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**Taisei Corporation**

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Securities Code: 1801

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

The following describes the state of corporate governance at Taisei Corporation.

## Fundamental approach to corporate governance, capital structure, corporate attributes, and other basic information

### 1. Fundamental approach

- In accordance with the Taisei Group Philosophy “To create a vibrant environment for all members of society” and the three pillars of the “Taisei Spirit”—“Active and Transparent Culture,” “Value Creation,” and “Evolution of Tradition”—to realize this philosophy, Taisei Corporation (the “Company”) aims to achieve sustained growth and to enhance corporate value in the medium and long run.
- The Company’s fundamental approach to corporate governance is to ensure swiftness, appropriateness, fairness, and transparency in management decision-making in order to earn the trust of society while pursuing sustained development as a business.
- Taisei’s Fundamental Corporate Governance Policy, which embodies the fundamental approach described above in response to the principles of the Corporate Governance Code, is posted on the Company’s website.  
[https://www.taisei.co.jp/corp/rinen/pdf/governance\\_basic\\_policy.pdf](https://www.taisei.co.jp/corp/rinen/pdf/governance_basic_policy.pdf) (Japanese)  
[https://www.taisei.co.jp/english/profile/philosophy/policies/pdf/governance\\_basic\\_policy.pdf](https://www.taisei.co.jp/english/profile/philosophy/policies/pdf/governance_basic_policy.pdf) (English)

### [Reasons for not putting into practice a part of the Corporate Governance Code's principles]

The Company fully implements each of the Corporate Governance Code’s principles.

### [Disclosure based on the principles of the Corporate Governance Code]

#### [Principle 1.3] (Basic capital policy)

The Company intends to develop foundations that contribute to enhancing the Group’s corporate value, on the premise of maintaining financial discipline (maintaining our credit rating) and ensuring smooth execution of the construction business, while balancing with the shareholder returns (distribution of profits to shareholders), and securing growth investment preferentially portfolio, by introducing following financial policies:

- 1) Continued assurance of ROE of approximately 10% and pursuit of the optimal capital structure; and
- 2) Implementation of growth investment based on investment criteria and fund allocation policies.

The Company has also made a fundamental policy to maintain a dividend payout ratio of approximately 30% based on the assumption of a long-term stable dividend, while maintaining financial discipline and preferential securing of growth investment quotas, and to provide flexible shareholder returns including the acquisition of treasury shares with a total payout ratio up to 100%.

In May 2024, alongside TAISEI VISION 2030 Achievement Plan and Medium-Term Business Plan (2024-2026), the Company has formulated and publicized “Action to Implement Management that is Conscious of Cost of Capital and Stock Price”.

#### [Principle 1.4] (Cross-shareholdings)

##### (1) Our Policy on Cross-Shareholdings

We maintain cross-shareholdings to establish and strengthen long-term, stable relationships of mutual cooperation with important business partners and improve our competitiveness and profitability.

We have a policy to timely and appropriately sell cross-holding shares which, as the result of verification by the Board, are considered not to be consistent with our policy on cross-shareholdings because it is not economically reasonable and promising in the medium to long run to maintain them. Regarding the main cross-shareholdings which the Company holds, please refer to the annual securities report.

Based on the policy, with regard to the targets publicly announced in May 2023 where we intend to decrease the amount of cross-shareholdings so that the amount will be less than 30% of our consolidated net assets by the end of the fiscal year 2026, and less than 20% of those by the end of the fiscal year 2030, we have now decided to set the targeted schedule earlier in order to accelerate the efforts to decrease the amount so that the amount will be less than 20% of our consolidated net assets by the end of the fiscal year 2026.

Annual securities report: <https://www.taisei.co.jp/ir/data/shoken/pdf/16404.pdf> (Japanese only)

##### (2) Verification by the Board of the Economic Reasonableness of Cross-Shareholdings

The Board compares the acquisition prices with the business returns from all listed shares and from unlisted shares which the Board decides to verify continuously, while using capital costs as a yardstick. In June of each year, the Board

decides on a case-by-case basis whether we should continue to hold the cross-shareholdings. In addition to quantitative verifications, the Board uses qualitative information such as orders of construction to be expected in the future for its decision.

As a result, in the fiscal year 2023, we sold 57 listed shares worth ¥49.7 billion and 6 unlisted shares worth ¥0.2 billion (including the cases where the Company sold part of the whole shares).

(3) Standards for Exercise of Voting Rights

Voting rights of cross-shareholdings will be exercised appropriately from the viewpoint of whether they contribute to enhancement of our corporate value.

[Principle 1.7] (Transactions between related parties)

The Company ensures that transactions with any of its Members of the Board or Executive Officers, major shareholders, or other stakeholders are brought before the Board or the Management Committee in advance in accordance with the "Board Regulations" or the "Regulations of Management Committee" according to the importance and nature of such transactions so that the same are reviewed and approved through due procedures.

[Supplementary Principle 2.4.1] (Ensuring diversity on employment of core personnel, etc.)

(1) Approach to ensuring diversity

Taisei Group adopts the following basic approach to ensuring diversity irrespective of gender, nationality, work style, career, etc., to employ of people with diverse abilities and to develop an environment where such abilities can be exercised to the maximum extent (Diversity, Equity & Inclusion) to realize diversity management based on our Group Philosophy of "To create a vibrant environment for all members of society" and Taisei Spirit ("Active and transparent culture", "Value Creation", and "Evolution of Tradition") to pursue the Group Philosophy.

(2) Goals for ensuring diversity

As for women employees who have a major impact on diversity issues, the Company has set the following goals for ensuring diversity.

- 1) To increase the ratio of newly hired women graduates out of all newly hired graduates to "25% or more by 2024 and 30% or more by 2030"
- 2) To increase the number of women managers to "10 times or more compared to that in FY 2015 by 2025"
- 3) To increase the ratio of women employees in the technical field out of all employees in the technical field to "15% or more by 2030"

(3) Policies on human resources development and internal environment improvement for ensuring diversity

The Company's "Human Resources Development Policy (Diversity, Equity & Inclusion Policy)" which set forth policies concerning human resources development and the internal environment improvement in order to respect diversity and enable every executive and employee to maintain high levels of engagement and play active roles, is posted on its web site.

[https://www.taisei.co.jp/corp/rinen/pdf/diversity\\_and\\_inclusion.pdf](https://www.taisei.co.jp/corp/rinen/pdf/diversity_and_inclusion.pdf) (Japanese)

[https://www.taisei.co.jp/english/profile/philosophy/policies/pdf/diversity\\_and\\_inclusion.pdf](https://www.taisei.co.jp/english/profile/philosophy/policies/pdf/diversity_and_inclusion.pdf) (English)

(4) Implementation status of ensuring diversity

The Company's current status of ensuring diversity and implementing human resources development and internal environment improvement is posted on its web site.

Diversity, Equity & Inclusion

[https://www.taisei-sx.jp/social/human\\_rights/diversity.html](https://www.taisei-sx.jp/social/human_rights/diversity.html) (Japanese)

[https://www.taisei-sx.jp/english/social/human\\_rights/diversity.html](https://www.taisei-sx.jp/english/social/human_rights/diversity.html) (English)

[Principle 2.6] (Function fulfillment as the owner of corporate pension assets)

(1) In managing reserve funds for the corporate pension plan, the Company has established a system that enables it to fulfill the functions to be expected as an asset owner mainly in the manner of monitoring management firms while enhancing the Company's management expertise through the methods such as obtaining advice from external experts.

(2) To ensure that beneficiaries' interests are maximized and that conflicts of interest that may arise between the Company and beneficiaries are controlled appropriately, the Company verifies the management of reserve funds for the corporate pension plan through the Pension Preservation Council, which consists of members from the Company and labor union, and reviews the component ratio of policy assets.

[Principle 3.1] (Improvement of information disclosure)

(1) The aims of the Company (the achievement of the corporate philosophy, etc.), management strategy, and management plans

The Company's Structure of Values and Policies, which consists mainly of the Group Philosophy and management plans, is posted on its website.

<https://www.taisei.co.jp/corp/rinen> (Japanese)

<https://www.taisei.co.jp/english/profile/philosophy/> (English)

(2) Fundamental approach to corporate governance and the fundamental policy based on the principles of the Corporate Governance Code

(i) Fundamental approach

The Company's fundamental approach to corporate governance is described in Section I.1. "Fundamental approach" in this Report.

(ii) Fundamental policy

The Company's Fundamental Corporate Governance Policy, which describes its response in accordance with the principles of the Corporate Governance Code, is posted on its website.

[https://www.taisei.co.jp/corp/rinen/pdf/governance\\_basic\\_policy.pdf](https://www.taisei.co.jp/corp/rinen/pdf/governance_basic_policy.pdf) (Japanese)

[https://www.taisei.co.jp/english/profile/philosophy/policies/pdf/governance\\_basic\\_policy.pdf](https://www.taisei.co.jp/english/profile/philosophy/policies/pdf/governance_basic_policy.pdf) (English)

- (3) Policy and procedure for the Board to determine remuneration for executives and Members of the Board
- (i). Policy  
Remuneration for Members of the Board consists of fixed compensation and performance-based compensation (monetary compensation) as well as non-monetary performance-based compensation (stock compensation).  
Remuneration for Executive Officers consists of fixed compensation and performance-based compensation (monetary compensation).  
Remuneration for External Members of the Board is fixed compensation.
- (ii). Procedure  
The system of remuneration for Members of the Board and Executive Officers as well as the amount of remuneration for each Member of the Board and Executive Officer based thereupon are determined by the Board after discussions at the Remuneration Committee, the Board's organ of advance consultation, which is chaired by an External Member of the Board.
- (4) Policy and procedure for the Board to elect and dismiss executives as well as nominate candidates for Members of the Board and Audit & Supervisory Board Members
- (i). Policy  
Candidates for Members of the Board are nominated, and Executive Officers are elected, from the viewpoint of selecting persons who will contribute to the Company's sustainable growth and medium- to long-term enhancement of corporate value after taking account of their attributes such as their careers, achievements, character, knowledge, experience, and abilities as well as the overall balance among Members of the Board in addition to diversity, which includes gender, international background, career and age. In order to attain the medium- to long-term vision and the Medium-Term Business Plan, the Board identifies the skills, etc. that the Board should cover, and nominates candidates for the Members of the Board based on such identified skills. Dismissal may be discussed if any of the attributes that were expected at the time of election to manifest are not recognized.  
Candidates for Audit & Supervisory Board Members are nominated from the viewpoint of selecting persons who contribute to the Company's sustainable growth and medium- to long-term enhancement of corporate value after taking account of their attributes such as their careers, achievements, character, knowledge, experience, and abilities as well as the overall balance among Audit & Supervisory Board Members. The Company has selected individuals who have expertise in finance, accounting, and legal affairs. Among them at least one individual has considerable expertise in finance and accounting in particular.
- (ii). Procedure  
Nomination of candidates for Members of the Board and Audit & Supervisory Board Members as well as election and dismissal of Executive Officers are determined by the Board after discussions at the Executive Personnel Committee, the Board's organ of advance consultation, which is chaired by an External Members of the Board. Nominations of candidates for Audit & Supervisory Board Members are determined by the Board with the consent of the Audit & Supervisory Board.
- (5) Explanations about the election or dismissal of Executive Officers and the nomination of candidates for Members of the Board and Audit & Supervisory Board Members given upon election or dismissal or nomination by the Board in accordance with Section (4) above
- (i). Candidates for Members of the Board  
The reasons for each candidate for External Member of the Board's nomination are described in the annual securities report and Section II.1. of this Report, "[Category: Members of the Board] Relationships with companies (2)."  
Annual securities report: <https://www.taisei.co.jp/ir/data/shoken/pdf/16404.pdf> (Japanese only)

The reasons for nominating each candidate for Internal Members of the Board are as follows.

- Shigeyoshi TANAKA, Representative Director (re-elected in June 2024)  
Mr. Shigeyoshi TANAKA, specialized in civil engineering technologies, has successively held various posts such as Chief of Kyushu Branch, Chief of Corporate Planning Office, and Chief of Civil Engineering Division since his appointment as Executive Officer in April 2011. He has distinguished expertise in civil engineering sector, broad experience and achievement at the Company, and considerable knowledge of the overall management of the Taisei Group. Since April 2023, he has assumed a role as Chairman, Representative Director. He is consistently working on to strengthen the decision making and supervising function of the meetings of the Board, and he has led discussions at the meeting of the Board as Chairman of the Board and contributed to enhancement of deliberations at the Board. As Mr. Shigeyoshi TANAKA can be expected to contribute to the sustainable development and further enhancement of the corporate value of Taisei Group, we nominated him as candidate for a Member of the Board again.
- Yoshiro AIKAWA, Representative Director (re-elected in June 2024)  
Mr. Yoshiro AIKAWA, specialized in building construction technologies, has successively held various posts such as Chief of Kyushu Branch, Chief of Marketing & Sales (Building Construction) Division II, and Chief of Architecture & Engineering Division (Integrated) and Chief of Building Construction Division since his appointment as Executive Officer in April 2013. He has broad experience and achievement at the Company, and considerable knowledge of the overall management of the Taisei Group. Since June 2020, he has served as President and Chief Executive Officer and contributed to establishing the foundation for future growth of the

Company and the Taisei Group in order to realize the Medium- to Long-Term Vision of the Taisei Group [TAISEI VISION 2030]. As Mr. Yoshiro AIKAWA can be expected to contribute to the sustainable development and further enhancement of the corporate value of the Taisei Group, we nominated him as candidate for a Member of the Board again.

- Masahiko OKADA, Representative Director (re-elected in June 2024)  
Ever since Mr. Masahiko OKADA joined the Company, he has engaged in departments related to business administration, and successively held various posts such as General Manager of Secretariat Department, and Chief of Hokushinetsu Branch since his appointment as Executive Officer in April 2017. He has distinguished expert knowledge in accounting and financial fields, broad experience and achievement at the Company, and considerable knowledge of overall management of the Taisei Group. At present, as Executive Vice President, Representative Director, Chief of Business Administration Division in Charge of New Business Planning, he is working to strengthen the decision-making and supervisory functions of the Board of Directors, as well as formulating and promoting strategies related to the Group's overall management. As Mr. Masahiko OKADA can be expected to contribute to the sustainable development and further enhancement of the corporate value of the Taisei Group, we nominated him as candidate for a Member of the Board again.
- Kenji SHIRAKAWA, Member of the Board (newly elected in June 2024)  
Mr. Kenji SHIRAKAWA, specialized in civil engineering technologies, has successively held various posts such as Chief of Chiba Branch and Deputy Chief of Civil Engineering Division since his appointment as Executive Officer in April 2019. He has distinguished expert knowledge in civil engineering fields, broad experience and achievement at the Company, and considerable knowledge of overall management of the Taisei Group. At present, as Senior Managing Executive Officer and Chief of Civil Engineering Division, he is working on to develop and implement strategies for resolving issues regarding reinforcement of production system, etc. in departments related to civil engineering. As Mr. Kenji SHIRAKAWA can be expected to contribute to the sustainable development and further enhancement of the corporate value of the Taisei Group, we newly nominated him as candidate for a Member of the Board.
- Junichi KASAHARA, Member of the Board (newly elected in June 2024)  
Mr. Junichi KASAHARA has engaged mainly in the administrative divisions, including general affairs and human resources, and has successively held various posts such as General Manager of the General Affairs Department and Deputy Chief of Business Administration Division since his appointment as Executive Officer in April 2020. He has distinguished expert knowledge in risk analysis and correspondence particularly in his general affairs operation and human resources fields, broad experience and achievement at the Company, and considerable knowledge of overall management of the Taisei Group. At present, as Senior Managing Executive Officer, Deputy Chief of Business Administration Division in Charge of Human Resources System Reform, he is engaged in formulating human resources development and human resources strategies for the Group, as well as developing and promoting its risk management systems. As Mr. Junichi KASAHARA can be expected to contribute to the sustainable development and further enhancement of the corporate value of the Taisei Group, we newly nominated him as candidate for a Member of the Board.
- Mayuki YAMAURA, Member of the Board (re-elected in June 2024)  
Mr. Mayuki YAMAURA, specialized in building construction technologies, has successively performed his duties as Chief of Chiba Branch since his appointment as Executive Officer in April 2021. He has distinguished expertise in building construction sector, broad experience and achievement at the Company, and considerable knowledge of the overall management of Taisei Group. At present, as Managing Executive Officer, Member of the Board, Chief of Architecture & Engineering Division (Integrated), and Chief of building Construction Division, he is working on to strengthen the decision-making and supervisory functions of the Board of Directors, as well as to develop and implement strategies for resolving issues regarding reinforcement of production system in departments related to building construction, etc. As Mr. Mayuki YAMAURA can be expected to contribute to the sustainable development and further enhancement of the corporate value of Taisei Group, we nominated him as candidate for a Member of the Board again.
- Yuichiro YOSHINO, Member of the Board (re-elected in June 2024)  
Mr. Yuichiro YOSHINO, specialized in building construction technologies, has successively performed his duties as Chief of Chugoku Branch since his appointment as Executive Officer in April 2021. He has distinguished expertise in building construction sector, broad experience and achievement at the Company, and considerable knowledge of the overall management of Taisei Group. At present, as Managing Executive Officer, Member of the Board, Deputy Chief of Corporate Planning Office and in Charge of Building Construction Business Strategy, he is working on to strengthen the decision-making and supervisory functions of the Board of Directors, as well as to develop and implement strategies regarding overall management of Taisei Group. As Mr. Yuichiro YOSHINO can be expected to contribute to the sustainable development and further enhancement of the corporate value of Taisei Group, we nominated him as candidate for a Member of the Board again.

(ii). Candidates for Audit & Supervisory Board Members

The reasons for each candidate for External Audit & Supervisory Board Member's nomination are described in the annual securities report and Section II.1. of this Report, "[Category: Audit & Supervisory Board Members] Relationships with companies (2)."

Annual securities report: <https://www.taisei.co.jp/ir/data/shoken/pdf/16404.pdf> (Japanese only)

The reasons for nominating each candidate for Internal Audit & Supervisory Board Member are as follows.

- Takashi HAYASHI, Audit & Supervisory Board Member (re-elected in June 2023)  
Ever since Mr. Takashi HAYASHI joined the Company, he has been engaged in departments related to business administration such as finance, accounting and successively held various posts such as Executive Officer of the

Company, and President and Chief Executive Officer of several subsidiaries of the Company. In addition, he has taken office as Audit & Supervisory Board Member (Full-time) since June 2019, he has adequately performed audit towards fulfilment of the duties of Members of the Board by expressing his opinions suitably at the meetings of the Board and Audit & Supervisory Board, and by requesting explanation as necessary. Based on his past performance, he is considered to be suitable for carrying out the task of improving audits by Audit & Supervisory Board Members at the Company, and thus we nominate him as a candidate for Audit & Supervisory Board Member again.

• Shuichi OKUDA, Audit & Supervisory Board Member (newly elected in June 2023)

Ever since Mr. Shuichi OKUDA joined the Company, he has been engaged in departments related to business administration, and successively held various posts such as General Manager of Accounting Department, and Chief of Sustainability Management Promotion Division. He has distinguished expert knowledge in the fields of accounting, finance and sustainable development, broad experience and achievement at the Company, and considerable knowledge of sustainable management of the Taisei Group. Reviewing his past performance, we consider Mr. Shuichi OKUDA is a suitable person to take charge of enhancing audit function as Audit & Supervisory Board Member, therefore, we newly nominate him as candidate for an Audit & Supervisory Board Member.

[Supplementary Principle 3.1.3] (Initiatives on sustainable development, etc.)

Taisei Group's fundamental policy on sustainable development is to realize Sustainability Transformation (SX), which aims to resolve sustainable development issues through our businesses centered on the construction industry, and to contribute to the development of a resilient society where people can live affluent and cultural lives, based on our Group Philosophy of "To create a vibrant environment for all members of society" and Taisei Spirit ("Active and Transparent Culture" "Value Creation" and "Evolution of Tradition") to pursue the Group Philosophy.

Recognizing that addressing sustainable development issues will not only reduce the risks but also lead to new profit opportunities, we will positively and proactively strive to undertake those issues.

To centralize responses to sustainability challenges, in April 2022 the Company founded the Sustainability Division (Integrated) and appointed its Chief as Chief Sustainability Officer (CSuO) in order to clarify the responsibility for Taisei Group's promotion of sustainability. The Sustainability Division (Integrated) has two divisions integrally promoting corporate sustainability, where the Sustainability Management Promotion Division resolves issues for carbon neutrality and unifies strategic functions for overall sustainability and the Clean Energy & Environment Business Promotion Division unifies functions for promoting businesses related to clean energy and the environment.

The Company has set up the Sustainability Committee within the Board to bolster sustainability management throughout the Group. The Sustainability Committee deliberates on the formulation and execution of significant policies and specific measures concerning sustainability management, and raise those matters for the Board's further deliberation, so that the Board performs appropriate supervisory functions thus maintaining its effectiveness. Matters deliberated and resolved at the Board are notified to individual business divisions within the Company as well as its Group companies, and are reflected in their management plans and business operations.

(1) Initiatives on sustainable development

Taisei Group formulated [TAISEI VISION 2030] in May 2021 as the Group's medium- to long-term vision and introduced "The Ever-Evolving The CDE<sup>3(cubed)</sup> COMPANY ~A pioneering corporate group contributing to the development of a resilient society where people can live affluent and cultural lives~". In May 2024, upon the initiation of its second phase, the Medium-Term Business Plan (2024-2026), the Group newly introduced [TAISEI VISION 2030] Achievement Plan. In the Achievement Plan, the Group has designated "Sustainability Strategy (Environment, Energy and Human Rights)" as a Policy on Business Foundation Development, and is promoting various measures toward the year 2030.

[[TAISEI VISION 2030] Achievement Plan and The Medium-Term Business Plan (2024-2026)]

<https://ssl4.eir-parts.net/doc/1801/tdnet/2435672/00.pdf> (Japanese)

<https://www.taisei.co.jp/english/ir/policy/plan/> (English)

Among the sustainable development issues, particularly important issues had been identified as material issues (to be dealt with), and the Group has reviewed those issues in May 2024 and identified five issues as follows:

[5 Material Issues]

1. Co-creation of new value to realize affluent lives;
2. Realization of sustainable and environmentally friendly society;
3. Realization of society and workplace environment where everyone can work lively;
4. Integrity and Pride in manufacturing ~Safety, Quality, and Technology~; and
5. Fair corporate activities that support trust ~Compliance and Governance~.

As each material issue has been reflected in [TAISEI VISION 2030] Achievement Plan and respective KPIs have been set under the Medium-Term Business Plan (2024-2026), the Group is dealing with each material issue in collaboration with its business strategies. The results of KPIs for material issues are predetermined in Management Committee and periodically reported to the Board for its supervision.

(2) Investments in human resources and intellectual properties, etc.

For the Group's measures to enhance human resources, please refer to "Human Capital" under the Fundamental Management Policy in [TAISEI VISION 2030] Achievement Plan as described in (1) above and the Company's website. Please also refer to the Company's website on which the data related to investments in human resources and intellectual property and KPIs are posted.

[Fundamental Management Policy]

<https://www.taisei.co.jp/ir/management-policy/plan/pdf/2024051301.pdf>(Japanese)

<https://www.taisei.co.jp/english/ir/policy/plan/> (English)

[The data related to investments in human resources and intellectual property]

[https://www.taisei-sx.jp/esg\\_guide\\_line/esg/index.html#social\\_datalink](https://www.taisei-sx.jp/esg_guide_line/esg/index.html#social_datalink) (Japanese)

[https://www.taisei-sx.jp/english/esg\\_guide\\_line/esg/#social\\_datalink](https://www.taisei-sx.jp/english/esg_guide_line/esg/#social_datalink) (English)

### (3) Measures against Environmental Issues, including Climate Change

The Group, aiming for “Realization of sustainable and environmentally friendly society” as introduced in Material Issues and Environmental Policy, is engaged in various measures toward achievement of “Decarbonized Society (Carbon Neutrality)”, “Recycling-Oriented Society (Circular Economy)” and “Nature Co-existing Society (Nature Positive)”.

The Group has publicized its “Integrated Environmental Management Information Disclosure” as the material compiled of integrated information related to the Group’s Environmental Management, in accordance with the framework described in the TCFD and TNFD as well as “Guidance on disclosure and dialogue for the promotion of sustainable finance regarding circular economy” issued by the Ministry of Economy, Trade and Industry as well as the Ministry of the Environment of Japan.

The details are posted on our website.

[Integrated Environmental Management Information Disclosure]

[https://www.taisei-sx.jp/esg\\_guide\\_line/tcfid/](https://www.taisei-sx.jp/esg_guide_line/tcfid/) (Japanese)

[https://www.taisei-sx.jp/english/esg\\_guide\\_line/tcfid/](https://www.taisei-sx.jp/english/esg_guide_line/tcfid/) (English)

### (4) Respect for Human Rights

The Group promotes various measures toward respecting human rights as the Group’s Human Rights Policy describes the Fundamental Attitude towards Respecting Human Rights to contribute for the realization of an inclusive society by fulfilling the corporate responsibilities voluntarily, positively and proactively so as not to make adverse impacts on human rights in relation to the business activities,

The details are posted on our website.

[Respect for Human Rights]

[https://www.taisei-sx.jp/social/human\\_rights/](https://www.taisei-sx.jp/social/human_rights/) (Japanese)

[https://www.taisei-sx.jp/english/social/human\\_rights/](https://www.taisei-sx.jp/english/social/human_rights/)(English)

[Human Rights Due Diligence]

[https://www.taisei-sx.jp/social/human\\_rights/duediligence.html](https://www.taisei-sx.jp/social/human_rights/duediligence.html) (Japanese)

[https://www.taisei-sx.jp/english/social/human\\_rights/duediligence.html](https://www.taisei-sx.jp/english/social/human_rights/duediligence.html)(English)

[Supplementary Principle 4.1.1] (Scope of delegation to executives)

The Board makes important decisions on business execution as stipulated in relevant laws and ordinances, the Articles of Incorporation, and the Board Regulations.

The Management Committee is newly established as the decision-making organ for business execution of the Company, and the Regulations of Management Committee stipulate the authority for decision-making related to business execution that is delegated to the Management Committee by the Board. Furthermore, the system of Executive Officers has been adopted to facilitate flexible execution of business.

[Principle 4.8] (Effective utilization of Independent External Members of the Board)

At present, five (5) of the Company’s twelve (12) Members of the Board are Independent External Members of the Board. Among the External Members of the Board, Ms. Atsuko NISHIMURA has been expected to contribute to bolstering deliberations and managerial supervision at the Board from diverse viewpoints that make the most of her international and objective perspectives based on her experience and knowledge as a diplomat, thus she is deemed to be eligible for an External Member of the Board and so selected. Messrs. Norio OTSUKA, Fumiya KOKUBU, Tsutomu KAMIJO and Ms. Hiroko KOIDE have been expected to contribute to strengthening governance and compliance system as well as decision-making and managerial supervision concerning important matters such as the election and dismissal of executives and management strategy planning, including international operations, by making the most of their rich experience and knowledge obtained as corporate managers and executives, thus they are deemed to be eligible for External Members of the Board and so selected.

[Principle 4.9] (Criteria and attributes for judging the independency of Independent External Members of the Board)

The Board stipulates criteria for judging the independency of External Members of the Board in Article 18 of the Fundamental Corporate Governance Policy.

[https://www.taisei.co.jp/corp/rinen/pdf/governance\\_basic\\_policy.pdf](https://www.taisei.co.jp/corp/rinen/pdf/governance_basic_policy.pdf) (Japanese)

[https://www.taisei.co.jp/english/profile/philosophy/policies/pdf/governance\\_basic\\_policy.pdf](https://www.taisei.co.jp/english/profile/philosophy/policies/pdf/governance_basic_policy.pdf) (English)

[Supplementary Principle 4.10.1] (Views on the independence of the composition of the nominating and remuneration committee)

The Company has established the Executive Personnel Committee and the Remuneration Committee as prior deliberative bodies within the Board. Both Committees are voluntary, but like the Board, the members thereof are composed so that diverse discussions can be held among internal Members of the Board with expertise in the management of the construction industry and independent External Members of the Board with diverse insights, where monitoring by independent External Audit & Supervisory Board Members functions effectively.

Our view on independence means that deliberations are conducted with a high degree of objectivity and transparency,

respecting opinions of each independent External Member of the Board and independent External Audit & Supervisory Board Member, on the premise that each internal Member of the Board (the top management) will fulfil its responsibilities for explaining proposed items. In both Committees, more than half of the members of each Committee including its chairperson are composed of independent External Members of the Board and an independent External Audit & Supervisory Board Member that serves as an observer to ensure the appropriateness of deliberations. This helps to invigorate deliberations at the Committees, while ensuring independence, objectivity and transparency.

The Executive Personnel Committee deliberates on the matters related to the personnel affairs of Members of the Board and executive officers, including the nomination of candidates for Members of the Board and Audit and Supervisory Board Members, the appointment and dismissal of executive officers, and the remuneration and punishment of Members of the Board and executive officers. In addition, the Remuneration Committee deliberates on the remuneration system for Members of the Board and executive officers and the amount of compensation based on the system.

Please refer to Section II.1. "Establishment of voluntary committees, committee structures, attributes of chairperson" for the current composition of the members of both Committees.

[Supplementary Principle 4.11.1] (Structure of the Board and procedure for selecting members)

The Company's Board consists of Internal Members of the Board and External Members of the Board accounting for one-third or more of the total number of members of the Board that are elected upon the identification of the skills, etc. that the Board should cover in order to attain the medium- to long-term vision and the Medium-Term Business Plan and in consideration of each member's character, knowledge, experience, and abilities, the overall balance among the Board members, and diversity (e.g., gender, international background, career and age). Internal Members of the Board strive to ensure appropriate decision-making and supervision of business execution by expressing useful opinions that make the most of their rich business experience obtained from years of engagement in the Company's business. External Members of the Board do so by expressing useful opinions from objective viewpoints based on their abundant experience and extensive knowledge as an executive or equivalent. Please refer to the skill matrix which displays each Member of the Board's careers, etc. on the Notice of the General Meeting of Shareholders.

<https://www.taisei.co.jp/ir/soukai.html> (Japanese)

<https://www.taisei.co.jp/english/ir/meeting/> (English)

The policy and procedure for the election of Members of the Board are described in Section [Principle 3.1] (4).

[Supplementary Principle 4.11.2] (Posts held by Members of the Board or Audit & Supervisory Board Members concurrently)  
If a Member of the Board or Audit & Supervisory Board Member of the Company concurrently serves as an executive at other listed companies, he or she shall limit his or her service to the range necessary and reasonable to appropriately fulfill such roles and responsibilities.

Important posts that Members of the Board and Audit & Supervisory Board Members of the Company hold concurrently as well as the attendance of Members of the Board and Audit & Supervisory Board Members at meetings of the Board and the Audit & Supervisory Board held in fiscal year 2022 are included in the notice of the General Meeting of Shareholders.

<https://www.taisei.co.jp/ir/soukai.html> (Japanese)

<https://www.taisei.co.jp/english/ir/meeting/> (English)

[Supplementary Principle 4.11.3] (Analysis and evaluation of the overall effectiveness of the Board)

The Board of the Company analyzes and evaluates effectiveness of the Board and discloses the results annually.

#### I. Fiscal year 2023 initiatives based on the fiscal year 2022 evaluation

In order to strengthen supervisory functions and invigorate the deliberations at the Board, and to accelerate decision-making on business execution, the Company reviewed its governance system in March 2020, that includes a review of agenda items to be resolved by the Board, and further delegation of its authority to executives accordingly.

Taking account of the review, since the fiscal year 2020, we have strived to enhance the effectiveness of the Board, and we have been also trying to address the issues found in the effectiveness review in the fiscal year 2022 as follows:

##### a) Enhancing discussions on the appropriate governance system, including the size and composition of the Board

As an ongoing issue, the Executive Personnel Committee and the Remuneration Committee deliberated on the topics to be considered, including the composition of the members of the Board, and studied on the systematic designs toward validating and restructuring the present appointment and remuneration system.

##### b) To the appropriate extent, further delegation of authority to executives

Based on the analysis of the agenda items, the Board secured enough time for deliberations by restructuring the agenda classification system, narrowing down the number of agenda items, and making documents and briefings in a concise manner.

##### c) Further enhancing deliberations in the Board meetings in consideration of its role and responsibility from medium- to long-term perspective

The Board intensively deliberated matters focused on the formulation of the Medium-Term Business Plan (2024-2026) in addition to the discussion on the corporate culture reform.

#### II. Overview of the fiscal year 2023 evaluation

The method used to evaluate effectiveness in the fiscal year 2023, and the results of the evaluation are as outlined below.

##### (1) Evaluation method and process

- The secretariat prepared a self-evaluation questionnaire (evaluation sheet for the Board) and obtained approval thereof from the Board, and all Members of the Board and Audit & Supervisory Board conducted the self-evaluations.

- The evaluation items in the questionnaire are as listed below. Items 1-5 consisted of five-grade assessments and free descriptions, and Item 6 comprised free descriptions.

<< Evaluation items >>

1. Self-evaluation as a Member of the Board
2. Structure and operation of the Board
3. Effectiveness of the Board
4. Support system
5. Deliberation and monitoring regarding the medium- to long-term vision and the Medium-Term Business Plan
6. General Evaluation of the Board

- The External Members of the Board conducted an overall assessment towards the result of the self-evaluations collated by the secretariat.
- At the same time, a lawyer prepared a third-party's opinion towards the result of self-evaluations.
- Then the Board deliberated on the effectiveness based on the overall assessment and the third-party's opinion.

(2) Overview of the evaluation results

Since the corporate governance system as a company has been consistently consolidated in general, it was assessed that the effectiveness of the Board was improving, while there were some matters which needed to improve from the standpoint of the roles and responsibilities of the Board.

In order to further enhance the effectiveness of the Board, the Board will continuously work on the followings:

- a) To enhance discussions on the size and composition of the Board and other aspects of the governance system
- b) To monitor the updated conditions and progress of business execution regarding important management issues
- c) To enhance deliberations in the Board meetings based on the roles and responsibilities of the Board from a medium- to long-term perspective

[Supplementary Principle 4.14.2] (Training policy for Members of the Board and Audit & Supervisory Board Members)

The Company provides necessary training and materials for Members of the Board and Audit & Supervisory Board Members to fulfill their roles and responsibilities upon taking up their offices, and this training and materials cover the relevant laws and ordinances, Articles of Incorporation, Board Regulations, and internal regulations that stipulate the Company's important policies and other guidelines.

In addition to the aforementioned training, the Company continuously offers opportunities to receive training from external organizations, experts, and other parties.

In an effort to facilitate a deeper understanding of the Taisei Group and its business among External Members of the Board and External Audit & Supervisory Board Members, internal Members of the Board or other employees provide them with explanations regarding the subject business during the prior briefing sessions when necessary. In addition, other measures such as visits to work sites are organized.

[Principle 5.1] (Policy for constructive dialogue with shareholders)

The Company's IR Policy, which stipulates a policy on initiatives to establish a system to promote constructive dialogue with shareholders, is posted on the Company's website.

[https://www.taisei.co.jp/corp/rinen/pdf/ir\\_policy.pdf](https://www.taisei.co.jp/corp/rinen/pdf/ir_policy.pdf) (Japanese)

[https://www.taisei.co.jp/english/profile/philosophy/policies/pdf/ir\\_policy.pdf](https://www.taisei.co.jp/english/profile/philosophy/policies/pdf/ir_policy.pdf) (English)

Please refer to the following website regarding the status of dialogue with our shareholders.

<https://www.taisei.co.jp/ir/data/taiwa/> (Japanese)

<https://www.taisei.co.jp/english/ir/library/dialogue/> (English)

[Measures for realizing the management focusing on capital costs and stock prices]

With the aim of realizing the goals of "TAISEI VISION 2030" set out as the medium- to long-term vision, the Company formulated and publicized [TAISEI VISION 2030] Achievement Plan and the Medium-Term Business Plan (2024-2026). In these plans, we regard the financial policy as one of our fundamental management policies, and we have organized the policy related to its optimum capital structure and cash allocation with financial discipline.

Based on this policy, in order to enhance PBR, the Company will: (i) secure stable profits in the group domestic building construction business and continue to implement a shareholder return policy based on strategic intent as measures to enhance ROE; and (ii) disclose the progress of [TAISEI VISION 2030] Achievement Plan and have sincere dialogues with stakeholders as measures to enhance PER.

<https://www.taisei.co.jp/ir/management-policy/plan/group.html> (Japanese)

<https://www.taisei.co.jp/english/ir/policy/plan/> (English)

## 2. Capital structure

Percentage of shares owned by foreign nationals	30% or more
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### [Major shareholders]

Name	No. of shares owned	Percentage (%)
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Master Trust Bank of Japan, Ltd. (Trust account)	29,777,300	16.14
Custody Bank of Japan, Ltd. (Trust account)	9,650,540	5.23
Taisei Associates' Shareholding Plan	6,144,900	3.33
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	5,945,800	3.22
State Street Bank and Trust Company 505223	4,210,920	2.28
Taisei Employees' Shareholding Plan	3,628,468	1.97
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	3,328,084	1.80
State Street Bank West Client Treaty 505234	3,292,710	1.78
Retirement Benefit Trust in Mizuho Trust (Mizuho Bank, Ltd. Account)	2,857,800	1.55
Meiji Yasuda Life Insurance Company	2,847,798	1.54

Is there a controlling shareholder (excluding the parent company)?	-----
Is there a parent company?	No

#### Supplementary explanations

The above list of major shareholders is as of March 31, 2024. The supplementary information is as follows:

- (i). The report of large holdings (the change report) made available for public inspection on June 19, 2023 states that as of June 16, 2023, Silchester International Investors LLP held shares in the Company as listed below, but since the Company could not confirm the number of shares actually held by them on March 31, 2024, the status of the major shareholders described above is based on the list of shareholders.
  - Owners: Silchester International Investors LLP
  - Number of shares owned: 13,361,800
  - Percentage of shares owned: 7.08%
- (ii). The report of large holdings (the change report) made available for public inspection on July 21, 2023 states that as of July 14, 2023, Sumitomo Mitsui Trust Asset Management Co., Ltd. and its joint holder held shares in the Company as listed below, but since the Company could not confirm the number of shares actually held by them on March 31, 2024, the status of the major shareholders described above is based on the list of shareholders.
  - Owners: Sumitomo Mitsui Trust Asset Management Co., Ltd. and another member
  - Number of shareholders owned: 9,897,400
  - Percentage of shares owned: 5.24%
- (iii). The report of large holdings (the change report) made available for public inspection on August 3, 2023, states that as of July 31, 2023, BlackRock Japan Co., Ltd. held shares in the Company as listed below, but since the Company could not confirm the number of shares actually held by them on March 31, 2024, the status of the major shareholders described above is based on the list of shareholders.
  - Owners: BlackRock Japan Co., Ltd. and other 6 members
  - Number of shares owned: 11,747,820
  - Percentage of shares owned: 6.22%
- (iv). The report of large holdings (the change report) made available for public inspection on February 22, 2024 states that as of February 15, 2024, Mizuho Bank, Ltd. and its joint holder held shares in the Company as listed below, but since the Company could not confirm the number of shares actually held by them on March 31, 2024, the status of the major shareholders described above is based on the list of shareholders.
  - Owners: Mizuho Bank, Ltd. and other 2 members
  - Number of shares owned: 10,098,703
  - Percentage of shares owned: 5.35%

### 3. Corporate attributes

Stock exchange listing the Company's shares & market category	Tokyo Stock Exchange Prime Market, Nagoya Stock Exchange Premier Market
Fiscal year-end	March
Industry type	Construction business

No. of employees as of most recent business year end (consolidated)	1,000 or more
Net sales for most recent business year (consolidated)	1 trillion yen or more
No. of consolidated subsidiaries as of most recent business year end	At least 50 companies and less than 100

#### 4. Guidelines on policy for protecting minority shareholders when the Company interacts with controlling shareholders

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#### 5. Other special circumstances that may have serious effects on corporate governance

1. The Company, as the core company of Taisei Group, is operating integrated management of the entire Group, and striving to maximize the Group's interests, based on the following basic policies:

- (i). To establish the group management strategy taking account of the mission and role of each Group company, and to operate the entire Group based on such strategy;
- (ii). To enhance smooth cooperation among the Group companies, and to effectively utilize the management resources (personnel, assets, funds and information, etc.) held by each Group company as the entire Group, in order to enhance synergy among the business operations of the Group companies;
- (iii). To promote the sustainability activities and to establish a risk management system as the entire Group, aiming for the sustainable growth of the Group; and,
- (iv). To establish the systems to ensure the credibility of internal controls on financial reporting for the purpose of securing the adequacy of financial reporting as the Group

2. The Company has acquired a majority of the shares of PS Construction Co., Ltd. ("PS", P.S. Mitsubishi Construction Co., Ltd. has been renamed since July 1, 2024) and converted it into a consolidated subsidiary of the Company. PS is mainly engaged in the civil engineering business, building construction business and manufacturing businesses. In the civil engineering business, PS is strengthening its ability of large-scale highway renewal and repair constructions, which it has designated as a growth area, and is under a process of developing it into a pillar of its civil engineering business. In addition, in the building construction business, PS is working to strengthen order competitiveness and to improve profitability by further differentiating its Prestressed Concrete (the "PC") technology, including factory products, in which it specializes, by developing new customers and by promoting efficient area expansion.

The Company has been implementing measures to enhance the corporate value of the Company Group in accordance with the [TAISEI VISION 2030] Achievement Plan. As one of such measures, through converting PS into a consolidated subsidiary of the Company, the Company believes that by forming an alliance with PS, which has advanced technological capabilities in fields of the highway renewal and PC Precast Concrete (the "PCa"), and by implementing new initiatives, the Company's Group can find a solution to its priority issues, such as developing a system to establish a solid business foundation in its domestic civil engineering business and establishing a superiority position in the competitive environment in its domestic building construction business, the corporate value of both companies should increase.

PS has ensured the independency of its management, by making decision about nomination of candidates for directors etc. upon deliberation in the nomination advisory committee. In addition, from the viewpoint of respect of management autonomy and protecting the interests of minority shareholders of listed subsidiaries, PS has established the special committee consisting of independent external members of the board of directors, which intends to deliberate and review important transactions and activities that conflict with the interests of the controlling shareholder therefore to systematically observe transactions with the Company. Moreover, in the Capital and Business Alliance Agreement, the Company and PS have agreed that PS is required the prior consent of the Company and the report to the Company in advance on important matters for management, and the report to the Company after the fact on other certain matters.

3. The Company has executed a capital and business alliance agreement with Heiwa Real Estate Co., Ltd. ("Heiwa Real Estate") and made Heiwa Real Estate an equity-method affiliate of the Company through the additional acquisition of shares of Heiwa Real Estate.

The Company and Heiwa Real Estate have agreed under the capital and business alliance agreement to collaborate mainly in following business domains: (i) Redevelopment Business; (ii) New Business Fields such as New Real Estate Investment; and (iii) Sustainability and DX, where both companies expect their corporate values to be improved through the alliance.

In addition, under the capital and business alliance agreement, the Company is entitled to nominate one person as a candidate for an executive officer position at Heiwa Real Estate, while the Company acknowledges and fully respects the Heiwa Real Estate's commitment to maintaining listing status and management autonomy, prioritizing the collective interests of all shareholders in addition to its own.



## Organization of business management related to managerial decision-making, execution, and supervision and other aspects of the corporate governance system

### 1. Matters related to organizational structure and management, etc.

Type of organization	Company with audit & supervisory board
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#### [Members of the Board]

No. of Members of the Board stipulated in the Articles of Incorporation	15
Term of office of Members of the Board stipulated in the Articles of Incorporation	One year
Chairman of the Board	Chairperson
No. of Members of the Board	12
Election of External Members of the Board	Elected
No. of External Members of the Board	5
No. of External Members of the Board designated as independent executive	5

#### Relationships with companies (1)

Name	Attribute	Relationships with companies (*)										
		a	b	c	d	e	f	g	h	i	j	k
Atsuko NISHIMURA	Other											
Norio OTSUKA	Formerly worked for another company								△			
Fumiya KOKUBU	Formerly worked for another company								△			
Tsutomu KAMIJO	Formerly worked for another company								△			
Hiroko KOIDE	Formerly worked for another company											

\* Choices of relationships with companies

\* A white circle ("○") indicates the item currently or has recently applied to the Member of the Board, while a white triangle ("△") indicates such item applied previously.

\* A black circle ("●") indicates the item currently or has recently applied to any of the Member of the Board's relatives, while a black triangle ("▲") indicates such item applied previously.

- Business executive at a listed company or its subsidiary
- Business executive or non-executive director at the parent company of a listed company
- Business executive at a sister company of a listed company
- Person whose major business partner is a listed company or his/her business executive
- Major business partner of a listed company or its business executive
- Consultant, accounting expert, or legal profession who receives a large amount of funds or other assets from a listed company in addition to executive remuneration
- Major shareholder of a listed company (if the major shareholder is a corporation, a business executive of the corporation)
- Business executive (the Member of the Board in question only) at a business partner (which does not fall under any of the entities listed in d, e, and f) of a listed company
- Business executive (the Member of the Board in question only) at an entity with which external executives are mutually exchanged
- Business executive (the Member of the Board in question only) at an entity to which a listed company has given a donation
- Other

Name	Independent executive	Supplementary explanations about the item concerned	Reasons for election
Atsuko NISHIMURA	○	Before becoming a Member of the Board of the Company, Ms. Atsuko NISHIMURA served in diplomatic and other important posts. However, she left the Ministry of Foreign Affairs before joining the Company as a Member of the Board. The Company has business dealings with the Ministry but does not have a special interest therein.	As Ms. Atsuko NISHIMURA has successively held various important posts of the Ministry of Foreign Affairs of Japan, possesses wealthy international experience and profound knowledge obtained from her long years of experience as a diplomat, she is expected to contribute to the sustainable development and further enhancement of the corporate value of Taisei Group towards the realization of [TAISEI VISION 2030], the Medium- to Long-Term Vision of the Group, by providing her supervision, recommendation and advice from her objective and neutral standpoint to the important matters such as strengthening of governance and compliance system, promotion of diversity, election and dismissal of executives, and formulation of management strategy including international business. Therefore, we consider she is suitable for the position and appoint her as an External Member of the Board. Ms. Atsuko NISHIMURA has been designated as an independent executive because the criteria of independency established by stock exchanges and those of the Company do not apply to her and because the Company has determined that there is no concern about conflicts of interest between her and general shareholders.
Norio OTSUKA	○	Before becoming a Member of the Board of the Company, Mr. Norio OTSUKA was in charge of management as Director, President and CEO at NSK Ltd., but he resigned from this directorship before joining the Company as a Member of the Board. The Company has business dealings with NSK, but the percentage of transactions with the latter to the former's consolidated net sales is small, and such transactions are considered unlikely to affect the decisions of shareholders and investors. Therefore, an overview thereof is omitted.	As Mr. Norio OTSUKA has wealthy experience fostered as a corporate executive and profound knowledge of international affairs and finance field, he is expected to contribute to the sustainable development and further enhancement of Taisei Group towards the realization of [TAISEI VISION 2030], the Medium-to Long-Term Vision of the Group, by providing his supervision, recommendation and advice from his objective and neutral standpoint to the important matters such as strengthening of governance and compliance systems, election and dismissal of executives, and formulation of management strategy including international business. Therefore, we consider he is suitable for the position and appoint him as an External Member of the Board. Mr. Norio OTSUKA has been designated as an independent executive because the criteria of independency established by stock exchanges and those of the Company do not apply to him and because the Company has determined that there is no concern about conflicts of interest between him and general shareholders.
Fumiya KOKUBU	○	Before becoming a Member of the Board of the Company, Mr. Fumiya KOKUBU was in charge of management as President and CEO, Member of the Board at Marubeni Corporation, but he resigned from this directorship before joining the Company as a Member of the Board. Currently, he is in charge of management at the trading firm as Chairman of the Board, without the right of representation. The Company has business dealings with Marubeni, but the percentage of transactions with the latter to the former's consolidated net sales is small, and such transactions are considered unlikely to affect the decisions of shareholders and investors. Therefore, an overview thereof is omitted.	As Mr. Fumiya KOKUBU has wealthy experience as a corporate executive and profound knowledge of international business and investment in business, he is expected to contribute to the sustainable development and further enhancement of corporate value of Taisei Group towards the realization of [TAISEI VISION 2030], the Medium- to Long-Term Vision of the Group, by providing his supervision, recommendation and advice from his objective and neutral standpoint to the important matters such as strengthening of governance and compliance systems, election and dismissal of executives, and formulation of management strategy including international business. Therefore, we consider he is suitable for the position and appoint him as an External Member of the Board. Mr. Fumiya KOKUBU has been designated as an independent executive because the criteria of independency established by stock exchanges and those of the Company do not apply to him and because the Company has determined that there is no concern about conflicts of interest between him and general shareholders.
Tsutomu KAMIJO	○	Before becoming a Member of the Board of the Company, Mr. Tsutomu KAMIJO was in charge of management as Chairman of the Board, Representative Director at Sapporo Holdings Limited., but he resigned from this directorship before joining the Company as a Member of the Board. The Company has business dealings with Sapporo Holdings, but the percentage of transactions with the latter to the	As Mr. Tsutomu KAMIJO has wealthy experience and profound knowledge fostered through management of manufacture and sales of alcoholic beverages and foods inside and outside the country, he is expected to contribute to the sustainable development and further enhancement of corporate value of Taisei Group towards the realization of [TAISEI VISION 2030], the Medium- to Long- Term Vision of the Group, by providing his supervision, recommendation and advice from his objective and neutral standpoint to the important matters such as strengthening of governance and compliance systems, election and dismissal of executives, and

		former's consolidated net sales is small, and such transactions are considered unlikely to affect the decisions of shareholders and investors. Therefore, an overview thereof is omitted.	formulation of management strategy including international business. Therefore, we consider he is suitable for the position and appoint him as an External Member of the Board. Mr. Tsutomu KAMIJO has been designated as an independent executive because the criteria of independency established by stock exchanges and those of the Company do not apply to him and because the Company has determined that there is no concern about conflicts of interest between him and general shareholders.
Hiroko KOIDE	○	Before becoming a Member of the Board of the Company, Ms. Hiroko KOIDE was in charge of management as President and Representative Director at Parfums Christian Dior Japon K.K. and former director at Nippon Lever K.K. (present Unilever Japan K.K.), but she resigned from this directorship before joining the Company as a Member of the Board. The Company has business dealings with these two companies, but more than ten years have already passed since Ms. KOIDE's resignation from directorship at these two companies, and such transactions are considered unlikely to affect the decisions of shareholders and investors. Therefore, an overview thereof is omitted.	As Ms. Hiroko KOIDE possesses abundant experience and broad insight in the management strategy and marketing fields acquired from her involvement in the management of various global companies, she is expected to contribute to the sustainable development and further enhancement of corporate value of Taisei Group towards the realization of [TAISEI VISION 2030], the Medium- to Long- Term Vision of the Group, by providing her supervision, recommendation and advice from her objective and neutral standpoint to the important matters such as strengthening of governance and compliance systems, diversity promotion, election and dismissal of executives, and formulation of management strategy including international business. Therefore, we consider she is suitable for the position and appoint her as an External Member of the Board. Ms. Hiroko KOIDE has been designated as an independent executive because the criteria of independency established by stock exchanges and those of the Company do not apply to her and because the Company has determined that there is no concern about conflicts of interest between her and general shareholders.

## [Voluntary Committees]

Is there a voluntary committee that is a nomination or remuneration committee?

Yes

### Establishment of voluntary committees, committee structures, and attributes of the Chairperson

	Committee name	Total No. of members	No. of full-time members	No. of Internal Member of the Board	No. of External Member of the Board	No. of external experts	No. of other members	Chairperson
Voluntary committee that is a nomination committee	Executive Personnel Committee	8	0	3	5	0	0	External Member of the Board
Voluntary committee that is a remuneration committee	Remuneration Committee	8	0	3	5	0	0	External Member of the Board

### Supplementary explanations

The Executive Personnel Committee and the Remuneration Committee are convened as required, and the Secretarial Department serves as their secretariat. Regarding the authorities and roles of those committees, and the Company's view of the independency relating to the composition of the committees and so forth, please refer to [Supplementary Principle 4.10.1] of [Disclosure based on the principles of the Corporate Governance Code] under Section I of this report.

[Members (After election on June 20, 2024)]

"Executive Personnel Committee"

External Members of the Board: Norio OTSUKA (Chairperson), Atsuko NISHIMURA, Fumiya KOKUBU, Tsutomu KAMIJO, Hiroko KOIDE

Internal Members of the Board: Shigeyoshi TANAKA, Yoshiro AIKAWA, Masahiko OKADA

External Audit & Supervisory Board Member (Observer): Yasuhiro SATO

"Remuneration Committee"

External Members of the Board: Norio OTSUKA (Chairperson), Atsuko NISHIMURA, Fumiya KOKUBU, Tsutomu KAMIJO, Hiroko KOIDE

Internal Members of the Board: Shigeyoshi TANAKA, Yoshiro AIKAWA, Masahiko OKADA  
 External Audit & Supervisory Board Member (Observer): Yasuhiro SATO

Major activities of both Committees for FY 2023 (from July 2023 to June 2024) are as described below.

[Members and their attendance at the Committees]

“Executive Personnel Committee”

External Members of the Board: Norio OTSUKA (Chairperson, attended all the eight (8) meetings), Atsuko NISHIMURA (attended all the eight (8) meetings), Fumiya KOKUBU (attended five (5) out of eight (8) meetings), Tsutomu KAMIJO (attended six (6) out of eight (8) meetings)

Internal Members of the Board: Shigeyoshi TANAKA (attended all the eight (8) meetings), Yoshiro AIKAWA (attended all the eight (8) meetings), Masahiko OKADA (attended all the eight (8) meetings)

External Audit & Supervisory Board Member: Yasuhiro SATO (attended five (5) out of eight (8) meetings)

“Remuneration Committee”

External Members of the Board: Norio OTSUKA (Chairperson, attended all the seven (7) meetings), Atsuko NISHIMURA (attended all the seven (7) meetings), Fumiya KOKUBU (attended four (4) out of seven (7) meetings), Tsutomu KAMIJO (attended five (5) out of seven (7) meetings)

Internal Members of the Board: Shigeyoshi TANAKA (attended all the seven (7) meetings), Yoshiro AIKAWA (attended all the seven (7) meetings), Masahiko OKADA (attended all the seven (7) meetings)

External Audit & Supervisory Board Member: Masashi TASHIRO (attended all the seven (7) meetings)

### [Audit & Supervisory Board Members]

Has an Audit & Supervisory Board been established?	Yes
No. of Audit & Supervisory Board Members stipulated in the Articles of Incorporation	6
No. of Audit & Supervisory Board Members	6

#### Cooperation among Audit & Supervisory Board Members, accounting auditors, and the internal audit unit

Audit & Supervisory Board Members have six regular meetings annually with accounting auditors. Members receive explanations from accounting auditors regarding audit plans, including the current year's audit policy and the places to be audited. During the term, they receive reports on the audits conducted, and at the end of the term, they receive reports on the results of the audits conducted. They maintain close cooperation with the Auditing Department, an internal audit unit, mainly by periodically holding meetings to receive explanations about audit plans and reports on the results of audits.

Are External Audit & Supervisory Board Members elected?	Yes
No. of External Audit & Supervisory Board Members	4
Of External Audit & Supervisory Board Members, No. designated as independent executive	4

#### Relationships with companies (1)

Name	Attribute	Relationships with companies (*)														
		a	b	c	d	e	f	g	h	i	j	k	l	m		
Yasuhiro SATO	Formerly worked for another company													△		
Keiko OHARA	Lawyer															
Masamitsu MIURA	Other															
Kazuhiro MIYAUCHI	Other															

\* Choices of relationships with companies

\* A white circle (“○”) indicates the item currently or has recently applied to the Audit & Supervisory Board Member, while a white triangle (“△”) indicates such item applied previously.

\* A black circle (“●”) indicates the item currently or has recently applied to any of the Audit & Supervisory Board Member's relatives, while a black triangle (“▲”) indicates such item applied previously.

- Business executive at a listed company or its subsidiary
- Non-executive director or accounting counselor at a listed company or its subsidiary
- Business executive or non-executive director at the parent company of a listed company
- Corporate auditor at the parent company of a listed company

- e. Business executive at a sister company of a listed company
- f. Person whose major business partner is a listed company or his/her business executive
- g. Major business partner of a listed company or its business executive
- h. Consultant, accounting expert, or legal profession who receives a large amount of funds or other assets from a listed company in addition to executive remuneration
- i. Major shareholder of a listed company (if the major shareholder is a corporation, a business executive of the corporation)
- j. Business executive (the Audit & Supervisory Board Member in question only) at a business partner (which does not fall under any of the entities listed in f, g, and h) of a listed company
- k. Business executive (the Audit & Supervisory Board Member in question only) at an entity with which external executives are mutually exchanged
- l. Business executive (the Audit & Supervisory Board Member in question only) at an entity to which a listed company has given a donation
- m. Other

Relationships with companies (2)

Name	Independent executive	Supplementary explanations about the item concerned	Reasons for election
Yasuhiro SATO	○	<p>Before becoming an Audit &amp; Supervisory Board Member of the Company, Mr. Yasuhiro SATO was in charge of management at Mizuho Financial Group, Inc. as Member of the Board of Directors and President &amp; Group CEO, but he resigned from this directorship before joining the Company as an Audit &amp; Supervisory Board Member. Although, the Company borrows funds from Mizuho Financial Group, its dependence on Mizuho Financial Group for borrowing is not significant and therefore such borrowing is considered unlikely to affect the decisions of shareholders and investors. Therefore, an overview thereof is omitted.</p>	<p>Mr. Yasuhiro SATO has been elected as an Audit &amp; Supervisory Board Member because he is expected to contribute to improving audits by Audit &amp; Supervisory Board Members at the Company from a broad perspective since he has rich experience in corporate management, finance, and accounting obtained from management of financial institutions over many years as well as deep knowledge and outstanding insights based on such experience. Mr. Yasuhiro SATO has been designated as an independent executive because the criteria of independency established by stock exchanges and those of the Company do not apply to him and because the Company has determined that there is no concern about conflicts of interest between him and general shareholders.</p>
Keiko OHARA	○	<p>Ms. Keiko OHARA concurrently has a position as a partner at the Kamiyacho International Law Office, but there is not specifically any interests between the Law Office and the Company.</p>	<p>Ms. Keiko OHARA, who has long engaged in her duties as a lawyer in Japan and abroad, possesses rich experience in legal issues as well as profound knowledge and outstanding insights obtained from such experience. She has been elected as an Audit &amp; Supervisory Board Member because she is expected to contribute to improving audits by Audit &amp; Supervisory Board Members at the Company. Ms. Keiko OHARA has been designated as an independent executive because the criteria of independency established by stock exchanges and those of the Company do not apply to her and because the Company has determined that there is no concern about conflicts of interest between her and general shareholders.</p>
Masamitsu MIURA	○	<p>Before becoming an Audit &amp; Supervisory Board Member of the Company, Mr. Masamitsu Miura held important police related posts, but he left National Police Agency before joining the Company as an Audit &amp; Supervisory Board Member. In addition, there is not specifically any interest between National Police Agency and the Company.</p>	<p>Mr. Masamitsu MIURA, who has long engaged in his police related duties, possesses rich experience in risk management and crisis management as well as profound knowledge and outstanding insights obtained from such experience. He has been elected as an Audit &amp; Supervisory Board Member because he is expected to contribute to improving audits by Audit &amp; Supervisory Board Members at the Company. Mr. Masamitsu MIURA has been designated as an independent executive because the criteria of independency established by stock exchanges and those of the Company do not apply to him and because the Company has determined that there is no concern about conflicts of interest between him and general shareholders.</p>

Kazuhiro MIYAUCHI	○	Before becoming an Audit & Supervisory Board Member of the Company, Mr. Kazuhiro MIYAUCHI held important posts at the Board of Audit of Japan, but he left the Board of Audit before joining the Company as an Audit & Supervisory Board Member. In addition, there is not specifically any interest between the Board of Audit of Japan and the Company.	Mr. Kazuhiro MIYAUCHI, who has long engaged in the operations of the Board of Audit of Japan, possesses rich experience in finance and accounting as well as profound knowledge and outstanding insights obtained from such experience. He has been elected as an Audit & Supervisory Board Member because he is expected to contribute to improving audits by Audit & Supervisory Board Members at the Company. Mr. Kazuhiro MIYAUCHI has been designated as an independent executive because the criteria of independency established by stock exchanges and those of the Company do not apply to him and because the Company has determined that there is no concern about conflicts of interest between him and general shareholders.
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### [Independent executives]

No. of independent executives	9
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Other matters related to independent executives

All external executives who satisfy the qualifications for being an independent executive are designated as independent executives.

### [Incentives]

Implementation of measures related to the granting of incentives to Members of the Board	Introduction of the performance-based compensation system, etc.
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Supplementary explanation about the item concerned

The Company pays part of monetary remuneration to its Members of the Board (excluding External Members of the Board) in the form of performance-based compensation, the amount of which was determined according to the business performance during the term concerned. In addition to this, the Company pays performance-based compensation (stock compensation) as non-monetary compensation. For the details of the performance-based compensation as monetary compensation (monetary compensation) and performance-based compensation as non-monetary compensation (stock compensation), please refer to "Disclosure of the policy for determining the amount of remuneration and its calculation methods" in the Section [Category: Members of the Board remuneration].

Persons eligible for stock options	
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Supplementary explanation about the item concerned

### [Members of the Board remuneration]

Disclosure (of remuneration for individual Members of the Board)	Remuneration is disclosed for only some Members of the Board
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Supplementary explanation about the item concerned

If the total amount of consolidated remuneration, etc. for a Member of the Board is 100 million yen or more, it will be disclosed in the annual securities report.

No member is applicable for disclosure for the 164th business year.

Is there a policy for determining the amount of remuneration and its calculation methods?	Yes
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(1) Remuneration for Members of the Board

(i). Basic policy on the determination of the details of remuneration, etc. for each Member of the Board

The remuneration, etc. for Members of the Board of the Company consists of fixed compensation and performance-based compensation, both of which are monetary compensation, as well as non-monetary performance-based compensation (stock compensation).

The maximum total amount of fixed compensation and performance-based compensation (monetary compensation) is 70 million yen per month in accordance with the resolution at the 146th General Meeting of Shareholders held on June 27, 2006.

The maximum total amount of performance-based compensation (stock compensation) is 35,000 points (1 point = 1 share), and 100 million yen per fiscal year respectively in accordance with the resolution at the 160th General Meeting of Shareholders held on June 24, 2020.

The above policy of remuneration was decided comprehensively considering the matters such as the business scale, content, and performance of both the Company and the Taisei Group, as well as the duties and responsibilities of each Member of the Board.

When determining the details of remuneration, etc. for each Member of the Board, the Board will decide the details of remuneration for each Member of the Board, taking account of the responsibilities and positions of each Member of the Board (including the concurrent positions as an Executive Officer, if applicable; the same applies hereafter), based on examination at the Remuneration Committee, which is authorized to deliberate the details of remuneration, etc. before the Board's decision.

The Remuneration Committee consists of more than half number of External Members of the Board and is chaired by an External Members of the Board. External Audit & Supervisory Members are also included to ensure the appropriateness of deliberations. Thus, the Company has established a system that enables appropriate examination of the remuneration, etc.

(ii). Policy on determination of the amount and the calculation methods of fixed Compensation

The fixed compensation shall be paid to each Member of the Board on a fixed date every month during the term of office, and shall be determined according to the responsibilities of each Member of the Board, comprehensively taking account of the Company's business scale, content, and the duties and responsibilities of each Member of the Board, and the fixed compensation to each Member of the Board other than External Members of the Board, shall be progressively increased according to his or her position.

(iii). Policy on determination of the contents, and the calculation methods of the amount or the number of performance indicators for performance-based compensation; and policy on determination of the contents and the amount, or the number and the calculation methods for non-monetary compensation

The performance-based compensation is established for the purpose of raising the awareness of each Member of the Board to contribute to business performance improvement and enhancement of corporate value. However, External Members of the Board are not eligible for the performance-based compensation.

1) Performance-based compensation (monetary compensation)

The performance-based compensation (monetary compensation) shall be paid to Members of the Board on a fixed day of each month during the term of office, and the contents and the amount of the compensation shall be determined such that those are linked to the Company's short-term business performance for the purpose of clarifying the interrelation between the Members of the Board responsibility for the group management and the amount of remuneration for the Members of the Board.

Net income attributable to owners of the parent in the consolidated statements of income for the most recent fiscal year is used as a performance indicator because it is an indicator that shows the final results of Taisei Group's business activities, and provides the system so that the amount paid to each Member of the Board will be progressively increased according to his or her positional ranks.

2) Performance-based compensation (stock compensation)

The performance-based compensation (stock compensation) is designed to raise the awareness of Members of the Board to contribute to improving medium- to long-term business results and enhancing corporate value by clarifying the policy so as to link the remuneration of Members of the Board with Taisei Group's business results and the value of share, and by sharing with shareholders not only the benefits of a rise in share prices but also the risk of a decline in share prices.

The stock benefit trust (= Board Benefit Trust) method is adopted, and the date of the annual General Meeting of Shareholders is the grant date.

In accordance with the "Officers' Share Benefit Regulations" established by the Board, each year during his or her term of office, points are granted and accumulated. In the event that a Member of the Board retires and satisfies the beneficiary requirements specified in the "Officers' Share Benefit Regulations", the Company's shares equivalent to the cumulative number of points will be distributed as one (1) share per point after retirement through prescribed procedures to determine the beneficiary. A part of the payment may be made in cash equivalent to the market value of the Company's shares instead of the Company's shares.

Net income attributable to owners of the parent in the consolidated statements of income for the most recent fiscal year is used as a performance indicator because it is an indicator that shows the final results of Taisei Group's business activities.

The points to be granted to each Member of the Board are determined separately for Representative Directors and other Members of the Board respectively considering the status of achievement of business performance, duties and responsibilities.

- (iv). Policy on determination of the ratio of each type of compensation to be applied to the amount of remuneration, etc. for each Member of Board

With respect to performance-based compensation, the Company has set performance values that serve as criteria for monetary compensation and stock compensation and has established a rule that the ratio of performance-based compensation will increase when performance is favorable compared to the criteria.

From a medium- to long-term perspective, the Company has a plan to review for reducing the proportion of fixed compensation and increasing the proportion of performance-based compensation.

However, the compensation for External Members of the Board shall be fixed compensation only.

(Reference)

The ratio of each type of compensation to be applied to the amount of remuneration, etc. for each Member of Board other than External Members of the Board in the current fiscal year (ended March 2024) was roughly 90% for fixed compensation, 10% for performance-based compensation (monetary compensation), and 0% for performance-based compensation (stock compensation).

- (2) Remuneration for Audit & Supervisory Board Members

Remuneration for Audit & Supervisory Board Members is determined by consultation of the Audit & Supervisory Board, and the monthly total is limited to 12 million yen based on the resolution of the 134th General Meeting of Shareholders held on June 29, 1994.

### [Support system for External Members of the Board (External Audit & Supervisory Board Members)]

The Secretarial Department and the Audit & Supervisory Board Members' Department are supporting External Members of the Board and External Audit & Supervisory Board Members with their execution of operations respectively. Prior to a meeting of the Board, which is in principle held once per month, materials data is distributed for perusal. Also, internal Members of the Board or other employees give advance explanations concerning the proposed resolutions at the prior briefing sessions. In addition, the meetings to exchange opinions are regularly held among various officers in order to facilitate the information sharing and cooperation. Through those supporting system, deliberations and expression of opinions are fully and actively carried during the meetings of the Board.

### [Persons who have resigned as Representative Director and President, etc.]

Names of honorary members, and counsellors etc. who were formerly Representative Director and President, etc.

Name	Position /Status	Duties	Work pattern/Conditions (Full-time/Part-time/Remuneration paid or not)	Date of resignation as President, etc.	Term of office
Hyozo YAMAMOTO	Honorary Member	Serving in economic organizations and as an external executive at other companies	[Work pattern] Part-time [Remuneration] None	March 31, 1997	Not set
Osamu HIRASHIMA	Honorary Member	Serving in economic organizations and as an external executive at other companies	[Work pattern] Part-time [Remuneration] None	March 31, 2001	Not set
Kanji HAYAMA	Honorary Member	Serving in economic organizations and as an external executive at other companies	[Work pattern] Part-time [Remuneration] None	March 31, 2007	Not set
Takashi YAMAUCHI	Emeritus Counsellor	Serving in economic organizations and as an external executive at other companies as well as making advice if requested by the present top management	[Work pattern] Full-time [Remuneration] Paid	March 31, 2015	Set

Total No. of honorary members, and counsellors etc. who were formerly Representative Director and President, etc.

4

Other matters

[Commissioning procedures] Honorary Member and Emeritus Counsellor: Resolution of the Board

## 2. Matters related to functions such as business execution, auditing, supervision, nomination and decisions on remuneration (outline of the current corporate governance system)

To ensure management flexibility and efficiency as well as neutral, objective monitoring and supervision, the Company has established the following system.

### (1) The Board

In order to act for the interests shared by the Company and its shareholders in response to the latter's mandate and to achieve sustained growth of the Company and to enhance its corporate value in the medium- to long-term, the Board appropriately fulfills its roles and responsibilities, which consist mainly of three elements: (i) presenting major directions of corporate strategy, etc., (ii) creating an environment to support proper risk-taking by executives, and (iii) ensuring highly effective supervision over management and Members of the Board from an independent and objective perspective.

### (2) The Committees within the Board

To invigorate the Board, the Company has established the Committees within the Board comprised of the Governance System Review Committee, the Executive Personnel Committee, the Remuneration Committee, and the Sustainability Committee. At the Executive Personnel Committee and the Remuneration Committee, more than half of the Chairperson and members of each Committee are independent External Members of the Board to enhance the independency and objectivity of the function and the accountability of the Board, where an independent External Audit & Supervisory Board Member serves as an observer of the Committee from the viewpoint of securing the appropriateness of the deliberations at the Committees. The Board obtains adequate involvement and advice from the Executive Personnel Committee and the Remuneration Committee regarding the matters including diversity such as gender and the viewpoint of skills when the Board deliberates on important matters such as nomination of top management executives and Members of the Board including a succession plan, and their remuneration. At the Governance System Review Committee and the Sustainability Committee, the Chairperson thereof is an independent External Member of the Board, and the observer thereof is an independent External Audit & Supervisory Board Member in order to strengthen the objectivity and accountability of the Board's functions.

### (3) Management Committee and executive officer system

The Company has established the Management Committee as a decision-making organ for business execution, and the Regulations of Management Committee stipulate the authority to decide the scope of business execution that can be delegated to the Management Committee by the Board. To facilitate flexible business execution, the executive officer system has been adopted.

### (4) Internal audits, audits by Audit & Supervisory Board Members, and accounting audits

At the Company, Audit & Supervisory Board Members, accounting auditors, and the Auditing Department (an internal audit unit) work together to conduct audits.

Based on annual audit plans, the Auditing Department, which has twelve (12) staff members, conducts internal audits of the overall administrative and operational systems for managerial activities as well as the lawfulness and rationality of business execution, including that of Group companies.

In accordance with the audit policy and the audit plan adopted by the Audit & Supervisory Board, Audit & Supervisory Board Members audit the performance of duties by Members of the Board independently from the Members of the Board, through attending meeting of the Board and other major meetings, hearing reports from the Members of the Board and other executives, inspecting important documents, visiting audit of business units, and other means. Four (4) of the six (6) Audit & Supervisory Board Members are External Audit & Supervisory Board Members who have technical knowledge and are highly independent, thus maintaining a neutral and objective monitoring system. In principle, the meeting of Audit & Supervisory Board is convened monthly and additionally as needed. In the meeting, implementation status and the results are reported by each Audit & Supervisory Board Member, and discussions and resolutions are made for the matters concerning the execution of operations by Audit & Supervisory Members, in addition to the matters legally required. And they are briefed by the Auditing Department and accounting auditors on audit plans and the results of audits as required. The Audit & Supervisory Board Members' Department (consists with six (6) members), which is independent from the Members of the Board, supports Audit & Supervisory Board Members in fulfilling their duties.

Accounting audits are undertaken by KPMG AZSA LLC, and in fiscal year 2022, the accounting audits were conducted by Mr. Kensuke SODEKAWA, Mr. Takafumi MAEDA, and Mr. Tadashi SHIBATA, all of whom are certified public accountants working with the audit corporation, and they were assisted by fourteen (14) certified public accountants, five (5) members who passed examination of the Certified Public Accountants, and eighteen (18) other persons. Accounting audits for major Group companies are also carried out by certified public accountants from KPMG AZSA, who work with accounting auditors for the Company when auditing Group companies. The Auditing Department and these accounting auditors report on audit plans and the results of audits to the Audit & Supervisory Board as well as the Accounting Department and other internal control units as needed.

### (5) Outline of limited liability agreements

- Members of the Board and Audit & Supervisory Board Members

The Company has concluded with its Members of the Board (excluding those who are executive Members of the Board or similar (*gyomushikkou torishimari yaku*) as stipulated in Item 15 (a) of Article 2 of the Companies Act) and Audit & Supervisory Board Members an agreement under which the liability for compensation stipulated in Paragraph 1 of Article 423 of the Companies Act shall be limited to 10 million yen or the sum of the amounts stipulated in Items 1 and 2 of Paragraph 1 of Article 425 of the Companies Act, whichever is higher, provided that they perform their duties in good faith without gross negligence.

- Accounting auditors

The Company has concluded with its accounting auditors an agreement under which the liability for compensation stipulated in Paragraph 1 of Article 423 the Companies Act shall be limited to 100 million yen or the sum of the amounts stipulated in Items 1 and 2 of Paragraph 1 of Article 425 of the Companies Act, whichever is higher, provided that they perform their duties in good faith without gross negligence.

### **3. Reasons for selecting the current corporate governance system**

At the Company, External Members of the Board with rich experience and extensive knowledge supervise business execution from an independent and objective standpoint, and External Audit & Supervisory Board Members with technical knowledge and abundant experience as well as full-time Audit & Supervisory Board Members from the Company who are familiar with internal operations work with accounting auditors and internal audit units to conduct audits. The Company has selected the current system based on the belief that these factors guarantee the appropriateness of its operations.

## Implementation of measures for shareholders and other stakeholders

### 1. Initiatives to invigorate the General Meeting of Shareholders and to ensure efficient exercise of voting rights

	Supplementary explanations
<b>Prompt delivery of notices of the General Meeting of Shareholders</b>	To give sufficient time for consideration when shareholders are to exercise their voting rights, the notices have been mailed at least three (3) weeks prior to the day of holding a General Meeting of Shareholders. The notices are posted on the Company's website about a week prior to the mailing thereof.
<b>Setting the date of the General Meeting of Shareholders to avoid the date many companies hold the shareholder meetings</b>	
<b>Exercise of voting rights via electronic voting platform</b>	As part of shareholder services, the "exercise of voting rights via electronic voting platform" has been in use since the General Meeting of Shareholders held in June 2006. Voting right exercise services based on the reading of QR codes for smartphones have been in use since the Regular General Meeting of Shareholders held in June 2018.
<b>Issuing of invitations to institutional investors to participate on a platform that enables electronic exercise of voting rights and other initiatives to improve the environment for the exercise of voting rights</b>	The Platform for Institutional Investors to Exercise Their Voting Rights Electronically, which is run by ICJ, Inc., has been in use since the General Meeting of Shareholders held in June 2006, and each General Meeting of Shareholders is registered on the platform about four (4) weeks prior to being convened.
<b>Provision of the notices (summary) in English</b>	An English version of the notice for each General Meeting of Shareholders is produced and submitted to the Tokyo Stock Exchange as well as posted on the Company's website.
<b>Other</b>	Business reports and other documents for General Meetings of Shareholders include visual aids to make them easier to understand.

### 2. IR-related activities

	Supplementary explanations	Does a representative give explanation?
<b>Formulation and publication of the Company's disclosure policy</b>	The IR Policy has been formulated. <a href="https://www.taisei.co.jp/corp/rinen/pdf/ir_policy.pdf">https://www.taisei.co.jp/corp/rinen/pdf/ir_policy.pdf</a> (Japanese) <a href="https://www.taisei.co.jp/english/profile/philosophy/policies/pdf/ir_policy.pdf">https://www.taisei.co.jp/english/profile/philosophy/policies/pdf/ir_policy.pdf</a> (English)	
<b>Holding of regular meetings for individual investors</b>		Yes / No
<b>Holding of regular meetings for analysts and institutional investors</b>	Meetings to explain financial results are held twice a year (in the second quarter and at the end of the term) with the President in attendance. In the first and third quarters, the IR unit hosts online conferences.	Yes
<b>Holding of regular meetings for overseas investors</b>	The President holds IR meetings for institutional investors in Europe and Asia. In response to individual requests, a Member of the Board responsible for or divisions in charge participate in individual meetings, teleconferences and/or conferences, etc.	Yes
<b>Posting of IR materials on the Company's website</b>	In addition to quick reports on financial results and data books, materials for briefings on financial results are posted in Japanese and English. <a href="https://www.taisei.co.jp/ir/">https://www.taisei.co.jp/ir/</a> (Japanese) <a href="https://www.taisei.co.jp/english/ir/">https://www.taisei.co.jp/english/ir/</a> (English) Forms for inquiries to the IR unit are available on the website.	

<b>Establishment of a department (persons) in charge of IR</b>	The Corporate Communication Department's IR Office is responsible for IR.
<b>Other</b>	

### 3. Initiatives to respect the viewpoints of stakeholders

	<b>Supplementary explanations</b>
<b>Internal regulations and other guidelines stipulate that stakeholders' viewpoints shall be respected.</b>	<p>"Fundamental Corporate Governance Policy" stipulates that based on the Company's understanding of ESG and SDGs and having been fully aware of its position that the Company is sustained by its stakeholders, customers, employees, business parents, local communities and other various stakeholders, the Company shall satisfy its social responsibilities that it undertakes and make efforts in improving its corporate value in the mid- to long-term periods.</p> <p>"Action Guidelines for Taisei Personnel and the Taisei Group as a Whole" also stipulates that when pursuing their business activities, the Taisei Group and Taisei Personal shall make certain that their words and actions are of value to their customers, companies, shareholders, subcontractors, suppliers, and society as a whole.</p> <p>"Human Resources Development Policy (Diversity &amp; Inclusion Policy)" stipulates that the Company shall respect diversity and improve an internal environment so that each and every executive and employee can maintain high levels of engagement and play active roles.</p>
<b>Implementation of environmental preservation, CSR, and other activities</b>	<p>The Company's Fundamental Sustainability Policy is to realize sustainability transformation (SX) by working to resolve sustainability issues through businesses centered on the construction industry, and to contribute to the development of a resilient society where people can live affluent and cultural lives.</p> <p>As for natural environment conservation, under TAISEI Green Target 2050 described in the Environmental Policy, the Taisei Group aiming for realization of a Sustainable and Environmentally Friendly Society has set goals for three (3) societies: a decarbonized society, a recycling oriented society, and a nature co-existing society, and for two (2) individual issues: forest resources &amp; forest environment, and water resources &amp; water environment, and is pursuing various initiatives to achieve these goals.</p> <p>Regarding Respect for Human Rights, the Taisei Group clarifies its commitment to fulfilling the Group's responsibility to respect human rights, and launched human rights due diligence initiatives. The Group has especially formulated "Taisei Group Sustainable Procurement Guidelines" in order to prevent and mitigate violation of human rights in the supply chain, and promote understanding and familiarization of respects for human rights through briefings, questionnaires and inspection visits.</p> <p>In addition, the Group action guidelines provide "communication with local communities" and "co-prosperity with society," and as a good cooperate citizen, we strive to promote dialogue and cooperation with society while contributing to the sustainable growth of society.</p> <p>Specific initiatives are posted on our company website.  <a href="https://www.taisei-sx.jp/">https://www.taisei-sx.jp/</a> (Japanese)  <a href="https://www.taisei-sx.jp/english/">https://www.taisei-sx.jp/english/</a> (English)</p>
<b>Formulation of policies and other guidelines to provide information to stakeholders</b>	<p>"The Taisei Group and Taisei Personnel shall communicate widely with the public, and disclose accurate corporate information in a timely and appropriate manner" as stated in Action Guidelines for Taisei Personnel and the Taisei Group as a Whole, and "We recognize that the broad disclosure of important information about our corporate activities in a timely and appropriate manner contributes to our sustainable development as a business entity by both encouraging public understanding of our company and obtaining the public's proper evaluation of our activities" as stated in Information Disclosure Policy.</p>
<b>Other</b>	<p>&lt;Promotion of Health and Productivity Management&gt;</p> <p>The Company acknowledges that the well-being of its employees is not only essential for cultivating a vibrant work environment but also for ensuring the happiness and welfare of both the employees and their families. With this understanding, the Company provides comprehensive support for the physical and mental health of its staff.</p> <p>Specifically, the Company emphasizes post-health checkup interventions as well as personalized consultations intended for those with long working hours or under severe stress. The Company also implements measures to encourage employees to improve their health literacy by visualizing their health related issues through statistically aggregating results from the original health checkup management system and habits related to daily life and meals. Moreover, the Company has introduced an educational pension benefit system that provides educational support for families in the event that an employee becomes unable to work due to death, injury, or illness and has to retire. For mental well-being, the Company has established an Employee Assistance Program (EAP) consultation room, where employees can easily seek advice. The Company offers consultation services, including face-to-face meetings with external counselors as well as phone and email consultations that are available to both employees and their families. Especially for younger staff, the Company regularly administers health</p>

awareness surveys and encourages consultations with counselors if they are experiencing stress or anxiety. Also, aiming to create a workplace environment where female employees can make the most of their abilities and continue to play an active role for a long time with peace of mind, the Company is actively addressing health issues unique to women. As an outside specialist consultation service, the Company has introduced a chat and online telephone consultation service through SNS, and offers consultations on mental and physical health not only to female employees, but also to their partners, family members, and colleagues and superiors who support them. In addition, with the aim of supporting employees' life plans, the Company holds educational seminars to improve employees' health literacy, focusing on the need to face their current health conditions and provide necessary care (preconception care) in preparation for future pregnancies. Further, upon requests by participants of the seminars, the Company provides them with a simplified kit that enables them to test their fertility (the physical function necessary for pregnancy) free of charge, regardless of gender. Moving forward, the Company will continue to advance its health management initiatives, focusing on engaging with younger employees, raising awareness of mental health, and providing support to balance medical treatments with work commitments.

## 1. Fundamental approach to internal control s and their establishment

In order to secure a system for properly and efficiently executing business and to ensure the reliability of financial reporting, the Company set out its “Fundamental Policy to Enhance Operational Compliance Systems” at the Board as follows:

Specific contents of the resolution

- (1) Systems to ensure that Members of the Board and the employees carry out their duties in compliance with laws and regulations and the Articles of Incorporation
  - (i). Members of the Board shall recognize that compliance is at the core of good management and shall faithfully comply with all compliance-related regulations, including the Action Guidelines for Taisei Personnel and the Taisei Group as a Whole.
  - (ii). The Company shall ensure that all the executives and employees recognize their compliance-related obligations:
    - by implementing programs recommended by the Compliance Committee, such as strict disciplinary punishments for the executives and employees found to have violated a law or regulation, enhancement of systems to prevent collusive bidding practices, and ensuring the effective operation of the corporate ethics helpline system; and
    - by promoting compliance education and encouraging internal audits (self-audits) at the department level.
  - (iii). The General Affairs Department shall guide the compliance-related activities of individual corporate bodies, and the Auditing Department shall ensure the effectiveness of internal audits by working closely with the individual corporate bodies.
- (2) Systems to retain and manage information regarding the performance of duties by Members of the Board
  - (i). The Company shall codify the rules and procedures concerning information and shall develop systems to properly manage all information belonging to the Company in order to duly record and retain information relating to the performance of Members of the Board of their duties, to prevent any leakage or unauthorized use of such information, and to effectively use such information.
- (3) Risk management rules for controlling risks of loss and other related internal systems
  - (i). The Company shall develop systems to properly manage primary risks, including those relating to quality, safety, environment, compliance, information and profit and loss, in accordance with the Company’s fundamental policy for development of risk management system.
  - (ii). The Company shall develop systems to manage the risks in the event of an emergency or a large disaster, including arrangements to ensure the continuation of business operations.
  - (iii). Each corporate body shall enhance its risk management capacity in an organized manner by providing its members with risk management education and other programs.
  - (iv). The General Affairs Department will promote proper management of company-wide risks, and the Auditing Department will promote endeavors to continually improve the risk management system through internal audits.
- (4) Systems to ensure the efficient performance of duties by Members of the Board
  - (i). The Company shall establish the Management Committee as a decision-making body and adopt the executive officer system that enables the Company to operate its business in a swift manner. In addition, the Company shall make the decision-making function more vivid and fruitful and enhance the supervisory function of the Board by utilizing the committees within the Board and consulting the External Members of the Board.
  - (ii). The Company shall develop and enhance the rules and procedures regarding the delegation of decision-making and other powers to managers and the execution of the duties, to facilitate more efficient decision-making and management processes, responding to changes in the managerial environment.
- (5) Systems to ensure proper operation of Group companies
  - (i). The Company shall promote to establish internal rules in each Group company regarding reporting requirements to the Company in accordance with the Company’s fundamental policy and operational guidelines concerning the Group operation.
  - (ii). The Company shall establish a risk management system in each group company, promoting to establish internal rules in each Group company for its risk management with respect to quality, safety, environment, compliance, information, profit and loss and large-scale disaster and other major risks in accordance with the business characteristics of each Group company.

In addition, the Company shall ensure the effectiveness of Group company’s risk management system through an internal audit by the Auditing Department and a Group liaison meeting held by the Legal Department and other departments of each Group company, promotion of risk management education in each Group company, and provision of the Group helpline amongst other things.
  - (iii). The Company shall assist, advise and collaborate in the business of each Group company by clarifying the functions and roles of each company in the Group, assisting each Group company to implement an organizational structure appropriate for its business characteristics and size thereof and utilizing the management resources in the Group. In addition, the Company shall conduct inspections to Group companies by the President and Chief Executive Officer of the Company from time to time to facilitate communication among its Group companies and to promote mutual



understanding and cooperation with respect to issues related to technology, production, marketing and sales, transaction and other issues surrounding the Group.

- (iv). The Company shall share within the Group its philosophy (objectives and goals to be pursued), spirit (key concepts all the executives and employees in our Group must adhere to), and code of conduct (the fundamental principles of conduct for the organization and standards of behavior and decisions criteria which the executives and employees in our Group shall adopt and strictly comply with), and the Company shall also establish a compliance system, promoting to enhance internal rules appropriate for the business characteristics of each Group company. In addition, the Company shall ensure the effective operation of the compliance system of each Group company through internal audits conducted by the Auditing Department and Group liaison meetings held by the Legal Department and other departments of each Group company, including the promotion of compliance education for each Group company, and provision of the Group helpline.
- (6) Systems regarding the employees supporting Audit & Supervisory Board Members, the independence of such employees from Members of the Board and ensuring effective instructions from Audit & Supervisory Board Members to such employees
  - (i). Audit & Supervisory Board Members and General Manager of Human Resources Department shall discuss in advance assignments, transfers, evaluations and other issues regarding the staff of the Audit & Supervisory Board Members' Department, whose primary role is to assist the performance of duties by Audit & Supervisory Board Members.
  - (ii). Each department shall properly perform its duties in order to ensure that staff of the Audit & Supervisory Board Members' Department shall effectively follow the instructions from Audit & Supervisory Board Members.
- (7) Systems for reporting to Audit & Supervisory Board Members and preventing the adverse treatment of persons who make reports
  - (i). For the purpose of auditing the internal controls of the Company and each Group company by Audit & Supervisory Board Members, the Company shall determine the matters that the executives and employees of the Company and each Group company, or any recipient of a report from such executive or employee of the Company, should report to Audit & Supervisory Board Members, and shall establish the following systems:
    - 1) A system in which Audit & Supervisory Board Members can receive reports from the executives and employees of the Company at any time;
    - 2) A system in which Audit & Supervisory Board Members can receive reports from the executives and employees of each Group company or a recipient of a report from such officer or employee; and
    - 3) A system in which Audit & Supervisory Board Members shall receive reports of any violation of law or regulation by any executive or employee of the Company through the corporate ethics helpline and the Group helpline.
  - (ii). The Company shall establish a system to prevent any adverse treatment of a person who makes a report under the preceding paragraph based on the fact that he/she made such report.
- (8) Matters concerning policies regarding the allocation of costs arising from the performance of duties by Audit & Supervisory Board Members and systems to ensure that Audit & Supervisory Board Members can effectively conduct the audit of the Company
  - (i). If an Audit & Supervisory Board Member claims costs arising from the performance of its duties, Members of the Board shall properly handle such claim in order to ensure that the audit is effectively conducted.
  - (ii). Members of the Board representing the Company and Audit & Supervisory Board Members shall facilitate their mutual understanding, through regular meetings, regarding the status of the audits conducted by Audit & Supervisory Board Members, and other important issues.
  - (iii). The relationship amongst Audit & Supervisory Board Members shall be strengthened by measures such as:
    - Audit & Supervisory Board Members and General Manager of Auditing Department shall exchange documents regarding the cooperation between Audit & Supervisory Board Members and the Auditing Department; and
    - The Auditing Department and Accounting Auditor shall have regular meetings with Audit & Supervisory Board Members.
- (9) Systems to ensure the appropriateness of financial reports
  - (i). The Company shall develop internal controls sufficient to ensure the appropriateness of all financial reports.

## **2. Fundamental approach to the elimination of antisocial forces and establishment of systems to achieve this goal**

The Company's fundamental approach to the elimination of antisocial forces is to resolve against antisocial forces and groups, and refuse improper demands as clearly stated in the Group Action Guidelines. The establishment of systems to achieve this goal is as described below.

- (1) Establishment of supervisory sections and persons responsible for preventing undue demands

The supervisory sections are the General Affairs Section of the General Affairs Department at the head office and the General Affairs Section or Administration Section of the Administration Department at branches. At least one person responsible for preventing undue demands is posted at each administration unit of the head office and branches.
- (2) Cooperation with external expert organizations

The Company acts in cooperation with police stations with jurisdiction, Centers for Removal of Criminal Organizations and other related organizations, lawyers, and other experts as required.

(3) Collecting and management of information on antisocial forces

The Company constantly collects information through reports to and consultations with the police stations with jurisdiction, local Centers for Removal of Criminal Organizations with which it is affiliated, and so forth, and update with collected information and control such information strictly.

(4) Contracts with business partners

To prohibit transactions with antisocial forces and groups, the Company introduces clauses to eliminate antisocial forces in the general conditions of the contracts which the Company concludes with business partners.

(5) Preparation of response manuals

The Company has posted response manuals on its intranet to inform all executives and employees of its stance towards antisocial forces, how to deal with them, and so forth.

(6) Provision of training

The Company provides risk management training and training programs by using e-learning to its executives and employees, whenever necessary and in such training, it strives to educate them so that they will thoroughly eliminate antisocial forces.

**1. Adoption of anti-takeover measures**

Have anti-takeover measures been introduced? **No**

Supplementary explanations about the item concerned

None

**2. Other matters related to corporate governance systems, etc.**

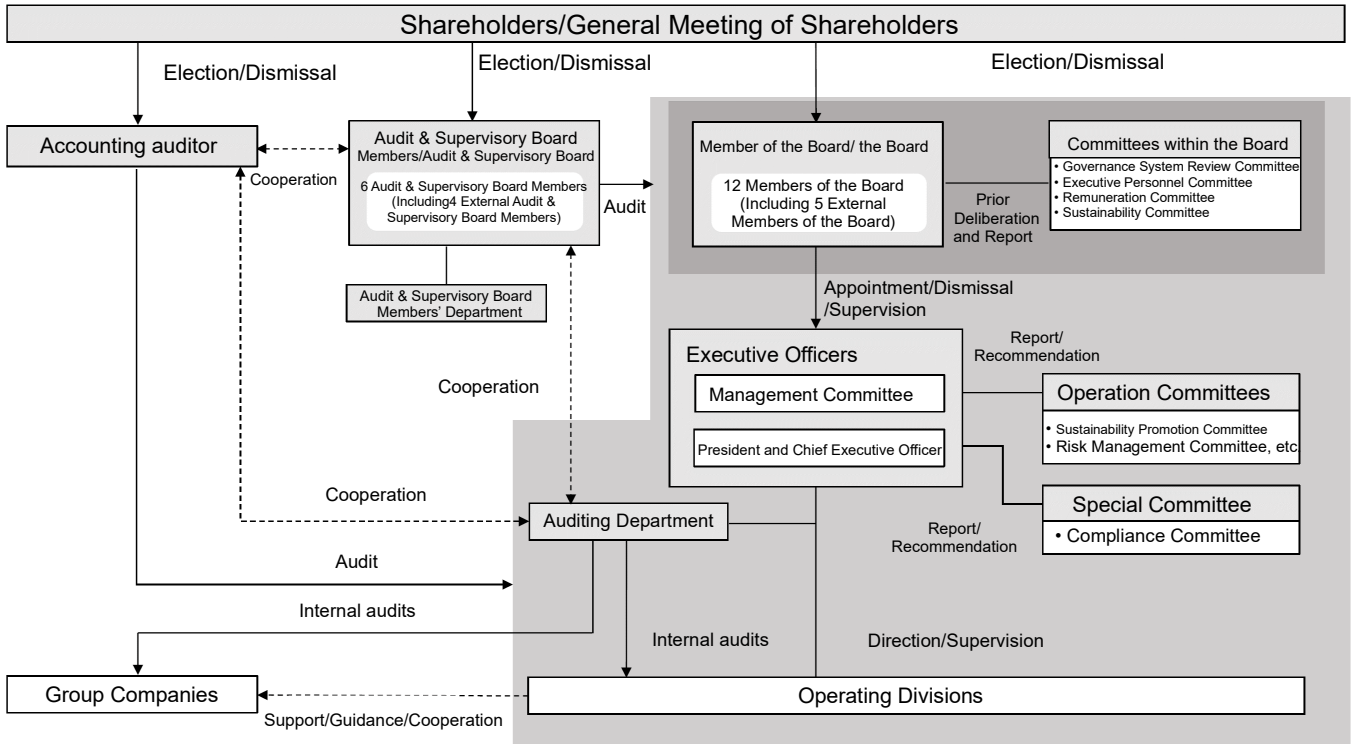
[Internal system related to the Company's timely disclosure of corporate information]

The Company has established internal systems as indicated in the attached schematic diagram so as to disclose accurate information fairly and appropriately while complying with the Financial Instruments and Exchange Act, related laws and ordinances, and the regulations of stock exchanges.

The person responsible for handling the information to be disclosed instructs the department in charge of disclosure to confirm and check the corporate information reported by responsible departments for disclosure with a focus on the following two points.

- (1) Timing of confirmation and checking  
Each time an event occurs at a responsible department
- (2) Important points to be checked
  - (a) Whether the content of information reported is appropriate in light of timely disclosure regulations
  - (b) Whether the report is submitted at the proper time

Depending on the nature of the event, information may be disclosed in a timely manner with the approval of Chief of the Business Administration Division after taking account of the importance of timely disclosure, with such disclosure swiftly reported to the Management Committee and the Board thereafter as necessary.



Reference Materials [Schematic Diagram of the Outline of the Timely Disclosure System]

