

## OBAYASHI CORPORATION

Toshimi Sato,  
Representative Director, President and CEO  
(Securities code: 1802; Tokyo Stock Exchange Prime Market)  
<https://www.obayashi.co.jp/en/>

Inquiries to: Tatsuro Nishi,  
General Manager of General Administration Department  
(Tel: +81-3-5769-1017)

## Disclaimer:

This document has been translated from the Japanese original for reference purpose only. If there is any discrepancy between the Japanese original and this English translation, the former will prevail.

The corporate governance of OBAYASHI CORPORATION (the “Company”) is described below.

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

### 1. Basic Views

The Company believes that transparency and soundness of management, along with a strong corporate governance framework, are critical to maintaining society’s trust.

The Company enhances corporate governance also to achieve sustainable growth and greater corporate value over the medium- to long-term. Specific initiatives include transparent, fair, rapid, and resolute decision-making. Such decision-making is always based on the principles of Japan’s Corporate Governance Code set out by the Tokyo Stock Exchange, as well as laws and regulations, and societal demands.

#### [Reasons for Non-compliance with the Principles of the Japan’s Corporate Governance Code]

UPDATED

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

#### Disclosure Based on each Principle of the Corporate Governance Code

UPDATED

##### [Principle 1.4 Cross-Shareholdings]

The Company holds shares in its customers’ businesses (cross-shareholdings) for the purpose of maintaining and strengthening business relationships, which gains and losses are regularly reported at the Board of Directors. The Company has constantly been verifying the medium-to long-term economic rationale of these cross-shareholdings and it sells holdings whose significance has diminished from a business perspective based on a comprehensive consideration of capital costs, business returns, and other profitability-related factors and valuation risks.

The Medium- Term Business Plan 2022 states that the Company will proceed further on reassessment of the significance of owing shares and overall investment efficiency for the Company. The Company has reduced cross-shareholdings, aiming to bring the ratio of cross-shareholdings to 20% or less of consolidated net assets by the end of March 2027.

The balance of cross-shareholdings as of March 31, 2025, accounted for 22.6% of consolidated net assets. In case of subtracting the agreed sale amount by the end of March 2027, the remaining balance of cross-shareholdings would constitute 15.8% of the consolidated net assets. It will proceed with further sale of cross-shareholdings to achieve its target reducing such shares to 20% or less of consolidated net assets. (Cumulative amount sold from FY2021 through FY2024 was ¥160.8 billion. Cumulative amount sold and agreed sales amount was ¥243.8 billion).

When the Company exercises voting rights to the holding shares, the Company takes all relevant factors into account in its decision. It does so primarily by carefully examining the details of proposals, then considering whether they would contribute to sustainable growth and greater corporate value over the medium- to long-term for the Company and the customer in question.

##### [Principle 1.7 Related Party Transactions]

When the Company engages in transactions with its own directors or executive officers (related party transactions), it ensures that such transactions do not harm the interests of the Company or the common interests of its shareholders. The Company prevents such harm and any related concerns by explaining the transactions to the Board of Directors and obtaining their approval in advance, as stipulated in the Board of Directors’ regulations. Interested parties do not participate in passing resolutions on such proposals.

After a transaction takes place, key facts regarding the transaction in question are reported promptly to the Board of Directors.

#### [Supplementary Principle 2.4.1 Ensuring Diversity, Including Active Participation of Women] Disclosure of policies for ensuring diversity in core human resources

The basic stance of the Obayashi Group is to value each person with a stake in its business, as stated in the Obayashi Philosophy. The Obayashi Group regards respect for human rights that leads to the advancement of diverse human resources as an important mission and its corporate social responsibility. By establishing the Obayashi Group Human Rights Policy, it is striving to be a company that value every one of its associates.

- ◇ Obayashi Group Human Rights Policy  
<https://www.obayashi.co.jp/en/sustainability/employee.html#section1>

#### <Policies for ensuring diversity>

The Obayashi Group has positioned human resource as one of its most important measures. This is because it believes embracing diverse ways of thinking and individuality, drawing out individual strengths and capabilities, and ultimately harnessing these aspects is indispensable to generate greater corporate value and sustainable growth. It promotes diversity and inclusion such as promoting people based on their abilities.

In April 2021, the Diversity & Inclusion Promotion Department was established. Driven by its mission to help create an ever-evolving organization that enables diverse human resources to play an active role with a positive attitude and gain growth environments and opportunities to achieve employee well-being.

#### <Voluntary and measurable goals and status for ensuring diversity >

##### 1. Female employees

The ratio of female employees in managerial positions to total management positions (management ratio), which was 4.6% in FY2020, reached 6.0% in FY2024, and is on an upward trend year by year. The target ratio for female managers by FY2028 is 9%, and for female engineers by FY2028 is 14%. The Company is working to further promote the active participation of female employees.

##### 2. Foreign national employees

Locally hired national staff play an active role as core personnel responsible for business administration and management at overseas group companies, and the Obayashi Group appoints diverse human resources as core personnel.

The number of foreign national employees at the Company is increasing year by year, and as of the end of FY2024, there are 50 foreign national employees. The ratio of foreign national employees in managerial positions at the end of FY2024 was 16.0%, and the ratio of foreign national employees in managerial positions to total management positions (management ratio) was 0.2%.

The Company aims to increase the ratio of foreign nationals in managerial positions to the current ratio and is working to hire more talent and to encourage the active participation of its personnel.

##### 3. Mid-career hires

As of the end of FY2024, there were 946 mid-career hires, and the ratio of mid-career hires in management positions was 61.5%, and the ratio of mid-career hires to total managerial positions (management ratio) was 12.8%. The Company aims to increase the ratio of mid-career hires in managerial positions to the current ratio and is working to hire more talent and to encourage the active participation of our personnel.

#### <Policies for human resource development and internal environment development to ensure diversity>

Policies for human resource development and internal environment development and the status of their implementation are disclosed on the website.

- ◇ Obayashi Group Human Resource Management Policy  
<https://www.obayashi.co.jp/en/sustainability/employee.html#section2>
- ◇ Diversity & Inclusion  
[https://www.obayashi.co.jp/en/diversity\\_inclusion/](https://www.obayashi.co.jp/en/diversity_inclusion/)

#### [Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]

The Company has put the Finance Department in charge of managing its pension fund. The department assigns appropriately qualified human resources, strives to train them, and rotates them at regular intervals. In addition, it provides asset management institutions with a basic investment policy and investment guidelines that stipulate matters including secure and efficient management of the fund and the criteria for appointing asset management institutions. The department then monitors asset managers by conducting quarterly interviews with each asset management institution regarding the status of their asset management and other matters. The Company has set up the Pension Asset Management Committee (comprising the officers in charge of the Finance and Human Resources departments, as well as a representative of the employee union and the General Manager of the Internal Control Audit Department) with the aim of advancing the interests of pension fund beneficiaries and appropriately handling any conflicts of interest regarding the management of the corporate pension fund. The Pension Asset Management Committee reports on matters including the status of asset management and discusses revisions to the basic investment policy, investment guidelines, or strategic asset allocation ratios. It discloses matters discussed during its meetings to employees, thereby enhancing the transparency of decision-making regarding corporate pension fund management.

#### [Principle 3.1 Full Disclosure]

The Company discloses the information listed below as necessary in a timely and appropriate manner.

##### i) Company objectives (e.g., business principles), business strategies and business plans

The Company has disclosed the Obayashi Basic Principles and the Obayashi Group Medium-Term Business Plan 2022. Considering changes in business environment from the time of formulating the Medium-Term Business Plan 2022, the Company has revised some

parts of the capital policy, performance indicator targets and the fundamental strategies at the press release titled “Notice Concerning Revision of Capital Policy” dated March 4, 2024, and “Addendum to Medium-Term Business Plan 2022” dated May 13, 2024.

**ii) Basic views and guidelines on corporate governance based on each of the principles of the Japan’s Corporate Governance Code**

The Company believes that transparency and sound management, along with a strong corporate governance framework, are critical to maintaining society’s trust.

By enhancing corporate governance, the Company is also able to achieve sustainable growth and greater corporate value over the medium-to long-term. One specific aspect is to engage in transparent, fair, rapid, and resolute decision-making. Such decision-making is always based on the principles of Japan’s Corporate Governance Code as set out by the Tokyo Stock Exchange, Inc.

**iii) Board policies and procedures in determining the remuneration of the senior management and directors**

The Company’s basic policy on remuneration for each director and executive officer is to provide basic remuneration, a fixed amount that is determined in advance commensurate to the responsibilities of each position, and in addition determine the amount and other aspects of performance-linked cash remuneration (bonus) and performance-linked stock remuneration for each fiscal year in accordance with each person’s actual contribution to business performance. The purpose of this basic policy is to secure outstanding human resources and provide an incentive to each director and executive officer to improve earnings and enhance corporate value. Specifically, for basic remuneration (fixed cash remuneration), the Board of Directors sets forth a table of remuneration for each position following deliberation by the Remuneration Committee (chaired by an independent director, and of which independent directors make up a majority of the membership). At the end of each fiscal year, the Remuneration Committee uses that table to determine the remuneration of each director and executive officer for the next fiscal year.

The goal of performance-linked cash remuneration (bonus) is to incentivize contributions to improving business performance for each fiscal year and enhancing corporate value. Individuals are evaluated based on predetermined Group-wide and individual performance indicator targets. Cash bonuses are paid once a year to directors and executive officers (excluding independent directors) based on the degree of achievement of the performance indicator targets. Performance indicator targets are determined at the Board of Directors via deliberations by the Remuneration Committee. Individual performance indicator target is determined based primarily on the duties assigned to each director and executive officer at the beginning of each fiscal year. The cash remuneration given to directors (the combined amount of basic remuneration and bonuses) is capped at ¥720 million per year in accordance with a resolution of the 117th Ordinary General Meeting of Shareholders held on June 24, 2021.

The performance-linked stock remuneration system is intended to incentivize contributions to improving business performance mainly over the medium to long term, as well as corporate and shareholder value. The system distributes the Company’s shares to directors and executive officers (excluding independent directors and individuals residing overseas) based on the duties associated with each position and the degree of achievement of predetermined performance indicator targets. The system covers both fixed provision stock remuneration, in which the individual receives a predetermined number of shares commensurate to the duties associated with their position, and variable stock remuneration, in which the number of shares received depends on the degree of achievement of performance indicator targets. Variable stock remuneration is divided into two parts: short-term performance-linked stock remuneration (number of shares based on the degree of achievement of short-term performance indicator targets) and medium- to long-term performance-linked stock remuneration (number of shares based on the degree of achievement of medium- to long-term performance indicator targets).

In addition to consolidated operating income, a major performance indicator of the Medium-Term Business Plan 2022, the performance indicators for performance-linked remuneration for directors are profit attributable to owners of parent per share (EPS), return on equity (ROE), total shareholder return (TSR), ESG indicators (reduction in CO2 emissions, number of fatal accidents and serious injuries, employee satisfaction).

**iv) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of directors and *kansayaku* candidates**

The Company has established the Recommendation Committee as an advisory body of the Board of Director, which independent directors comprise a majority of the membership including the chair. This structure is intended to clarify the officer selection process, while ensuring transparency and objectivity.

The Recommendation Committee suggests people with a thorough knowledge of the business fields in which the Group is involved as candidates for executive director. It also recommends people with diverse expertise as candidates for independent director and outside Audit & Supervisory Board member. When recommending a candidate for audit & supervisory board member, the consent of the Audit & Supervisory Board is gained based on the content of the committee findings.

Operating guidelines for the Recommendation Committee stipulate the criteria and procedure for appointing and dismissing Company directors. If an officer is considered to be potentially unfit for the job, the committee will discuss whether that officer should be dismissed in accordance with stipulated guidelines.

**v) Explanations with respect to the individual appointments/dismissals and nominations**

The Company posts the career history and reasons for recommending candidates for directors and audit & supervisory board members in the Notice of Convocation of the Ordinary General Meeting of Shareholders.

**[Supplementary Principle 3.1.3 Full Disclosure] -Initiatives on sustainability**

The Obayashi Group has formulated long-term Obayashi Sustainability Vision 2050 and analyzed material issues to pursue sustainability of the planet, society, and people, and of the Obayashi Group, and put concrete action plans in place and set key performance indicators (KPIs) to guide its efforts. Aiming to achieve the ideal Obayashi Group of 2050 in accordance with this vision, the Group set carbon

neutrality and well-being as its medium-term priorities. It is pursuing further energy conservation, utilizing green energy, and promoting diversity and inclusion (D&I), as well as developing innovative technologies. In addition, the Group is seeking to expand its business domains and exploit them more fully alongside increasing its global presence by examining the optimal business portfolio and optimizing its allocation of investments for the future, including investments in human capital and technological development. To that end, it is verifying the growth potential and profitability of each business and field, the competitiveness of the Obayashi Group's technologies and networks, and other factors including risks.

Regarding climate change-related risks and opportunities, the Company declared its support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in July 2020. Since then, it has conducted scenario analysis on four major domestic businesses in order to identify and assess climate-related risks and opportunities and understand the medium- to long-term impact that climate problems may have on its business. Then, the Company disclosed climate-related information in line with the recommendations in November 2020.

In April 2024, the Company updated information in line with IFRS Sustainability Disclosure Standards issued by ISSB to respond to the social demand.

The FY2030 greenhouse gas emission reduction targets were certified as Science Based Targets in October 2022. The Company has been promoting concrete initiatives to achieve the targets of 46.2% reduction in Scope 1 and Scope 2 emissions and 27.5% reduction in Scope 3 emissions against FY2019.

The above information is disclosed on the website and corporate report.

- ◇ Obayashi Sustainability Vision 2050  
<https://www.obayashi.co.jp/en/sustainability/vision.html>
- ◇ Climate-related information disclosure (Disclosure based on TCFD recommendations)  
<https://www.obayashi.co.jp/en/sustainability/environment/tcfid.html>
- ◇ Decarbonized society  
<https://www.obayashi.co.jp/en/sustainability/environment/action.html>

**[Supplementary Principle 4.1.1 Roles and Responsibilities of the Board (1)] ---The summary of the scope and content of the matters delegated to the management**

The Company clearly specifies the Board of Directors' scope of authority in its Board of Directors' Regulations by stipulating meeting agenda items and criteria for inclusion in the agenda with regard to matters legally designated for resolution by the Board of Directors, as well as important matters related to the operations of the Company and Obayashi Group companies. The Board of Directors deliberates and makes decisions on individual proposals in light of the strategic direction of the Company's business plans.

In addition, the Company has established the Management Meeting, comprising members appointed from among its directors and executive officers. The Management Meeting reports, deliberates, issues instructions, and passes resolutions with regard to important management matters, thereby ensuring precise and swift decision-making. Meeting agenda items and criteria for inclusion in the agenda are stipulated in the Management Meeting Regulations, in accordance with which the Board of Directors delegates deliberation and decision-making on certain matters concerning the Company's business execution to the Management Meeting.

**[Principle 4.9 Independence Standards and Qualification for Independent Directors]**

The Company has set standards for selecting independent directors and outside Audit & Supervisory Board members, including standards regarding independence, and discloses these as "Requirements for Selection as an Independent Director/Outside Audit & Supervisory Board Member Candidate" in its Notice of Convocation of the Ordinary General Meeting of Shareholders, its Corporate Governance Report, and elsewhere.

Individuals selected as candidates for the position of independent director must meet the standards for independence determined by the Company, and must also possess considerable experience and advanced knowledge acquired during many years spent working in corporate management. Additionally, they must be able to provide directions and opinions to the Company's management from an independent and impartial standpoint.

**[Supplementary Principle 4.10.1 Use of Optional Approach] ---Nomination committee and remuneration committee**

The Company has established the Recommendation Committee (nomination committee) and the Remuneration Committee as advisory bodies of the Board of Directors. In both committees, independent directors comprise a majority of the membership including the chair. This structure is intended to clarify and ensure the transparency of discussions during the decision-making process regarding the selection and remuneration of corporate officers by obtaining appropriate involvement and advice from independent directors. With particular regard to the appointment or dismissal of the president, the Recommendation Committee seeks to ensure the transparency of the decision-making process by documenting the appointment and dismissal criteria, criteria for selecting successor candidates, training policy for successor candidates, and other elements.

Each composition of the Recommendation Committee and of the Remuneration Committee is described in Supplementary Explanation of Voluntary Establishment of Committee(s) equivalent to Recommendation Committee or Remuneration Committee on page 9 of this report.

**[Supplementary Principle 4.11.1 Precondition for Board and *Kansayaku* Board Effectiveness] --- Composition of the board of directors**

In order to achieve sustainable growth and enhance the corporate value of the Group, the Company's Board of Directors has designated the

skills necessary to carry out its decision-making and supervisory functions, the executive functions of directors, and other functions, and selects human resources with the designated skills as candidates for the position of director. The selection of directors targets human resources with outstanding attributes in terms of their character, knowledge, and capabilities, while diversity-related factors such as gender and international experience are also taken into consideration. Individuals selected as candidates for the position of independent director must possess considerable experience and advanced knowledge acquired during involvement in corporate management.

In terms of size, the Board of Directors comprises an appropriate number of members to allow adequate discussion and swift decision-making, stipulated in the Company's Articles of Incorporation as no more than 15 members.

The Company discloses a skill matrix listing each director's expertise and experience in its Notice of Convocation of the Ordinary General Meeting of Shareholders, on its website, and elsewhere.

◇ Director Skill Matrix

<https://www.obayashi.co.jp/en/company/governance/statement.html#section1-1>

**[Supplementary Principle 4.11.2 Precondition for Board and *Kansayaku* Board Effectiveness] --- Outside directors serve as directors at other companies**

Significant concurrent positions outside the Company held by directors and Audit & Supervisory Board members are limited to a reasonable number to ensure they can fulfill their respective roles and responsibilities. The Company discloses such positions each year in disclosure documents including the reference documents and business report in the Notice of Convocation of the Ordinary General Meeting of Shareholders, and the Securities Report.

**[Supplementary Principle 4.11.3 Precondition for Board and *Kansayaku* Board Effectiveness] --- Evaluating the effectiveness of the board of directors**

The Company conducts an evaluation and analysis of the effectiveness of the Board of Directors as a whole. This is through the advice of an external legal office based on evaluations and opinions about the Board of Directors' size, composition, method of operation, status of deliberations, support systems for effectiveness evaluations, and more, from each directors and Audit & Supervisory Board members. The Company confirmed that the Board of Directors continued to function effectively as a whole. The role that the Board of Directors is expected to play and its operation are reviewed based on opinions of each directors and Audit & Supervisory Board member periodically.

**[Supplementary Principle 4.14.2 Director and *Kansayaku* Training] --- Training policy**

The Company's directors make important management decisions and supervise the management of business. Audit & Supervisory Board members audit the execution of duties by directors, executive officers, and employees. Members of both bodies continually update their relevant knowledge and skills.

All directors, Audit & Supervisory Board members, and executive officers take a training course each year led by external instructors. The course covers corporate governance, business risk management and other topics. The Company provides other training opportunities for directors and Audit & Supervisory Board members as necessary. Such training may include participation in external seminars. Audit & Supervisory Board members regularly participate in external workshops to increase their understanding of their role and duties and to acquire the knowledge they need to perform those functions.

**[Principle 5.1 Policy for Constructive Dialogue with Shareholders]**

The Company established Obayashi Group IR & SR Basic Policy as a policy for constructive dialogue with shareholders. It clearly states framework regarding engagement with shareholders and investors, initiatives to enhance means of engagement with shareholders and investors, measures for appropriate and effective feedback of the opinions of shareholders and investors, information disclosure methods and management of insider information, as well as basic approach to IR & SR activities.

Engagement with shareholders and investors is disclosed on the website.

◇ IR・SR Basic Policy

<https://www.obayashi.co.jp/en/ir/irsrpolicy.html>

◇ Engagement with shareholders and investors

<https://www.obayashi.co.jp/en/company/governance/statement.html>

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

**UPDATED**

Disclosure Content	Disclosure of Initiatives (Updates)
English Disclosure	Available
Date of Update	May 13, 2025

**Supplementary Explanation for Applicable Items**

**UPDATED**

The Obayashi Group Medium-Term Business Plan 2022 stipulates that the Company works to strengthen the business foundation and accelerate company-wide transformation and targets a minimum return on invested capital (ROIC) of 5% or more over the medium term, and a return on equity

(ROE) of 10% by fiscal year ending March 31, 2027 (FY2026), as performance indicators for promoting management that emphasizes capital efficiency.

To achieve the target, the Company will work on striving for sustainable profit growth in each business and on controlling invested capital.

Review on FY2024 and analysis of the current situation regarding the Medium-Term Business Plan 2022 and capital policy are disclosed on the presentation materials for the financial results for the fiscal year ending March 31, 2025.

- ◇ Notice Concerning Revision of Capital Policy  
[https://www.obayashi.co.jp/en/ir/upload/img/news20240304\\_3\\_en.pdf](https://www.obayashi.co.jp/en/ir/upload/img/news20240304_3_en.pdf)
- ◇ Obayashi Group Medium-Term Business Plan 2022 and Addendum  
[https://www.obayashi.co.jp/en/company/mid\\_term\\_plan.html](https://www.obayashi.co.jp/en/company/mid_term_plan.html)
- ◇ Presentation on Financial Results for FY2024  
[https://ir.obayashi.co.jp/en/ir/data/results/main/01/teaserItems3/00/linkList/00/link/FY2024Q4presentation\\_en.pdf](https://ir.obayashi.co.jp/en/ir/data/results/main/01/teaserItems3/00/linkList/00/link/FY2024Q4presentation_en.pdf)

## 2. Capital Structure

Foreign Shareholding Ratio	30% or more
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### Status of Major Shareholders

UPDATED

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	119,567,100	16.79
Custody Bank of Japan, Ltd. (Trust Account)	74,208,500	10.42
STATE STREET BANK AND TRUST COMPANY 505001	24,070,923	3.38
Nippon Life Insurance Company	20,905,550	2.94
Takeo Obayashi	16,944,095	2.38
STATE STREET BANK WEST CLIENT – TREATY 505234	14,325,534	2.01
Obayashi Group Employee Shareholding Association	12,905,660	1.81
JPMorgan Securities Japan Co., Ltd.	12,165,385	1.71
JPMORGANCHASEBANK 385781	9,470,795	1.33
Sumitomo Realty & Development Co., Ltd.	9,159,000	1.29

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	----
Name of Parent Company, if applicable	None

Supplementary Explanation	UPDATED
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## 3. Corporate Attributes

Listed Stock Exchange and Market Segment	UPDATED	Tokyo Stock Exchange, Prime Market
Fiscal Year-End		March
Business Sector		Construction
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year		1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year		¥1 trillion or more
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year		100 or more but fewer than 300

## 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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## 5. Other Special Circumstances which May have a Material Impact on Corporate Governance

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## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight

### 1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Board*
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\*Referred to as "Company with *Kansayaku* Board" in the Corporate Governance Code reference translation

#### [Directors]

Number of Directors Stipulated in Articles of Incorporation	15
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Chairperson (excluding those concurrently serving as President)
Number of Directors	9
Election of Outside Directors	Elected
Number of Outside Directors	5
Number of Independent Directors	5

#### Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Masako Orii	From another company											
Hiroyuki Kato	From another company											
Yukiko Kuroda	From another company											
Hiroyuki Shime	From another company											
Yoshihiro Ikegawa	From another company											

\*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past;

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

- Person who executes business for the Company or its subsidiary
- Person who executes business for or a non-executive director of the Company's parent company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/Audit and Supervisory Board Member
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
- Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
- Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
- Other

#### Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Masako Orii	○	Ex-Executive Officer of Suntory Holdings Limited. No conflicts exist between the Company such as	Ms. Orii possesses considerable experience and advanced knowledge acquired during many years spent working in corporate management. She can apply these attributes from

		personnel, capital, business and other special interest described in “Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members” and “Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members”	<p>an independent standpoint to contribute to appropriate decision-making in the Company’s Board of Directors and the operation and supervision of its corporate governance. The Company therefore believes that she is qualified to serve as an independent director.</p> <p>As stated on the left, Ms. Orii has no special interest in the Company and meets the criteria for independent officers set by the Tokyo Stock Exchange. Accordingly, the Company has designated Ms. Orii as an independent director.</p>
Hiroyuki Kato	○	Ex-Representative Director and ex-Executive Vice President of Mitsui & Co., Ltd. No conflicts exist between the Company such as personnel, capital, business and other special interest described in “Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members” and “Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members”	<p>Mr. Kato possesses considerable experience and advanced knowledge acquired during many years spent working in corporate management. He can apply these attributes from an independent standpoint to contribute to appropriate decision-making in the Company’s Board of Directors and the operation and supervision of its corporate governance. The Company therefore believes that he is qualified to serve as an independent director.</p> <p>As stated on the left, Mr. Kato has no special interest in the Company and meets the criteria for independent officers set by the Tokyo Stock Exchange. Accordingly, the Company has designated Mr. Kato as an independent director.</p>
Yukiko Kuroda	○	Ex-Representative Director of People Focus Consulting Co., Ltd. No conflicts exist between the Company such as personnel, capital, business and other special interest described in “Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members” and “Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members”	<p>Ms. Kuroda possesses considerable experience and advanced knowledge acquired during many years spent working in corporate management. She can apply these attributes from an independent standpoint to contribute to appropriate decision-making in the Company’s Board of Directors and the operation and supervision of its corporate governance. The Company therefore believes that she is qualified to serve as an independent director.</p> <p>As stated on the left, Ms. Kuroda has no special interest in the Company and meets the criteria for independent officers set by the Tokyo Stock Exchange. Accordingly, the Company has designated Ms. Kuroda as an independent director.</p>
Hiroyuki Shime	○	Ex-Representative Director Chairman of UNITIKA LTD. No conflicts exist between the Company such as personnel, capital, business and other special interest described in “Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members” and “Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members”	<p>Mr. Shime possesses considerable experience and advanced knowledge acquired during many years spent working in corporate management. He can apply these attributes from an independent standpoint to contribute to appropriate decision-making in the Company’s Board of Directors and the operation and supervision of its corporate governance. The Company therefore believes that he is qualified to serve as an independent director.</p> <p>As stated on the left, Mr. Shime has no special interest in the Company and meets the criteria for independent officers set by the Tokyo Stock Exchange. Accordingly, the Company has designated Mr. Shime as an independent director.</p>
Yoshihiro Ikegawa	○	Ex-Executive Vice President of Mitsubishi Chemical Holdings Corporation and Ex-Representative Director, Ex-Director of the Board of Mitsubishi Chemical Corporation. No conflicts exist between the Company such as personnel, capital, business and other special interest described in “Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members” and “Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members”	<p>Mr. Ikegawa possesses considerable experience and advanced knowledge acquired during many years spent working in corporate management. He can apply these attributes from an independent standpoint to contribute to appropriate decision-making in the Company’s Board of Directors and the operation and supervision of its corporate governance. The Company therefore believes that he is qualified to serve as an independent director.</p> <p>As stated on the left, Mr. Ikegawa has no special interest in the Company and meets the criteria for independent officers set by the Tokyo Stock Exchange. Accordingly, the Company has designated Mr. Ikegawa as an independent director.</p>



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

Established

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

UPDATED

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Recommendation Committee	5	0	2	3	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Remuneration Committee	6	0	2	4	0	0	Outside Director

Supplementary Explanation

UPDATED

The Company has established the Recommendation Committee as an advisory body of the Board of Director, which independent directors comprise a majority of the membership including the chair. This structure is intended to clarify the officer selection and officer remuneration determination process, while ensuring transparency and objectivity.

**(1) Composition of Recommendation Committee and activities in FY2024**

**【Composition of Recommendation Committee】**

Chair: Masako Orii (Independent Director)

Member: Takeo Obayashi (Chairman of the Board), Toshimi Sato (Representative Director President and CEO), Hiroyuki Kato (Independent Director), and Hiroyuki Shime (Independent Director)

**【Activities in FY2024】**

The Recommendation Committee met eight times in FY2024. The attendance rate for each committee member was 100%.

<Composition of Recommendation Committee in FY2024> \*The job titles are as of March 31, 2025.

Chair: Masako Orii (Independent Director)

Member: Takeo Obayashi (Chairman of the Board), Kenji Hasuwa (Representative Director President and CEO), Hiroyuki Kato (Independent Director), and Hiroyuki Shime (Independent Director)

<Key agenda items in FY2024>

- Matters concerning the reappointment of the Chairman and the President (including recommendation of the new President\*. The discussion conducted without person concerned in attendance)
- Recommendation of FY2025 candidates for director and Audit & Supervisory Board member

\* Deliberations held based on evaluation sheets for each candidate on appointment criteria for president: 1. knowledge, experience, and track record (management experience as an organizational leader, track record in issue resolution), 2. professional qualities and capabilities (business foresight, vision, and leadership), and 3. character and personality

**(2) Composition of Remuneration Committee and activities in FY2024**

**【Composition of Remuneration Committee】**

Chair: Hiroyuki Kato (Independent Director)

Member: Takeo Obayashi (Chairman of the Board), Toshimi Sato (Representative Director, President and CEO), Masako Orii (Independent Director), Yukiko Kuroda (Independent Director), and Yoshihiro Ikegawa (Independent Director)

**【Activities in FY2024】**

The Remuneration Committee met three times in FY2024. The attendance rate for each committee member was 100%.

<Composition of Remuneration Committee in FY2024> \*The job titles are as of March 31, 2025.

Chair: Hiroyuki Kato (Independent Director)

Member: Takeo Obayashi (Chairman of the Board), Kenji Hasuwa (Representative Director President and CEO), Toshimi Sato (Representative Director, Executive Vice President), Masako Orii (Independent Director), Yukiko Kuroda (Independent Director), and Yoshihiro Ikegawa (Independent Director)

<Key agenda items in FY2024>

- Performance-linked remuneration based on FY2023 corporate results and individual performance
- FY2024 performance indicators for individual officers
- FY2025 basic remuneration for officers
- FY2025 performance-linked remuneration system for officers

## Audit and Supervisory Board Member\*

\*Referred to as "kansayaku" in Corporate Governance Code reference translation

Establishment of Audit and Supervisory Board	Established
Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit and Supervisory Board Members	5

### Cooperation among Audit and Supervisory Board Members, Accounting Auditors and Internal Audit Departments

The Audit & Supervisory Board, financial auditor, and an internal audit arm, the Internal Control Audit Department each conduct audits from their independent standpoints. The three parties also share information and opinions as appropriate to help increase the effectiveness of audits. Outside Audit and Supervisory Board Members conduct audits as members of the Audit and Supervisory Board. The results of each audit are also fed back to the internal audit arm such as the General Administration Department and the Accounting Departments as appropriate.

Appointment of Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members	3
Number of Independent Audit and Supervisory Board Members	3

### Outside Audit and Supervisory Board Members' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Yoshihiro Yamaguchi	Other													
Eiji Mizutani	CPA													
Shinya Kuwayama	Other													

\*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past;

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

- Person who executes business for the Company or its subsidiary
- A non-executive director or an accounting advisor of the Company or its subsidiaries
- Person who executes business for or a non-executive director of the Company's parent company
- An Audit and Supervisory Board Member of a parent company of the Company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/ Audit and Supervisory Board Member
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to the auditor him/herself only)
- Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to the director/auditor him/herself only)
- Person who executes business for an entity receiving donations from the Company (applies to the person him/herself only)
- Other

### Outside Audit and Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit and Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Appointment
Yoshihiro Yamaguchi	○	Ex-President of Policy Research Institute for Land, Infrastructure, Transport and Tourism at the Ministry of Land, Infrastructure, Transport and	Mr. Yamaguchi possesses considerable experience acquired while working in the public administration of Land, Infrastructure, Transport and Tourism. He can apply this attribute from an independent standpoint to

		<p>Tourism (PRI)</p> <p>No conflicts exist between the Company such as personnel, capital, business and other special interest described in “Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members” and “Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members”</p>	<p>contribute to auditing the Company. The Company therefore believes that he is qualified to serve as an outside Audit &amp; Supervisory Board member.</p> <p>As stated on the left, Mr. Yamaguchi has no special interest in the Company and meets the criteria for independent officers set by the Tokyo Stock Exchange. Accordingly, the Company has designated Mr. Yamaguchi as an independent audit and supervisory board member.</p>
Eiji Mizutani	○	<p>Representative of Eiji Mizutani CPA Firm</p> <p>No conflicts exist between the Company such as personnel, capital, business and other special interest described in “Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members” and “Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members”</p>	<p>Mr. Mizutani possesses specialized knowledge as CPA who is an accounting expert as well as considerable experience regarding corporate accounting. He can apply these attributes from an independent standpoint to contribute to auditing the Company. The Company therefore believes that he is qualified to serve as an outside Audit &amp; Supervisory Board member.</p> <p>As stated on the left, Mr. Mizutani has no special interest in the Company and meets the criteria for independent officers set by the Tokyo Stock Exchange. Accordingly, the Company has designated Mr. Mizutani as an independent audit and supervisory board member.</p>
Shinya Kuwayama	○	<p>Ex-Director-General for Regional Economic and Industrial Policy at the Ministry of Economy, Trade and Industry</p> <p>No conflicts exist between the Company such as personnel, capital, business and other special interest described in “Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members” and “Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members”</p>	<p>Mr. Kuwayama possesses considerable experience acquired during many years spent working in economic and industrial public administration and corporate management. He can apply these attributes from an independent standpoint to contribute to auditing the Company. The Company therefore believes that he is qualified to serve as an outside Audit &amp; Supervisory Board member.</p> <p>As stated on the left, Mr. Kuwayama has no special interest in the Company and meets the criteria for independent officers set by the Tokyo Stock Exchange. Accordingly, the Company has designated Mr. Kuwayama as an independent audit and supervisory board member.</p>

#### Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members

8

#### Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

The Company’s standards for appointing independent officers (independent directors and outside Audit & Supervisory Board members), including standards regarding independence, are as shown below.

##### <Requirements for Selection as an Independent Director/Outside Audit & Supervisory Board Member Candidate>

1. The Independent Director/Outside Audit & Supervisory Board member candidate (hereinafter referred to as the “Candidate”) must have capabilities, knowledge, experience, and character suitable for such position at the Company. The Candidate must be able to provide directions and opinions to the Company’s management from an independent and impartial standpoint.
2. The Candidate must not be a former director, Audit & Supervisory Board member, or employee of the Company or any of its associated companies.
3. The Candidate must not currently belong, and must not have belonged in the past, to an Accounting Auditor, law office, or main bank with which the Company currently has a contract.
4. The Candidate must not currently be, and must not have been in the past, a major shareholder with an ownership stake of 10% or more. The Candidate must not currently belong, and must not have belonged in the past, to an entity that is a major shareholder.
5. The Candidate must not currently belong, and must not have belonged in the past, to an entity that has a business relationship with the Company in which the annual amount of transactions has exceeded 2% of the net sales of both the Company and such entity during the last three fiscal years.

6. The Candidate must not currently work, and must not have worked in the past, as an executive at a non-profit organization to which the Company has made an annual donation exceeding 20 million yen during the last three fiscal years.
7. If the Candidate does not meet the requirements in 3. through 6., at least ten years must have passed since the Candidate left the relevant entity.
8. The Candidate must meet the requirements for an independent director/auditor pursuant to the provisions of the Tokyo Stock Exchange's Securities Listing Regulations.

## Incentives

### Implementation Status of Measures related to Incentives Granted to Directors

Introduction of performance-linked remuneration scheme and other

### Supplementary Explanation for Applicable Items

The specific details are as stated in “Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods,” under “Director Remuneration in the section of Business Management Organization” and “Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight.”

### Persons Eligible for Stock Options

### Supplementary Explanation for Applicable Items

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## Director Remuneration

### Status of Disclosure of Individual Director's Remuneration

Disclosure for Selected Directors

### Supplementary Explanation for Applicable Items

UPDATED

### (1) Total remuneration for Directors and Audit & Supervisory Board Members in FY2024

Position	Total amount of remuneration (Millions of yen)	Total amount by type of remuneration (Millions of yen)			Number of eligible officers
		Basic remuneration (Cash remuneration)	Performance-linked cash remuneration (Cash remuneration)	Performance-linked stock remuneration (Non-cash remuneration)	
Directors (Independent directors)	548 (70)	376 (70)	80 (-)	91 (-)	13 (7)
Audit & Supervisory Board members (Outside Audit & Supervisory Board members)	104 (39)	104 (39)	- (-)	- (-)	6 (3)

Note: The above includes four directors including two independent directors, and one outside Audit & Supervisory Board member who stepped down at the on June 27, 2024.

### (2) Total remuneration for those whose total remuneration is 100 million yen or more

Position	Total amount of remuneration (Millions of yen)	Total amount by type of remuneration (Millions of yen)		
		Basic remuneration (Cash remuneration)	Performance-linked cash remuneration (Cash remuneration)	Performance-linked stock remuneration (Non-cash remuneration)
Takeo Obayashi (Chairman of the Board)	115	80	12	21
Kenji Hasuwa (Representative Director, President and CEO)	169	95	36	37

Note: The performance-linked stock remuneration is the amount recorded as an expense in FY2024.

## Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

**(1) Basic policy**

Basic policy on remuneration for each director and executive officer is to provide basic remuneration, a fixed amount that is determined in advance commensurate to the responsibilities of each position, and in addition determine the amount and other aspects of performance-linked cash remuneration (bonus) and performance-linked stock remuneration for each fiscal year in accordance with each person's actual contribution to business performance. The purpose of this basic policy is to secure outstanding human resources and provide an incentive to each director and executive officer to improve earnings and enhance corporate value.

The Board of Directors sets policy on determining remuneration following deliberation by an advisory body to the Board of Directors, the Remuneration Committee.

Performance-linked remuneration consist of short-term incentive (STI) in the form of cash remuneration (bonuses) and stock remuneration, and medium- to long-term incentive (LTI) in the form of stock remuneration.

The basic policy on Audit & Supervisory Board member remuneration is to set an amount required to secure outstanding talent.

The performance-linked cash remuneration (bonus) and the performance-linked stock remuneration systems are paid for internal directors and executive officers. Independent directors and Audit & Supervisory Board members are only paid the basic remuneration (fixed cash remuneration), considering their positions as management supervisors.

**(2) Policy on determining basic remuneration, performance-linked remuneration, and individual remuneration of stock remuneration**

Ratios of basic remuneration, performance-linked cash remuneration (bonus), and stock remuneration are structured so that the performance-linked portion and the weighting of stock remuneration increase the higher the individual's position. The ratios are determined by the Board of Directors following deliberation by the Remuneration Committee using as a guideline the remuneration ratio for the Representative Director and President when the result is equal to the set performance indicator targets. The ratio in this case is 60:25:15 for basic remuneration, short-term incentive (comprising bonus and short-term performance-linked stock remuneration), and medium-to long-term incentive (comprising fixed provision stock remuneration and medium-to long-term performance-linked stock remuneration).

**(3) Policy on determining individual remuneration of basic remuneration (fixed cash remuneration)****i. Directors**

For basic remuneration (fixed cash remuneration), a table of remuneration for each position is determined and at the end of each fiscal year, the Remuneration Committee uses that table to determine the remuneration of each director and executive officer for the next fiscal year. The Board of Directors sets forth a table of remuneration following deliberation by the Remuneration Committee. The basic remuneration (fixed cash remuneration) is paid in 12 monthly installments of the predetermined annual amount.

The cash remuneration given to directors (the combined amount of basic remuneration and bonuses) is capped at ¥720 million per year in accordance with a resolution of the 117th Ordinary General Meeting of Shareholders held on June 24, 2021. There were 12 directors at the time of the above general meeting of shareholders.

**ii. Audit & Supervisory Board Members**

Remuneration standards are established in advance through discussions by Audit & Supervisory Board members. They are set separately for standing (full-time) members and outside (part-time) members. Remuneration is determined in line with those standards, capped at ¥10 million per month in accordance with a resolution of the 101st Ordinary General Meeting of Shareholders held on June 29, 2005. There were 5 Audit & Supervisory Board members at the time of the above general meeting of shareholders.

**(4) Policy on determining the performance-linked cash remuneration (bonus) amounts, calculation methods, and key performance indicators****i. Aim and overview**

The performance-linked cash remuneration system is intended to incentivize contributions to improving business performance each fiscal year, as well as corporate value. Cash bonuses are paid once a year to directors and executive officers (excluding independent directors; hereinafter the same in this paragraph) based on the degree of achievement of predetermined Group-wide and individual performance indicator targets.

The cash remuneration given to directors (the combined amount of basic remuneration and bonuses) is capped at ¥720 million per year in accordance with a resolution of the 117th Ordinary General Meeting of Shareholders held on June 24, 2021. There were 7 directors who were eligible for this remuneration at the time of the above general meeting of shareholders.

**ii. Calculation Methods of individual performance-linked cash remuneration (bonus)****[Performance-linked cash remuneration (bonus) based on Group-wide performance indicator targets]**

Group-wide performance indicator targets, which are used as the basis for calculating performance-linked cash remuneration (bonus) amounts, are predetermined before the start of the fiscal year to which they apply by resolution of the Company's Board of Directors following deliberation by the Remuneration Committee. They are selected primarily from among performance indicator targets stated in the Medium-Term Business Plan. Following the end of the fiscal year to which the targets apply, remuneration for individual directors and executive officers is determined according to the degree of achievement of the relevant performance indicator targets

based on a predetermined coefficient (the incentive curve) with a maximum value of 1.5 and a minimum value of zero. The standard for determining the coefficient is based on the actual result being equal to the set performance indicator.

**[Performance-linked cash remuneration (bonus) based on individual targets]**

Individual targets specific to each director and executive officer are determined based on the duties associated with each position at the beginning of each fiscal year. Remuneration for individual directors and executive officers is determined following the end of the fiscal year to which the targets apply. To that end, the Remuneration Committee assesses the degree of achievement of the relevant performance indicator targets and the results are applied to a rating table predetermined by resolution of the Company's Board of Directors following deliberation by the Remuneration Committee.

**(5) Policy on determining stock remuneration (performance-linked non-cash remuneration) amounts, calculation methods, and key performance indicators**

**i. Aim and overview**

The stock remuneration system is intended to incentivize contributions to improving business performance mainly over the medium to long term, as well as corporate and shareholder value. The system distributes Obayashi shares to directors and executive officers (excluding independent directors and individuals residing overseas; hereinafter the same in this paragraph) based on the duties associated with each position and the degree of achievement of predetermined performance indicator targets.

Specifically, the Company employs a mechanism called a Board Incentive Plan (BIP) Trust, whereby it grants to directors and executive officers the Company's shares acquired via a trust using money contributed by the Company as the source of funding. The shares are granted according to points calculated and awarded each fiscal year. Stock remuneration comprises fixed provision stock remuneration, whereby the individual receives a predetermined number of shares commensurate to the duties associated with their position, and variable stock remuneration, whereby the number of shares received depends on the degree of achievement of performance indicator targets. Variable stock remuneration is itself divided into two parts: short-term performance-linked stock remuneration (a number of shares based on the degree of achievement of short-term performance indicator targets) and medium- to long-term performance-linked stock remuneration (a number of shares based on the degree of achievement of medium- to long-term performance indicator targets). All stock remuneration is granted upon retirement, and fixed provision stock remuneration is treated as medium-to long-term incentive (LTI), given that the value of the shares received at retirement fluctuates according to changes in the stock price reflecting medium- to long-term performance.

**[Breakdown of stock remuneration]**

**(1) Short-term incentive (STI)**

Variable stock remuneration: Short-term performance-linked stock remuneration

**(2) Medium-to long-term incentive (LTI)**

Variable stock remuneration: Medium-to long-term performance-linked stock remuneration

Fixed provision stock remuneration: Fixed provision stock remuneration

The BIP Trust covers a period of three consecutive fiscal years, and in each new trust period the Company establishes the trust by contributing up to a limit of one billion yen. Using the money in the trust as the source of funding, the Company's shares are acquired from the stock market up to a limit of 990,000 shares during the trust period.

If the trust agreement is extended when the trust period ends, the new trust period is also three years. The Company makes an additional contribution of no more than one billion yen and points continue to be awarded to the directors and executive officers during the extended trust period. However, when an additional contribution is made, if some of the Company's shares remain within the trust assets on the last day of the trust period prior to the extension, the combined value of the additional contribution and the remaining shares together must be no more than one billion yen.

The 117th Ordinary General Meeting of Shareholders held on June 24, 2021 amended the previous stock remuneration system (resolved at the 111th Ordinary General Meeting of Shareholders held on June 26, 2015), which set the maximum value of the three-year trust at 300 million yen, by passing a resolution to raise the maximum value of the trust to one billion yen. At the time the 117th Ordinary General Meeting of Shareholders passed its resolution, a total of 59 individuals—comprising seven directors and 52 executive officers—were eligible to receive shares under the stock remuneration system.

In addition, in accordance with the resolution at the Board of Directors held on March 29, 2024, the term was extended for three fiscal years beginning with the fiscal year ending March 31, 2025, and the Company has acquired additional shares at ¥136 million in August 2024.

**ii. Calculation method and upper limit of individual performance-linked stock remuneration (number of shares granted)**

**<Awarding of points and calculation method>**

In May of each year during the trust period, the Company awards a number of points calculated according to the calculation method below to individuals who held office as directors or executive officers of the Company during the period of eligibility from April 1 of the previous year to March 31 of the year in question (including individuals who became directors or executive officers during the period of eligibility). The maximum number of points per year that can be awarded to directors or executive officers during the trust period is 330,000 points. This is the combined total for short-term performance-linked stock remuneration, medium- to long-term performance-linked stock remuneration and fixed provision stock remuneration.

**[Calculation of fixed provision stock remuneration points]**

Following deliberation by the Remuneration Committee, the Board of Directors determines in advance a table detailing the number of points to be awarded during the period of eligibility commensurate to the responsibilities of each position. The Remuneration

Committee calculates the number of points to be awarded to the directors and executive officers based on this table.

**[Calculation of performance-linked stock remuneration points]**

In the case of both short-term performance-linked stock remuneration and medium- to long-term performance-linked stock remuneration, Group-wide performance indicator targets, which are used as the basis for calculating points, are in principle predetermined before the start of the fiscal year to which they apply by resolution of the Company's Board of Directors following deliberation by the Remuneration Committee. They are selected primarily from among performance indicator targets stated in the Medium-Term Business Plan. Following the end of the fiscal year to which the targets apply, points to be awarded to directors and executive officers are calculated according to the degree of achievement of the relevant performance indicator targets based on a predetermined coefficient (the incentive curve) with a maximum value of 1.5 and a minimum value of zero. The standard for determining the coefficient is achievement of the performance indicator targets in full. Moreover, Group-wide performance indicator targets and coefficients are set separately for short-term performance-linked stock remuneration and medium- to long-term performance-linked stock remuneration. The aim in so doing is to ensure that short-term performance-linked stock remuneration incentivizes contributions to improving business performance and enhancing corporate value for each fiscal year and medium- to long-term performance-linked stock remuneration incentivizes contributions to improving business performance and enhancing corporate value over the medium to long term.

**<Calculation method for number of shares to be granted>**

If a director or executive officer who qualifies as a beneficiary retires (or dies), the Company grants shares from the trust by means of the prescribed beneficiary confirmation procedure. One share of the Company's stock is granted for each point corresponding to the total number of points awarded up to the time of retirement (or death).

Note: Fractional shares less than one unit are converted into cash by the trust and an equivalent cash amount is paid to the beneficiary.

**(6) Matters concerning delegation of decision-making regarding individual remuneration for directors and executive officers and reason why the Board of Directors judges that the details of individual remuneration for directors and executive officers for the fiscal year under review are in line with the policy on determining such remuneration**

Matters specifying the officer remuneration system and its payment criteria within the scope of authority granted by the General Meeting of Shareholders are determined by the Board of Directors following deliberation by the Remuneration Committee. Such matters include the table relating to basic remuneration (fixed cash remuneration) for directors and executive officers, the performance indicator targets relating to performance-linked remuneration, the incentive curve, the individual rating table, and the calculation method for stock remuneration points, as well as the types of remuneration and their ratios applicable to each position.

The Remuneration Committee undertook assessment of the degree of achievement of individual targets and determination of individual remuneration amounts (including awarding of stock remuneration points) for the fiscal year under review following delegation by the Board of Directors. As the calculation methods used were determined in advance by the Board of Directors following deliberation by the Remuneration Committee, the Company judges that the results of the calculations are in line with the policy on determining remuneration and related matters.

The Recommendation Committee is chaired by an independent director and the majority of the membership are made up by independent directors. Deliberation by the Recommendation ensures fairness and transparency.

**Support System for Outside Directors (and/or Outside Audit and Supervisory Board Members)**

The Company provides support to independent directors through staff at the Secretariat Department assigned to help them and to outside Audit & Supervisory Board members through dedicated staff in the Audit & Supervisory Board Department.

When the Board of Directors is due to meet, documents are distributed in advance, and the departments in charge explain proposals to be included on the agenda to the independent directors and outside Audit & Supervisory Board members. In addition, the Company provides regular opportunities to explain each division's measures and course of action to independent directors in order to deepen their understanding of its business activities.

**Status of Persons who have Retired as Representative Director and President, etc.**

Information on Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) after Retiring as Representative Director and President, etc.

**UPDATED**

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/CEO ended	Term
Toru Shiraishi	Advisor	Advice when requested by current management	Part time with remuneration	February 28, 2018	5 years from July 1, 2021 to June 30, 2026
Kenji Hasuwa	Vice Chairman	Advice when requested by current management and engage with industry organizations, etc. outside the Company	Full time with remuneration	March 31, 2025	3 years from April 1, 2025 to March 31, 2028 (planned)



As stated above, the Vice Chairman and the Advisor's responsibilities entail providing advice when requested by current management and engaging with industry organizations etc. outside the Company; they have no involvement whatsoever in the Company's decision-making and no authority to exercise any influence over the Company's management.

## 2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions

### (Overview of Current Corporate Governance System)

UPDATED

#### (1) Overview of the current system

The Company has adopted a company with an audit & supervisory board and has established legally required institutions, such as the General Meeting of Shareholders, Directors, Board of Directors, Audit & Supervisory Board members, Audit & Supervisory Board, and financial auditor. In addition, the Company has established executive officers, Management Meeting, Recommendation Committees, Remuneration Committees, Sustainability Committees, and Directors' Roundtable Meeting.

The role of each institution is as follows apart from those described in Basic View on Internal Control System and Status of Development under Matters Concerning the Internal Control System.

#### i. Directors and Board of Directors

The Company has stipulated that number of directors is up to 15 in the Company's Articles of Incorporation. At present, the Board of Directors consists of four internal directors and five independent directors, and of which independent directors make up a majority of the membership.

The Chairman (Takeo Obayashi, Chairman of the Board) serves as the chair of the board who supervises business management, instead of the president who is responsible for steering the business execution function. This ensures a mutual checking function.

[Composition of Board of Directors and attendance in FY2024]

Takeo Obayashi (Chairman of the Board)	15/15 (100%)
Toshimi Sato (Representative Director, President and CEO)	15/15 (100%)
Atsushi Sasagawa (Representative Director, Executive Vice President)	15/15 (100%)
Yoshihito Sasaki (Representative Director, Executive Vice President)	-
Masako Orii (Independent Director)	15/15 (100%)
Hiroyuki Kato (Independent Director)	15/15 (100%)
Yukiko Kuroda (Independent Director)	15/15 (100%)
Hiroyuki Shime (Independent Director)	13/13 (100%)
Yoshihiro Ikegawa (Independent Director)	13/13 (100%)
Eiichiro Okano (Standing Audit & Supervisory Board Member)	13/13 (100%)
Isao Watanabe (Standing Audit & Supervisory Board Member)	15/15 (100%)
Yoshihiro Yamaguchi (Outside Audit & Supervisory Board Member)	15/15 (100%)
Eiji Mizutani (Outside Audit & Supervisory Board Member)	15/15 (100%)
Shinya Kuwayama (Outside Audit & Supervisory Board Member)	15/15 (100%)

\* For Hiroyuki Sime, Yoshihiro Ikegawa and Eiichiro Okano, the number stated is the number of meetings attended after their appointment at the 120th Ordinary General Meeting of Shareholders held on June 27, 2024.

\* Yoshihito Sasaki was appointed at the 121st Ordinary General Meeting of Shareholders held on June 26, 2025, so he did not attend any meetings of the Board of Directors during FY2024.

\* Kenji Hasuwa, who stepped down as director on June 26, 2025 attended all 15 meetings (attendance rate was 100%).

[Key agenda items in FY2024]

- Revision of capital policy and the medium-term business plan
- Reduction of cross-shareholdings
- Appointment and dismissal of directors, Audit & Supervisory Board members, executive officers, and others (including deliberations on the change of the President in April 2025)
- Discussion of significant investments
- Report on business risks
- Matters concerning the Board of Directors effectiveness evaluation
- Report on status of the execution of duties by the representative director



## ii. Board Members of the Audit & Supervisory and Audit & Supervisory Board

The Company has stipulated that the number of Audit & Supervisory Board members is up to five in its Articles of Incorporation. At present, the Audit & Supervisory Board consists of two internal Audit & Supervisory Board members and three outside Audit & Supervisory Board members, of which outside Audit & Supervisory Board members make up a majority of the membership. The internal (standing) Audit & Supervisory Board member Eiichiro Okano serves as chair.

## iii. Executive Officers

The Company's Articles of Incorporation stipulate the appointment of executive officers who are exclusively responsible for business execution based on authorization for such execution by resolution of the Board of Directors. At present, the Company has appointed 65 executive officers.

## iv. Management Meeting

To ensure precise and swift decision-making, the Company has established the Management Meeting, comprising the members below appointed from among its directors and executive officers. The Management Meeting deliberates and takes action on important management matters. The Management Meeting Regulations stipulate issues such as the criteria for including in the Management Meeting agenda matters for which the Board of Directors has delegated authority. Management meeting met 27 times in FY2024.

[Composition of management meeting]

Chair: Toshimi Sato (Representative Director, President and CEO)

Member: Atsushi Sasagawa (Representative Director, Executive Vice President), Yoshihito Sasaki (Representative Director, Executive Vice President), Yasuo Morita (Executive Vice President), Naoki Kajita (Senior Managing Executive Officer), Kenichi Ando (Senior Managing Executive Officer), and Tetsuya Kurebayashi (Managing Executive Officer)

## v. Recommendation Committee

The Company established the Recommendation Committee as an advisory body to the Board of Directors, which deliberates on the appointment of directors and submits the results to the Board of Directors. The Recommendation Committee is chaired by an independent director and of which independent directors make up a majority of the membership. This structure is intended to clarify the officer selection process, while ensuring transparency and objectivity.

[Composition of Recommendation Committee]

Chair: Masako Orie (Independent Director)

Member: Takeo Obayashi (Chairman of the Board), Toshimi Sato (Representative Director President and CEO), Hiroyuki Kato (Independent Director), and Hiroyuki Shime (Independent Director)

[Activities in FY2024]

The Recommendation Committee met eight times in FY2024. The attendance rate for each committee member was 100%.

<Composition of Recommendation Committee in FY2024> \*The job titles are as of March 31, 2025.

Chair: Masako Orie (Independent Director)

Member: Takeo Obayashi (Chairman of the Board), Kenji Hasuwa (Representative Director President and CEO), Hiroyuki Kato (Independent Director), and Hiroyuki Shime (Independent Director)

<Key agenda items in FY2024>

- Matters concerning the reappointment of the Chairman and the President (including recommendation of the new President\*. The discussion conducted without person concerned in attendance)
  - Evaluation of the president's reappointment based on the above criteria (discussion conducted without the president in attendance)
  - Recommendation of FY2025 candidates for director and Audit & Supervisory Board member
- \* Deliberations held based on evaluation sheets for each candidate on appointment criteria for president: 1. knowledge, experience, and track record (management experience as an organizational leader, track record in issue resolution), 2. professional qualities and capabilities (business foresight, vision, and leadership), and 3. character and personality

## vi. Remuneration Committee

The Company established the Remuneration Committee as an advisory body to the Board of Directors, which deliberates on issues relating to officer remuneration and submits the results to the Board of Directors. The Remuneration Committee is chaired by an independent director of which independent directors make up a majority of the membership. This structure is intended to clarify the process for determining the amount of officer remuneration, while ensuring transparency and objectivity.

[Composition of Remuneration Committee]

Chair: Hiroyuki Kato (Independent Director)

Member: Takeo Obayashi (Chairman of the Board), Toshimi Sato (Representative Director, President and CEO), Masako Orie (Independent Director), Yukiko Kuroda (Independent Director), and Yoshihiro Ikegawa (Independent Director)

[Activities in FY2024]

The Remuneration Committee met three times in FY2024. The attendance rate for each committee member was 100%.

<Composition of Remuneration Committee in FY2024> \*The job titles are as of March 31, 2025.

Chair: Hiroyuki Kato (Independent Director)

Member: Takeo Obayashi (Chairman of the Board), Kenji Hasuwa (Representative Director President and CEO), Toshimi Sato (Representative Director, Executive Vice President), Masako Orii (Independent Director), Yukiko Kuroda (Independent Director), and Yoshihiro Ikegawa (Independent Director).

<Key agenda items in FY2024>

- Performance-linked remuneration based on FY2023 corporate results and individual performance
- FY2024 performance indicators for individual officers
- FY2025 basic remuneration for officers
- FY2025 performance-linked remuneration system for officers

## **vii. Sustainability Committee**

The Company established the Sustainability Committee, which deliberates on issues related to environmental and social sustainability and submits the results to the Board of Directors as an advisory body to the Board of Directors.

[Composition of Sustainability Committee]

Chair: Toshimi Sato (Representative Director, President and CEO)

Member: Takeo Obayashi (Chairman of the Board), Atsushi Sasagawa (Representative Director, Executive Vice President), Yukiko Kuroda (Independent Director), and Yoshihiro Ikegawa (Independent Director)

[Activities in FY2024]

The Remuneration Committee met twice in FY2024. The attendance rate for each committee member was 100%.

<Composition of Sustainability Committee in FY2024> \*The job titles are as of March 31, 2025.

Chair: Kenji Hasuwa (Representative Director, President and CEO)

Member: Takeo Obayashi (Chairman of the Board), Toshimi Sato (Representative Director, Executive Vice President), Yukiko Kuroda (Independent Director), and Yoshihiro Ikegawa (Independent Director).

<Key agenda items in FY2024>

- Review of achievement of KPIs for each material issue in FY2023 and in the first half of FY2024
- Monitoring of efforts to reduce greenhouse gas emissions
- Monitoring of human rights due diligence and CSR procurement initiatives
- Consideration of CO2 emissions reduction roadmap toward carbon neutrality
- Consideration of TNFD disclosure content

## **viii. Directors' Roundtable Meetings**

The Directors' Roundtable Meeting is a subordinate body of the Board of Directors and examines and discusses corporate sustainability issues, such as corporate governance and management strategy. Deliberating sustainability-related issues at board meetings based on the discussions conducted in the roundtable.

[Composition of Directors' Roundtable Meetings]

Directors and Auditors (same as Board of Directors) [Activities in FY2024]

The Directors' Roundtable Meetings met 11 times in FY2024. The attendance rate for each committee member was 100%.

<Composition of Remuneration Committee in FY2024> \*The job titles are as of March 31, 2025.

Chair: Takeo Obayashi (Chairman of the Board)

Member: Kenji Hasuwa (Representative Director President and CEO), Atsushi Sasagawa (Representative Director, Executive Vice President), Toshimi Sato (Representative Director, Executive Vice President), Masako Orii (Independent Director), Hiroyuki Kato (Independent Director), Yukiko Kuroda (Independent Director), Hiroyuki Shime (Independent Director), Yoshihiro Ikegawa (Independent Director), Eiichiro Okano (Standing Audit & Supervisory Board Member), and Isao Watanabe (Standing Audit & Supervisory Board Member)

(After December 2024, the following members have been added:

Yoshihiro Yamaguchi (Outside Audit & Supervisory Board Member), Eiji Mizutani (Outside Audit & Supervisory Board Member) and Shinya Kuwayama (Outside Audit & Supervisory Board Member))

<Key agenda items in FY2024>

- Specific measures on Addendum to Medium-Term Business Plan 2022 and capital policy
- Business portfolio strategy and strategies for individual businesses that comprise the portfolio
- Investment and utilization strategies for Human Capital and Intellectual Property
- Matters related to institutional investor trends and evaluations of the Company through IR meetings, etc.

The growth strategy with respect to the medium-term business plan and its addendum, as well as the Group's capital policy and measures to increase shareholder returns

- Trends among institutional investors, their evaluation of the Company, and other information gained through means including IR

meetings

- Efforts toward management that prioritizes safety

## (2) Audit & Supervisory Structure

### i. Audit by Audit & Supervisory Board members

Each Audit & Supervisory Board member audits the execution of duties by directors in accordance with the Obayashi Audit Guidelines for Audit & Supervisory Board Members. That process includes adopting a standpoint that is independent of the Company's directors and verifying whether the execution of duties by directors, executive officers, and employees complies with laws, regulations, the Articles of Incorporation, and other rules. They also conduct accounting audits to ensure the Company's financial statements are appropriate.

The outside Audit & Supervisory Board member Eiji Mizutani is qualified as a CPA and possesses considerable experience; he has substantial knowledge of finance and accounting.

The standing Audit & Supervisory Board members take advantage of their full-time status to enhance the audit environment and gather internal information. They monitor and verify progress in establishing and implementing the internal control system on a routine basis, while also sharing information and communicating with the other Audit & Supervisory Board members.

Additionally, as part of efforts to strengthen the capabilities of the Audit & Supervisory Board and its members, the Company has established the Audit & Supervisory Board Department as a unit independent of the executive arm to assist with duties under the instruction of the Audit & Supervisory Board and its members. The Company has assigned three dedicated staff members to the Audit & Supervisory Board Department.

### (i) Activities of the Audit & Supervisory Board

The Audit & Supervisory Board meets once a month in principle, and also meets on an ad-hoc basis as required. During FY2024 it met 17 times and each meeting lasted approximately two hours.

#### a) Agenda items in FY2024

Audit plan, reappointment of financial auditor, approval of financial auditor's audit fee, Audit & Supervisory Board's audit report, results of auditing the internal control system, etc.

#### b) Attendance for each Audit & Supervisory Board member in FY2024

Eiichiro Okano	13/13 (100%)
Isao Watanabe	17/17 (100%)
Yoshihiro Yamaguchi (Outside Audit & Supervisory Board Member)	17/17 (100%)
Eiji Mizutani (Outside Audit & Supervisory Board Member)	17/17 (100%)
Shinya Kuwayama (Outside Audit & Supervisory Board Member)	17/17 (100%)

\* For Eiichiro Okano, the number stated is the number of meetings attended after his appointment as Audit & Supervisory Board member at the 120th Ordinary General Meeting of Shareholders held on June 27, 2024.

#### c) Evaluating the effectiveness of the Audit & Supervisory Board

The Audit & Supervisory Board evaluates and discusses its own effectiveness and reviews areas to be targeted and methods to be used for auditing and interviews. The Audit & Supervisory Board evaluates its effectiveness from several aspects, such as its composition, the skills of each Audit & Supervisory Board member and staff member in the Audit & Supervisory Board Department; the frequency of Audit & Supervisory Board meetings; advance preparation of documents for distribution and deliberations during meetings; and reporting by directors, the financial auditor, and the department responsible for internal audit.

### (ii) Activities of Audit & Supervisory Board Members

[Key Audit Items in FY2024]

- Appropriate establishment of the internal control system and the status of its operation
- Measures to prevent reoccurrence of Antimonopoly Act violation, and fostering awareness of legal and regulatory compliance awareness
- Status of establishment and operation of internal control systems at overseas group companies
- Prevention of occupational accidents and quality defects
- Measures to prevent harassment and measures to improve job satisfaction
- Compliance with restrictions on overtime work, and measures to prevent accounting fraud

#### a) Attendance at the Board of Directors

Audit & Supervisory Board members attended meetings of the Board of Directors and the Directors' Roundtable Meeting. They confirmed the execution of duties by individual directors and expressed their opinions as necessary (the Board of Directors met 15 times and the Directors' Roundtable Meeting met 11 times). In addition, Audit & Supervisory Board Members held regular meetings with the directors to share opinions (10 times).

#### b) Attendance at Management Meetings and other important meetings

Audit & Supervisory Board members attended meetings of the Management Meeting, the Executive Officers' Meeting, and other important meetings. (The Management Meeting met 27 times and other important meetings met 12 times).

#### c) Operational audits and interviews at subsidiaries

Audit & Supervisory Board members conducted operational audits of the Head Office and key business sites (42 times). In addition, they visited construction sites and other locations (29 times) and conducted interviews focused on quality control and information security measures. For the urban redevelopment project for Yaesu 1-chome east area district B in front of Tokyo Station, facilities construction site, where serious accident occurred in September 2023, Audit & Supervisory Board members have confirmed on-site

that appropriate measures have been implemented to strengthen the safety management system. Additionally, Audit & Supervisory Board members conducted interviews with Directors and Auditors of domestic and overseas subsidiaries and exchanged opinions (17 times).

d) **Sharing opinions with the financial auditor and the department responsible for internal audit**

Audit & Supervisory Board members regularly received reports regarding audit plans and results from the financial auditor and the department responsible for internal audit. Audit & Supervisory Board members shared opinions and information regarding key audit matters and items, attending the financial auditor's interviews with departments. (Audit & Supervisory Board members received reports regarding audit plans and results from the financial auditor six times, attended the financial auditor's interviews with departments 19 times, and held four regular meetings with the department responsible for internal audit).

## **ii. Status of internal audit**

The Internal Control Audit Department, the Company's internal audit arm, is responsible for audits to monitor the effectiveness of internal control and the execution of duties by each department. Such audits are performed according to the Company's Internal Audit Regulations and are separate from audits by the Audit & Supervisory Board members and financial auditor. The Company has assigned 18 dedicated staff members to the Internal Control Audit Department.

[Initiatives to secure the effectiveness of internal audit]

The Internal Control Audit Department undertakes internal control auditing for the Company and for Obayashi Group companies in accordance with the Company's basic policy regarding internal control over financial reporting and its internal audit plan. The Internal Control Audit Department reports directly to the Board of Directors and the Audit & Supervisory Board members on the internal audit plan and its implementation status.

The Internal Control Audit Department implements the internal audit plan with the goal of contributing to the Company's management in terms of its four internal control objectives: effective and efficient operations, reliable reporting, compliance with the relevant laws and regulations, and preservation of assets. It seeks to enhance the effectiveness of internal auditing mainly by implementing the initiatives below.

**(i) Employing a risk-based approach to determining departments to be audited and audit items**

To conduct internal audits that address management issues reflecting societal and economic trends as well as changes in the business environment, the Internal Control Audit Department always takes a risk-based approach to determining departments to be audited and audit items. It does so through timely and appropriate communication with relevant departments within the Group.

**(ii) Improving the efficiency of internal auditing**

The Internal Control Audit Department continuously implements operational improvements and digital transformation (DX), aiming to conduct effective and efficient internal audits and improve both the satisfaction of audited departments.

**(iii) Maintaining and improving audit quality**

The Internal Control Audit Department endeavors to maintain and improve audit quality by steadily implementing a PDCA (plan-do-check-act) cycle for internal auditing in accordance with its Internal Audit Quality Control Program. It also facilitates broad-ranging human resource development and acquisition of qualifications to ensure that the levels of capability and knowledge required of internal auditors are achieved.

**(iv) Coordination with audits by Audit & Supervisory Board members and financial audits**

The Internal Control Audit Department coordinates with the Audit & Supervisory Board members and financial auditor by sharing information and opinions with them as appropriate to conduct effective and efficient internal audits.

**(v) Coordination with the Company's internal control arm**

To help improve the internal control environment, audit results are fed back to the internal control arm including the General Administration Department and the Accounting Department, as appropriate.

## **iii. Status of financial audit**

**(i) Name of auditing company**

Ernst & Young ShinNihon LLC

**(ii) Continuous audit period**

Since 1959 (however, as investigation of the period up to and including 1958 is extremely difficult, the continuous audit period could potentially be longer than this).

**(iii) Certified public accountants who carried out the Company's audits**

- |  |                                      |
|--|--------------------------------------|
| • Yoko Ito, Designated Engagement Partner        | Continuous audit period: Three years |
| • Takeshi Yoshida, Designated Engagement Partner | Continuous audit period: Four years  |

**(iv) Composition of additional assistance for audits**

Additional assistance for financial audits for the Company is provided by 10 other certified public accountants and 26 other people.

## **(3) Matters concerning liability limitation agreements**

To enable directors and Audit & Supervisory Board members to adequately fulfill their duties, the Company's Articles of Incorporation stipulate that the Company may enter into liability limitation agreements with directors (excluding executive directors, etc.) and Audit & Supervisory Board members in accordance with Article 427, paragraph 1 of the Japanese Companies Act. In accordance with this stipulation, the Company enters into agreements with independent directors and Audit & Supervisory Board members under which each of them is liable to compensate the Company for damages arising from a breach of their duties up to a predetermined sum of five million yen or more, or the

amount stipulated by law, whichever is higher, if they were acting in good faith and did not commit gross negligence in performing their duties.

### **3. Reasons for Adoption of Current Corporate Governance System**

The Company's institutions, such as the General Meeting of Shareholders, Board of Directors, Audit & Supervisory Board, and financial auditor are adequately performing their legally defined functions. In addition, the Company ensures precise and swift decision-making through such institutions as the Management Meeting and the executive officer system. The Company also seeks to maintain management transparency and objectivity by appointing five independent directors and three outside Audit & Supervisory Board members, and by ensuring that in the Board of Directors, the Recommendation Committee, and the Remuneration Committee independent directors comprise a majority of the membership. Thus, the Company adopted the current system because it provides the necessary corporate governance framework for management decision-making, execution, and supervision.

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

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

UPDATED

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	Notices are mailed out eight business days earlier than the statutory deadline. In addition, electronic provision of certain content starts before the notices are mailed out.
Setting the date to avoid concentration day	The 121st Ordinary General Meeting of Shareholders: June 26, 2025
Electronic Exercise of Voting Rights	Adopted
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	Adopted the platform for the electronic exercise of voting rights for institutional investors
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	Disclose at the website and the platform for the electronic exercise of voting rights
Other	Visual elements are incorporated at the General Meeting of Shareholders presentation to explain business reports and other information.

#### 2. Status of IR-related Activities

UPDATED

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	Established Obayashi Group IR & SR Basic Policy and disclose the Company's website. ◇Obayashi Group IR & SR Basic Policy <a href="https://www.obayashi.co.jp/en/ir/srpolicy.html">https://www.obayashi.co.jp/en/ir/srpolicy.html</a>	
Regular Investor Briefings held for Analysts and Institutional Investors	Hold quarterly financial results briefings for analysts and institutional investors. At the second quarter and full-year financial results briefings, the President and CEO and several other directors attend and explain the Company's business performance and management strategies.	Held
Regular Investor Briefings held for Overseas Investors	Participate in conferences sponsored by securities companies several times a year, where the General Manager of the Corporate Strategy Division and staff members of the Investor Relations & Shareholders Relations Department have opportunities of engagement with overseas investors.	Not Held
Online Disclosure of IR Information	Set up Investor Relations section on the website and post information such as financial results. ◇Investor Relations Japanese: <a href="https://www.obayashi.co.jp/ir/">https://www.obayashi.co.jp/ir/</a> English: <a href="https://www.obayashi.co.jp/en/ir/">https://www.obayashi.co.jp/en/ir/</a>	
Establishment of Department and/or Placement of a Manager in Charge of IR	Officer in charge: General Manager of Corporate Strategy Division Department in charge: Investor Relations & Shareholder Relations Department under the Corporate Strategy Division	

### 3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Implementation of Environmental Preservation Activities and CSR Activities, etc.	<p>The Obayashi Group formulated its long-term Obayashi Sustainability Vision 2050 in June 2019 with the aim of bringing about a sustainable society. Believing that promoting ESG management and contributing to the achievement of the UN Sustainable Development Goals (SDGs) would help create a sustainable society and increase corporate value, the Company identified environmental problems and other sustainability issues, putting concrete action plans in place and setting key performance indicators (KPIs) to guide its efforts.</p> <p>In promoting ESG management, the Company identified six ESG-related material issues. It checks the progress of KPIs set for individual material issues each business year and employs a PDCA cycle to promote their achievement.</p> <p>Furthermore, the Company aims to bring about medium- to long-term growth and a sustainable society by incorporating strategies to address these material issues into its measures based on the medium-term business plan and pursuing these strategies, as well as reflecting the SDGs in its activities.</p> <p><b>【Six ESG-related material issues】</b></p> <p>1. Establish an environmentally responsible society, 2. Enhance quality control and technological capabilities, 3. Ensure occupational health and safety, 4. Develop and retain human resources, 5. Implement rigorous compliance, 6. Conduct responsible supply chain management</p> <p>The Company declared its support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in July 2020, and conducted scenario analysis assessing climate-related risks and opportunities on its business, working on measures based on the results of the analysis.</p> <p>Also, in October, 2022, the FY2030 greenhouse gas emission reduction targets of 46.2% reduction for scope 1 and 2, and 27.5% reduction for scope 3, both vs. FY2019, was certified as Science Based Targets</p>
Formulation of Policies, etc. on Provision of Information to Stakeholders	<p>As part of the Obayashi Basic Principles, the Obayashi Code of Conduct cites ensuring appropriate information disclosure and transparency of management” as one of the Company’s guidelines in conducting its business activities. Accordingly, the Company endeavors to ensure the transparency of its corporate activities by disclosing appropriate financial information based on accurate accounting and striving to proactively disclose CSR-related information as well.</p>

## 1. Basic Views on Internal Control System and Status of Development

**1. System to ensure that directors and employees execute their duties in compliance with laws and regulations and the Articles of Incorporation****(1) Establishment of legally required institutions (the General Meeting of Shareholders, directors, Board of Directors, Audit & Supervisory Board members, Audit & Supervisory Board, and financial auditor)**

In addition to the General Meeting of Shareholders and the directors, the Company has established other legally required institutions, such as the Board of Directors, Audit & Supervisory Board members, the Audit & Supervisory Board, and the financial auditor.

The Board of Directors comprises up to 15 members (of which, more than half of outside directors). In addition to undertaking management decision-making and executing their duties, the directors supervise the execution of duties by other directors, executive officers, and employees. However, independent directors, whose standpoint is independent of the Company, provide advice to help improve business efficiency and supervise all aspects of the Company's management.

The Audit & Supervisory Board comprises up to five members (more than half of whom are outside Audit & Supervisory Board members). Each Audit & Supervisory Board member audits the execution of duties by directors in accordance with the Obayashi Audit Guidelines for Audit & Supervisory Board Members. That process includes adopting a standpoint that is independent of the Company's directors and verifying whether the execution of duties by directors, executive officers, and employees complies with laws and regulations or the Articles of Incorporation, and other rules. They also conduct accounting audits to ensure the Company's financial statements are appropriate.

The financial auditor audits the Company's financial statements from an independent standpoint.

**(2) Internal audit**

The Internal Control Audit Department, Obayashi's internal audit arm, is exclusively responsible for audits to monitor the effectiveness of internal control and the execution of duties by each department. Such audits are performed according to Obayashi's Internal Audit Regulations and are separate from audits by the Audit & Supervisory Board members and financial auditor.

**(3) Establishment and implementation of a corporate ethics promotion framework with the Corporate Ethics Committee at its core**

The Company has established the Corporate Ethics Committee to ensure ethical compliance within its organization by deliberating on important matters related to corporate ethics, including the formulation of basic strategies to ensure compliance.

The Company's efforts to promote compliance with corporate ethics are in accordance with its corporate ethics promotion framework, which has the president as chief ethics officer, and include providing and implementing specific measures and conducting training to establish corporate ethics.

**(4) Preparation and implementation of the Antimonopoly Act Compliance Program**

The Company reliably puts each individual measure stipulated in the Antimonopoly Act Compliance Program into practice, including collection of written pledges regarding compliance with the Antimonopoly Act. It also checks the program's implementation and employs a PDCA cycle to make adjustments.

**(5) Preparation and implementation of the internal reporting system**

The Company has set up a notification system to enable Obayashi Group officers and employees, employees accepted on assignment, seconded employees, part-time employees, and people linked to suppliers and subcontractors to directly notify any potential violations of laws and regulations, or the Company's Articles of Incorporation.

The notification system's internal hotlines for the Group as a whole are the Company's Audit & Supervisory Board members and the Secretariat of the Corporate Ethics Committee, while the external hotline is a law firm that performs the role under contract and consultation and reporting service for foreign workers engaged in the Group's business in Japan.

In addition to these, individual subsidiaries have set up notification hotlines in relation to their own businesses.

**(6) Preparation and implementation of the Antisocial Forces Exclusion Program**

In accordance with the Company's Antisocial Forces Exclusion Program, which details the internal structure for avoiding all contact with antisocial forces and specific strategies for doing so, the Company does not associate with antisocial forces and refuses any improper requests received from antisocial forces.

**(7) Preparation and implementation of the Obayashi Group Anti-Bribery Program**

To prevent bribery of public officials and others both in Japan and overseas the Company conducts training for officers and employees, and implements procedures to ensure appropriate selection of business partners including joint venture partners. The Company has also established consultation hotlines to help prevent illicit activity. The Company regularly monitors and improves this program.

**2. System for storage and management of information regarding directors' execution of their duties****(1) Preparation and implementation of rules regarding storage and management of information**

The Company has prepared and implemented the Regulations on Storage and Disposal of Documents, which stipulate the storage period for documents and electronic records and information handled by the Company in line with laws and regulations, and other guidelines.

With regard to management of documents and information, the Company has provided specific regulations such as the Obayashi Group Information Security Regulations and the Regulations for Preservation of Confidential Information. In accordance with these, it has established and implemented a secure information management system.

**(2) Regular internal audit**

The Internal Control Audit Department regularly audits each department's storage and management of information.

**3. Regulations regarding management of the risk of loss and other systems to ensure appropriate operations**



**(1) Clarification of authority for making important decisions**

The Company's regulations including the Board of Directors' Regulations and the Management Meeting Regulations clarify the authority for making decisions on important matters. With regard to projects that involve risks, the Board of Directors, Management Meeting, Investment Committee, other function-specific committees, and individual departments in charge conduct rigorous risk assessment in accordance with specific regulations addressing the risks in question, such as regulations regarding the handling of construction contracts with significant amounts or particular conditions and regulations governing the technology-related risk assessment meeting. Individuals responsible for business execution such as division heads and general managers of main and branch offices manage profits, losses, and risks at the main and branch offices and elsewhere according to the authority and responsibility assigned to them in advance. They also report the status of such management to the Board of Directors, the Management Meeting, and the Branch Managers Meeting, as appropriate.

**(2) Risk management in each department**

Each department endeavors to prevent risks inherent in its business processes from materializing by assessing the risks in question and building any necessary avoidance and mitigation measures into those processes. The Internal Control Audit Department regularly audits each department's risk management efforts.

**(3) Preparation and implementation of Crisis Management Regulations**

The Company has prepared and implemented the Crisis Management Regulations with the aim of preventing crises and, should a crisis occur, minimizing the impact and damage to the Company's business results by taking swift and appropriate action under a structure with the Crisis Management Committee at its core.

**(4) Preparation and implementation of the Occupational Health and Safety Management System**

The Company has prepared and implemented the Occupational Health and Safety Management System, which brings all its safety management methods together, to put into action the Health and Safety Principles: Ensure the safety and health of all workers at construction sites and create comfortable workplace environments.

In accordance with this system, the Company has built a structure for managing safety focused on the Central Health and Safety Committee chaired by Central officer in charge of health and safety management a company-wide organization specializing in safety. By means of this structure, the Company clarifies the occupational health and safety policy of the organization and manages structures, plan formulation, and procedures for the PDCA cycle from implementation to achievement, review, and maintenance.

**(5) Preparation and implementation of a business continuity plan for responding to a disaster**

To prepare for a situation in which a natural disaster such as a major earthquake occurs, the Company has provided a plan according to the Company's Disaster Management Regulations and other stipulations for implementation to enable continuation of its business activities.

**(6) Preparation and implementation of internal control over financial reporting**

The Company has prepared and implemented internal control over financial reporting to prevent risks inherent in its business processes from materializing and to ensure the reliability of financial reporting.

**4. System to ensure efficient execution of duties by directors**

**(1) Precise and swift decision-making by the Management Meeting**

The Company has established the Management Meeting, comprising members appointed from among its directors and executive officers, thereby ensuring precise and swift decision-making.

**(2) Efficient business execution through the executive officer system**

The Company has appointed executive officers, who focus exclusively on business execution, thereby ensuring efficient business execution.

**(3) Effective monitoring, supervision, and involvement of the Board of Directors in sustainability issue**

The Company examines and discusses both social and corporate sustainability issues, having established the Sustainability Committee (for issues related to environmental and social sustainability) as an advisory body to the Board of Directors and the Directors' Roundtable Meeting (for discussing sustainability related issues, such as corporate governance and management strategy) as a subordinate forum to the Board of Directors.

Discussing sustainability-related issues at Board meetings based on the deliberations conducted in both the committee and roundtable helps ensure the effective and efficient monitoring, supervision, and involvement of the Board in sustainability issues, and assists with the formation of management policies that accurately capture the business environment.

**5. System to ensure appropriate operations in the Obayashi corporate group**

**(1) Guidance and management by the Corporate Strategy Division**

The Company has established the Corporate Strategy Division, which guides and manages all aspects of operations in Group companies.

**(2) Deliberation on important Group company matters by the Board of Directors and Management Meeting**

The Company's Board of Directors and Management Meeting receive reports on the execution of business in Group companies and deliberate and make decisions on important matters relating to the management of Group companies.

**(3) Temporary assignment of officers to Group companies**

The Company temporarily assigns one or more of its officers or employees in principle to serve as directors, executive officers, or Audit & Supervisory Board members at Group companies. Such officers or employees work to ensure appropriate operations at the Group company to which they are assigned. In addition, if they happen to discover any potential violations of laws, regulations, or the Company's Articles of Incorporation, or any fact that could potentially cause serious harm to the Group, they report the details to the Company's directors and Audit & Supervisory Board members.

#### **(4) Internal audit of Group companies**

The Internal Control Audit Department, Obayashi's internal audit arm, undertakes internal control auditing of Group companies according to Obayashi's Internal Audit Regulations.

### **6. System relating to employees who assist Audit & Supervisory Board members with their duties and matters concerning the independence of such employees from directors**

#### **(1) Establishment of the Audit & Supervisory Board Department as a department to assist the Audit & Supervisory Board and its members**

As part of efforts to strengthen the capabilities of the Audit & Supervisory Board and its members, the Company has established the Audit & Supervisory Board Department under their instruction. As a department assisting in the duties of the Audit & Supervisory Board and its members, the Audit & Supervisory Board Department focuses primarily on monitoring their compliance with laws and regulations. The Company has assigned dedicated staff members to the department.

#### **(2) Ensuring the independence of Audit & Supervisory Board Department staff from the Board of Directors chain of command**

Transfers of Audit & Supervisory Board Department staff must be approved in advance by the Audit & Supervisory Board and their personnel appraisals are performed by the standing Audit & Supervisory Board members. Moreover, Audit & Supervisory Board Department staff do not concurrently serve in business execution departments.

#### **(3) Ensuring the effectiveness of instructions to Audit & Supervisory Board Department staff**

Each Audit & Supervisory Board member has the authority to issue instructions to the Audit & Supervisory Board Department staff.

### **7. System for directors and employees of the Company and its subsidiaries to report to the Company's Audit & Supervisory Board members and other systems to ensure that audits by Audit & Supervisory Board members are conducted effectively**

#### **(1) Establishment of a system for directors, executive officers, and employees of the Company and its subsidiaries to report to the Company's Audit & Supervisory Board members**

The Internal Control Audit Department reports to Audit & Supervisory Board members the results of internal audits. Directors, executive officers, and employees of the Company and its subsidiaries report to the Company's Audit & Supervisory Board members any potential violations of laws and regulations, or the Company's Articles of Incorporation, or any fact that could potentially cause serious harm to the Company.

In addition to the above, Audit & Supervisory Board members can request reports on key facts relating to management from directors, executive officers, and employees of the Company and its subsidiaries.

#### **(2) Audit & Supervisory Board members' attendance at important meetings**

In addition to attending meetings of the Board of Directors, Audit & Supervisory Board members also attend other important meetings, where they can express their opinions if deemed necessary.

#### **(3) Regular meetings between Audit & Supervisory Board members and directors**

Audit & Supervisory Board members hold regular meetings with directors at which they confirm management policies and share opinions regarding various management issues including problems the Company needs to address and risks facing the Company.

#### **(4) Provision of an environment to ensure effective audits by Audit & Supervisory Board members**

In addition to the above, Audit & Supervisory Board members can request directors to provide an environment that ensures audits by Audit & Supervisory Board members can be conducted effectively.

#### **(5) Protection of individuals who report issues to Audit & Supervisory Board members**

Directors, executive officers, and employees of the Company and its subsidiaries are not treated disadvantageously for reporting issues to Audit & Supervisory Board members.

### **8. Matters concerning the policy on handling of auditing expenses, etc.**

#### **(1) Payment of Audit & Supervisory Board members' auditing expenses and liabilities**

The Company pays for expenses and liabilities arising in connection with Audit & Supervisory Board members' execution of their duties.

## **2. Basic Views on Measures for Eliminating Anti-social Forces and Status of Development**

### **1. Basic views on measures for eliminating antisocial forces**

#### **(1) Preventing damage caused by antisocial forces**

The Company does not associate with antisocial forces and refuses any improper requests received from antisocial forces.

### **2. Status of development of measures for eliminating antisocial forces**

#### **(1) Establishment of a department in charge of response and a person in charge of preventing improper requests**

To handle improper requests, the Company has designated the general administration departments at main offices and branches as consultation hotlines and the General Administration Department at Head Office as the department in charge of response for the Company as a whole. In addition, each main office and branch has appointed a person in charge of preventing improper requests.

#### **(2) Cooperation with outside specialist organizations**

The Company has established a structure for close cooperation even under normal circumstances with outside specialist organizations including the police, centers for removal of criminal organizations, and attorneys.

#### **(3) Collection and management of information on antisocial forces**

The Company collects information on antisocial forces and this is collated by the General Administration Department at Head Office, which is the department in charge of response for the Company as a whole.

**(4) Provision of response manuals**

The Company has formulated the Antisocial Forces Exclusion Program, which details the internal structure for avoiding all contact with antisocial forces and specific strategies for doing so, and is taking steps to ensure that all employees are aware of the program.

**(5) Implementation of training activities**

The Company holds regular and continuous workshops and training courses for its officers and employees. These include workshops run by instructors invited from organizations including the police and centers for removal of criminal organizations, and workplace corporate ethics training conducted annually, through which the Company ensures that all employees are aware of its antisocial forces response manuals.

## V. Other

### 1. Adoption of Anti-Takeover Measures

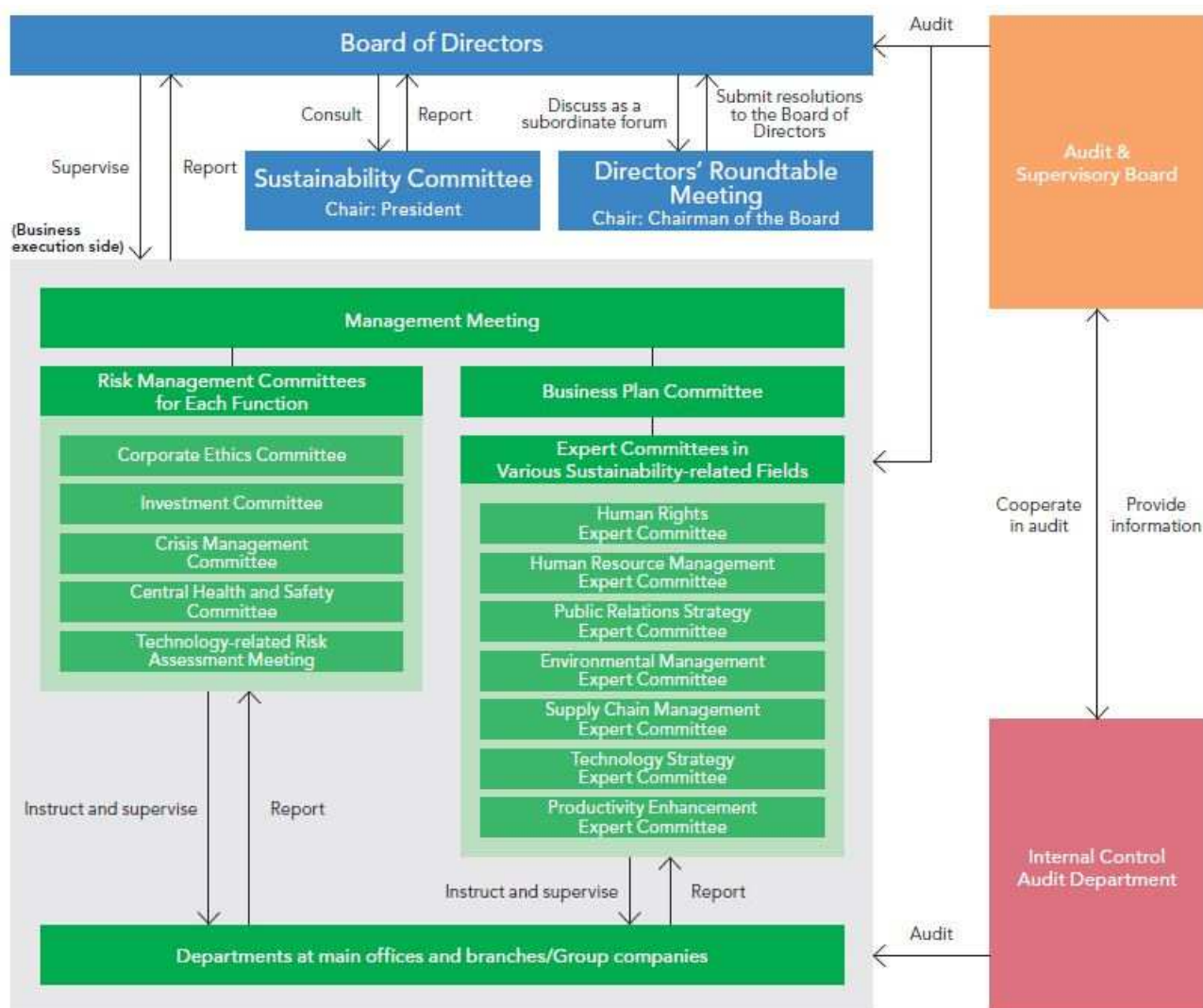
Adoption of Anti-Takeover Measures

Not Adopted

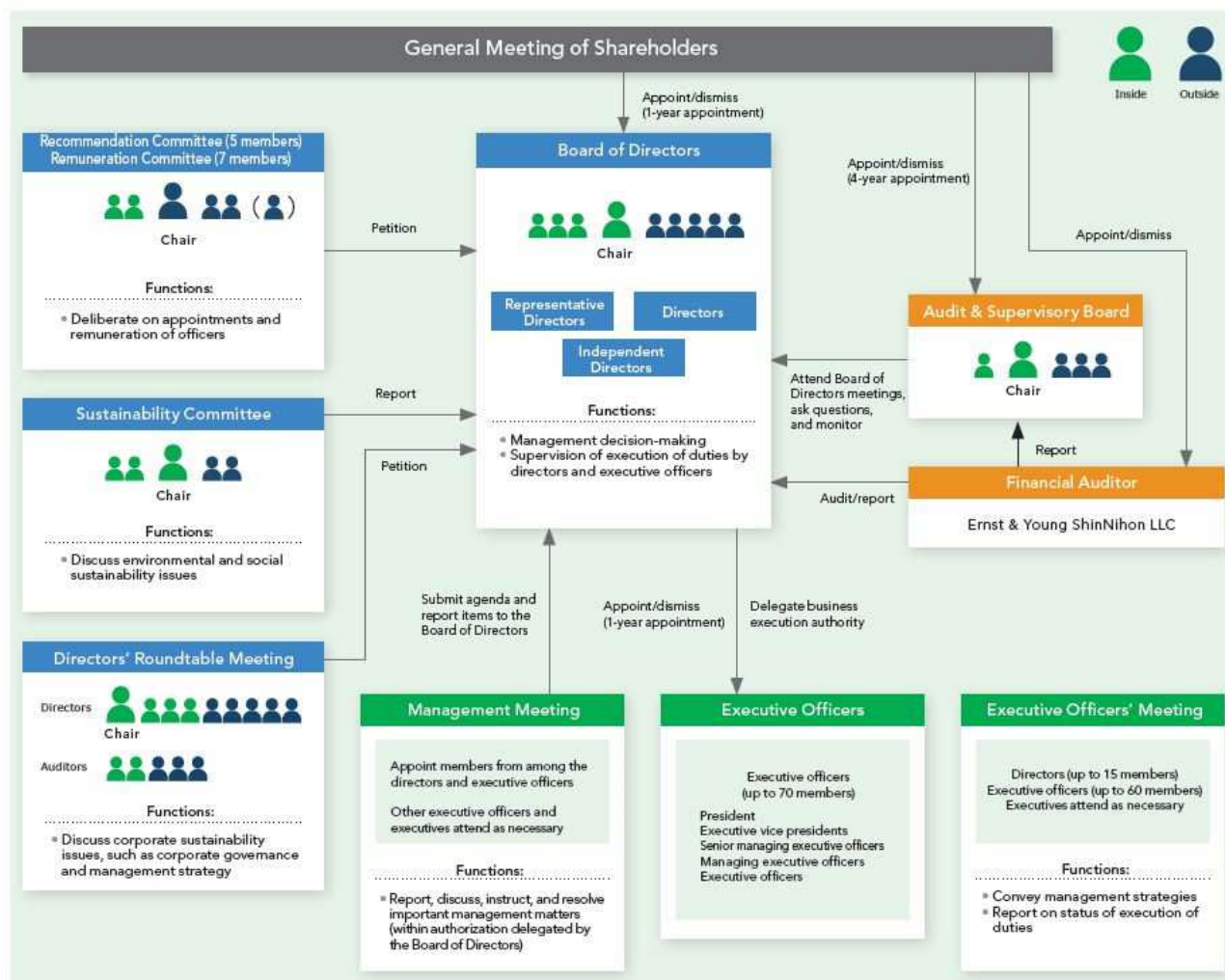
Supplementary Explanation for Applicable Items

The Company's management believes that increasing corporate value is inherently an anti-takeover measure. The Company will continue striving to increase corporate value by redoubling its efforts to increase business efficiency in order to improve business performance.

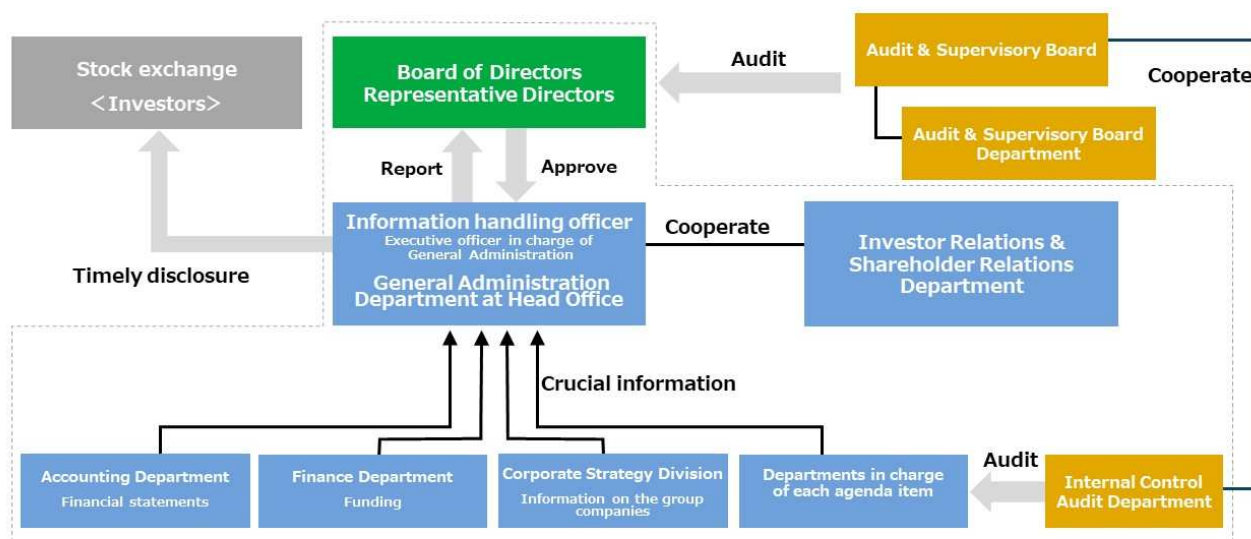
### 2. Other Matters Concerning the Corporate Governance System



## Management Structure



## Structure on timely disclosure



As part of the Obayashi Basic Principles, the Obayashi Code of Conduct cites ensuring appropriate information disclosure and transparency of management as one of the Company's guidelines in conducting its business activities. To achieve these goals, the Company is working to develop an internal structure for timely disclosure.

Specifically, crucial information regarding the Company (including decisions made by the Board of Directors, the occurrence of emergencies such as serious accidents or disasters, and information on financial results) are reported by the departments in charge of each agenda item to the General Administration Department at Head Office, which is the department that assesses potential agenda items for meetings of the Board of Directors and is also the department in charge of crisis management.

The General Administration Department at Head Office and the information handling officer, who is the executive officer in charge of General Administration, assess whether such crucial information should be included on the agenda for the Board of Directors, while also assessing whether the information qualifies as crucial information requiring disclosure to investors.

For crucial information that is judged to require disclosure, the General Administration Department at Head Office undertakes the actual disclosure procedure, including the preparation and distribution of materials to be disclosed, in a timely and appropriate manner following a resolution by the Board of Directors or approval by the Representative Directors. Disclosure is undertaken in cooperation with the Corporate Strategy Division, Investor Relations & Shareholder Relations Department and departments in charge of each agenda item in compliance with the Timely Disclosure Rules of the Tokyo Stock Exchange and other relevant laws and regulations.

Regarding management of insider information, the Company stipulates in its internal regulations how such management should be handled, and works to prevent insider trading by officers and employees. In addition, the Audit & Supervisory Board and the Audit & Supervisory Board Department, which assists it, as well as the Internal Control Audit Department, Obayashi's internal audit arm, audit the legality and appropriateness of operations in each department by means of operational audits.