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TOYO CONSTRUCTION CO., LTD.

Haruhisa Obayashi, Representative Director, President

Contact: +81-3-6361-5450

Securities code: 1890

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

The corporate governance of TOYO CONSTRUCTION CO., LTD. (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

1. Basic Views **Updated**

For the realization of the management philosophy (Corporate Identity), the Company sets forth the basic policy of “Continue to be a resilient company and become a company that can stand up to adversity,” values realization of an optimal corporate governance system as one of the most important objectives, and is endeavoring to build effective management systems to respond swiftly to changes in the business environment.

Under the policy of further advancing the separation between supervision and execution of management, the Company believes that it will be a foundation for surviving as a company trusted by stakeholders including shareholders and the entire society to work to evolve and sophisticate corporate governance and realize improvement of medium-to-long-term corporate value.

The Company established the “Toyo Construction Corporate Governance Guideline,” which is available at the following URL.
<https://www.toyo-const.co.jp/en/company/governance>

Reasons for Non-compliance With the Principles of Japan’s Corporate Governance Code **Updated**

[Principle 2.4 Ensuring Diversity in Companies, Including Active Participation of Women]

[Supplementary Principle 2.4 (1)]

<Views on ensuring diversity>

Guided by “Respect for Human Dignity,” a principle of its Corporate Identity, the Company aims to be a company which leverages the individuality and strength of each employee and can let various personalities of diverse human resources shine to the maximum, regardless of gender, nationality, academic background, career, etc. The Company has set a goal of evolving into a resilient company that is capable of flexibly responding to changes in the environment and eagerly taking on challenges and adversity ahead of its 100-year anniversary in 2029. To this end, the Company considers it essential to improve the competitiveness through new innovations created by diversity. In addition, the Company is working to systematically improve the environment that enables diverse human resources to thrive long, and promote diversity by fostering a company culture.

● Women

<Voluntary and measurable targets for ensuring diversity, and its status>

The Company has set a target of women hired accounting for approximately 20% of the new graduates hired, and proactively hired women for the major career path. As the Company has also developed the system of appointment from a minor career path to a major career path, younger female employees in the major career path have been steadily increasing. In November 2020, the Company was awarded “Eruboshi Certification” by the Minister of Health, Labour and Welfare in recognition of being a company with excellent implementation of initiatives to promote women’s participation and advancement in the workplace.

In addition, the Company's office in Philippines and its Philippines-based associate, CCT CONSTRUCTORS CORPORATION have been working on appointment of women in managerial positions ahead of its offices, subsidiaries and associates in Japan. Going forward, the Company will seek to further increase women in managerial positions steadily with career advancement through effective education and job rotation, and strive to develop an environment in which women can work comfortably and remain active.

<Ratio of women in managerial positions (position of Manager or higher) (as of April 2023)>

- The Company's offices in Japan: 0.6%
- The Company's office in Philippines: 5.9%
- CCT CONSTRUCTORS CORPORATION: 3.8%

<Target for the increase rate of female managers (from FY2020)>

- Target for FY2030: 500%
- Results for FY2022: 133%

<Policy for development of human resources and policy for improvement of internal environment toward ensuring diversity>

The Company improves the work environment and enhances the child-care support system by establishing a network across work locations of female employees in the major career path, identifying the Company's issues from a perspective of women, and other means.

- Continuing to proactively hire women
- Diversity training
- Introduction of the women's working wear, and installation of women-only comfortable toilet at site
- "Resignee rehiring system (Comeback System)"
 - *System that allows staff who gave up continuing their career due to marriage or childcare to return to the Company when the issue is resolved
- Supporting women in continuing their career by increasing options for ways of working through the introduction of the staggered work time system, taking of paid leave by the hour, etc.
- Improvement of a work and life balance by reducing overtime work and encouraging taking of leave

●Foreign employees

<Policy for development of human resources and policy for improvement of internal environment toward ensuring diversity>

We believe that when foreign employees who have different values and cultures actively participate, resulting in advancement of diversity, ideas and creation that are free from existing values can be expected, bringing new innovations. To foreign engineers, we currently provide hands-on training for acquisition of sophisticated construction techniques and Japanese language skills as well as opportunities to engage in a project in other countries. We develop human resources who can thrive both in Japan and overseas. We will continue to let them have hands-on experience and become familiar with construction management skills, etc. through education and training at domestic and overseas offices, and aim to have them acquire Japanese language skills and national qualifications such as certification as a first-class civil engineering works execution managing engineer. In addition, we will further enhance the education structure and system, and develop an environment that enables foreign employees to thrive in managerial positions.

●Mid-career hires

<Policy for improvement of internal environment toward ensuring diversity>

We promote mid-career recruitment of staff who can be immediately useful through a whole year mainly for construction managers whom we have a shortage of. Mid-career hires are also recruited for managerial positions, depending on their background and abilities. After they join the Company, we assess them without separating them from new graduates hired to appoint them as core human resources. Although the actual number of mid-career hires in recent years have not reached the target due to the staffing shortage in the construction industry, we will continue proactive recruitment activities.

[Principle 3.1 Enhancement of Information Disclosure]

[Supplementary Principle 3.1 (3)]

The Company established the Sustainability Committee led by the officer in charge of sustainability, formulated the basic policy on sustainability based on the Corporate Identity, and identified the Group's materiality topics. In addition, the Company implements sustainability initiatives by positioning "solving social issues through the implementation of the Corporate Identity (business activities)" as an important measure in the Mid-Term Business Plan.

For the Company's initiatives, please refer to "Achieving sustainability through the implementation of Corporate Identity" on its website (<https://www.toyo-const.co.jp/en/csr>).

Furthermore, we will also consider responses based on the TCFD Recommendation, etc. at the Sustainability Committee, and proceed with initiatives for disclosure.

In addition, we have planned and disclosed growth investments including those in reform of working style, intellectual properties, and research and development by promoting strategies such as "acquire and cultivate diverse precious human resources to support the transformation to 'offense'" declared in the Mid-Term Business Plan as well as planning to make investments of 6.0 billion yen or more in R&D, DX and others over the five years in the investment policy in accordance with the policy of "from defense to offense."

Please visit the following URLs to see the details of the Company's Mid-Term Business Plan.

○Mid-Term Business Plan

https://www.toyo-const.co.jp/en/wp/wp-content/uploads/2023/04/E_chukei_2023-2027.pdf

○Mid-Term Business Plan (supplemental materials)

https://www.toyo-const.co.jp/en/wp/wp-content/uploads/2023/07/Mid-Term-Business-Plan_Supplementary-Material_E.pdf

[Principle 4.11 Preconditions for Ensuring Effectiveness of the Board of Directors and the Board of Auditors]

In appointing directors, the Company is to elect a person who possesses diverse knowledge, experience, expertise, insights, etc. and is well-versed in business activities as director. At the 101st Annual General Meeting of Shareholders in June 2023, the Company nominated a female candidate for director, but part of the company proposal for election of directors was not approved. Consequently, the Company's directors consisted only of men as of the filing date. The Company will establish an optimal governance system by improving diversity of the Board of Directors and making the board members consist of human resources with specialist knowledge, experience, abilities, etc. that should be possessed in light of its management strategy, in a balanced way.

Disclosure Based on the Principles of Japan's Corporate Governance Code **Updated**

[Principle 1.4 So-called Cross-Shareholdings]

The Company endeavors to hold the necessary minimum of cross-shareholdings to strengthen transactional relationships only when considered an investment in the development of the Company's business. This is reviewed yearly and issues for which holding has little significance are sold looking at share prices and the market trends as necessary.

The Company deems the exercise of voting rights on its shares held as a matter to be discussed by the Board of Directors, and is to exercise such rights to make use of the exercise to strengthen relationships with the business partner, unless the situation where shareholder value is significantly compromised occurs, or there is a serious concern over corporate governance.

[Principle 1.7 Related Party Transactions]

In the case where the Company conducts competing transactions and conflict-of-interest transactions with directors, and any important case where there are concerns about loss in transactions with major shareholders, we are to obtain approval of the Board of Directors so that the transaction does not harm the Company's interests and shareholders' common interests.

[Principle 2.6 Functioning as Asset Owner of Corporate Pension Funds]

As retirement pension plans, the Company uses both defined benefit and defined contribution plans. With regard to defined contribution plans, since we do not invest funds of corporate pensions there is no effect on our financial position.

With regard to defined benefit plans, we entrust multiple management organizations with investment of funds, and the funds are invested in consideration of risk diversification by diversifying investments in each asset in terms of the composition of assets, and other means.

The status of investments continues to be supervised by the division in charge, and information on investment income, asset mix, etc. is regularly disclosed to employees.

[Principle 3.1 Enhancement of Information Disclosure]

- (1) The Company has set forth “Everybody working together with dreams and youth, devoted to customer and public society with new and productive technology, striving toward company’s consistent growth and employees’ welfare promotion. —Respect for Human Dignity, Invention and Innovation, Awareness of responsibility—” its Corporate Identity.

The Company’s Corporate Identity and Code of Conduct are available at the following URL.

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

The Company’s Mid-Term Business Plan is disclosed on the following URL.

https://www.toyo-const.co.jp/en/wp/wp-content/uploads/2023/04/E_chukei_2023-2027.pdf

- (2) The Board of Directors established the “Corporate Governance Guideline,” which is the basic views of corporate governance of the Company and has been disclosed on the Company’s website.
- (3) The policy and procedures for determining compensation for directors are discussed by the Director Nomination/Compensation Committee of which independent outside directors constitute the majority.
- (4) The nomination of candidates for directors is based on possessing extensive knowledge required for decision-making on management, having diverse achievements in their fields of specialty and former operations that are necessary to fulfill the function of supervision of management, and other factors, and the selection and dismissal are discussed by the Director Nomination/Compensation Committee of which independent outside directors constitute the majority, and determined by the Board of Directors.
In addition, the nomination of candidates for corporate auditors is based on possessing appropriate knowledge on finance, accounting, management, etc., capability of contributing to ensuring soundness of management, and other factors, discussed by the Director Nomination/Compensation Committee, and determined by the Board of Directors after consent of the Board of Auditors is obtained.
- (5) Career summary of each candidate for director and corporate auditor, and reasons for their nomination or dismissal are disclosed in the notice of Annual General Meeting of Shareholders.

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

[Supplementary Principle 4.1 (1)]

The Board of Directors which consists of directors and corporate auditors deliberates and determines important matters relating to the Company’s management at the Board of Directors meeting held once each month as well as extraordinary Board of Directors meetings held as necessary, as well as supervises the execution of operations by each director.

In addition, the Executive Committee, which discusses and determines policies for the execution of duties, meets to promptly respond to changes in the business environment and improve the efficiency of business operations.

[Principle 4.9 Independence Standards and Qualifications for Independent Outside Directors]

In addition to criteria provided by the Companies Act and financial instruments exchanges, the Company established its unique criteria for determining independence of outside directors and outside corporate auditors, and has elected persons who satisfy the criteria as independent outside directors who have no risk of conflict of interest with general shareholders, and are highly independent.

[Principle 4.10 Use of Optional Approaches]

[Supplementary Principle 4.10 (1)]

The Company set up the Director Nomination/Compensation Committee as an advisory organization to the Board of Directors, which discusses matters for consultation such as nomination/compensation of directors and executive officers after ensuring independence and objectivity for the determination process, and make a recommendation/report on the matters to the Board of Directors.

Moreover, this committee consists of representative directors and independent outside directors, and independent outside directors constitutes its majority. The committee strives to further reinforce the corporate governance system by being chaired by an independent outside director.

In electing directors, we are to elect persons who possess diverse knowledge, experience, expertise, insights, etc. and is well-versed in business activities as director.

The majority of the incumbent directors were elected under the direct mandate of shareholders at a General Meeting of Shareholders, and no discussion by the committee was made on this matter.

[Principle 4.11 Preconditions for Ensuring Effectiveness of the Board of Directors and the Board of Auditors]

[Supplementary Principle 4.11 (1)]

Under the Mid-Term Business Plan to make a transformation to “offense,” the Company has evolved to a new governance system in order to steadily deepen existing businesses, and promote and accelerate new businesses which will be growth drivers.

Furthermore, the Company will implement measures to enhance corporate value under the system of new executive directors who are well-versed in its businesses such as domestic civil engineering, domestic construction, overseas construction and offshore wind power, and seek to achieve the targets of the Mid-Term Business Plan.

The Company has stipulated in the Articles of Association that the number of directors shall be 15 or fewer, and the number of corporate auditors shall be four or fewer, and the Board of Directors consists of 13 directors and four corporate auditors. In the election of directors and corporate auditors, from the perspective of achieving the realization of the Mid-Term Business Plan effectively and efficiently, the Company has analyzed and identified the skills that the Board of Directors should have, defined as the skills that are considered important at the current point in time as (i) Business administration, (ii) Sales, (iii) Technology/ICT, (iv) Global, (v) Sustainability, (vi) Finance/accounting, (vii) Legal/risk management, and (viii) New investment/ business development, and persons having specialist knowledge and experience in any of these as well as having excellent character are nominated. Skills of individual directors and corporate auditors are as shown on the last page of this report, and the Company believes the boards are equipped with necessary skills as a whole.

The Company’s outside directors and outside corporate auditors have track records as managers of multiple companies. The Company has judged that they are capable of providing valuable advice on its management based on the career history, fulfilling the supervision and auditing functions from an independent standpoint, and appropriately performing their respective duties. In addition, outside directors and outside corporate auditors have no personal relationships, capital relationships, business relationships or other interests with the Company.

[Supplementary Principle 4.11 (2)]

If the Company’s outside directors and outside corporate auditors concurrently serve in a position at listed companies other than the Company, they strive to do so within a reasonable range in light of their fiduciary responsibility, and the status of material concurrent positions are disclosed through the business report, securities report, and others each year.

[Supplementary Principle 4.11 (3)]

The Company conducts a questionnaire survey on the effectiveness of the Board of Directors in light of self-assessment of each director and corporate auditor each year, and report the results to the Board of Directors.

As for the overview of results of the evaluation of the effectiveness of the Board of Directors, it has been evaluated that directors and corporate auditors actively make a statement and unrestricted and constructive discussions, and basically, the Board of Directors fulfill its function sufficiently. On the other hand, there were opinions that ask to think out the operation of the Board of Directors including completely doing follow-ups for comments at the Board of Directors meetings. In consideration of these opinions, we will work to continuously further increase the effectiveness of the Board of Directors.

[Principle 4.14 Director and Corporate Auditor Training]

[Supplementary Principle 4.14 (2)]

When directors and corporate auditors assume the position, we appropriately explain legal obligations, responsibilities, etc. to be complied with as officers, and utilize external training organizations as necessary. When we invite outside directors and outside corporate auditors, we provide an orientation, covering the Company's business strategy, business activities, financial details and other matters, and provide them with an opportunity to hear the officers in charge to explain the matters individually.

[Principle 5.1 Policy for Constructive Dialogue With Shareholders]

The Company has stipulated "Securing trustworthiness of corporate accounting and disclosure of information" in the "Code of Conduct" for fair, trusted business activities, and strives to proactively disclose information to all its stakeholders including shareholders and investors.

The policy for initiatives to promote dialogue is as follows:

- (1) General dialogue with institutional investors is supervised by Director, General Manager of MX Promotion Div.
- (2) Public & Investors Relations Dept., MX Promotion Div. is in charge of dialogue with institutional investors while Administration Dept., Administration Div. is in charge of dialogue with individual investors, and they make responses in cooperation with related departments as necessary.
- (3) Considering it necessary to make proactive disclosure to enhance transparency of the management, the Company does a press release appropriately as well as disclosure of IR information and a news release on its website. In addition, a financial results briefing for analysts, fund managers and others is held twice each year in principle.
- (4) Opinions and concerns identified through dialogue are reported at the Board of Directors meetings as necessary, and appropriate responses are made in cooperation with related departments.
- (5) In dialogue, the Company does not provide any undisclosed important fact that may affect the share price.

[Measures to promote management with an awareness of cost of capital and share price (under consideration)] [English version disclosed]

The Group continue to analyze the present state and consider concrete measures for "management with an awareness of cost of capital and share price," and plans to disclose the contents in the first quarter of FY2024.

As for the most recent measures, the Group set targets of ROE in the Mid-Term Business Plan (2023-2027), and has been conducting discussion and consideration at the Board of Directors meetings with an awareness of cost of capital and capital profitability in determining investment in large equipment in the offshore wind power business field.

For relevant information, please see "Announcement of Construction of Self-propelled Cable-laying Vessel" in IR News on the Company's website.

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

2. Capital Structure

Foreign Shareholding Ratio	30% or more
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Status of Major Shareholders **Updated**

Name / Company Name	Number of Shares Held (Shares)	Shareholding Ratio (%)
MAEDA CORPORATION	19,047,510	20.19
WK 1 Limited	9,200,000	9.75
WK 2 Limited	9,190,000	9.74
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,775,300	8.24
WK 3 Limited	5,890,300	6.24
PERSHING SECURITIES LTD CLIENT SAFE CUSTODY ASSET ACCOUNT	2,793,400	2.96
Godo Kaisha Yamauchi-No. 10 Family Office	2,627,600	2.78
Custody Bank of Japan, Ltd. (Trust Account)	2,232,100	2.36
GOLDMAN SACHS INTERNATIONAL	2,018,044	2.13
Toyo Construction Kyoei-Kai	1,883,657	1.99

Name of Controlling Shareholder, if applicable (Excluding Parent Companies)	-----
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Name of Parent Company, if applicable	None
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Supplementary Explanation **Updated**

The shareholders listed under “Status of Major Shareholders” are based on the shareholder registry as of September 30, 2023.
The shareholding ratio is calculated excluding the treasury shares.

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange Prime Market
Fiscal Year-End	March
Business Sector	Construction
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	100 billion yen or more but less than 1 trillion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Fewer than 10

4. Policy for Measures to Protect Minority Shareholders in Conducting Transactions With Controlling Shareholder

5. Special Circumstances Which May Have Material Impact on Corporate Governance

II. Business Management Organization and Other Corporate Governance Systems Regarding Decision-making, Execution of Business, and Supervision in Management

1. Organizational Composition and Operation

Corporate Governance System	Company with corporate auditors
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Directors

Maximum Number of Directors Stipulated in Articles of Association	15
Directors' Term of Office Stipulated in Articles of Association	1 year
Chairperson of the Board of Directors	Chairman (excluding the case where the person concurrently serves as President)
Number of Directors	13
Appointment of Outside Directors	Appointed
Number of Outside Directors	7
Number of Independent Officers Designated From Among Outside Directors	7

Outside Directors' Relationship With the Company (1)

Name	Attributes	Relationship With the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Takashi Narusawa	From another company											
Kazumichi Matsuki	From another company											
Taizo Nishikawa	Other											
Masato Uchiyama	From another company											
Masaharu Okada	From another company											
Katsuya Natori	Lawyer											
Shinichi Kato	From another company											

*Categories for "Relationship With the Company."

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business for the Company or its subsidiary
- Person who executes business for or a non-executive director of the Company's parent company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to compensation as a director
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, and f above) (applies to the director him/herself only)
- Person who executes business for an entity to which outside officers are mutually appointed (applies to the director him/herself only)
- Person who executes business for an entity receiving donations from the Company (applies to the director him/herself only)
- Other

Outside Directors' Relationship With the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Takashi Narusawa	○	He satisfies the Criteria for Determining Independence of Outside Officers established by the Company.	He has expertise in corporate management and abundant experience in overseas business acquired through management consulting work in Japan and abroad over the years at Nomura Research Institute, Ltd. In fact, with such knowledge and experience, he is taking initiative at Starts Corporation Inc. as Senior Managing Executive Officer in the overseas development of said company. The Company believes that he will provide appropriate advice to and supervise the executive departments from a medium-to-long-term perspective while the Company is promoting the overseas construction business, which is the Company growth driver, and trying to strongly push localization and stabilize business foundations in countries where the Company rolls out operations.
Kazumichi Matsuki	○	He satisfies the Criteria for Determining Independence of Outside Officers established by the Company.	He has expertise based on his extensive practical experience in leading legal and compliance departments of a listed company to handle complex legal issues, and also has extensive experience in governance of listed companies through serving as an outside director (including corporate audit committee member) in several companies. As such, he can provide expert knowledge on legal affairs, compliance, risk management and governance rooted in practice, especially in strengthening governance by the Company's Board. In addition, the Company can expect him to fulfill through its Board his management and supervisory responsibilities independent from the management by appropriately evaluating whether the management is conducting the business with an aim to maximize corporate value and shareholder value.

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Taizo Nishikawa	○	He satisfies the Criteria for Determining Independence of Outside Officers established by the Company.	He has engaged in policies in various fields including machinery and industries, electronic and information technologies, and renewable energy at the Ministry of International Trade and Industry (current Ministry of Economy, Trade and Industry) and the New Energy and Industrial Technology Development Organization (NEDO), and in science, technologies, and innovation policies as Deputy General of Cabinet Office. After he retired from the government office, he participated in negotiations of SDGs as Deputy Managing Director of the United Nations Industrial Development Organization (UNIDO). He has abundant experience and advanced expertise in industry policies and development policies in Japan and abroad. The Company believes that he will provide appropriate advice to and supervise the executive departments from a medium-to-long-term perspective while the Company promotes the offshore wind power business, which is the Company growth driver, and anticipates various technological developments. It should be noted that he does not have experience in corporate management, but for the reasons above, the Company believes that he can appropriately execute the duties of outside director.
Masato Uchiyama	○	He satisfies the Criteria for Determining Independence of Outside Officers established by the Company.	He has extensive experience at Electric Power Development Co., Ltd. (J-Power) for sales, fuel resources, finance, HR, planning and general administration, and has expertise in energy-related operations. He also has extensive experience and expertise in corporate management, as he has led that company by serving as director & executive officer, director & vice president, director & vice president & executive officer, and general manager of the Energy Sales Headquarters. Based on his abundant experience and specialized knowledge in corporate management, the Company can expect him to enhance the quality of discussions on strategies by the Company's Board when taking on the challenge of new business reform, including strategic initiatives in investment businesses (e.g. offshore wind power) and private construction businesses.

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Masaharu Okada	○	He satisfies the Criteria for Determining Independence of Outside Officers established by the Company.	He has extensive experience and expertise in sales strategies in the private construction business field having served as general manager of the Kanto Branch Construction Department, general manager of the Kanto Branch Sales Headquarters (construction), and also as an executive officer to lead the construction sales division of 20 locations globally, including Southeast Asia. Based on his abundant experience and specialized knowledge in the private construction business field, the Company can expect him to enhance the quality of strategy formation in relation to sales strategies for private construction at the Company's Board of Directors meetings when taking on new challenges to perform strategic initiatives for the profit growth of the private construction business, which is an important lever for the Company's future improvement of corporate value.
Katsuya Natori	○	He satisfies the Criteria for Determining Independence of Outside Officers established by the Company.	He is not only an international lawyer with extensive experience but has also been involved in the management of several Japanese and foreign-affiliated companies, and has expertise in legal affairs, compliance, risk management, as well as in management and governance of listed companies. As such, he can provide expert knowledge on legal affairs, compliance, risk management and governance rooted in practice, especially in strengthening governance by the Company's Board. Based on such insight, the Company can expect him to fulfill through its Board his management and supervisory responsibilities independent from the management by appropriately evaluating whether the management is conducting the business with an aim to maximize corporate value and shareholder value.

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Shinichi Kato	○	He satisfies the Criteria for Determining Independence of Outside Officers established by the Company.	He has extensive management experience and expertise in the field of offshore wind energy, including in the global competitive environment including technical trends and standard specifications, as well as future supply and demand scenarios in the Japanese market having served as a Japanese representative of RWE, the world's leading German offshore wind energy company operating in 18 offshore wind farms in five countries. In addition, he has extensive experience and expertise in corporate management and capital policy through serving as CFO of the Tokyo Star Bank, and a managing director & COO of Equis Energy Japan K.K. The Company can expect that his abundant experience and specialized knowledge in offshore wind field will greatly contribute to the Board in the formulation of evaluation criteria for economic efficiency, risk, competitive advantage and other items in the offshore wind field, in the evaluation of strategic options, and in the implementation of business strategies.

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Compensation Committee

Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson **Updated**

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Director Nomination/ Compensation Committee	7	0	3	4	0	0	Outside director
Voluntarily Established Committee Equivalent to Compensation Committee	Director Nomination/ Compensation Committee	7	0	3	4	0	0	Outside director

Supplementary Explanation **Updated**

To enhance independence/objectivity and accountability of the Board of Directors with regard to nomination/compensation of directors and executive officers, the Company set up the committee under the Board of Directors, and has in place a system where we have appropriate participation and advice of independent outside directors in considering particularly important matters such as nomination/compensation.

From December 2023, we have been working to further reinforce the corporate governance system by having an independent outside director serve as the chairperson.

Corporate Auditors

Establishment of Board of Auditors	Established
Maximum Number of Corporate Auditors Stipulated in Articles of Association	4
Number of Corporate Auditors	4

Cooperation Among Corporate Auditors, Accounting Auditor and Internal Audit Department

Corporate auditors and the accounting auditor exchange information at a regular meeting for audit plans, report of audit results, etc., and cooperate with each other through corporate auditors' witnessing onsite inspection/review of branches, etc. by the accounting auditor as needed, and other means. In addition, they closely collaborate with Audit Dept., which is the internal audit department, by receiving a report on audit plans and results of performed audits of the head office, branches and group companies from Audit Dept. as needed, witnessing review of audits by Audit Dept., and other means.

Appointment of Outside Corporate Auditors	Appointed
Number of Outside Corporate Auditors	4
Number of Independent Officers Designated From Among Outside Corporate Auditors	4

Outside Corporate Auditors' Relationship With the Company (1)

Name	Attributes	Relationship With the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Kiyotaka Somekawa	From another company										△			
Shiho Boda	Lawyer													
Tomoko Nonaka	Lawyer													
Koichi Kawaguchi	From another company													

*Categories for "Relationship With the Company."

(Use "○" when the corporate auditor presently falls or has recently fallen under the category; "△" when the corporate auditor fell under the category in the past; "●" when a close relative of the corporate auditor presently falls or has recently fallen under the category; and "▲" when a close relative of the corporate auditor fell under the category in the past.)

- Person who executes business for the Company or its subsidiary
- A non-executive director or an accounting advisor of the Company or its subsidiaries
- Person who executes business for or a non-executive director of the Company's parent company
- Corporate auditor of the parent company of the Company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to compensation as a corporate auditor
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of f, g, and h above) (applies to the corporate auditor him/herself only)
- Person who executes business for an entity to which outside officers are mutually appointed (applies to the corporate auditor him/herself only)

- l. Person who executes business for an entity receiving donations from the Company (applies to the corporate auditor him/herself only)
m. Other

Outside Corporate Auditors' Relationship With the Company (2)

Name	Designation as Independent Corporate Auditor	Supplementary Explanation of the Relationship	Reasons for Appointment
Kiyotaka Somekawa	○	He satisfies the Criteria for Determining Independence of Outside Officers stipulated by the Company.	He has a wealth of experience, achievements, and knowledge from his involvement in compliance promotion in Mizuho Bank, Ltd. and his previous appointments as an officer at group companies. The Company therefore believes he will adequately perform an audit function from an independent standpoint, and has appointed him once again as an outside corporate auditor.
Shiho Boda	○	She satisfies the Criteria for Determining Independence of Outside Officers established by the Company.	As an attorney at law, she has experience and a proven track record both in Japan and overseas as well as expert knowledge gained from that experience. The Company therefore considers her capable of enhancing auditing functions from an objective standpoint and has appointed her as an outside corporate auditor.
Tomoko Nonaka	○	She satisfies the Criteria for Determining Independence of Outside Officers established by the Company.	She has more than 28 years of experience as a lawyer and has extensive experience in handling various legal issues. She has also served as an instructor of Civil Defense at the Legal Training and Research Institute of the Supreme Court of Japan and bar examiner for New Bar Examination and Preliminary Bar Examination (Civil Procedure) of the Ministry of Justice, and her legal knowledge and expertise has been highly regarded. In addition, as she has served as an outside director of Fukuyama Transporting Co., Ltd., a listed company, since 2019, she is well-versed in legal affairs, compliance, and governance of listed companies. Based on the above, the Company believes that she is able to fulfill the responsibilities of auditing whether governance is functioning appropriately at the Company's Board of Directors.

Name	Designation as Independent Corporate Auditor	Supplementary Explanation of the Relationship	Reasons for Appointment
Koichi Kawaguchi	○	He satisfies the Criteria for Determining Independence of Outside Officers established by the Company.	He has business experience in Japan and abroad at ITOCHU Corporation and has abundant experience and expertise in overall business administration, corporate governance, business risk management and compliance through involvement in business administration work as the head of the management area of ITOCHU-SHOKUHIN Co., Ltd. The Company believes that he will enhance the audit function from an independent and objective standpoint.

Independent Officers

Number of Independent Officers	11
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Other Matters Concerning Independent Officers

All the outside officers satisfy the Criteria for Determining Independence of Outside Officers established by the Company, and the Company has submitted to a financial instruments exchange that they are independent officers in accordance with the provisions of the financial instruments exchange.

[Criteria for Determining Independence of Outside Officers]

From among candidates for outside director and outside corporate auditor, person who does not fall under any of the following 1 to 10 is determined as “independent outside officer.”

1. A person who, at present or in the past, is or was an executing person of the Company and/or its group companies.
2. A shareholder who holds 10% or more of a total number of voting rights of the Company share or its executing person.
3. An executing person of a company whose voting rights are held by the Company and/or its group companies, directly or indirectly, with 10% or more of a total number of voting rights.
4. An executing person of a client whose sales account for 2% or more of consolidated sales of both or either of the Company group or a company to which a candidate belonged in any of the past three fiscal years.
5. An executing person of a financial institution which is a major lender shown in the immediately preceding Business Report.
6. A person set forth in any of the preceding 2 through 5 in any of the past three years.
7. A person belonging to an audit corporation which is the Company’s accounting auditor.
8. An expert such as an attorney, accountant or consultant (in the case of a recipient of compensation being a corporation, a person belonging to the corporation) which has received 5 million yen or more of compensation on average for the past three years from the Company and/or its group companies.
9. A person belonging to a university or association which has received 10 million yen or more of donation on average for the past three years from the Company and/or its group companies.
10. A spouse or relative within the second degree of a person set forth in any of the preceding 1 through 9.

Incentives

Implementation of Measures related to Incentives Granted to Directors	Introduction of performance-linked compensation plan
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Supplementary Explanation for Applicable Items

The policy for determining the ratios of performance-linked compensation and other compensation to be paid is to ensure a balance between providing incentives to improve the Company's performance, preventing inappropriate risk-taking focused only on short-term performance improvement, and realizing management from a medium- to long-term perspective in order to appropriately motivate directors to continuously increase corporate value, to share value with shareholder, and to attract and retain excellent management personnel. Based on this viewpoint, the compensation consists of three components: base compensation, performance-linked compensation, and performance-linked stock compensation, and compensation for outside directors and corporate auditors, who are in the position independent of execution of operations, is limited to base compensation only. Performance-linked compensation is based on corporate performance as well as divisional and individual performance related to the director, according to the degree of achievement of and contribution to the targets set in the annual plan. Performance-linked stock compensation is based on annual consolidated operating profit, construction safety performance, and other indicators for the period subject to evaluation, with the aim of further incentivizing contributions to improving business performance, especially over the medium to long term, and is paid after the end of the period subject to evaluation. Performance-linked stock compensation is suspended in the event of a violation of laws and regulations or the Company's rules, or in the event that the recipient is determined to be inappropriate as a recipient under the system as a result of failure to perform duties, inappropriate language or behavior detrimental to the dignity of the Company, or for other reasons.

Persons Eligible for Stock Options

Supplementary Explanation for Applicable Items

Director Compensation

Disclosure of Individual Director's Compensation

No individual disclosure

Supplementary Explanation for Applicable Items

The amounts of compensation, etc. for the Company's directors and corporate auditors for the previous fiscal year (from April 1, 2022 to March 31, 2023) are as follows:

- Total amount of compensation, etc. for directors (excluding outside directors): 179 million yen (base compensation of 132 million yen, performance-linked compensation of 31 million yen, and non-monetary compensation, etc. of 14 million yen), number of recipients: 6
 - Total amount of compensation, etc. for corporate auditors (excluding outside corporate auditors): 16 million yen (base compensation of 16 million yen), number of recipients: 1
 - Total amount of compensation, etc. for outside directors: 32 million yen (base compensation of 32 million yen), number of recipients: 3
 - Total amount of compensation, etc. for outside corporate auditors: 35 million yen (base compensation of 35 million yen), number of recipients: 3
- * The numbers of recipients and compensation amounts include one director who retired at the conclusion of the 100th Annual General Meeting of Shareholders held on June 24, 2022.

Disclosure of Policy for Determining Compensation Amounts or Calculation Methods Thereof

The Company's Board of Directors has adopted a policy for determining compensation, etc. for each individual director, and the Board of Directors consults the Director Nomination/Compensation Committee on the specifics of the resolutions and receives a report from the committee in advance.

Further, in determining compensation, etc. for each individual director, the deliberations by the Director Nomination/Compensation Committee include whether the compensation is in line with the relevant decision-making policy for determining compensation, etc., and the Board of Directors respects the report of the Director Nomination/Compensation Committee and believes that the compensation, etc. is in line with the relevant decision-making policy.

The following is a summary of the policy for determining compensation, etc. for each individual director.

a. Policy relating to the composition and ratios of director compensation

Compensation for directors consists of three components: base compensation, performance-linked compensation, and non-monetary compensation, etc. The Company determines the ratios of compensation to be paid to directors in order to appropriately motivate them to continuously increase corporate value, to share value with shareholders, and to attract and retain excellent management personnel, and ensures a balance between providing incentives to improve the Company's performance, preventing inappropriate risk-taking focused only on short-term performance improvement, and realizing management from a medium- to long-term perspective.

b. Policy relating to base compensation

The base compensation is fixed, and its level is determined based on the index set according to each position (for those with concurrent executive officer positions, their positions), with the President's set at 100.

c. Policy relating to performance-linked compensation

Performance-linked compensation is based on corporate performance, such as consolidated operating profit, which reflects the results of the business activities of all officers and employees, as well as divisional and individual performance, which reflects the responsibilities and results of the work of the relevant directors, and is determined according to the degree of achievement of and contribution to the targets set in the annual plan.

d. Policy relating to non-monetary compensation, etc.

Non-monetary compensation, etc. is performance-linked stock compensation, and is determined according to performance evaluation points based on annual consolidated operating profit, construction safety performance, and other indicators for the period subject to evaluation, with the aim of further incentivizing contributions to improving business performance, especially over the medium to long term.

e. Policy relating to timing and conditions for payment of compensation, etc.

Base compensation and performance-linked compensation for directors are paid monthly, and the maximum amount of compensation is 33 million yen per month (including 12 million yen per month for outside directors). Further, a trust has been established for non-monetary compensation, etc. with a maximum contribution limit of 565 million yen over five fiscal years (however, following the current period subject to evaluation, the cap will be 113 million yen each fiscal year, with the amount calculated as 113 million multiplied by the number of years in the new period subject to evaluation), and the Trust will acquire a maximum of 240,000 shares each fiscal year and deliver common shares after the end of the period subject to evaluation according to performance evaluation points.

f. Decisions relating to compensation, etc. other than the foregoing

Payment of non-monetary compensation, etc. will be suspended in the event of a violation of laws and regulations or the Company's rules, or in the event that the recipient is determined to be inappropriate as a recipient under the system as a result of failure to perform duties, inappropriate language or behavior detrimental to the dignity of the Company, or for other reasons.

In addition, in determining compensation, etc. for the corporate auditors, the compensation, etc. is determined according to the results of discussions with the corporate auditors, and such compensation is limited to base compensation only, with the maximum amount of compensation up to 6 million yen per month.

Support System for Outside Directors (and/or Outside Corporate Auditors)

Because all the corporate auditors of the Company are outside corporate auditors, one assistant to corporate auditors was appointed.

Status of Persons who have Retired as Representative Director, President, Etc.

Information on Persons Holding Advisory Positions (Senior Advisor, Advisor, etc.) after Retiring as Representative Director, President, Etc.

Name	Job Title/ Position	Responsibilities	Terms and Conditions of Employment (Full/Part time, With/Without Compensation Etc.)	Date When Former Role as President, etc. Ended	Term
Kyoji Takezawa	Senior Advisor	Provision of advice upon request of the current management team	[Terms of employment] Part time [Compensation] With compensation	June 27, 2023	1 year
Takahiro Yabushita	Advisor	Provision of advice upon request of the current management team	[Terms of employment] Part time [Compensation] With compensation	June 27, 2023	1 year

Number of Persons Holding Advisory Positions (Senior Advisor, Advisor, etc.) After Retiring as Representative Director, President, Etc. 2

Other Related Matters

Subject persons are appointed by the Board of Directors.

Senior Advisor, Advisor, etc. are requested to provide advice as experts, and they do not judge and are not involved in management.

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Compensation Decisions (Overview of Current Corporate Governance System) **Updated**

1. The Board of Directors adopts resolutions set forth in laws and regulations, and the Articles of Association, and deliberates and determines important managerial matters. In addition, the board supervises management through reports on the status of execution of operations.

As for status of the Board of Directors meetings held in FY2022, the number of meetings held was 30, and the attendance rate was 99%.

Furthermore, the “Executive Committee,” which was established as a decision-making body in relation to execution of operations delegated by the Board of Directors, deliberates and determines the policy for execution of operations, initiatives for certain scale business projects, and other matters. This Executive Committee is comprised of Executive Officer, Chairman, Executive Officer, President, Vice President Executive Officer, General Manager of MX Promotion Div., General Manager of Administration Div., General Managers of each business div., Deputy General Managers of each business div., and General Manager of Business Planning Dept., and one full-time corporate auditor attend the committee’s meetings as observer.

2. Candidates for directors are to be nominated based on possessing extensive knowledge required for decision-making on management, having achievements in their fields of specialty and former operations that are necessary to fulfill the function of supervision of management, and other factors. In addition, the basic policy is that at least one-third of directors shall be independent outside directors.

Candidates are discussed by the “Director Nomination/Compensation Committee” based on the above policy, and then determined by the Board of Directors.

3. The Audit Dept. that performs internal audits have five staff members, audits business activities and conducts the internal control audit of the Company and each group company at any time as necessary, and makes a report to the Board of Directors and the Board of Auditors.
4. Corporate auditors attend important committee such as the Board of Directors, etc., and audit the execution of directors’ duties through measures including onsite inspections of the Company and each group company.
Of outside corporate auditors, one corporate auditor has practical experience at financial institutions, so he has considerable knowledge concerning finance and accounting.
In addition, outside corporate auditors have track records as managers of multiple companies or track records in the legal profession in Japan or overseas. Against this background, they provide the Company’s management with useful advice while demonstrating the audit function from an independent perspective, and appropriately execute their respective duties.
Besides, the Company appointed an assistant to corporate auditors to help execute their duties in order to ensure the effectiveness of execution of duties by corporate auditors. The assistant shall comply with direction and orders from the corporate auditors, and shall not receive directions from directors.
5. Corporate auditors have in place a system to maintain cooperation with the accounting auditor, the Audit Dept. and corporate auditors of each group company, and enhance the effectiveness of audits.
6. Results of these audits are reported at meetings of the Board of Directors and the Executive Committee, and also reported to the responsible person of the internal control department.
7. The Company has appointed Ernst & Young ShinNihon LLC as the accounting auditor. Certified public accounts who execute accounting audit work are accountant Masanobu Saito (number of years of continuing audits of the Company: five years) and accountant Masahiko Nagasaki (number of years of continuing audits of the Company: four years). The Company has received statutory accounting audits as well as advice as necessary from them.
In addition, support staff for financial audit operations of the Company consist of five certified public accountants and 10 others.
8. Pursuant to Article 427, paragraph (1) of the Companies Act, the Company has executed agreements with each of the outside directors and outside corporate auditors to limit their damage compensation liability as stipulated in Article 423, paragraph (1) of the Act. The maximum amount of damage compensation liability pursuant to such agreements is the minimum liability amount stipulated by laws and regulations.
9. The Company has executed a liability insurance agreement with an insurance company for officer etc. compensation liability insurance as stipulated in Article 430-3, paragraph (1) of the Companies Act, which covers compensatory damages, litigation expenses, and other damages incurred by the insured. The insured under such liability insurance agreement are the Company’s directors, corporate auditors, executive officers, and other persons responsible for the execution of business. The insured does not pay any premiums. However, there are certain exclusions, such as that the policies do not cover damage caused by the insured’s illegal receipt of personal benefits or favors.

3. Reasons for Adoption of Current Corporate Governance System

The Company’s Board of Directors holds the Board of Directors meeting monthly to make appropriate and prompt decisions as well as extraordinary Board of Directors meetings as necessary, in a system enabling flexible operations. Four outside corporate auditors have track records as managers of multiple companies or track records in the legal profession in Japan or overseas, provide. Against this background, they provide the Company’s management with useful advice while conducting audits from an independent perspective.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Energize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	We endeavor to early send the notice of the General Meeting of Shareholders before the statutory deadline for sending it (early June each year).
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	We endeavor to hold the General Meeting of Shareholders on a day other than peak days after ensuring accuracy in the preparation of the notice of the General Meeting of Shareholders, and a sufficient audit period.
Electronic or Magnetic Exercise of Voting Rights	We have introduced exercise of voting rights by electronic or magnetic means.
Participation in Electronic Voting Platform and Other Efforts to Enhance the Voting Environment for Institutional Investors	We have participated in the electronic voting platform.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	We release the English version of the notice of the General Meeting of Shareholders (summary).
Other	In making explanations on business reports, financial statements, etc. at the General Meeting of Shareholders, we endeavor to present information in an easier-to-understand way to shareholders with visualized materials. The notice of the General Meeting of Shareholders is prepared in a large size and partially colored for better visibility, and, also in terms of layout, has reference documents related to proposals at the beginning as well as the list of candidates concerning proposals for election of officers in order for shareholders to exercise voting rights in an easier-to-understand way.

2. IR-related Activities

	Supplementary Explanation	Explanation by Representative
Regular Investor Briefings held for Analysts and Institutional Investors	A financial results briefing for analysts and institutional investors is held semi-annually in principle.	Held
Online Disclosure of IR Information	Contents posted include timely disclosure documents, financial materials (securities reports and summary of financial results), internal control reports, financial reviews, changes in business results and business strategies, reports (shareholder communications), Mid-Term Business Plan, and FACT BOOK. In addition, materials provided at regular briefings for analysts and institutional investors are also available on the website.	
Establishment of Department and/or Placement of a Manager in Charge of IR	Public & Investors Relations Dept., MX Promotion Div. is in charge of IR-related operations.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Implementation of Environmental Preservation Activities and CSR Activities, Etc.	The Company prepares “CORPORATE REPORT” each year and posts it on its website, and also takes request for documents at any time.
Formulation of Policies, etc. for Provision of Information to Stakeholders	<p>The Company strives to disclose company information such as financial conditions and the status of business activities to shareholders and investors in a timely and appropriate manner so that they may obtain an accurate understanding. In addition, disclosed information is also posted on the Company’s website.</p> <p>Materials provided at regular briefings for analysts and institutional investors are also available on the website.</p>

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Progress of System Development Updated

The Company's views on internal control system and the progress of system development are as follows.

1. System to ensure that the execution of duties of directors and employees is in compliance with the laws and regulations, and the Articles of Association
 - (1) Directors, executive officers and employees shall execute their duties with the "Corporate Identity," the "Code of Conduct" and the "Conduct Guidelines" as the top priority basic judgment standards.
 - (2) The Risk Management Committee shall "develop the compliance policy," "determine a policy so that employees are aware of risk management," and "select key risks of the whole group," and shall report their activities to the Board of Directors while instructing pertinent departments.
 - (3) The Legal Dept. shall provide education, guidance etc. necessary for compliance by each department.
 - (4) If General Manager of the Legal Dept. becomes aware of a questionable act pertaining to compliance with laws and regulations, the manager shall report its investigation to the Risk Management Committee in a timely and appropriate manner, and provide necessary guidance.
 - (5) The Audit Dept. shall verify the status of execution of duties, and the effectiveness and appropriateness of internal control for each department to ensure the adequate execution of duties.
 - (6) A whistle-blowing system with internal and external contacts for report has been established as an internal report system.
2. System to ensure that directors' duties are executed in an efficient manner
 - (1) A system for proper execution of directors' duties shall be established pursuant to the Basic Management Rules, the Organizational Rules etc.
 - (2) By introducing an executive officer system, the number of directors shall be reduced in an effort to speed up the business decision-making process.
3. Rules and other systems for management of risk of loss
 - (1) Each competent department shall manage predetermined day-to-day risks in accordance with the Risk Management Rules and the Disaster Prevention Rules.
 - (2) In the event of a large-scale disaster or any other event requiring emergency response, in order to minimize damage and loss, an emergency control headquarters with President as the general manager shall be set up.
 - (3) A BCP (business continuation plan) has been formulated under assumption of an earthquake occurring directly beneath the Tokyo Metropolitan Area.
4. System for retaining and controlling information on the execution of directors' duties
 - (1) Important meeting minutes, requests for managerial decision for important matters, contracts, and materials relating thereto shall be properly retained in accordance with laws and regulations, and the assorted rules for document management and information security.
 - (2) The documents administrator pursuant to the document rules shall properly manage documents.
5. System to ensure the appropriateness of business activities of the corporate group consisting of the Company and its subsidiaries
 - (1) Pursuant to the Affiliated Company Management Rules, the Affiliated Business Strategy Dept., the Civil Planning & Administrative Dept. and the Architectural Planning & Administrative Dept. shall formulate a management plan for the corporate group consisting of the Company and its subsidiaries, provide consultation and guidance prior to important decision-making, and summon subsidiary presidents on a regular basis to hear the status of management including progress in the management plan in which the Company was involved in formulating.
 - (2) The Audit Dept. shall verify the status of execution of duties, and the effectiveness and appropriateness of internal control at the corporate group consisting of the Company and its subsidiaries to ensure the adequate execution of duties, and the efficiency and soundness of management.
 - (3) The Legal Dept. shall provide education, guidance, support etc. necessary for compliance by the corporate group consisting of the Company and its subsidiaries.

- (4) The whistle-blowing system's contacts for report have been set at the corporate group consisting of the Company and its subsidiaries to enhance the effectiveness of compliance at the corporate group level.
6. System for the Company's and subsidiaries' directors and employees to report to corporate auditors, and any other system for report to corporate auditors
- (1) Corporate auditors can attend the Company's Board of Directors meetings and other important meetings, and if necessary, request the Company's and subsidiaries' directors and employees to allow the viewing of and submit documents concerning execution of duties.
 - (2) If there is a likelihood of violation of laws and regulations or the Articles of Association, or of significant disrepute or damage to any of the companies, the Company's and subsidiaries' directors and employees shall report to corporate auditors without delay.
 - (3) If a corporate auditor requests a report on business and business activities, the Company's and subsidiaries' directors and employees shall quickly comply with such request in an appropriate manner.
7. System to ensure that a person who reports pursuant to 6. above will not be treated unfavorably on the grounds of such report
Persons who provide information to corporate auditors shall not be treated unfavorably on the grounds of such provision of information.
8. Other systems to ensure effective audit by corporate auditors
- (1) Directors, executive officers and employees shall cooperate so that audits by corporate auditors in accordance with the Board of Auditors rules and Board of Auditors bylaws shall be carried out in an effective manner.
 - (2) Corporate auditors shall cooperate with accounting auditors, the Audit Dept. and subsidiaries' corporate auditors to enhance the effectiveness of audits.
 - (3) If a corporate auditor makes request to the Company for advance payment of expenses for execution of its duties, such expenses or obligations shall be promptly settled.
9. Matters regarding employees assisting corporate auditors, matters regarding the independence of such employees from directors, and matters to ensure the effectiveness of instructions to such employees
If a corporate auditor or the Board of Auditors requests to have an assistant to help execute its duties, the requests shall be handled appropriately by appointing such assistant. Such assistant shall comply with directions and orders from the corporate auditor, and shall not receive directions from directors.
10. System to ensure the reliability of financial reports
- (1) As internal control of financial reports, related rules etc. shall be established and properly operated to prepare financial reports with reliability.
 - (2) The Audit Dept. shall carry out internal control audits pertaining to financial reports, and enhance the reliability of financial reports by detecting any insufficiencies in internal control and having the relevant departments correct them.

[Outline of the operating status of the system to ensure the appropriateness of business activities]

- (1) With the "Basic Policy on Internal Control" as resolved by the Board of Directors as the basic policy to be consistently applied, the Company carries out review of such policy as appropriate and ensures that the policy is thoroughly disseminated throughout the Company and its subsidiaries.
- (2) The "Risk Management Committee" is convened twice a year and details thereof are periodically reported to the Executive Committee and the Board of Directors.
- (3) The Audit Dept. audits business activities of the head office, as well as the 11 branches and sales offices of the Company, and three subsidiaries in accordance with audit plans, and audit results are periodically reported to the Board of Directors.

2. Basic Views on Eliminating Anti-Social Forces and Progress of Related Efforts

1. Basic views

The Company shall take a firm stand against anti-social forces which threaten the order and safety of civil society, and any relationship with them shall be blocked as a company-wide effort.

2. Efforts to eliminate anti-social forces

- (1) The Administration Dept., Administration Div. shall be the governing department.
- (2) The head office shall cooperate with the National Center for Removal of Criminal Organizations, the Federation for Special Violence Prevention Measures under the jurisdiction of the Metropolitan Police Department and the Kanda District Special Violence Prevention Measures Council, and each branch shall also cooperate with councils and other external bodies in its area of operation, to consult and collect information, and strive to eliminate anti-social forces.
- (3) The Compliance Manual specifies the guidelines for conduct against anti-social forces, and such guidelines shall be thoroughly disseminated by providing training on a regular basis.
- (4) For the purpose of eradicating transactions with anti-social forces, a clause for elimination of anti-social forces shall be stipulated in any contracts used for transaction between the Company and vendors.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not adopted

Supplementary Explanation for Applicable Items

[Basic Policy Regarding Control of the Company]

(1) Basic policy regarding control of the company

As a listed company, the Company is aware that, when a purchase proposal that will have a material impact on its basic management policy is made by a specific person, the question of whether to accept that proposal ultimately must be entrusted to the decision of the Company's shareholders.

However, if the large-scale purchases are carried out, it will be difficult for Company shareholders to appropriately assess the impact that such purchases will have on the Company's corporate value and the common interests of shareholders without receiving necessary and sufficient information from the large-scale purchaser. In addition, the large-scale purchases undeniably may encompass purchases that will harm the common interests of shareholders and the Company's medium-to-long-term corporate value that the Company has built and maintained for itself over time, including purchases intended to assume temporary control of management and transfer important tangible or intangible business assets to the purchaser or its group companies, etc.; purchases intended to appropriate the Company's assets for repayment of the purchaser's debts, etc.; purchases intended simply to cause the Company and/or its related parties to acquire Company shares at a high price, with no true intention of participating in management (so-called "greenmailing"); purchases intended to achieve temporary high dividends by having the Company sell off or otherwise dispose of high-value assets etc. in its possession; purchases which may damage the good relationship with the Company's stakeholders and impair the Company's medium-to-long-term corporate value; purchases which fail to provide the time or information reasonably necessary for the Company's shareholders or Board of Directors to discuss the particulars, etc. of the purchase and acquisition proposal and have the Company's Board of Directors present an alternative proposal; and purchases that otherwise cannot be said to reflect the Company's corporate value fully.

Based on this understanding, the Company believes that the Company's Board of Directors has a duty to (i) cause the specific shareholder group that includes the large-scale purchaser to provide information necessary and sufficient for shareholders to make a decision; (ii) provide the results of assessments and discussions by the Company's Board of Directors regarding the impact on the Company's medium-to long- term corporate value and the common interests of shareholders of the proposal by the specific shareholder group that includes the large-scale purchaser; and, depending on the case, (iii) hold negotiations or consultations with the specific shareholder group that includes the large-scale purchaser regarding the large-scale purchase and/or the Company's management policies, etc., or present shareholders with an alternative proposal by the Board of Directors regarding management policies, etc.

Working from these basic views, the Company's Board of Directors will request that the specific shareholder group that includes the large-scale purchaser provide information necessary and sufficient for Company shareholders to make a suitable assessment regarding whether to accept the large-scale purchase, so as to ensure maximization of the Company's medium-to-long-term corporate value and the common interests of shareholders; will make timely and appropriate disclosures of the information so provided to the Company; and will take any other action deemed appropriate, to the extent permitted under the Financial Instruments and Exchange Act, the Companies Act, other laws and regulations, and the Articles of Association.

(2) Summary of special efforts contributing to realization of basic policy

(i) Efforts to enhance company's corporate value and shareholders' common interests

a) Management policy

Guided by the principles of "Invention and Innovation," "Respect for Human Dignity," and "Awareness of responsibility" the Company adopts the Corporate Identity of "Everybody working together with dreams and youth, devoted to customer and public society with new and productive technology, striving toward company's consistent growth and employees' welfare promotion." In implementing this philosophy, the Company devotes itself, as an enterprise responsible for construction, to

the study of construction technologies that are in line with societal demands, and strive to contribute to creating a better and valuable social foundation.

b) Mid-Term Business Plan to embody management policy

In its mid-term business plan released on March 23, 2023, the Company set forth the basic policy of “Continue to be a resilient company and become a company that can stand up to adversity,” with a basic strategy of (i) transformation from “defense to offense,” (ii) transformation to a “high profit model,” and (iii) transformation to “capital efficiency management.” By steadily implementing such major management changes, the Company will respond flexibly to the ever-changing business environment, and become a resilient company that directly takes on challenges in a difficult environment, guided by the Company’s Corporate Identity.

(ii) Strengthening of corporate governance

The Company has undertaken the following specific initiatives for the further strengthening of its corporate governance.

(Corporate governance system)

For the realization of the Corporate Identity of (i) a) Management Policy above, the Company sets forth the basic policy of “Continue to be a resilient company and become a company that can stand up to adversity,” values robust corporate governance as one of the most important objectives for management and is endeavoring to build optimal management systems to respond swiftly to changes in the business environment. The Company believes that ensuring robust corporate governance and efficient and transparent management will enhance corporate value and be the foundation for the Company’s survival as an enterprise that is trusted by shareholders, other stakeholders, and society as a whole.

As part of its corporate governance system, the Company has established a Board of Auditors and is conducting oversight and monitoring of its business affairs through the Board of Directors and the Board of Auditors. The Board of Directors is chaired by the Representative Director, President and consists of 13 directors, of whom seven are independent outside directors. Likewise, the system is such that four outside corporate auditors attend meetings of the Board of Directors to audit the directors’ conduct of business, and all of the outside corporate auditors are independent outside auditors. Furthermore, to enhance the independence and objectivity of the function of the Board of Directors with regard to the nomination and compensation, etc. of directors and executive officers, Director Nominating/Compensation Committee is in place beneath the Board of Directors to consult on nominations and compensation. The committee has a system that ensures suitable involvement by and advice from outside directors.

(Auditing by corporate auditors and internal audits)

On the basis of the fiduciary responsibility to the shareholders, corporate auditors conduct audits of the state of directors’ performance of their duties, in accordance with the Board of Auditors rules and Board of Auditors bylaws, from an independent and objective standpoint for the benefit of the Company and the common interests of the Company shareholders. In addition, to enhance the effectiveness of audits, corporate auditors maintain partnerships with accounting auditors, the Audit Dept., and corporate auditors of subsidiaries. Corporate auditors attend meetings of the Board of Directors and other important meetings and, if necessary, can request at any time that directors and employees of the Company or subsidiaries access or provide materials relevant to business affairs.

In addition, the Company has established the Audit Dept., and ensures the propriety of its business activities and the efficiency and soundness of its management by confirming the state of performance of the duties of each department and the effectiveness and reasonableness of internal controls. The Audit Dept., in accordance with the auditing plan, conducts operational audits of the Company’s head office, 11 Company branches and offices, and three subsidiaries, thus confirming the state of business affairs and the effectiveness and reasonableness of internal controls in the corporate group comprising the Company and its subsidiaries. Further, the Audit Dept. conducts internal control audits of financial reports, and improves the reliability of financial reports by detecting internal control failures, etc. and correcting departments. The Audit Dept. also reports the results of audits regularly to the Board of Directors.

(Other)

In addition to the foregoing, the Company, works earnestly to strengthen corporate governance in accordance with Japan’s latest Corporate Governance Code.

(3) Summary of efforts to prevent decisions on Company's financial and business policies from being controlled by persons that are unsuitable in light of the basic policy

As set forth in (1) above, the Company will take measures deemed appropriate, to the extent permitted under the Financial Instruments and Exchange Act, the Companies Act, other laws and regulations, and the Articles of Association based on the basic policy.

(4) Determination of the Company's Board of Directors regarding specific efforts and the reasons therefor

The purpose of the efforts of (2) and (3) above is to secure and improve the Company's medium-to long-term corporate value and the common interests of shareholders.

Therefore, the Company believes that the efforts of (2) and (3) above are in line with the basic policy of (1) above, that these initiatives do not harm the Company's medium-to-long-term corporate value or the common interests of the shareholders, and that they are not for the purpose of maintaining the status of the Company's current officers.

2. Other Matters Concerning the Corporate Governance System **Updated**

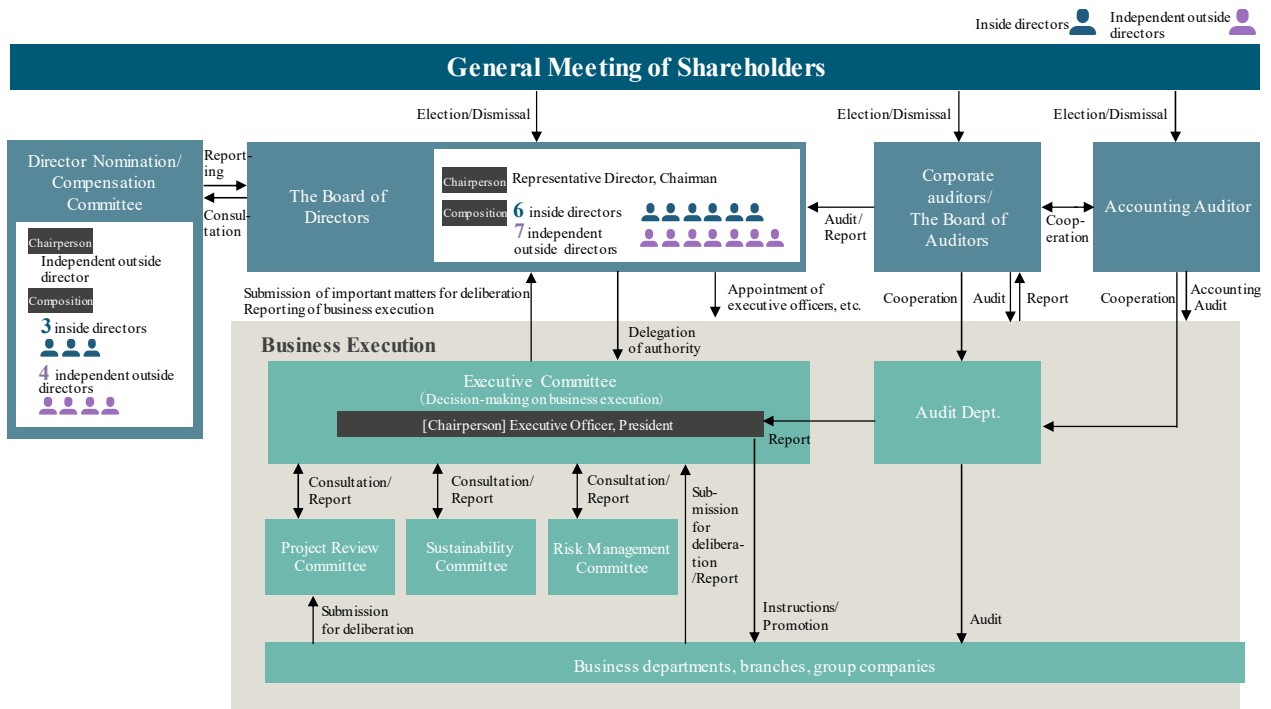
[Internal System for Timely Disclosure of Company Information]

The Company will strive to appropriately disclose company information to investors in accordance with the "Timely Disclosure System" shown in another figure.

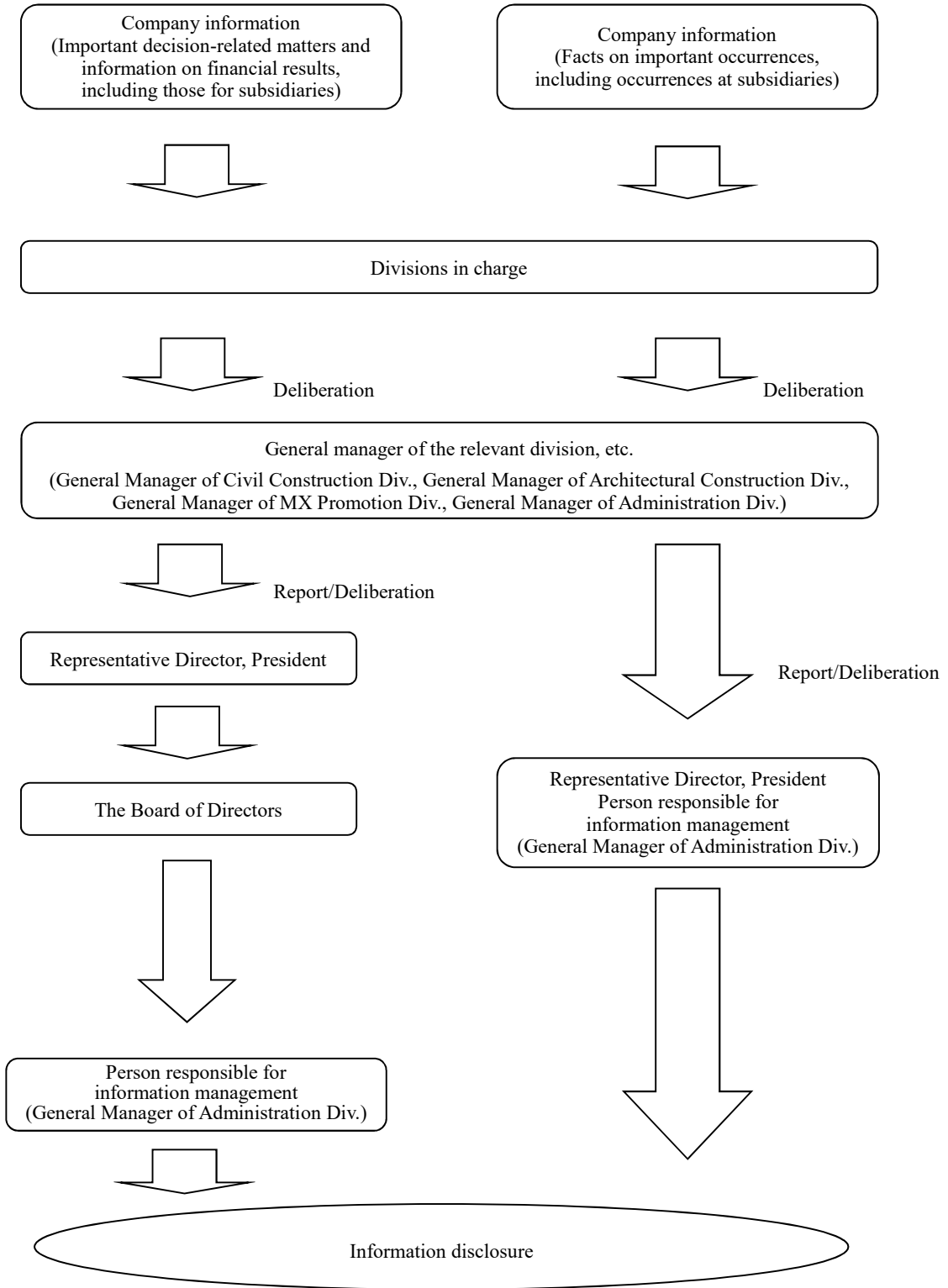
The Company discloses information on important decisions, financial results, etc. without delay after the resolution of the Board of Directors. As for facts that occurred, the Company consults with President as necessary after final confirmation of the necessity of timely disclosure by the person responsible for information handling (General Manager of Administration Div.), and then discloses information without delay.

The Company will endeavor to make its business activities understood more accurately by disclosing not only company information that is required to be disclosed under the Financial Instruments and Exchange Act and other related laws and regulations, and rules established by financial instruments exchanges, but corporate information widely to the society including stakeholders in a proactive way.

Governance Organization Chart (As of December 20, 2023)



TOYO CONSTRUCTION CO., LTD. Timely Disclosure System



Composition of the Board of Directors (Skill Matrix)

Name	Position at Company	Knowledge and Experience Possessed							
		Business administration	Sales	Technology/ICT	Global	Sustainability	Finance/accounting	Legal/ risk management	New investment/business development
Shinya Yoshida	Representative Director, Chairman	●			●	●		●	●
Haruhisa Obayashi	Representative Director, President	●	●	●	●	●			●
Hiroshi Hirata	Representative Director, Vice President	●	●	●		●			●
Mamoru Sato	Director	●	●			●	●	●	●
Tatsuyoshi Nakamura	Director	●	●	●					●
Akira Tosaka	Director		●	●					●
Takashi Narusawa	Outside Director	●			●	●	●	●	●
Kazumichi Matsuki	Outside Director	●			●			●	●
Taizo Nishikawa	Outside Director	●		●	●	●			●
Masato Uchiyama	Outside Director	●				●	●		●
Masaharu Okada	Outside Director	●	●	●	●				●
Katsuya Natori	Outside Director				●			●	
Shinichi Kato	Outside Director	●			●	●	●		●
Kiyotaka Somekawa	Full-time Outside Corporate Auditor	●			●	●	●	●	
Shiho Boda	Outside Corporate Auditor				●			●	
Tomoko Nonaka	Outside Corporate Auditor							●	
Koichi Kawaguchi	Outside Corporate Auditor	●			●	●		●	●