

## Corporate Governance

CORPORATE GOVERNANCE

TOYO CONSTRUCTION CO.,LTD.

Last updated on June 25, 2025

Toyo Construction Co., Ltd.

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<https://www.toyo-const.co.jp/>

**The status of the Company's corporate governance is as follows.**

### [1. Basic Approach to Corporate Governance, Capital Structure, Corporate Attributes, and Other Basic Information](#)

#### 1. Basic Concept <revised>

To realize our management philosophy, we have positioned the realization of an optimal corporate governance system as one of the most important issues and been working to build an effective management system that responds quickly to changes in the business environment.

Based on a policy of further separating management supervision and execution, we will work to evolve and enhance corporate governance and increase corporate value over the medium to long term. We believe that we can continue to be a company that is trusted by our shareholders and other stakeholders, as well as society at large.

We have established the "Toyo Construction Corporate Governance Guidelines" and disclosed them on the following URL.

<https://www.toyo-const.co.jp/company/governance>

### Disclosure based on the principles of the Corporate Governance Code <revised>

#### [Principle 1-4 So-called cross-shareholdings]

The Company strives to hold minimum amount of cross-shareholdings and holds them only if they are deemed to contribute to the strengthening of business relations based on the smooth execution of business and financial strategies from a medium- to long-term perspective, as well as to the development of the Company's business.

Currently, the shares held as cross-shareholdings are only unlisted stocks, and we do not hold listed shares. In the future, when holding listed shares for cross-shareholding purposes, the rationality of the holding should be compared with the benefits of business transactions and the cost of capital, business strategy, and finance.

The Board of Directors conducts quantitative and qualitative verifications such as strengthening business relationships based on the smooth execution of business and finance strategies, and it makes decisions after sufficient deliberation on if subjected holding will contribute to the enhancement of corporate value over the medium- to long-term.

#### [Principle 1-7 Related Party Transactions]

In the case of competitive transactions or conflict-of-interest transactions between the Company and its directors, or in important cases where there is concern about losses in transactions with major shareholders, the Company obtains the approval of the Board of Directors to ensure that the transactions do not harm the interests of the Company or the common interests of shareholders.

#### [Principle 2-4 Ensuring diversity within the company, including the promotion of women's empowerment]

##### Supplementary Principle 2.4 (1)

Based on "respect for human beings" which is one of our management principles, we make the most of the individuality and strengths of each employee regardless of gender, nationality, educational background, work experience, etc. We aim to be a company that can maximize employees' various capabilities. As we approach our 100th anniversary in 2029 thus we flexibly respond to changes in the environment, have set a goal of evolving from a reactive to proactive company and believe that to achieve this goal it's essential to improve our competitiveness through new innovations created by employee diversity. In addition, we are working to promote diversity by enhancing internal environment and rules and foster an company culture for various employees to be able to perform long time.

##### ●Regarding females

We have set a target of increasing the ratio of female in new graduates hiring to 20% and we are actively hiring female for career-track positions. We have also established a system for promoting employees from general positions to career-track positions, and the number of females in career-track positions is steadily increasing. We continue to work to create an environment where female can work comfortably and continue to play an active role with an aim of steadily increasing the number of female managers through career development through education and job rotation.

Target for increasing the percentage of female managers (compared to FY2020)

•FY2030 target: 500%

•FY2024 results: 233%

##### ●Regarding foreign employees

We believe that the active participation of foreign employees having various values and cultures and that the promotion of diversification will lead to new innovations and expectations for ideas and creativity that are not captured in existing values. Currently we are actively hiring foreign employees and the number of long-term employees of foreign nationality in FY2024 has steadily been increased to 17 (including one managerial position) which is an increase of 7 from FY2023. We continue to enhance our education and training system and try to create better environment in which foreign employees can play manager roles.

#### ●Mid-career hiring

Focusing on the offshore wind power engineering which is one of the growth driver of the Company and construction management and corporate functions where shortage of human resources is an issue, we are seamlessly hiring mid-career person. We also hire them as line managers if their abilities are qualified. In fiscal 2024, we hired 54 people (including 44 for manager positions), an increase of 29 from fiscal 2023, and we will continue to actively recruit employees.

Please refer to the status of ensuring diversity, human resource development, and internal environment improvement on the Company's website.

- Toyo Construction Integrated Report 2024  
[https://www.toyo-const.co.jp/csr/latest\\_report](https://www.toyo-const.co.jp/csr/latest_report)

#### [Principle 2.6 Exercise of Functions as an Asset Owner of Corporate Pension Plans]

The Company's retirement pension plan is a combination of defined benefits and defined contributions. For defined contributions there is no impact on the financial results due reserve fund is not existing.

Regarding defined benefits, we take care of risk diversification and outsource the manage of reserve funds to multiple asset management institutions and furthermore diversify the asset classes. Under the continuous supervision of the department in charge, the status of investment management is regularly disclosed to employees such as investment income and asset class ratio.

#### [Principle 3.1 Enhancement of Disclosure]

(1) Our management philosophy is "Working together with dream and youth, devoted to customers and public society with a new and productive technology, striving toward company's consistent growth and employees' welfare promotion ~ respect for human dignity, invention and innovation, awareness of responsibility ~".

The Company's management philosophy and code of conduct are available on the following URL.

<https://www.toyo-const.co.jp/company/philosophy>

The Company's medium-term management plan is available on the following URL.

[https://www.toyo-const.co.jp/en/ir/mediumterm\\_managementplan-2](https://www.toyo-const.co.jp/en/ir/mediumterm_managementplan-2)

(2) The Board of Directors has resolved the Company's Corporate Governance Guideline which is the basic concept of its corporate governance. This guideline is available on the Company's website.

(3) Policies and procedures for determining the remuneration of directors is discussed in the Nomination and Remuneration Committee with independent outside directors as majority members.

(4) Nomination of director candidates is based on criteria whether a candidate has wide knowledge which is required for decision-making, and various achievements in areas and roles he/she has been which is required for overseeing the management. The appointment and dismissal of such directors is discussed in the Nomination and Remuneration Committee of which the majority is composed of independent outside directors. The resolution is made by the Board of Directors subsequently.

A candidate for Audit & Supervisory Board Members is nominated by the Board of Directors after consultation of the Nomination and Remuneration Committee and with the consent of the Audit & Supervisory Board, based on whether a candidate has appropriate knowledge of finance, accounting, management and so on so that he/she can contribute to ensuring sound management.

(5) The Company discloses the biographies of each candidate for Directors and Audit & Supervisory Board Members and the reasons for their appointment or dismissal, in the notice of convocation of the General Meeting of Shareholders.

#### Replenishment Principle 3.1(3)

In our management philosophy, we pledge to "devote to customers and public society", to strive to improve construction technology that meets the demands of society as a construction company and to build a higher quality and more valuable social infrastructure. Based on this management philosophy, we have established the Toyo Construction Group Basic Policy on Sustainability in February 2022 as our stance to achieve sustainability.

Regarding sustainability promotion framework and governance, we have established the Sustainability Committee chaired by President and Chief Operating Officer (COO) as a standing committee reporting to Executive Committee. After discussing the Group's sustainability policy and priority measures as well as the disclosure of information related to sustainability, Executive Committee and the Board of Directors deliberate on the implementation of the policy. In addition, the progress of sustainability-related initiatives is reported and discussed in the Sustainability Committee, then discussed and reported to the Executive Committee and important matters are reported to the Board of Directors. The Board of Directors monitors and supervises sustainability initiatives by receiving reports.

Regarding the impact of our business activities on the environment and society as well as the financial impact of sustainability issues, we have identified the following seven material issues identifies as important issues in both risks and opportunities and required to be resolved in business activities.

#### ●Materiality

1. Realization of a carbon-neutral society
2. Reduction of environmental impact
3. Provision of high-quality construction products that meet customer needs
4. Contribution to Disaster Prevention and Mitigation
5. Continue to strengthen the governance system
6. Realization of an attractive construction industry
7. Thorough Respect for Human Rights and Promotion of Diversity

For each materiality, we have set KPIs (Key Performance Indicators) and been working on those. Progress of KPIs is reported to the Executive Committee, and then to the Board of Directors to receive its supervision.

For details, please refer to the following URL on our website.  
<https://www.toyo-const.co.jp/csr/materiality>

Also in accordance with the disclosure requirement from Task Force on Climate-related Financial Information (TCFD), the Company examines and responds to climate change related matters including governance, business impacts and countermeasures and risk management, and discloses those.

In addition, to promote human resource strategies such as recruiting and development of diversified employees who can support the "proactive" management set forth in the Medium-Term Plan, we make plans and disclose investments for growth including R&D and DX for more than 6 billion yen over five years which is in accordance with "from reactive to proactive" policy in work style reforms. For details, please refer to the following URL on the Company's corporate website.

○Medium-Term Management Plan

[https://www.toyo-const.co.jp/wp/wp-content/uploads/2023/11/2023-2027\\_Mid-Term-Business-Plan-\\_J.pdf](https://www.toyo-const.co.jp/wp/wp-content/uploads/2023/11/2023-2027_Mid-Term-Business-Plan-_J.pdf)

○Medium-Term Management Plan (supplementary documents)

[https://www.toyo-const.co.jp/wp/wp-content/uploads/2023/07/Mid-Term-Business-Plan\\_Supplementary-Material\\_J.pdf](https://www.toyo-const.co.jp/wp/wp-content/uploads/2023/07/Mid-Term-Business-Plan_Supplementary-Material_J.pdf)

#### Principle 4.1 Roles and Responsibilities of the Board of Directors (1)

##### Supplementary Principle 4.1(1)

The Board of Directors is comprised of Directors and Audit & Supervisory Board Members, and majority of Directors are of Independent Outside Directors. In addition, the Chairman of the Board of Directors is an independent outside director. These enhance the independence and objectivity of the functions of the Board of Directors and provides highly effective supervision over the executives.

Important matters relating to the Company are deliberated and decided by the Board of Directors, and in order to make appropriate and prompt decision, the Board of Directors convenes extraordinary meeting as necessary in addition to once a month held regular meetings.

In addition, to respond quickly to changes in the business environment and improve the efficiency of business operations, Executive Committee is set besides the Board of Directors and holds twice a month meetings to discuss and decide execution matters.

#### [Principle 4.9 Independence Criteria and Qualifications for Independent Outside Directors]

In addition to the standards stipulated by the Companies Act and Financial Instruments Exchange Regulations, the Company has established its own criteria for determining the independence of outside directors and members of Audit & Supervisory Board and appoints those who can meet that criteria and not likely be with a conflict of interest with general shareholders.

#### Principle 4.10 Use of Arbitrary Mechanisms: Supplementary Principle 4.10(1)

The Company has established the Officer Nomination and Remuneration Committee as an advisory body to the Board of Directors, and deliberates matters such as the nomination and remuneration of directors and executive officers after ensuring the independence and objectivity of this decision-making process, and reports to the Board of Directors. The Committee is composed of Representative Directors and Independent Outside Directors and its majority is Independent Outside Directors. In addition, the chairman of the committee is chosen from independent outside directors so that the Company's corporate governance system is enforced.

In appointing Directors, the Company identifies the skills that the Board of Directors should embrace for realizing the Medium-Term Management Plan, and elect persons who have expertise and career for those skills and with superb personality as a Director.

#### Principle 4.11 Preconditions for ensuring the effectiveness of the Board of Directors and the Audit & Supervisory Board Supplementary Principle 4.11(1)

The Company's Articles of Incorporation stipulate that the Company shall have no more than 15 directors and no more than four Audit & Supervisory Board Members, and the current Board of Directors follows it and consists of nine directors and four Audit & Supervisory Board members. In appointing directors and Audit & Supervisory Board members, the Nomination and Remuneration Committee analyzes and identifies important skills that the Board of Directors should embrace to realize the Medium-Term Management Plan, which skills at this point of time are defined as (1) strategy and business development (2) sales and marketing (3) technology and DX (4) global business practices (5) human resources (6) finance, accounting and investment administration (7) legal matters, risk management and corporate governance (8) ESG and sustainability, and persons with expertise and career in any of these areas and superb personality are nominated. The skills of individual directors and Audit & Supervisory Board members are shown on the last page of this report and we believe that the Board of Directors has necessary skill set as a whole.

The Company's Outside Directors and Outside Audit & Supervisory Board Members have a track record as managers at several companies and use their backgrounds to provide useful advice on the management of the Company. The company has resolved that they can fulfill supervising or auditing functions from an independent standpoint and perform appropriately their expected duties. In addition, Outside Directors and Outside Audit & Supervisory Board Members have no personal, capital, or business relationships or other interests with the Company.

#### Supplementary Principle 4-11(2)

The Company's Outside Directors and Outside Audit & Supervisory Board Members strive to keep their concurrent positions within a reasonable range when concurrently serving for a listed company other than the Company, based on their fiduciary duties, and disclose important concurrent positions through annual business reports, annual securities reports and others.

#### Supplementary Principle 4.11(3)

The Company conducts an annual questionnaire using an external evaluation on the effectiveness of the Board of Directors based on the self-evaluations of each Director and Audit & Supervisory Board Member and reports the results of it to the Board of Directors. As a summary of the results of the evaluation of the effectiveness of the Board of Directors, it evaluates that the Board of Directors is generally sufficient to perform its functions, as the directors and corporate auditors actively speak out and make constructive discussions in wide aspects. On the other hand, some raised opinions on enhancement of discussions on strategic aspects, conducts of the Board of Directors such as thorough follow-up on comments made by the Board of Directors or well in advance distribution and simplification of documents. Based on these opinions, the Company strives to improve the effectiveness of the Board of Directors.

#### [Principle 4.14 Training of Directors and Audit & Supervisory Board Members]

##### Supplementary Principle 4.14(2)

When appointed as a Director or Audit & Supervisory Board Member, the Company provides appropriate explanations of the legal obligations and responsibilities of theirs and uses external training organizations as necessary. When inviting outside directors and outside Audit & Supervisory Board member, the Company provides orientation by providing individual opportunities asking executive officers in charge to explain the Company's strategy, business operations and financial conditions, etc.

#### [Principle 5.1 Policy on Constructive Dialogue with Shareholders]

In order to conduct fair and reliable business activities, the Company stipulates "ensuring the reliability of corporate accounting and disclosure" and strives to proactively disclose enterprise information to shareholders, investors and all other stakeholders.

The policy for promoting dialogue is as follows.

- (1) The Investor Relations Department is the point of contact for shareholders and investors.
- (2) Dialogue with shareholders is supervised by the officer in charge of the Finance and Accounting Group and it cooperates with relevant departments and conducts individual interviews and engagement activities with respected persons in charge of exercising voting rights.
- (3) The Company has established its "Disclosure Policy" that complies with relevant laws and regulations and striving to ensure transparency, fairness, continuity, and promptness in disclosures of enterprise information and displays it on the its IR website. In addition, as an opportunity to promote dialogue and deepen understanding of the Company, the Company holds briefings of earnings, business strategy and on-site tours for institutional investors, sell side analysts and others.
- (4) For opinions and concerns raised in the dialogues, IR related or shareholders' counterpart persons report to the Board of Directors or Executive Committee as the executive level decision-making body as necessary, and then appropriately respond by having cooperated with relevant departments.

#### [Measures to realize management that is conscious of the cost of capital and stock price]

The Toyo Construction Group analyzes the current status of its capital costs and stock prices and discloses the details of it in "1. Matters related to the current status of the Group (4) Issues to be addressed (Measures to make management conscious of capital costs and stock prices) in the materials of the 103rd Ordinary General Meeting of Shareholders.

○Materials for the 103rd Ordinary General Meeting of Shareholders <https://pdf.irpocket.com/C1890/hZTq/A41K/kIF5.pdf>

○Materials for the 103rd Ordinary General Meeting of Shareholders (English) <https://pdf.irpocket.com/C1890/hZTq/A41K/LvIk.pdf>

## 2. Capital Structure

Percentage of foreign shareholders	30% or more
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#### [Status of Major Shareholders] <revised>

Name or designation	Number of Shares Held (Shares)	Percentage (%)
Maeda Corporation	19,047,510	20.19
WK 1 Limited	9,200,000	9.75
WK 2 Limited	9,190,000	9.74
Japan Master Trust Bank, Ltd. (Trust Account)	8,543,500	9.05
WK 3 Limited	5,890,300	6.24
Yamauchi-No.10 Family Office LLC	2,627,600	2.78
Japan Custody Bank, Ltd. (Trust Account)	2,057,500	2.18
Toyo Construction Co-Prosperity Association	1,877,729	1.99
MUFG Bank, Ltd.	1,300,600	1.37
JP MORGAN CHASE BANK 385781	998,028	1.05

Presence of a controlling shareholder (excluding the parent company)	none
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Presence of a parent company	none
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#### Supplementary explanation <revised>

The status of major shareholders is based on the shareholder registry as of March 31, 2025 . The percentage is calculated by deducting treasury stock.

### 3. Company Attributions

Listed Exchanges and Market Segmentation	Tokyo Prime
Fiscal year end	March
Industry	Construction
Number of (consolidated) employees at the end of the immediately preceding fiscal year	More than 1000 people
(Consolidated) sales in the immediately preceding fiscal year	100 billion yen or more and less than 1 trillion yen
Number of consolidated subsidiaries at the end of the immediately preceding fiscal year	Less than 10 companies

### 4. Guidelines for Measures to Protect Minority Shareholders in Transactions with Controlling Shareholders

none

### 5. Other special elements that may have a significant impact on corporate governance

Maeda Construction Co., Ltd. is a wholly owned subsidiary of Infronia Holdings Co., Ltd. and owns 20% of the voting rights of the Company. Thus, the Company is an affiliate company of Infronia Holdings Co., Ltd.

The Company and Maeda Corporation have formed a business alliance with the aim of realizing synergies by leveraging the strengths of both companies in the spirit of "independence and cooperation." Mutual benefits include joint order receiving in domestic private construction work, in overseas respectively and R&D.

Since the Company conducts its business activities based on its own management policies and strategies, there are no business restrictions from Infronia Holdings Co., Ltd. and Maeda Construction Co., Ltd.

In addition, the Board of Directors, the majority of which is composed of independent outside directors, discusses and resolves important decisions regarding the execution of business, and appropriately manages conflicts of interest with controlling shareholders for the benefit of both shareholders.

## II. Status of the administrative organization and other corporate governance systems relating to decision-making, execution and oversight

### 1. Matters relating to organizational structure and operations.

Organizational Structure	Company with Audit & Supervisory Board
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#### [Directors]

Number of directors under the Articles of Incorporation	15 persons
Term of directors under the Articles of Incorporation	1 year
Chairman of the Board of Directors	Outside Director
Number of current directors <revised>	9 persons
Outside Directors	elected
Number of Outside Directors	6 persons
Number of Outside Directors Designated as Independent Officers	6 persons

### Relationship with the Company (1)

name	attribution	relationship with the Company (*)										
		a	b	c	d	e	f	g	h	i	j	k
Takashi Narusawa	Former employees of other companies											
Kazumichi Matsuki	Former employees of other companies											
Masato Uchiyama	Former employees of other companies											
Masaharu Okada	Former employees of other companies								△			
Katsuya Natori	attorney											
Yoshiko Fujii	Former employees of other companies								△			

\* Optional items regarding the relationship with the company

\* "○" indicates if the person corresponds to each item in present or recent, "△" indicated if in the past

\* If the next of kin corresponds to each item in present or recent, "●" and if it corresponds to the past", "▲" is indicated

- a. Executor of a listed company or its subsidiary
- b. Executor or non-executive director of the parent company of a listed company
- c. Executor of a sister company of a listed company
- d. A person whose main business partner is a listed company or an executive thereof
- e. Major business partners of listed companies or their business executors
- f. Consultants, accounting specialists, and legal professionals who receive large sums of money or other assets from listed companies other than executive remuneration
- g. Major shareholders of a listed company (if the principal shareholder is a corporation, the executive of the corporation)
- h. Executor of a business partner of a listed company (those that do not fall under any of D, E, and F) (only the person himself/herself)
- i. Executives of the company who have a relationship of mutual appointment of outside directors (only the person himself/herself)
- j. Executor of the company to which the listed company is making a donation (only the person himself/herself)
- k. Other

## Relationship with the Company (2) <revised>

name	Independent Director	Supplementary explanation of conformance items	Reasons for Appointment
Takashi Narusawa	○	It satisfies the "Independence Criteria for Outside Officers" established by the Company.	At Nomura Research Institute, Ltd., he has specialized knowledge of corporate management cultivated through many years of management consulting work in Japan and overseas, as well as a wealth of experience in overseas business. (b) At Starts Corporation, he led the company's overseas expansion as a senior managing officer and has practical experience at an operating company. In deliberating on each agenda item, we express important and accurate opinions from the perspective of investors. We believe that he will continue to provide advice and supervision on the overall management of the Company from an analyst's perspective.
Kazumichi Matsuki	○	It satisfies the "Independence Criteria for Outside Officers" established by the Company.	He leads the legal and compliance department at Mitsubishi Corporation, where he handles complex legal issues and has expertise based on a wide range of practical experience. He also has extensive experience in the governance of listed companies as an outside director of several companies. As the first chairman of the Board of Directors of the Company with an outside director, he leads fair and transparent proceedings and expresses important and accurate opinions from the perspective of governance in the deliberations on each agenda item. We believe that he will continue to provide advice on strengthening the governance function of the Company's Board of Directors from an independent standpoint.
Masato Uchiyama	○	It satisfies the "Independence Criteria for Outside Officers" established by the Company.	He has a wealth of business experience and a high level of expertise in energy-related operations at Electric Power Development Co., Ltd., where he has been engaged in finance, human resources and labor, planning, and general affairs departments, as well as a wealth of experience and expertise in corporate management, such as serving as a director, managing executive officer, representative director, executive vice president, and executive officer. As the chairman of the Officer Nomination and Remuneration Committee, he leads fair and transparent proceedings and provides important and accurate opinions on strategies such as offshore wind power construction. We believe that we will continue to provide advice on improving the supervision and governance of our offshore wind construction business, which is a growth driver for our company.

Masaharu Okada	○	It satisfies the "Independence Criteria for Outside Officers" established by the Company. In addition, there is a business contract relationship with Taisei Corporation, for which Mr. Okada was an executor in the past, but the ratio is 0.3% of the Company's consolidated sales.	He has a wealth of experience and expertise in private construction sales strategies, including serving as the General Manager of the Kanto Branch, General Sales Manager (Architecture), and Branch Manager of the Kanto Branch at Taisei Corporation, and then as an executive officer in charge of sales related to the construction business, leading the construction sales department at 20 bases nationwide, including Southeast Asia and overseas. At our company, we mainly express important and accurate opinions on human resource strategies and strategies for each business. We believe that he will continue to provide advice and supervision on the sales strategy initiatives of the private construction business.
Katsuya Natori	○	It satisfies the "Independence Criteria for Outside Officers" established by the Company.	He is not only an experienced international lawyer, but also works for several Japan and foreign-affiliated companies. He is involved in management and has expertise in legal, compliance, and risk management, as well as a wealth of insight into the management and governance of listed companies. In deliberating on each agenda item, the Company expresses important and accurate opinions from the perspectives of corporate legal affairs and risk management. We believe that the Board of Directors will continue to strengthen governance and supervise overall operations.
Yoshiko Fujii	○	It satisfies the "Independence Criteria for Outside Officers" established by the Company. Mr. Fujii has a business contract relationship with ORIX Corporation, for which he was an executor in the past, but the ratio is less than 0.1% of the Company's consolidated sales.	He has been engaged in the finance and planning departments of ORIX Corporation, and has extensive business experience and advanced expertise in finance and investment. He also has experience in business management. We provide important and accurate opinions on the strategies and corporate strategies of each business, with particular emphasis on numerical values. We believe that he will continue to provide appropriate advice and supervision for the Company's strategic investment efforts for sustainable growth.

Existence of a voluntary committee equivalent to the Nomination Committee or the Remuneration Committee Yes

#### Status of voluntary committees, composition of members and attribution of the chairperson

	Name of the Committee	All members (no. of persons)	Full-time Committee Member (ditto)	Inside Director (ditto)	Outside Director (ditto)	Outside Experts (ditto)	Othe (ditto)	Chairperson
A voluntary committee equivalent to a nominating committee	Officer Nomination and Remuneration Committee	7	0	3	4	0	0	Outside Director
A voluntary committee equivalent to the Remuneration Committee	Officer Nomination and Remuneration Committee	7	0	3	4	0	0	Outside Director

#### Supplementary explanation

In order to strengthen the independence, objectivity, and accountability of the functions of the Board of Directors regarding the nomination and remuneration of directors and executive officers, above committees have been established under the Board of Directors to examine particularly important matters such as nomination and remuneration. We have established a system to obtain appropriate involvement and advice from independent outside directors. Since December 2023, the chairperson of the committees have been an independent outside director. The Company is strengthening further its corporate governance system.



## [Audit & Supervisory Board Members]

Whether or not there is an Audit & Supervisory Board	existing
Number of Audit & Supervisory Board Members under the Articles of Incorporation	4 persons
Number of Audit & Supervisory Board Members	4 persons

### Cooperation between Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Department

The Audit & Supervisory Board Members and the Accounting Auditor exchange their information such as audit plans and audit result reports at regular meetings, and cooperate attending on-site inspections and reviews of the Accounting Auditor at branches, etc. In addition, they maintain close relations with the Audit Department, which is the internal audit department, by receiving reports of audit plans and the results conducted at the head office, branch offices and Group companies as needed.

Appointment of Outside Audit & Supervisory Board Members	appointed
Number of Outside Audit & Supervisory Board Members	3 persons
Number of Outside Audit & Supervisory Board Members Designated as Independent Officers	3 persons

### Relationship with the Company (1)

name	Attribution	Relationship with the Company (*)												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Shiho Yasuda	Attorney													
Tomoko Nonaka	Attorney													
Koichi Kawaguchi	Former employees of other companies													

\* Optional items regarding the relationship with the company

\* "○" indicates if the person corresponds to each item in present or recent, "△" indicated if in the past

\* If the next of kin corresponds to each item in present or recent, "●" and if it corresponds to the past, "▲" is indicated

- Executor of a listed company or its subsidiary
- Non-executive director or accounting advisor of a listed company or its subsidiary
- Executor or non-executive director of the parent company of a listed company
- Audit & Supervisory Board Member of the parent company of a listed company
- Executor of a sister company of a listed company
- A person whose main business partner is a listed company or an executive thereof
- Major business partners of listed companies or their business executors
- Consultants, accounting specialists, and legal professionals who receive large sums of money or other assets from listed companies other than executive remuneration
- Major shareholders of a listed company (if the principal shareholder is a corporation, the executive of the corporation)
- Executor of a business partner of a listed company (those that do not fall under any of F, G, or H)
- Executives of the company who have a relationship of mutual appointment of outside directors (only the person himself/herself)
- Executor of the company to which the listed company is making a donation (only the person himself/herself)
- Other

### Relationship with the Company (2)

identity	Independence	Supplementary explanation of conformance items	Reasons for Appointment
Shiho Yasuda	○	It satisfies the "Independence Criteria for Outside Officers" established by the Company.	As a lawyer, he has experience and achievements in Japan, Malaysia and Thailand, and specialized knowledge based on that, and we judge that he can enhance the audit function from an independent and objective standpoint. Although he has never been involved in corporate management in any way other than serving as an outside officer, we judge that he is able to appropriately perform his duties as an outside auditor for the above reasons. Yes.



Tomoko Nonaka	○	It satisfies the "Independence Criteria for Outside Officers" established by the Company.	He has many years of experience as a lawyer and has a wealth of experience in dealing with various legal issues, as well as serving as a civil defense instructor at the Supreme Court Judicial Training Institute and as a member of the examination committee for the new bar examination and the preliminary examination for the bar examination of the Ministry of Justice. Although he has never been involved in corporate management in any way other than serving as an outside officer, we believe that he is able to appropriately perform his duties as an outside auditor for the above reasons.
Koichi Kawaguchi	○	It satisfies the "Independence Criteria for Outside Officers" established by the Company.	He has extensive experience and expertise in general business management, governance, business risk management, and compliance, having business experience in Japan and overseas at ITOCHU Corporation, and as the head of the administrative department at ITOCHU Foods Co., Ltd., he has a wealth of experience and specialized knowledge in general business management, governance, business risk management, and compliance, and we believe that he will be able to enhance the auditing function from an independent and objective standpoint.

#### [Independent Officers]

Number of Independent Directors 9 persons

#### Other matters related to independent directors

All of the Company's Outside Officers meet the criteria for determining the independence of Outside Officers established by the Company and they are notified to the listed Stock Exchange as independent officers in accordance with the provisions of the Financial Instruments Exchange.

#### [Independence Criteria for Outside Directors and Audit & Supervisory Board Members]

Candidates for Outside Directors and Outside Audit & Supervisory Board Members shall be deemed to be "Independent" who do not fall under any of the following items 1 to 10.

1. A person who is currently or has been an executive of the Company and its group companies.
2. Shareholders who hold 10% or more of the total voting rights of the Company's shares and their executives
3. Executive of a company in which the Company and its group companies directly or indirectly hold 10% or more of the total number of voting rights
4. An executive in the past three fiscal years of a business partner company with the Group's, if either Group's or that company's consolidated net sales to the counterpart exceeds 2%.
5. Executive of a financial institution that is a major borrower articulated in Business Report of the latest fiscal year
6. A person who has fallen under 2 to 5 above in the past three years
7. A person who belongs to an audit firm that is the accounting auditor of the Company
8. Professional, such as lawyer, accountant, and consultant who has received an average of 5 million yen or more in remuneration over the past three years from the Company and its group companies (if the recipient of the remuneration is a corporation, etc., a person belongs to that)
9. Person belonging to universities, institutions, etc. who has received donations of 10 million yen or more as average from the Company and group companies in the past three years
10. Spouse or relative within the second degree of kinship of a person who falls under 1 to 9 above

#### [Incentives]

Status of Implementation of Measures for Providing Incentives to Directors Introduction of a performance-linked remuneration system

#### Supplementary explanation of the relevant item

Please refer to below "Disclosure of the Policy for Determining the Amount of Remuneration or the Method of Calculating Remuneration".

Who is eligible for stock options? none

#### Supplementary explanation of the relevant item

none

Disclosure status (of individual director remuneration)

We do not disclose individual remuneration.

Supplementary explanation of the relevant item <revised>

The amount of remuneration for the Company's Directors and Audit & Supervisory Board Members for the previous fiscal year (April 1, 2024 to March 31, 2025) is as follows.

- Total amount of remuneration for directors (excluding outside directors): 229 million yen (basic remuneration: 146 million yen, performance-linked remuneration: 47 million yen, performance-linked stock-based remuneration: 35 million yen ), Number of members: 7
- Total remuneration for Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members): 14 million yen (basic remuneration: 14 million yen), number of member: 1
- Total remuneration for Outside Directors: 75 million yen (basic remuneration: 75 million yen), number of members: 8
- Total remuneration for Outside Audit & Supervisory Board Members: 28 million yen (basic remuneration: 28 million yen), number of members: 4

\*The number and remuneration amount include the counts for four directors (two were outside directors) and a member of Audit & Supervisory Board (one was outside member) who retired at the conclusion of the 102nd Ordinary General Meeting of Shareholders held on June 26, 2024.

Whether or not there is a policy for determining the amount of remuneration or the method of calculating it

existing

Disclosure of the policy that determines the amount of remuneration and the calculation method

The Board of Directors of the Company has established the policy for determining the amount of remuneration for executive officers of the Company and the method of calculation. At determination of the policy, in advance consultation to the Nomination and Remuneration Committee and report to the Board of Directors are conducted.

When determining the details of remuneration for individual executive officers, the Nomination and Remuneration Committee deliberates whether it accords with the policy, and the Board of Directors respects the recommendation of the Nomination and Remuneration Committee and determines whether it accords with the policy.

The following is an overview of the policy for determining the details of remuneration for each officers.

a. Components and ratio of remuneration

The remuneration of the Company's executive officers consists of basic and performance remuneration as monetary reward, and performance-linked stock-based remuneration as non-monetary reward. The proportion of the remuneration is based on their respected position of executive officer. It's set as follows.

Outside directors are paid only a flat basic remuneration.

[Chairman & Executive Officer, President & CEO, Executive Vice President]

basic: 60%, performance-linked: 25% and non-monetary remuneration: 15%

[Senior Managing Executive Officer, Managing Executive Officer]

basic: 65%, performance-linked: 25% and non-monetary remuneration: 10%

[Executive Officers]

basic: 70%, performance-linked: 20% and non-monetary remuneration: 10%

b. Basic Remuneration

Basic remuneration is fixed remuneration and determined according to their position. Plus, same remuneration for directors part is added to those who concurrently serve as director.

c. Performance remuneration

Performance remuneration is determined based on the results of individual performance of each executive officer in the previous fiscal year. The performance evaluation of each executive officer is based on a final evaluation by the Nomination and Remuneration Committee based on the performance in their duties, of the department in charge, achievement and contribution to qualitative individual targets as well as to solution of company-wide issues.

d. Performance-linked stock-based remuneration

Performance-linked stock-based remuneration (stock grant trust) is based on more clarity on the incentives for executive officers to achieve the medium-term plan and linked to the Company's business performance. With the aim of raising awareness of contribution to medium- to long-term business performance and improving corporate value as well as to share profits with shareholders, the Company determines performance evaluation points based on indicators such as consolidated operating income, ROE, and construction safety performance for each fiscal year during the evaluation period.

The evaluation period is the fiscal year corresponding to the period of the medium-term plan.

e. Policy on the timing and conditions of granting remuneration, etc.

Basic remuneration and performance-linked remuneration are paid by month, and the maximum monthly amount of remuneration is 33 million yen (12 million yen for outside directors).

In addition, a trust will be established with a maximum contribution of 565 million yen for five fiscal years (however, after the end of the current target period, the maximum amount for each fiscal year will be 113 million yen, and the amount shall be 113 million yen multiplied by the number of years of the new target period), and up to 240,000 shares will be set for the Trust for each fiscal year, and common shares will be delivered after the end of the evaluation period, depending on the performance evaluation points.

f. In addition to the above, matters related to the determination of remuneration.

The issuance of non-monetary remuneration will be discontinued if there is a violation of laws and regulations or the Company's regulations, or if it is judged that the non-monetary remuneration is not appropriate as a person subject to the system due to neglect of duty, inappropriate words or actions that harm the dignity of the Company or other reasons.

The details of the remuneration of Audit & Supervisory Board Members are determined based on the results of discussions among the Audit & Supervisory Board Members, and the remuneration is limited to basic remuneration, and the maximum amount of remuneration is 6 million yen per month.

[Supports to Outside Directors (and Outside Audit & Supervisory Board Members)]

In general, documents for meetings of the Board of Directors are sent to outside directors at least three days in advance. In addition, if there is a request from a member of the Audit & Supervisory Board or the Audit & Supervisory Board to appoint an aide person(s) for their duty, the Company responds appropriately include appointment of such person(s).

2. Matters related to functions such as business execution, auditing and oversight, nomination of executive officers, and determination of remuneration (Overview of the current corporate governance system) <revised>

1. The Board of Directors deliberates and decides on resolutions and important management matters stipulated by laws and regulations and the Articles of Incorporation and oversees management by receiving reports about the status of business execution.

In fiscal 2024, the Board of Directors met 18 times and had a 99% directors attendance rate.

Executive Committee is established as a decision-making body for business execution for matters delegated by the Board of Directors and deliberates and decides on business execution policies and initiatives for business projects of a certain scale. Executive Committee consists of the Chairman and CEO, Vice Chairman, President and Chief Operating Officer, Vice President, General Manager of Business Divisions, Officer in charge of Corporate Division Groups, and Executive Officers designated by the Chairperson. One standing Audit & Supervisory Board Member attends as an observer.

2. Nomination of director candidates is based on the applicant's wide range of knowledge necessary for decision-making, as well as a track record in the fields and operations from which they come from which are necessary for the performance of the supervisory function of management. In addition, the basic policy mandates that majority of directors must be independent outside directors.

Candidates are decided based on the above policy by the Board of Directors after consultation of the Nomination and Remuneration Committee.

3. The General Audit Department (5 staff), which is responsible for internal audits, conducts operational audits and internal control audits of the Company and Group companies based on the audit plan approved by the Board of Directors. The results are reported to the Representative Director and the Board of Directors. In addition, that Department directly reports the results of audits to the Audit & Supervisory Board Members, holds regular meetings on the status of audits, exchanges opinions as needed and collaborates with the Accounting Auditor to exchange opinions as appropriate to improve the effectiveness of audits.

4. Audit & Supervisory Board Members audit the execution of duties by directors by attending meetings of the Board of Directors and other important meetings, visiting the Company and Group companies, etc. One of the Audit & Supervisory Board Members has significant knowledge of finance and accounting applied to the construction industry.

In addition, Outside Audit & Supervisory Board Members have a track record as a manager of several companies or legal work in Japan and overseas. In addition to providing useful advice to the management of the Company, the Audit Function is exercised from an independent standpoint, and each of the duties is appropriately performed.

5. Audit & Supervisory Board Members maintain cooperation with the Accounting Auditor, the General Audit Department, and the Audit & Supervisory Board Members of each Group company to enhance the effectiveness of audits.
6. The Risk Management Committee handles the matters of compliance policies, determines policies for disseminating risk management, and selects significant risks for the entire Group, instructs related departments and reports its activities to the Executive Committee and the Board of Directors.
7. The Company has appointed EY New Japan Audit Firm LLC as its accounting auditor. The certified public accountants who perform accounting audits are Masahiko Nagasaki (6 years of continuous auditing of the Company) and Teppei Tajima (2 years of continuous auditing of the Company). We receive advice regularly at right timings. In addition, the Company receives assists from 6 certified public accountants and 14 others.
8. In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company and Outside Directors and Outside Audit & Supervisory Board Members have entered into agreements that limit their liability for damages under Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under the contract is the minimum limit of liability stipulated by law.

9. The Company has entered into an officers' liability insurance with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, and the insurance will cover the burden of indemnification, litigation costs, and other damages. The insured persons under the contract are the Directors, Members of the Audit & Supervisory Board and executive officers of the Company. The insured persons are not responsible for insurance premiums. However, there are certain exemptions such as the case that damage caused by the insured person's illegal receipt of private benefits or benefits are not compensated.

### 3. Reasons for choosing the current corporate governance system

The Company has adopted the Audit & Supervisory Board system as a corporate governance system, and the Board of Directors and the Audit & Supervisory Board supervise and monitor the execution of business. In order to promote the separation of management supervision and execution, the Company has established a system that separates the chairman of the Board of Directors from the decision-making executives.

We believe that continuing to promote optimal corporate governance and achieving medium- to long-term enhancement of corporate value is the foundation for our existence as a company trusted by our shareholders and other stakeholders and societies.

### III. Status of Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Status of Efforts to Revitalize the General Meeting of Shareholders and Facilitate the Exercise of Voting Rights

	Supplementary explanation
Early posting of convocation notice of the General Meeting of Shareholders	We send out convocation notice of the General Meeting of Shareholders as early as possible (early June every year) before the statutory deadline for sending them.
Avoidance of concentration days for holding a general meeting of shareholders	Having ensured the accuracy of convocation notice of the General Meeting of Shareholders and sufficient audit period, we consider to hold the General Meeting other than concentration days.
Exercise of voting rights by electromagnetic means	We have introduced the exercise of voting rights by electromagnetic means.
Participation in electronic voting platforms, and other initiatives to improve the environment for institutional investors to exercise their voting rights	We participate to the electronic voting platform.
Provision of convocation notices (summaries) in English	We disclose translated English version of the convocation notice in full text.
other	When explaining Business Reports and financial statements at the General Meeting of Shareholders, we make these contents visualized and display them in an easy-to-see way for the shareholders. We make the convocation notice in its layouts as simple as possible for helping the voting such as making it larger and partly in color, to increase visibility, put reference documents related to the agenda in early part and a list of director/auditor candidates for their election.

#### Status of 2.IR Activities <revised>

	Supplementary explanation	Whether or not there is an explanation by the representative himself
Regular briefings for analysts and institutional investors	In principle, we hold a financial results briefing for analysts and institutional investors once every six months.	existing
Post of IR materials on the Company's website	Subject items are disclosure materials, financial data (annual securities report and earnings release), internal control reports, financial overview, earnings trend, business strategies, reports (shareholder newsletters), medium-term management plans and factbook. In addition, documents provided at earnings briefing for analysts and institutional investors are also available on the website.	
Establishment of a department (person in charge) related to IR	The Investor Relations Department is established which is in charge of the related operations.	

### 3. Status of Initiatives to Respect the Position of Stakeholders

Supplementary explanation	
Implementation of environmental preservation activities, CSR activities, etc.	We prepare an integrated report every year and post it on our website. We accept enquiries for the related documents.
Formulation of policies of information provision to stakeholders	The Company provides its enterprise information including financial and business activities status to shareholders and investors in timely and appropriate manner as its efforts to obtain accurate understanding. The content is also posted on the Company's website. Materials provided at earnings briefings for analysts and institutional investors are also available on the Company's website.

#### IV. Matters related to the internal control system, etc

##### 1. Basic Approach to the Internal Control System and its Development Status <revised>

The Company's approach to the internal control system and its development status are as follows.

##### 1. System to ensure that the execution of duties by directors and employees complies with laws and regulations and the Articles of Incorporation

- (1) Directors, executive officers and employees execute their duties with the "Management Philosophy," "Code of Conduct," and "Code of Conduct" as the basic criteria for making decisions that should give the highest priority.
- (2) The Compliance Committee formulates compliance policies, conducts compliance surveys, and gives instructions to related departments, and reports its activities to the Management Policy Committee and the Board of Directors.
- (3) The Legal & Compliance Department provides necessary education and guidance on compliance in each department.
- (4) In the event that the General Manager of the Legal & Compliance Department becomes aware of any conduct that is questionable in terms of legal compliance, the General Manager of the Legal & Compliance Department investigates and reports to the Compliance Committee in a timely and appropriate manner and provides necessary guidance.
- (5) The General Audit Department ensures the appropriateness of the execution of duties by confirming the status of execution of duties by each department and the effectiveness and appropriateness of internal controls.
- (6) As an internal reporting system, we have established a whistleblowing system with both internal and external whistleblowing hotlines.

##### 2. System to ensure efficient execution of duties by directors

- (1) The Company has established a system that enables directors to properly execute their duties in accordance with the Basic Management Regulations, organizational regulations, etc.
- (2) By adopting an executive officer system, we are working to reduce the number of directors and speed up management decision-making.

##### 3. Regulations and other systems related to the management of the risk of loss

- (1) Based on the Company's risk management and disaster prevention rules, Departments manage the specified daily risks.
- (2) In the event of a large-scale disaster or other emergency response that requires emergency response to minimize damage and loss, we establish an Emergency Response Office headed by President.
- (3) We have formulated a Business Continuity Plan (BCP) in anticipation of the occurrence of an earthquake directly under the Tokyo metropolitan area.

##### 4. System for the storage and administration of information relating to the execution of duties by directors

- (1) Minutes of important meetings, approval documents related to important matters, contracts and related materials are appropriately stored in accordance with laws and regulations, document management and various internal rules for information security.
- (2) The person in charge of document administration based on the document storage rules handles documents appropriately.

##### 5. System to ensure the appropriateness of business operations of the Group consisting of the Company and its subsidiaries

- (1) The Departments of Corporate Planning, Civil Engineering Planning, Building Construction Planning and Administration of the Offshore Wind Business Division formulate business plans for the Group, provide consultation and guidance when making important decisions, hear subsidiary presidents regularly about the status of their businesses including progress of plans which the Company is involved in development.
- (2) The General Audit Department confirms the status of business execution and the effectiveness and appropriateness of internal controls in the corporate group consisting of the Company and its subsidiaries, and ensures appropriate business execution and efficient and sound management.
- (3) The Legal & Compliance Department provides necessary education, guidance and support relating to compliance of the corporate group consisting of the Company and its subsidiaries.
- (4) The Company has established a whistleblowing system and hotline in the corporate group consisting of the Company and its subsidiaries to enhance the effectiveness of compliance.

##### 6. System for directors and employees of the Company and its subsidiaries to report to Audit & Supervisory Board Members and other systems for reporting to Audit & Supervisory Board Members

- (1) In addition to attending meetings of the Board of Directors and other important meetings, Audit & Supervisory Board Members may request directors and employees of the Company and its subsidiaries relating to \execution of business at any time.
- (2) Directors and employees of the Company and its subsidiaries shall report to the Audit & Supervisory Board Members without delay any risk of violating laws, regulations or the Articles of Incorporation, or significant loss of credibility or damage to the Company.
- (3) Directors and employees of the Company and its subsidiaries shall respond promptly and appropriately to requests from Audit & Supervisory Board Members to report their business and operations.



7. A system to ensure that the person who made the report above 6. will not be treated unfavorably because of the report  
The company will not treat the reporter unfavorably on the grounds of providing information to a Audit & Supervisory Board Member.

8. Other systems to ensure that audits by Audit & Supervisory Board Members are conducted effectively

(1) Directors, Executive Officers, and employees cooperate with audits effectively conducted by Audit & Supervisory Board Members in accordance with the main and supplementary rules of the Audit & Supervisory Board.

(2) Audit & Supervisory Board Members maintain cooperation with the Accounting Auditor, the General Audit Department and the Audit & Supervisory Board Members of subsidiaries to enhance the effectiveness of audits.

(3) In the event that an Audit & Supervisory Board Member requests the Company to pay in advance expenses relating to the execution of his or her duties, the Company promptly settles such expenses or liabilities.

9. Matters related to aide employee for the duties of Audit & Supervisory Board Members, to the independence from Directors and the effectiveness of instructions

If there is a request from the Audit & Supervisory Board or the Audit & Supervisory Board to appoint an aide employee, the Company shall respond appropriately including the appointment of such person. In addition, the assigned aide shall follow instructions from the Audit & Supervisory Board Members, not from any director.

10. System to Ensure the integrity of financial reporting

(1) As part of its internal control over financial reporting, the Company thoroughly develops, appropriately operates relevant rules & regulations and prepares trustworthy financial reports.

(2) To enhance the reliability of financial reporting, the Internal Audit Department conducts internal control audits relating to financial reporting, detects deficiencies in internal control and corrects weakness found in subjected departments.

[Outlined status of the system that must ensure the appropriateness of operations]

(1) We take "Basic Policy on the Internal Control System" resolved by the Board of Directors a principal policy that should be addressed on an ongoing basis, review its content appropriately and disseminate it throughout the Company and its subsidiaries.

(2) The Risk Management Committee meets twice a year, and the details of the meeting are regularly reported to the Executive Committee and the Board of Directors.

(3) Based on its audit plan, the General Audit Department conducts operational audits at the head office, 10 branches, sales offices and four subsidiaries of the Company. The Department reports the results of the audits to the Board of Directors regularly.

2. Basic Approach to the Elimination of Antisocial Forces and Status of Development

1. Basic Concept

We take a resolute stance against antisocial forces that threaten the order and safety of civil society, and we are making company-wide efforts to cut off all relationships with them.

2. Status of development for the elimination of anti-social forces

(1) The General Affairs Department is the general department.

(2) At the head office, we are working to eliminate antisocial forces by cooperating with external organizations such as the National Center for the Elimination of Organized Crime, the Federation of Special Violence Prevention Measures in the Metropolitan Police Department, the Kanda District Special Violence Prevention Council, and each branch office to provide consultation and collect information.

(3) The Compliance Manual stipulates specific action guidelines for anti-social forces, and we are working to ensure that they are fully aware of them by conducting regular training.

(4) In order to eradicate transactions with anti-social forces, we have clearly stated the exclusion clause for organized crime groups in the terms and conditions of contracts that we use for contracts with business partners.

#### V. Others

1. Whether or not a policy for responding to acquisitions has been introduced

Whether or not a policy for dealing with acquisitions has been introduced	none
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Supplementary explanation of the relevant item <revised>

[Basic Policy on Company Control]

(1) Basic Policy on Company Control

As a listed company, we recognize that in the event of an acquisition proposal by a specific institution that has a significant impact on the Company's basic management policy, and the final decision whether or not to accept it should be of shareholders.

However, in case of a large-scale acquisition, it is difficult for shareholders to properly evaluate the impact of the purchase action on the Company's enterprise value or the common interests of its shareholders unless necessary and sufficient information is provided from the purchaser institution. In addition, some large-scale purchases are intended to temporarily control management and transfer the Company's material tangible and intangible assets to the purchaser or its subsidiary, or to use the Company's assets to pay the debts of the purchaser despite the purchaser does not intend truly participating in the management. Those that are intended to induce the purchaser to take over the Company's shares at a high price (so-called green mailers), or those that are intended to realize temporarily high dividends by selling and disposing the high-value assets owned by the Company, or those that may damage the good relationship with the Company's stakeholders and impair the Company's medium- to long-term corporate value. It cannot be denied that there are cases that may damage medium- to long-

term enterprise value of the Company and the common interests of its shareholders and shareholders caused by those that do not provide the time and information reasonably necessary for the Company's shareholders and the Board of Directors to consider the details of the purchase, acquisition proposal, present alternative proposals. Those cannot be seen as one to adequately reflect the enterprise value of the Company.

Based on this recognition, the Company (1) asks a specific group of shareholders including those engaged in large-scale purchases provide necessary and sufficient information for shareholders to make decisions; (2) provides the results of the evaluation and examination by the Board of Directors of the Company as a reference for shareholders when making a decision on such proposals regarding the impact of a proposal by a specific group of shareholders including those engaged in large-scale purchase activities over the medium- to long-term enterprise value of the Company or the common interests of shareholders, and (3) understands that it is a Board of Directors responsibility to negotiate or consult with a specific group of shareholders including those who are engaged in large-scale purchases or to decide alternative proposals such as management policies to shareholders of the Company.

Based on these perspectives, the Board of Directors of the Company shall take appropriate action to the extent permitted by the Financial Instruments and Exchange Act, the Companies Act, other laws and regulations and the Articles of Incorporation by inquiring the purchaser necessary and sufficient information and disclose such information in a timely and appropriate manner for shareholders to appropriately judge the pros and cons of large-scale purchase for the Company's medium- to long-term enterprise value and ensure that the Company's enterprise value and the common interests of shareholders are maximized.

## (2) Outline of special initiatives that contribute to the realization of the Basic Policy

### 1) Initiatives to improve the corporate value of the Company and the common interests of shareholders

#### a) Management Policy

Under the principles of "Creativity and Innovation," "Respect for Human Beings," and "Sense of Responsibility," we will strive to "cooperate with all of us with dreams and youth and serve our customers and society with new and rich technologies." We aim to contribute to the construction of a higher quality and more valuable social infrastructure by striving to improve the construction technology that meets the needs of society as a construction company by practicing our management philosophy of "ensuring the stable growth of the company and the improvement of the welfare of our employees."

#### b) Medium-Term Management Plan to Realize Management Policy

In the Medium-Term Management Plan announced on March 23, 2023, the Company has established the following basic strategies: (1) shift from "defense to offense," (2) shift to a "high-profit model," and (3) shift to "capital effectiveness management." By steadily implementing this major management transformation, we will flexibly respond to changes in the business environment, evolve into a company that takes on the challenge of moving from defense to offense, and pursue our management philosophy.

### 2) Strengthening Corporate Governance

In order to further strengthen corporate governance, the Company is implementing the following specific initiatives.

#### (Corporate Governance System)

In order to realize the management philosophy described in (1) a) "Management Policy" above, the Company takes optimal corporate governance system one of the most important issues. We are working to build an optimal management system that responds quickly to changes in the business environment. Based on a policy of further separating management supervision and execution, evolving and enhancing level of governance, and finally increasing enterprise value over the medium to long term, the Company believes that it has been eligible as a company that is trusted by our shareholders and other stakeholders as well as societies.

The Company has adopted the Audit & Supervisory Board system as a corporate governance system, and the Board of Directors and the Audit & Supervisory Board supervise and monitor the execution of business. In order to promote the separation of management supervision and execution, the Company has established a system in which the chairman of the Board of Directors is an independent outside director and is separated from the decision-making executive. The Company's Board of Directors consists of nine directors, six of whom are independent outside directors. Four Audit & Supervisory Board Members including three Outside Audit & Supervisory Board Members also attend meetings of the Board of Directors to audit the execution of duties by Directors, and all of the Outside Audit & Supervisory Board Members are Independent Outside Audit & Supervisory Board Members. Furthermore, in order to strengthen the independence and objectivity of the functions of the Board of Directors regarding the nomination and remuneration of directors and executive officers, the Company has established the Nomination and Remuneration Committee under the Board of Directors to discuss nomination and remuneration. The Committee is composed of Representative Directors and Independent Outside Directors, the majority of whom are Independent Outside Directors, the Chairperson is an Independent Outside Director and the Committee is designed to obtain appropriate involvement and advice from Independent Outside Directors.

#### (Audits by Audit & Supervisory Board Members and Internal Audits)

Each Audit & Supervisory Board Member shall, based on their fiduciary responsibility to shareholders, act in accordance with the rule of the Audit & Supervisory Board and detailed rules of the Audit & Supervisory Board, from an independent and objective standpoint for the common benefit of the Company and the shareholders of the Company. The Company audits the status of the execution of duties by directors. In addition, in order to enhance the effectiveness of audits, each Audit & Supervisory Board Member maintains cooperation with the Accounting Auditor, the General Audit Department, and the Audit & Supervisory Board Members of subsidiaries. Each Audit & Supervisory Board Member may attend meetings of the Board of Directors and other important meetings, and request directors and employees of the Company and its subsidiaries to inspect and submit materials related to the execution of business at any time as necessary.

In addition, the Company has established the General Audit Department to confirm the status of execution of duties and the effectiveness and appropriateness of internal controls in each department to ensure the appropriateness of business execution and the efficiency and soundness of management. Based on the audit plan approved by the Board of Directors, the General Audit Department conducts operational audits of each department and subsidiary of the Company, and confirms the



status of business execution and the effectiveness and appropriateness of internal controls in the corporate group consisting of the Company and its subsidiaries. In addition, the General Audit Department conducts internal control audits related to financial reporting to improve the integrity of financial reporting by detecting deficiencies in internal control and correcting each department. In addition, the General Audit Department regularly reports the results of audits to the Representative Director, the Board of Directors, and the Audit & Supervisory Board Members.

(Other)

In addition to the above, we are working diligently to strengthen corporate governance based on the latest Corporate Governance Code.

(3) Outline of initiatives to prevent the Company's financial and business policy decisions from being controlled by inappropriate persons based on the basic policies.

As stated in (1) above, the Company will take measures deemed appropriate within the scope permitted by the Financial Instruments and Exchange Act, the Companies Act, other laws and regulations and the Articles of Incorporation based on the basic policies.

(4) Judgment by the Board of Directors of the Company on specific initiatives and the reasons for them

The initiatives in (2) and (3) above are aimed at securing and enhancing the medium- to long-term enterprise value of the Company and the common interests of its shareholders.

Therefore, each of the initiatives in (2) and (3) above is in line with the basic policies of (1) above, and if there is a purchase proposal by a specific institution that has a significant impact on the basic policies of the Company's business, the Company's basic policies are that they should ultimately be left to the judgment of our shareholders whether or not to accept it, so we do not believe that it will impair the medium- to long-term enterprise value of the Company or the common interests of our shareholders, and that it is not intended to maintain the position of the Company's Directors and executive officers.



## 2. Other matters related to the corporate governance system, etc.

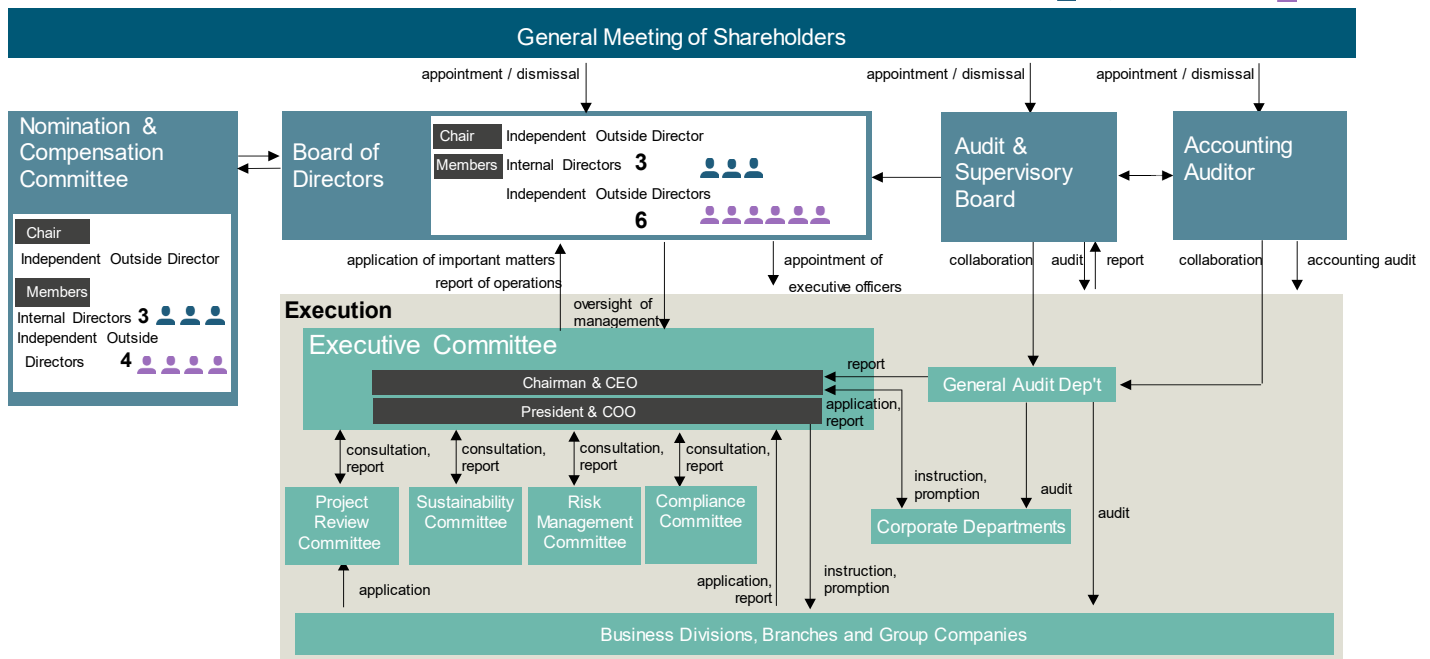
[System for Timely Disclosure of Corporate Information]

The Company strives to disclose appropriate corporate information to investors in accordance with the "Chart of Timely Disclosure Operations" shown in the appendix.

Information on important decisions and financial information will be disclosed without delay after a resolution of the Board of Directors, and information on occurrences will be disclosed without delay after the person in charge of information handling (the officer in charge of finance and accounting) confirms the necessity of timely disclosure, and as necessary, in consultation with the Representative Director, Chairman, Executive Officer and CEO.

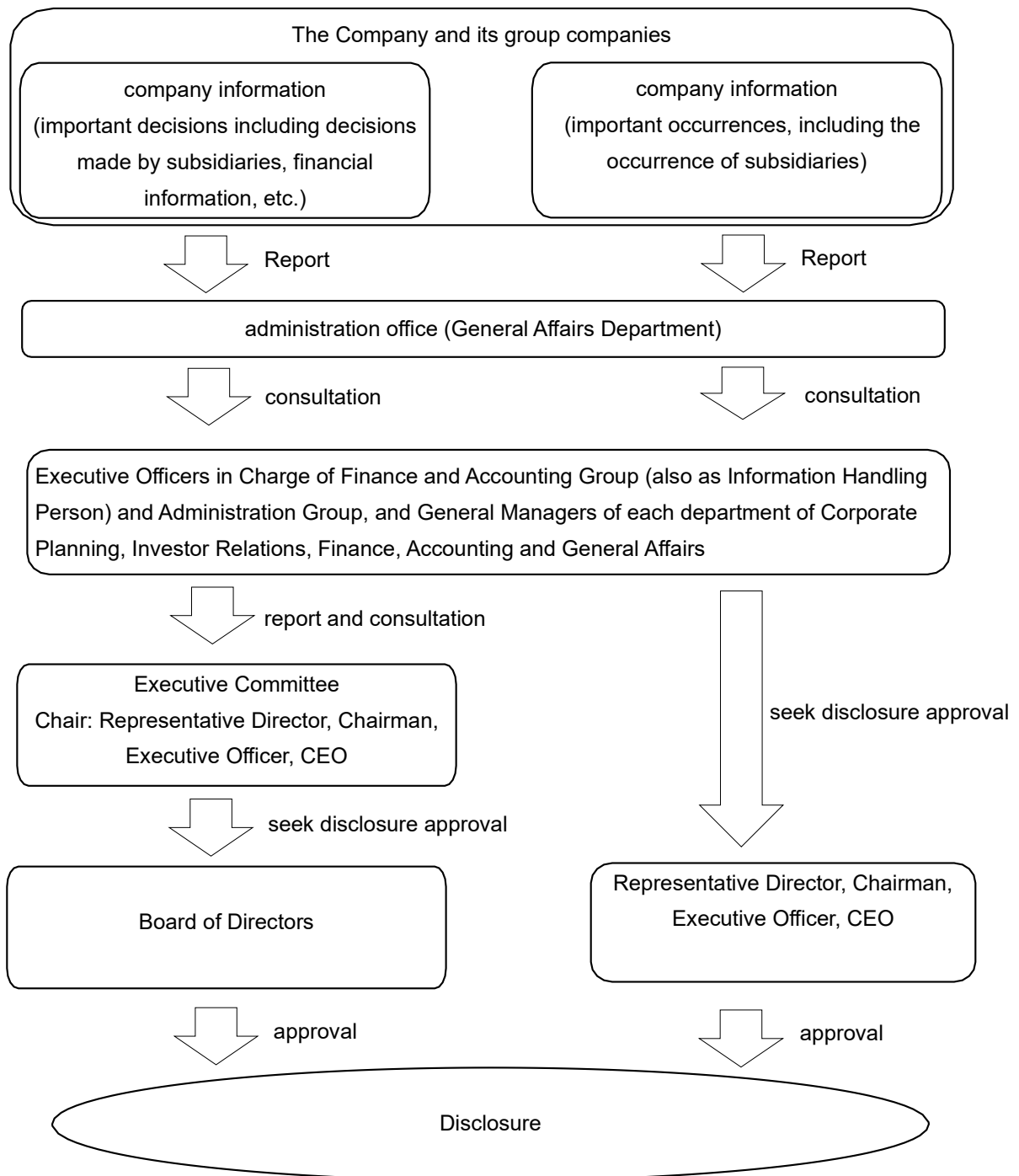
In addition to corporate information that is required to be disclosed under the Financial Instruments and Exchange Act, related laws and regulations, and various rules established by financial instrument exchanges, we will actively disclose corporate information to stakeholders and societies and strive to gain a more accurate understanding of our business activities.

Internal Director  Independent Outside Director 



(appendix)

## Chart of Timely Disclosure Operations



Composition of the Board of Directors (Skills Matrix)

		Fields where the person can demonstrate its expertise and experience							
name	Position in the Company	Management Strategy・Business Development	Business・Marketing	Technology・DX	Global	Human Resources	Finance・Accounting・Investment Management	Legal・Risk・Governance	ESG・Sustainability
Shinya Yoshida	Representative Director	●			●	●	●	●	●
Tatsuyoshi Nakamura	Representative Director	●	●	●	●	●			●
Hiromi Hirata	Representative Director	●	●	●		●		●	●
Takashi Narusawa	Outside Director	●			●		●		●
Kazumichi Matsuki	Outside Director	●			●			●	●
Masato Uchiyama	Outside Director	●	●			●	●		●
Masaharu Okada	Outside Director	●	●	●	●				●
Katsuya Natori	Outside Director	●			●			●	●
Yoshiko Fujii	Outside Director	●			●		●		●
Katsunori Tanabe	Full-time Audit & Supervisory Board Member				●		●	●	●
Shiho Yasuda	Outside Audit & Supervisory Board Member				●			●	●
Tomoko Nonaka	Outside Audit & Supervisory Board Member							●	●
Koichi Kawaguchi	Outside Audit & Supervisory Board Member	●			●	●	●	●	●