

HOKURIKU ELECTRICAL CONSTRUCTION CO., LTD.

Isashi Yamazaki, President, Representative Director and CEO

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(Securities code: 1930)

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

The status of the Company's corporate governance is as follows.

Basic philosophy on corporate governance, capital structure, corporate attributes and other basic information

1. Basic philosophy

In order to engage in business activities sustainably and soundly amid the changing operating environment for enterprises, the Company has as its basic policy to secure prompt decision-making and transparency in business management and strengthen operational oversight functions to ensure compliance. This is in the belief that enhancing and strengthening corporate governance is one of important business issues. In our view, living up the trust and expectations of our stakeholders such as shareholders, customers, and local communities will lead to maximizing our corporate value, ultimately benefiting our stakeholders.

These are efforts based on the Board of Directors' Resolution on the Arrangement of System to Ensure the Appropriateness of Business Operations and the Corporate Governance Code stipulated by the Tokyo Stock Exchange. By continuing these efforts, we will strive to keep our corporate governance effective.

Reasons for not implementing any of the principles of the Corporate Governance Code

The Company implements all the principles of the Corporate Governance Code.

Disclosure based on the principles of the Corporate Governance Code Update

Principle 1-4: Stocks held for strategic purposes

We hold shares that we believe will contribute to enhancing our corporate value sustainably from a medium- to long-term perspective in comprehensive consideration of the overall objective of strengthening and maintaining the business relationship with the issuing company.

The Board of Directors decides whether to continue to hold, purchase additionally or sell strategic shareholdings by regularly examining to see whether the cost of capital involved is justified by the latest three-year construction orders received from the issuing company and the benefits from holding the shares.

As regards strategic shareholdings for the fiscal year ended March 31, 2025, we at a Board of Directors meeting held on March 28, 2025 resolved to continue to hold shares deemed appropriate to be held and to sell shares deemed not appropriate to be held, as a result of considering construction orders received and benefits from holding the shares.

We exercise voting rights appropriately after scrutinizing a proposed resolution and examining to see whether it will contribute to developing the investee company and enhancing its shareholder value, among other factors.

Principle 1-7: Transaction between related parties

The Company's internal rules stipulate that any proprietary transaction, conflict-of-interest transaction or competing transaction with a board member shall require approval by, and reporting to, the Board of Directors. In addition, any proposed transaction with a related party such as a major shareholder shall be submitted and reported to the Board of Directors as appropriate in accordance with internal rules.

Any transaction with a related party found to be applicable after examining significant transactions in accordance with legal standards is disclosed in a business report and annual securities report.

Supplemental principle 2-4 (1): Philosophy and goals on ensuring diversity and the status quo

The Company ardently works to obtain diverse human resources such as women, non-Japanese, and mid-career hires. With regard to the promotion of female employees to managerial posts, our goal is to increase the ratio of female managerial employees to 5% of all managerial employees of the Company by March 2028. We recruit foreign nationals from the perspective of expanding to overseas areas and mid-career hires, totaling about 7 a year, mainly in age groups that are under-represented in the Company's workforce. We make it a rule to promote any highly-skilled foreign national employee to a managerial post regardless of the number of service years.

As of April 1, 2025, female managerial employees accounted for 3% of all managerial employees of the Company. In addition, the Company was served by 4 foreign nationals hired (2 males and 2 females). We hired 29 mid-career professionals in FY2024. Having promoted many mid-career hires to board member posts, we will keep striving to obtain diverse human resources by treating them in accordance with their capabilities.

- Human resource development policy

To develop professionals able to address ever-more sophisticated construction techniques and diversifying customer needs, we assist employees in upgrading their skills through various training programs such as new joiner training, technical training by job level and specialty, training for acquiring official qualifications and business management training, all done at the Skill Development Center (a vocational skill development school certified by the Toyama Prefectural Government).

Human resource development

<https://www.rikudenko.co.jp/recruit/about/hr-development.html>

- Keep the internal environmental in good order

The Company continues to put its internal environment for the sake of its increasingly diverse workforce and workplace by striving to enhance employee work-life balance by stimulating flexible work style and prompt employees to take leave. Specifically, we put in place childcare and nursing care leave programs that are more expansive than required by law in an effort to get both men and women to take childcare leave avidly. Moreover, we put into place: i) the Super Flex Time scheme and a remote work program in order to let employees make a work style choice in accordance with their life plan; and ii) the Job Return program that allows any former employee who resigned the Company for reasons such as childbirth, childcare or nursing care to be reinstated at the office. We will keep striving to ensure diversity in the future given that we also put into place a program of unceasing employment at group companies in order to let highly-motivated elderly employees to keep working regardless of age.

Principle 2-6: Corporate pension

The Company, having put into place a defined contribution pension plan, informs new joiners of the basic plan structure and notes.

Principle 3-1: Enhancement of information disclosure

- (i) We laid down a business management policy and action plan before which are publicized on our official website, among other channels. This was under our business management philosophy that the foundation of the Company's development is to meet customers' expectations sincerely and live up to them at all times by using skills and quality of highest possible levels. The action plan, being embedded with strategies and policies that are mindful of cost of capital and stock price, are intended to be executed by all employees with a vision on working to achieve the SDGs by 2030.

Management philosophy

<https://www.rikudenko.co.jp/company/rinen.html>

Action plan

<https://www.rikudenko.co.jp/ir/middleplan.html>

- (ii) See the section titled "1.1 Basic philosophy."
- (iii) See the section titled "2.1 Matters pertaining to institutional structure and organizational operation [Directors' remuneration]" in this report.
- (iv) The Company nominates professionals of outstanding character, insights, and capability as candidates for directors and audit & supervisory board members in consideration of their career history.
We nominate, as candidates for outside directors and outside audit & supervisory board members, professionals who are equipped with extensive knowledge and experience and can provide oversight, guidance and advice on the Company's business management from an objective standpoint by tapping into their wealth of experience and insights.
Moreover, we determine candidates for directors and candidates for audit & supervisory board members by deliberating thoroughly at Board of Directors meetings also attended by outside directors and outside audit & supervisory board members.
- (v) The reasons for the appointment and nomination of individual candidates for directors and audit & supervisory board members are shown in the Notice of Convocation of Ordinary General Meeting of Shareholders.

Supplementary principle 3-1 (2): Disclosure and provision of information in English

The whole of the notice of convocation was translated into English.

Supplemental principle 3-1 (3): Management strategy

- Sustainability initiatives of the Company

The Company has as its sustainability policy to become a company that continues to develop hand in hand with customers and local communities through fulfilling our social mission of supplying electricity stably and providing safe and reliable facilities in accordance with our management philosophy. We work to achieve the SDGs by 2030 as one of our important management issues given that this philosophy and mission in many respects are in conformity to the concept and objectives of the Sustainable Development Goals (SDGs) advocated by the United Nations. We will increase our corporate value by expanding and developing our business domains further with a view to striving to engage in mergers & acquisitions (M&As) activities, expand to overseas regions and continually generate new business lines under the action plan constituting the Medium-Term Business Plan in order to further enhance the sustainability of our business.

- Investment in human capital

The Company's flagship business line, facility construction, is a labor-intensive sector, so in order for it to operate the business and grow sustainably, it must urgently obtain human resources. In addition, we think it is important to improve labor productivity and secure human resources by considering employee health control from a management perspective and doing it strategically. We incorporated specific initiatives into the action plan constituting the Medium-Term Business Plan. For our human resource development policy, please see the section herein titled Supplemental Principle 2-4 (1) Human resource development policy.

- Investment in intellectual properties

We set up the Technical Development Center as a base for improving our construction capabilities through developing new techniques. The center put in place an environment of ultra-low latency, high reliability, and ultra-high-speed communication using a local 5G network on its premises, and does demonstration and practical application of remote control systems for on-site remote control. In addition, we will strongly pursue work style reform efforts through DX, enhance construction capabilities through company-wide efforts and extend new knowledge and techniques gained through technological development using AI and IoT, on a cross-department basis.

- Addressing climate change

On addressing climate change, we as a facility constructor must actively engage in carbon neutral related construction projects in order to realize a decarbonized society, and see the endeavor as an important social challenge for contributing to achieving the SDGs. Therefore, in order to effectively deal with the challenge, we will disclose information in accordance with a recommendation from the Task force on Climate-related Financial Disclosures (TCFD) that is designed for us to assess the risks and opportunities of climate change by ourselves and analyze a financial impact on our corporate management.

Our efforts

- Our solar power generation facilities and small-scale hydropower generation facilities had the effect of reducing CO2 emissions by 4,065 tons in FY2024.
- The Company intends to install self-consumption solar power generation facilities at business sites where they can be installed.
- In an effort to promote the introduction of electric vehicles, we aim to electrify all of our standard and small passenger cars by FY2030. For some of the erection work vehicles, we arranged for erection work parts to be battery-powered in order to reduce noise and CO2 emissions during late-night work hours.

Disclosure in accordance with TCFD recommendations

<https://www.rikudenko.co.jp/tcfd/>

Supplemental Principle 4-1 (1): Scope of delegation to management team

The Board of Directors makes decisions on matters stipulated by laws and regulations and the Articles of Incorporation as well as important operational matters (proposed resolutions to be submitted to general meeting of shareholders, budget and financial statement and important business plans).

Matters other than the types of important matter mentioned above are appropriately delegated to the management team according to the Table of Administrative Authority in the Organization Regulations.

Principle 4-8: Effective use of independent outside directors

Independent outside directors meeting independence requirements shall be at least one third of all directors of the Company, which shall appoint three independent outside directors.

Supplementary Principle 4-8 (3): Setting-up of special committees

The Company has business dealings with another affiliated company Hokuriku Electric Power Company and its wholly-owned subsidiaries (hereinafter referred to collectively as the "Other Affiliated Company, etc.") to perform contracted construction work. On the other hand, while the Company does not have controlling shareholders, its other affiliate company, Hokuriku Electric Power Company, holds a large percentage, albeit not a majority, of the voting rights. Under these circumstances, in light of the fact that the Company maintains a strong relationship with Other Affiliated Company, etc., and conducts transactions such as contracted construction work in close collaboration with them, important transactions and actions that may conflict with the interests of the Other Affiliated Company, etc. and minority shareholders are deliberated and verified at a "special committee (established on June 29, 2022)" composed of all independent outside directors and independent outside corporate auditors to appropriately protect the interests of minority shareholders in relation to such transactions, thereby establishing a highly effective governance system. The committee examines the reasonableness of details of a transaction with the Other Affiliated Company, etc., and if finding the interests of minority shareholders to be harmed, the committee recommends that the Board of Directors take appropriate action.

Principle 4-9: Criteria for independence of independent outside directors and their aptitude

The Company selects candidates for outside directors and outside audit & supervisory board members after finding them to be independent if they fall under any of the following categories.

- The prospective candidate meets independence criteria stipulated by the Tokyo Stock Exchange.
- The prospective candidate is a professional able provide oversight, guidance and advice on the Company's business management from an objective standpoint by tapping into his or her wealth of experience and insights.

Supplementary Principle 4-10 (1): Setting-up of voluntary advisory committees on nomination and remuneration

The Company set up the Nomination and Remuneration Opinion Exchange Committee more than half of which consists of independent outside directors as a committee charged to judge the appropriateness of the nomination and remuneration of directors. As an independent body, the committee deliberates on particularly important matters such as nomination and remuneration, issues recommendation to the Board of Directors, which in turn deliberates and resolves on the recommendation.

Supplemental principle 4-11 (1): Philosophy on Board of Directors composition

The Company strives to ensure diversity and appropriate size of the Board of Directors by appointing directors who are equipped with different areas of expertise and backgrounds and independent outside directors, in a total number of up to 13 as stipulated in the Articles of Incorporation, while ensuring that the Board of Directors as a whole is composed of professionals equipped with knowledge, experience and ability in a well-balanced manner. The skill matrix of directors and audit & supervisory board members is shown in the Notice of Convocation of Ordinary General Meeting of Shareholders and is also presented in the official website of the Company.

General Meeting of Shareholders

<https://www.rikudenko.co.jp/ir/meeting.html>

Supplemental Principle 4-11 (2): Concurrent service at other company by directors and audit & supervisory board members

The important concurrent service by directors and audit & supervisory board members are shown each year in the business report section of the Notice of Convocation of Ordinary General Meeting of Shareholders and the Reference Documents for General Meeting of Shareholders.

Supplementary Principle 4-11 (3): Analysis and assessment of effectiveness

Any proposed resolution to be submitted to the Board of Directors is subjected to prior deliberation at an executive meeting with discreet explanation being given to outside directors, following which the proposed resolution is approved and adopted by the Board of Directors. We analyze and assess the operation of the Board of Directors and report the result to it at the end of each fiscal year, and review its operation as required such as by revising the criteria for proposed resolutions, which makes us believe that the effectiveness of the Board of Directors is sufficiently ensured.

Moreover, starting from FY2015, we began to annually conduct a questionnaire survey of board members, including outside ones, regarding the operation of the Board of Directors. In FY2024, in addition to working to improve the provision and composition of materials and explanations with the aim of forming high-quality discussions, we strove to enhance the effectiveness of the Board of Directors through stepping up communication between outside board members by holding training session for outside board members concurrently with a new joiner skill presentation meeting.

Supplementary Principle 4-14 (2): Training policy

The Company provides its directors and audit & supervisory board members with training opportunities needed for properly fulfilling their roles and responsibilities. We strive to acquire needed knowledge and information by getting our units to provide information and making, as required, our personnel participate in training programs and seminars held by external institutions.

Supplementary Principle 5-1: Policy on constructive dialogue with shareholders

The Company promotes constructive dialogue with shareholders and investors. For such dialogue, we laid down an investor relations (IR) policy, which is presented on our official website.

IR Policy

<https://www.rikudenko.co.jp/ir/>

(i) Designate a director charged to oversee IR

At the Company, the board member in charge of public relations is in charge of IR.

(ii) System for IR

The Company designated IR & Public Relations Section, General & Legal Affairs Department as the unit in charge of IR, and the section works in close communication with General Affairs & Treasury Section, General & Legal Affairs Department and Accounting Department.

(iii) Dialogue methods

The president and the board member in charge of investor relations engage in IR appropriately through dialogue activities such as financial results briefings and one-on-one investor relations meetings. In addition, we actively present information on the dedicated IR section of our official website.

(iv) Feedback to management

The result of dialogue activities is reported to management as required, and appropriate action is taken.

(v) Management of insider information

We laid down a mechanism for the management and disclosure of material information in accordance with our internal rules titled "Rules for Prevention of Insider Trading and Disclosure of Corporate Information" and we properly handle dialogue with shareholders and investors.

(vi) Promotion and disclosure of dialogue with shareholders

We hold a company briefing for retail investors regularly in major metropolitan areas and Hokuriku region. The president or the board member in charge provides explanations and responds to comments and questions from retail investors and shareholders.

Status of dialogue with shareholders

- (1) Main respondents in dialogue with shareholders
Board member in charge of public relations
- (2) Outline of shareholders dialogue was held with
Domestic and international asset management companies
- (3) Main topics of dialogue and shareholder interests
Performance, medium-term business plan and shareholder returns

Actions toward achieving a type of management mindful of cost of capital and stock price

Information stated Update	Disclosure of initiatives (initial)
Whether disclosure in English is available Update	No

Explanation of applicable items Update

Our actions toward achieving a type of management mindful of cost of capital and stock price are presented in the Medium-Term Business Plan dubbed "Action Plan 2027" (P25–P26).

Action plan

<https://www.rikudenko.co.jp/ir/document/actionplan2027.pdf>

2. Capital breakdown

Percentage of shares held by foreigners	Less than 10%
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Major shareholders Update

Name	Number of shares held (shares)	Percentage (%)
Hokuriku Electric Power Company	14,025,310	49.99
HIKARI TSUSHIN, INC.	1,975,980	7.04
The Master Trust Bank of Japan, Ltd. (trust account)	1,745,900	6.22
HOKURIKU ELECTRICAL CONSTRUCTION EMPLOYEE SHAREHOLDING ASSOCIATION	889,217	3.17
The Hokuriku Bank, Ltd.	418,561	1.49
Custody Bank of Japan, Ltd. (trust account)	404,000	1.44
Hokuriku Denki Shokai Co., Ltd.	260,000	0.93
Sumitomo Mitsui Trust Bank, Limited	242,400	0.86
Nippon Life Insurance Company	201,841	0.72
Osaka Denki Shoji Co., Ltd.	150,000	0.53

Whether or not there is any controlling shareholder (excluding parent company)	_____
Whether or not there is parent company	No

Supplementary explanation

While there were transfers of the personnel in the parent company, the latest and detailed data on the "Major Shareholders" cannot be confirmed at this time, and therefore, the figures for this item are as of March 31, 2025.

3. Corporate attributes

Listing exchange and market category	Prime Market, Tokyo Stock Exchange, Inc.
Accounting period	March of each year
Industry	Construction
Number of (consolidated) employees at the end of the immediately preceding fiscal year	1,000 or more
Net sales (consolidated) in the immediately preceding fiscal year	10.0 billion yen or more and less than 100.0 billion yen
Number of consolidated subsidiaries as of the end of the immediately preceding fiscal year	Less than 10

4. Guidelines on measures to protect minority shareholders in transactions, etc. with controlling shareholders **Update**

5. Special circumstances that could potentially have material impacts on the Company's corporate governance **Update**

(1) Group management philosophy and policy based on relationships with other affiliated companies

While the Company does not have controlling shareholders, its other affiliate company, Hokuriku Electric Power Company, holds a large percentage, albeit not a majority, of the voting rights. On the other hand, the Company belongs to the Hokuriku Electric Power Group, a corporate group centered on Hokuriku Electric Power Company and is an affiliated company of the company. In fulfilling our social mission of supplying electricity stably as a member of the Hokuriku Electric Power Group, we contract with the Other Affiliated Company, etc. to perform electrical work related to power supply facilities such as power transmission and distribution facilities, and the Other Affiliated Company, etc. are important business partners of the Company.

Under these circumstances, the Company has the philosophy as its basic policy that "Building a stronger capital relationship between the Hokuriku Electric Power Company and the Company, sharing management strategies, and promoting mutual utilization of management resources will be extremely effective from the perspective of the sustainable growth and evolution of the Hokuriku Electric Power Group, which will result in contributing to the enhancement of the corporate value of the entire Hokuriku Electric Power Group."

(2) Views on independence from the other affiliated companies

We believe that the Company's independence from the Hokuriku Electric Power Company is secured, as the Company proactively addressed the establishment and operation of its governance system through the appointment of independent outside board members and other measures and the Hokuriku Electric Power Company has a policy of respecting its independence. In appointing independent outside board members, candidates are selected by the Nomination and Remuneration Opinion Exchange Meeting which consists of five directors, the majority of whom are independent outside directors, from a perspective of independence, diversity and skills. Moreover, important transactions and actions that may conflict with the interests of the Other Affiliated Company, etc. and minority shareholders are deliberated from a standpoint independent from management and the Other Affiliated Company, etc. at a special committee composed of all independent outside directors and independent outside corporate auditors.

In addition, the Company has entered into an agreement with the Hokuriku Electric Power Company to respect the autonomous operation of the Company based on its own management decisions under its own responsibility.

// The status of the Company's management organization pertaining to business decision-making, execution and supervision and of its corporate governance

1. Matters pertaining to the institutional structure and organizational operation

Organizational format	Company served by audit & supervisory board members
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Directors

Number of directors under the Articles of Incorporation	13
Term of office of directors under the Articles of Incorporation	1 year
Chair of Board of Directors meetings	Chairman (except when concurrently serving as President)
Number of directors	8
Appointment of outside directors	Appointed
Number of outside directors	3
Number of outside board members designated as independent officers	3

Relationship with the Company (1) **Update**

Name	Attributes	Relationship with the Company (*)										
		a	b	c	d	e	f	g	h	i	j	k
Miyuki Sano	From another company											
Mitsuru Taga	From another company								△			
Konomi Minami	Lawyer											

* Item choice concerning the relationship with the Company

* Put ○ if the person is applicable to each item in the "current/recent" category, and put △ if the person is applicable to each item in the "past" category.

- * Put ● if the next of kin is applicable to each item in the “current/recent” category, and put ▲ if the next of kin is applicable to each item in the “past” category.
- a Executive officer of the listed company or any of its subsidiary
- b Executive or non-executive officer of the parent company of the listed company
- c Executive officer of an affiliated company of the listed company
- d Entity dealing mainly with a listed company or an executive officer of the former
- e Main business partner of a listed company or an executive officer of the former
- f Consultants, accounting experts and legal experts who receive a significant amount of money or other financial benefit from a listed company in addition to board member remuneration
- g Major shareholder of a listed company (if the former is a corporation, an executive officer of it applies)
- h Executive officer (only the person himself/herself) of a business partner of a listed company (not falling under any of d, e and f)
- i Executives officer of the party with which the outside board member has a relationship of mutual appointment (only the person in question)
- j Executive officer of an organization to which a listed company gives donations (only the person in question)
- k Others

Relationship with the Company (2) Update

Name	Independent board member	Supplemental explanation of applicable items	Reason for appointment
Miyuki Sano	○	-----	We have nominated Ms. Miyuki Sano as a candidate for outside director because she is equipped with experience as a senior executive at multiple companies and is thought to be well-qualified to provide advice and guidance on the Company's appropriate management from an objective standpoint by tapping into her wealth of experience and extensive insights. We hope that, by drawing on such experience and insights, she will strive to grow the Company sustainably, enhance its corporate value and strengthen its management oversight functions especially in the areas of investment policy, human resources and human resource development and risk management. We designated her as an independent board member because she meets the criteria for independence stipulated by the Tokyo Stock Exchange and is thought to have no conflict of interest with general shareholders.
Mitsuru Taga	○	Mr. Mitsuru Taga was in office as Managing Executive Officer of Hokuriku Bank, Ltd. until June 2018 and was in office as President and Representative Director of Hokuriku Computer Service Co., Ltd. until June 2023. Although the Company engages in business dealings with Hokuriku Bank, Ltd. and Hokuriku Computer Service Co., Ltd., we believe that electing Mr. Taga will run no risk of influencing decision-making by the Company or the judgment of shareholders and investors in light of the extent of the dealings.	We have nominated Mr. Taga as a candidate for outside director because he is equipped with experience as a senior executive at multiple companies and is thought to be well-qualified to provide advice and guidance on the Company's appropriate management from an objective standpoint by tapping into his wealth of experience and extensive insights. We hope that, by drawing on such experience and insights, he will strive to grow the Company sustainably, enhance its corporate value and strengthen its management oversight functions especially in the areas of investment policy and risk management. We designated him as an independent board member because he meets the criteria for independence stipulated by the Tokyo Stock Exchange and is thought to have no conflict of interest with general shareholders.
Konomi Minami	○	-----	We have nominated Ms. Konomi Minami as a candidate for outside director in the belief that she is equipped with knowledge and experience in corporate legal affairs as a lawyer and can provide advice and guidance on the Company's appropriate management from an objective standpoint by tapping into her advanced insights as a legal expert. Although she has never been directly involved in corporate management, we believe that she can appropriately perform his duties as an outside director for the reason stated above. We hope that, by drawing on such experience and insights, she will strive to grow the Company sustainably, enhance its corporate value and strengthen its management oversight functions especially in the areas of risk management and legal affairs. We designated him as an independent board member because he meets the criteria for independence stipulated by the Tokyo Stock Exchange and is thought to have no conflict of interest with general shareholders.

Existence or non-existence of a voluntary committee equivalent to a nominating committee

Yes

or remuneration committee

Status of setting-up of voluntary committee, composition of its members and attributes of the chair (chairperson)

	Committee name	All committee members (people)	Full-time committee members (people)	Inside directors (people)	Outside directors (people)	Outside experts (people)	Other (people)	Committee chair (chairperson)
Voluntary committee equivalent to a nominating committee	Nomination and Remuneration Opinion Exchange Meeting	5	0	2	3	0	0	Outside directors
Voluntary committee equivalent to a remuneration committee	Nomination and Remuneration Opinion Exchange Meeting	5	0	2	3	0	0	Outside directors

Supplementary explanation

The Nomination and Remuneration Opinion Exchange Meeting, of which the majority of members are independent outside directors, deliberates on the nomination and remuneration of directors before issuing a recommendation to the Board of Directors, which in turn deliberates and resolves on the recommendations.

Matters related to audit & supervisory board members

Whether or not an audit & supervisory board is in place	Yes
Number of audit & supervisory board members under the Articles of Incorporation	4
Number of audit & supervisory board members	3

Communication between audit & supervisory board members, accounting auditors and the internal audit department

In addition to asking accounting auditors to submit an audit plan, we hold a meeting periodically to receive a detailed report on the status and result of audits while exchanging opinions.
We fully communicate with accounting auditors through attending on-site inspections of notes receivable and securities.

Status of appointment of audit & supervisory board members	Appointed
Number of outside audit & supervisory board members	2
Number of outside audit & supervisory board members designated as independent board members	2

Relationship with the Company (1)

Name	Attributes	Relationship with the Company (*)												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Masayuki Nitta	Certified Public Tax Accountant													
Masahiro Numata	From another company										△			

* Item choice concerning the relationship with the Company

* Put ○ if the person is applicable to each item in the "current/recent" category, and put △ if the person is applicable to each item in the "past" category.

* Put ● if the next of kin is applicable to each item in the "current/recent" category, and put ▲ if the next of kin is applicable to each item in the "past" category.

a Executive officer of the listed company or any of its subsidiary

b Non-executive director or accounting councilor of a listed company or any of its subsidiary

c Executive or non-executive officer of the parent company of the listed company

- d Audit & supervisory board member of the parent company of a listed company
- e Executive officer of an affiliated company of the listed company
- f Entity dealing mainly with a listed company or an executive officer of the former
- g Main business partner of a listed company or an executive officer of the former
- h Consultants, accounting experts and legal experts who receive a significant amount of money or other financial benefit from a listed company in addition to board member remuneration
- i Major shareholder of a listed company (if the former is a corporation, an executive officer of it applies)
- j Executive officer (only the person himself/herself) of a business partner of a listed company (not falling under any of d, e and f)
- k Executives officer of the party with which the outside board member has a relationship of mutual appointment (only the person in question)
- l Executive officer of an organization to which a listed company gives donations (only the person in question)
- m Others

Relationship with the Company (2)

Name	Independent board member	Supplemental explanation of applicable items	Reason for appointment
Masayuki Nitta	○	-----	We have nominated Mr. Masayuki Nitta as a candidate for outside director because he is equipped with knowledge and experience in tax laws as a Certified Public Tax Accountant and is thought to be well-qualified to audit the legality of the execution of duties by the Company's directors objectively and neutrally from an external standpoint by tapping into his advanced insights about finance and accounting. We designated him as an independent board member because he meets the criteria for independence stipulated by the Tokyo Stock Exchange and is thought to have no conflict of interest with general shareholders.
Masahiro Numata	○	Mr. Masahiro Numata was in office as full-time audit & supervisory board member of The Hokuriku Bank, Ltd. from June 2020 to June 2023. Although the Company engages in business dealings with Hokuriku Bank, Ltd., we believe that electing Mr. Numata will run no risk of influencing decision-making by the Company or the judgment of shareholders and investors in light of the extent of the dealings.	We have nominated Mr. Masahiro Numata as a candidate for outside director because he is equipped with experience as a full-time audit & supervisory board member at a financial institution and is thought to be well-qualified to audit the legality of the execution of duties by the directors of the Company objectively and neutrally from an external standpoint by tapping into his wealth of experience and extensive insights. We designated him as an independent board member because he meets the criteria for independence stipulated by the Tokyo Stock Exchange and is thought to have no conflict of interest with general shareholders.

Description of independent board members

Number of independent board members

5

Other matters related to independent board members

The Company designates as independent board members all outside board members meeting the eligibility for independent board member.

Independence criteria

The Company selects candidates for outside directors and outside audit & supervisory board members after finding them to be independent if they fall under any of the following categories.

- The prospective candidate meets independence criteria stipulated by the Tokyo Stock Exchange.
- The prospective candidate is a professional able provide oversight, guidance and advice on the Company's business management from an objective standpoint by tapping into his or her wealth of experience and insights.

Description of incentive

Status of implementation of measures to provide incentives to directors

Introduction of performance-linked remuneration program

Supplemental explanation of applicable items

Performance-linked remuneration takes the form of monetary compensation that reflects performance indicator levels in order to raise board member awareness of the need to improve performance in each fiscal year, and is paid as bonus at a certain time each year in an amount calculated in accordance with the extent of achievement in each fiscal year.

Recipients of stock options

Supplemental explanation of applicable items

Description of director remuneration

Status of disclosure (remuneration of individual directors)

Not disclosed

Supplemental explanation of applicable items

The total amount for inside directors and that for outside directors are each disclosed separately.

Existence or non-existence of a policy for determining the amount of remuneration or its calculation method [Update](#)

Yes

Details of disclosure of policy for determining the amount of remuneration or its calculation method

- Matters related to the policy for determining the details of remuneration for individual directors
The Company's Board of Directors adopts a resolution on the policy for determining the details of remuneration for individual directors (hereinafter referred to as the "Determination Policy"). Remuneration for directors consists of base remuneration, bonus (performance-linked remuneration), and stock based compensation (non-monetary compensation). Outside directors and part-time directors receive base remuneration. Base remuneration is determined as a monthly fixed remuneration in comprehensive consideration of the level of competitor basic remuneration, the Company's performance, and the level of employee salaries and in accordance with title, responsibilities and number of years in office. Bonus is monetary remuneration reflecting performance indicator levels in order to raise director awareness of the need to improve the Company's performance each fiscal year, and is paid at a certain time each year in an amount calculated in accordance with the extent of achievement for each fiscal year. Moreover, stock-based director remuneration is intended to raise director awareness of the need to contribute to improving the Company's medium- and long-term performance and increasing its corporate value. At a certain time each year the Company grants to directors points determined by title in consideration of the Company's performance. In addition, each retiring director is provided by the Company with shares in it equivalent in value to the accumulated points granted and cash of a certain percentage. Each of accumulated points granted is converted into one common share of the Company at the time of vesting. As regards the percentages of these types of remuneration, management inquires the Nomination and Remuneration Opinion Exchange Meeting, of which the majority of members are independent outside directors, and obtains a recommendation.
- Matters related to general meeting of shareholders resolution for the remuneration of directors
The 110th Ordinary General Meeting of Shareholders held on June 27, 2024 resolved that annual monetary remuneration for directors should be not more than 240 million yen (including 24 million yen for outside directors and excluding employee salaries for directors who serve concurrently as employees). As of the close of the general meeting of shareholders, the number of directors was 8 (including 3 outside directors).
- Matters related to deciding details of remuneration of individual directors
The Chairman and Representative Director determines the specific details of remuneration for individual directors in accordance with a resolution for delegation by the Board of Directors. The delegated authority is for determining base remuneration for individual directors and evaluating them in accordance with the performance in their responsibilities. Such authority is delegated to the Chairman and Representative Director is best suited to evaluate individual directors for their responsibilities in view of the Company's overall performance. In order that the authority is exercised properly by the Chairman and Representative Director, the Board of Directors takes steps such as asking the Nomination and Remuneration Opinion Exchange Committee to conduct multifaceted studies on remuneration, including on consistency with the decision-making policy, and obtaining a recommendation from the committee. Since the details of remuneration for individual directors are determined through the above-mentioned procedure, we believe that the details are in keeping with the decision-making policy.

Support system for outside directors (outside audit & supervisory board members) [Update](#)

The Planning Department, being designated as the department charged to support outside directors, coordinates the date of holding a Board of Directors meeting, sends a notice of meeting and distributes relevant materials. The Audit & Supervisory Board Members Office charged to assist duties by audit & supervisory board members is in place and supports them, including outside ones in their duties.

Status of persons who resigned as President and Representative Director, among others

Names of advisor and counselor who were formerly in office as President and Representative Director, among others

Name	Title-position	Business activities	Work type and conditions (Full-time/part-time and with/without remuneration)	Date of retirement as President	Term of office
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Total number of advisors and counselors who were formerly in office each as President and Representative Director, among others

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Other matters

2. Matters pertaining to functions such as business execution, auditing and supervision, nomination, and remuneration decision-making (outline of the current corporate governance system)

Business execution, auditing and supervision functions

The Board of Directors, having a meeting monthly in principle and as required, adopts resolutions for our business execution and supervises the execution of duties by directors. Moreover, at an executive meeting held weekly, managing directors deliberate on basic matters for corporate management as well as on matters pertaining to the execution of important individual tasks in order to assist the president in executing his duties. In addition, a meeting of department and branch managers is held once every six months with attendance of the president and representative director, the senior managing director, the managing director, and department and branch managers. They review our business execution policy and grasp the status of our business execution while unifying the intentions of the management team by sharing information.

With the audit & supervisory board program being in place at the Company, audit & supervisory board members attend important meetings such as Board of Directors meeting and executive meeting, and audit the execution of duties by directors by: i) getting oral business reports from directors; ii) viewing important approval documents; iii) examining the operations and assets of the headquarters and major business outposts; and iv) investigating subsidiaries. We set up the Audit & Supervisory Board Members Office, which is charged to assist them in conducting the audit. The Audit & Supervisory Board conducts audits in close communication with the Business Auditing Department, which verifies and assesses the status of internal controls, and with accounting auditors. Moreover, they mutually complement each other's functions through exchanging information regularly.

Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company entered into agreements with outside directors and outside audit & supervisory board members to limit their liability to a maximum amount stipulated by law in relation to Article 423, Paragraph 1 of the said Act.

3. Reason for having chosen the current corporate governance structure

The Company appoints three outside directors and two outside audit & supervisory board members in order to ensure the objectivity and neutrality of its management oversight function.

Outside directors and outside audit & supervisory board members attend Board of Directors meetings and use their wealth of experience and insights to provide oversight, guidance and advice on the Company's management from an objective standpoint, receive reports regularly on how internal audits, audits by audit & supervisory board members and accounting audits have been conducted, and on the operation of internal control systems, and request explanations and express opinions, as required.

We adopted the current structure in the belief that the objectivity and neutrality of the management oversight function are sufficiently ensured through the processes discussed above.

/// Status of execution of measures for shareholders and other stakeholders

1. Status of efforts to vitalize general meetings of shareholders and facilitate exercise of voting rights

	Supplementary explanation
Early sending out of notice of convocation of general meeting of shareholders	We send out about one week earlier than a statutory deadline of two weeks prior to the planned general meeting of shareholders.
Exercise of voting rights by electromagnetic means	Starting from the Ordinary General Meeting of Shareholders held in June 2018, the Company began to introduce exercise of voting rights via the Internet and other means.
Efforts to improve participation in electronic voting platforms and the environment for institutional investors to exercise their voting rights	Starting from the Ordinary General Meeting of Shareholders held in June 2018, the Company joined the electronic voting rights exercise platform.
Provision of notice of convocation (summary) in English	Starting from the Ordinary General Meeting of Shareholders held in June 2022, we began to arrange for a notice of convocation to be translated into English.

2. Status of activities for IR Update

	Supplementary explanation	Whether or not a briefing is provided by the representative
Preparation and release of disclosure policy	We laid down an IR policy, which is presented on our official website.	

We hold a company briefing for retail investors regularly	We hold a company briefing for retail investors regularly in major metropolitan areas and Hokuriku region. Such a briefing is distributed online. (Briefings held in FY2024) - July: Held at a Tokyo venue - August: Held online in Toyama - March: Held online in Tokyo	Yes
We hold a company briefing for analysts and institutional investors regularly	Once a year, the representative director holds a briefing on financial results and other information.	Yes
Posting of investor relations materials on our official website	Financial results and other information are posted.	
Setting up of a department for investor relations (personnel in charge)	IR & Public Relations Section, General & Legal Affairs Department is in charge of investor relations.	

3. Status of efforts to respect for the standpoint of stakeholders

	Supplementary explanation
Execution of environmental preservation activities and CSR activities	We aim to become a corporate group that continues to develop hand in hand with customers and local communities through fulfilling our social mission of supplying electricity stably and providing safe and reliable facilities in accordance with our management philosophy. We also strive to promote and achieve the SDGs by identifying key management issues for us and linking them the SDG goals that can be solved through our business activities. In order to vigorously resolve these issues and attain these goals, we formulated the Medium-Term Business Plan dubbed "Action Plan 2027", and work to enhance our corporate value, grow sustainably and achieve the SDGs through executing this plan steadily.

IV Matters related to the internal control system

1. Basic philosophy on the internal control system and the state of its development

Basic policy on the internal control system

As a general facility work operator, we aim to contribute to developing customers and local communities. In addition to striving to step up our technical capabilities and services, we work to build, maintain and improve the system to ensure that our operations are appropriate in order to engage in efficient, fair and transparent business activities thorough securing compliance rigorously.

- The system to ensure that the execution of duties by directors is compliant with laws and regulations and the Articles of Incorporation
 - Directors lay down a code of conduct that clearly stipulates compliance with laws and regulations in corporate activities and take the initiative to put the code into practice while providing guidance and supervision appropriately in order that employees comply with the code.
 - The Board of Directors, having a meeting monthly in principle and as required, makes decisions on important business execution in accordance with laws and regulations and the Articles of Incorporation. In addition, the Board of Directors receives reports from directors on the status of execution of their duties and supervises the execution of the duties. Joined by outside directors, the Board of Directors also makes decisions and does supervision in light of diverse perspectives.
- System for the storage and management of information related to the execution of duties by directors
 - Directors properly manage information related to the execution of their duties, including the minutes of Board of Directors meetings and approval documents by laying down internal rules that stipulate management methods, such as on storage periods, and information security measures.
- Rules and systems for managing risk of loss
 - Directors lay down internal rules such as the Crisis Management Rules and take all possible steps in order to promptly and correctly deal with various kinds of crisis that have, or could potentially have, a significant impact on the operations.
 - Directors identify and assess business risks associated with uncertainties as appropriate, reflect them in the management policy formulated each fiscal year by the Board of Directors and in various plans in preparing a comprehensive budget. Directors address such risks appropriately by, as required, putting the organization in good order and setting up a committee.
- System to ensure that duties by directors are executed efficiently
 - We work to execute operations efficiently by arranging for important matters, including proposed matters to be submitted to the Board of Directors, to be deliberated on at an executive meeting and a Liaison Committee meeting as appropriate.
 - Directors clarify, in internal rules, the chain of command, responsibilities, authority and operational procedures of each position, and utilize information systems to ensure prompt and appropriate decision-making and efficient execution of duties.
- The system to ensure that the execution of duties by employees is compliant with laws and regulations and the Articles of Incorporation
 - The Risk and Compliance Committee chaired by the President promotes company-wide compliance activities such as through ensuring that the Code of Conduct is well known to all employees. The Company also ensures the proper operation of the whistleblowing program as stipulated in the Whistle Blowing Regulations with respect to a breach of laws, regulations and internal rules. Moreover, we take a firm stand against undue intervention or demands from an organized crime group on a company-wide basis in accordance with the Rules for Dealing with Organized Crime Group.
 - Directors shall stipulate a system and mechanism to ensure the reliability of financial reporting in internal regulations and ensure their appropriate operation.
 - The Business Audit Department, in place as an unit independent of business execution departments, ascertains the status of compliance with laws and regulations and the execution of duties, and improves them.
- The system to ensure the appropriateness of operations of the corporate group comprising the Company as well as other affiliated companies and subsidiaries
 - System for other affiliated companies

- (A) Directors execute their duties as members of the Hokuriku Electric Power Group in close communication with group companies in accordance with the Hokuriku Electric Power Group management policies and operational code laid down by other affiliated company Hokuriku Electric Power Company.
- (B) In order to further protect the interests of minority shareholders, independent outside directors and independent outside audit & supervisory board members appropriately monitor and supervise, in a special committee, the risk of conflict of interest with the Hokuriku Electric Power Group in transactions with the Hokuriku Electric Power Group, including other affiliated company Hokuriku Electric Power Company.
- (2) The system for subsidiaries
 - (A) Directors work to ensure that the management policies and operational code of the Hokuriku Electrical Construction Group permeate subsidiaries, deliberate on important management matters of subsidiaries in advance and secure close mutual communication through various liaison meetings.
 - (B) Subsidiaries strive to keep in good order systems and mechanisms that ensure that their business operations are appropriate such as through compliance with laws and regulations and operate properly, as does the Company.
- 7. System to ensure that audits by audit & supervisory board members are executed effectively
 - (1) The Company has in place the Audit & Supervisory Board Members Office as a dedicated unit that assists audit & supervisory board members in executing their duties and assigns required personnel to the unit. On the evaluations and transfers of the personnel, management holds a prior discussion with audit & supervisory board members.
 - (2) Any director or employee who has discovered anything that could potentially cause serious damage to the Company should immediately report it to the Audit & Supervisory Board or any audit & supervisory board member. Moreover, if an audit & supervisory board member asks any director or employee to report the status of the execution of his or her duties and other matter, the director or the employee should consent to doing so.
 - (3) Directors should take action appropriately to ensure that a person having reported as set forth in the preceding item will not be treated disadvantageously due to the report.
 - (4) Directors should put in place an environment allowing audit & supervisory board members to gather information as required through attending important meetings such as an executive meeting, viewing approval documents and receiving a budget allocation appropriately.
 - (5) Directors should deepen mutual understanding with audit & supervisory board members through regular exchanges of opinions with them. The Business Audit Department should strive to secure the effectiveness of their audit activities by communicating closely with them and their staff.

2. Basic philosophy on the exclusion of organized crime groups and the state of its development

- (1) As set forth in the Basic Policy on Internal Control System and Its Status of Development, our basic policy for excluding organized crime groups is to stringently resist any undue intervention or demands from them on a company-wide basis in accordance with the Rules for Dealing with Organized Crime Groups.
- (2) Credit checks are conducted on business partners with respect to the exclusion of organized crime groups.

V Others

1. Whether or not a policy to deal with takeover has been put into place

Whether or not a policy to deal with takeover has been put into place

No

Supplemental explanation of applicable items

2. Other matters related to our corporate governance system Update

Overview of timely disclosure system

We appropriately inform the Board of Directors and an executive meeting of important business information, the status of accounting and other business execution matters in accordance with our internal rules, and promptly and accurately disclose important information related to investment decision-making by shareholders and investors.

Shown below is the status of our internal system for the timely disclosure of corporate information.

- Headquarters department heads or branch managers who are in charge of operations related to the Company's important information are each designated as Information Control Manager for such information. The general manager in charge of planning is in office as Information Control Manager for important information pertaining to the Company's subsidiaries.
- The general manager in charge of general affairs is in office as Information Handling Manager for the timely disclosure of the Company's important information.
- When obtaining important information about the Company or information that could potentially fall under important information about it, the Information Control Manager is required to promptly inform it to the Information Handling Manager.
- The Company makes it a rule to promptly disclose any material information about itself in accordance with the Securities Listing Regulations of the Tokyo Stock Exchange. The Information Handling Manager and the Information Control Manager determine the timing of such a disclosure through discussion with the relevant board member.

On insider trading, the Company laid down the Regulations on Insider Trading Prevention and Corporate Information Disclosure which stipulates necessary matters for information control and stock trading, thereby preventing insider trading.

■ Corporate governance system diagram

