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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 the 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 (Japanese)
https://www.taisei.co.jp/english/profile/philosophy/policies/pdf/governance_basic_policy.pdf (English)

[Reason 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 the following financial policies:

- 1) Continuing to keep the 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 also has a fundamental policy to provide flexible shareholder returns such as the acquisition of treasury stocks based on our financial policy, as well as the minimum dividend payout ratio of 40% based on a long term and stable dividend while maintaining financial discipline and prioritizing to secure the quotas of growth investment.

To further enhance shareholder returns, we have raised our dividend payout ratio to a minimum of 40%, effective from FY2026.

Based on this policy, we have set the dividend of FY2026 at a minimum of 380 yen per share, which is the dividend payout ratio of 40% against the initial forecast of consolidated net income, and if the consolidated net income exceeds the forecast, the dividend will be revised upward. It is our policy to continuously and flexibly acquire treasury shares, and reduce the outstanding shares to 140 million in the middle to long term while placing top priority in growth investments.

For detailed information, please refer to “(4) the basic policy of distribution of profits and the dividend for the current and following terms”, p.4 of the attachment of our “Consolidated Financial Results for the FY Ended March 31, 2026” (Japanese GAAP) (“*Kessan Tanshin*”).

<https://ssl4.eir-parts.net/doc/1801/tdnet/2809172/00.pdf#page=8> (Japanese)

https://ssl4.eir-parts.net/doc/1801/ir_material_for_fiscal_ym2/202856/00.pdf#page=8 (English)

In May 2024, alongside the TAISEI VISION 2030 Achievement Plan and the Medium-Term Business Plan (2024-2026), the Company has formulated and disclosed the “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 to 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 major cross-shareholdings which the Company holds, please refer to the annual securities report.

Based on the policy, we are currently in the process of consistently decreasing the amount of cross-shareholdings towards the target of less than 20% of our consolidated net assets by the end of FY 2026.

As a result, we have sold 82.8 billion yen of cross-holding shares in FY 2025 and the balance at the end of the FY is 277.5 billion yen (28.0% of the amount of consolidated net assets). Furthermore, there is 55.2 billion yen (based on the market value as of the end of FY 2025) worth of stock brands not sold but agreed to be sold.

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

Moving forward, we will implement additional sales, etc. in order to steadily achieve the reduction target of “aiming to reduce our cross-shareholdings to less than 20% of consolidated net assets by the end of FY 2026”, even in the event of soaring stock prices or fluctuation of our consolidated net assets, etc.

We will allocate the funds created through additional sales of cross-shareholdings to growth investment and shareholder returns, in accordance with its fund allocation policies, aiming for the sustainable enhancement of corporate value.

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

Regarding the stocks held for policy reasons, all of the listed stock brands and non-listed stock brands being decided to assess continuously, the Board decides whether to continuously hold each stock brands by comparatively considering the acquisition price against the business return using the capital cost as the evaluation method.

(3) Standards for the 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)

Regarding the transactions with any of its Members of the Board, Executive Officers, or major shareholders, the Company shall officially raise the issue to 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 appropriate procedures.

[Supplementary Principle 2.4.1] (Fulfillment of diversity in assigning, etc. of core human capital)

(1) Approach to the fulfillment of diversity

Taisei Group adopts the following basic approach to fulfill diversity irrespective of gender, nationality, work style, career, etc., to employ human capital 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

- 1) To increase the ratio of females, among newly graduated hirings to more than 30% and among mid-career hirings to more than 25% by the end of FY 2030, respectively
- 2) To increase the ratio of female employees among the professional-grade position to more than 15% by the end of FY 2030
- 3) To increase the number of female managers to more than 8 times compared to FY 2020 by the end of FY 2030
- 4) To continue 100% of male employees taking childcare leave and the average number of days taken to be more than 30 days and bring the percentage of male employees taking 30 days or more to 50% by the end of FY 2028, respectively
- 5) To increase the number of non-Japanese managers among the ratio of the total number of managers. There are 133 foreign employees, of which 3 are managers (Approximately 0.1% of the total number of managers as of June 1, 2026)
- 6) To increase the number of mid-career hired managers among the ratio of the total number of managers. There are 1,519 mid-career hired employees, of which 215 are managers (Approximately 6.3% of the total number of managers as of June 1, 2026)

(3) Policies on human capital 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 capital 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 (Japanese)

https://www.taisei.co.jp/english/profile/philosophy/policies/pdf/diversity_and_inclusion.pdf (English)

(4) Implementation status to fulfill diversity

The Company’s current status to fulfill diversity and implementing human capital development and internal environment improvement is posted on its web site.

Diversity, Equity & Inclusion

https://www.taisei-sx.jp/social/human_rights/diversity.html (Japanese)

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 (Japanese)

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 monetary fixed compensation and performance-based compensation (monetary compensation) as well as non-monetary performance-based compensation (stock compensation).

Remuneration for Executive Officers consists of monetary fixed compensation and performance-based compensation (monetary compensation) as well as non-monetary performance-based compensation (stock 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 human resources 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 human resources 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 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. In addition, nominations of candidates for Audit & Supervisory Board Members are determined by the Board with the consent of the Audit & Supervisory Board, based on the proposal of candidates made by the Audit & Supervisory Board, after its deliberations by the Executive Personnel Committee.

(5) The respective explanations on 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/> (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 2026)

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 the role as Chairman and 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 2026)

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 a candidate for the Member of the Board again.

• Junichi KASAHARA, Member of the Board (re-elected in June 2026)

Mr. Junichi KASAHARA since joining the Company, has engaged in departments related to business administration including general affairs and human resources, etc. 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 expertise in general affairs and human resources fields, broad experiences and achievements at the Company, and considerable knowledge of overall management of the Taisei Group (the "Group"). Currently, as Senior Managing Executive Officer, Representative Director, Chief of Business Administration Division, In Charge of Corporate Culture Reform, he is working to strengthen the decision-making and supervisory function of the Board, and leading the formulation and implementation of the strategies for the overall management of the Group, as well as leading the corporate culture reform. As he can be expected to contribute to the sustainable development and further enhancement of the corporate value of the Group, we nominate him as the candidate of the Member of the Board again.

• Kenji SHIRAKAWA, Member of the Board (re-elected in June 2026)

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 Executive Vice President, Member of the Board and Chief of Civil Engineering Division, he is working on to strengthen the decision-making and supervisory functions of the Board, as well as to leading the development and realization of strategies for resolving issues regarding the reinforcement of the 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 nominated him as candidate for a Member of the Board again.

• Mayuki YAMAURA, Member of the Board (re-elected in June 2026)

Mr. Mayuki YAMAURA, specialized in building construction technologies, has successively advanced the management of the branch 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 Senior 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 leading development and realization of 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 the Member of the Board again.

• Yuichiro YOSHINO, Member of the Board (re-elected in June 2026)

Mr. Yuichiro YOSHINO, specialized in building construction technologies, has successively advanced the management of the branch 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, In Charge of Corporate Culture Reform; Deputy Chief of Corporate Planning Office; Deputy Chief of Architecture & Engineering Division (Integrated), he is working on to strengthen the decision-making and supervisory functions of the Board of Directors, develop and implement strategies regarding overall management of Taisei Group, as well as lead the initiative regarding the Corporate Culture Reform. 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.

- Yukio HABA, Member of the Board (newly elected in June 2026)

Mr. Yukio HABA, since joining the Company, has mainly engaged in departments related to business administration including accounting and cost control, and successively held various posts such as General Manager of Corporate Planning Department and Deputy Chief of Corporate Planning Office since his appointment as Executive Officer in April 2021. He has distinguished expertise in corporate planning, accounting and cost control field, broad experiences and achievements at the Company, and considerable knowledge of the overall management of the Taisei Group (the “Group”). Currently, as Managing Executive Officer, Chief of Corporate Planning Office; General Manager of New Business Planning Department, he is leading the formulation and promotion of the medium- to long-term business plan such as the Group’s management strategy strengthening the Governance system of the Group. As he can be expected to contribute to the sustainable development and further enhancement of the corporate value of the Group, we nominate him as a new candidate of the Member of the Board.

(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/> (Japanese only)

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

- Masahiko OKADA, Audit & Supervisory Board Member (newly elected in June 2026)

Mr. Masahiko OKADA, since joining the Company, has engaged in departments related to business administration including accounting and finance, and successively held various posts such as General Manager of Finance Department, General Manager of Secretarial Department, Chief of Hokushinetsu Branch and Chief of Business Administration Division, etc. He has distinguished expertise in relation to finance and accounting, and broad experiences and achievements at the Company, and considerable knowledge of the overall management of the Taisei Group. Through these experiences and insights, as he can be expected to contribute to the further enhancement of the audit system of the Company, we nominate him as a new candidate of the Member of Audit & Supervisory Board.

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

Mr. Shuichi OKUDA, since joining the Company, has engaged in departments related to business administration, and successively held various posts such as General Manager of Accounting Department, Chief of Environment Division 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. Through these experiences and insights, he can be expected to contribute to the further enhancement of the audit system of the Company, we 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, 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^{3(cube)} 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 the [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 issues 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#page=15> (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 (Japanese)

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 is publicizing 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/tcfd/ (Japanese)

https://www.taisei-sx.jp/english/esg_guide_line/tcfd/ (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/ (Japanese)

https://www.taisei-sx.jp/english/social/human_rights/ (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, the Company has elected twelve (12) Members of the Board, of whom five (5) are Independent External Members of the Board.

Among the External Members of the Board, Mr. Norio OTSUKA, Mr. Tsutomu KAMIJO, Ms. Hiroko KOIDE and Mr. Keiji NISHIZAWA are 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 elected.

Ms. Keiko OHARA is expected to contribute to strengthening the governance and compliance system as well as the 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 extensive experience and insights cultivated as a lawyer, thus she is deemed to be eligible for an External Member of the Board and so elected.

[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 (Japanese)

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 established 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 the opinions of each independent External Member of the Board and independent External Audit and Supervisory Board Member, on the premise that each internal Member of the Board (the top management) will fulfil its responsibilities for explaining the proposed items. In both Committees, the majority 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 attends the meetings as part of his/her duties and expresses opinions as necessary 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 & 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 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 as the Board 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 FY 2025 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. FY 2025 initiatives based on the FY 2024 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 FY 2020, we have strived to enhance the effectiveness of the Board, and continuing in FY 2025, we have been also trying to address the issues found in the effectiveness review in the FY 2024 as follows:

a) To promote the initiatives based on the discussions on how the governance system shall be, such as the number of members of the board and composition of the Board

The Executive Personnel Committee deliberated the number of members of the board and composition of the Board which we shall aim for, initiatives to secure qualified external members of the Board, and the upper age limit of the executives.

b) To further narrowing down the agenda, and monitor the updated conditions and progress of business execution of important management issues

We reviewed the criteria for matters to be resolved by the Board and implemented the collective submission of related matters to the Board.

The Board also conducted the monitoring of the execution of important matters semiannually by reporting the progress of important matters such as M&A issues and large scale construction projects, the Group's domestic building construction and overseas business, and human capital, which were set as items to achieve results to the Board within the period of the Medium-Term Business Plan (2024-2026).

c) To set the agenda of the Board with a medium- to long-term vision and to make sure the contents of deliberations are reflected to the execution of operations

For the Board's agenda, the secretariat of the Board and the secretariat of the Management Committee discussed and prepared the draft of the annual agenda schedule.

Based on the draft, after discussions with the Chairman of the Board and deliberations at the Management Committee, we presented the draft schedule of the annual agenda, collected opinions from Members of the Board /Audit & Supervisory and periodically reviewed the schedule of the agenda.

II. Overview of the FY 2025 evaluation

The method used to evaluate effectiveness in the FY 2025, and the results of the evaluation are as outlined below.

(1) Evaluation method and process

- All Members of the Board and Audit & Supervisory Board conducted self-evaluations, using individual questionnaires.
- The evaluation items in the questionnaire are as listed below. Items 1-6 consists of a five-grade assessment and free description, and Item 7 consists of a free description.

<< Evaluation items >>

1. Structure and operation of the Board
2. Content of discussions at the Board
3. Supporting system
4. Committees within the Board
5. Coordination and information sharing with the Audit & Supervisory Board
6. Overall Evaluation of the Board
7. Others

- Based on the self-evaluation, an external lawyer conducted individual interviews with Members of the Board and Audit & Supervisory and conducted a third-party evaluation.
- Based on the results of self-evaluation and the third-party evaluation conducted by the lawyer, the Board identified the issues from the evaluation results of the assessment of effectiveness and deliberated on the measures to address these issues.

(2) Overview of the evaluation results

The Company's governance system has been enhanced for the past few years, the effectiveness and governance of the Board were assessed as having steadily improved. At the same time, we received suggestions on issues that should be addressed to enhance corporate value.

In order to further enhance the effectiveness of the Board, the Board will continuously work as follows:

- a) To deepen discussions on how the governance system shall be, such as the number of members of the board and composition of the Board
- b) To further narrow down agenda items for the effective discussions at the Board
- c) To enhance monitoring of the execution status of important matters

[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 (Japanese)

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)

[Action to Implement Management that is Conscious of Cost of Capital and Stock Price]

Details	Disclosure of Initiatives (updated)
English disclosure	Yes
Update date	June 24, 2026

Description of the applicable items

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)

As stated in [I.1. 【Principle 1.3】] (Basic capital policy), the Company will revise the dividend payout ratio to a minimum ratio of 40% from FY 2026 for the purpose of enhancing shareholder returns.

For the acquisition of treasury shares, it is our policy to continue repurchasing shares flexibly, while giving top priority to growth investments

For detailed information, please refer to "(4) the basic policy of distribution of profits and the dividend for the current and following terms", p.4 of the attachment of our "Consolidated Financial Results for the FY Ended March 31, 2025" (Japanese GAAP) ("Kessan Tanshin").

<https://ssl4.eir-parts.net/doc/1801/tdnet/2809172/00.pdf#page=8> (Japanese)

https://ssl4.eir-parts.net/doc/1801/ir_material_for_fiscal_ym2/202856/00.pdf#page=8 (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 (%)
Master Trust Bank of Japan, Ltd. (Trust account)	25,245,500	15.47
Custody Bank of Japan, Ltd. (Trust account)	9,827,030	6.02
Taisei Associates' Shareholding Plan	6,185,700	3.79
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT	4,990,432	3.06
State Street Bank and Trust Company 505001	4,444,055	2.72
State Street Bank and Trust Company 505223	3,734,171	2.29
Taisei Employees' Shareholding Plan	3,598,694	2.21
Meiji Yasuda Life Insurance Company	2,847,798	1.75
MITSUBISHI ESTATE CO., LTD.	2,426,690	1.49
JP MORGAN CHASE BANK 385781	2,136,900	1.31

Is there a controlling shareholder (excluding the parent company)?	-----
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Is there a parent company?

No

Supplementary explanations

The situation of [Major Shareholders] mentioned above is as of March 31, 2026 and the supplementary information is as follows:

1. In the Report of Large Volume Holding Report (Change Report) provided for public inspection on April 19, 2025, it is stated that Sumitomo Mitsui Trust Asset Management Co., Ltd. and its joint holders held the following shares as of September 15, 2025. However, as the Company is unable to confirm the effective number of shares held as of March 31, 2026, the status of the above-mentioned major shareholders is based on the shareholder register of the Company.

- Owner: Sumitomo Mitsui Trust Asset Management Co., Ltd.
- Number of the shares owned: 9,772,800 shares
- Percentage: 5.34%

2. In the Report of Large Volume Holding Report (Change Report) provided for public inspection on December 3, 2025, it is stated that Nomura Securities Co.,Ltd. and its joint holders held the following shares as of November 28, 2025. However, as the Company is unable to confirm the effective number of shares held as of March 31, 2026, the status of the above-mentioned major shareholders is based on the shareholder register of the Company.

- Owner: Nomura Securities Co.,Ltd.
- Number of the shares owned: 9,784,042 shares
- Percentage: 6.00%

3. Corporate attributes

Stock exchange listing the Company's shares & market category	Tokyo Stock Exchange Prime Market, Nagoya Stock Exchange Premier Market
FY-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 but less than 100 companies

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

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 basic policies as follows:

- 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;
- 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;
- To promote the sustainability activities and to establish a risk management system as the entire Group
- 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 made PS Construction Co., Ltd. ("PS", the name changed from P.S. Mitsubishi Construction Co., Ltd. on July 1, 2024) a consolidated subsidiary of the Company by acquiring the majority of shares. 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 as the same level with the construction of new bridges. In addition, in the building construction business, PS is working to strengthen order competitiveness and to improve profitability by strengthening initiatives on its Prestressed Concrete (the "PC") construction

works and PC product sales, including factory products, in which it specializes, or by promoting the development of sales that accurately meets the need of the changing market.

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.

The Company believes to maintain the listing of PS to be appropriate. PS and the Company agreed to the policy of maintaining the listing of PS as our Company believes the importance of respecting the corporate culture and respecting the autonomy of the management of PS for the enhancement of corporate culture. Our company believes that by maintaining its listing, we will be able to maintain and improve the motivation of its officers and employees, and through direct dialogue with shareholders and investors as a listed company, we will be able to expect a management with a sense of tension, maintain name recognition and credibility that will contribute to securing human capital, and maintain the customer base and initiatives in the business of PS.

Based on the basic policy outlined above, the Company and PS will respect PS's corporate culture and management autonomy, consider the common interests of its shareholders, including the minority shareholders, and establish an appropriate governance structure to monitor the implementation of measures to further enhance the corporate value of both companies.

PS has kept the independency of its management, by making the decision regarding the nomination, etc. of member of the board candidates upon deliberation in the nomination advisory committee which consists mainly of external independent members of the board. In addition, from the viewpoint of respecting the autonomy of the management and protecting the interests of minority shareholders of the listed subsidiaries, PS has established the special committee consisting of independent external members of the board, to deliberate and review important transactions and activities that conflict with the interests of the controlling shareholder in order to systematically observe transactions with the Company. Moreover, in the Capital and Business Alliance Agreement, the Company and PS have agreed on the prior consent and prior reporting of the Company on important matters regarding the management of PS, and other certain matters to be reported to the Company on an afterward basis.

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
Norio OTSUKA	Formerly worked for another company								△			
Tsutomu KAMIJO	Formerly worked for another company								△			
Hiroko KOIDE	Formerly worked for another company											
Keiko OHARA	Lawyer											
Keiji NISHIZAWA	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
Norio OTSUKA	○	Mr. OTSUKA has served as President and Chief Executive Officer, Representative Director of NSK Ltd. and is now an honorary advisor of NSK Ltd. 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. 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. 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.
Tutomu KAMIJO	○	Mr. KAMIJO has served as President and Representative Director, Chairman of the Board of Sapporo Holdings Limited., and is now an honorary advisor of Sapporo Holdings Limited. The Company has business dealings with Sapporo Holdings, 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. 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 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. 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	○	Ms. KOIDE has served as President and Representative Director of Parfums Christian Dior Japon K.K. and director of Nippon Lever K.K. (present Unilever Japan K.K.). 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. 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. 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.

Keiko OHARA	○	Ms. OHARA concurrently has the position of partner at the Kamiyacho International Law Office, but there is no relationship of specific interest between the Law Office and the Company.	Ms. OHARA has, as a lawyer, professional and advanced knowledge, rich international experience and insight into diversity. Furthermore, she has been serving as an External Audit & Supervisory Board Member of the Company since June 2020 and has appropriately conducted audits of the execution of duties by the Members of the Board. Based on her professional expertise as a lawyer and experience as an Audit & Supervisory Board Member, she 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 her supervision, recommendation and advice from her objective and neutral standpoint to the important matters such as strengthening of governance and compliance systems, election and dismissal of executives, promotion of diversity and formulation of management strategy including international business. Therefore, we consider her to be suitable for the position and appointed her as an External Member of the Board. Ms. 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.
Keiji NISHIZAWA	○	Mr. NISHIZAWA has served as President, Representative Director and Chief Executive Officer, and Representative Director of Sompo Japan Insurance Inc., and is now an advisor of Sompo Japan Insurance Inc. The Company has business dealings with Sompo Japan Insurance Inc., but the percentage of transactions with the latter to both 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.	Mr. NISHIZAWA has wealthy experience and profound knowledge of business investment and sustainability fostered as a corporate executive, 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. NISHIZAWA 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.

[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 equivalent to a nomination committee	Executive Personnel Committee	5	0	2	3	0	0	External Member of the Board
Voluntary committee equivalent to a remuneration committee	Remuneration Committee	5	0	2	3	0	0	External Member of the Board

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 the [Supplementary Principle 4.10.1] of the [Disclosure based on the principles of the Corporate Governance Code] under Section I of this report.

[Members (As of June 23, 2026)]

"Executive Personnel Committee"

External Members of the Board: Norio OTSUKA (Chairperson), Tsutomu KAMIJO, Keiji NISHIZAWA

Internal Members of the Board: Shigeyoshi TANAKA, Yoshiro AIKAWA

External Audit & Supervisory Board Members attend the Executive Personnel Committee as part of his/her duties and express their opinions as necessary.

"Remuneration Committee"

External Members of the Board: Norio OTSUKA (Chairperson), Hiroko KOIDE, Keiji NISHIZAWA

Internal Members of the Board: Yoshiro AIKAWA, Junichi KASAHARA

External Audit & Supervisory Board Members attend the Remuneration Committee as part of his/her duties and express their opinions as necessary.

Major activities of both Committees for FY 2025 (from July 2025 to June 2026) are as described below.

[Members and their attendance at the Committees]

"Executive Personnel Committee"

External Members of the Board: Norio OTSUKA (Chairperson, attended all seven (7) meetings), Atsuko NISHIMURA (attended two (2) out of four (4) meetings)*1, Fumiya KOKUBU (attended two (2) out of three (3) meetings)*2, Tsutomu KAMIJO (attended all seven (7) meetings)

*1 Ms. Atsuko NISHIMURA resigned from the Member of the Board, and the Member of the Executive Personnel Committee on February 28, 2026. The attendance record covers the period up to the date of resignation.

*2 Mr. Fumiya KOKUBU was appointed as a Member of the Executive Personnel Committee as of March 1, 2026, and the attendance record covers the period from the date of appointment.

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

"Remuneration Committee"

External Members of the Board: Norio OTSUKA (Chairperson, attended all nine (9) meetings), Fumiya KOKUBU (attended six (6) out of nine (9) meetings), Hiroko KOIDE (attended eight (8) out of nine (9) meetings)

Internal Members of the Board: Yoshiro AIKAWA (attended all nine (9) meetings), Masahiko OKADA (attended all nine (9) meetings)

[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	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.

Election of External Audit & Supervisory Board Members	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													△	
Kazuhiro MIYAUCHI	Other														
Kyoko UEMURA	Lawyer														
Yuji SAKODA	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.

- a. Business executive at a listed company or its subsidiary
- b. Non-executive director or accounting counselor at a listed company or its subsidiary
- c. Business executive or non-executive director at the parent company of a listed company
- d. 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	○	Mr. SATO has in the past, served as President and Member of the Board of Directors, Chairperson and Member of the Board of Directors of Mizuho Financial Group, Inc., and is currently the Special Advisor to Mizuho Financial Group, Inc. The Company has business dealings with Mizuho Financial Group, Inc., but the percentage of transactions with the latter to the former's consolidated net sales is small. Although, the Company borrows funds from Mizuho Financial Group, its dependence on Mizuho Financial Group for the borrowings is not significant and therefore such borrowing is considered unlikely to affect the decisions of shareholders and investors. Therefore, an overview thereof is omitted.	Mr. SATO 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 from a broad perspective since he has rich experience in corporate management, finance, and accounting obtained from the management of a financial institution group over many years as well as deep knowledge and outstanding insights based on such experience. Mr. 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 the general shareholders.

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 of Japan before joining the Company as an Audit & Supervisory Board Member. In addition, there is no relationship of specific interest between the Board of Audit of Japan and the Company.	Mr. 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. 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 the general shareholders.
Kyoko UEMURA	○	Ms. UEMURA concurrently has the position of partner at the Miyama, Uemura & Associates, but there is no relationship of specific interest between the Law Office and the Company.	Ms. UEMURA has broad knowledge as well as specialized and high-level insights as a lawyer and ample experience as an external executive officer at other companies as well as profound knowledge and outstanding insights obtained from such experiences. She has been elected as an Audit & Supervisory Board Member because she is expected to contribute to improving the audits by the Audit & Supervisory Board Members at the Company. Ms. UEMURA has been designated as an independent executive because the criteria of independency established by the stock exchange and by the Company do not apply to Ms. UEMURA and because the Company has determined that there is no concern of conflict of interest against the general shareholders.
Yuji SAKODA	○	Before becoming an Audit & Supervisory Board Member of the Company, Mr. SAKODA held important police related posts, but he left the National Police Agency before joining the Company as an Audit & Supervisory Board Member. In addition, there is no relationship of specific interest between the National Police Agency and the Company.	Mr. SAKODA, who has long engaged in police related duties, possesses rich experience in risk management and crisis management as well as profound knowledge and outstanding insights obtained from such experience. Mr. SAKODA 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. SAKODA has been designated as an independent executive because the criteria of independency established by the stock exchanges and those of the Company do not apply to him and because the Company has determined that there is no concern of conflict of interest against the general shareholders.

[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 the 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

Supplementary explanation about the item concerned

[Remuneration for Members of the Board]

Disclosure (of remuneration for individual Members of the Board)

Remuneration is individually disclosed for part of the Members of the Board

Supplementary explanation about the item concerned

The amount is disclosed in the annual securities report for the Member of the Board whose remuneration, etc. from the Company, consolidated, is 100 million yen or more.

The status of individual disclosures for the 166th business year is as follows.

Chairman and Chief Executive Officer: Mr. Shigeyoshi TANAKA 183 million yen (including the performance-based compensation of 57 million yen for the business year of 2025).

President and Chief Executive Officer: Mr. Yoshiro AIKAWA 204 million yen (including the performance-based compensation of 70 million yen for the business year of 2025).

Vice President and Chief Executive Officer: Masahiko OKADA 131 million yen (including the performance-based compensation of 35 million yen for the business year of 2025).

The above compensation amounts are recorded as expenses for this business year.

In connection with the change in the payment method of performance-based compensation, the amount of performance-based compensation recorded as expenses for this business year includes those for the performance of both business year 2024 and 2025. The performance-based compensation for business year 2025 was not paid during this business year.

Is there a policy for determining the amount of remuneration and its calculation methods?

Yes

Disclosure of the policy for determining the amount of remuneration and its calculation methods

(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 1.2 billion yen per year as pursuant to the resolution of the 166th General Meeting of Shareholders held on June 23, 2026.

The performance-based compensation (stock compensation), as pursuant to the 166th General Meeting of Shareholders held on June 23, 2026, shall be decided comprehensively by considering the matters such as the size, content and financial results of the business of our Company and Group, the remuneration level of other companies in the same industry, the salary level of the employees, as well as the duties and responsibilities of each Member of the Board.

The amount of performance-based compensation (stock compensation), as pursuant to the resolution of the 166th General Meeting of Shareholders held on June 23, 2026, shall neither exceed 90,000 points per a single fiscal year (one (1) point corresponding to one (1) share) nor exceed the amount the Company may contribute to the trust, calculated by multiplying (i) the relevant fiscal years (initially five (5) and thereafter, three (3)) (respectively, an "Applicable Period"), (ii) the Company's closing common share price on the Tokyo Stock Exchange on the date of the Ordinary General Meeting of Shareholders held for the fiscal year immediately preceding the first fiscal year of each Applicable Period (the closing price of the immediate preceding trading day if the trade was not completed on such date) and (iii) the maximum number of points to be granted to the Members of the Board and Executive Officers per a single fiscal year (330,000 points).

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 is made as the organization to appropriately consider the remuneration, etc. by the chairperson and the majority of the members being composed of independent External Members of the Board and by the independent External Audit & Supervisory Board Members attending and stating their opinion.

- (ii). Policy on determination of the amount and the calculation methods of the 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 by comprehensively taking account of the size and content of the Company's business, the remuneration level of the employees and the duties and responsibilities of each of the Member of the Board, and the fixed compensation of each Member of the Board other than External Members of the Board, shall be progressively increased according to his/her positional rank.
- (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) of the Members of the Board shall be a one-time payment made during the next fiscal year of the fiscal year the Member of the Board is in office, and for the purpose of clarifying the interrelation between the Members of the Board's responsibility for the group management and the amount of remuneration for them, the contents and the amount of the compensation shall be determined in consideration of Taisei Group's overall business performance, which is designated to be linked to Taisei Group's short-term business performance, as well as the individual performance of each Member, which is designated to be linked to the achievement of the Member's individually predetermined goal.
 In order for the amount paid to each Member of the Board will be progressively increased according to his/her positional rank, Operating Income in the consolidated statements of the income for the most recent FY is used as a performance indicator for Taisei Group's overall business performance because it indicates the direct results of the Group's business activities and in addition, the engagement score of the officers and employees, the status of the reduction of CO2 emission, and the status of occurrence of serious incidents as a non-financial indicator are adopted to promote the enhancement of the corporate management in order to increase the corporate value of our group in the mid to long term and to support the sustainable growth.
- 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 the share prices but also the risk of a decline in the share prices.
 The Company shall adopt a restricted stock benefit method utilizing a monetary trust other than money trust (the Board Benefit Trust-Restricted Stock method) and points are granted annually on the date of the annual General Meeting of Shareholders according to the "Officers' Share Benefit Regulations" established by the Board. Restricted shares of the Company, restricting the transfer of stocks until resignation, will be distributed as one (1) share per one (1) point when the necessary procedure is taken to determine the beneficiary after satisfying the beneficiary requirements specified in the "Officers' Share Benefit Regulations". However, in certain exceptional cases, cash equivalent to the market value of the Company's shares may be distributed instead of the Company's shares.
 As a performance indicator, net income attributable to owners of the parent in the consolidated statements of income for the most recent FY is used as it indicates the final results of Taisei Group's business activities and ROE (Return On Equity) is used as it indicates the degree of the creation of value exceeding the cost of shareholder equity.
 The points to be granted to each Member of the Board are determined according to the respective positional rank of the Member of the Board 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 and the ratio of performance-based compensation within the compensation will comparatively increase when the positional rank of the Member of the Board rises.
 From a medium- to long-term perspective, the Company is considering a review to reduce the proportion of fixed compensation and to increase the proportion of performance-based compensation.
 However, the compensation for External Members of the Board shall be fixed compensation only.
- (v). Other important matters
 All or part of the performance-based compensation not yet paid may be reduced or forfeited in case either a material correction of our financial statements arose or a compliance issue that gives a material negative effect to our financial situation or reputation arose (the "Applicable Issue") hereinafter "due to the action of Members of the Board". In addition, the return of all or part of the performance-based compensation may be requested for the performance-based compensation paid for the fiscal year for which the resolved date of the matter belongs to and for the three prior fiscal years in case an Applicable Issue arises.

The reduction or forfeiture of all or part of the performance-based compensation shall be decided by the Board after the deliberation by the Executive Personnel Committee, the organization to deliberate prior to the Board, and the reporting to the Remuneration Committee.

The Executive Personnel Committee is made as the organization to appropriately consider the reduction, forfeiture or return by the chairperson and the majority of the members being composed of independent External Members of the Board and by the independent External Audit & Supervisory Board Members attending and stating their opinion.

(For Reference)

The ratio of each type of compensation to be applied to the amount of remuneration, etc. for each Member of the Board other than External Members of the Board in the current FY (ended March 2026) was roughly 71% of fixed compensation, 20% of performance-based compensation (monetary compensation), and 9% of performance-based compensation (stock compensation). (Note: Excluding the performance-based compensation (monetary compensation) for fiscal year 2025.)

(2) Remuneration for Audit & Supervisory Board Members

Remuneration for Audit & Supervisory Board Members is determined by consultation of the Audit & Supervisory Board, and the total is limited to 180 million yen per year based on the resolution of the 166th General Meeting of Shareholders held on June 23, 2026.

[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 respective execution of operations. Prior to the meeting of the Board, held once a month in principle, data and materials are distributed for perusal and advance explanations of the main proposed resolutions are provided by internal Members of the Board.

In addition, the meetings to exchange opinions are regularly held among various officers in order to facilitate the information sharing and cooperation. Through these supporting systems, deliberations and expression of opinions are fully and actively carried out 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 a Representative Director and President,

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	Without a fixed term
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	Without a fixed term
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	Without a fixed term

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

3

Other matters

[Commissioning procedures] Honorary Member: 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 systems.

(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 consists mainly of three elements: (i) presenting major directions of corporate strategy, etc., (ii) creating an environment to support proper risk-taking by the executives, and (iii) ensuring a highly effective supervision over the 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, the Chairperson and the majority of the 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, and the independent External Audit & Supervisory Board Members of the Committee attends as part of the execution of his/her work and expresses his/her opinion according to the necessity 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 independent External Audit & Supervisory Board Member attends as part of the execution of his/her work and expresses his/her opinion according to the necessity 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 the Management Committee stipulate the authority to decide the scope of business execution that can be delegated to the Management Committee by the Board. The executive officer system has been adopted to facilitate the flexible business execution.

(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 thirteen (13) 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 the Group companies.

In accordance with the audit policy and the audit plan adopted by the Audit & Supervisory Board, Audit & Supervisory Board Members are auditing the performance of the duties by the Members of the Board, independently from the Members of the Board, through attending meeting of the Board, Committees within 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. They are briefed by the Auditing Department and accounting auditors on audit plans and the results of audits as needed. The Audit & Supervisory Board Members' Department (consisting of six (6) members), which is independent from the Members of the Board, supports the Audit & Supervisory Board Members in fulfilling their duties.

Accounting audits are undertaken by KPMG AZSA LLC, and in FY 2025, the accounting audits were conducted by Mr. Tomoyasu SUGIZAKI, Mr. Takafumi MAEDA, and Mr. Tadashi SHIBATA, all of whom are certified public accountants working for KPMG AZSA LLC, and they were assisted by twenty-six (26) certified public accountants, eight (8) members who passed the examination of the Certified Public Accountants, and forty-eight (48) 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 the Group companies. The Auditing Department and these accounting auditors report on the 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.

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

	Supplementary explanations
Prompt delivery of notices of the General Meeting of Shareholders	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.
Exercise of voting rights via electronic voting platform	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.
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	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.
Provision of the notices (summary) in English	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.
Other	The Company is promoting to invigorate the shareholders meeting by visualizing the business reports and other documents for the easier understanding of shareholders and by accepting advance questions from shareholders. In addition, the Company is promoting the smooth exercise of voting rights in advance by uploading the business reports and other documents in visual format on the Company's website more than two weeks prior to the shareholders meeting date.

2. IR-related activities

	Supplementary explanations	Does a representative give explanation?
Formulation and publication of the Company's disclosure policy	The IR Policy has been formulated. 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 (English)	
Holding of regular meetings for analysts and institutional investors	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. The President and Responsible Member of the Board, etc. is holding meetings with domestic analysts and institutional investors upon request.	Yes
Holding of regular meetings for overseas investors	The President holds IR meetings for institutional investors in Europe and Asia. In response to individual requests, a Responsible Member of the Board or the divisions of the Company in charge participate in individual meetings, teleconferences and/or conferences, etc.	Yes
Posting of IR materials on the Company's website	In addition to quick reports on financial results and data books, materials for briefings on financial results are posted in Japanese and English. https://www.taisei.co.jp/ir/ (Japanese) https://www.taisei.co.jp/english/ir/ (English) Forms of inquiries to the IR unit are available on the website.	
Establishment of a department (persons) in charge of IR	The Investor Relations Section of the Investor & Shareholder Relations Management Department is in charge of IR.	

3. Initiatives to respect the viewpoints of stakeholders

	Supplementary explanations
<p>Stipulating to respect the viewpoint of stakeholders by internal regulations, etc.</p>	<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 shareholders, customers, employees, business partners, 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 the customers, the Company, the shareholders, the subcontractors and suppliers, and the society as a whole.</p> <p>“Human Resources Development Policy (Diversity, Equity & Inclusion Policy)” stipulates that the Company shall respect diversity and improve the internal environment so that each and every executive and employee can maintain high levels of engagement and play active roles.</p>
<p>Implementation of environmental preservation, Corporate Social Responsibility activities(CSR) and others</p>	<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 the natural environment, 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 & forest environment, and water resources & 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 the society,” and as a good cooperate citizen, we strive to promote dialogue and cooperation with the society while contributing to the sustainable growth of the society.</p> <p>Specific initiatives are posted on our company website. https://www.taisei-sx.jp/ (Japanese) https://www.taisei-sx.jp/english/ (English)</p>
<p>Formulation of policies and other guidelines to provide information to stakeholders</p>	<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 the 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>
<p>Other</p>	<p><Promotion of Health and Productivity Management></p> <p>The Company regards all executives and employees as “irreplaceable human capital.” We recognize the foundation of sustainable growth for the company is, for each individual to be physically and mentally healthy, work vibrantly and maximize their abilities.</p> <p>Accordingly, the Company recognizes health as an important foundation of corporate management and the Company is developing a system of promoting health as well as promoting to create a workplace environment that supports the maintenance and promotion of the health of human resources.</p> <p>Through this initiative, we will create an environment in which our executives, employees, and their families can live with a peaceful mind, thereby contributing to the development of a resilient society.</p> <p>Specifically, the Company are promoting the following initiatives.</p> <ul style="list-style-type: none"> • Implementing follow-up measures based on health checkup results and offer face-to-face guidance meetings to employees working long hours or experiencing high stress • Making health issues more visible by utilizing health data. Providing information and awareness-raising activities to improve the literacy of health among the employees. • Enhancing of mental health support targeting young employees. • Promoting the understanding and the supporting measures regarding the health issues unique to women. • Initiatives to support life planning such as offering preconception care and holding trying-to-conceive seminars. • Establishing an environment where diverse human capital can continue to work with a peaceful mind through support for balancing medical treatment with work.

- Establishing an Employee Assistance Program (EAP) consultation room where employees can easily seek advice, and providing counseling and consultation services in cooperation with an external expert organization.
- Life and employment support for families in the event that an employee becomes unable to work due to death, injury, or illness through a child education pension benefit system.

The Company will continue to strive to maximize the value of human capital and realize sustainable corporate growth by improving the health and well-being of every executive and employee.

IV Matters related to internal control systems, etc.

1. Fundamental approach to internal control 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 the 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 the 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 the 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 duties, to facilitate a more efficient decision-making and management process, responding to the changes in the managerial environment.
- (5) Systems to ensure proper operation of the 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 the 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, the promotion of risk management education in each Group company, and establishing 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 the 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 the Audit & Supervisory Board Members, the independence of such employees from Members of the Board and ensuring effective instructions from the Audit & Supervisory Board Members to such employees
 - (i). Audit & Supervisory Board Members and the 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 the Audit & Supervisory Board Members.
- (7) Systems for reporting to Audit & Supervisory Board Members and preventing the adverse treatment of persons who made those reports
 - (i). For the purpose of auditing the internal controls of the Company and each of the Group companies by the 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 the report from such executive or employee of the Company, should report to the Audit & Supervisory Board Members, and shall establish the following systems:
 - 1) A system in which the Audit & Supervisory Board Members can receive reports from the executives and employees of the Company at any time;
 - 2) A system in which the Audit & Supervisory Board Members can receive reports from the executives and employees of each Group company or a recipient of a report from such an officer or employee of such Group company; and
 - 3) A system in which the 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 the person who made such 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 the 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 the Audit & Supervisory Board Members, and for 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 the Audit & Supervisory Board Members and the Auditing Department; and
 - The Auditing Department and the Accounting Auditor shall have regular meetings with the 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 resolute against antisocial forces and groups, and to refuse improper demands as clearly stated in the Group Action Guidelines. The establishment of systems to achieve this goal is as described as follows.

- (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 of the local 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
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Supplementary explanations about the item concerned

None

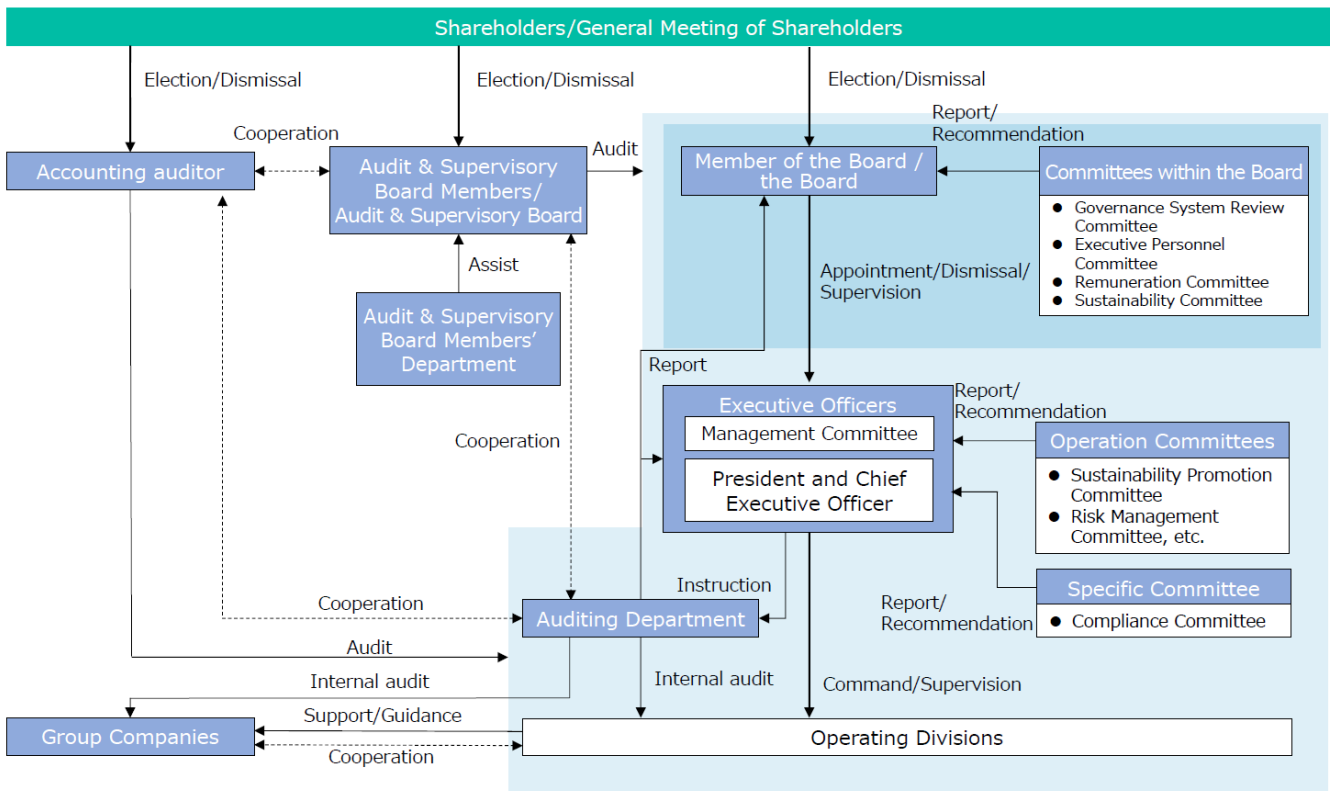
2. Other matters related to corporate governance systems, etc.

[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



Reference Material [Outlined Schematic Diagram of the Organization Structure for Timely Disclosures]

