Strategy Deployment Map

Strategies in the Refining Stage

Strengthening corporate foundation

- Strengthening Group Governance >>P.95
- Strengthening Financial Strategy >>P.39 Separate explanation provided on the financial strategy page

Strengthening Group Governance

Corporate Governance

Our approach to corporate governance

As a building services engineering and installation provider, we are committed to the management principles of "Delivering space values of safety, comfort, and trust to the future of ourselves, society, and the Earth." In justifying the trust placed in us by all stakeholders including shareholders, customers, business partners, employees, and local communities, we remain focused on continuously enhancing our corporate governance in order to maintain effective management practices.

Our basic policy on corporate governance is as follows.

- Ensure the rights and equality of shareholders
- To ensure transparency, fairness, speed, and decisive decision making, the Board of Directors will carry out its functions appropriately and efficiently
- Endeavor to disclose information appropriately and hold constructive dialogues with shareholders
- Work appropriately with stakeholders other than shareholders

Dai-Dan Corporate Governance Guidelines

We have established the Dai-Dan Corporate Governance Guidelines, a policy that systematically expresses our views concerning such matters as the protection of shareholders' rights, running the Board of Directors, dialogue with shareholders, and issues relating to social and environmental problems and other sustainability issues. We will continue taking measures to strengthen and improve corporate governance to make it more effective.

Dai-Dan Corporate Governance Guidelines
https://www.daidan.co.jp/sustainability/governance/pdf/corporate_governance_guideline.pdf

Our corporate governance system

The objective of Dai-Dan's corporate governance system is to ensure appropriate and efficient management by maintaining discrete decision-making, oversight, and administrative functions, thereby enabling swift and appropriate deliberation and implementation of decisions. We adopted a corporate auditor system and effectively utilizes the following managerial structure.

Board of Directors

The Board of Directors comprises eight directors, four of whom are outside directors (including one female outside director). It convenes monthly and holds special meetings as necessary. In addition to overseeing business operations, the board deliberates on important matters related to corporate management, including subjects discussed in Executive Committee meetings. Our articles of incorporation provide that the Board of Directors should consist of 12 people or fewer.

Board of Auditors

The Board of Auditors comprises four auditors, two of whom are outside auditors. It is headed by one of the standing (outside) auditors who is elected by the other auditors.

As a rule, the Board of Auditors meets once a month and otherwise whenever necessary. The Board of Auditors discusses and decides on important matters related to auditing such as auditing policy, audit plans and who actually conducts audits.

Nominating and Remuneration Committee

Composed of representative directors and outside directors, the underlying principle of the Nominating and Remuneration Committee is that the majority of members will be outside directors. The chair of the committee is selected from the members who are outside directors.

Reporting to the Board of Directors

The Nominating and Remuneration Committee discusses and presents on the following to the Board of Directors. These reports will involve at least half of the committee's members.

1. Nominations for the position of representative director (selection)
2. Dismissal of representative director
3. Proposals for the position of director (appointment, non-reappointment, dismissal)
4. Formulation and revision of regulations regarding remuneration for directors and corporate officers

Advising the Board of Directors

Nominating and Remuneration Committee members will be involved in the following matters and, where necessary, advise the Board of Directors.

1. Succession planning (representative director)
2. Skills matrices
3. Validity of remuneration tables for directors and corporate officers
4. Validity of personal evaluations for executive bonuses
5. Candidates for selection as corporate officers

Board of Independent Officers

The Board of Independent Officers consists of four outside directors and two outside auditors. Its role is to exchange information and share knowledge from an independent, objective standpoint, and to evaluate the effectiveness of management, in particular the effectiveness of the Board of Directors. In verifying the effectiveness of policy-held shares, we confirm the details and ensure the perspective of the common interests of shareholders.

"Independence Criteria for Outside Officers"

In December 2015, we established the "Independence Criteria for Outside Directors," and from June 2024, we have operated it as the "Independence Criteria for Outside Officers," including outside auditors. For details on these criteria, please refer to the "Dai-Dan Corporate Governance Guidelines."

Executive Committee

The Executive Committee meets once a month and additionally as needed. It is composed of directors and corporate officers appointed by the President, and deliberates thoroughly on important matters concerning management policies, strategies, and overall management of the company and its group companies, making decisions or providing advice and consultation on decision-making, and submitting matters to the Board of Directors as necessary.

Internal audits

The internal audit system includes the establishment of an Internal Audit Office under the direct supervision of the President, independent from headquarters and business sites, which audits the accuracy of accounting and the appropriateness and efficiency of operations of the company and its group companies, and also verifies and evaluates the effectiveness of the internal control system related to financial reporting. We maintain close cooperation with the auditors and accounting auditors, sharing information mutually and striving for efficient internal audits, such as verifying the results of audits conducted by the Internal Audit Office. We also regularly exchange opinions with the internal control department at meetings and share information with the Compliance Promotion Office to conduct audits in cooperation. The results of audits are reported not only to the President but also directly to the Board of Directors and the Board of Independent Officers.

Compliance Committee >>P.100

The Compliance Committee was established to ensure compliance with laws and internal regulations, and to strengthen fair and ethical company operations with strong compliance. The committee is chaired by the chairman, and is responsible for raising awareness of compliance among executives and employees and educating them on the subject. It also makes active use of a hotline for reports of compliance or other violations, to discover and rectify issues as quickly as possible.

Compliance Promotion Office >>P.100

The Compliance Promotion Office comes under the direct control of the Chairman, and is independent of the headquarters and offices; it collaborates with the Compliance Committee in planning, drafting, and implementation to help ensure that our business activities comply with the Antimonopoly Act and other relevant laws and regulations. This office also collaborates with the Internal Audit Office and continues to monitor compliance activities in our offices.

Risk Management Committee >>P.103

The Risk Management Committee's usual role is to deliberate suitable measures related to risk management and discuss the status of operations. Should a crisis occur, however, it takes action to manage the danger. The committee also makes periodic reports to the Board of Directors.

Sustainability Committee

The Sustainability Committee was established with the aim of studying and promoting sustainability initiatives for Dai-Dan and its group companies. The committee, which is chaired by the President, handles the following matters.

- Identifying responsibilities and business strategies aimed at making society more sustainable
- Planning and promoting CSR, environmental, and social contribution activities
- Promoting measures to improve information disclosure outside the company and external evaluations for ESG activities

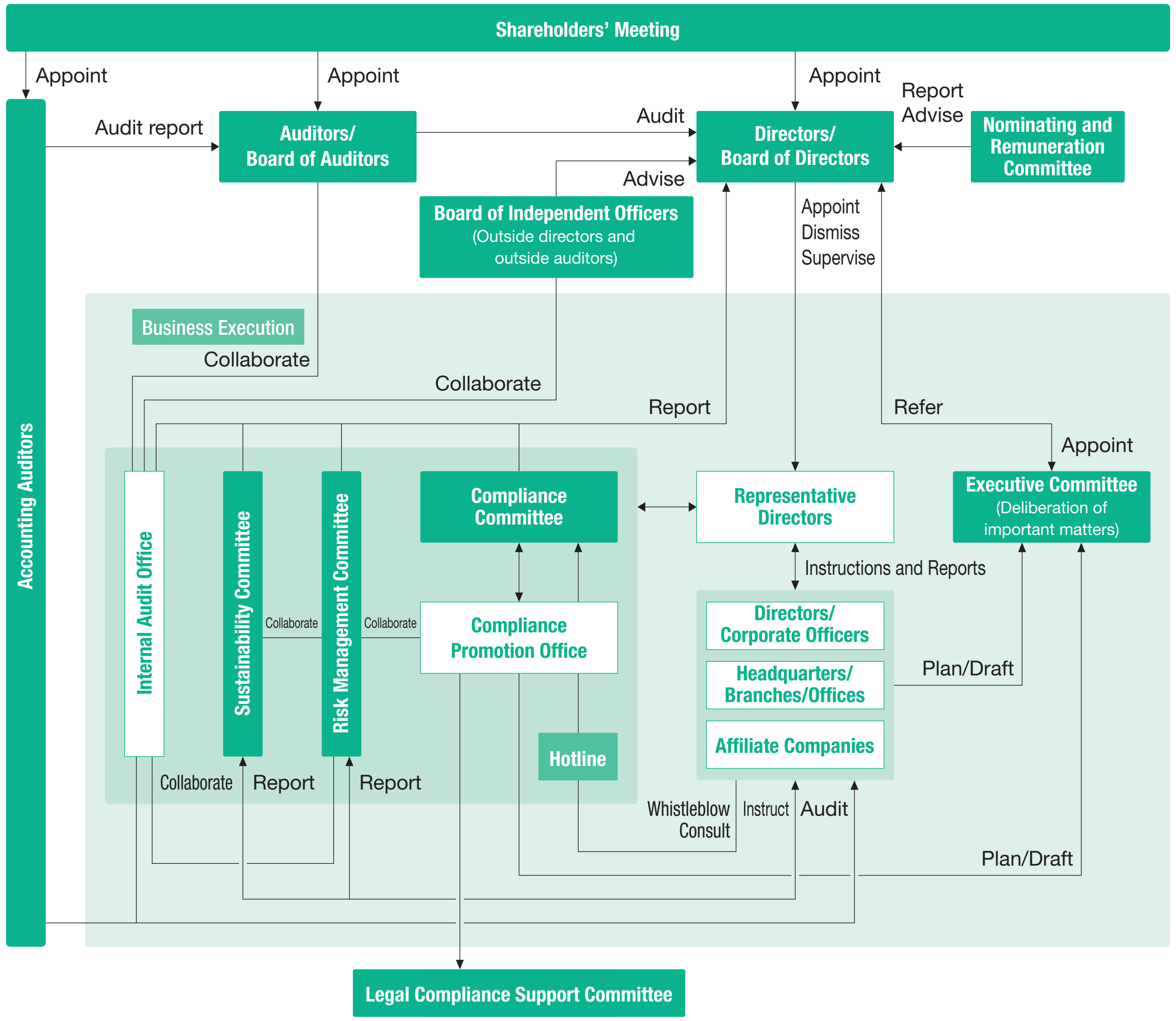
Transition of Governance Enhancement

2015	Established the "Dai-Dan Corporate Governance Guidelines"
2015	Appointed two outside directors for the first time
2015	Initiated evaluation of the effectiveness of the Board of Directors
2019	Established the Risk Management Committee
2021	Established the Nominating and Remuneration Committee
2022	Established the Sustainability Committee

Report on Corporate Governance
https://www.daidan.co.jp/sustainability/governance/pdf/corporate_governance_report.pdf

Disclosure Policy
https://www.daidan.co.jp/ir/disclosure/

▶ Corporate governance system (as of September 2025)



Policies and procedures to appoint and dismiss directors and the President

To ensure the effectiveness of the Board of Directors, when considering candidates to become directors, we think about the balance of expertise needed to cover all business areas. Candidates are selected by the Board of Directors based on the principle of having diverse individuals each in the right place according to their knowledge and capabilities connected to corporate management and advancing business activities. These candidates are then referred to the Shareholders' Meeting. Should a director, in the course of his or her duties, commit some kind of violation or neglect his or her work, and this be found unbefitting of a director of the company, the Board of Directors will decide to dismiss the director, and will refer the matter to the Shareholders' Meeting. The Nominating and Remuneration Committee deliberates on proposals for the appointment and dismissal of the Representative Director and appointment of directors, and then reports on these to the Board of Directors.

Director and auditor compensation

❶ Policy on determining director and auditor compensation

Compensation for directors (excl. outside directors)

Compensation, etc., for directors (excl. outside directors) is part of an incentive plan that aims to help achieve the Dai-Dan Group's goals, and the fundamental policy is as follows.

- Establish a strong link between compensation and the company's business performance, while also being highly transparent and objective
- Raise awareness of contributions made to medium- to long-term performance improvements and increases in corporate value
- The chief aim is to increase shared awareness of profits with shareholders and ensure management is focused on the shareholders

Based on this fundamental policy, compensation, etc., for directors (excl. outside directors) will comprise three elements: basic compensation, bonuses, and stock-based compensation. To ensure that evaluations of directors and decisions on compensation are fair and transparent, compensation will be determined by the Nominating and Remuneration Committee after deliberation.

Compensation for outside directors and auditors

Compensation, etc., for outside directors and auditors will consist of basic compensation alone, in order to improve their ability to supervise management. The amount of basic compensation for auditors will take into account individual auditors' duties and will be determined in consultation with auditors.

❷ Compensation breakdown

▶ Compensation ratios

❸ Compensation overview

		Calculation method
Basic compensation		The basic compensation provided to directors consists of compensation in line with the individual director's position, and compensation adjusted for their executive duties. The levels of these are set by the Board of Directors, after verifying that they are appropriate based on the findings of a third-party survey, and the objective advice of the Nominating and Remuneration Committee.
Performance-linked compensation		The performance indicators used to determine performance-linked compensation, and the calculation method, use each year's achievement rate toward the targets for operating profit—a KPI—laid out in the Mid-Term Management Plan. Under the remuneration system that we have introduced, the level of individual contribution to performance and the condition of profit are other factors that are taken into account to determine the amount of performance-linked compensation. The levels of compensation and ratios are set by the Board of Directors, after verifying that they are appropriate based on the findings of a third-party survey, and the objective advice of the Nominating and Remuneration Committee.
	Bonuses	The basic payout amount for bonuses is set by multiplying a standard amount, based on the individual's position, by a payout rate that is based on the degree of achievement toward the group's overall operating profit target. The payout rate differs for representative directors and other directors: For the former, the resulting amount is multiplied by a rate based on orders received, net sales, and operating profit for the whole group. For the latter, the resulting amount is multiplied by a rate based on both the group's overall performance and on individual performance for each position—the performance of the division, etc., that they are responsible for. (excl. outside directors)
	Share-based compensation	After multiplying a share-based compensation standard amount, based on the individual's position, by a payout rate that is based on the degree of achievement toward the consolidated group's operating profit and profit attributable to owners of the parent, the resulting amount is divided by the base share price to calculate a number of points. Shares are then paid to the ratio of two shares to one point. (excl. outside directors and individuals not resident in Japan)

❹ Total compensation for directors and auditors

Position	Total compensation, etc. (million yen)	Total by type of compensation, etc. (million yen)			Number of eligible officers (persons)
		Basic compensation	Bonuses	Share-based compensation	
Directors (excl. outside)	396	197	151	47	4
Outside directors	56	56	–	–	4
Audotors (excl. outside)	37	37	–	–	4
Outside auditors	31	31	–	–	4

Position	Number of shares (shares)	Number of recipients (persons)
Directors (excluding outside directors)	10,070 shares	4

Training policy for directors

When directors or corporate officers are first appointed, they take part in training sessions given by specialists. The aim of these sessions is to give the new directors and corporate officers an understanding of their roles, duties, and responsibilities, and furnish them with a knowledge of corporate legal matters.

After their appointment, we provide directors and corporate officers with a range of seminars. These might include seminars given by outside specialists on topics such as the Antimonopoly Act, the Companies Act, or corporate governance, or seminars by outside experts to provide useful information on management or on the social and economic situation.

Taking into account demands from society, such as revisions to laws, or the desires of directors or corporate officers, we offer support by providing or introducing training opportunities that the individual requires, and support for those expenses. For independent outside directors and independent outside auditors, when they first take up their positions, we provide explanations of our management principles and management policies; an overview of our business, finances, and organization; and matters relating to corporate governance. Where necessary, we also take the new appointees on tours of our major sites, including our R&D facilities.

Audit & Supervisory Board Members participate in external seminars and networking events as needed to acquire necessary knowledge and deepen their understanding of their roles and responsibilities.

For independent outside directors and independent outside auditors, when they first take up their positions, we provide explanations of our corporate philosophy and management policies; an overview of our business, finances, and organization; and matters relating to corporate governance. Where necessary, we also take the new appointees on tours of our major sites, including our R&D facilities.

Internal control system

We have developed an internal control system that focuses on the improvement of internal rules. This is intended to ensure compliance across our entire company and subsidiaries and includes the execution of tasks by directors in compliance with laws and the articles of incorporation as well as appropriate performance of all tasks. In addition, we confirm the operational status of the company's internal control system each fiscal year and report our findings to our Board of Directors while continuing to revise and improve this system in order to improve efficiency and legal compliance.

Internal control system for financial reporting

The Internal Audit Office under the President examines and assesses the effectiveness of an internal control system for financial reporting.

The FY2024 assessment concluded that, as of the end of FY2024, our internal control system for financial reporting is effective. An independent auditor also provided a similar opinion.

Evaluating the effectiveness of the Board of Directors

Each year, the chair of the Board of Directors, as the person responsible, carries out an evaluation of the Board of Directors to assess its overall effectiveness.

A "Self-Evaluation Questionnaire on Board of Directors Operations" is conducted for all directors and auditors. The results are aggregated, analyzed, and issues identified by the Board of Independent Officers, which consists of outside directors and outside Audit & Supervisory Board Members. After considering improvement policies, the Board of Directors discusses the results and improvement items once a year. This time, in pursuit of a higher level of objectivity and enhanced disclosure, we utilized an external organization with the latest and broad information on trends in this field. The results of the evaluation of the Board of Directors conducted from December 2024 to February 2025 found that the composition of the Board and the provision of non-financial information are appropriate. In addition, for important management meetings such as the Executive Committee meetings that utilize online conferencing systems, directors who are not members also participate as observers, and advance explanations of Board agenda items are provided especially for outside officers. These measures have led to enhanced and efficient operations, and it was recognized that the Board is functioning effectively overall. Future issues include "development of management personnel," "enhancement of training and development for officers," "thorough reorganization of agenda items and securing discussion time for important topics," "enrichment and deepening of discussions through the provision of necessary information on management strategies, etc.," and "continuation of constructive dialogue with shareholders." Through these efforts, we will continue to improve the effectiveness of the Board of Directors and strive for more timely and substantial discussions and decision-making on important management matters.

▶ FY2024 Evaluation Results and FY2025 Policy for Initiatives

Main Initiatives/Evaluations for FY2024	
Enhancement of Officer Training and Development	Three training sessions were held for internal directors, and for external directors, site visits and tours of new business facilities were conducted. There is room for improvement in both the frequency and content of the training sessions.
Improvement of Board of Directors Operations	Prior explanations of board meeting agendas were provided to external directors, and opportunities for exchanging opinions with members outside the Board were arranged for important management topics, resulting in more substantial and efficient operations. Further improvements should be made to ensure sufficient discussion time due to the increase in important agenda items.
Strengthening Response to Shareholders and Investors	Proactive initiatives were implemented, including participation in IR fairs and strengthening the IR contact system. Similar efforts should be made for institutional investors and others.

Issues	Policy for Initiatives in FY2025
Development of Management Personnel	Based on the qualities, abilities, and experience required of top management as discussed by the Nominating and Remuneration Committee in FY2024, we will strengthen systematic initiatives to develop future top management.
Further Enhancement of Director Training and Development	Through appropriate methods such as training sessions, site visits, and opinion exchanges, we will further enhance opportunities for training and development in response to changes in the future management environment and the latest management issues.
Thorough Reorganization of Agendas and Securing Discussion Time for Important Topics	In response to the increasing number of important and new topics to be discussed, we will secure necessary discussion time by carefully selecting agenda items and thoroughly delegating authority, striving for more timely and substantial discussions and decision-making.
Enhancing and Deepening Discussions by Providing Necessary Information on Management Strategies, etc.	By collecting and providing sufficient information on important topics such as management strategies, and establishing discussion forums outside the board as needed according to the theme, we will promote overall substantial discussions.
Continued Constructive Dialogue with Shareholders	We will continue to strengthen constructive dialogue with shareholders in response to increased stock liquidity, reduction of policy holdings, the spread of NISA, and the increase in individual and foreign shareholders.

Compliance (Legal Compliance and Corporate Ethics)

Dai-Dan Group Action Standards

In order to ensure that everyone in the group, from management down, complies with all laws and regulations and uses good social sense in the way they behave, we have formulated the five-point Action Principles and the fourteen-point Action Standards. The Action Principles summarize the areas that are to be borne in mind during daily tasks.

▶ Excerpt from the Dai-Dan Group Action Standards

* The "Action Standards" provide more specific guidelines based on the "Action Principles."

Action Principles

1. Observe laws and social norms and conduct business activities in a sensible manner.
2. Participate in the building of a society that can sustain its development.
3. Respect the fundamental human rights of all.
4. Maintain a fair and transparent relationship with stakeholders.
5. Recognize our place in society and strive to contribute to the emergence of a better society.

Action Standards

1. Maintain positive relationships with customers and users
2. Ensure safety and quality
3. Ensure fair and open competition
4. Engage in ethical business transactions
5. Fairly disclose corporate information
6. Ethically manage critical information
7. Protect and respect intellectual property rights
8. Improve working conditions and work environments
9. Respect human rights and individuality
10. Address environmental issues
11. Practice proper accounting and tax payment
12. Maintain sound relationships with politicians and the government
13. Eliminate any dealings with antisocial forces
14. Avoid engaging in self-serving actions

● Compliance system

(1) Compliance Committee

The Compliance Committee was established, with Dai-Dan's Chairman as its chair, to ensure compliance with laws and internal regulations, and to strengthen fair and ethical company operations with strong compliance.

(2) Legal Compliance Support Committee

The committee is composed of external experts and provides support to the Compliance Promotion Office.

(3) Compliance Promotion Office

The office works to plan, propose, and implement measures to ensure company operations with strong compliance.

* For more details on the corporate governance system, please see P.97.

● Compliance education activities

(1) Compliance cards—which feature policies on preventing corruptions—are distributed to new employees when they enter the company, and must carry them with them on a daily basis. During their training, too, we use lectures to promote compliance with the Dai-Dan Group Action Standards.

(2) All employees receive training in stages, and each stage of this training incorporates compliance-related training tailored to that stage, including on policies on preventing corruptions—including bribery, collusion, or embezzlement—with subcontractors or others.

(3) We also use e-learning several times a year to teach about compliance topics such as the Antimonopoly Act and harassment.

(4) The Legal Compliance Support Committee provides all employees with seminars that take as their theme compliance, covering policies on preventing corruption—including bribery, collusion, or embezzlement—with subcontractors or others, such as the Antimonopoly Act.

(5) To promote compliance awareness and minimize risks, we have published a "Compliance Guidebook" as a tool to support appropriate decision-making in daily operations and distributed it to all employees.

(6) To understand the level of compliance awareness and reduce organizational risk, we conduct compliance awareness surveys.

(7) As part of compliance audits, the Internal Audit Office and the Compliance Promotion Office work together to monitor compliance activities at all business sites twice a year, confirming that operations are conducted in accordance with compliance.

(8) A compliance violation internal whistleblowing and consultation desk has been established to prevent and identify compliance violations, confirm adherence to the "Action Principles" and "Action Standards," and regularly report operational status to the Board of Directors.

Whistleblowing and consultation desk

We have set internal whistleblowing regulation and in accordance with those, we operate an internal whistleblowing system.

In April 2022, in order to respond to a change in requirements because of revisions to the Whistleblower Protection Act, we carried out a review and expanded the scope of whistleblowing so that it covers Dai-Dan Group executives and employees, but also temporary workers.

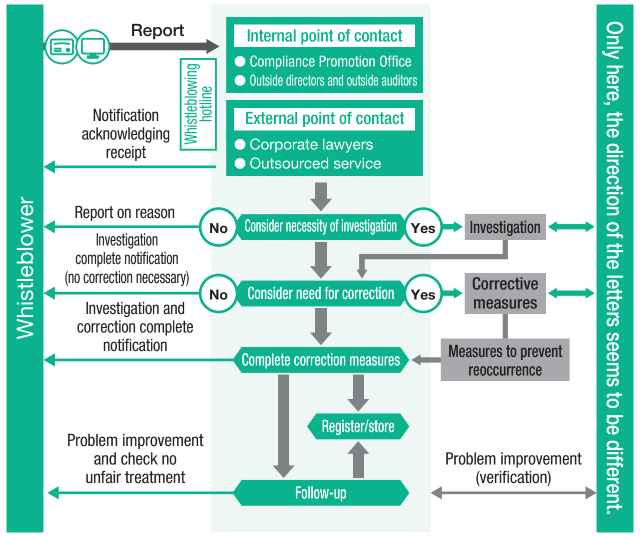
With the whistleblowing and consultation system, by putting in place a reporting route independent from the operational chain of command, our aim is to quickly identify job site problems (violations of laws or internal regulations or unethical actions) that would normally be difficult to uncover.

The internal whistleblowing hotline allows reports to be made to the Compliance Promotion Office, outside directors, and outside auditors, while the external hotline connects whistleblowers to corporate lawyers. We guarantee in our Corporate Code of Ethics that those whistleblowing or consulting for a legitimate reason will not be subjected to unfair treatment. Reports can also be submitted anonymously to ensure the privacy of the whistleblower.

In September 2023, to ensure greater neutrality, we added a hotline (for external reporting and harassment consultations) by outsourcing the service.

In all instances where reports are made, investigations and follow-ups are carried out and for cases that could cause serious damage to the group, the Compliance Committee, chaired by the chairman convenes and deliberates on necessary measures.

▶ Internal whistleblowing response procedure



Basic policy on customer harassment

In April 2025, we established the “Basic Policy on Customer Harassment” to promote management that respects human rights, improve the workplace environment, and maintain good relationships with customers and business partners. We are working to ensure that employees of our group do not become perpetrators or victims of harassment.

Response to customer harassment

- We will respond resolutely and organizationally to any words or actions from customers that damage the dignity of our group employees.
- If our group employees engage in words or actions that harm customers, we will respond organizationally.
- If an incident of customer harassment occurs, we will engage in sincere discussions to seek a reasonable resolution.

Kazumasa Takeda
Corporate Officer
Manager of Compliance Promotion Office

Message from the Manager of Compliance Promotion Office

The Compliance Promotion Office considers the spread of compliance awareness to be the most important issue and focuses on awareness-raising activities. As part of these efforts, we conduct compliance awareness surveys and strive to implement improvement measures that reflect feedback from the field. We have also published a “Compliance Guidebook” as a guideline for daily operations. We believe this guidebook helps employees reflect on and become aware of their own actions. In addition to regular e-learning to update knowledge and common sense, we also aim to provide opportunities for employees to think and act for themselves, in other words, to foster intrinsic compliance. Through these initiatives, we will work to raise compliance awareness throughout the organization.

Risk Management

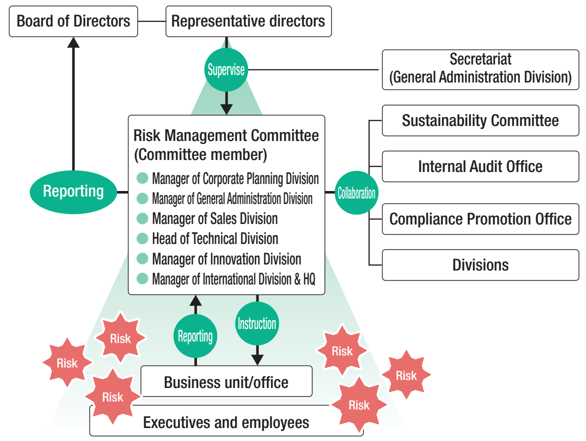
Risk management system

To ensure our company continues to provide value over the long term, we have established a risk management system to prevent risks from materializing and to minimize any risks that do arise. We have established a risk management policy and continuously implement company-wide optimal risk management. We have also added a Risk Management Committee as per our Risk Management Rules. On a regular basis, this committee discusses matters related to risk management and reports those matters to the Board of Directors.

Where a crisis does occur, we form a task force as outlined in the aforementioned rules as part of our crisis control framework to minimize damage or loss. As well as receiving reports, the Board of Directors’ role is to maintain and oversee this risk management system and monitor its effectiveness.

Additionally, in order to heighten risk perception and make our organization healthier, we periodically train all employees in risk sensitivity.

▶ Risk management system



Risk management policy

Today, the environment surrounding our company and stakeholders is changing rapidly every day, making the diversification and complexity of business activities unavoidable. In such an environment, we will undertake the following initiatives to continuously provide value to all stakeholders.

- Prioritizing human life and safety above all else in our risk management efforts.
- Accurately ascertaining business risks and working to prevent their occurrence.
- For those risks that do come about, responding quickly and appropriately in order to minimize their impact.

We will continuously implement a system that follows this policy, with the goal of the overall optimization of our risk management.

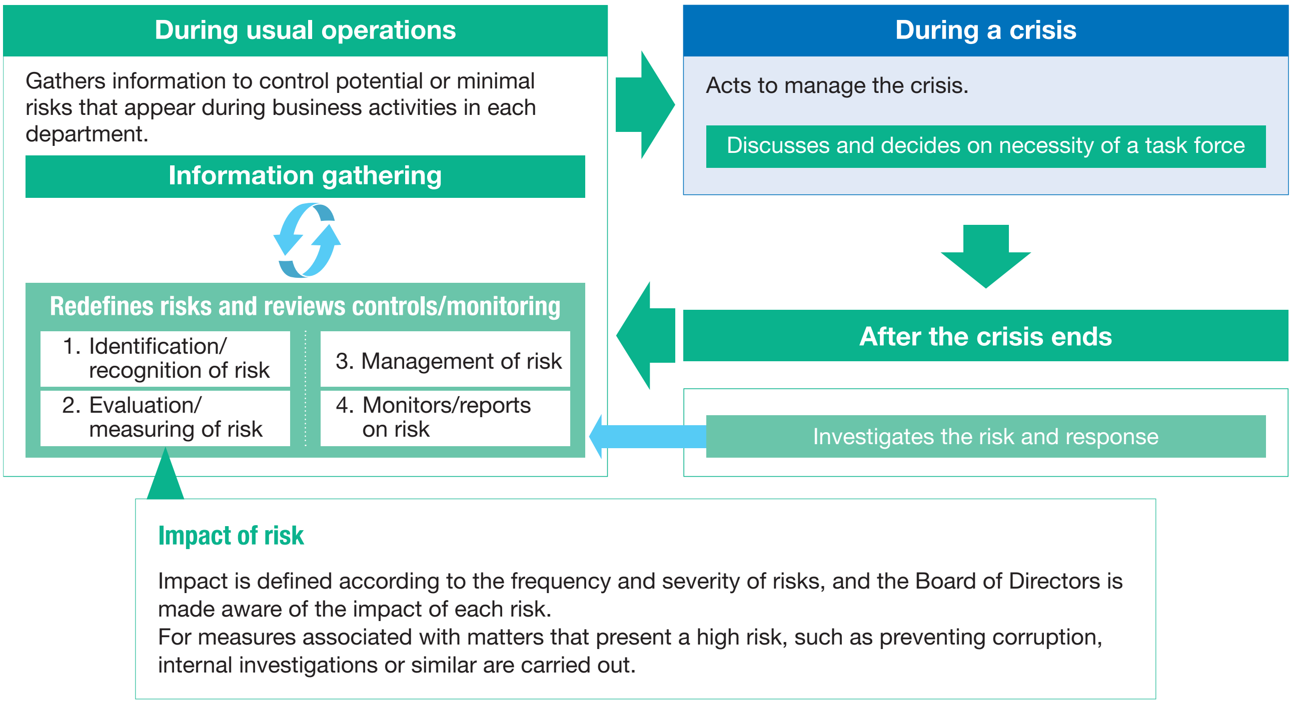
Risk Management Action Guidelines

1. We shall acknowledge that risk management is a vital part of management, and implement company-wide risk management initiatives.
2. We shall recognize potential negative impacts on corporate value improvements as risks before they can occur, and make company-wide efforts to prevent them emerging or minimize the damage if they do.
3. We shall consider the importance and impact of risks that do come about, and disclose information as appropriate.
4. Each division shall accurately recognize risks, carry out suitable reviews, and engage in risk management that reflects reality and changes in the business environment.
5. Each business unit and branch office shall form appropriate measures to ensure risk management initiatives are executed within their organizations.
6. All employees, from management down, shall act with an individual awareness and sense of responsibility toward risk management.

▶ Primary risks and countermeasures

Risks	Details	Countermeasures
Market Condition Risks	Decline in construction demand and worsening order environment due to economic downturn or technological innovation	Monitoring changes in the external environment and promoting business diversification
Workmanship	Labor accidents, degraded quality of installed systems, soaring prices for materials and labor, delayed delivery of materials, securing installation systems	Formulation of safety and health management plans, conducting site patrols, proper cost calculation, and cooperating with partner companies in recruitment activities
Human Resource Related	Unattained hiring plans, loss or outflow of human resources, drop in morale, etc.	Promotion of work style reform, implementation of stress checks, strengthening recruitment, and conducting engagement surveys
Overseas Risks	Losses due to overseas conditions, health damage caused by differences in health and hygiene environments, etc.	Pre-departure training for overseas assignments
Legal	Losses due to non-compliance with laws and regulations, losses due to failure to address corruption including bribery, contract violations, losses due to failure to respond to various system changes, and losses due to measures to reduce overtime work	Implementation of compliance education, establishment of internal and external whistleblowing and consultation hotlines
Operational Risks	Loss of competitiveness due to delays in technological development or poor sales, and losses due to fluctuations in asset and liability prices	Formulation of medium- to long-term R&D plans and accumulation of sales information from a company-wide perspective
Information Leaks/Cyber	Losses due to unauthorized use or external leak of information, losses due to shutdown or malfunction of information systems, etc.	Publication of the “Security Handbook,” establishment of information security guidelines for worksites, and implementation of information security education and security patrols
Asset Risks	Losses due to defects in asset management or damage to assets	Monitoring of financial assets, asset management in emergencies (such as BCP), and cooperation with lawyers
Natural Disasters	Deterioration of working environment and losses due to natural disasters such as typhoons, river flooding, and earthquakes	Formulation of business continuity management (BCM), implementation of business continuity plan (BCP) drills, and introduction of safety confirmation systems
Reputational Risks	Loss of corporate value due to failure to respond to rumors or facts	Timely and appropriate disclosure of information, establishment of a crisis management headquarters in the event of an emergency, and response to the media
Trust	Losses due to deterioration of the financial condition of credit recipients or non-performance of contract obligations, etc.	Take action to manage credit as appropriate. Seek an objective assessment from an outside institution.
Climate Change	Delayed response to climate-related government policies, regulations, or technologies, insufficient information disclosure, etc.	Identification and evaluation of risks and opportunities by the Sustainability Committee, and expansion of information disclosure in line with TCFD recommendations

Roles of the Risk Management Committee



Initiatives to strengthen information security

As we introduce increasing numbers of cloud services to our internal systems, we are putting in place cloud security services and strengthening our information security. There are also Information System User's Guidelines, available to executives and employees on the company intranet, which provide cautions regarding the use of electronic equipment in everyday work.

Information security training is conducted via e-learning, and drills are conducted on how to handle targeted e-mail attacks to increase information security awareness and prevent the occurrence of accidents such as information leaks. Moreover, for the purpose of strengthening information security at job sites, we have revised Network Building Guidelines for Job Sites and Information Security Guidelines for Job Sites, and make sure that countermeasures are implemented in line therewith. We are also enhancing training in information security to job site personnel.

Implementation	Date
e-learning	November 2024
Drill on how to handle targeted e-mail attacks	July and November 2024

Business continuity management

We have set out our business continuity management (BCM) approach, which incorporates the PDCA cycle of repeated improvements to our business continuity plans (BCP).

As part of our education and drills, in September 2025 we carried out drills for those responsible for dealing with disasters at each site, with the aim of improving effectiveness and the ability to make judgments during emergencies.

Theorizing various situations that might come about if there were to be a real disaster, discussions were held at each site about questions posed by the drill offices, and participants checked the contents of their BCP manuals and improved their ability to respond to a disaster.