023 rate of women taking childcare leave: 5 women taking childcare leave ÷ 4 births = 125%. (The rate of taking childcare leave is calculated by dividing the number of employees taking childcare leave during the fiscal year by the number of births, so the rate exceeds 100% if the birth and childcare leave occur in different fiscal years.)

Future Vision to Aim for

We will continue to provide solid value to our customers and society by ensuring employee diversity, enhancing their individual capabilities and bringing them together.

Diversity

A state in which a diverse group of staff gathers together



Diversity, Equity & Inclusion

A state in which individuals can accept and recognize each other's diversity and play an active role to grow together



- Capacity development**  
Providing development opportunities to develop individual abilities
- Corporate culture**  
Fostering a culture in which individuality and values are respected and individuals can demonstrate their abilities
- System development**  
Develop a personnel system that supports securing diversity

Implementation Policy to Promote the Utilization of a Diverse Group of Staff

Creating an attractive company where a diverse group of staff can play an active role

- Fostering a corporate culture where employees can work energetically**  
Foster a corporate culture that recognizes everyone's abilities and values and supports each other
- Promoting work-life balance**  
Re-establish working conditions that allow employees to fulfill their responsibilities and requests other than work, such as childcare, nursing care, and community activities
- Increasing competitiveness by utilizing diversity**  
Improve our competitiveness by creating a work environment in which everyone can fully demonstrate their abilities, regardless of gender, age, etc.



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

Human Resource Strategy

## 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 Power Group companies, unconscious bias trainings for officers, Femtech seminars on women's health issues, trainings to promote women to managerial positions, etc.



Femtech seminars

### 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.

### Promoting the active participation of women

Our initiatives to promote the active participation of women have received certifications including the following.

- We received "Eruboshi" certification from the Ministry of Health, Labor and Welfare as a company that promotes the active participation of women based on the Act on the Promotion of Women's Active Engagement in Professional Life.
- We were recognized by Aichi Prefecture as an excellent Aichi Women's Brilliance Company for our attitude and efforts to promote the active participation of women.
- We were appointed as an Aichi Women's Advancement Promotion Leader to promote women's active participation to other companies in Aichi Prefecture.
- We were certified by Nagoya City as a 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 a 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 workers' 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 with children up to the third grade of elementary school can use.



Company awarded as a parental support company (Nagoya City)



Family Friendly Company 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. Our employees participated in the 2019, 2020, and 2021 national competitions.

## Work Style Reform

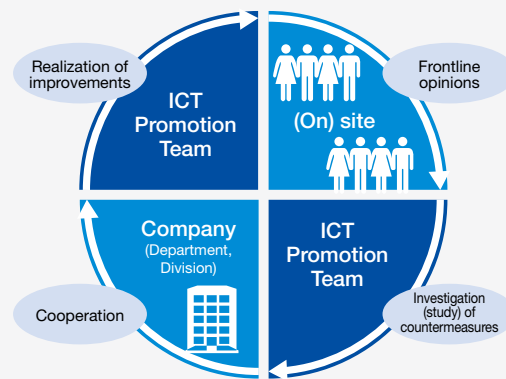
### Basic philosophy

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. Under the slogan of “‘stop’ or ‘change’ operations and create a new corporate culture,” we are implementing various initiatives to reform the way we work and to comply with the overtime work limit regulations that began in FY2024.

### ICT Promotion Team initiatives

In the Business Promotion Division, we established an ICT promotion team and are working to realize improvements by sharing issues faced by the site with frontline workers and collaborating with each department and division.

We implement speedy improvements that directly reach the voices of the frontline workers, such as establishing a system for sharing information internally and externally at the frontline.



### Introduction of an electronic expense reimbursement system

Until now, employee expense reimbursement was a complicated paper-based process, with receipts attached to the back of a sheet of paper and stamped with the seal of the person involved. Providing all employees with company-owned smartphones led to the computerization of expense reimbursement operations, streamlining both on-site and back-office operations.

### Introducing a super-flex system

We had a flex system under which employees themselves can decide the starting and ending time of the workday. In April 2022, we introduced a super-flex system without a core time for employees who carry out on-site management work (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.

### Sending a message of compliance with the work style reform-related laws

As part of our internal as well as external efforts to improve the working environment of the construction industry as a whole and to secure young human resources, we provide private companies and owners with information on appropriately setting construction periods and work styles via our website.

快速向上へ、共に成長へ  
TOENECC

### Request for Compliance with the Work Style Reform-Related Act

Starting April 2024, a cap on overtime with penalties also applies to the construction industry based on revisions to act.

In order to comply with laws and regulations from April 2024, we have set "promotion of work style reforms" in our Medium-term Management Plan and are introducing various initiatives.

We ask for your understanding and cooperation in setting appropriate construction periods and working styles to improve the working environment of the construction industry as a whole and to secure young human resources.

#### To private-sector businesses and owners

**(1) Request to set an appropriate construction period and change the contract**

- ✓ Sign contracts with appropriate construction periods.
- ✓ Extend construction period in the event of process delays that are not the fault of the Company.
- ✓ Quickly decide on design specifications and establish and strictly adhere to design change deadlines.

**(2) Requests regarding working methods**

- ✓ Establish a schedule containing 8 fully-closing days/4 weeks to achieve work-life balance.
- ✓ Approve rotational and remote participation in morning meetings.
- ✓ Establish a system to conduct various meetings during regular business hours.
- ✓ Ensure adequate time for various reviews and document preparation requests.

We will continue our efforts to create a highly satisfying workplace where employees can demonstrate their abilities and experience growth through human resources development, work style reforms, and the creation of an open and comfortable workplace.

# Safety, Health, and Quality

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.

Having established policies and a code of conduct related to safety, health, and quality, we are promoting various initiatives to achieve zero occupational and traffic accidents, zero long-term absences from work, and zero construction defects (the three zeros).

## Safety and Health 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 Safety and Health Policy, we will develop sustainable activities for health and safety. We will also invest the necessary management resources to achieve this.

## 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.

## Code of Conduct for Quality

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.

# The Three Zeros

Zero occupational and traffic accidents

Zero long-term absences from work

Zero construction defects

## ISO9001 Acquisition Status



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

Registration number: JQA-1933

Scope of registered activities: 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 conventional "see and hear" safety and health education, we established the Safety Creation Center, an educational facility that allows students to improve their sensitivity to danger and safety awareness by "experiencing" the seeds of danger hidden in their work, in 2017.

In addition to hazard experience education for employees, we also accept visitors from other companies, organizations, etc. and provide them with hazard experience education.

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



Bouldering elevation experience equipment



Equipment for experiencing feet breaking through the floor (VR)



Stepladder fall experience equipment

# Coexistence and Co-Prosperity with Cooperative Companies / Human Rights

## Coexistence and Co-Prosperity with Business Partners

Because it is essential to strengthen cooperation and build mutually beneficial relationships not only with customers but also with business partners who support our supply chain to achieve sustainable growth, we formulated the Toenec Group Basic Procurement Policy in December 2023. As part of this effort, we designated a Communication Promotion Month, a month for engaging in dialogue with our business partners regarding business terms and conditions, price negotiations, and other matters. We will continue our efforts to build a relationship of co-existence and co-prosperity by reflecting the opinions and requests obtained through active dialogue in our management.

### Toenec Group Basic Procurement Policy

#### 1. Partnership

- (1) We consider our business partners as important partners for mutual development.
- (2) Through communication and fair and equitable business with our partners, we strive to foster more solid relationships of trust and jointly contribute to the sustainable development of society.

#### 2. Fair and equitable procurement

We fairly and equitably procure materials and equipment based on economic rationality while taking into consideration their price, quality, performance, safety, certainty of delivery and after-sales service, as well as the technological capabilities, production capacity, management status, safety management system, and corporate social responsibility (CSR) initiatives of our business partners.

#### 3. Thorough compliance

- (1) We conduct our business in compliance with laws, regulations, rules and corporate ethics.
- (2) We also give due consideration to respect for human rights (including prohibition of child labor and forced labor, elimination of unfair discrimination, etc.) and protection of intellectual property rights.

#### 4. Ensuring safety

Based on the idea that safety takes precedence over everything else, we strive to prevent industrial accidents and ensure public safety and health.

#### 5. Easing our environmental impact

In cooperation with our business partners, we contribute to the formation and establishment of a recycling-based society through green procurement and other efforts to reduce environmental burdens.

#### 6. Open door policy

We do business not only with domestic companies, but also with a wide range of overseas companies based on our open door policy.

#### 7. Confidentiality

We do not disclose confidential information obtained through procurement activities to third parties without the consent of our business partners.

### Declaration of Partnership Building

[https://www.toenec.co.jp/docs/chotatsu\\_partnership.pdf](https://www.toenec.co.jp/docs/chotatsu_partnership.pdf)



### Multi-Stakeholder Policy

[https://www.toenec.co.jp/docs/chotatsu\\_stakeholders.pdf](https://www.toenec.co.jp/docs/chotatsu_stakeholders.pdf)



## Human Rights

In accordance with the Toenec Human Rights Basic Policy, we work to respect the human rights of our employees, supply chain, and other stakeholders by promoting employee awareness and human rights due diligence and other initiatives.

### Toenec Group Human Rights Basic Policy

Based on the Chubu Electric Power Group CSR Declaration, we formulated the following basic Policy on human rights.

The TOENEC Group supports and respects international norms on human rights, including the International Bill of Human Rights and the Declaration on Fundamental Principles and Rights at Work of the International Labor Organization (ILO).

We also strive to put into practice the UN Guiding Principles on Business and Human Rights.

#### 1 Respect for human rights

We respect the human rights of all people involved in our business activities.

In addition, we are not complicit in human rights abuses.

The Toenec Group complies with all applicable laws and regulations in the countries and regions in which it operates.

In the unlikely event that there is a difference or inconsistency between national or regional laws and international norms and principles, we seek ways to respect international human rights norms and principles.

#### 2 Scope of operation

These Policy apply to all officers and employees of Toenec and its consolidated subsidiaries.

We also seek the understanding of suppliers and all other business partners regarding and their cooperation with these Policy and continuously encourage them to respect this policy.

#### 3 Commitment to specific human rights issues

The Toenec Group respects the following rights and dignity in accordance with international norms and principles concerning human rights in every opportunity in our business activities.

- (1) We do not discriminate in any form, including based on race, nationality, birthplace, creed, age, gender, sexual orientation, gender identity, social status, family origin, or disability.
- (2) We do not engage in any form of harassment, including power harassment, sexual harassment, and maternity harassment.
- (3) We respect freedom of association and the right to collective bargaining.
- (4) We promote diversity, equity & inclusion.
- (5) We do not traffic persons nor use forced labor or child labor in any form.
- (6) We support ensuring a minimum wage and a living wage.
- (7) We properly manage working hours and reduce excessive working hours.
- (8) We ensure a healthy and safe workplace and work environment.
- (9) We protect personal information and privacy.
- (10) We strive to protect the environment in our communities.

#### 4 Human rights due diligence

We have established and continuously implement a human rights due diligence mechanism to identify and assess the negative human rights impacts of our business activities and to prevent or mitigate such risks.

#### 5 Remedies and corrections

The Toenec Group has established internal and external contact points for reporting human rights issues in order to appropriately respond to such issues.

The reporting desk is available not only to officers and employees of the Toenec Group, but also to all stakeholders, including business partners including suppliers and members of the local community.

In addition to protecting the anonymity of whistleblowers and the confidentiality of their reports, the Company prohibits any prejudicial treatment or retaliatory measures against whistleblowers, and shall ensure the protection of whistleblowers.

If it becomes clear that the business activities of the Toenec Group cause or encourage negative impacts on human rights, we work to remedy and correct such impacts through appropriate procedures and dialogue.

#### 6 Dialogue and consultation

We engage in dialogue and consult with relevant stakeholders on addressing actual or potential impacts on human rights.

#### 7 Education and training

We systematically and continuously provide education and training to deepen correct understanding and awareness of human rights.

#### 8 Disclosure of information

The Toenec Group regularly discloses information on its initiatives based on this policy.

# Harmony and Coexistence with the Local Community

## Disaster recovery responses

When lifelines are disrupted by natural disasters such as typhoons, earthquakes, snow damage, and lightning strikes, we mobilize all of our resources to restore them so that everyone can feel secure as soon as possible. In the event of a disaster, we conduct recovery work not only in the Chubu region but also nationwide, including remote islands.

In order to cope with more frequent and severe natural disasters due to climate change, we also have established a system that makes it possible to quickly recover when disasters occur, based on the knowledge and experience we have gained in disaster recovery response to date.

A total of 5,460 employees were engaged in restoration work for electric power and telecommunications starting January 2, 2024, in response to the Noto Peninsula Earthquake.



## Harmony and coexistence with the local community

As part of our corporate social responsibility, we aim to be a company that is trusted by local communities, and will contribute to communities, such as providing technical guidance in cooperation with schools, undertaking nature conservation activities, and sponsoring classical concerts.

In addition, we donate emergency food rations in case of a major disaster to outside organizations at the time of renewal, thereby contributing to society and reducing food loss.



Technical guidance for technical high school students



Nature conservation activities

## 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 in the New Year Ekiden (All Japan Industrial Teams Men's Ekiden) held on New Year's Day 14 times in 12 consecutive years, the team has also been active in individual events, placing high in international competitions and the Japan Championships in Athletics.



©AgenceSHOT

Japan Championships in Athletics

## Outside Directors' Discussion

## To achieve sustainable growth for the future

**Hiroyuki Ukai**

Director

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, Aichi Toho University  
 Toho Gakuen Administration Officer (current position)  
 Apr. 2021: President, Aichi Toho University (current position)  
 Jun. 2021: Outside Director (Audit and Supervisory Committee member), ASTI Corporation (current position)  
 Jun. 2022: Outside Director of the Company [part-time] (current position)

**Akiko Yoshimoto**

Outside Director

Jul. 2013: Vice-Governor, Aichi Prefecture  
 Jul. 2015: Assistant Minister (in charge of Worker's Compensation), Minister's Secretariat, Ministry of Health, Labor and Welfare  
 Jul. 2017: Deputy Director-General of Secretariat, Central Labor Relations Commission, Ministry of Health, Labor and Welfare  
 Jul. 2018: Chief Human Resource Development Officer, Ministry of Health, Labor and Welfare  
 Jul. 2019: Director-General of Secretariat of Central Labor Relations Commission, Ministry of Health, Labor 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: Corporate Auditor (External auditor), Takara Holdings Co.  
 Jun. 2024: External Director, Sumitomo Seika Chemicals Co., Ltd. (current position)

Since their appointment in 2022, Mr. Ukai and Mrs. Yoshimoto, outside directors, have provided us with various advice from a neutral standpoint, taking advantage of their respective expertise. As they approach their third year as outside director, they spoke from an objective standpoint about their own thoughts on Toenec and the issues the Company faces in achieving sustainable growth.

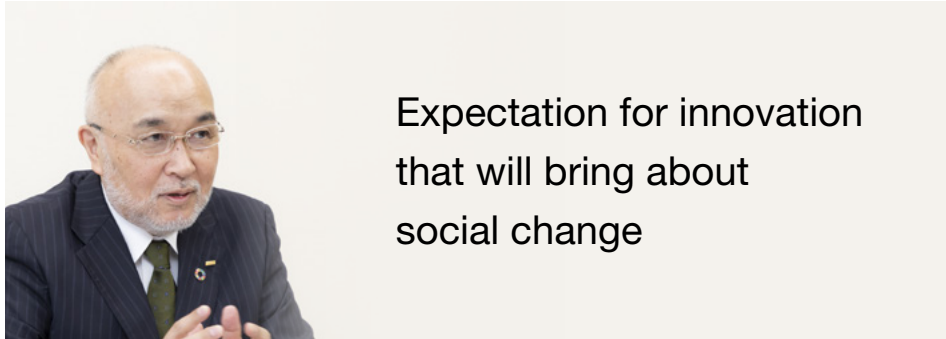
**Strengths**

Toenec is currently a General Equipment Engineering company that not only handles power infrastructure such as that related to power distribution but also various facility construction and energy businesses. From your position as an outside director, what do you think are Toenec's strengths?

**Ukai:** I have long been involved in joint research with Toenec through industry-academia collaboration, and I think the Company's strength can be summed up in one phrase: sustained deepening and expansion of technology. Technology is continually being deepened, and in this sense, Toenec is continuously deepening and raising the level of its technological development. I think that the technologies we have accumulated and handed down over the years are assets and indispensable for the needs of future society to advance.

**Yoshimoto:** In my opinion, Toenec's strength is its human resources. I myself have been involved in government for a long time, and I first became aware of Toenec when I was involved in human resources development work at the Ministry of Health, Labor and Welfare, specifically the National Skills Competition. In the electrical work-related category of the National Skills Competition, Toenec was a regular winner of the top prizes. Through this project, I recognized that Toenec is a company with many very skilled and technically capable people. In fact, the Company has an Education & Training Center and facilities related to risk experience training. I also visited the facility and saw firsthand the training grounds for technological improvement, which helped me understand why the Company is able to maintain a high level of technical capabilities.

## Outside Directors' Discussion



## Expectation for innovation that will bring about social change

### What is expected from Toenec

#### What do you think customers and society expect from Toenec?

**Yoshimoto:** New Year's Day 2024 began with an earthquake on the Noto Peninsula, and Toenec dispatched several hundred employees and others to the region to help with rescue and recovery efforts. Being involved in disaster recovery is one of the purposes of companies involved in social infrastructure, and I have heard that many people took the initiative to go to the disaster area and work hard despite the New Year's holiday. In this day and age, it is difficult to imagine life without electricity. The actions of Toenec employees at the time of earthquakes strongly conveys their pride in the fact that they safeguard social infrastructure. Electricity-related facilities, which are taken for granted, play a behind-the-scenes role in society. However, as a company that creates and safeguards infrastructure, I believe that Toenec's accumulated technologies are needed no matter how the environment changes, whether during normal times or in emergencies.

**Ukai:** I agree with Konosuke Matsushita's idea that a company is a public instrument within society, and I believe that companies that support infrastructure have the purpose to meet society's expectations and contribute to the development of society. As Mrs. Yoshimoto mentioned, it is now unimaginable to live without electricity, and electric power is the most important infrastructure for society and the economy. The electrical facilities that support this are also part of the social infrastructure for safety and security, and society probably expects them to be resilient against global changes in the environment and disasters. I believe there are two important aspects of responding to the needs of our customers. The first is to further improve construction quality and service as an engineering-related company. The other is to offer value-added product proposals. I believe that increasing customer satisfaction is the only way to repay society.

### Issues to be addressed

**The infrastructure industry exists as a result of the melding of many different technologies. What issues does Toenec face regarding generating innovation?**

**Ukai:** The infrastructure industry is certainly an industry in which it is difficult for a single company to create revolutionary innovation, but in the electrical power systems sector, major innovations are occurring, including innovations in related technologies and development of renewable energy. The most recent example of this is the new power system concept called the Smart Grid, and the transformation between alternating and direct current began with Edison's and Tesla's argument regarding the two. In the future, we expect to generate innovations that will bring about social change, by deepening Toenec's proprietary technologies while at the same time exploring peripheral technologies and promoting research and development in a co-creative environment with other companies.

**Yoshimoto:** I can appreciate the excellence of Toenec's technological capabilities, but considering the future labor shortage, I think we face the challenge of how to secure and train human resources who will be responsible for the technology. It is imperative to promote work style reforms and create a comfortable work environment that allows for work-life balance. Another important aspect is increasing employee job satisfaction and engagement. In that sense, I think it was very good that the Company carefully undertook numerous rounds of discussions with employees in the process of formulating the company's Purpose and Future Vision to Aim for (Vision). I think that such satisfaction and engagement are necessary elements to support innovation.

**The basic policies set forth in Toenec's Medium-Term Management Plan 2027 are Challenges in Growth Areas, Deepening Existing Businesses, Further Expansion of Human Resource Investment, and Strengthening Management Infrastructure. What issues need to be addressed in order to realize your medium-term management plan and achieve further sustainable growth?**

**Ukai:** Of the four basic policies, Deepening Existing Businesses means that it is important to further deepen technological research and development while leveraging the accumulated technology, which is one of Toenec's inherent strengths. In order to meet more diverse needs, collaboration among departments, the integration of various fields, and integrated business operations will also be required in the future. It would be good if engineering personnel from various departments interacted more with each other so that we can integrate technological development.

With regard to Challenge in Growth Areas, I think that strengthening carbon neutral and renewable energy-related businesses is the most important issue for an energy company to address global environmental challenges.

However, this is not an issue that can be addressed by Toenec alone. As a company that plays a role in the electric energy industry, I think that we should work together with electric power companies and cooperative companies to achieve this goal.

In recent years, the concept of human capital management has also been stressed. This refers to viewing human resource development costs as an investment rather than a labor cost, and we aim to increase

## Outside Directors' Discussion

corporate value over the medium to long term by maximizing the value of human resources. The declining birthrate, work style reforms, and increased productivity may also be driving the trend. If companies are now going to view human resource development as an investment, I would suggest that universities, including graduate schools, be used as human resource development institutions for recurrent education or reskilling. To foster future R&D leaders with advanced expertise, Toenec's Research & Development Division actively encourages students to obtain a doctoral degree from a university. In addition, imagine joint industry-academia research, where companies, university faculty, and students work together to learn from each other and solve problems faced by the companies. Such co-creative collaborative relationships will enable to develop current and future human resources. We hope that you will accelerate your investment in human resource development.

**Yoshimoto:** We already mentioned Further Expansion of Human Resource Investment, one of our four basic policies, but I believe that one thing that is currently lacking among engineering-related company is female engineers. Depending on the specialization, the percentage of mechanical and electrical engineers who are female is very low, and statistics show that less than 10% of researchers are female. This is substantially lower than in Europe and the United States. The situation is similar at Toenec. In terms of the active participation of women, I have the impression that measures have been related to recruitment, training, retention, and other aspects, and that they are steadily having an effect. Toenec is characterized by the many years of service of its female employees, which is a very important requirement for women to play an active role in the Company. If this requirement is met, we are very interested in accelerating and realizing the next step in the promotion and advancement of women to senior management positions, including board members. I believe that we already possess many possible candidates, but I would like to focus on how to speed up the process of promotion. Currently, the Company has a female mentor system, in which senior female employees work to become advisors to junior female employees. However, when it comes to working to become part of management, it is not necessary for only women to be mentors; it may be necessary to consider designing a system that includes men as well. I think we can find possibilities for external training and interaction with other companies. Talking with female managers and those close to that position in the Company, it seems that there are, of course, hardships, but I feel that individual effort, which used to be seen in only limited situations, is slowly spreading to be an overall effort. Even in workplaces where there have been few women in the past, employees are now being evaluated based on their work performance, not on their gender, and a relationship of trust has been established. Some time ago, we produced a video of a Toenec woman working on the frontline of construction management, which I think had an excellent approach. I would encourage female students and researchers to take a look at it, and I think it is important to make these initiatives properly visible and appealing.

### Role and effectiveness of the Board of Directors

Finally, I would like to ask you about the Board of Directors. The Board of Directors plays a wide range of roles, from setting the direction of corporate strategies to supervising management and managing governance. What are your thoughts on the role and effectiveness of the Board of Directors at Toenec?

## My role is to contribute to how we can strengthen our human resources



**Ukai:** First, there are three roles for Outside Directors that I would like to emphasize. The first is that we provide advice regarding the companies' strategic decision-making and support management from a broad perspective by bringing diverse industry experience and expertise to the table. The second is that we promote corporate ethics and compliance. The third is that we prevent conflicts of interests and protect the interests of shareholders and stakeholders by increasing corporate transparency and fairness and providing independent opinions. Since I have always worked in engineering-related R&D, I personally believe that my role is to increase the bottom line or presence of the Company as an engineering-related company.

**Yoshimoto:** Toenec's Board of Directors has an open and lively atmosphere, and I feel that the discussions are more active than I had imagined. My field of expertise is human resource development, human resource management and diversity-related matters. In recent years, human capital and human investment have been widely discussed, and while I believe that Toenec is a company that has always placed importance on people, the human resources required are also changing due to changes in technology and the demands of the times. I highly praise the Company for being quick to compile and publish a human resource strategy, and I believe it is my role to track its implementation and contribute as much as I can to strengthening the human resource side of the company.

**Ukai:** From the perspective of enhancing the effectiveness of the Board of Directors, the presence of outside directors with different backgrounds and diverse expertise, such as myself and Mrs. Yoshimoto, is very important. I believe that members like us can contribute to establishing the Company's social significance while ensuring the diversity of the board of directors.

**Yoshimoto:** During the two years that we have been outside directors, the Board of Directors has also gradually changed. A lot of information is provided in advance, which makes it easier to prepare to take part in the board's questions by filling gaps in one's own knowledge. However, the issues to be considered by the Board of Directors will become increasingly complex and diverse. In such a situation, we still believe that providing accurate information is an essential element for providing proper advice.

**Ukai:** I think that in order to maximize the functioning of the board of directors, it is necessary not only to improve the capacity of its members, but also to provide orientations and training that continuously update directors' knowledge of the latest industry trends and regulations. We expect that such training will not only help us gain various knowledge and enhance our abilities, but also help us build trust and promote communication.

## Chairman's Message



### Yuuzou Fujita

Chairman of the Board of Directors

## Strengthening corporate governance and focusing on points of contact with outside parties as Chairman

I would like to express my deep gratitude for all that our stakeholders, including shareholders, routinely do for us.

In April, I was reinstated as the Chairman of the Board after 19 years. This was because I strongly felt that it is necessary to maintain the soundness and transparency of management, more quickly ascertain not only the massive amount of information and needs in the world but also the expectations for the Company, and reflect that in management in order to achieve sustainable growth at a time when changes in the business environment are occurring at a quicker pace than envisioned. Therefore, I decided to separate the position of president, who manages the execution of duties, such as business strategy formulation, from the position of chairman of the board, who is primarily responsible for strengthening corporate governance and points of contact with outside parties.

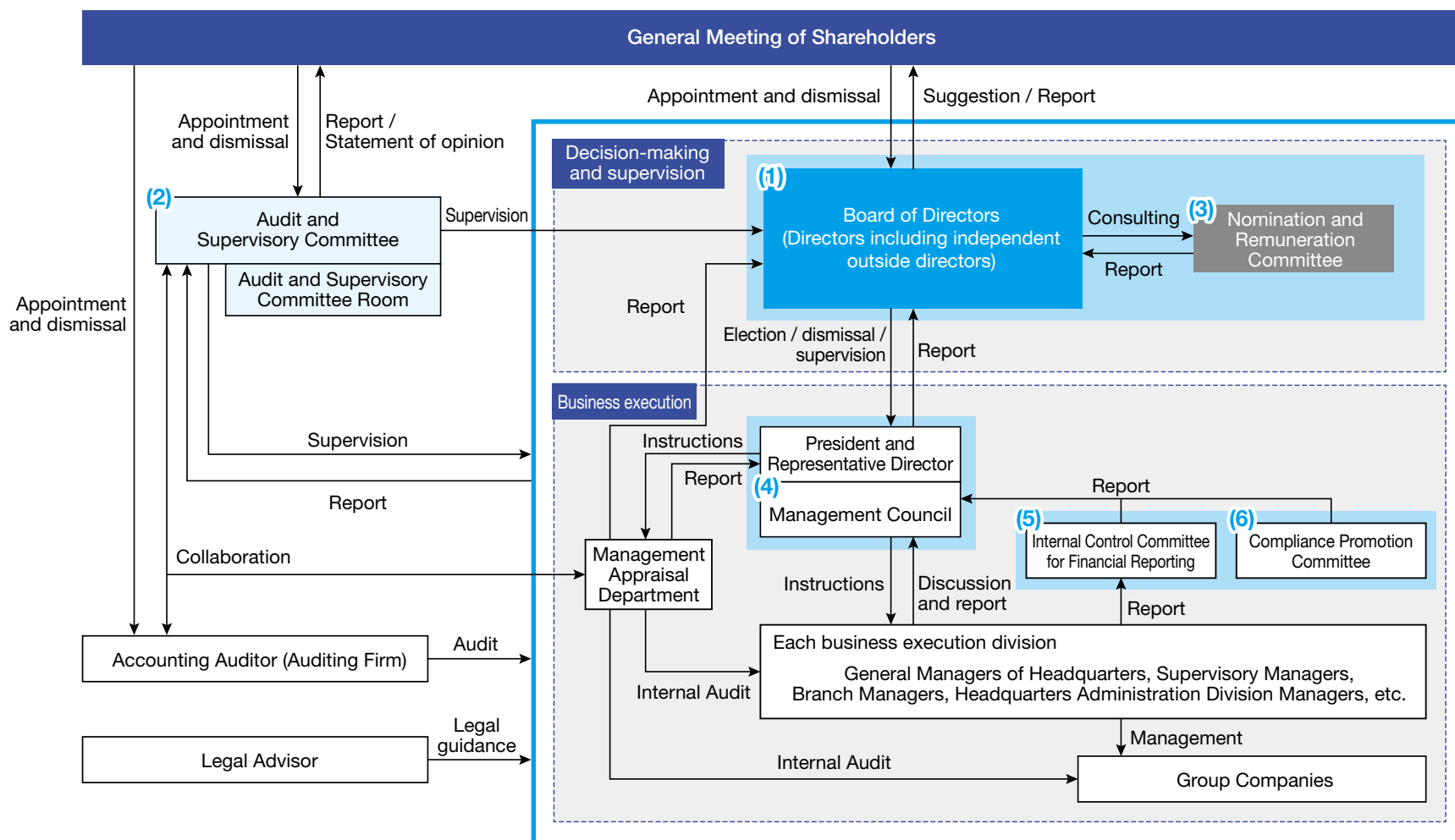
As Chairman, I will strive to further strengthen corporate governance by improving the functions and efficacy of the Board of Directors in order to maintain the position of trust and value that Toenec has won from customers and society. One element of this was quickly increasing the number of independent outside directors to more than half the number of directors. In addition, I will fully communicate what makes the Company special by actively creating opportunities for exchanges with stakeholders so that we win the recognition and praise of more people for our Purpose and technology that supports people's lives. I want to further expand the potential for Toenec's sustainable growth by reflecting the information and demands gleaned from these activities in management.

We will celebrate the 80th anniversary of the establishment of the Company on October 1, 2024. I would like to once again express my heart-felt appreciation for the support and patronage provided by all those who support us. There will be greater expectations for the Company, an integrated equipment engineering company, in the future for various reasons including the transition to carbon neutrality and advances in digital technology.

To meet these expectations and maintain the position of trust we have won from all our stakeholders, I will continue to pursue the Company's usefulness in partnership with President Takimoto. We look forward to your continued understanding and support.

# Corporate Governance Structure

Our philosophy system consists of four components: Management Philosophies, which is the ideal image of the company we should pursue; Purpose, which expresses our unchanged usefulness to society since our founding; Vision for the Future (Vision), which describes the company’s aspirations for the future; and Value, which summarizes the attitude and thoughts we should all share to continue fulfilling our Purpose. Under this philosophy system, we strive to strengthen corporate governance by enhancing management efficiency and corporate transparency, in accordance with the principles of the Corporate Governance Code.



(Note) The Parent-Subsidiary Transaction Deliberation Committee has now been abolished due to the change from a consolidated subsidiary to an affiliate in July 2024 as a result of a review of the capital relationship with Chubu Electric Power Co., Inc.

## Important Councils and, Committees, etc.

### (1) Board of Directors

The Board of Directors meets once a month in principle to make decisions on important management matters, such as medium- to long-term management strategies and matters related to the nomination and compensation of officers, and to supervise the directors' execution of their duties. In addition, in order to strengthen the supervisory function of the Board of Directors, 8 out of 13 directors are outside directors.

Position	Name	Number of times attended
		Board of Directors meetings Total 14 times
President and Representative Director	Yuzo Fujita	14/14
Representative Director	Tsuguhisa Takimoto	13/14
Representative Director	Yasuhiko Horiuchi	14/14
Outside Director	Atsushi Iizuka	12/14
Outside Director	Hiroyuki Ukai	14/14
Outside Director	Akiko Yoshimoto	12/14
Director	Tetsuya Nishiwaki	3/3
Director	Kouji Hirata	14/14
Director	Asayuki Mizuno	3/3
Director	Tatsuo Ikeyama	14/14
Director	Shigemitsu Yamazaki	14/14
Outside Director and Full-time Audit and Supervisory Committee member	Kenichi Suzuki	3/3
Outside Director and Full-time Audit and Supervisory Committee member	Shuichi Terada	11/11
Outside Director and Full-time Audit and Supervisory Committee member	Katsuhiko Sugita	14/14
Outside Director and Full-time Audit and Supervisory Committee member	Mitsuaki Shibata	14/14
Director and Audit and Audit and Supervisory Committee member	Masahiko Kimura	14/14

#### Notes:

- 1 Mr. Tetsuya Nishiwaki, Mr. Asayuki Mizuno, and Mr. Kenichi Suzuki retired from the Board of Directors at the conclusion of the 105th Annual General Meeting of Shareholders (held on June 28, 2023).
- 2 Mr. Shuichi Terada was appointed director at the 105th Annual General Meeting of Shareholders (held on June 28, 2023).

### (2) Audit and Supervisory Committee

The Audit and Supervisory Committee consists of four directors who are members of the Audit and Supervisory Committee (three of whom are outside directors). 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.

Name	Position	Number of times attended
Kenichi Suzuki	Director, Full-time Audit and Supervisory Committee member (full-time)	5/5
Shuichi Terada	Director, Full-time Audit and Supervisory Committee member (full-time)	12/12
Katsuhiko Sugita	Director, Audit and Supervisory Committee Member (part-time, outside)	17/17
Mitsuaki Shibata	Director, Audit and Supervisory Committee Member (part-time, outside)	17/17
Masahiko Kimura	Director, Audit and Supervisory Committee member (full-time)	17/17

#### Notes:

- 1 Kenichi Suzuki retired at the end of the 105th Annual General Meeting of Shareholders held on June 28, 2023.
- 2 Shuichi Terada was appointed and assumed office as an Audit and Supervisory Committee member at the 105th Ordinary General Meeting of Shareholders held on June 28, 2023.

### (3) Nomination and Remuneration Committee

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, election and dismissal of representative directors, and director remuneration (excluding Directors who are Audit and Supervisory Committee members) in response to consultation by the Board of Directors, and reports to the Board of Directors.

### (4) Management Council

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.

### (5) Internal Control Committee for Financial Reporting

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.

### (6) Compliance Promotion Committee

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

### Internal Audit

As for internal audits, the Management Appraisal 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. Assistants for accounting audit services are 4 certified public accountants and 15 others.

## Board of Directors

**Yuzou Fujita**

Chairman and Representative Director

- 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
  - 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
  - Apr. 2024: Chairman and Representative Director (current position)
- [Number of shares held] 5,535

**Atsushi Iizuka**

Independent Outside

Outside Director (part-time)

- 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.
  - Apr. 2024: Director and Representative Executive Officer, Senior Executive Vice President, JAPAN POST HOLDINGS Co., Ltd. (current position)
- [Number of shares held] 889

**Kazuhiro Igarashi**

Independent Outside

Newly appointed

Outside Director (part-time)

- Jun. 2006: General Manager of Rolling Stock Department, Shinkansen Operations Division, Central Japan Railway Company
  - Jun. 2010: Deputy General Manager, General Technology Division and General Manager, Technology Planning Department, Central Japan Railway Company
  - Jun. 2012: Executive Officer, Deputy General Manager, General Technology Division and General Manager, Technology Development Department, Central Japan Railway Company
  - Jun. 2014: Director, Managing Executive Officer, General Manager of General Technology Division, Supervisory Manager of Rolling Stock Department
  - Jan. 2016: Executive Vice President, NIPPON SHARYO, LTD.
  - Jun. 2016: Representative Director, President & CEO, NIPPON SHARYO, LTD.
  - Jun. 2023: Senior Advisor, NIPPON SHARYO, LTD. (current position)
  - Jun. 2024: Outside Director (part-time) (current position)
- [Number of shares held] 0

**Tsuguhisa Takimoto**President and Representative Director  
Chief Executive Officer

- Apr. 1986: Joined the Company
  - Jun. 2013: Advisor and Deputy General Manager of the Underground Line 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
  - 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
  - Apr. 2024: President and Representative Director, Chief Executive Officer (current position)
- [Number of shares held] 3,161

**Hiroyuki Ukai**

Independent Outside

Outside Director (part-time)

- 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
  - Outside Director, Audit and Supervisory Committee member (current position)
  - Jun. 2022: Outside Director (part-time) (current position)
- [Number of shares held] 268

**Masayoshi Takigami**

Independent Outside

Newly appointed

Outside Director (part-time)

- Jun. 1997: Director and General Manager of Sales Department, The Takigami Steel Construction Co., Ltd.
  - Jun. 1998: Director and General Manager, Nagoya Branch, The Takigami Steel Construction Co., Ltd.
  - Oct. 1999: Director and General Manager of Eastern Sales Department, The Takigami Steel Construction Co., Ltd.
  - Jun. 2004: Director, Executive Officer, General Manager of Eastern Sales Group, The Takigami Steel Construction Co., Ltd.
  - Jun. 2006: Director, Executive Officer, General Manager of Sales Headquarters, General Manager of Nagoya Branch, The Takigami Steel Construction Co., Ltd.
  - Apr. 2007: Director, Executive Officer, General Manager of Sales Headquarters, General Manager of Nagoya Branch, and General Manager of Planning & Administration Office, The Takigami Steel Construction Co., Ltd.
  - Jun. 2007: Director, Executive Officer, Supervisory Manager of Administration Headquarters, and General Manager of Planning & Administration Office, The Takigami Steel Construction Co., Ltd.
  - Jun. 2008: Managing Director, Supervisory Manager of Planning & Administration Office, Production Headquarters, and Construction Headquarters, The Takigami Steel Construction Co., Ltd.
  - Jun. 2010: President and Representative Director, The Takigami Steel Construction Co., Ltd. (current position)
  - Jun. 2024: Outside Director (part-time) (current position)
- [Number of shares held] 0

**Shigemitsu Yamazaki**Representative Director  
Executive Vice President

- assisting the President in general business management, Supervisory Manager of International Division and General Manager of Business Promotion Department
  - 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
  - Apr. 2024: Representative Director and Executive Vice President, assisting the President in general business management, Supervisory Manager of International Division and General Manager of Business Promotion Department (current position)
- [Number of shares held] 3,238

**Akiko Yoshimoto**

Independent Outside

Outside Director (part-time)

- Jul. 2013: Vice-Governor, Aichi Prefecture
  - Jul. 2015: Assistant Minister (in charge of Worker's Compensation), Minister's Secretariat, Ministry of Health, Labor and Welfare
  - Jul. 2017: Deputy Director-General of Secretariat, Central Labor Relations Commission, Ministry of Health, Labor and Welfare
  - Jul. 2018: Director-General of Human Resources Development, Ministry of Health, Labor and Welfare
  - Jul. 2019: Director-General of Secretariat of Central Labor Relations Commission, Ministry of Health, Labor and Welfare (Retired from the Ministry in October 2021)
  - Feb. 2022: Senior Advisor, Boston Consulting Group (current position)
  - Jun. 2022: Outside Director (part-time) (current position)
  - Jun. 2023: Outside Auditor, Takara Holdings Inc. (current position)
  - Jun. 2024: External Director, Sumitomo Seika Chemicals Co., Ltd. (current position)
- [Number of shares held] 100

**Tatsuo Ikeyama**

Director

- Senior Managing Executive Officer
  - Supervisory Manager of Research & Development Division, Information Systems Division, and Information & Communication Administration Division
  - 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] 2,444

## List of Directors / Skills Matrix



### Shuichi Terada

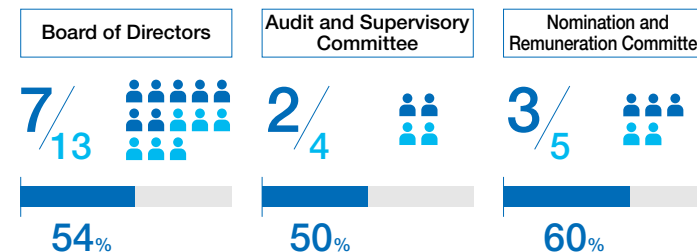
Outside Director  
(Full-time Audit and Supervisory Committee member) (full-time)  
Jul. 2007: Deputy General Manager, Tokyo Branch, Chubu Electric Power Co., Inc.  
Jul. 2009: General Manager, Legal Affairs Department, Chubu Electric Power Co., Inc.  
Jul. 2012: Executive Officer, General Manager, Legal Affairs Department, Chubu Electric Power Co., Inc.  
Apr. 2017: Director, chubuselki 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) (current position)  
[Number of shares held] 300



### Masahiko Kimura

Director, Audit and Supervisory Committee member (full-time)  
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] 3,143

### Percentage of Independent Outside Directors on the Board of Directors, Audit and Supervisory Committee, and Nomination and Remuneration Committee (as of July 2024)



### Skill 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.



### Katsuhiko Sugita Independent Outside

Outside Director, Audit and Supervisory Committee member (part-time)  
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 (part-time)  
Jun. 2021: Outside Director, Audit and Supervisory Committee Member (part-time) (current position)  
[Number of shares held] 268



### Mitsuaki Shibata Independent Outside

Outside Director, Audit and Supervisory Committee member (part-time)  
Mar. 1981: Registered as Certified Public Accountant  
May 2003: Representative Partner, Chuo Aoyama 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 (part-time)  
Jun. 2021: Outside Director, Audit and Supervisory Committee Member (part-time) (current position)  
[Number of shares held] 308

Name	Independent Outside	Main areas of expertise					
		Corporate Management	Business Promotion, Marketing	Technology, Quality, DX	Finance & Accounting	Legal Affairs, Risk Management	Internationality
Yuzou Fujita		○	○	○		○	○
Tsuguhisa Takimoto		○			○	○	○
Shigemitsu Yamazaki		○	○	○			○
Atsushi Iizuka	●	○			○	○	○
Hiroyuki Ukai	●	○		○		○	○
Akiko Yoshimoto	●	○				○	○
Kazuhiro Igarashi	●	○		○		○	○
Masayoshi Takigami	●	○	○	○			○
Tatsuo Ikeyama		○	○	○			○
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.

# Executive Compensation and Evaluation of the Effectiveness of the Board of Directors

## Matters concerning the decision policy regarding the content of remuneration, etc. for each director (excluding directors who are Audit and Supervisory Committee members)

Our company has established a policy for determining the content of individual remuneration, etc. for directors (excluding directors who are Audit and 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 the representative directors and 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.
- 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 2023)

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.) (The figures in parentheses are remuneration for outside directors)	241 (21)	190 (21)	44 (—)	7 (—)	11 (3)
Directors who are Audit and Supervisory Committee members (The figures in parentheses are remuneration for outside directors)	62 (40)	62 (40)	— (—)	— (—)	5 (4)

### Notes:

- The above figures include three directors who resigned at the conclusion of the 105th Ordinary General Meeting of Shareholders held on June 28, 2023.
- 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 the Toenec 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.
- 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 2023, 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 2023)

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) Stimulate discussion for medium- to long-term improvement of corporate value and planning of management strategies (2) Enhance discussion on risk assessment in decision making for important operations	(1) Discuss the next Medium-term Management Plan, global strategy, ESG management response policy, DX strategy, etc. (2) Discuss the Company's approach and methodology for risk assessment

## Risk Management

### 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 Risks (as stated in the June 2024 Annual Securities Report)

#### (1) Risks related to 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 one-third of our company's sales. In the future, construction volume is expected to fluctuate due to restraining, etc. 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.

\*The Company is now an affiliate due to a review of the capital relationship with Chubu Electric Power Co., Inc. in July 2024.

#### (2) Risks related to sales to other customers

Sales to other customers account for approximately 60% of total sales, and are influenced by economic trends such as the construction market and capital investment by other 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.

#### (3) Risks related to fluctuation 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.

#### (4) Risks related to serious defective work and accidents

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.

#### (5) Risks related to owned 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.

#### (6) Risks related to business partners credit

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

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

#### (7) Risks related to price negotiations and price shifting with business partners

The Toenec Group has established the Toenec Group Basic Procurement Policy and is working to strengthen relationships of trust with business partners by setting a Communication Promotion Month, etc.

However, if our company's reputation decreases due to inadequate price negotiations and price shifting with business partners, the Group's financial status, operating results, and cash flows may be affected.

## Risk Management

### (8) Risks related to the 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.

### (9) Risks related to overseas business

In addition to formulating guidelines for the management of overseas affiliated companies, the Company strives to strengthen operational management by conducting periodic checks of operations, sales, and construction by the departments in charge.

However, changes in economic conditions in the countries concerned or inappropriate operational management could affect the Group's financial status, operating results, and cash flows.

### (10) Risks related to 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.

### (11) Risks related to compliance, etc.

In order to comply with relevant laws and regulations (the Construction Business Act, Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, Industrial Safety and Health Act, etc.), internal rules and regulations, and social norms, the Group has established basic policies and code of conduct in its Compliance Declaration and is engaged in employee education, etc.

However, if the Group is penalized for violations of related laws and regulations or for delays in responding to enactments, revisions, or repeal of such laws and regulations, or if its reputation decreases due to events that violate social norms, the Group's financial status, operating results, and cash flows may be affected.

### (12) Risks related to 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.

### (13) Risks related to human capital

The Group has formulated the Toenec Group Human Resource Strategy Policy and is working to develop proactive recruitment activities, strengthen human resource development, improve engagement, and promote diversity in order to enhance the quality and quantity of human resources, which are the source of growth, while maintaining and strengthening the construction system, including that of cooperative companies.

However, if it becomes difficult to establish a construction system due to a decrease in the number of recruits or an increase in the number of employees leaving the company, or if it becomes difficult to pass on skills due to the retirement of veteran engineers, sales and profits may decline, and the Group's financial status, operating results, and cash flows may be affected.

### (14) Risks related to 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.

### (15) Risks related to 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 strive for thorough compliance and fair and sincere corporate activities.

## 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

<b>Thorough compliance</b>	We will comply with laws and regulations, internal rules, and social norms.
<b>Fair and sincere corporate activities</b>	We will enhance the trust of our customers, cooperative companies, suppliers, and local communities, and we will conduct fair and sincere corporate activities. We respect intellectual property rights such as copyright and patent rights.
<b>Appropriate management of information and disclosure</b>	We will strictly handle information and disclose information in a timely manner.
<b>Establishing a sound corporate culture</b>	We respect human rights and will work to create a healthy corporate culture.
<b>Proper financial accounting</b>	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.
<b>Fair behavior</b>	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.
<b>Environment preservation</b>	We will strive to preserve the global environment.
<b>Ensuring safety, health, and security</b>	We will strive to ensure and maintain occupational safety, health, and security.

## Corruption prevention

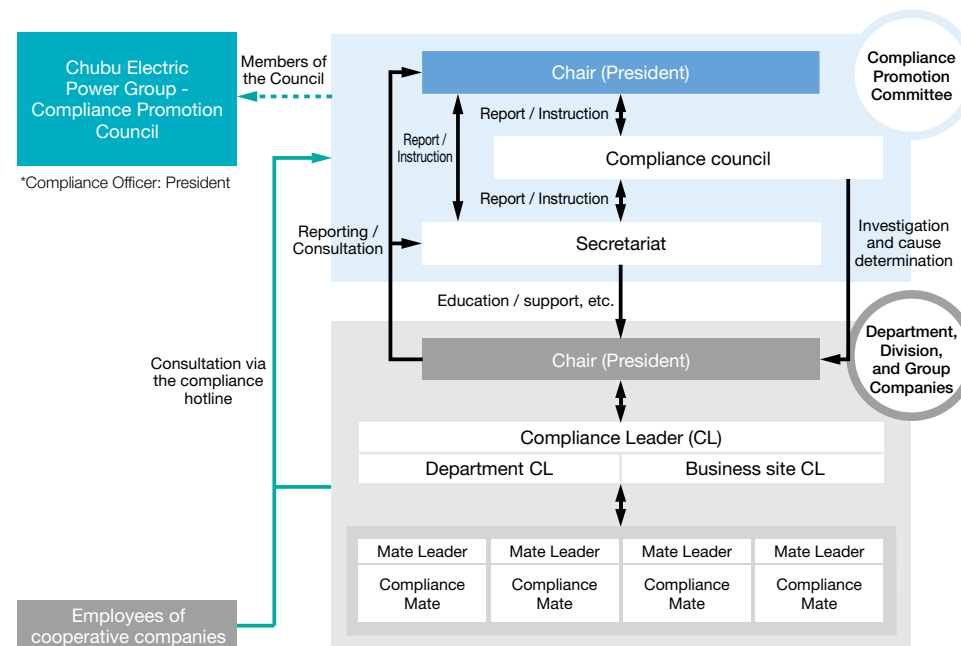
Based on the Chubu Electric Power Group Anti-Bribery and Anti-Corruption Policy, we have established tips on business entertainment and giving and receiving money and goods. In addition, from the perspective of preventing bribery of foreign public officials, we have established regulations for prevention of bribery of foreign public officials, and we are working to prevent corruption by holding periodic council meetings to confirm the status of establishment and operation of the system.

## Compliance with antitrust laws

In order to prevent bid rigging, cartels, etc. and ensure business activities based on fair and free competition, we have established regulations concerning contact with competitors. In addition, we ensure compliance with antitrust laws through regular training of directors and employees on these regulations.

## Compliance promotion system

In order to ensure thorough compliance, we have established a Compliance Promotion Committee chaired by the President 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.



## Internal reporting system (consultation service)

Our company has established compliance hotlines both internally and externally as a point of contact for consultations on events that are considered to be compliance-related issues.

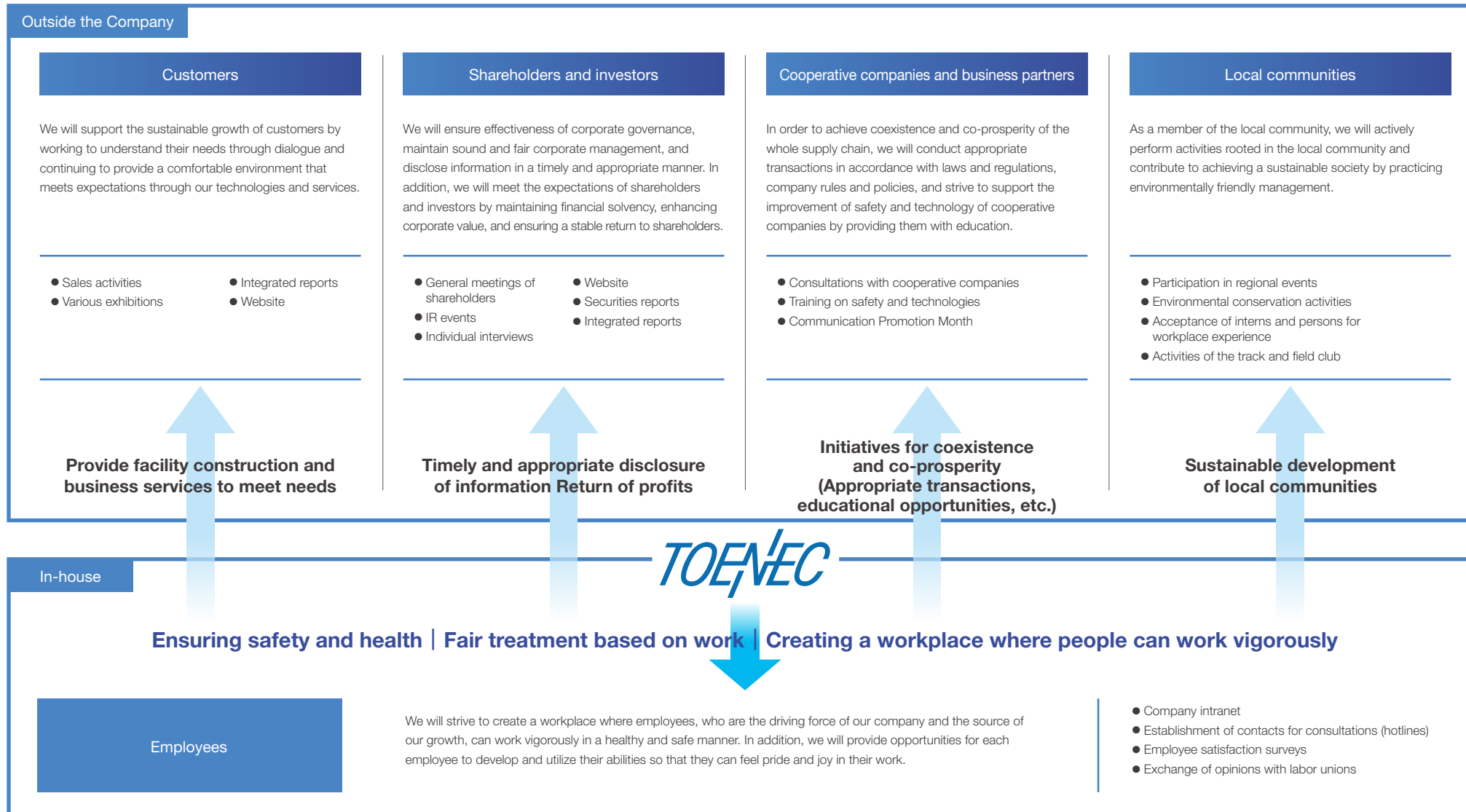
Company rules stipulate the protection of whistleblowers, confidentiality of the content of consultations, and prohibition of disadvantageous treatment as a result of consultations, in an effort to improve the effectiveness of the internal whistleblowing system. (50 consultations in FY 2023)

# 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.

The Company published its Multi-stakeholder Policy in December 2023. For more information, please use the QR code on the right.

Multi-stakeholder Policy



## 10-Year Summary

Financial Summary	(Unit)	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	Term 106 Year ended March 2024
<b>Management performance</b>											
Sales	Million yen	195,574	198,242	197,842	207,198	218,984	224,843	215,677	219,617	232,053	<b>252,863</b>
Operating profit	Million yen	6,972	8,117	7,716	9,002	11,029	13,307	15,509	14,072	10,287	<b>15,910</b>
Ordinary profit	Million yen	7,077	8,209	7,906	8,918	10,146	12,511	13,726	13,394	8,983	<b>12,679</b>
Net profit attributable to shareholders of the parent company	Million yen	3,490	4,442	5,170	5,783	6,672	9,314	8,832	8,283	-5,548	<b>9,345</b>
Return on equity (ROE)	%	4.2	5.2	6.1	6.4	6.8	8.8	7.7	6.7	-4.6	<b>7.5</b>
<b>Cash flow</b>											
Cash flow from operating activities	Million yen	16,843	236	8,915	11,117	9,616	16,593	24,111	5,943	12,640	<b>19,118</b>
Cash flow from investing activities	Million yen	-853	-7,597	-13,533	-32,967	-24,030	-4,642	-3,716	2,969	-2,119	<b>-2,060</b>
Cash flow from financing activities	Million yen	-3,721	-2,487	9,921	19,305	11,958	-8,000	-9,933	-27,522	-8,358	<b>-9,903</b>
<b>Financial status</b>											
Total assets	Million yen	191,661	198,015	208,923	239,395	263,458	292,299	308,232	301,599	300,172	<b>304,931</b>
Net assets	Million yen	86,806	82,754	88,110	93,358	102,132	109,628	119,740	126,596	117,193	<b>131,140</b>
Cash and cash equivalents at end of term	Million yen	42,252	32,296	37,572	34,993	32,472	36,390	46,857	28,424	30,601	<b>38,018</b>
Equity ratio	%	45.3	41.8	42.2	39.0	38.8	37.5	38.8	42.0	39.0	<b>43.0</b>
D/E Ratio	Times	0.18	0.21	0.36	0.61	0.74	0.88	0.91	0.78	0.83	<b>0.71</b>
Depreciation	Million yen	4,338	4,442	4,884	5,418	5,596	6,561	7,950	8,970	9,887	<b>10,148</b>
Capital investment	Million yen	7,176	8,606	17,037	32,703	20,051	30,383	22,773	17,713	5,956	<b>6,102</b>
R&D expenses	Million yen	304	325	378	366	361	402	407	455	507	<b>527</b>
<b>Stock indicators</b>											
Book value per share (BPS)	Yen	927.38	884.32	942.25	4,993.93	5,463.36	5,864.44	6,405.63	6,772.38	6,267.16	<b>7,010.78</b>
Earnings per share (EPS)	Yen	37.29	47.47	55.27	309.28	356.94	498.34	472.57	443.23	-296.83	<b>499.80</b>
Dividend payout ratio	%	32.2	29.5	30.8	30.7	29.4	30.1	29.6	30.5	—	<b>40.0</b>
Dividend per share	Yen	60	70	85	95	105	150	140	135	95	<b>200</b>
Share price at end of term	Yen	578	694	556	3,105	3,040	3,180	3,915	3,285	3,410	<b>5,750</b>
Price-to-book ratio (P/B Ratio)	%	0.62	0.78	0.59	0.62	0.56	0.54	0.61	0.49	0.54	<b>0.82</b>
Price-earnings ratio (P/E)	%	15.5	14.6	10.1	10	8.5	6.4	8.3	7.4	—	<b>11.5</b>

Notes: 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.

## 10-Year Summary

## Non-Financial Summary

		(Unit)	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	Term 106 Year ended March 2024	
<b>Directors</b>													
Number of directors		People	9	10	12	11	11	11	11	14	15	13	
Number of outside directors		People	0	1	2	2	2	2	3	6	6	6	
Percentage of outside directors		%	0.0	10.0	16.7	18.2	18.2	18.2	27.3	42.6	40.0	46.2	
Number of female directors		People	0	0	0	0	0	0	0	0	1	1	
<b>Human capital</b>													
Securities reports	Number of employees (consolidated)		People	5,662	5,955	6,004	6,093	6,096	5,999	5,918	5,938	6,038	6,077
	Number of employees		People	4,772	4,754	4,797	4,858	4,887	4,858	4,780	4,743	4,808	4,868
	Average age		Years old	41.9	41.9	41.5	41.2	40.6	41.3	41.4	41.4	41.5	41.7
	Years of service		Years	20.6	20.5	19.9	19.5	18.9	19.4	19.4	19.3	19.3	19.5
Diversity	Number of female employees		People	371	366	376	389	399	395	398	406	410	416
	Percentage of female employees		%	8.2	8.3	8.5	8.7	8.8	8.8	9.0	9.1	9.2	9.3
	Percentage of employees with disabilities		%	2.0	2.0	2.0	2.1	2.6	2.7	2.6	2.7	2.8	2.9
Recruitment	Number of regular hires		People	110	146	201	198	206	140	120	160	192	195
	Number of experienced personnel		People	7	13	59	27	29	26	31	25	22	28
Development	Number of female managers		People	3	4	7	9	10	11	14	16	18	21
	Percentage of female managers		%	0.5	0.7	1.1	1.4	1.5	1.6	2.0	2.2	2.3	2.7
Comfortable work environment	Number of days of annual paid leave taken		Days	9.5	9.6	9.3	10.2	12.0	12.0	12.3	12.6	13.9	14.7
	Number of childcare leave recipients (men)		People	0	0	5	3	4	9	20	45	147	120
	Childcare leave acquisition rate (men)		%	0.0	0.0	3.6	2.4	2.7	6.2	18.3	71.8	88.6	88.9
	Number of childcare leave recipients (women)		People	10	9	6	6	8	8	7	3	8	5
	Childcare leave acquisition rate (women)		%	90.9	100.0	100.0	100.0	100.0	100.0	100.0	100.0	88.9	125.0
<b>Technological Research and Development</b>													
Number of patents held		Patents	45	46	47	43	45	45	47	40	41	42	
<b>Environment</b>													
CO <sub>2</sub> emissions		t-CO <sub>2</sub>	16,483	15,296	15,283	15,200	14,324	13,958	13,248	12,852	12,369	16,929	
CO <sub>2</sub> emission intensity		t-CO <sub>2</sub> /Sales	0.0864	0.0793	0.0847	0.0805	0.0728	0.0686	0.0675	0.0650	0.0596	0.0754	
Power consumption		10,000 kWh	1,462	1,356	1,364	1,345	1,300	1,247	1,321	1,322	1,304	1,717	
Vehicle fuel consumption		10,000 ℓ	365	342	347	347	327	333	307	315	292	362	
Vehicle electrification rate		%	0.5	0.5	0.5	0.6	0.6	0.6	0.5	0.6	0.6	0.6	
Total amount of industrial waste generated		t	20,957	23,999	26,104	22,132	22,678	24,699	27,330	33,713	31,195	30,765	
Industrial waste recycling rate		%	84.0	84.0	88.0	87.0	87.0	82.0	90.0	83.0	88.0	87.0	

Notes: 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, 2022, the number of childcare leave recipients/ childcare leave acquisition rate also includes any leave taken for childcare purposes.

4. The childcare leave acquisition rate is calculated based on the number of childcare leave recipients/number of births during the fiscal year, starting from the fiscal year ended March 31, 2023, and may exceed 100% if childcare leave is taken in more than one fiscal year.

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

## Company Information (as of March 31, 2024)

### 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	7,680 million yen
Number of Employees	4,868
Main Offices	Head Office, Head Office Annex, Education & Training Center, Chubu Headquarters, Tokyo Headquarters, Osaka Headquarters, Nagoya Branch, Okazaki Branch, Shizuoka Branch, Mie Branch, Gifu Branch, and 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>

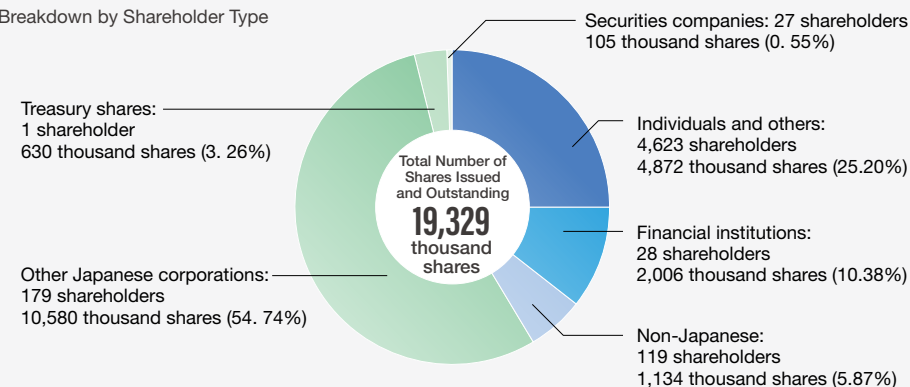
Company Name	Main Businesses
Toenec Construction (Shanghai) Co., Ltd.	Electrical, air-conditioning work
Toenec (Thailand) Co., Ltd.	—
Toenec Philippines Incorporated	Electrical, air-conditioning, water supply and drainage work
PT. Asahi Synchrotech Indonesia	Electrical, air-conditioning, plant plumbing work
Tri-En TOENEC Co., Ltd	Electrical, air-conditioning work
Hawee Mechanical and Electrical Joint Stock Company	Electrical, air-conditioning work
FUHVIC TOENEC Corporation	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 shares (including 630,600 treasury shares)
Total Number of Shareholders	4,977

#### Breakdown by Shareholder Type



#### Major Shareholders

Shareholder Name	Number of Shares Held (thousand shares)	Shareholding Ratio
Chubu Electric Power Co., Inc.	9,666	51.69%
Toenec Employee Shareholding Association	1,111	5.94%
The Master Trust Bank of Japan, Ltd. (Trust account)	772	4.13%
Toenec Kyoeikai	633	3.39%
Custody Bank of Japan, Ltd. (Trust account)	287	1.54%
DFA International Small Cap Value Portfolio	215	1.15%
MUFG Bank, Ltd.	201	1.08%
Toenec Nagoya Cooperative Association Shareholding Association	145	0.78%
Toenec Union	131	0.70%
Toenec Okazaki Cooperative Association Shareholding Association	131	0.70%

Notes: 1. The Company holds 630 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.  
 3. The number of shares held and shareholding ratio of Chubu Electric Power Co., Inc. have now changed due to the change from a consolidated subsidiary to an affiliate as a result of a review of the capital relationship with Chubu Electric Power Co., Inc. in July 2024.