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TODA CORPORATION

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Securities Code: 1860

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

The following describes the state of corporate governance of TODA CORPORATION.

I Fundamental Approach to Corporate Governance, Capital Structure, Corporate Attributes, and Other Basic Information

1. Fundamental Approach

The Company believes that the essence of corporate governance is to ensure the transparency and fairness in management, to make effective use of management resources, and to enhance management dynamism through swift and decisive decision-making, and is striving to enhance such corporate governance. In addition, the Company has systematized and formulated our corporate philosophy, which has been cultivated throughout our history, into our “Management Policy”, “Charter of Corporate Behavior”, and “Code of Conduct” in an effort to ensure that it permeates widely throughout our business activities.

【Reasons for non-compliance with the Corporate Governance Code’s principles】

The Company complies with all principles of the Corporate Governance Code, including those for the Prime Market, as revised in June 2021.

【Disclosure based on the principles of the Corporate Governance Code】

“TODA CORPORATION Corporate Governance Basic Policy (revised on July 31, 2025)” based on the resolution of the Board of Directors is posted on the Company’s website as an indication of our basic approach, framework and management policy regarding corporate governance.

“TODA CORPORATION Corporate Governance Basic Policy”

<https://www.toda.co.jp/sustainability/governance/governance.html> (Japanese)

【Principle 1-4】 Cross-shareholdings

The Company holds cross-shareholdings for the purpose of strengthening key partnerships and business relationships essential to advancing its corporate strategy, as well as contributing to the enhancement of medium- to long-term corporate value.

(Policy regarding the reduction of cross-shareholdings)

The Company has adopted a fundamental policy of reducing the balance of cross-shareholdings, prioritizing the mitigation of holding risks and the enhancement of capital efficiency. We regularly evaluate the significance and economic rationale of each holding, and where continued ownership lacks sufficient justification, we aim to actively divest such shares following constructive dialogue with the issuing companies.

Proceeds from these divestments will be allocated toward strengthening the Company’s operational foundation in the construction business and supporting strategic growth initiatives, including M&A activities, offshore wind power generation projects, and investments in human capital, with the objective of enhancing overall corporate value.

The timing of each sale will be carefully determined in consideration of the Company’s comprehensive financial position and prevailing market conditions. Additionally, should companies holding our shares as part of their cross-shareholdings express a desire to sell, we will respect their intention and not hinder such action.

(Verification of the economic reasonableness of cross-shareholdings)

Once a year, the Board of Directors verifies the significance and economic rationality of all investment shares held for strategic investment purposes from a medium to long-term perspective, including profitability and strengthening business relationships. The verification of economic rationality is based on the average of the most recent return on equity (ROE) of the companies listed on the Prime Market of the Tokyo Stock Exchange, and the sum of the following three rates is used as an indicator.

- Operating margin of construction orders received: Percentage of average operating income from construction contracts received from the counterparty during the past five fiscal years divided by the acquisition price of the counterparty's shares.
- Dividend ratio: Percentage of the average of dividends received over the past five fiscal years divided by the acquisition price of the counterparty's shares
- Share price change ratio: The difference between the acquisition price of the counterparty's shares and the price calculated using statistical methods (VaR: value-at-risk) as the lower limit of market price fluctuation of the counterparty's shares, divided by the product of the acquisition price of the relevant counterparty's shares and the number of years held.

(Details of the Board of Directors' verification of the appropriateness of holding individual stocks as of December 31, 2024)

At the Board of Directors Meeting held on March 28, 2025, verification was conducted using the method described above based on actual data as of December 31, 2024. As a result of the verification, for individual stocks whose economic rationality or significance of holding has declined, such as by falling below the standard value, we are negotiating with client companies to sell them from April 2025 onwards.

Under the “Medium-Term Management Plan 2027” announced in May 2025, from the perspective of securing financial resources for investment in growth while maintaining capital efficiency and financial soundness, it is our policy to sell at least ¥50 billion (market value basis) of cross-shareholdings over the three-year period from FY2025 to FY2027.

Please refer to the details of the shares held by the Company, which are disclosed in the Annual Securities Report.
https://www.toda.co.jp/ir/securities/assets/pdf/toda102_houkoku01.pdf#page=75 (Japanese)

When exercising voting rights for cross-shareholdings, the Company makes a judgment as to whether or not the proposal will contribute to the enhancement of the partner company's corporate value over the medium- to long-term, by comprehensively considering the partner company's business performance, the state of governance including the number of Outside Directors, and the existence of an appropriate dividend policy, among other factors, and exercises its voting rights appropriately.

【Principle 1-7】 Transactions with related parties

In the event that the Company conducts a transaction with a Director, major shareholder, or other related party, the Company shall submit the matter to the Board of Directors to obtain its approval in advance to ensure that the transaction does not impair the interests of the Company or the common interests of shareholders. Please refer to Article 20 (Transactions with Related Parties) of the “TODA CORPORATION Corporate Governance Basic Policy”.

【Principle 2-4-1】 Ensuring diversity in the appointment of core personnel, etc.

The Group promotes diversity, equity and inclusion as one of its management strategies to achieve sustainable growth on a global scale. By respecting the diversity of our employees and their diverse values and actively engaging in corporate activities, we aim to create new value as a “corporate group that realizes joys”.

(1) Approach to ensuring diversity

Aiming to realize a comfortable and affluent work environment not only for employees of Group companies and subcontractors, but also for all people involved, we strive to ensure a comfortable work environment where employees can maximize their qualities and abilities while giving due consideration to health and safety and respecting diversity, personality, and individuality. As society and people's values

change and the roles required of companies change, we will turn diversity into strength and move forward towards the “realizing a society of collaborative creation as a gatekeeper of value.”

(2) Voluntary and measurable goals for ensuring diversity and the status of ensuring them

(i) Female

As of June 30, 2025, the Company has 2 female Directors (1 Outside Director and 1 Outside Audit & Supervisory Board Member). The Company will continue to actively promote the development and advancement of human resources through selective training programs aimed at fostering future executives. Our goal is to increase the number of female managers from 88 as of the end of March 2025 to 114, a 30% increase, by the end of March 2030.

(ii) Foreign nationals

The Group conducts an 18-month training program in Japan for local staff from various countries, aimed at cultivating future executives for our overseas operations. To date, five cohorts have completed the program, totaling 28 participants. We aim to train an additional 34 staff members by the end of March 2030. In addition to acquiring Japanese language skills, trainees gain hands-on experience with our core strength: on-site construction technology. They also develop multifaceted perspectives through a systematic understanding of the Group's overarching vision.

(iii) Mid-career hires

As of April 1, 2025, we had a total of 737 mid-career hires, including 326 in management positions. To further develop and secure a diverse pool of talent, we will continue to increase the proportion of highly skilled mid-career hires and promote them to management roles based on their abilities and experience.

(3) Human resources development policy to ensure diversity, employee-friendly work environment policy, and current status

In an era of uncertainty and rapid change, it is our employees who drive sustainable growth. Our Group has adopted a fundamental human resources development policy focused on “cultivating and securing a diverse and multifaceted workforce to strengthen our business foundation.” As part of our efforts to enhance the workplace environment, we value the “Work in Life” philosophy, which encourages each employee to view “work” as a means of realizing their ideal “life” and to choose a fulfilling working style that reflects their individual values and authenticity. We are promoting company-wide initiatives to reduce total working hours and encourage the use of paid leave, while also enhancing support systems that help employees balance work and childcare. These efforts aim to enable both men and women to successfully manage their careers alongside parenting responsibilities. By advancing initiatives related to human resource development, diversity, and globalization, we aim to cultivate a strong pool of high-value talent and drive sustainable growth in corporate value.

For more information about our development policies and workplace environment improvements, please visit our website.

<https://www.toda.co.jp/sustainability/social/diversity.html> (Japanese)

【Principle 2-6】 Fulfilling role as asset owner of corporate pension plan

The Company holds regular meetings of the Asset Management Committee, whose members include the head of the Planning & IR Division and the head of the Human Resources Division, to review the asset allocation and investment performance. In addition, the Human Resources Division, which serves as the Committee's secretariat, has staff with specialized knowledge and experience, and is working to improve their qualifications by attending various outside seminars.

【Principle 3-1】 Enhancement of information disclosure

(1) Management philosophy, management strategy, and management plans

The Company established the management policy in 1967, and by conducting corporate activities in accordance with this policy, we have been striving to build relationship of trust with our shareholders, customers, and other stakeholders. On the other hand, since the establishment of the management policy, social conditions and social demands as well as the business structure of our group have changed significantly. To achieve sustainable growth from medium to long-term perspective, the Group must respond swiftly to management issues such as shrinking construction investment and changes in the social structure due to the declining birthrate

and aging population.

Given this background, we believe it is important to reaffirm the values and spirit we have cultivated throughout our long history, while clearly defining our guiding principles for the future. Accordingly, in 2015, we introduced the “TODA Global Vision (a corporate group that realizes joy)” to represent the ideal future of the TODA CORPORATION Group as we approached our 140th anniversary in 2021.

In July 2021, we announced the “Future Vision CX150 (CX150)” in anticipation of our 150th anniversary in 2031, positioning “realizing a society of collaborative creation as a gatekeeper of value” as the Group’s vision (our ideal image of society) and core values (that we strive to uphold). To advance this goal, we initiated the first phase (Access to the Sources of Value) in May 2022 through the “Medium-Term Management Plan 2024 - Rolling Plan”, focusing on strengthening our business portfolio and driving sustainable value creation.

Further, in May 2025, we launched the second phase of CX150 (Value Reconstruction) with the formulation of the “Medium-Term Management Plan 2027.” Amid a complex and uncertain business climate, we continue to assess and build upon the challenges and achievements that have emerged, refining and expanding the Group’s unique strengths.

Looking ahead, the Group remains dedicated to creating “Distinctive Value” and fulfilling the expectations of our stakeholders, while achieving sustainable growth and enhancing corporate value over the long term.

“Corporate Philosophy and Global Vision”

<https://www.toda.co.jp/company/philosophy.html> (Japanese)

“Medium-Term Management Plan 2027”

https://www.toda.co.jp/english/investor_relations/pdf/Medium-Term%20Management%20Plan%202027.pdf

(2) Basic approach and policy on corporate governance

The Company aims to achieve sustainable growth and increase its corporate value over the medium to long-term. To this end, we believe that the essence of corporate governance is to ensure transparency and fairness in management, to make effective use of management resources, and to enhance management dynamism through prompt and decisive decision-making, and we will further strengthen corporate governance. For details, please refer to the “TODA CORPORATION Corporate Governance Basic Policy.”

(3) Policy and procedures for determining compensation for the management and Directors

The Company has established a policy regarding the determination of the amount of remuneration, etc. for Directors and Executive Officers and the method of calculation thereof.

(i) Basic policy on compensation for Directors

Based on TODA CORPORATION Global Vision of being “a corporate group that realizes joy,” we have established a compensation system that is appropriate for achieving sustainable growth over the medium to long-term with our diverse stakeholders. In order to maximize the value of the Company as a whole, the compensation system is designed from the perspective of total optimization and motivation to drive appropriate growth in each line of business, from the viewpoint of transparent decision-making processes and rationality.

(ii) Compensation levels and composition ratio

The Company sets the amount of compensation, etc. at an appropriate level compared to other listed companies of the same size in Japan, and refers to objective compensation data from external professional organizations.

Compensation for Directors who concurrently serve as Executive Officers shall consist of base compensation, performance-linked compensation (annual bonus), and stock compensation, with a standard ratio of base compensation: performance-linked compensation: stock compensation = 1:0.40-0.50:0.40-0.50, depending on position. The ratio of stock compensation shall be two-thirds for performance-linked compensation and one-third for non-performance-linked compensation.

The ratio of base compensation to stock compensation (non-performance-linked portion only) for Directors who do not concurrently serve as Executive Officers shall be approximately 1:0.55 for inside Directors and 1:0.1 for Outside Directors.

(iii) Base compensation

Base compensation is determined according to position and paid monthly.

(iv) Performance-linked compensation (annual bonus)

Performance-linked compensation is paid with the aim of raising awareness of the need to improve performance each fiscal year. The performance evaluation period is one year, and the payment is made at a certain time each year. The President shall be evaluated solely on the basis of company-wide performance, while the Executive Officers other than the President shall be evaluated on the basis of company-wide performance (70% weighting) and individual performance (30% weighting).

The company-wide performance evaluation indicators are those that are emphasized in the business plan for the relevant fiscal year, and target values are set at the beginning of the fiscal year. The individual performance evaluation consists of a performance evaluation of the person in charge, focusing on the financial targets of the operations for which he/she is responsible, and a qualitative evaluation focusing on key measures for sustainable growth, with targets set at the beginning of the fiscal year. Consolidated net sales, consolidated operating income, and consolidated net income are applied as company-wide performance evaluation indicators, as we place particular emphasis on these metrics to realize the sustainable growth of our Group.

(v) Stock compensation

Two types of stock compensation shall be offered: a performance-linked type, which aims to raise awareness of improving performance over the medium-term, and a non-performance-linked type, which is designed to improve corporate value over the long-term.

In the performance-linked portion, points are awarded at a certain time each year, and shares are delivered three years after the points are awarded based on the degree of achievement of performance over the three-year period from the time the points are awarded. (However, a portion of the shares granted will be paid in cash to fund tax payments.) Performance evaluation is based on company-wide performance evaluation and ESG evaluation.

The company-wide performance evaluation indicators are set as consolidated net sales, consolidated operating income, and ROE, which are key metrics emphasized in our medium-term business plan. Targets for these indicators are defined at the time of point allocation (i.e., the beginning of each evaluation period). For ESG evaluation, CO₂ emissions—an important metric in implementing ESG management focused on enhancing corporate value—are used, with targets similarly set at the time of point allocation.

Non-performance-linked points are awarded at a certain time each year, and shares are delivered upon retirement. (However, a portion of the shares granted will be paid in cash to fund tax payments.)

(vi) Compensation determination process

Compensation for Directors is determined by the Board of Directors within the remuneration limit approved at the Annual General Meeting of Shareholders, following deliberations by the Personnel & Compensation Committee. This committee is chaired by an Independent Outside Director and composed of a majority of Independent Outside Directors, and its discussions include performance evaluations for performance-linked compensation and the performance-linked portion of stock-based compensation.

In the event that exceptional measures are required for performance evaluation, etc., necessary measures may be taken based on deliberations by the Personnel & Compensation Committee and a resolution by the Board of Directors. In the event of illegal acts or violations of laws and regulations, compensation may be reduced or returned based on deliberations by the Personnel & Compensation Committee and a resolution by the Board of Directors.

Please refer to Article 10 (Remuneration for Directors, etc.) and Article 11 (Personnel and Compensation Committee) of “TODA CORPORATION Corporate Governance Basic Policy”.

(4) Policy and procedures for appointment or dismissal of the management and nomination of candidates for Directors and Audit & Supervisory Board Members

Nominations of candidates for Directors are determined by the Board of Directors after review by the Personnel & Compensation Committee. Nominations of candidates for Audit & Supervisory Board Members are made by the Board of Directors after review by the Personnel & Compensation Committee and with the consent of the Audit & Supervisory Board. Please refer to Article 6 (Qualifications and Nomination Procedures for Directors) and Article 8 (Qualifications and Nomination Procedures for Audit & Supervisory Board Members) of “TODA CORPORATION Corporate Governance Basic Policy”.

(5) Explanation of individual appointments of the management and nomination of candidates for Directors and Audit & Supervisory Board Members

Please refer to the "NOTICE OF CONVOCAION FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS" for the brief biographical data of each candidate for Director and Audit & Supervisory Board Member and the reasons for their appointments.

https://www.toda.co.jp/english/investor_relations/pdf/Notice_102ndGeneralMeeting.pdf#page=5

【Supplementary Principle 3-1-3】 Initiatives on sustainability

At the Board of Directors Meeting held on December 24, 2021, the following was decided as the Group's Basic Sustainability Policy.

(1) Basic policy

TODA CORPORATION Group's Management Policy is to "contribute to the development of society", "achieve sustainable business growth", and "enhance stakeholder value". We have always managed our business in line with the concept of sustainability with respect for our stakeholders, such as by considering the impact of our business activities on customers, employees, partner companies, local communities, shareholders/investors, and the global environment, and striving to build relationships of trust through dialogue. As a supporter of the TCFD and through our participation in the TNFD Forum, we analyze and disclose information on climate change and other natural issues in accordance with its recommendations.

TODA CORPORATION Group conducts its business in accordance with its Global Vision formulated in 2015 in order to continue to be a company that realizes "joys" to all stakeholders.

Towards the realization of a sustainable society, we have reaffirmed our Materiality (key issues) and established our management vision for 2050 as "Sustainability Vision 2050".

*TCFD: The Task force on Climate-related Financial Disclosures created by the Financial Stability Board (FSB)

*TNFD: The Taskforce on Nature-related Financial Disclosures is an international initiative to provide a framework for corporate risk management and disclosure related to natural capital.

(2) Sustainability Vision 2050

Our Sustainability Vision 2050 is defined as "A corporate group that creates a better future". Looking ahead to 2050 and beyond, TODA CORPORATION Group will work together with its stakeholders to create a better future society while developing business activities with the five Materiality of "Town", "Social Infrastructure", "Decarbonization", "Value", and "People" in mind.

(3) Sustainability promotion policy

(i) Establishment and operation of sustainability promotion framework

The "Sustainability Committee" has been established as an advisory body to the Board of Directors to oversee and provide guidance in the promotion of sustainability initiatives. On the executive side, the "Sustainability Strategy Committee" has been established to deepen discussions on themes to be addressed from the 4 perspectives of "ESG+B" (E: environment, S: social, G: governance, B: benefits) and to reflect them in our business strategies under appropriate allocation of management resources.

Efforts to resolve the issues identified by the Sustainability Strategy Committee are prioritized and implemented by executive divisions, such as the head office and business units.

(ii) Information disclosure to society

The Company adequately discloses to the stakeholders our efforts to resolve sustainability challenges as well as the risks and revenue opportunities associated with such challenges.

(4) TODA CORPORATION Group's Materiality (key issues)

Looking ahead to 2050, TODA CORPORATION Group has evaluated various social and business-related challenges based on the two axes of "impact on business" and "impact on stakeholders" and has identified the following 5 items as "TODA CORPORATION Group's Materiality", with themes corresponding to each.

(i) Urban development that supports affluent lifestyles

(ii) Infrastructure development in harmony with the environment

(iii) Realization of a decarbonized society

(iv) Technological innovation and enhancement of value provided

(v) Creating a workplace where people can feel the joy of working

In addition to the above, we have also set forth the themes for improving corporate governance regarding the "foundation for sustainable growth."

For more information, please refer to "TODA CORPORATION Group's Sustainability".

<https://www.toda.co.jp/sustainability/> (Japanese)

(5) Investment in human capital, intellectual property, etc.

Please refer to our Corporate Report 2024, p.33-38 (Human Resources Strategy) and p.47-48 (Research & Development). We will continue to disclose these strategic investments in human capital and intellectual property through the Medium-Term Management Plan and other management disclosures.

https://www.toda.co.jp/english/sustainability/pdf/TODA_Integrated_Report_2024.pdf#page=34

https://www.toda.co.jp/english/sustainability/pdf/TODA_Integrated_Report_2024.pdf#page=48

【Supplementary Principle 4-1-1】 Scope of matters delegated to the management

The Company stipulates matters to be resolved by the Board of Directors in its Board of Directors Regulations. In addition, the Company has adopted an Executive Officer System in order to speed up and improve the efficiency of decision-making related to the execution of business operations. The Board of Directors delegates the execution of duties to the Executive Officers and supervises their performance of duties. Please refer to Article 4 (Roles of the Board of Directors) of "TODA CORPORATION Corporate Governance Basic Policy."

【Principle 4-9】 Independence standards and qualifications for independent Outside Directors

To ensure the objectivity and transparency necessary for proper governance of the Company, we have established "Independence Standards for Outside Directors." The Company has also established "Personnel Evaluation Standards for Directors" to ensure the necessary conditions for Directors to perform their duties. Please refer to Article 6 (Qualifications and Nomination Procedures for Directors) of "TODA CORPORATION Corporate Governance Basic Policy."

【Supplementary Principle 4-11-1】 Views on the balance of knowledge, experience and capabilities, diversity and size of the Board of Directors

➤ Role of the Board of Directors:

The Board of Directors, entrusted by shareholders, is responsible for making decisions on fundamental management strategies, business plans, and key operational matters, while supervising overall management to ensure transparency and fairness. It also appoints Executive Officers, delegates authority for operational decisions other than critical matters, and monitors the execution of their duties.

➤ Basic Approach to Board Composition:

The Board of Directors is composed of Directors with a balanced mix of knowledge, experience, and skills ("skills"), and takes into account diversity in gender, international background, inside/outside career paths, and age. The number of Directors shall not exceed 12 as stipulated in the Articles of Incorporation, and shall be appropriate based on the Company's management challenges. To further enhance deliberations and strengthen oversight functions, at least one-third of the Board of Directors shall consist of Independent Outside Directors.

➤ Skill Matrix:

To fulfill the above roles of the Board of Directors, we have identified 8 skill areas that our Directors are expected to possess: "Corporate Management & Management Strategy," "Finance/Accounting," "Human Resources Development/Diversity," "Legal/Risk Management," "Global Businesses," "Manufacturing Technology," "ICT/Digital Transformation," and "Environment/Energy." In alignment with our newly formulated Medium-Term Management Plan 2027, we have reviewed and redefined the skill areas required for Directors and Audit & Supervisory Board Members. Following the Annual General Meeting of Shareholders held on June 26, 2025, the Board of Directors will be composed of 7 Directors (3 Internal Directors and 4 Outside Directors) and 4 Audit & Supervisory Board Members. Each individual has been matched to specific skill areas where their expertise is most relevant. Through this process, we believe that the Board of Directors as a whole has attained a well-balanced composition of skills.

For more information on the skill requirements for Directors and Audit & Supervisory Board Members under the new Medium-Term Management Plan 2027, as well as the skill matrix of the Board of Directors, please refer to the “NOTICE OF CONVOCATION FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS.”

https://www.toda.co.jp/english/investor_relations/pdf/Notice_102ndGeneralMeeting.pdf#page=13

【Supplementary Principle 4-11-2】 Status of concurrent Directorships in other listed companies

No Internal Director or Internal Audit & Supervisory Board Member concurrently serves as a Director or Audit & Supervisory Board Member of another listed company. Outside Directors and Outside Audit & Supervisory Board Members concurrently serve as officers of other listed companies, but there are no circumstances that would affect with their activities as officers, such as impeding their attendance at meetings of the Company's Board of Directors. Please refer to the “NOTICE OF CONVOCATION FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS.”

https://www.toda.co.jp/english/investor_relations/pdf/Notice_102ndGeneralMeeting.pdf#page=5

【Supplementary Principle 4-11-3】 Analysis and evaluation of the effectiveness of the Board of Directors

The Board of Directors analyzes and evaluates the effectiveness and efficiency of the Board of Directors as a whole with reference to each Director's self-evaluation and other information, and strives for improvement. Please refer to Article 14 (Evaluation of the Effectiveness of the Board of Directors) of “TODA CORPORATION Corporate Governance Basic Policy.”

<https://www.toda.co.jp/sustainability/governance/governance.html> (Japanese)

The evaluation of the effectiveness of the Board of Directors for FY2024 (April 2024 - March 2025) was conducted as follows:

(1) Purpose: To analyze and evaluate the effectiveness of the Board of Directors as a whole and incorporate the results into the next fiscal year's initiatives.

(2) Methodology:

- 1) Survey (targeting all 6 Directors and all 3 Audit Supervisory Board Members),
- 2) Individual interviews with all Outside Directors (3 Outside Directors and 2 Outside Audit Supervisory Board Members),
- 3) Independent review (by attorney),
- 4) Reporting and discussion of the results of the effectiveness evaluation at the Board of Directors meeting.

➤ Survey results (overall)

- Among the 39 questions evaluating performance on a 5-point scale, 35 items received an average score of 4 or higher, indicating a highly favorable assessment. Notably, three categories - “Personnel & Compensation Committee,” “Progress and Constructive Discussion of Meetings,” and “Contribution of the Board of Directors” - scored exceptionally high, each exceeding 4.8 points. On the other hand, four items received average scores in the 3-point range. “Oversight and Supervision of Subsidiaries” remained the lowest-scoring item for the second consecutive year, at 3.3 points.
- Compared to the previous year, 23 items saw improved scores, 11 items declined, and 4 remained unchanged. Areas with notable improvement included “Progress and Constructive Discussion of Meetings” and “Evaluation of the Personnel & Compensation Committee,” both up by 0.8 points. Meanwhile, key areas with lower ratings included “Coordination Between Audit & Supervisory Board/Members” and “Internal Control System,” each down by 0.5 points.

➤ Survey results (efforts based on previous year's effectiveness evaluation results to address issues)

Based on the findings of the prior year's evaluation of the effectiveness of the Board of Directors, three key issues were identified for the Board of Directors' operations in FY2024 and were addressed accordingly. The main initiatives undertaken (as shown in brackets), along with the corresponding survey evaluation scores, are as follows:

- 1) Building Consensus on Management Strategy and Reviewing the Framework of the New Medium-Term Management Plan: Score: 4.6

Throughout the year, the Board held 15 timely discussion sessions that enabled diverse, flexible, and open

dialogue on medium- to long-term strategy and the new Medium-Term Management Plan.

2) Enhancing the Reporting and Review Mechanism for Agenda Items Submitted to the Board of Directors: Score: 4.3

Post-meeting reporting was strengthened by sharing Board discussion outcomes with Executive Officers. Additionally, a review mechanism was initiated through the Investment Management Committee.

3) Continuing Discussions on the President Succession Plan: Score: 4.3

With the goal of having the President regularly report the next-generation executive development plan to the Personnel and Compensation Committee (at least once per year), the plan was reported twice in FY2024 in June and February.

4) Dissemination and Implementation of the Board Operational Policy: Score: 4.4

Building on the findings of the previous year's effectiveness evaluation report, a Board Operational Policy was formulated, outlining key issues and action items as well as the annual agenda priorities. The Chairperson reported this policy to the Board of Directors.

➤ Independent review

As an independent evaluation, we presented the results of our questionnaire and interviews to an outside attorney experienced in corporate governance, who reviewed our methods for assessing effectiveness and the issues raised by the results of the evaluation. With respect to the effectiveness of the Board of Directors, we received the following evaluation:

- Regarding the methodology, consistent with FY2023, a survey was conducted in which responses - comprising both scores and free-text comments - were provided by each Director and Audit & Supervisory Board Member. Additionally, interviews were held with Outside Directors and Outside Audit & Supervisory Board Members. The process was deemed appropriate and effective, and candid feedback was shared.
- Key points of evaluation included:
 - 1) Active discussions were conducted surrounding the formulation of the new Medium-Term Management Plan.
 - 2) Sharing of information with Outside Directors regarding subsidiary operations was strengthened.
 - 3) A high standard of operation was maintained within the Personnel & Compensation Committee.
 - 4) Opportunities for communication between Outside Directors and the executive side were enhanced.
- Areas for improvement were noted, including the need for mid-year discussions on Board effectiveness, and—following the conclusion of the Medium-Term Management Plan discussions—the establishment of new priority agenda items and the evaluation of their depth.

➤ Summary of results

- In FY2024, our Board of Directors consisted of a compact group of 6 Directors (3 Internal and 3 Outside) and 3 Audit & Supervisory Board Members. Despite its small size, the Board was evaluated as maintaining a high level of overall effectiveness.
- In particular, the first initiative for FY2024 - "Building Consensus on Management Strategy and Reviewing the Framework of the New Medium-Term Management Plan" – was well received, reflecting the active and thorough discussions held during both the Board of Directors meetings and the Board of Directors' Roundtable.
- The second initiative - "Enhancing the Reporting and Review Mechanism for Board Agenda Items" - was also positively evaluated, reflecting improvements in format and actual reporting of multiple agenda items and investment monitoring updates. However, there were several comments indicating expectations for continued development and concerns over insufficient discussions and reporting related to subsidiary oversight.
- Looking ahead to FY2025, the inaugural year of the new Medium-Term Management Plan, several comments emphasized the importance of Board-level discussions from a medium- to long-term perspective, focusing on key themes such as business portfolio management, human capital strategy, subsidiary oversight, cross-shareholdings, and the broader governance framework.

➤ Challenges for the future

Enhancing the effectiveness of the Board of Directors - the body responsible for overseeing our management - is critically important in achieving sustainable growth and improving corporate value over the medium- to long-term. FY2025 marks the first year of the new Medium-Term Management Plan. In this context, the Board of Directors must not only verify the progress of the Plan but also, from a medium- to long-term perspective, make decisions on key issues and supervise the execution of operations by Executive Officers, all with the aim of

maximizing corporate value. Based on these considerations, we have identified the following three priority challenges:

1. Institutionalizing the post-reporting and review mechanisms for agenda items submitted to the Board.
2. Strengthening oversight of subsidiary operations.
3. Enhancing supervision of the progress of the new Medium-Term Management Plan and enriching discussions on priority agenda items.

➤ Reflection on the Board of Directors' operating policy

The three challenges identified based on the evaluation of the effectiveness of the Board of Directors results were incorporated into the FY2025 Board Operational Policy set by the Chairperson of the Board. This policy was explained and communicated at the Board of Directors meeting held immediately after the Annual General Meeting of Shareholders.

【Supplementary Principle 4-14-2】 Training policy for Directors Audit & Supervisory Board Members

The Company provides opportunities to acquire necessary knowledge, especially for newly appointed Directors and Audit & Supervisory Board Members. Please refer to Article 16 (Study and Training of Directors and Audit & Supervisory Board Members, etc.) of “TODA CORPORATION Corporate Governance Basic Policy.”

【Principle 5-1】 Policy for constructive dialogue with shareholders

The Company places importance on institutional investors who seek to realize the long-term and sustainable growth of the Company, and has a policy of actively engaging in dialogue with such shareholders. Please refer to Article 23 (Dialogue with Shareholders) of “TODA CORPORATION Corporate Governance Basic Policy.” Also please visit below for the status of dialogue with shareholders, investors and others.

https://www.toda.co.jp/english/investor_relations/info.php

【Action to implement management that is conscious of cost of capital and stock price】

Disclosed information	Updated disclosure of initiatives
English disclosure	Available
Update date:	July 31, 2025
Supplementary explanation	

We recognize the need not only to strengthen our core businesses, but also to invest in new business domains to enhance corporate value over the medium- to long-term. To achieve our target ROE of 8% or higher, we are actively reinforcing our business portfolio and promoting optimal capital allocation through both growth investments and investments in intangible assets. However, ROE has remained below 8% for the past three fiscal years, and PBR continues to fall short of 1.0.

In light of these circumstances, we aim to improve PBR and achieve an ROE of 10% or higher by securing profitability in our core construction business, enhancing capital efficiency through asset replacement and the sale of cross-shareholdings, increasing shareholder returns, and strengthening investor relations activities.

For further details, please refer to the information below.

https://www.toda.co.jp/english/investor_relations/pdf/20250731_Notice_01.pdf

2. Capital Structure

Percentage of foreign shareholders	More than 20% but less than 30%
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【Major shareholders】

Name of Shareholder		Number of shares held	Percentage (%)
Daiichi Shokusan		42,923,653	13.30
Master Trust Bank of Japan, T.		37,320,900	11.56
Custody Bank of Japan, T.		10,090,200	3.12
Ally		8,977,916	2.78
Hiroko Toda		6,611,595	2.04
State Street Bank and Trust Company 505001		6,331,414	1.96
MUFG Bank		5,891,761	1.82
Customers' Stockholding		5,663,884	1.75
Company's Stock Investment		5,044,621	1.56
Yakult Honsha		4,955,556	1.53
Controlling shareholder (except for parent company)		—	
Parent company		None	
Supplementary explanation			

The above status of “Major shareholders” is as of the end of March 2025.

3. Corporate Attributes

Listed stock market and market section	Tokyo Stock Exchange, Prime Market
Fiscal year-end	March
Type of business	Construction
Number of employees (consolidated) as of the end of the previous fiscal year	1,000 or more
Net sales (consolidated) as of the end of the previous fiscal year	100 billion yen or more, less than 1 trillion yen
Number of consolidated subsidiaries as of the end of the previous year	More than 10, less than 50 companies

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

—

5. Other Special Circumstances Which May Have Material Impact on Corporate Governance

None.

II Business Management Organization and Other Corporate Governance Systems Regarding Decision-Making, Execution of Business, and Oversight in Management

1. Matters Related to Organizational Structure and Management, etc.

Type of organization	Company with Audit & Supervisory Board
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【Members of the Board】

Number of Directors stipulated in the Articles of Incorporation	12
Term of office of Directors stipulated in the Articles of Incorporation	One year
Chairman of the Board	Chairperson (except in the case of a person who also serves as President)
Number of Directors	7
Status of appointment of Outside Directors	Appointed
Number of Outside Directors	4
Number of Outside Directors designated as independent Directors	4

Relationship with the Company (1)

Name	Attributes	Relationship with the Company (*)										
		a	b	c	d	e	f	g	h	i	j	k
Toshihiko Itami	Attorney at law											
Kumi Arakane	Formerly worked for another company								△			
Masashiro Muroi	Formerly worked for another company								△			
Kiyoshi Mizuhara	Formerly worked for another company								△			

* Selection criteria regarding the relationship with the Company

* “○” when the Director presently falls or has recently fallen under the category;

“△” when the Director fell under the category in the past

* “●” when a close relative of the Director presently falls or has recently fallen under the category;

“▲” when a close relative of the Director fell under the category in the past

a Executive of a listed company or its subsidiaries

b Executive or non-executive Director of a parent company of a listed company

c Executive of a sibling company of a listed company

d A person whose main business partner is a listed company or a person who executes the business of a listed company

e A major business partner of a listed company or its executive

f Consultant, accounting professional, or legal professional who receives a large amount of monetary consideration or other assets from a listed company other than Director's remuneration

g A major shareholder of a listed company (if such major shareholder is a legal entity, an executive of such corporation)

h Executive of a business partner of a listed company (not falling under any of d, e and f) (the Director himself/herself only)

i Executive of a company with whom the Outside Director has a relationship of reciprocal appointment (the Director himself/herself only)

j Executive of an entity to which a listed company has made a donation (the Director himself/herself only)

k Others

Relationship with the Company (2)

Name	Independent Director	Supplementary explanation of the relationship	Reasons of appointment
Toshihiko Itami	○	—	Mr Toshihiko Itami has served in prominent positions including Chief Prosecutor of Tokyo District Public Prosecutors Office, Deputy Prosecutor-General of Supreme Public Prosecutors Office and Superintending Prosecutor of Osaka High Public Prosecutors Office, before engaging in corporate governance, corporate crisis management and corporate compliance matters as an attorney at law, and possesses a wealth of experience and a high level of expertise. He is expected to provide appropriate advice and recommendations to the Company's management from an objective standpoint independent of the Company's management team that executes its business. While he has never been involved in corporate management other than as an Outside Director, the Company believes that he can appropriately execute the duties of an Outside Director based on the above reasons. In addition, as he is not a major shareholder or a person from a major business partner of the Company, there is no risk of conflict of interest between him and general shareholders, and he is therefore designated as an Independent Director.
Kumi Arakane	○	Although Ms Kumi Arakane served as Executive Officer, Director, and Audit & Supervisory Board Member of KOSÉ Corporation until June 2019, she is not currently involved in the execution of KOSÉ Corporation's business. In addition, the amount of KOSÉ Corporation's transactions with the Company in the fiscal year ended March 31, 2025 was less than 0.1% of our net sales.	Ms Kumi Arakane has a wealth of experience and insight in corporate management, including being involved in the execution and supervision of management as a Director and was in charge of corporate R&D, product development, and quality assurance as a Doctor of Pharmacology. She is expected to provide appropriate advice and recommendations to the Company's management from an objective standpoint independent of the Company's management team that executes its business. In addition, as she is not a major shareholder or a person from a major business partner of the Company, there is no risk of conflict of interest between her and general shareholders, and she is therefore designated as an Independent Director.
Masahiro	○	Mr Masahiro Muroi served	Mr Masahiro Muroi has served as

Muroi		as Member of the Board and Representative Director of The Nomura Research Institute, Ltd. The amount of The Nomura Research Institute, Ltd.'s transactions with the Company in the fiscal year ended March 31, 2025 was less than 0.1% of our net sales.	Representative Director of a major private think tank, accumulating a wealth of experience in and insight into corporate management and high expertise in IT. He is expected to supervise the overall management of the Company and provide effective advice on improving operational efficiency. In addition, as he is not a major shareholder or a person from a major business partner of the Company, there is no risk of conflict of interest between him and general shareholders, and he is therefore designated as an Independent Director.
Kiyoshi Mizuhara	○	Mr Kiyoshi Mizuhara served as Member of the Board and Representative Director of Komatsu Ltd. The amount of Komatsu Ltd.'s transactions with the Company in the fiscal year ended March 31, 2025 was less than 0.1% of our net sales.	Mr Kiyoshi Mizuhara has served as Representative Director of a major construction & mining equipment company, accumulating a wealth of experience in and insight into corporate management. He also has high expertise in global business through his experience as CMO and extensive experience of working abroad. Additionally, he has participated in the activities of the environmental and energy committee of an economic organization to help address environmental issues, and he is expected to oversee the Company's overall management and offer effective guidance for improving operational efficiency. Furthermore, as he is neither a major shareholder nor affiliated with any key business partners of the Company, there is no risk of conflict of interest with general shareholders. He has therefore been designated as an Independent Director.

Voluntary establishment of committee(s) equivalent to nominating committee and compensation committee

Established

Status of establishment of voluntary committees, composition of members, and attributes of committee chair (chairperson)

	Name of Committee	Total number of Committee members	Number of fulltime members	Number of Inside Directors	Number of Outside Directors	Number of external experts	Number of other members	Committee chair (chairperson)
Committee equivalent to Nominating Committee	Personnel and Compensation Committee	5	0	1	4	0	0	Outside Director
Committee equivalent to Compensation Committee	Personnel and Compensation Committee	5	0	1	4	0	0	Outside Director

The Company has established a Personnel and Compensation Committee for the purpose of nominating candidates for Directors and Audit & Supervisory Board Members, appointing and dismissing key officers (Executive Officers, Branch Managers, etc.), examining the eligibility and appropriateness of the calculation of executives' compensation, and reporting to the Board of Directors. In addition to the matters above, the Committee is responsible for receiving reports from the President and others regarding succession plans for key management positions, and providing recommendations to the Board of Directors as necessary.

【Matters related to Audit & Supervisory Board Members】

Whether or not Audit & Supervisory Board has been established	Established
Number of Audit & Supervisory Board Members stipulated in the Articles of Incorporation	6
Number of Audit & Supervisory Board Members	4
Cooperation among Audit & Supervisory Board Members, Accounting Auditors, and the Internal Audit Division	

The Internal Audit Division (7 members) has been established as the internal audit department, which periodically audits the status of business execution and reports audit results to the President, the Board of Directors, and the Audit & Supervisory Board. As for the status of cooperation with the Audit & Supervisory Board Members, 4 meetings were held in FY2024 and exchanged opinions on audit plans and the status of audit implementation. In addition, the Company and the Accounting Auditors regularly exchange opinions on internal audits and other matters and ensure mutual cooperation.

The Internal Audit Division reports the status of improvement of internal control, evaluation results, and results of examination of deficiencies found in the evaluation process to the Compliance Committee, as well as to the President, the Board of Directors, and the Audit & Supervisory Board. The Internal Audit Division discusses internal control evaluation plans, the status of improvements, and the evaluation results with the President and the Accounting Auditors.

With respect to the Audit & Supervisory Board and its Members, meetings of the Audit & Supervisory Board are generally held once a month, following the meetings of the Board of Directors. The Audit & Supervisory Board Members, with support from dedicated staff in the Audit Office, conduct audits based on audit policies and plans established at the beginning of the fiscal year. In addition to attending Board of Directors meetings and other important meetings deemed necessary, they confirm the overall status of internal controls through interviews with each headquarters division, site visits to branches and offices, and inspections of key subsidiaries. Based on audit findings, they also exchange opinions with the Representative Directors.

Mr Shunji Momoi, a full-time (Outside) Audit & Supervisory Board Member, has expertise in finance and accounting based on his long years of practical experience as a certified public accountant. In addition to the aforementioned collaboration between the Audit & Supervisory Board and the Internal Audit Division as described above, the Audit & Supervisory Board receives reports on (annual) audit plans and accounting audit results (quarterly reviews and fiscal year-end), and exchanges information and opinions, while monitoring the independence and appropriateness of the accounting auditors' audits as appropriate.

Status of appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	3

Number of Outside auditors designated as independent Audit & Supervisory Board Members

3

Relationship with the Company (1)

Name	Attributes	Relationship with the Company (*)												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Shunji Momoi	Certified public accountant													
Junko Nishiyama	Formerly worked for another company										△			
Satoshi Machida	Attorney													

* Selection criteria regarding the relationship with the Company

* “○” when the Audit & Supervisory Board Member presently falls or has recently fallen under the category;

“△” when the Audit & Supervisory Board Member fell under the category in the past

* “●” when a close relative of the Audit & Supervisory Board Member presently falls or has recently fallen under the category;

“▲” when a close relative of the Audit & Supervisory Board Member fell under the category in the past

a Executive of a listed company or its subsidiaries

b Non-executive Director or accounting advisor of a listed company or its subsidiaries

c Executive or non-executive Director of a parent company of a listed company

d Corporate auditor of a parent company of a listed company

e Executive of a sibling company of a listed company

f A person whose main business partner is a listed company or a person who executes the business of a listed company

g A major business partner of a listed company or its executive

h Consultant, accounting professional, or legal professional who receives a large amount of monetary consideration or other assets from a listed company other than Director's remuneration

i A major shareholder of a listed company (if such major shareholder is a legal entity, an executive of such corporation)

j Executive of a business partner of a listed company (not falling under any of f, g and h) (the Audit & Supervisory Board Member himself/herself only)

k Executive of a company with whom the Outside Director has a relationship of reciprocal appointment (the Audit & Supervisory Board Member himself/herself only)

l Executive of an entity to which a listed company has made a donation (the Audit & Supervisory Board Member himself/herself only)

m Others

Relationship with the Company (2)

Name	Independent Director	Supplementary explanation of the relationship	Reasons of appointment
Shunji Momoi	○	—	Mr Shunji Momoi possesses professional knowledge as a certified public accountant and a wealth of experience in corporate audit. He is expected to bring his financial and accounting expertise to the Company's auditing system. Although he has no direct experience of being involved in corporate management in the past, for the reasons stated above, we believe that he is able to appropriately perform his duties as an

			Outside Audit & Supervisory Board Member. In addition, he has been designated as an Independent Auditor as there is no risk of conflict of interest with general shareholders in his career.
Junko Nishiyama	○	Ms Junko Nishiyama was with Lion Corporation until March 2019, where she was in charge of the Company's research and development, environmental initiatives, etc., and served as a full-time auditor, but is not currently involved in the execution of Lion Corporation's business. The amount of Lion Corporation's transactions with the Company in the fiscal year ended March 31, 2025 was less than 0.1% of our net sales.	Ms Nishiyama has extensive experience and achievements in overall corporate management, including serving as the head of R&D and environmental initiatives at a major healthcare company, as well as auditing the corporate operations as a full-time auditor. Based on her wealth of experience and high-level insight, she is expected to audit the execution of duties by the Directors from an objective and fair standpoint. In addition, she has been designated as an Independent Auditor as there is no risk of conflict of interest with general shareholders in her career.
Satoshi Machida	○	—	Mr Satoshi Machida has engaged in auditing operations at a major auditing firm following his graduation from university and holds qualifications as a certified public accountant. Additionally, as a licensed attorney, he has handled a broad spectrum of corporate legal affairs at a law firm, demonstrating appropriate skills, experience, and expertise in finance, accounting, and legal matters. He has also contributed to corporate management as an Outside Director, qualifying him to serve as an Outside Audit & Supervisory Board Member. His appointment is expected to enhance the Company's audit framework. Moreover, based on his professional background, there is no objective risk of conflict of interest with general shareholders, and he has accordingly been designated as an Independent Auditor.

【Independent Directors/Audit & Supervisory Board Members】

Number of Independent Directors/Audit & Supervisory Board Members

7

Other matters related to Independent Directors/Audit & Supervisory Board Members

—

【Incentives】

Status of implementation of measures to provide incentives to Directors	Introduction of a performance-linked compensation plan
Supplementary explanation on this matter	
The Company has introduced a performance-linked stock compensation plan to clarify the linkage between Directors' compensation and the value of the Company's shares, to improve medium- to long-term business performance and corporate value, and to raise awareness of shareholder-oriented management.	
Recipients of stock options	
Supplementary explanation on this matter	

【Compensation for Directors】

Disclosure of compensation (for individual Directors)	Individual compensation is not disclosed.
Supplementary explanation on this matter	
Compensation paid to the Directors (7) and the Audit & Supervisory Board Members (5) during FY2024 amounted 277 million yen and 58 million yen respectively.	
Policy on determining compensation amounts and calculation methods	Established
Disclosure of policy on determining compensation amounts and calculation methods	
Please refer to disclosure based on the principles of the Corporate Governance Code 【Principle 3-1】 Enhancement of information disclosure (3) Policy and procedures for determining compensation for the management and Directors.	

【System for supporting Outside Directors (Outside Audit & Supervisory Board Members)】

The Outside Directors are assisted in their duties by the Board of Directors Office and the Secretarial Division. In addition, prior to the Board of Directors meetings which are held in principle once a month and on a quarterly basis, they are briefed in advance on matters to be discussed at the Board of Directors meetings.

The Auditors Office has been established to assist the Audit & Supervisory Board Members (Internal and Outside) in their duties. The Auditors Office reports directly to the Audit & Supervisory Board and has two full-time staff members to support overall auditing, including the collection of internal information.

The opinions of the Audit & Supervisory Board or the member(s) appointed by the Audit & Supervisory Board are sought in advance regarding personnel changes and organizational changes in the Auditors Office.

2. Matters Related to Functions of Business Execution, Auditing, Supervision, Nomination and Decisions on Compensation (Overview of Current Corporate Governance System)

The Company has adopted an executive officer system. The Executive Officers appointed by the Board of Directors execute the Company's business operations under the direction of the Executive Officer President (Representative Director, hereinafter referred to as the "President") in accordance with the basic management policy determined by the Board of Directors.

In addition, the Company holds Management Meeting, Approval Meeting, and Strategy Meetings to

discuss and provide directions on important matters concerning management and business execution. In the execution of business operations, the Rules on Office Organization, Rules on Division of Duties, Rules on Administrative Authority, and Rules on Decision-making Procedures stipulate the respective responsible persons, division of duties, execution procedures, and other matters.

The reasons for adopting the current system are as described in the next section, “Reasons for adoption of current corporate governance system.”

Efforts to strengthen the function of the Audit & Supervisory Board Members are as described in 【Matters related to Audit & Supervisory Board Members】 “Cooperation among Audit & Supervisory Board Members, Accounting Auditors, and the Internal Audit Division,” and 【System for supporting Outside Directors (Outside Audit & Supervisory Board Members)】 in this report.

The Company has established the Internal Audit Division as its internal audit function. The Internal Audit Division conducts regular audits of operational conditions across internal departments. The audit results are reported to the President, the Audit & Supervisory Board, and the Board of Directors.

Accounting audit system: In fiscal year 2024, certified public accountants Mr Toshio Saito and Mr Takeshi Morinaga, both of Fujimi Audit Corporation, conducted the Company’s audit. Assistants involved in the Company’s audit work were also certified public accountants belonging to the same firm.

Please refer to the schematic diagram at the end of this report for an overview of the current corporate governance structure.

3. The Reason for Adoption of Current Corporate Governance System

The Company has adopted the current system in the belief that the appropriateness of business execution can be ensured by having 4 Outside Directors who are well versed in corporate management and corporate legal affairs supervise the execution of duties by Directors from an independent and fair standpoint, and having 4 auditors, including 3 Outside auditors, who are well versed in planning, management, financial accounting and legal affairs, conduct audits in cooperation with the accounting auditors and the Internal Audit Division.

III Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary explanation
Early dispatch of notice of the convocation for General Meeting of Shareholders	Notice of the convocation for the 102nd Annual General Meeting of Shareholders was dispatched on June 5, 2025 (date of meeting: June 26, 2025).
Scheduling the General Meeting of Shareholders avoiding the peak day	The 102nd Annual General Meeting of Shareholders was held on June 26, 2025.
Electronic exercise of voting rights	The Company has adopted the “Electronic exercise of voting rights”.
Participation in electronic voting platform and other measures to facilitate the exercise of voting rights by institutional investors	The Company has adopted the “Platform for Institutional Investors to Exercise Their Voting Rights Electronically.” In addition, on May 29, 2025, prior to the dispatch of the notice, the Company posted notice of the convocation on TDnet and the Company’s website to promote the exercise of voting rights.
Providing notice of the convocation (summary) in English	The Company provides an English version of notice of the convocation and posts on TDnet and the Company’s website.

2. IR Related Activities

	Supplementary explanation	Explanation by representative
Regular briefings for analysts and institutional investors	The Company holds financial briefings twice a year (in May and November), with explanations provided on the full-year and second-quarter financial results, as well as the subsequent outlook. The meetings are held via web.	Yes
Posting of IR materials on the Company's website	Financial results and other timely disclosed information, securities reports, half-year reports, fact books, etc. Japanese: https://www.toda.co.jp/ir/ English: https://www.toda.co.jp/english/investor_relations/info.php	
Establishment of department (manager in charge) of IR	The IR-related operations are handled by: IR Department, Planning & IR Division Contact: 03-3535-1357	

3. Measures to Ensure Due Respect for the Position of Stakeholders

	Supplementary explanation
Internal rules stipulated for respecting the position of stakeholders	The Company has established the "TODA CORPORATION Group Charter of Corporate Behavior", which stipulates that management decisions shall be made in consideration of the interests of stakeholders. The Company has also established the "TODA CORPORATION Group Code of Conduct", which provides guidelines for the conduct of each stakeholder, and require all executives and employees to comply. Furthermore, the Company has established "TODA CORPORATION Group Human Rights Policy" and requires all executives and employees to comply. We also encourage our business partners, suppliers, and other parties involved in our business to respect human rights.
Implementation of environmental initiatives, CSR activities, etc.	Since entering into the "Eco-First Commitment" with the Minister of the Environment in 2010, the Company has actively engaged in initiatives to address environmental challenges. Regarding climate change, the Company is working toward achieving its SBT-certified greenhouse gas reduction goal aligned with the 1.5°C pathway. The Company regards climate change measures as a critical management issue and has implemented efforts to mitigate risks and seize opportunities identified based on the recommendations of the TCFD. In March 2024, the Company joined the TNFD Forum and will promote broader initiatives to address nature-related challenges going forward. We are committed to transparent communication of these initiatives through our website and corporate publications, including our Corporate Report. The Company has been selected

for the CDP Climate Change A List, the highest rating, on eight occasions to date.

IV Matters Related to Internal Control System

1. Basic Policy and Status of Internal Control System

The matters resolved by the Board of Directors as a system to ensure the appropriateness of the Company's business operations are as follows.

The Directors of the Company shall properly execute their duties in accordance with the philosophy set forth in the Management Policy and the Charter of Corporate Behavior. In principle, the Board of Directors meets once a month to make decisions on important management matters and supervise the Directors' execution status of their duties, and establish the following systems to ensure the appropriateness of the Company's operations.

1. Systems to store and manage information related to the execution of duties by Directors
 - The Directors shall properly store and manage documents and other information related to the execution of their duties based on the Basic Policy on Information Management and in accordance with the provisions of the Information Management Rules and other internal rules.
2. Rules and other systems regarding management of risk of loss
 - Based on the Risk Management Basic Manual, the Company shall designate a department, etc., in charge of each individual risk, evaluate the magnitude and frequency of occurrence of the risk, identify the risk to be addressed, and establish a risk management system for daily risk prevention activities and when risks occur.
 - In particular, risks that may have a significant impact on management shall be shared throughout the organization, and the status of risk inspection activities and summaries based on internal audit results shall be regularly reported at the Board of Directors meetings.
 - In the event of a crisis, the Company will respond promptly and appropriately in accordance with the Risk Management Basic Manual and take measures to minimize losses.
3. Systems to ensure that Directors execute their duties efficiently
 - The Company has adopted an executive officer system under which the Executive Officers appointed by the Board of Directors execute the Company's business operations in accordance with the Basic Management Policy determined by the Board of Directors.
 - The Company holds Management Meetings, Decision-Making Meetings, and Strategy Meetings to discuss important matters concerning management and business execution.
 - In the execution of business operations, the Rules on Office Organization, Rules on Division of Duties, Rules on Administrative Authority, and Rules on Decision-making Procedures stipulate the respective responsible persons, divisions of duties, execution procedures, and other matters.
4. System to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation
 - The Company has established "TODA Group Charter of Corporate Behavior" and "TODA Group Code of Conduct" as the Group's behavioral principles and guidelines, and has built a compliance system for the entire Group.
 - The Head Office Compliance Committee, chaired by the President, shall deliberate on important policy concerning the Company's compliance. In addition, the Company shall implement measures to ensure compliance, such as monitoring actions based on the Group Code of Conduct by the Branch Compliance Committee, the departments in charge, and the Corporate Ethics Helpline, and promoting compliance education.
 - The Company has established the Internal Audit Division to serve as its internal auditing function. The Internal Audit Division conducts regular audits of operational conditions across internal departments, and reports the audit findings to the Board of Directors and the Audit & Supervisory Board.

5. An internal control system necessary to ensure the reliability of financial reporting has been established and is being operated
 - In accordance with the Management Regulations for Domestic Affiliate Companies and the Management Regulations for Overseas Corporations, the execution status of operations at group companies is reported to our Board of Directors and other relevant bodies. Additionally, any matters of material importance are subject to deliberation and approval by our Board of Directors and other appropriate organs.
 - Under the Global Governance Policy, management policies and governance structures for overseas group companies are established to maintain overall control of global operations.
 - Group companies are required to develop and implement crisis management frameworks in accordance with the Basic Crisis Management Manual and to ensure appropriate reporting of significant incidents and related issues.
 - The Group Business Promotion Division and the Overseas Management Division have been established as departments that monitor each Group company on a daily basis to provide thorough support and guidance. In addition, meetings are held regularly to share information among Group companies.
 - The Internal Audit Division conducts operational audits of Group companies as appropriate and reports the audit results to the Board of Directors and the Audit & Supervisory Board. In addition, the Legal & Compliance Division ensures the effectiveness of the compliance system by providing compliance education and establishing a corporate ethics helpline.
 - An internal control system necessary to ensure the reliability of financial reporting has been established and is in operation.
6. Systems related to employees assisting the duties of the Audit & Supervisory Members, their independence from Directors, and matters to ensure the effectiveness of instructions given by the Audit & Supervisory Members to such employees
 - The Auditors Office has been established as a department to assist the Audit & Supervisory Board Members in their duties. The Auditors Office reports directly to the Audit & Supervisory Board, and the opinions of the Audit & Supervisory Board or Audit & Supervisory Board Member(s) appointed by the Audit & Supervisory Board shall be sought in advance with respect to personnel and organizational changes, etc. of the Auditors Office.
7. Systems related to reporting to the Audit & Supervisory Board Members
 - Directors and employees of the Company, as well as directors, auditors, and employees of Group companies - or individuals who receive reports from any of the aforementioned persons - must promptly report to the Company's Audit & Supervisory Board upon becoming aware of any fact that may significantly affect the Group's performance. Notwithstanding the foregoing, Audit & Supervisory Board Members may, at any time and as necessary, request reports from directors and employees of the Company and from directors, auditors, and employees of Group companies. The Company shall not disadvantage, or otherwise treat unfavorably, any person who makes a report in accordance with the preceding paragraph by reason of such report.
8. Matters related to procedures for advance payment or reimbursement of expenses incurred in the execution of duties by the Audit & Supervisory Board Members and other policy concerning the treatment of expenses or liabilities incurred in the execution of such duties
 - Expenses or liabilities incurred in the execution of duties by the Audit & Supervisory Board Members shall be promptly processed upon request.
9. Other systems to ensure that the Audit & Supervisory Board Members conduct audits effectively
 - Opportunities shall be provided for regular sharing of management information with the Representative Director. In addition, the Audit & Supervisory Board Members shall be given opportunities to attend various meetings, and relevant information shall be reported as appropriate.
 - The Audit Office shall maintain close coordination and cooperation with the Audit & Supervisory Board Members in the execution of their duties. Moreover, the Internal Audit Division and the accounting auditor shall hold regular meetings with the Audit & Supervisory Board Members to ensure strong collaboration.

2. Basic Policy on Elimination of Anti-social Forces and Status of Its Development

The Company's basic policy on elimination of anti-social forces and the status of its development are as follows.

1. Basic policy on elimination of anti-social forces

The Charter of Corporate Behavior states that the Company's basic policy is to sever all relationships with anti-social forces that threaten the order and safety of civil society, and to take a firm, company-wide stance in dealing with such forces.

2. Status of arrangements for the elimination of anti-social forces

(1) Status of internal rules and regulations

To confront anti-social forces, the Company has established the "Charter of Corporate Behavior" and the "Code of Conduct" and has distributed booklets to all employees to ensure that they are well informed.

(2) Status of contracts with business partners

The Company applies clauses to exclude anti-social forces in the terms and conditions of its contracts with business partners.

(3) Cooperation with external expert organizations

In preparation for emergencies, the Company regularly visits and contacts the police stations that have jurisdiction over the head office and branch offices, and is a member of the Centers for Removal of Criminal Organizations in each prefecture.

(4) Collecting and management of information on anti-social forces

The Compliance Committee manages the collection of information through regular visits to the police stations with jurisdiction and the Centers for Removal of Criminal Organizations, as well as through active participation in training sessions.

(5) Preparation of response manuals

The Company has prepared a manual of procedures for dealing with antisocial forces.

V Others

1. Adoption of Anti-takeover Measures

Adoption of anti-takeover measures	Yes
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Supplementary explanation

(1) Basic policy

In light of the fact that the source of the Company's corporate value lies in the management resources that the Group has cultivated over many years, in case where there is a risk that the corporate value of the Group or the common interests of shareholders may be impaired by a specific person or group acquiring 20% or more of the total voting rights of the Company and on the grounds that such specific person or group is inappropriate as a person controlling the Company's financial and business policy decisions, the Company's basic policy regarding the nature of person who controls decisions on the Company's financial and business policy is that the Company may take reasonable measures to ensure and enhance the corporate value of the Group or the common interests of shareholders (the "Countermeasures") to the extent permitted by law and the Articles of Incorporation.

The purpose of the large-scale purchase rules is to provide information to shareholders to help them determine whether or not to accept the large-scale purchase, to provide the opinion of the Board of Directors of the Company, currently responsible for the management of the Company, to ensure that shareholders have the opportunity to receive instructions on alternative proposals as well as other matters. Currently, certain regulations have been established under the Financial Instruments and Exchange Act to enable the provision of information and the securing of a certain period for consideration during a takeover. However, it is possible that these regulations may not always be effective, as they may not apply to

information provision and consideration periods before the commencement of a public tender offer, or to accumulation of shares in the market. Therefore, we believe that the establishment of rules for the large-scale purchase is a prerequisite for shareholders and investors to make appropriate investment decisions, and that ensuring sufficient time will also be effective to engage in constructive dialogue with the purchaser regarding the enhancement of corporate value for the benefit of our shareholders. There may be cases where the corporate value of the Group or the common interests of our shareholders may be impaired, such as the possibility of damage to good relationships with stakeholders, or where the information may not adequately reflect the value of the Group or may not provide sufficient information necessary for shareholders to make a final decision. There may also be cases in which the proposal does not provide sufficient information necessary for shareholders to make a final decision. In response to such proposals, the Board of Directors believes that it is necessary to secure the necessary time and information and negotiate with the proposer of the large-scale purchase for the benefit of our shareholders, as a duty of those entrusted by our shareholders.

(2) Efforts to prevent decisions on the Company's financial and business policy from being controlled by inappropriate individuals in accordance with the basic policy

At the Company's 100th Annual Meeting of Shareholders held on June 29, 2023, the Company obtained approval from its shareholders for the continuation of the Countermeasures against inappropriate large-scale purchases of the Company's shares and other securities (the "Plan") in light of the above basic policy.

The Plan requires a large-scale purchaser who intends to make a purchase that would result in the Company holding 20% or more of the Company's shares to provide necessary information regarding the purchase in advance, and allows the Board of Directors sufficient time to evaluate, examine, and negotiate with the large-scale purchaser to ensure that it has the necessary time to assess the details of the purchase. In order to ensure the reasonableness and fairness of the decision to take Countermeasures (allotments of new share subscription rights without consideration), the Company will establish an Independent Committee, which will make recommendations to the Board of Directors, and the Board of Directors will pass a resolution for implementation or non-implementation of the Countermeasures, respecting such recommendations to the maximum extent. However, except in cases where the purchaser fails to comply with the procedures stipulated in the Plan, if the Independent Committee recommends implementation of Countermeasures, it is mandatory to attach a reservation to the effect that confirmation of shareholders' intentions should be obtained in advance, and the Board of Directors will convene a shareholders meeting to confirm shareholders' intention within the shortest practicable time and submit a proposal regarding implementation of Countermeasures for discussion.

The effective period of the Plan is 3 years, however, even before the expiration of such effective period, if a resolution is passed at a shareholders meeting to modify or abolish the Plan, the Plan shall be modified or abolished in accordance with such resolution at that time.

(3) The rationale for the Plan

The Company believes that the Plan is in line with the basic policy described in (1) above and will contribute to the enhancement of the corporate value of the Company and the Group, and ultimately, the common interests of shareholders. Furthermore, the Plan satisfies all 3 principles, ie (i) the principle of securing and enhancing corporate value and common interests of shareholders, (ii) the principle of prior disclosure and respect for shareholders' intention, and (iii) the principle of ensuring necessity and appropriateness, specified in the "Guidelines Concerning Takeover Measures for Ensuring Corporate Value and Common Interests of Shareholders" released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005. In addition, the Plan takes into account the "Takeover Defense Measures in Light of Recent Environmental Changes" released on June 20, 2008, by the Corporate Value Study Group. We also comply with the "Guidelines for Corporate Takeovers" announced by the Ministry of Economy, Trade and Industry on August 31, 2023.

(Note: In the Guidelines, "Takeover Defense Measures" is referred to as "Takeover Response Policies", and "the Plan" should be read as "the Response Policies" in the application of the Guidelines.

For more details, please visit our website. "Partial Amendments to and Continuation of Policy Regarding a Large-Scale Purchase of TODA CORPORATION's Shares and Other Securities (Takeover Defense Measure)" https://www.toda.co.jp/english/investor_relations/pdf/Partial%20Amendments%20to%20and%20Continu

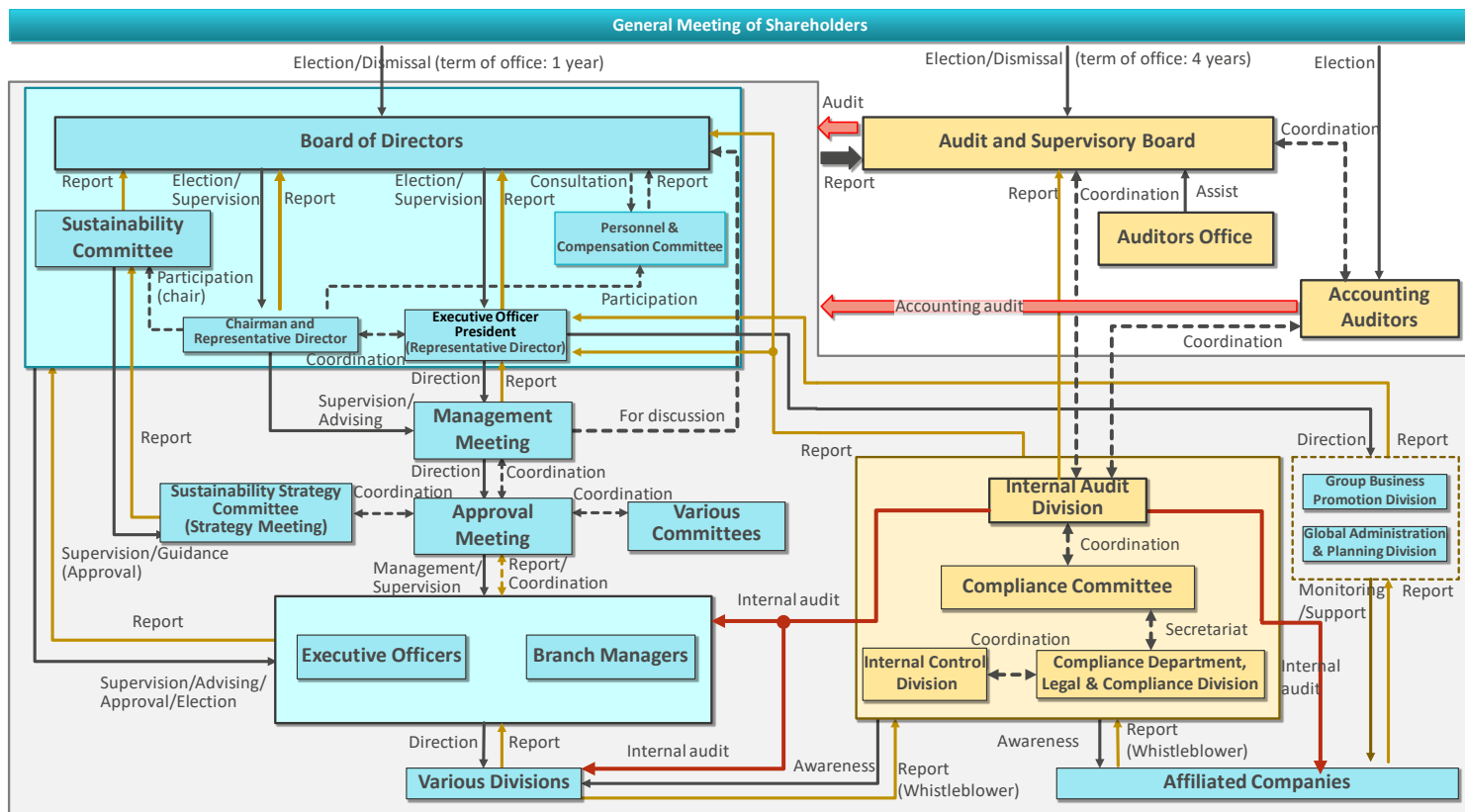
2. Other Matters Concerning Corporate Governance System

The Company handles information to be disclosed in a timely manner as follows.

Information on financial results and decisions is disclosed as soon as it is approved or decided at the Board of Directors Meeting or the Approval Meeting, under the direction of the officer in charge of information disclosure (Group General Manager of Corporate Administration Group).

Information regarding the occurrence of an event is reported from each department to the person in charge of information handling (General Manager of the Planning & IR Division). After reviewing the materiality and necessity of disclosure in light of the timely disclosure rules, etc., the information is disclosed in accordance with the instructions of the officer in charge of information disclosure. The person in charge of information handling shall report the contents of the disclosure to the Board of Directors.

Corporate Governance Framework Diagram



Timely Disclosure Framework

