

Management Structure

Taikisha is continuously working to strengthen corporate governance and build an attractive company to achieve continuous growth and contribute to society.

● Number of years as Director of the Company ○ Number of shares of the Company actually held ⚙ Number of dilutive shares of the Company held
⌚ Attendance at the Board of Directors Meetings

Directors



Representative Director, President Corporate Officer
Masashi Osada
● 8 years ○ 11,400 ⚙ 42,510 ⌚ 15/15



Representative Director, Executive Vice President Corporate Officer, in charge of Administrative Management Headquarters and Engineering Headquarters
Yasushi Nakajima
● 8 years ○ 28,800 ⚙ 51,264 ⌚ 15/15



Director, Executive Vice President Corporate Officer, Chief Executive, Corporate Planning Headquarters, in charge of Sustainability Promotion
Masanori Nakagawa
● 7 years ○ 26,274 ⚙ 45,550 ⌚ 15/15



Director, Executive Corporate Officer, Chief General Manager, Paint Finishing System Division
Yukinori Hamanaka
● 5 years ○ 7,746 ⚙ 13,158 ⌚ 15/15



Director, Executive Corporate Officer, Chief General Manager, Green Technology System Division
Tadashi Sobue
● 2 years ○ 8,800 ⚙ 13,158 ⌚ 15/15



Outside Director
Hirokazu Hikosaka
● 8 years ○ 5,000 ⚙ 0 ⌚ 15/15



Outside Director
Nobuyuki Soda
● 1 years ○ 1,600 ⚙ 0 ⌚ 15/15



Outside Director
Suga Soejima
● 1 years ○ 200 ⚙ 0 ⌚ 12/12



Outside Director
Hiramasa Nakata
● — ○ 0 ⚙ 0 ⌚ —

Audit & Supervisory Board Members

Full-time Audit & Supervisory Board Member
Makoto Wakida
Outside Full-time Audit & Supervisory Board Member
Junichi Sakurai
Full-time Audit & Supervisory Board Member
Yasuhiro Sato
Outside Audit & Supervisory Board Member
Koichi Nagao
Outside Audit & Supervisory Board Member
Shoko Yamashita

● Directors' specialized knowledge and experience

Name	Position	Directors' specialized knowledge and experience							Nomination and Compensation Advisory Committee	Governance Committee	Sustainability Committee	Digital Innovation Committee
		Corporate management	Technological development, IT strategies	Global business	Industrial insights, market awareness	Human resources development, personnel and labor management	Internal control, governance	Laws, finance and accounting				
Masashi Osada	Representative Director, President Corporate Officer	●		●	●		●		●	●	●	●
Yasushi Nakajima	Representative Director, Executive Vice President Corporate Officer, in charge of Administrative Management Headquarters and Engineering Headquarters	●	●	●	●	●	●		●	●	●	●
Masanori Nakagawa	Director, Executive Vice President Corporate Officer, and Chief Executive, Corporate Planning Headquarters, in charge of Sustainability Promotion	●		●		●	●	●		●	●	●
Yukinori Hamanaka	Director, Executive Corporate Officer, Chief General Manager, Paint Finishing System Division	●	●	●	●						●	●
Tadashi Sobue	Director, Executive Corporate Officer, Chief General Manager, Green Technology System Division	●	●	●	●						●	●
Hirokazu Hikosaka	Outside Director						●	●	●	○	●	●
Nobuyuki Soda	Outside Director	●				●		●	○	●	●	●
Suga Soejima	Outside Director						●	●	●	●	○	●
Hiramasa Nakata	Outside Director	●	●						●	●	●	○

(Notes) 1. The table above does not represent all the knowledge and experience possessed by the candidates.
2. ○ represents chairperson.
3. The former Nomination Advisory Committee and Compensation Advisory Committee were integrated into the Nomination and Compensation Advisory Committee effective June 26, 2025.
4. The Digital Innovation Committee was newly established on June 26, 2025.

● Reasons for Appointment of New Directors

Hiramasa Nakata has abundant expertise and experience as a manager at a leading business corporation, as well as specialized knowledge and extensive insight regarding the IT sector from his business experience hitherto. He is expected to provide advice and supervision on the management of the Company from an independent and objective standpoint by utilizing his specialized knowledge based on these abundant expertise and experience. The Company judged that he qualified for this position from the viewpoint of ensuring transparent decision making by the Board of Directors and reinforcing the supervisory functions thereon.

Corporate Governance

Taikisha has established a corporate governance system and structure that wins trust from all stakeholders.

Basic Policy

Taikisha has established a basic policy of corporate governance to gain the trust of all stakeholders and aims to become a corporate group that grows and develops in a healthy manner by thoroughly incorporating compliance awareness and realizing fair and highly transparent management. The aim is to achieve its Corporate Philosophy and management vision in accordance with Taikisha's Mission Statement: "Customers First."*

In conformity with the basic policy and based on the organizational structure of a Company with an Audit & Supervisory Board, Taikisha is continuously working to strengthen the Taikisha Group's governance and reform its management by reinforcing the supervisory function of the Board of Directors through the utilization of Outside Directors and speeding up the decision-making of the Board of Directors through the adoption of the corporate officer system, aiming to further enhance and reinforce the corporate governance of Taikisha.

*"Customers" is defined as Overall Society in a broad sense. The Spirit of "Customers First" is to win persistent trust from the "Customers."

Initiatives that Support Corporate Governance

As initiatives to support its corporate governance, Taikisha has set up meeting bodies and committees under the Board of Directors, including the Management Meeting, the Internal Control Committee, the Risk Management Committee, the Sustainability Promotion Committee, the Digital Strategy Committee, the Compliance Committee, the Crisis Management Committee, the Growth Strategy Council, and the Corporate Policy Review Meeting with the aim to reinforce its governance through independent activities of and collaboration among them. In addition, the Company established the Nomination and Compensation Advisory Committee^{*1}, the Governance Committee, Sustainability Committee, and

Digital Innovation Committee^{*2}(established in FY2025), which are voluntary advisory bodies to the Board of Directors and mainly consist of Outside Directors, to improve the effectiveness and transparency of decision making and other matters of the Board of Directors.

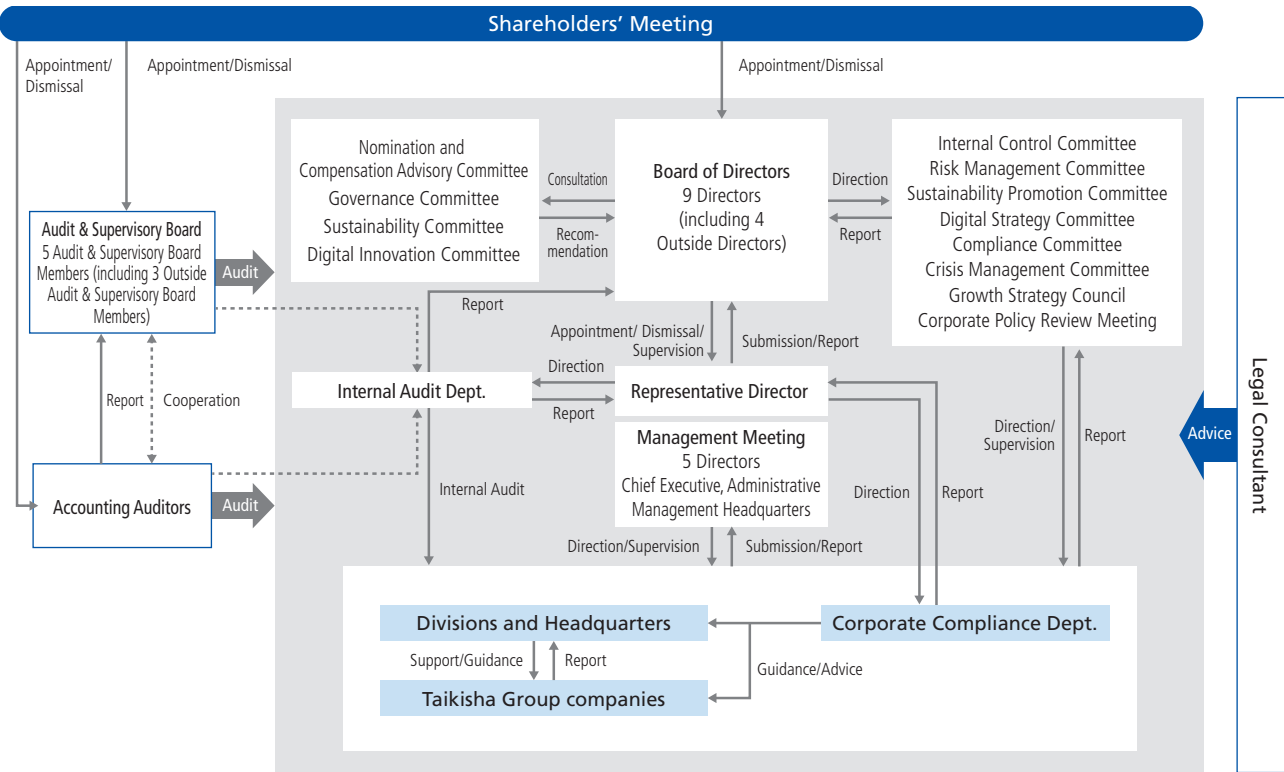
Taikisha monitors the initiatives periodically, and conducts reviews on an ongoing basis.



Corporate Governance Report



Pattern Diagram of Corporate Governance (as of June 27, 2025)



meetings FY2024 results

	Chair	Composition	Content	FY2024: Frequency of meetings
Board of Directors	Outside Director	9 Directors (Inside: 5, Outside: 4) (Male: 8, Female: 1)	The Board of Directors makes decisions regarding the Taikisha Group's management policy, items stipulated in laws and regulations and the Articles of Incorporation, and important management matters, as well as monitors and supervises the execution of duties by each Director and Corporate Officer.	15 times
Audit & Supervisory Board	Audit & Supervisory Board Member	5 Audit & Supervisory Board Members (Inside: 2, Outside: 3) (Male: 4, Female: 1)	The Audit & Supervisory Board mainly deliberates the audit plan, exchanges opinions on audit result reports, etc., and considers matters related to the appointment, dismissal, or non-reappointment of an accounting auditor and matters that require the resolution of the Audit & Supervisory Board, such as consent regarding the compensation to be paid to the accounting auditor.	14 times

	Chair	Composition	Content	FY2024: Frequency of meetings
Nomination Advisory Committee ^{*1}	Outside Director	6 Directors (Inside: 2, Outside: 4)	The Nomination Advisory Committee was established as an advisory body for the Board of Directors, with the aim of enhancing the independence and objectivity of functions and the accountability of the Board of Directors regarding nomination of CEO and Directors. Based on consultation from the Board of Directors, the Committee carries out deliberations on the process of electing Director candidates and Audit & Supervisory Board Member candidates as well as the planning of the successor to the president.	10 times
Compensation Advisory Committee ^{*1}	Outside Director	6 Directors (Inside: 2, Outside: 4)	The Compensation Advisory Committee was established as an advisory body for the Board of Directors, with the aim of enhancing the independence and objectivity of functions and the accountability of the Board of Directors regarding compensation of Directors. The Compensation Advisory Committee deliberates on the establishment and revision of compensation and assessment system for Directors and Audit & Supervisory Board Members, the appropriateness of the assessment results and the amounts of fixed compensation and performance-linked compensation.	5 times
Governance Committee	Outside Director	7 Directors (Inside: 3, Outside: 4) 1 Audit & Supervisory Board Member (Inside)	The Governance Committee was established as an advisory body for the Board of Directors concerning internal control, with the aim of improving the governance system of the entire Taikisha Group. The Governance Committee replies to questions from the Board of Directors about the optimization of the Taikisha Group's internal control, and makes proposals or recommendations to the Board of Directors.	7 times
Sustainability Committee	Outside Director	9 Directors (Inside: 5, Outside: 4)	The Sustainability Committee was established as an advisory body for the Board of Directors, with the aim of enhancing initiatives related to social issues, from the perspective of realizing a sustainable society and achieving long-term growth for the company. The Sustainability Committee replies to questions from the Board of Directors about the Group's response to sustainability issues, and makes proposals or recommendations to the Board of Directors.	3 times

*1: Effective FY2025, the Nomination Advisory Committee and the Compensation Advisory Committee were consolidated into the Nomination and Compensation Advisory Committee.

*2: To further strengthen our organizational framework, we established the Digital Innovation Committee (governance side) in FY2025, alongside the existing Digital Strategy Committee (executive side).

Evaluation of the Effectiveness of the Board of Directors

Taikisha conducts an analysis and evaluation of the effectiveness of the Board of Directors once a year, deliberates relevant issues and policies for dealing with the same based on the evaluation results at a meeting of the Board of Directors, and discloses a summary of the results thereof in order to increase the effectiveness of the Board of Directors and enhance information provision to external stakeholders.

Evaluation period and scope	Meetings of the Board of Directors held from April 2023 to March 2024 (including the Nomination Advisory Committee, Compensation Advisory Committee, Governance Committee, and Sustainability Committee)
Evaluation items	<ul style="list-style-type: none">• The Board of Directors’ response to issues in FY2022• Roles the Board of Directors should fulfil, and the items to be considered in fulfilling those roles• Key discussion themes for realizing the long-term vision
Evaluation method	Survey responses from all Directors and Audit & Supervisory Board Members were compiled. Based on objective analysis results provided by external advisors, the responses were reported and deliberated upon at meetings of the Board of Directors.

Overview of the Results of Analysis and Evaluation for FY2024

Led by the Chairman of the Board of Directors, issues recognized by the Board of Directors were shared and response policies, etc. were discussed. In FY2024, the Board of Directors held active discussions, including off-site discussions focused on the theme of global growth strategy, to formulate the new 10-Year Plan 2035 and the Medium-Term Business Plan starting FY2025.

Taking these initiatives into account, the effectiveness analysis and evaluation for FY2024 assessed the status of addressing the issues identified in the effectiveness analysis and evaluation for FY2023. It also reviewed the discussions held during the formulation of the new 10-Year Plan 2035 and the new Medium-Term Business Plan.

As a result, the evaluation confirmed that the Board effectiveness is being appropriately ensured.

Internal Audit

he Internal Audit Department (with 12 members), an independent department directly under the President and Representative Director, conducts audits in accordance with the Internal Audit Rules.

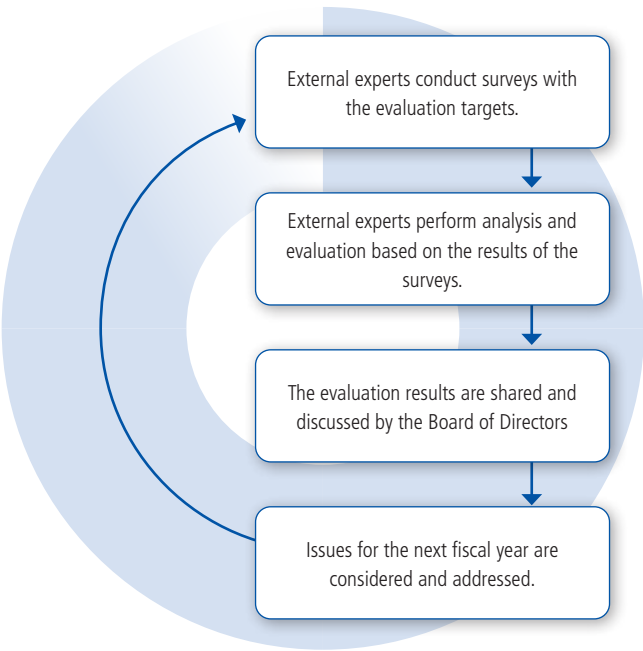
The Internal Audit Department audits the effectiveness and efficiency of the Group’s overall business activities and reports the audit results to the President and Representative Director and also directly to the Board of Directors, the Audit & Supervisory Board, and the Accounting Auditor.

In addition, matters that need to be improved are communicated to the audited departments and follow-up audits are conducted.

The Internal Audit Department also evaluates the internal control over the Group’s financial reporting.

Supporting System for Outside Directors and Audit & Supervisory Board Members

For Outside Directors, the Legal Dept., Administrative Management Headquarters and the Corporate Planning Dept., Corporate Planning



Headquarters mainly support as an executive office of the Board of Directors by distributing materials for the Board of Directors in advance, explaining the main issues of the bills in advance, and providing various relevant information as and when needed.

For Outside Audit & Supervisory Board Members, the Corporate Auditor Office, established as a secretariat for the Audit & Supervisory Board, supports by distributing materials for the Audit & Supervisory Board and the Board of Directors in advance, explaining the main issues of the bills in advance, and providing various relevant information as and when needed.

Appointment of Directors and Audit & Supervisory Board Members

In light of the business environment surrounding Taikisha, the Company maintains the diversity and the appropriate size of the Board of Directors (the number of Board members) to ensure that the decision-making and management supervisory function of the Board of Directors will work most effectively and efficiently. In order to ensure the diversity of the Board of Directors and increase the effectiveness of supervision, the Company selects candidates for Inside Directors in view of their expertise and performance from each business area within the Company in a balanced manner. In addition, the Company selects candidates for Outside Directors who have deep insight and experience in various business areas.

With regard to the composition of the Audit & Supervisory Board, one or more Audit & Supervisory Board Members who have expertise in finance and accounting shall be appointed in light of its roles and responsibilities of auditing the execution of duties by Directors and execution of the authority relative to the appointment and dismissal of external Accounting Auditors and audit fee.

The candidates for Audit & Supervisory Board Members are selected among persons who are considered to have the abilities necessary for performing their duties set forth in the Standards for Audit by Audit & Supervisory Board Members.

Training for Directors and Audit & Supervisory Board Members

For Directors and Audit & Supervisory Board Members including Outside Directors and Outside Audit & Supervisory Board Members to fully perform their management supervision and auditing functions, the Company continuously provides trainings, etc. aimed at helping them acquire the necessary knowledge about the Company’s management issues, finance, compliance with laws and regulations, etc. In addition,

the Company will help them find external education and training, as necessary, and bear the costs.

In addition to the above, the Company provides training (including visits to each facility, construction sites, affiliated companies, etc.) aimed at deepening the understanding of the Group’s Corporate Philosophy, corporate management, business activities, organization, etc. to Outside Directors and Outside Audit & Supervisory Board Members and also provides information about these, as necessary.

Issues in FY2023

- Establish an open discussion forum aimed at formulating the Long-Term Business Plan, along with discussions on management resource allocation for the realization of business portfolio management, including the development of new businesses
- Deepen discussions on global strategy, in line with the new Long-Term Business Plan, and concretize an action plan in the formulation of the new Medium-Term Business Plan
- Supervise activities by the executive side, such as “calculation and reduction of greenhouse gas (GHG) emissions,” “responses to human rights due diligence,” and “further enhancement of human capital” by the Sustainability Committee
- Monitor the introduction of digital tools for enhancing global communication, human resource initiatives for creating opportunities for local staff, and the formulation of Diversity, Equity and Inclusion (DE&I) initiatives
- Continue supervision by the Board of Directors on discussions within the Digital Strategy Committee regarding the promotion of digital technology usage to improve productivity and reform work style, considering the application of overtime regulations in the construction industry
- Revisit the roadmap concerning the significance of cross-shareholdings

Discussion themes and improvement measures in FY2024

- Under the theme of global growth strategies, deepened discussions of the reorganization of the business portfolio beyond the framework of existing business units
- Discussed and deliberated regional strategies across Japan, North America, India, ASEAN, and Europe
- Discussed the enhancement of human capital investment
- The supervisory Sustainability Committee, oversaw the deliberations of the Sustainability Promotion Committee on matters such as GHG emissions calculation and reduction, and human rights due diligence. The Committee examined the direction to be taken in sustainability efforts.
- To improve productivity through onsite DX, monitored the formation of the desired state and action plans for BIM and DX strategies linked to medium- to long-term strategies through reports from the Digital Strategy Committee
- Supervised and provided guidance on quality, safety, and environmental improvement activities conducted by newly established executive bodies such as the Technical Committee
- To enhance the Board effectiveness at affiliated companies, strengthened oversight by second-line departments such as administrative divisions through effectiveness evaluations of those Boards and the implementation of shareholder briefing sessions

Issues for enhancing effectiveness in FY2025

- Monitor the discussions held by the newly established “Growth Strategy Council” while conducting deliberations on “transformation of the business portfolio” with a view toward 2035 from a long-term standpoint.
- Through responses to sustainability issues associated with the new 10-Year Plan, oversee the activities of the Sustainability Promotion Committee to enhance the Company’s ability to generate long-term and sustainable growth resources (earning power), foster innovation, and create new business opportunities.
- Establish a new Digital Innovation Committee chaired by an Outside Director. Appropriately and timely monitor the activities of the executive-side Digital Strategy Committee and continue discussions on leveraging digital technologies that contributes to added-value enhancement and differentiation strategy formulation in alignment with the Company’s long-term growth strategy.
- Based on the new 10-Year Plan, enhance discussions on the allocation of Group human resources, including visualization of a dynamic human resources portfolio, and the development of system infrastructure to support such allocation.
- To execute the global growth strategies, monitor the progress of marketing function enhancement before M&As and the rebuilding and strengthening of the PMI framework after the M&As.

Compensation to Directors and Audit & Supervisory Board Members

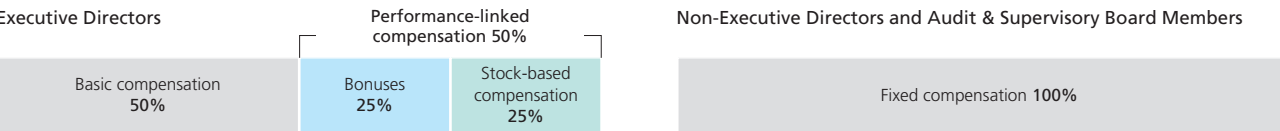
(1) Basic views on the system of compensation

The compensation to Executive Directors is composed of basic compensation, which is fixed compensation, and bonus and stock-based compensation, which are performance-linked compensation. The amount of bonus and stock-based compensation fluctuates in close correlation with the evaluation of financial indicators (company's consolidated ordinary income) and non-financial indicators (initiatives for long-term strategy and enhancement of governance) to serve as an incentive for achieving their performance goals. Compensation to Non-Executive Directors and Audit & Supervisory Board Members is limited to basic compensation.

(2) Compensation structure

Classification	Contents of compensation
Executive Directors	Basic compensation (fixed compensation), and bonus and stock-based compensation (performance-linked compensation) <ul style="list-style-type: none">The ratio of basic compensation to performance-linked compensation is approximately 5:5 on a standard payment basis, and it fluctuates according to the “(3) Performance-linked compensation scheme.”The bonus is paid in cash after the company's operating performance is finalized. For stock-based compensation, points are granted after the company's operating performance is finalized. (The points granted will be provided at the time of the retirement in the form of the company's shares or cash equivalent to the fair value thereof, in principle.)
Non-Executive Directors and Audit & Supervisory Board Members	Basic compensation

Ratio of basic compensation to performance-linked compensation



Total amount of compensation, etc. to Directors and Audit & Supervisory Board Members

Classification	Total amount of compensation, etc.	Total amount of compensation, etc. by type			Number of persons
		Fixed compensation	Performance-linked compensation		
		Basic compensation	Bonuses	Stock-based compensation	
Directors (excluding Outside Directors)	546 million yen	208 million yen	169 million yen	169 million yen	5
Outside Directors	57 million yen	57 million yen	—	—	5
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	47 million yen	47 million yen	—	—	2
Outside Audit & Supervisory Board Members	40 million yen	40 million yen	—	—	5

(3) Performance-linked compensation scheme

Performance-linked compensation is composed of bonus and stock-based compensation, with an amount equal to 50% of the total amount paid as bonus and the remaining 50% as stock-based compensation. For performance-linked compensation, evaluation is made based on financial indicators and non-financial indicators. The evaluation ratio is 70% for financial indicators and 30% for non-financial indicators. In addition, as for the 30% portion related to non-financial indicators, the actual payment ratio fluctuates between 70% and 130%, depending on the target achievement level.

(4) Level of compensation

The Nomination and Compensation Advisory Committee verifies the level of compensation by analyzing and comparing compensation data of industry peer companies from survey data compiled by a third-party organization.

Methods for decisions on compensation and policy

•Compensation

Delegated by the Board of Directors, the President and Representative Director newly determines the compensation upon consultation with the Nomination and Compensation Advisory Committee. The compensation details thus determined are reported to the Nomination and Compensation Advisory Committee. In this manner, the Company improves the objectivity and transparency of the process for determining compensation.

•Policy

The policy for compensation, etc. of Directors and Audit & Supervisory Board Members is determined by the Board of Directors upon consultation with the Nomination and Compensation Advisory Committee.

Risk Management

Taikisha endeavors to thoroughly manage, avoid and reduce risks on an organizational level.

Basic Policy

Taikisha has upheld the Corporate Philosophy of “Establish a company which can continuously grow and contribute to society.” Guided by this philosophy, Taikisha is working to reduce material risks and minimize risks before they materialize, in order to continue with businesses and achieve their sustainable development. From the Taikisha Group’s integrated perspective, the Risk Management Committee performs such tasks as assessing the risk level (degree of importance) of each risk, selecting risks that need to be addressed, and formulating a policy to reduce risks. In addition, to prepare for the occurrence of a crisis such as a disaster, an accident or an incident, Taikisha has established a crisis management system and formulated a Business Continuity Plan (BCP).

Risk Management System

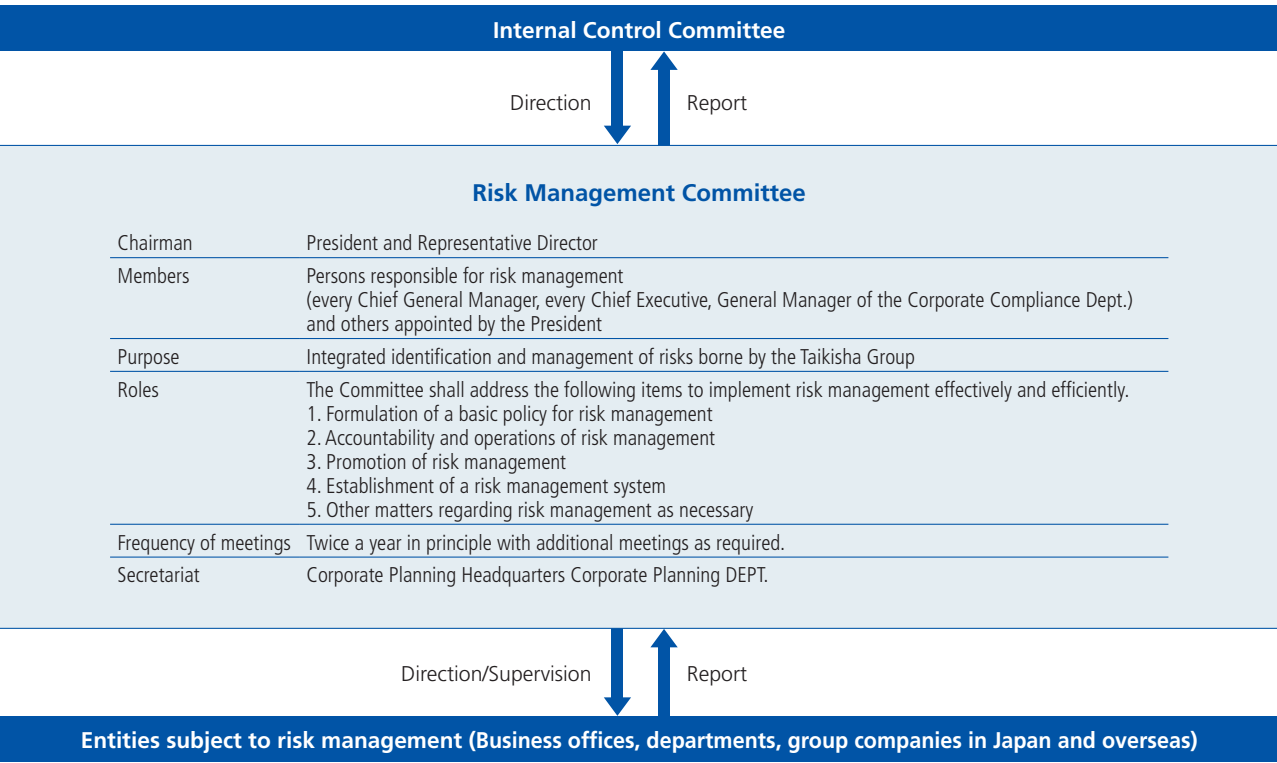
Taikisha, in accordance with the Risk Management Rules that have been in place, has established the Risk Management Committee, chaired by the President and Representative Director to implement effective, efficient and integrated risk management in the Taikisha Group. The Risk Management Committee meets twice a year and as needed to establish and ensure awareness and compliance with the Company’s basic policies, responsibility structure, and operations for group-wide risk management.

Regarding risks associated with operations assigned to each department, such as quality control, safety control, compliance, and finance, each responsible department extracts risks, selects risks that need to be addressed on a priority basis after determining the risk level (degree of importance) in consideration of “impact on management” and “frequency of occurrence,” and then develops priority management

policies and goals to be reported to the Risk Management Committee. The Risk Management Committee discusses the risk level assessment and priority management policies and goals of each risk from a group-wide and integrated perspective, and formulates the basic policy. Each responsible department monitors the status of execution of action plans and reports the results to the Risk Management Committee. The Chairman of the Risk Management Committee puts together the status of group-wide risk management and reports it to the Board of Directors twice a year after discussing the matter at the Internal Control Committee.

In FY2024, the Risk Management Committee held comprehensive discussions on company-wide risks, including those related to human resources supporting the global growth strategy and strategic investments.

Risk Management Structure



● Major Risks and countermeasures

Risk	Content	Remedial Policy and countermeasures
Risk of fluctuations in private-sector capital investment	Decrease in orders received due to deterioration of environment for receiving orders, fall in capital investment by clients and change in investment fields	<ul style="list-style-type: none">● Broaden the client base by enhancing sales system● Accelerate the development of technologies that will change customers' production facilities● Tap new markets and new clients in painting field based on automation technology
Risk associated with large-scale natural disasters	Losses, direct physical and human damage, and impact on customers' business activities and economic conditions caused by natural disasters such as earthquakes, tsunamis, storms and flooding, and global epidemics of infectious diseases, etc.	<ul style="list-style-type: none">● Establish basic policies for crisis management and develop a crisis management system● In the event of a crisis, implement crisis response measures according to the level of impact (classified into three levels)
Risk related to management and control of overseas businesses and overseas affiliates	Deterioration in business performance due to overseas affiliates' failure to fulfill business plan and risk of uncollectibility of receivables attributable to unexpected amendment of local laws and regulations, political instability, etc.	<ul style="list-style-type: none">● Proactively collect information on political, economic, legal and regulatory information at overseas sites● Reduce risks through hedging based on forward exchange contracts, etc.● Strengthen credit management through screening before accepting orders● Make overseas affiliates' governance system more sophisticated
Risk concerning technological development	Inability to differentiate from other companies in terms of technology, resulting in loss of sales opportunities and a decline in customer confidence and corporate reputation	<ul style="list-style-type: none">● Solve social issues through the development and demonstration of environmental impact reduction and automation technologies● Expand the breadth of communication by utilizing the Research and Development Center and the R&D satellite facility● Strengthen Group-wide activities through the use of digital technologies● Promotion of innovative technology development through integration with academic institutions/start-up companies
Human resource-related risks in project execution	Delays in the development of engineers, shortage of skilled and experienced engineers, decrease in the total working hours of engineering employees due to the application of regulations for upper limits on overtime work in the construction industry effective from April 2024, and stagnation in securing and training key human resources for overseas business development	<ul style="list-style-type: none">● Streamline on-site work and level the workload by promoting front-loading of on-site operations● Improve basic technological capabilities through training and promote on-site practical education● Create an appealing workplace and secure human resources by conducting work style reform and taking measures against long working hours● Introduce global human resource system, secure and train key human resources and promote localization at overseas sites● Clearly indicate the health management promotion system to maintain and promote mental and physical health of employees, and plan and implement health measures
Risk concerning legal compliance	Violation of Antimonopoly Act, violation of Construction Business Act, violation of Labor Standards Act, etc.	<ul style="list-style-type: none">● Conduct compliance education programs on an ongoing basis as well as follow-up activities● Develop a culture and mechanism that prevent rules from being violated
Risk of serious accident or defects, etc. due to poor quality	Accident in construction stage, loss of social credibility due to quality defects, etc., claims for damages including lawsuits from customers, etc.	<ul style="list-style-type: none">● Enhance safety management system● Conduct a review on construction management system and promote application of IT● Establish the Engineering Headquarters to strengthen systems and activities ensuring technical and quality standards across the company
Risk of fluctuations in material prices and unit labor costs	Rising procurement prices for construction materials and rising unit labor costs due to low birthrate, aging population, and shortage of workers	<ul style="list-style-type: none">● Reflect appropriate costs by region into the contract amount at the time of receiving an order● Hedge risk against price fluctuations in contracts
Risk of confidential information leakage	Leakage of confidential information such as personal information and customer information through cyberattacks and data exfiltration	<ul style="list-style-type: none">● Develop and implement a roadmap for risk mitigation measures based on the results of IT security diagnostics● Establish an IT Governance and Information Security Subcommittee within the Digital Strategy Committee● Establish a response system for IT incidents (Taikisha's version of Computer Security Incident Response Team, or CSIRT) and promote employee education
Risk concerning climate change	Loss of customers due to inability to adapt to customer needs, a decline in competitiveness due to delays in the development of technologies, cost increases due to the introduction of carbon taxes, lower labor productivity due to a rise in average temperature, etc.	<ul style="list-style-type: none">● Develop low-carbon construction technologies and systems● Expand the construction of energy saving-equipment● Promote mechanization and automation
Risk concerning human rights	Additional costs arising for corrective measures and remedies, a decline in social credibility, and the resulting stagnation in business activities, in cases where negative impacts on human rights occur in business activities, or situations that promote such impacts	<ul style="list-style-type: none">● Establish the Taikisha Group's Human Rights Policy as a standard for human rights● Implement human rights due diligence● Conduct educational and awareness-raising activities for officers and employees

Information Security

In order to protect customer, business partner, and personal information from leaks and other risks, we are working to strengthen our information security measures.

■ Management system

We are strengthening the information management system across the entire Taikisha Group by establishing the Information Security Rules, which include detailed rules for all employees and persons in charge of IT system/facility development respectively, as well as guidelines and other rules based on the privacy policy.

To minimize the spread of damage in the event of an IT incident, we have formulated the IT Incident Response Policy and established a response system in the event of an IT incident (Taikisha's version of CSIRT), enabling swift and appropriate responses.

■ Measures

To address the cybersecurity threats that are becoming more diversified and sophisticated on a daily basis, we review the information security risks and conduct initiatives aimed at risk mitigation based on the zero trust approach.

■ Education

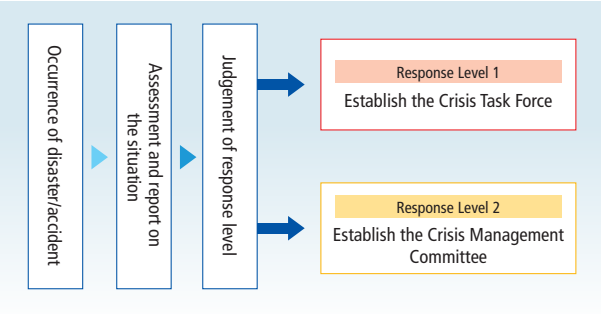
We are working to raise awareness of information security among Group employees by regularly implementing e-learning programs and training against targeted phishing email attacks.

Crisis Management System

Taikisha has established the Basic Policy for Crisis Management and built the crisis management system to prepare for the occurrence of unforeseen disasters, accidents and incidents in Japan and overseas.

In the event of a crisis, Taikisha classifies crises into three response levels depending on the severity of impact on human lives and business continuity, and implements crisis response measures according to each response level. The Chief Executive of the Administrative Management Headquarters assumes the position of Chairman of the Crisis Management Committee. If it is decided that a particularly serious crisis has occurred, the President and Representative Director takes command as the Head of the Crisis Task Force.

● Diagram of Crisis Management System



For employees deployed overseas and those on overseas business travel to be able to engage in business activities without concern, we have formulated the Overseas Security Response Manual to help employees prevent and avoid risks of crimes and terrorism, and the Overseas Crisis Management Guidelines (main vol.).

Business Continuity Plan (BCP)

To ensure the safety of human life and implement necessary measures for business continuity during emergencies such as large-scale natural disasters, terrorism, civil unrest, war, kidnapping, or threats, each Group company has developed a business continuity plan (BCP) based on the Basic Policy for Business Continuity Planning.

At domestic business offices, Taikisha conducts training, such as training on wireless phone communication, taking inventories and checking expiration dates on emergency food stocks. In addition, Taikisha carries out training on how to handle the safety confirmation system. With regard to the safety of employees, Taikisha has organized a company-wide self-defense firefighter team and conducts training activities. In addition to evacuation drills and training sessions provided by the self-defense firefighter team, Taikisha holds training sessions on AED and first-aid rescue to train employees.

In addition, based on the Pandemic Preparedness Business Plan formulated from experience in responding to COVID-19, the Company is establishing a system to respond accurately and promptly in order to take the utmost care for respecting human life and continue our business while placing the highest priority on securing safety even in the event of a pandemic.



AED and first-aid rescue training session

Compliance

Taekisha is working to prevent compliance violations by raising awareness of compliance through a variety of activities

Basic Policy

To thoroughly enforce compliance for fulfilling its Corporate Philosophy, Taikisha has established Taikisha Ltd. Code of Conduct, clarifying its objective to become a company that contributes to all stakeholders by realizing fair and highly transparent management while not only complying with laws and regulations but also observing ethics and common sense. Taikisha believes that raising awareness in this context and putting it into practice means fulfilling the social responsibility it is expected to uphold, leading to the prevention of compliance violations.

Compliance System

To raise the awareness of corporate ethics and compliance among all officers and employees and to enhance compliance management, Taikisha has established the Compliance Committee and the Corporate Compliance Department. Taikisha has also assigned Compliance Officers and established a Whistle-blowing Contact Window. The Corporate Policy Review Meeting is held to examine the annual policy and plan for compliance activities and to validate the implementation status thereof.

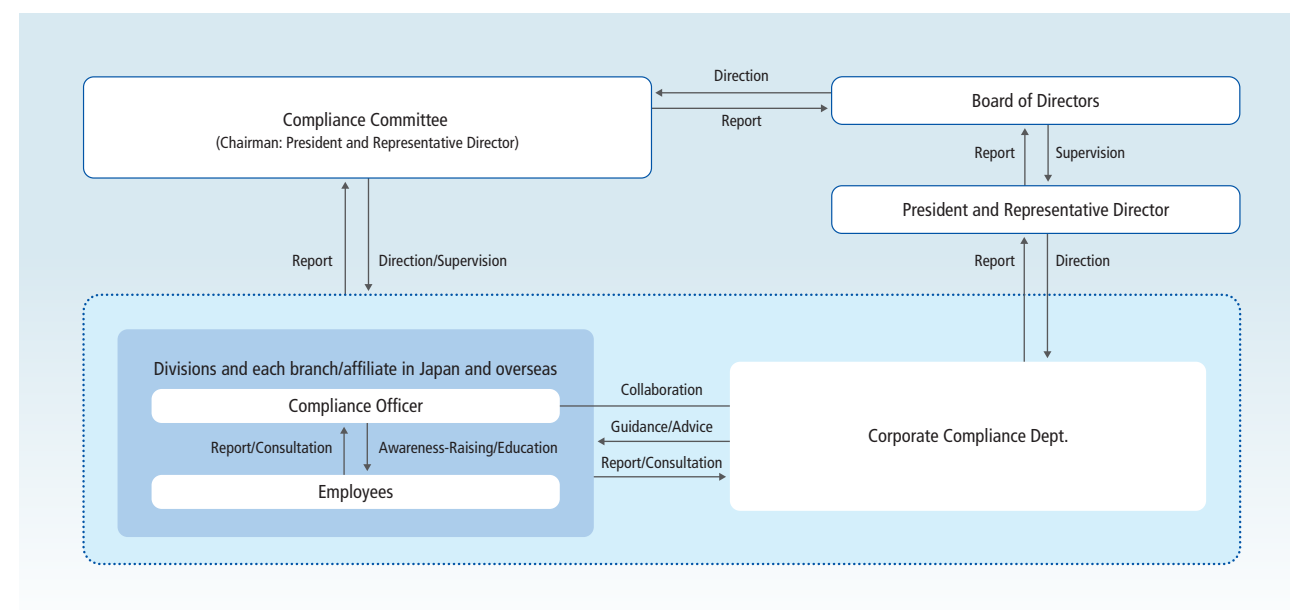
The Compliance Committee is composed of Executive Directors, the General Manager of the Corporate Compliance Department, and the General Manager of the Internal Audit Department, chaired by the President and Representative Director, and holds monthly meetings. The Compliance Committee examines and responds to issues regarding compliance in the overall business operations of the Company and validates the status of compliance with laws and regulations. In the event of significant compliance events or signs of possible occurrence, the Company shall convene the Compliance Committee, attended by all officers, to deal with the events.

The Corporate Compliance Department, an independent department under the direct control of the President and Representative Director, implements compliance education, monitors status of compliance with laws and regulations, provides guidance on improvement, disseminates information via the corporate intranet, and makes the Whistle-blowing System well known on an ongoing basis based on the annual policy and plan for compliance activities. In addition, the department reports on the status of its activities to the Compliance Committee.

Compliance Officers, who engage in activities in collaboration with the Corporate Compliance Department, are assigned to each division and each branch/affiliate in Japan and overseas. The Corporate Compliance Department monitors the status of compliance with laws and regulations at the Group, and provides a feedback on the result to the Officers. The Officers implement necessary improvement measures within their respective organizations based on the feedback, and the Corporate Compliance Department follows up on the implementation status to build a system for the entire Group to continuously make improvements.

Taikisha works to maintain and enhance tax compliance and properly pays taxes in accordance with applicable tax-related laws and regulations of each country and region and international rules.

- Diagram of Taikisha's Compliance System



Efforts to Spread and Firmly Establish Compliance Awareness

Taikisha distributes the Compliance Manual that summarizes the standards of practice for compliance to all employees, in an effort to familiarize them with compliance and thoroughly enforce compliance among them. Having designated October of each year as the Compliance Promotion Month, Taikisha strives to spread and instill compliance awareness by holding read-through sessions of the Compliance Manual targeting all employees, asking employees to sign a pledge, and calling for entries of compliance slogans internally. The entries involve inviting Taikisha Group's employees broadly to display the best slogans in Japan and overseas, respectively, in the form of awareness-raising posters in the corporate offices and on-site offices.

As part of efforts to instill its Corporate Philosophy and Taikisha's Code of Conduct, as well as to implement compliance education, we conduct e-learning, targeting all employees of the Group. In the e-learning program, themes are selected from items that all Group employees should understand, such as prevention of bid rigging, prevention of improper handling of construction costs, prevention of harassment, proper management of overtime hours, and the Whistle-blowing System. Additionally, we conduct training programs aimed at reducing the risk of compliance violations by familiarizing employees with important laws, regulations, and internal rules that are deemed to have a huge impact if violated.

- Overview of e-learning

Taikisha

Date	Number of participants	Question theme
First session: May 2024	1,796 (100% attendance)	Importance of compliance Prevention of kickbacks
Second session: October 2024	2,161 (100% attendance)	Whistle-blowing system Importance of rule compliance
Third session: January 2025	2,283 (100% attendance)	Prevention of bid rigging Importance of rule compliance

Affiliated companies (22 overseas and 4 domestic)

Date	Number of participants	Question theme
First session: July 2024	2,937 (96.0% attendance)	Importance of compliance Whistle-blowing system
Second session: November 2024	2,947 (94.0% attendance)	Importance of rule compliance Prevention of kickbacks

Compliance Awareness Survey

To confirm the degree of compliance awareness, we conducted compliance awareness surveys targeting all Group employees in FY2024. The survey results are shared with Compliance Officers and utilized to improve the workplace environment and enhance compliance activities, thereby continuing efforts to deepen awareness.

- Overview of compliance awareness survey

Survey period	July 1 to 19, 2024
Number of survey participants	4,830 (including 22 overseas and 4 domestic affiliated companies)
Number of respondents	4,467 (response rate: 92.5%)

Monitoring of Compliance Risk

The Corporate Compliance Department regularly monitors the status of compliance of laws and regulations at the Group through the Compliance Awareness Survey, interviews, field visit, etc. Through compliance activities, the Corporate Compliance Department works to continuously improve the issues identified through the monitoring.

Additionally, we conduct surveys with subcontractors in Japan to confirm whether they have experienced any inappropriate requests from our employees. We also work to raise awareness about our Whistle-blowing Contact Window.

Whistle-blowing System

Taikisha has the Whistle-blowing System in place to identify at an early stage and resolve compliance violations, and has a Whistle-blowing Contact Window in the Corporate Compliance Department and a law firm. The hotline is also available to the employees and officers of affiliates and business partners as well as to the employees and officers of the Company. In case of receiving the reports related to or suspected to be related to the Company's Executive Directors, Taikisha addresses the case in consultation with the Audit & Supervisory Board Members. This process ensures that we can respond to the issue independently of executives.

In operating the Whistle-blowing System, Taikisha ensures that whistleblowers are protected by stipulating in its internal rules that information on whistleblowers shall be kept confidential and that dismissal and other disadvantageous treatment of whistleblowers on the grounds of their whistle-blowing is prohibited.

In FY2024, the Company's Whistle-blowing Contact Window received 17 cases and took appropriate actions upon prompt investigation of each of these cases.

- Whistle-blowing Flow Chart

