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## **Notice: Regarding the Formulation of the Detailed Execution Plan for Additional Recurrence Prevention Measures**

As announced in our “Notice Regarding Receipt of the Investigation Report from the Internal Investigation Committee and Measures to Prevent Recurrence” dated March 31, 2025, with respect to the incident involving fictitious orders and other related conduct by an employee (the “Incident”), we received the investigation report from the Internal Investigation Committee, formulated a detailed execution plan for measures to prevent recurrence, and have since been proactively implementing and thoroughly enforcing the measures set forth in the plan.

Furthermore, in order to further enhance the effectiveness of the recurrence prevention measures, we established the “Special Committee on Preventing Recurrence of Fictitious Orders, etc.” (the “Special Committee”) on August 6, 2025, and, as announced in the “Notice: Regarding the Disclosure of the Special Committee’s Investigation Report” dated December 1, 2025, received the investigation report from the Special Committee.

We take the Special Committee’s Investigation Report seriously. Across the entire Fudo Tetra Group, management has reaffirmed the significant risks that the occurrence of improper conduct poses to the Company. For the purpose of ensuring that no improper conduct occurs in the future, we have reviewed the “Detailed Execution Plan for Recurrence Prevention Measures” currently in progress. Based on the “Outline of Recurrence Prevention Measures” below, we have formulated the “Detailed Execution Plan for Additional Recurrence Prevention Measures” as attached. These measures aim to reform the awareness of all officers and employees, reform corporate culture, strengthen internal controls and governance, and ensure thorough compliance. By having every officer and employee actively engage in these additional measures and practice compliance, we will strive to restore public trust and enhance our corporate value.

In addition, to further reinforce the effectiveness of the recurrence prevention measures, we will pursue improvements in employee treatment as well as workplace comfort and job satisfaction, and promote human capital management and health management so that employees can work in good health with a sense of security.

In order to clarify the management responsibility of our officers in connection with this matter, disciplinary actions for the officers are currently being deliberated by the Nomination and Compensation Advisory Committee. We will promptly announce the details once they have been determined by the Board of Directors.

We sincerely apologize for the concern and inconvenience this matter has caused to our shareholders, business partners, and other stakeholders, and we respectfully ask for your continued understanding and support.

### **<Outline of Recurrence Prevention Measures>**

#### **(1) Reform of Corporate Culture and Climate**

Management will reaffirm the significant risks posed by improper conduct and strive to reform the awareness of all officers and employees, as well as the corporate culture, thereby fostering a culture that does not tolerate any improper conduct.

Furthermore, we will eliminate inappropriate practices by superiors and excessive performance pressure, and establish an organization characterized by psychological safety and open communication.

#### **(2) Strengthening of the Operational Processing Control Environment**

In order to prevent improper conduct—such as improper reallocation of costs, creation of pooled funds, and inappropriate use of entertainment expenses—from occurring, we will strengthen controls in the accounting and procurement processes.

Furthermore, we will eliminate gaps in understanding between operational sites and administration departments and enhance the framework for on-site support provided by administration departments, with particular emphasis on verifying the existence of transactions and preventing improper reclassification of expense items.

### (3) Education and Training

By providing specific training closely aligned with on-site operations to ensure that improper conduct is not viewed as “someone else’s problem,” we will emphasize the seriousness of the impact that improper conduct has on both the Company and individuals. Through these efforts, we will ensure that knowledge and awareness of appropriate accounting treatment and business procedures are deeply instilled in all officers and employees.

### (4) Engagement with Business Partners

We will ensure fair and appropriate transactions with business partners and establish an environment in which improper requests by our employees—such as the creation of pooled funds—can be refused.

In addition, we will thoroughly promote awareness of the internal whistleblowing system and enhance its safety and reliability so that business partners will not hesitate to report concerns.

### (5) Strengthening Governance

To strengthen governance, we will further enhance the effectiveness of the Board of Directors, the Audit and Supervisory Committee, and internal audits, and objectively monitor and verify, at the management level, the progress and effectiveness of the recurrence prevention measures.

## Appendix

### < Detailed Execution Plan for Additional Recurrence Prevention Measures >

The underlined parts are additional measures.

#### (1) Reform of Corporate Culture and Climate

① The President (including presidents of Group companies) and the heads of each Business Division will clearly and firmly communicate to all officers and employees across the Company and each Business Division their understanding of this matter, as well as the Company's unwavering stance of not tolerating any improper conduct under any circumstances.

(Measures)

- i) The President will regularly deliver messages on compliance at the President's briefing sessions.
- ii) All officers and employees will be required to attend annual compliance training conducted by external experts, with content tailored to their respective roles and responsibilities. In addition, the results of awareness surveys will be monitored at the department and worksite levels.
- iii) Directors and managers will participate in training conducted by external experts focusing on "Supervisory Responsibility," "Internal Controls," and "Governance," and changes in awareness and attitudes regarding governance and related matters will be monitored.
- iv) The Company's recurrence prevention measures will be horizontally deployed to Group companies, and officers of Group companies will be required to attend training programs on similar themes, including compliance training and governance training.
- v) The President (including presidents of Group companies), heads of Business Divisions, and branch managers will promote the permeation of compliance awareness by exchanging views on the importance of compliance at meetings and other forums.

#### ② Organizational Revitalization and Ensuring Psychological Safety

Organizational revitalization and the alleviation of excessive performance pressure will be promoted through reviews of appropriate personnel assignments and the implementation of personnel rotations, thereby fostering a culture in which appropriate conduct is properly evaluated.

(Measures)

- i) Appropriate personnel assignments will be systematically reviewed, and personnel transfers (including talent rotation) will be implemented to revitalize the organization and prevent collusive relationships and other issues arising from organizational stagnation.
- ii) Through individual meetings and other means, careful explanations and two-way communication will be conducted with personnel involved in construction projects to ensure that they are not subject to excessive performance pressure.
- iii) In the "Individual Project Cost Management Guidelines," the significance of cost management for individual projects will be clearly specified, and guidance will be provided at performance review meetings and similar forums.
- iv) The administrative burden associated with the preparation of documents at worksites will be reduced, and procedures will be streamlined and rationalized.

#### ③ Improvement of Rules on Cost Management, Entertainment Expenses, and Procurement

With the aim of eliminating prior business practices and customs, we will improve and thoroughly disseminate rules related to cost management, entertainment expenses (including internal social functions), and procurement, and implement education designed to establish psychological safety and an open and transparent workplace environment.

(Measures)

##### ○ Entertainment Expenses

- i) The "Guidelines on Entertainment Expenses (including Internal Social Functions)" will be established, setting forth and clarifying specific rules and criteria for judgment regarding entertainment and social activities conducted both internally and externally.

##### ○ Cost Management

- ii) Coordination meetings will be held among the Administration Division, and the Administration Departments and Construction Departments of each Business Division to discuss revisions to regulations and rules related to construction projects and similar activities. When such regulations and rules are revised, a unified understanding of the revised accounting treatments and fundamental cost management rules will be confirmed among the three

parties, and the changes will be thoroughly communicated to relevant personnel (from the Head Office → Site Construction Department Managers → Site Managers → Site Staff).

iii) Each Business Division (with construction functions) will be required to prepare concise manuals summarizing the rules and workflows related to ordering, inspection, and expense processing, and to ensure that such manuals are communicated to site managers and site staff through site construction department managers.

iv) Awareness of the Procurement Management Regulations revised in August of this year will be promoted, and the thorough implementation of the new procurement rules will be ensured by supplementing Q&A materials and manuals with explanations of operational procedures.

④ Review of the Code of Conduct and Its Guidelines, the Compliance Manual, and Related Materials, and Implementation of Education and Training on the Facts, Causes, and Recurrence Prevention Measures of the Incident

(Measures)

i) A new department dedicated to promoting compliance, preparing manuals, and conducting awareness-raising activities will be established.

ii) Manuals related to the Code of Conduct and compliance standards concerning accounting and taxation—including, among others, “3-2 Establishment of Appropriate Procurement Policies and Production Systems” and “3-4 Proper Accounting Treatment and Ensuring the Reliability of Financial Reporting”—will be reviewed, and their contents will be thoroughly communicated to all officers and employees.

iii) In order to ensure that the Incident is not regarded as “someone else’s problem,” education will be provided to all officers and employees through e-learning programs (covering fundamental knowledge and self-checks), emphasizing that compliance violations such as improper accounting treatment and cost manipulation have serious consequences for both the Company and individuals.

iv) Accountability will be clearly defined and applied not only to those who engaged in improper conduct, but also with respect to the supervisory responsibility of senior personnel.

⑤ With the perspective of eradicating undesirable practices and implicit norms that tolerate improper conduct and establishing a corporate culture in which all officers and employees act with integrity in society, the Board of Directors and management will formulate and steadily implement recurrence prevention measures.

(Measures)

i) In conjunction with the establishment and activities of the Corporate Culture and Business Reform Committee, the President will declare to head office executives and branch managers that reforms and renewal will be vigorously promoted on a company-wide basis.

ii) The Corporate Culture and Business Reform Committee will monitor, follow up on, evaluate, and improve the Detailed Execution Plan for Recurrence Prevention Measures, and report on its progress to the Board of Directors on a monthly basis.

iii) External consultants will be engaged to identify structural issues in the Company’s corporate culture based on interviews with management and employees, as well as the results of engagement surveys.

iv) To address the identified structural issues, working groups consisting of employee company-wide will be established to further analyze the issues and formulate and implement action plans for their resolution.

v) Town hall meetings (ongoing dialogue with management) will be held regularly to rebuild trust between management and employees and to strengthen horizontal collaboration across business divisions.

vi) Company-wide improvement measures and an outline of corporate culture reform will be formulated and communicated to all employees through a message from the President. The progress of these improvement measures will be monitored by the Board of Directors, and follow-up actions will be conducted regarding their implementation.

vii) To ensure that company-wide issues are not regarded as “someone else’s problem,” the heads of each Business Division will take the lead in implementing specific measures and monitoring their progress.

(2) Strengthening of the Operational Processing Control Environment

① Formalization of Rules for the Retention of Delivery Slips and Strengthening of Controls through Verification of Invoice Details and Delivery Slips

(Measures)

i) Awareness will be thoroughly reinforced that delivery slips constitute documents evidencing the existence of transactions and are statutory records subject to mandatory retention requirements.

ii) In the revised set of three internal control documents for “Construction Business Payment Processing (Worksite Settlement),” the Internal Control Department will position the verification conducted by matching invoices (detailed statements) with delivery slips as a key control and will continue to perform such checks.

iii) The Administration Division will clearly define the fundamental rules of cost management and, through coordination meetings with the Administration Departments and Construction Departments of each Business Division, share standard operational processing methods. After confirming a unified understanding among the three parties, these rules and methods will be thoroughly communicated to relevant personnel (from the Head Office → Site Construction Department Managers → Site Managers → Site Staff).

② Formalization of Sampling Check Rules Related to the “Existence of Transactions” at the Time of Payment Approval

(Measures)

- i) The matching of invoice details with delivery slips will be included as a subject of internal control audits.
- ii) The Administration Departments of each Business Division and the Internal Control Department will continue to conduct checks based on the revised set of three internal control documents for “Payments (Offset of Purchase Orders).”

③ Review of the Authority of Department and Section Heads, the Exercise of Such Authority, and Related Oversight Frameworks in the Procurement, Invoice Processing, and Cost Management Processes

(Measures)

- i) The “Individual Project Management Guidelines” (covering the formulation of execution budgets prior to order receipt, after order receipt, during construction, and at project completion) will be revised, including their operational aspects, to further enhance the effectiveness of review committees and ensure the appropriateness of the cost management process.
- ii) From the perspectives of preventing fraud in the procurement process and ensuring thorough compliance, the Procurement Management Regulations will be revised, including measures such as the relaxation of ordering procedures, the promotion of the use of mail-order vendors for miscellaneous materials and equipment, the expansion of the scope of supplier screening, and the establishment of criteria for suspension of transactions.
- iii) Significant revisions to the “Individual Project Management Guidelines,” the “Procurement Management Regulations,” and other key rules will be submitted for deliberation by the Management Committee, thereby strengthening oversight through governance.

④ Documentation and Dissemination of Formal Procedures and Rules for the Reclassification of Expense Items

(Measures)

- i) Each Business Division (with construction functions) will prepare manuals to standardize accounting treatment rules at worksites and thoroughly communicate the duties to be performed by site managers with respect to ordering, payment processing, and related tasks.
- ii) Rules related to budget management and accounting treatment associated with the Machine Center will be clearly defined and documented.
- iii) Responsibilities for “ordering and inspection” and for “payment processing and cost recognition” at worksites will be segregated. In cases where such segregation is not feasible, such as small-scale or short-term construction projects, mutual checks and balances will be ensured through periodic reviews conducted by the Administration Departments of the relevant Business Divisions.

⑤ Other

(Measures)

- i) The retention period for measures to prevent email tampering and similar misconduct will be progressively extended from one year to ten years.
- ii) Monitoring and oversight of emails of officers and employees will be strengthened.

(3) Education and Training

① Manuals clearly and comprehensively organizing the duties to be performed in ordering and payment operations, taking into account on-site conditions, will be prepared and disseminated for employees in construction divisions.

(Measures)

- i) Each Business Division (with construction functions) will be required to use the manuals prepared by its respective department to provide advance instruction to construction division employees who are assuming the role of site manager for the first time, covering formal procurement and payment processing procedures (e.g., matching invoices with delivery slips, ordering, inspection, and payment processing)
- ii) Each Business Division (with construction functions) will incorporate practical, hands-on training using the manuals into its annual training programs.

② Institutionalization of Education and Training Programs to Ensure the Dissemination of Formal Procedures Documented under the Measures for Strengthening the Operational Processing Control Environment, Along with Thorough Management of Participation and Verification of Proficiency  
(Measures)

- i) Instruction incorporating case studies based on examples of improper accounting, tailored to on-site operations, will be provided to employees involved in construction projects (including those in construction, sales, and administration departments) at various committee meetings and site managers' meetings. The status of implementation will be verified through records of training conducted.
- ii) As part of entry-level education, training aimed at ensuring the dissemination of formal procedures will be conducted in the second-year training program for employees in construction divisions.
- iii) In hierarchical training programs, video-based training on compliance and accounting and taxation will be provided. Participation records will be managed through the training system, and levels of understanding and proficiency will be confirmed through questionnaires and surveys.

(4) Engagement with Business Partners

① Request to Business Partners to Refuse Improper Requests by Company Employees and Promotion of Active Use of the Internal Whistleblowing System

(Measures)

- i) Awareness of the internal whistleblowing system will be promoted through the preparation and distribution of informational leaflets.
- ii) Specific consultation channels and procedures will be clearly documented and proactively communicated, enabling business partners who receive improper requests or instructions from Company employees to report such matters or refuse such requests without suffering any disadvantage.
- iii) In addition to measures for dealing with business partners (including requests to refuse improper demands and to report such matters), clauses will be introduced into contracts and other agreements stipulating that transaction may be suspended or contracts terminated in cases where improper conduct is accepted or complied with.
- iv) Efforts will be made to carefully explain to business partners that such contractual clauses are important for deterring improper conduct and to obtain their understanding.
- v) At safety conventions and similar events organized by safety and health cooperation associations, explanations will be provided regarding requests to refuse improper demands, relevant cases, and the internal whistleblowing system (including the prohibition of retaliatory treatment and strict confidentiality).
- vi) CSR Procurement Guidelines will be formulated, and explanations regarding their implementation will be provided at safety conventions and similar events organized by safety and health cooperation associations.
- vii) Announcements regarding the internal whistleblowing system will be provided at the time purchase orders are issued through the electronic contract system.

② Implementation of Periodic Compliance Surveys for Business Partners Based on Sampling

(Measures)

- i) With reference to the scope of the investigation into the improper conduct in this matter, business partners will be selected through sampling, and periodic compliance surveys will be conducted. The results will be reported to the Risk Management Committee, and any necessary follow-up investigations or responses will be appropriately carried out.
- ii) The surveys will include checklist items to confirm that, in transactions with business partners, no improper transactions—such as the creation of pooled funds or instructions to reclassify costs—are induced or carried out at any stage of the ordering, inspection, or payment processes.

(5) Strengthening Governance

① Strengthening the Internal Audit Check Framework

Enhanced monitoring by including construction sites managed by a single site manager within the scope of internal audits

(Measures)

- i) Samples designated by the Audit Department will be verified through cross-checks conducted across the Soil Improvement Divisions and the Civil Engineering Divisions.
- ii) Samples reviewed by business divisions will be re-verified by the Audit Department.
- iii) The Audit Department will independently conduct sample verifications.
- iv) The scope and content of on-site audit inspections will be enhanced, including the matching of invoices and delivery slips during site audits.
- v) The frequency of unannounced audits will be increased and such audits will be conducted more extensively.

② Increasing the Number of Internal Audit Personnel and Continuously Enhancing Audit Capabilities and Skills  
(Measures)

- i) The number of personnel assigned to the Audit Department will be increased.
- ii) Skills to detect improper conduct through on-site audits will be continuously enhanced.
- iii) During on-site audits at branch offices and worksites, direct guidance on compliance will be provided to operational personnel.
- iv) Knowledge will be continuously updated through participation in various training programs and seminars, including those featuring case studies from other companies.

③ Thorough Dissemination of the Internal Whistleblowing System

Regular communications by top management regarding the significance, safety, and reliability of the internal whistleblowing system, along with continuous dissemination of the system and explanations provided to eligible users.

(Measures)

- i) Top management will deliver messages to all employees at least semiannually, directly or via video, emphasizing the significance of the internal whistleblowing system, its safety (including the prohibition of disadvantageous treatment), and its reliability (through rigorous investigation and corrective actions).
- ii) The “CSR Card – Corporate Ethics Helpline” will be renewed, distributed to all officers and employees, and required to be carried at all times.
- iii) Briefing sessions on the internal whistleblowing system will be conducted for all officers and employees to promote understanding and reduce psychological barriers to using the system.
- iv) Posters encouraging the use of the whistleblowing system will be created and displayed at offices, worksites, and other locations.
- v) It will be formalized as a rule that contact information for the whistleblowing hotline and diagrams illustrating the reporting flow are periodically posted on the internal intranet and in workplaces and other locations where on-site personnel can easily see them at all times.
- vi) Periodic surveys on the internal whistleblowing system will be conducted for all officers and employees to supplement the system, verify its effectiveness, and review system details as necessary. The level of system penetration and trust will be quantitatively measured, and the results will be reported to the Audit and Supervisory Committee.
- vii) The operational status of the internal whistleblowing system will be reviewed at least once a year to identify areas for improvement in system usage, and continuous improvements will be implemented.

④ Enhancement of the Effectiveness of the Board of Directors

(Measures)

- i) The Board of Directors will continuously monitor the status of implementation and verify the effectiveness of the recurrence prevention measures, and will oversee their effectiveness by receiving and sharing the results of periodic internal awareness surveys as well as all audit results conducted by the Internal Audit Department.
- ii) The Board of Directors will select director candidates by partially reviewing and appropriately operating internal regulations related to the nomination process for director candidates.
- iii) The content of the minutes of meetings of the Board of Directors will be reviewed and enhanced to ensure more substantive and comprehensive records.

⑤ Enhancement of the supervisory functions of the Audit and Supervisory Committee

(Measures)

• Enhancing the Effectiveness of the Supervisory Function of the Audit and Supervisory Committee

- i) In addition to receiving reports at meetings of the Board of Directors, the Audit and Supervisory Committee will continuously monitor the status of implementation of recurrence prevention measures by directly receiving reports from executive departments when it deems necessary.
- ii) In order to further enhance the confirmation of the development and operation of internal controls, the Audit and Supervisory Committee will increase the level of involvement of Outside Directors serving as Audit and Supervisory Committee Members in on-site inspections (including construction sites, Head Office departments, and Business Divisions).
- iii) In addition to providing regular reports to the Board of Directors twice a year, the Audit and Supervisory Committee will report audit results and matters requiring improvement as appropriate, and will encourage timely and appropriate responses.
- iv) The content of the minutes of meetings of the Audit and Supervisory Committee will be reviewed and enhanced to ensure more substantive and comprehensive records.

• Strengthening Collaboration with the Internal Audit Department

- i) The Audit and Supervisory Committee will confirm the status of implementation of recurrence prevention measures and audit activities conducted by the Internal Audit Department, will instruct additional actions as necessary, and, when it deems appropriate, will request management to strengthen the audit framework.
- ii) The Audit and Supervisory Committee will review the annual audit plan of the Internal Audit Department in advance and, when it deems necessary, will instruct the formulation of additional audit plans.
- iii) When the Internal Audit Department conducts on-site inspections, the Audit and Supervisory Committee will share key audit focus areas related to operational process controls (including the appropriateness of construction cost accounting and accounting treatment of entertainment expenses), receive reports on major audit working papers and audit results, and instruct additional actions as necessary.