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Governance of value creation

Sound, highly transparent governance is an unshakable foundation for value creation. We are working to improve our corporate governance in every facet, such as strengthening the supervisory function of outside directors, ensuring sound risk management and compliance, and arranging the management structure to harness synergies in the Group.

- 69 | Board of Directors
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 - Risk management
 - Respect for human rights
 - Dialogues with stakeholders

Directors



Tetsuya Funabashi
Chairman and Representative Director
Born in 1956
Director tenure: 7 years
Number of the Company's shares held: 94,000



Koji Tanaka
Director and Managing Operating Officer, Representative of West Japan Head Office and Branch Manager of Kansai Branch
Born in 1968
Director tenure: 1 year
Number of the Company's shares held: 8,000



Keigo Kajimura
President and Representative Director
Born in 1965
Director tenure: 1 year
Number of the Company's shares held: 9,000



Koichi Maeda Newly appointed
Director and Managing Operating Officer, Head of System Solution Segment, General Manager of Solution Business, General Manager of Solutions Headquarters and Digital Consulting Division, Solutions Headquarters, President and Representative Director, EXEO Digital Solutions, Inc.
Born in 1968
Director tenure: Appointed in June 2025
Number of the Company's shares held: 13,000



Noriyuki Watabe
Director and Executive Operating Officer, General Manager of Electrical & Telecoms Engineering / Environmental Projects / Smart Energy Headquarters
Born in 1958
Director tenure: 3 years
Number of the Company's shares held: 32,000



Masaki Kobayashi Newly appointed
Director and Managing Operating Officer, General Manager of Civil Engineering Business Division
Born in 1968
Director tenure: Appointed in June 2025
Number of the Company's shares held: 3,000



Fumitoshi Imaizumi
Director and Managing Operating Officer, General Manager of Global Business Division, President and Representative Director, Exeo Global Pte. Ltd.
Born in 1963
Director tenure: 3 years
Number of the Company's shares held: 29,000



Shigeki Hayashi
Director and Managing Operating Officer, General Manager of Accounts & Finance Division and CFO
Born in 1967
Director tenure: 2 years
Number of the Company's shares held: 9,000

Statutory auditors



Yasushi Kohara Outside Independent
Director
Born in 1953
Director tenure: 7 years
Number of the Company's shares held: 6,000



Naruhiko Yamada
Standing Statutory Auditor
Born in 1963
Statutory Auditor tenure: 1 year
Number of the Company's shares held: 16,000



Naoko Iwasaki Outside Independent
Director
Born in 1975
Director tenure: 6 years
Number of the Company's shares held: 1,000



Yuichi Koyama Newly appointed
Standing Statutory Auditor
Born in 1959
Statutory Auditor tenure: Appointed in June 2025
Number of the Company's shares held: 58,000



Tatsushi Mochizuki Outside Independent
Director
Born in 1956
Director tenure: 5 years
Number of the Company's shares held: 4,000



Eiko Osawa Outside Independent
Statutory Auditor
Born in 1963
Statutory Auditor tenure: 2 years
Number of the Company's shares held: -



Keiji Yoshida Outside Independent
Director
Born in 1953
Director tenure: 4 years
Number of the Company's shares held: 7,000



Akira Harashima Outside Independent
Statutory Auditor
Born in 1960
Statutory Auditor tenure: 1 year
Number of the Company's shares held: -

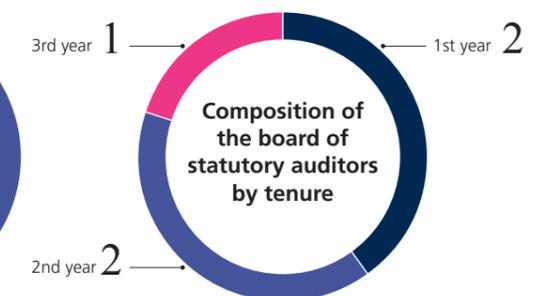
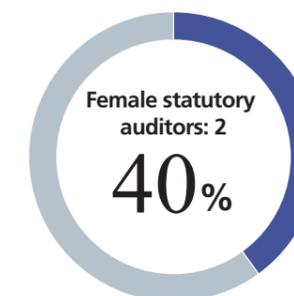
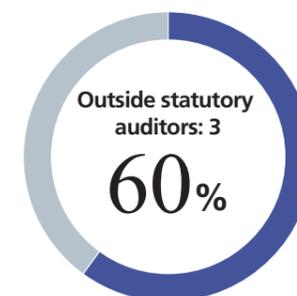
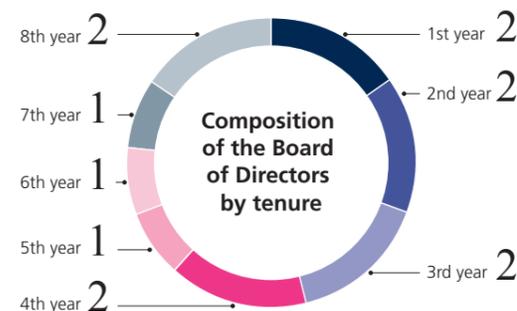
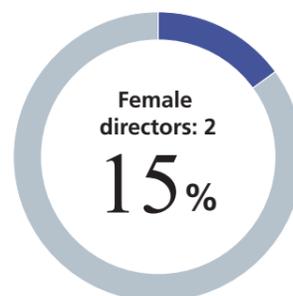
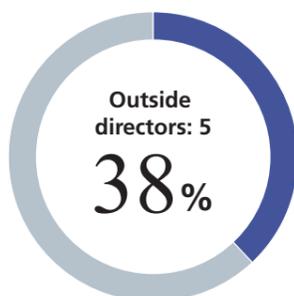


Tomoko Aramaki Outside Independent
Director
Born in 1968
Director tenure: 2 years
Number of the Company's shares held: -



Yukako Oshimi Newly appointed Outside Independent
Statutory Auditor
Born in 1976
Statutory Auditor tenure: Appointed in June 2025
Number of the Company's shares held: -

Note: Number of the Company's shares held are rounded down to the nearest 1,000 shares. Officers who do not hold shares are listed as having "-" shares.



Corporate governance

Governance system and rationale for adopting this system

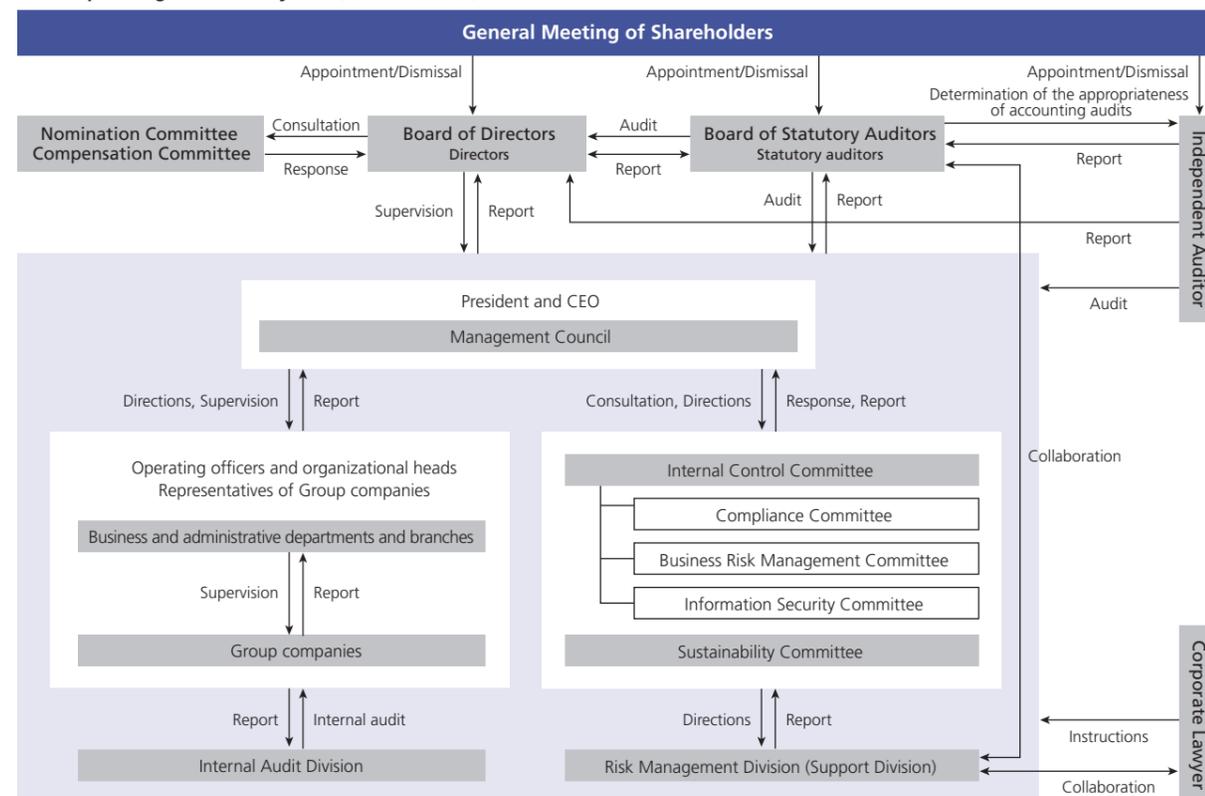
The Company has adopted a Company with an Audit and Supervisory Board format, having determined this system to be the most conducive to ensuring appropriate corporate governance. Members of the Board of Statutory Auditors attend meetings of the Board of Directors and other important meetings in accordance with the audit policy and audit plan. They observe, from a perspective of fairness and impartiality, the execution of duties by the Board of Directors and audit the business and financial conditions of major offices and Group companies.

We have also adopted an operating officers system to separate the management decision-making and supervisory function from the business execution function, to achieve prompt and appropriate decision-making and business execution while further strengthening our corporate governance. The Board of Directors, chaired by the Chairman and Representative Director, makes decisions on important matters and supervises business execution. Operating officers execute operations based on the Board of Directors' decisions. Furthermore, in our Management Council we discuss important matters pertaining to business execution.

Simplified chart of corporate governance system

Format	Company with Audit and Supervisory Board
Directors	13 (including 5 outside directors)
Statutory auditors	5 (including 3 outside statutory auditors)
Number of Board of Directors meetings held this fiscal year	15
Number of Board of Statutory Auditors meetings held this fiscal year	16
Operating officers system	Yes
Operating officers	30
Internal units of the Board of Directors	Nomination Committee and Compensation Committee
Number of Nomination Committee meetings held this fiscal year	4
Number of Compensation Committee meetings held this fiscal year	4

Our corporate governance system (As of June 25, 2025)



Officers' activities in FY2024 ★ Independent officers ◎ Chair or committee chair

	Name	Board of Directors	Nomination Committee	Compensation Committee	Board of Statutory Auditors
Directors	Tetsuya Funabashi	◎ 100% (15/15)	—	—	—
	Keigo Kajimura	100% (11/11)	—	—	—
	Koichi Mino	100% (15/15)	100% (4/4)	—	—
	Noriyuki Watabe	100% (15/15)	—	100% (4/4)	—
	Yuichi Koyama	100% (15/15)	—	100% (4/4)	—
	Fumitoshi Imaizumi	100% (15/15)	—	—	—
	Shigeki Hayashi	100% (15/15)	100% (4/4)	—	—
	Kouji Tanaka	100% (11/11)	—	—	—
	Takafumi Sakaguchi	100% (4/4)	—	—	—
	Yasushi Kohara ★	100% (15/15)	100% (4/4)	◎ 100% (4/4)	—
	Naoko Iwasaki ★	100% (15/15)	100% (4/4)	—	—
Statutory auditors	Tatsushi Mochizuki ★	100% (15/15)	◎ 100% (4/4)	—	—
	Keiji Yoshida ★	100% (15/15)	—	100% (4/4)	—
	Tomoko Aramaki ★	100% (15/15)	—	100% (4/4)	—
	Yasuo Otsubo	100% (4/4)	—	—	100% (5/5)
	Shinji Kojima	100% (15/15)	—	—	◎ 100% (16/16)
	Naruhiko Yamada	100% (11/11)	—	—	100% (11/11)
	Shinnosuke Yamada ★	100% (4/4)	—	—	100% (5/5)
	Kimiko Takahashi ★	100% (15/15)	—	—	100% (16/16)
	Eiko Osawa ★	100% (15/15)	—	—	100% (16/16)
	Akira Harashima ★	100% (11/11)	—	—	100% (11/11)

Note: Numbers in parentheses are times attended/number of meetings held during term as director. Discrepancies in number of meetings held are results of differences in time of appointment and/or leaving the position.

Transition to a stronger governance system

	Measure	Composition of the Board of Directors	Female directors
FY2024	Strengthened initiatives to improve the effectiveness of the Board of Directors (e.g. site visits)	8 inside 5 outside	13 in total 2
FY2023	Increased the number of outside directors (from 4 to 5) Outside officers now chair both the Nomination Committee and Compensation Committee	7 inside 5 outside	12 in total 2
FY2021	Increased proportion of outside directors	7 inside 4 outside	11 in total 1
FY2020	Increased the number of outside directors (from 3 to 4) The majority of the members of the Nomination Committee and Compensation Committee are outside members	8 inside 4 outside	12 in total 1
FY2018	Increased the number of outside directors (from 2 to 3)	12 inside 3 outside	15 in total 1
FY2015	Increased the number of outside directors (from 1 to 2) Using a third-party organization, conducted a questionnaire for evaluating the effectiveness of the Board of Directors	9 inside 2 outside	11 in total 1
FY2014	Appointed an outside director	11 inside 1 outside	12 in total 1
FY2009	Adopted an operating officers system	8 inside	8 in total 0
FY2003	Established Nomination Committee and Compensation Committee	18 inside	18 in total 0

Evaluating the effectiveness of the Board of Directors

To enhance the function of the Board of Directors and business value, we evaluate the effectiveness of our Board of Directors based on the results of questionnaire surveys among all Directors and Statutory Auditors, which are collected and analyzed by an external organization to ensure objectivity. Based on the results of the analysis and discussion among the Board of Directors, it was confirmed that our Board of Directors has adequate scale and structure and is appropriately operated to ensure proper decision-making on important management agendas and supervision of business execution. As part of our efforts to strengthen our governance, we are working to increase our ratio of female officers. Since June 2023, we have one additional female independent outside director. Now with two independent outside female directors and two independent outside female statutory auditors for a total of four, women hold 22% of our officer roles.

In addition, we continued to distribute Board of Directors' meeting materials as early as possible, to enhance the explanations that we provide in advance to independent outside directors and independent outside statutory auditors,

and to arrange for site visits by independent outside directors. During fiscal 2024 we also conducted "Vector Meetings" for 26 projects, in which all business units get together at earlier stages to discuss business strategies and build common ground. The Sustainability Committee also holds sufficient discussions on initiatives to improve sustainability such as ESG and the SDGs, and reports to the Board of Directors on a regular basis. Outside directors and outside statutory auditors actively make valid remarks from an independent standpoint grounded on sufficient insight in discussions at meetings of the Board of Directors. We see the undeniable effects of these efforts in the strengthened effectiveness of the Board of Directors.

Going forward, based on these results of Board of Directors effectiveness evaluations and opinions, the Company's Board of Directors will fully consider measures for improving its effectiveness and continue to implement initiatives for enhancing its functions.

Board of Directors effectiveness evaluation process



Efforts in FY2025 to further improve effectiveness

Topic	Description	Actions in FY2025
Composition of the Board of Directors	Ratio of female officers Need for non-Japanese officers Developing and promoting officers from cultivated talent	<ul style="list-style-type: none"> Although the composition of the Board of Directors including the number of directors and ratio of independent officers has been deemed appropriate, continue considerations on ratio of female officers, the need for non-Japanese officers, and developing and promoting officers from cultivated talent.
Operation of the Board of Directors and discussions therein	Securing time for discussion and deliberation	<ul style="list-style-type: none"> Consider narrowing and raising standards for bringing up matters in Board of Directors ⇒Real estate investments, share acquisitions, transfers, and equity investments, framework of cash management system (CMS), etc. Make effective use of the afternoons after Board of Directors meetings and schedule dates other than those of Board of Directors meetings to improve the content of Vector Meetings and free discussions Schedule Vector Meetings on dates other than those of Board of Directors meetings from fiscal 2026 onward
Other	Assistance for making appropriate decisions	<ul style="list-style-type: none"> Conduct orientations to explain business details to outside statutory auditors after meeting with newly appointed outside officers to hear their requests Monitor business plans on a quarterly basis to ascertain the state of executive operations (continued from fiscal 2024) Conduct worksite observations and exchanges of opinions by outside directors and outside statutory auditors (continued from fiscal 2022)

State of enhanced monitoring based on effectiveness evaluations

Topic	Main discussions in Board of Directors meetings
Real estate investment plan	Reports regarding execution status of acquisition and sale transactions and refurbishment plans are provided. As the progress against plans are verified, concerns about individual cases are also shared. Regarding sales transactions, bundling harder-to-sell properties with highly marketable ones were considered.
System investment plans	In addition to sharing the status of IT budget use, progress reports regarding the following initiatives were provided: System renewals and rollouts to Group companies, building communication platforms for Group utilization, security monitoring and operations service offerings, improvements on the quality of the Group network, and the construction of the Iwatsuki Data Center.
M&A investment plans	The progress of high-probability transactions in the Group's M&A investment plan is monitored. Concurrently, the progress of post-merger integration (PMI) for completed M&A transactions is also shared, and the Board engages in discussions regarding the full M&A process from a broader perspective.
R&D investment plans	Implementation status of corporate initiatives and support initiatives selected as subjects for R&D is reported. Discussions also include R&D management improvements focusing on group collaboration, appropriate accounting practices, and intellectual property monetization.
Workforce plan	The progress of hiring plans for Group companies and the Exeo Group is analyzed by segment and by company. Discussions also cover the effectiveness of various hiring methods, such as strengthening referral hiring, non-citizen hiring, converting temporary employees to permanent positions, and direct recruiting.
Training plan	Progress on various key initiatives such as the Transformation Leader Development Program, and 1-on-1 meeting training for managers, aimed at promoting higher employee engagement and ensuring psychological safety.

Message from an outside director



Keiji Yoshida
Director

Observing tunnel and data center worksites to understand the business in greater depth

Our worksite observations by outside directors conducted multiple times per year are valuable opportunities to understand our business in greater depth. As such, I try to participate as often as possible.

Sites we observed in fiscal 2024 included cable tunnels that wind like labyrinths underneath large cities, and massive server clusters that are tucked away in data centers. Visiting the actual sites and hearing directly from the people working there reminded me of the importance as well as the difficulty of business that supports social infrastructure. In the biomass power generation business using timber from forest thinning, the sight of those working dedicatedly toward building a sustainable future left a lasting impression.

As outside directors, we participate in the company's management through Board of Directors meetings and explanatory materials, but through those alone we do not resonate as much with the executive side on individual matters. I think there are two abilities that one needs as an outside director. One is the ability to give insight from an outsider's perspective in a level-headed manner, and the other is to sufficiently understand the nature of the business and empathize with those conducting it.



Tomoko Aramaki
Director

Vector Meetings to improve the effectiveness of Board of Directors meetings

We have Vector Meetings in which all business units get together to discuss and align business strategies at an early stage. In these meetings, there are always lively discussions about topics such as M&A, organizational reforms, overseas business, and new businesses. The number of topics has grown from 16 in fiscal 2021 to 26 in fiscal 2024, spanning a broader range of content.

In recent years, topics mentioned in Board of Directors meetings have subsequently been brought up in Vector Meetings one or two months later. In this era of uncertainty, these meetings are a great opportunity to build awareness of the issues through proactive exchanges of opinions. Vector Meetings are clearly meaningful from the perspective of improving the effectiveness of the Board of Directors.

The Vector Meetings are characterized by flexibility. Sometimes, we might have younger team members from the company even give presentations on the issues they see in their daily work and how to improve them. I think that always having new perspectives makes the vector meetings even more beneficial.

Appointing directors and statutory auditors

Composition of the Nomination Committee for FY2025

Committee chairman	Committee members				
 Tatsushi Mochizuki Outside director	 Shigeki Hayashi Director	 Masaki Kobayashi Director	 Yasushi Kohara Outside director	 Naoko Iwasaki Outside director	

Nomination Committee

The Nomination Committee engages in activities with the objective of strengthening corporate governance by ensuring the objectivity, timeliness, and transparency of officer personnel-related matters.

Desired qualities and appointment process

Our method for choosing candidates for directors is to hold deliberations in the Nomination Committee, an internal unit of the Board, on those with excellent character and insight, strong moral character, the energy to drive transformation, leadership skills, and the ability to make accurate decisions. The representative director then gives recommendations, suitability of the candidates is deliberated by the Board of Directors, after which offers are made and motions sent to the General Meeting of Shareholders. Appointments and dismissals of representative directors and executive directors are decided by the Board of Directors.

If there is a director who should be dismissed, the Board of Directors raises a motion for dismissal of the director in the General Meeting of Shareholders.

To choose candidates for statutory auditors, the Representative Director recommends those with business management experience, expertise in finance and accounting, and the high-level insight needed to fulfill the role of a statutory auditor. Motions are then sent to the General Meeting of Shareholders after approval by the Board of Statutory Auditors.

Composition of the Board of Directors

We are committed to improving the activity level and governance of our Board of Directors by ensuring balance and diversity among their backgrounds and areas of expertise. Based on the belief that the number of directors we appoint enables us to swiftly and accurately accommodate drastically changing business environments, we adopt an operating officers system in order to further accelerate our decision-making.

Successor planning

In addition to internal promotions, we promote and attract management personnel from outside the organization. From among these personnel, our representative director identifies individuals who deeply understand our Group philosophy and management vision, have high ethical standards, leadership qualities, and the capability to drive the ongoing growth of the Group, and selects them as successors. Decisions on these successors are then made after deliberation in the Nomination Committee and Board of Directors.

Skills matrix of directors and statutory auditors

	Name	Corporate management and ESG	Innovation and DX	Engineering	Marketing and global business	Finance and accounting	Legal, human resources and labor relations
Directors	Tetsuya Funabashi	●	●	●	●		●
	Keigo Kajimura	●	●	●	●		●
	Noriyuki Watabe	●			●		
	Fumitoshi Imaizumi	●	●	●	●		
	Shigeki Hayashi	●			●	●	
	Kouji Tanaka	●	●	●	●		
	Koichi Maeda	●	●		●		
	Masaki Kobayashi	●	●	●			●
	Yasushi Kohara	●			●		
	Naoko Iwasaki	●	●		●		
	Tatsushi Mochizuki	●					●
	Keiji Yoshida	●			●	●	●
Tomoko Aramaki	●				●	●	
Statutory auditors	Naruhiko Yamada	●			●		●
	Yuichi Koyama	●			●		●
	Eiko Osawa				●	●	
	Akira Harashima	●			●		●
	Yukako Oshimi	●					●

Note: These are the skills that each director and statutory auditor is particularly expected to have, and this table does not comprehensively indicate their entire skillsets

Reasons for choosing the skills required of directors and other officers

Corporate management and ESG	In the Board of Directors, it is important to engage in objective deliberations on the appropriateness and risks of business activities from multiple perspectives based on extensive experience in managing a company and wide-ranging knowledge based on that experience. We therefore consider knowledge in governance based on experience in the management of a company to be a prerequisite skill. Since we define the issues to be resolved through our business activities as our materiality and aim to achieve a sustainable society, we have also identified experience, knowledge, and expertise in ESG as required skills.
Innovation and DX	In our 2030 Vision, we have defined "Innovation to solve issues" as one of our three challenges. We will aim to establish more in-depth cycles of value creation and achieve even greater long-term business value through the use of digital technology. In order to monitor new value creation through innovation and efforts to leverage data and digital technologies owned by the Group, we have identified experience, knowledge, and expertise related to these areas as required skills.
Engineering	Our Group's mission is to leverage the technological capabilities we have attained since the time of our founding in order to deliver solutions to social issues. Deep understanding of the engineering field and experience grounded in problem-solving are important foundations to create new value by integrating technologies and expertise in various areas of business. Thus, we have defined experience, knowledge, and expertise in the corresponding areas as required skills.
Marketing and global business	Accurately gauging the business environments and desires of our customers and providing services beneficial to them is fundamental to our business activities and is the source of our value creation. Since we are also operating business globally, it is important to reflect geopolitical, economic, and government policy trends into our business strategies, and build management and governance structures in a timely manner. Therefore, we consider experience, knowledge, and expertise in the corresponding areas to be necessary skills.
Finance and accounting	Understanding the cost of capital and having a management mindset with consciousness of share price is key to ensuring growth, efficiency, and soundness of our financial base that can deliver appropriate cash allocations and shareholder returns over the medium to long term. We also consider experience, knowledge, and expertise related to the corresponding areas to be required skills for ensuring the proper supervisory function of the Board of Directors.
Legal, human resources and labor relations	Similar to finance and accounting, these are basic functions that support business management. In addition to being necessary skills for ensuring proper supervisory functions, they are necessary from the standpoint of strengthening and reforming governance. Boosting human capital and improving engagement are particularly crucial to our continued growth. We therefore consider experience, knowledge, and expertise related to the corresponding areas to be necessary skills.

Message from the chair of the Nomination Committee



Tatsushi Mochizuki
Director

We had lively discussions on the appointment of the new president and CEO

The most debated issue in the Board of Directors leading up to the General Meetings of Shareholders this fiscal year was the nomination of the president and CEO. From the rising costs of material procurement and capital, to the increasing difficulty of securing personnel and global affairs characterized by turbulent political and economic developments—the surrounding business environment is undergoing great change and becoming increasingly harder to navigate. Under these circumstances, fiscal 2025 is the final year of the current Medium-Term Management Plan. At the same time, it is an important year for discussing future management policy more deeply. The new president and CEO will need a wide-range of experience, extensive knowledge, and powerful leadership. As a result of lively discussions that took place in the Nomination Committee, the committee reached a unanimous agreement that Executive Vice President and Representative Director Keigo Kajimura is suited to become the next president and CEO. This was then reported to the Board of Directors.

For future operations of the Nomination Committee, I will make even more effort to create an environment for open and honest discussions. I will fulfill my duties so the Board of Directors can be a forum for exchanging wide-ranging and in-depth opinions in the pursuit of greater business value, equipped with a good balance in terms of gender, professional background, age, specialization, and other factors.

Use of outside directors and statutory auditors

The Company has five outside directors and three outside statutory auditors. The functions and roles that outside directors and outside statutory auditors should carry out in the corporate governance of the Company are as follows. Outside directors should fulfill the function of supervising and monitoring the management of the Company from an independent and neutral standpoint, providing comments based on their abundant experience and wide-ranging knowledge. Outside statutory auditors should fulfill the management monitoring function by auditing from an objective standpoint, offering a perspective informed by advanced expertise, abundant experience, and wide-ranging knowledge. Regarding the criteria or policies

concerning independence for appointing outside directors or outside statutory auditors, the Company secures independent directors and statutory auditors in accordance with Article 436-2 and Article 445-4 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc., and the criteria for determining independence stipulated by the same exchange (“Guidelines for Listing Management, etc.”).

To facilitate better Board of Directors meetings, the Company distributes Board of Directors’ meeting materials to outside directors early on, and provides them advance explanations on the backgrounds, objectives, and details of proposals for Board of Directors agenda items.

Reasons for selection of outside directors and statutory auditors

Job title	Name	Year appointed	Reasons for selection
Directors	Yasushi Kohara	2018	Having gained deep experience and insight in corporate management at the Toyota Group, Mr. Kohara has provided appropriate advice and recommendations in important management decisions of the Company, appropriately fulfilling his role as an outside director.
	Naoko Iwasaki	2019	Ms. Iwasaki is a leading international researcher and expert on digitalization in international relations, national and local government administration, disaster countermeasures and BCP, aging society, and women’s career advancement. She has provided appropriate advice and recommendations in important management decisions of the Company, appropriately fulfilling her role as an outside director.
	Tatsushi Mochizuki	2020	Mr. Mochizuki has been involved in key positions in central government ministries and local governments for many years. With the insight he has accumulated through his career, he has provided appropriate advice and recommendations in important management decisions of the Company, appropriately fulfilling his role as an outside director.
	Keiji Yoshida	2021	Mr. Yoshida has a wealth of experience and insight in corporate management as an officer of JFE Engineering Corporation and other companies. He has provided appropriate advice and recommendations in important management decisions of the Company, appropriately fulfilling his role as an outside director.
	Tomoko Aramaki	2023	Possessing a wealth of experience and expertise in finance and accounting as a CPA and tax accountant and insight in business management, Ms. Aramaki has provided appropriate advice and recommendations in important management decisions of the Company. She is appropriately fulfilling her role as an outside director.
Statutory auditors	Eiko Osawa	2023	Possessing a wealth of global experience and expertise in finance and accounting as a CPA at a major auditing firm, Ms. Osawa has been auditing the business execution of directors from an independent standpoint while also appropriately fulfilling her role as an outside statutory auditor.
	Akira Harashima	2024	Possessing a wealth of experience and outstanding knowledge in business management, including in global business as an officer at Tokio Marine Holdings, Inc., Mr. Harashima has been auditing the business execution of directors from an independent standpoint while also appropriately fulfilling his role as an outside statutory auditor.
	Yukako Oshimi	2025	Ms. Oshimi has abundant experience and expertise in law as an attorney at law, has served as a Director and Audit & Supervisory Board Member at listed companies, and the Company believes that she will appropriately perform her duties as Audit & Supervisory Board Member. The Company has therefore nominated her as candidate for Outside Audit & Supervisory Board Member.

Board of Statutory Auditors

The Board of Statutory Auditors considers auditing policies, audit plans, and business management from the sustainability perspective, the development and operational status of internal control systems, the appropriateness of accounting audits, and agreements on the evaluations and compensation of accounting auditors. Additionally, this board receives detailed explanations from the Finance Department and independent auditors hold lively discussions, and express opinions about key audit matters (KAMs). For statutory auditor audits, they conduct audits according to the auditing policy and audit plan in compliance with the statutory auditor audit standards determined by the Board of Statutory Auditors. Specifically, they attend important meetings such as the Board of Directors, audit the proceedings and resolutions, and express opinions when necessary. Aside from that, they conducted 70 interviews (hybrid of face-to-face and web conferences) and field visits with the representative director, Head Office executives, main business locations, and subsidiaries. In the interviews and field visits, aside from auditing business operations and financial conditions they also exchanged opinions about matters such as DX implementation initiatives, operational structures according to area characteristics, unified R&D efforts as a Group, securing and developing personnel from the perspective

of human capital, and employee health and safety.

Standing statutory auditors report to the Board of Statutory Auditors on the results of their active communication and information sharing with related departments on important decision-related documents viewed, deliberations in the Management Council, and on the various issues. In everyday auditing activities, they gather information internally to comprehend the issues in our business groups and share information and opinions with outside statutory auditors in a timely manner. Outside statutory auditors express opinions from broad perspectives in the Board of Directors and Board of Statutory Auditors based on their extensive range of work experience and high-level expertise. Exchanging opinions also with the President and CEO, they receive explanations of management policies and leverage their expertise and experience to express their opinions from an outside perspective.

In fiscal 2024, outside directors and outside statutory auditors observed worksites, visited business locations, and exchanged opinions with general managers and younger executive-class personnel to gain a deeper understanding of the business. Three outside statutory auditors participated in these activities.

Statutory auditors’ activities in FY2024

Item	Overview	Number of times	Method used	Standing statutory auditor	Outside statutory auditor
Auditing the execution of duties and tasks by directors, etc.	Meetings with the president	2	Face-to-face	●	●
	Meetings with head office executives	21	Face-to-face	●	●
	Meetings with main business locations	8	Face-to-face and web conference	●	●
Monitoring Board of Directors meetings	Monitoring actions in decision-making and supervisory duties	15	Face-to-face and web conference	●	●
Monitoring important meetings other than the Board of Directors	Monitoring actions in decision-making and supervisory duties (details of discussions reported to outside statutory auditors in Board of Statutory Auditors meetings)	61	Web conference	●	—
Auditing related to internal control systems	Checking internal controls in the Companies Act by auditing the execution of duties by directors and through monitoring and reports at important meetings	6 ^{*1}	Web conference	●	—
	Verifying reports from independent auditors and the Internal Audit Division on internal controls for financial reporting in the Financial Instruments and Exchange Act	3 ^{*2}	Web conference	●	●
Accounting audits	Verifying the independence of the independent auditor and determining the adequacy of methods and results of audits related to financial reports (reports from independent auditors)	7	Web conference	●	●
Auditing corporate groups	Attending board of directors meetings of major domestic subsidiaries	41	Face-to-face and web conference	●	—
	Attending statutory auditors committee meetings and conferences of major domestic subsidiaries	35	Face-to-face and web conference	●	—
	Exchanging opinions with standing statutory auditors of major domestic subsidiaries	1	Web conference	●	●
	Exchanging opinions with statutory auditors of domestic subsidiaries	1	Web conference	●	●
	Meetings with major domestic subsidiaries and other subsidiaries	35	Face-to-face and web conference	●	●
	Meetings with overseas subsidiaries	6	Face-to-face and web conference	●	●
Worksite observations for deeper understanding of business, etc.	Worksite observations by outside statutory auditors, visits to business locations, exchange of opinions with general managers and younger executive-class personnel (joint participation with outside directors)	5	Face-to-face	—	●

*1 2 for Internal Control Committee reports, 4 for Compliance Committee *2 1 for Independent Auditors, 2 for the Internal Audit Division

Remuneration of officers

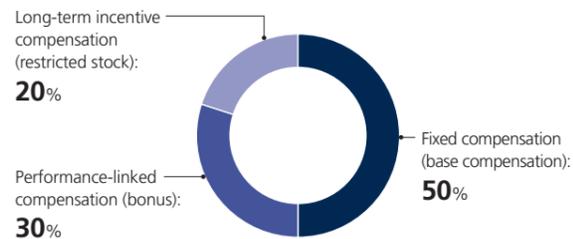
The Compensation Committee engages in activities with the objective of strengthening corporate governance by ensuring the objectivity and fairness of the compensation and other conditions of officers. The Compensation Committee for fiscal 2024 referred to research materials from outside institutions and trends at other companies to review officer remuneration and proportions of remuneration, and held discussions

Composition of the Compensation Committee for FY2025

Committee chairman	Committee members				
 Yasushi Kohara Outside director	 Noriyuki Watabe Director	 Koichi Maeda Director	 Keiji Yoshida Outside director	 Tomoko Aramaki Outside director	

accordingly. They also proceeded with considerations for awarding stock-based compensation to Group companies and provided a report in a Board of Directors meeting.

Composition of director compensation (excluding outside directors)



Note: Ratios include employee salaries and bonuses in the case of directors who also serve as employees.

Matters in determining remuneration for directors (and other officers)

Basic policy	<ul style="list-style-type: none"> Effectively-functioning incentives to drive medium- to long-term growth in business value Setting levels that enable us to secure and retain outstanding talent Decision-making processes that are transparent and fair
Decision methodology	<ul style="list-style-type: none"> Deliberate in the Compensation Committee (chaired by an independent outside director) and approved by resolution of the Board of Directors
Compensation structure	<ul style="list-style-type: none"> Directors (excluding outside directors): Consists of base compensation, bonuses, and restricted stock Outside directors and statutory auditors: Remuneration is limited to base compensation since they are independent from the execution of business
Delegation of authority	<ul style="list-style-type: none"> Scope of delegation: The president and CEO determines the specific breakdown of compensation (base compensation and bonus amount for each director) for each individual director based on authority delegated by resolution of the Board of Directors Reason for delegation: Because the president and CEO is most suited to evaluating the businesses headed by the directors while taking an overall view of the company as a whole Condition of delegation: The Compensation Committee verifies the appropriateness of base compensation for each director

Message from the chair of the Compensation Committee



Yasushi Kohara
Outside director

Ensuring transparent, fair compensation and timely revisions to systems

The Compensation Committee consists of three outside directors and two inside directors. Its primary mission is to ensure the transparency and fairness of compensation, and to make timely revisions to systems to improve our performance and increase our business value over the short term and medium to long term.

To ensure fairness and transparency, the committee verifies whether the calculations for compensation of directors and operating officers are appropriate according to the rules and whether the levels are appropriate for the job, then reported the findings to the Board of Directors. In terms of systems, the committee verified the effectiveness of evaluation metrics that were newly added last year, and recommended expanding restricted stock compensation and adjusting proportions of compensation to achieve greater shared value with shareholders and to strengthen the incentivization function. The committee also recommended adjusting the compensation of statutory auditors whose roles and responsibilities grow each year. We believe that the time was right for these actions.

The committee will continue leveraging the insights and knowledge of each committee member to consistently maintain a high level of governance in the Group while designing and operating compensation systems that support further growth and form the foundation for business value creation.

Performance-linked compensation (bonus)

Bonuses are paid to directors (excluding outside directors) as performance-linked compensation. Amounts paid are determined based on a comprehensive consideration of the business environment and other factors, with the basic principle of linking bonuses to business performance during the fiscal year under review.

Metrics used for calculating bonuses are as shown in the table on the right. The reasoning behind the use of these metrics is that directors have responsibility as managers for the overall consolidated performance. For calculation, we multiply base compensation by an index that accounts for achievement level of the business plan and a qualitative evaluation.

Performance-linked compensation calculation metrics, targets, and results

Metric	Target	FY2024 actual
Consolidated net sales	¥630.0 billion	¥670.8 billion
Consolidated operating profit	¥36.0 billion	¥42.4 billion
Profit attributable to owners of parent	¥22.3 billion	¥26.8 billion
ROE	7.1%	8.5%

Long-term incentive compensation (restricted stock)

Restricted stock consists of performance-linked restricted stock and continuous service-linked restricted stock. In fiscal 2024, 36,100 shares of restricted stock were issued to seven directors (excluding outside directors).

Type	Performance-linked metrics	Overview and rationale for selection as metrics
Performance-linked restricted stock	Consolidated operating profit CDP	This stock is granted in accordance with the rank of the employee, based on linkage with the achievement of business results through medium- to long-term consolidated profits, for the purpose of providing medium- to long-term incentives for continued increases in our business value and promoting the sharing of value with shareholders. For performance-linked metrics (number of transfer-restricted shares to cancel decided according to level of achievement), we use consolidated operating profit since it is directly linked to the achievement of performance targets and sharing of value with shareholders, and the CDP as a metric linked to the practical application of ESG management to increased business value.
Continuous service-linked restricted stock	—	The condition for waiving the restriction on transfer is that the employee continuously serves as one of our directors or in a certain other position for a certain period of time.

Total amount of remuneration, etc. for directors and statutory auditors

Classification of officers	Total amount of remuneration, etc. (¥Million)	Total amount of remuneration, etc. by type (¥Million)			Number of eligible officers	
		Monetary remuneration		Long-term incentive compensation Restricted stock		
		Base compensation	Bonus			
Directors (excluding outside directors)	300	135	107	57	9	
Statutory auditors (excluding outside statutory auditors)	42	42	—	—	3	
Outside officers	Outside directors	62	62	—	—	5
	Outside statutory auditor	29	29	—	—	4

Notes: 1. Amounts are rounded down to the nearest million yen.
2. The above figures include one director and two statutory auditors who retired at the conclusion of the 70th Ordinary General Meeting of Shareholders held on June 26, 2024.

Matters concerning resolutions of the General Meeting of Shareholders regarding remuneration, etc. of directors and statutory auditors

Classification	Type of compensation	Maximum compensation amount	Resolutions at the General Meeting of Shareholders
Directors	Monetary remuneration	Up to ¥350 million/year*1	June 23, 2009 55th Ordinary General Meeting of Shareholders
	Remuneration for performance-linked restricted stock*2	Up to ¥80 million/year, up to 100,000 shares/year*3	June 25, 2025 Discussed in the 71st Ordinary General Meeting of Shareholders
	Remuneration for continuous service-linked restricted stock*2	Up to ¥50 million/year, up to 100,000 shares/year*3	June 21, 2019 65th Ordinary General Meeting of Shareholders
Statutory auditors	Monetary remuneration	Up to ¥100 million/year	June 25, 2025 Discussed in the 71st Ordinary General Meeting of Shareholders

*1 Not including employee salaries in the case of directors who also serve as employees *2 Outside directors are not eligible
*3 We conducted a 2-for-1 share split of our common stock with an effective date of April 1, 2024. Accordingly, our upper limit for restricted stock remuneration per year is now 100,000 shares.

Internal Control Committee

Based on our Basic Guideline for Establishing Internal Control Systems, we established an Internal Control Committee (Committee chair: President and CEO) tasked with establishing organizational systems to ensure observance of laws and regulations, operational effectiveness and efficiency, and the reliability of our financial reports, in addition to comprehending and evaluating the overall operational status of the applicable internal control systems. Related committees have been established under the Internal Control Committee. These are the Compliance Committee, Business Risk Management Committee, and Information Security Committee.

Meetings in FY2024

Internal Control Committee	4 meetings
Information Security Committee	4 meetings
Business Risk Management Committee	13 meetings
Compliance Committee	6 meetings

Compliance

Everybody on our management team maintains a high standard of ethics when conducting business. Furthermore, individual directors and employees take principled actions grounded in compliance to fulfill their social responsibility.

Exeo Group Basic Actions Declaration

Based on the Exeo Group Compliance Program, the officers and employees of the Group presuppose compliance with not only laws and regulations but also corporate ethics, including the spirit underlying those ethics, and engage in activities with high social value, thereby contributing to society.

Given that a company is part of society, it is a prerequisite for all stakeholders in a company, irrespective of whether they are officers or employees of the company, to comply with laws and corporate ethics when carrying out the company's business operations. Such compliance is also to be expected of us as individual members of society.

In addition, ensuring such compliance is indispensable for the company to maintain the trust of society and realize the Group's corporate philosophy of "Contributing to Society."

In light of the above, we shall without hesitation prioritize laws, regulations, and corporate ethics in case we are forced to choose between earnings or ethics in our own activities.

Information security

In the course of its business operations, the Group handles important information, such as technical data and customer data owned by customers. We are working to strengthen our information security, given the increasingly critical importance of appropriate information management, amid the spread of cloud services, social media, and other forms of networks.

In terms of our system, we are improving our management system by assigning an officer in charge as the chief information security officer (CISO), as well as assigning an information management officer and information manager for each organization. In addition, under the supervision of the Information Security Committee, we determine policy for the Group's efforts, monitor the overall status of the efforts, consider measures to prevent recurrence in the event of an accident, conduct training via e-learning systems, evaluate the status of improvement, and promote continuous improvement.

To strengthen governance related to information security, we also established the Cybersecurity Department in January 2025.

Composition of the Information Security Committee

Chair	CISO: Kazuhiko Okubo
Committee members	Comprised of 16 members, heads of the following organizations: Crisis Management Office, Safety and Quality Management Headquarters, General Affairs Department, Human Resources Department, Human Resources Development Department, Accounts & Finance Division, Procurement Division, Corporate Planning Division, Strategic Alliances Division, Risk Management Division, Internal Audit Division, Group Business Promotion Division, Digital Transformation Strategic Division, Innovation Development Unit, Cybersecurity Division, Global Business Department

Organizational system for sustainability

We have established the Sustainability Committee, chaired by the President and CEO and positioned as an advisory body to

Organizational system for sustainability



the Management Council. Its stated purpose is "deliberating on our direction, important issues, goal setting, and information disclosure in terms of sustainability and monitoring the status of initiatives as part of the Group's business strategy," in the overall scheme of our operations. In principle, this committee meets twice per year to deliberate and report to the Management Council and Board of Directors on policies and the results of initiatives.

We also established the Sustainability Promotion Office within the General Affairs Department as an organization dedicated to sustainability. This office serves as the administrative center for the Sustainability Committee, and also coordinates with the group companies to set goals and manage progress on various sustainability measures such as climate change, human rights, and natural capital.

Group governance

We ensure the reliability and appropriateness of our Group companies' sales results, financial status, and other key management information by enforcing a reporting and/or approval process by the Company according to our stipulated rules for subsidiaries. The Company's Internal Audit Division audits the effectiveness and appropriateness of each Group company's work operations.

We formulate a medium-term business plan for the business execution of directors at Group companies and find ways to ensure their efficiency. We also install divisions in the Company to manage Group business and strive to operate business smoothly through Group company president meetings and other arrangements.

For risk management, we formulated the Risk Management Rules for the Group as a whole, and we manage risks throughout the Group in an all-inclusive and comprehensive manner.

For compliance, we established our Group compliance risk control standards. Based on unified rules that meet the standards expected by society, we are establishing the structures and operations processes that will be the foundation for compliance-related activities by each Group company while implementing compliance programs without exceptions.

Supply chain management

In April 2024, we established and published the Basic Procurement Policy to promote responsible procurement activities together with partner companies who do business with our Group. Then in September of the same year, we enacted and published our respective Procurement Guidelines which specify what we expect our business partners to observe regarding the Basic Procurement Policy.

In January 2025, we also established the Sustainability Procurement Office, which will approach partner companies to verify their observance of our procurement guidelines. Eight different observance parameters will be verified, including human rights, safety and health, and the environment.

Through efforts such as these, the Group will continue engaging in sustainable, highly transparent, and responsible procurement activities together with our business partners.

Initiative for mutual benefits in supply chains

Declaration of Intention to Build Partnerships

Starting September 2024, Group companies have been announcing their Declaration of Intention to Build Partnerships, intended to facilitate alliances with partner companies in our supply chains and those who seek joint value creation. We are aiming to build new partnerships through this initiative.



Multi-stakeholder Policy

In addition to shareholders, it is becoming important to engage with various stakeholders such as partner companies, employees, customers, creditors, and the community to facilitate co-creation. Recognizing this, starting in September 2024 we have been announcing our Multi-stakeholder Policy in phases at our Group companies.



Declaration of intention to build partnerships, multi-stakeholder policy, and procurement policies

<https://www.exeo.co.jp/en/sustainability/society/>

Risk management

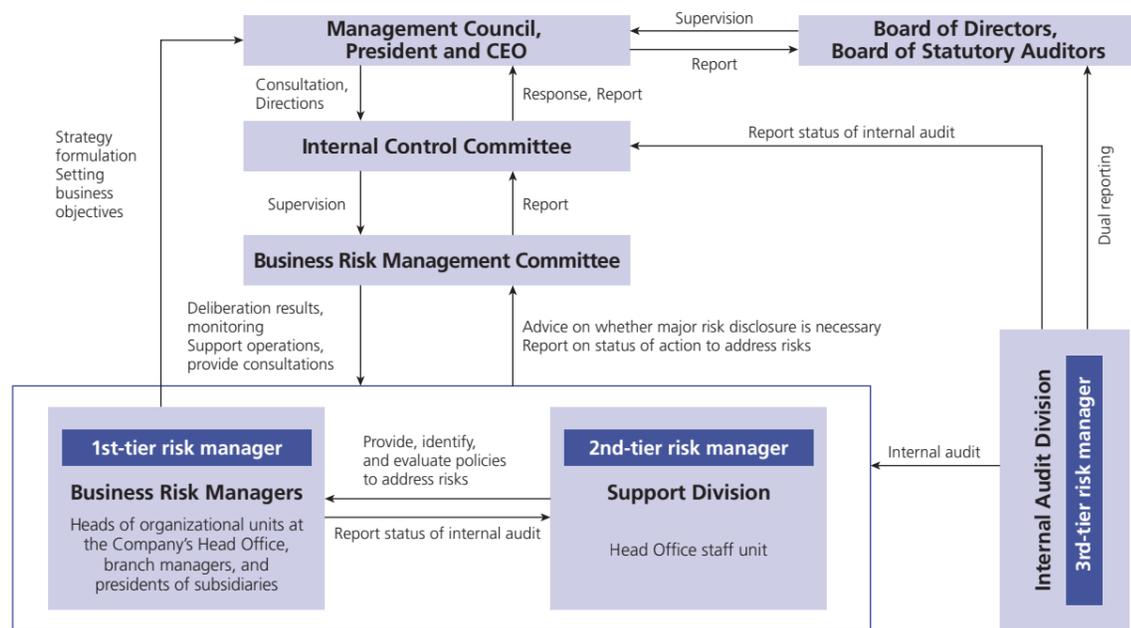
Risk management system

We have formulated the Risk Management Rules that specify the basic points involved in risk management and have established risk categories in addition to the Risk Management Division that handles them. We have also established the Business Risk Management Committee as the Group-wide risk manager. Thus, we have the systems in place to identify and evaluate risks on a Group-wide level and are formulating

business continuity plans (BCPs) that can keep business functioning.

Additionally, we have established a crisis management system to minimize loss when risks that are larger than anticipated materialize. This includes the task of establishing crisis management committees whenever a crisis arises that could severely impact our business.

Risk management system



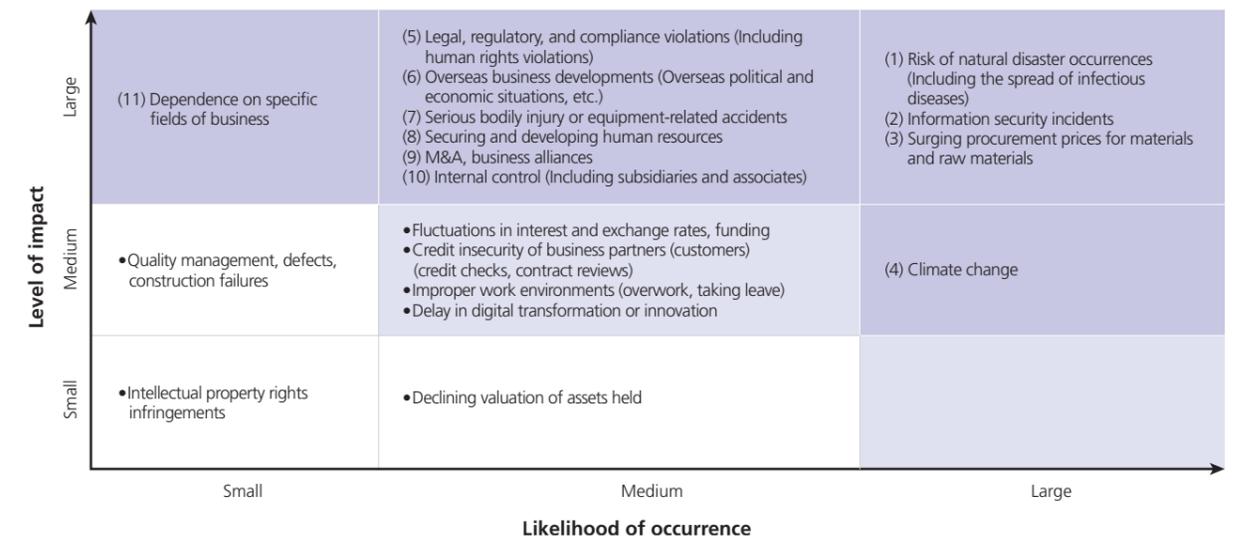
Internal Control Committee	Based on our Basic Guidelines for Establishing Internal Control Systems, we are establishing organizational systems to ensure observance of laws and regulations, operational effectiveness and efficiency, and the reliability of our financial reports while comprehending and evaluating the overall operational status of the applicable internal control systems.
Business Risk Management Committee	This committee verifies whether the first-line risk manager is formulating strategies and business objectives and evaluating their practical application and performance aligned with our Group's mission, vision, and core values. Concurrently, it manages the Group-wide impact of the risk resulting from having chosen those strategies and business objectives.
Business Risk Manager (1st-tier risk manager)	This manager formulates strategies in accordance with our Group's mission, vision, and core values. The manager also formulates action plans as specific measures tailored to each organizational environment in accordance with the policies indicated by each support division, and manages the progress of measures implemented.
Support Division (2nd-tier risk manager)	This manager provides the guidelines for addressing risk in the Group for the applicable risk category, and monitors the appropriateness, effectiveness, and status of corrective actions.
Internal Audit Division (3rd-tier risk manager)	From an independent standpoint, this manager evaluates the appropriateness and effectiveness of the first and second tier managers' performance, implementation processes, and the risk management and compliance structures they have established. It provides information when needed while also requesting improvements.

Assessment, management, and monitoring process

For risk assessments in the Group, we not only assess risks regarding our business activities and business plans, but we also regularly identify, assess, and revise our risks linked to our materiality (key issues for corporate groups to prioritize). We create risk heat maps, graphically indicating priority risks along two dimensions: level of impact and likelihood of occurrence.

The Support Division corresponding to each risk handles the related risk management and monitoring. Circumstances assessed as serious risks are reported to the Business Risk Management Committee. Concrete actions are taken to mitigate the risks and make improvements based on the Group's organizational structure for risk management.

Risk heat map



Status of addressing important risks

Risk	Details of risks	Measures, etc. to address risks
(1) Risk of natural disaster occurrences (Including the spread of infectious diseases)	<ul style="list-style-type: none"> • Shutdowns to lifelines, construction stoppages or delays due to shortages of fuel, materials, or personnel, damage to the buildings or equipment of business offices 	<ul style="list-style-type: none"> • Conduct training and prepare rules and manuals • Implement staggered work hours and teleworking systems • Administer flu vaccines in the workplace, etc.
(2) Information security incidents	<ul style="list-style-type: none"> • Data leakage such as technical or customer information (lost computers or smartphones, theft or mishandling, unauthorized access, computer virus infections, cyberattacks originating externally, etc.) • Lost trust from customers and obligation to compensate damages caused by system inoperability 	<ul style="list-style-type: none"> • Designate a chief information security officer, and establish an Information Security Committee and Cybersecurity Department • Acquire certification and PrivacyMark for information security management systems • Detect and protect against cyberattacks through centralized monitoring and operations, support actions against viruses and data leaks • Conduct e-learning, training for spear phishing email attacks, and study sessions to raise security awareness for all employees
(3) Surging procurement prices for materials and raw materials	<ul style="list-style-type: none"> • Construction stoppages and impact on contracted construction periods when procurement from suppliers is threatened due to natural disasters, social unrest, or slumping performance • Rising costs of fuel, distribution, labor or outsourcing • Prolonged lead times in procuring materials for telecom base stations due to semiconductor shortages, and corresponding extensions of construction periods 	<ul style="list-style-type: none"> • Take measures such as placing materials orders early, securing diverse suppliers, passing on cost increases into construction prices, and incorporating conditions for price spikes into contracts • Prioritizing areas with abundant supplies to minimize the effects of semiconductor shortages
(4) Climate change	<p>(1) Transition risks</p> <ul style="list-style-type: none"> • Negative perceptions and ratings by customers and investors resulting from an inability to transition to a decarbonized society or meet customers' needs in addressing climate change, and the resulting loss of business value or chances to receive orders • Increased costs from implementation of carbon pricing systems, etc. <p>(2) Physical risks</p> <ul style="list-style-type: none"> • Water damage to buildings anticipated as climate becomes increasingly turbulent • Risk of disasters damaging construction sites & facilities • Greater health risks (heatstroke, etc.), lower work efficiency, delays in handovers of ordered work, and increased costs of measures taken at outdoor construction sites due to rising temperatures 	<p>(1) Transition risks</p> <ul style="list-style-type: none"> • Actively pursue net renewable energy for electric power used in business activities • Expand business along with increasing demand for construction of woody biomass power plants and renewable energies such as offshore wind power generation <p>(2) Physical risks</p> <ul style="list-style-type: none"> • Strengthen BCP capabilities • Use ICT for safety management and improve work efficiency at construction sites
(5) Legal, regulatory, and compliance violations (Including human rights violations)	<ul style="list-style-type: none"> • Revision and abolition of legal restrictions such as the Construction Business Act, Subcontract Act, Anti-monopoly Act, Industrial Safety and Health Act, and environmental laws, or changes to applicability of new related rules • Behavior that violates human rights such as misconduct or harassment by employees across the supply chain • Compliance violations such as leaked personal information or trade secrets 	<ul style="list-style-type: none"> • Swiftly deploy Group-wide methods for dealing with changes to laws • Conduct annual "Legal Compliance Inspection" voluntary self-inspections • Verify the state of compliance through internal audits and implement corrective measures • Conduct e-learning training for all employees, level-based training for officers, leader level personnel, and younger employees • Promote awareness of the internal reporting (whistleblowing) system • Engage in awareness-raising activities such as making posters • Formulate the Exeo Group Human Rights Policy and instill understanding of it within the Group • Develop a culture where diverse values are respected

Risk	Details of risks	Measures, etc. to address risks
(6) Overseas business developments (Overseas political and economic situations, etc.)	<ul style="list-style-type: none"> • Rapid changes in the political or economic climate in regions where we operate, large fluctuations in exchange rates, unexpected changes to laws or regulations, natural disasters such as earthquakes, typhoons, infectious diseases, and pandemics • Rising material prices and supply chain breakdowns caused by changes in world affairs (tariffs initiated by the US government, prolonged struggle between Russia and Ukraine, conflict in the Middle East, etc.) 	<ul style="list-style-type: none"> • Strengthen governance and risk management by assigning directors to serve concurrently as directors of subsidiaries • Improve internal reporting systems for employees of overseas Group companies • Mitigate exchange risk by holding forward exchange contracts and assets and liabilities denominated in the same currency • Conduct reviews by outside experts for business investments where we lack knowledge or experience
(7) Serious bodily injury or equipment-related accidents	<ul style="list-style-type: none"> • Lost trust from customers, obligation to compensate damages, or fewer chances to receive orders due to incidents or accidents 	<ul style="list-style-type: none"> • Introduce safety-minded vehicles, tools, and equipment • Introduce protective verifications using network cameras and functions to check safety features using AI and DX • Conduct hazard prediction training, human resources development for worksite supervisors, etc. • Deploy dialogue-oriented patrols and recognitions of excellence or praise-worthy cases internally Enhance resilience through learning from best practice case examples • Obtain certifications for occupational safety and health management and quality management systems
(8) Securing and developing human resources	<ul style="list-style-type: none"> • Inability to sufficiently secure and train human resources lowers competitiveness of the Group and employee morale 	<ul style="list-style-type: none"> • Hire new graduates and experienced personnel year-round in addition to hiring season • Hire global human resources • Improve employee engagement by revising conditions offered, creating comfortable work environments, enhancing employee training, and supporting growth on the job • Implement engagement-oriented measures that emphasize employee autonomy and independence such as the Transformation Leader Development Program • Provide training programs including OJT • Offer reskilling programs to shift human resources between business functions • Encourage acquisition of qualifications and skills needed for specific work • Build a Group-wide personnel database
(9) M&A, business alliances	<ul style="list-style-type: none"> • Inability to identify effective investment opportunities or earn the initially expected returns on investment • New risks added particularly to those businesses and markets when entering a new business domain • Goodwill-related impairment losses due to changes in the business environment or state of the competition after acquisition 	<ul style="list-style-type: none"> • Identify future market trends, synergies within our Group, and potential risks of companies targeted for acquisition • Have outside attorneys and financial advisors conduct investigations • Use WACC as the hurdle rate • Revise investment criteria as needed • PMI and monitoring (progress vs. business plan in acquisition phase, rate of achieving synergies, etc.) after conducting M&A
(10) Internal control (Including subsidiaries and associates)	<ul style="list-style-type: none"> • Internal controls fail to function effectively and proper operations cannot be ensured 	<ul style="list-style-type: none"> • Establish systems to ensure observance of laws and regulations, effectiveness and efficiency of operations, and reliability of financial reporting according to our Basic Guideline for Establishing Internal Control Systems • Establish an Internal Control Committee (chaired by the president and CEO) to comprehend and evaluate the overall operating state of internal controls
(11) Dependence on specific fields of business	<ul style="list-style-type: none"> • Capital expenditure behaviors and structures of companies in Telecom Carriers change due to market trends or technological innovations in the telecom industry 	<ul style="list-style-type: none"> • Implement the respective growth strategies of our three business segments according to the Medium-Term Management Plan (FY2021–2025)

Respect for human rights

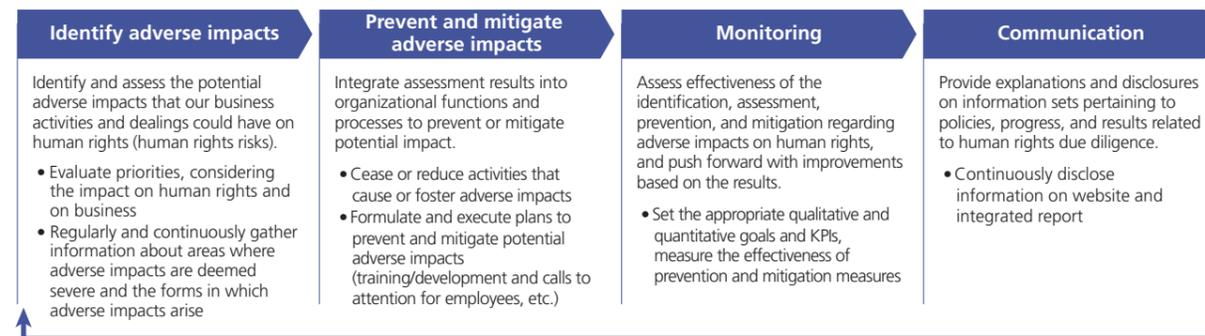
The Group recognizes that respect for human rights is an important corporate social responsibility for a company in all settings of business activities. We will contribute to the realization of a sustainable society by fulfilling this responsibility. In order to engage in efforts geared toward respect for human rights in this manner, in January 2024, we have established the Exeo Group Human Rights Policy based on the Guiding Principles on Business and Human Rights adopted by the United Nations Human Rights Council.

Based on this policy, we will make efforts to prevent and mitigate risks of human rights violations by conducting human rights due diligence and using remediation mechanisms according to international standards as we manage business with a commitment to respect for human rights.

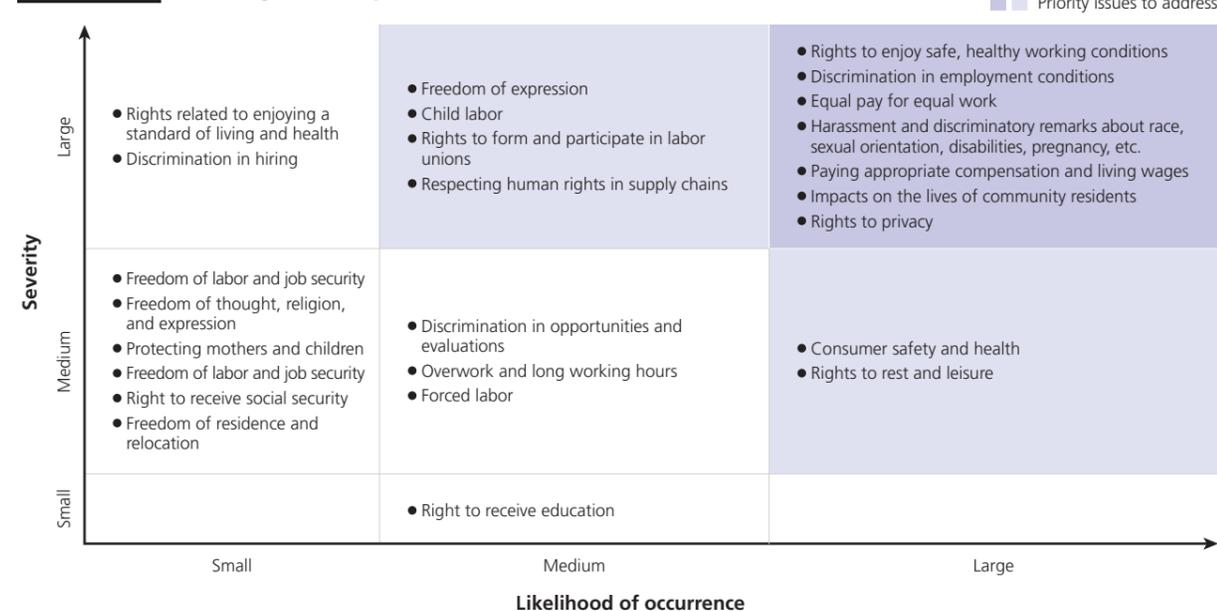
Respecting human rights

Governance	See "Organizational system for sustainability" on page 84
Strategy	Build a human rights due diligence mechanism and implement it regularly and continuously throughout the Group
Risk management	Identify the priority issues to address from the human rights risk map, and strive to eliminate and mitigate negative impacts on human rights
Metric	Completion rate of e-learning regarding respect for human rights

Strategy Human rights due diligence mechanism



Managing risks Human rights risk map



Human rights issues to address with priority

Human rights issue	Initiatives
(1) Rights to enjoy safe, healthy working conditions	<ul style="list-style-type: none"> Specify "practice workplace safety while maintaining and promoting mental and physical health" in occupational safety and health management policy Conduct safety patrols where management personnel visit worksites to inspect safety Conduct occupational safety and health training based on responsibility level
(2) Discrimination in employment conditions	<ul style="list-style-type: none"> Specify, "We respect the human rights of all individuals. We do not tolerate working conditions or interpersonal language and behavior that discriminate on the basis of gender, age, nationality, race, ethnicity, beliefs, religion, social status, disability, pregnancy, childbirth, or the taking of leave for childcare or nursing care, nor do we tolerate any kind of harassment that may cause discomfort or disadvantage to a person or harm their dignity." in our Human Rights Policy.
(3) Equal pay for equal work	<ul style="list-style-type: none"> Enter checklists for "inappropriate treatment or discrimination" and "harassment" in our Human Rights Handbook.
(4) Harassment and discriminatory remarks about race, sexual orientation, disabilities, pregnancy, etc.	<ul style="list-style-type: none"> Ask about matters related to discrimination (whether the respondent has experienced human rights violations due to race, nationality, origin, ethnicity, beliefs, gender, etc., or discrimination involving work conditions, equal pay for equal work, evaluations, or treatment) and harassment in compliance surveys. Conduct "work attitude surveys" to investigate attitudes toward work and overall job satisfaction, analyze the impacting factors, and utilize what is learned for future measures. Conduct e-learning training to deepen understanding of the Exeo Group Human Rights Policy and measure the effects.
(5) Paying appropriate compensation and living wages	<ul style="list-style-type: none"> Establish an internal reporting (whistle-blowing) contact center.
(6) Impacts on the lives of community residents	<ul style="list-style-type: none"> Specify, "when doing construction work, we sufficiently investigate impacts of the noise, vibration, and other disturbances on the living environment of the local residents, and when impacts are identified, we must obtain the approval of the local residents before starting construction," "we do not allow our construction or security work to infringe on the rights of others or interfere with the legitimate activities of individuals or organizations," and "we protect the safety of people and vehicles passing by a work site and prevent accidents from happening." in our Human Rights Policy. Enter checklists for "harmony with local community" in our Human Rights Handbook
(7) Rights to privacy	<ul style="list-style-type: none"> Form EXEO-SIRT to gather information about security vulnerabilities, monitor for cyberattacks and problems, and formulate responses and procedures for those responses based on the analysis results for the information obtained. Conduct information security training and personal information protection training. Run simulations for dealing with spear phishing email attacks and conduct various types of security inspections.

Metrics Rate of undergoing e-learning training (scope: domestic consolidated Group companies)

Goal	FY2024 actual
100%	100%

Dialogues with stakeholders

Basic policy

We disclose information about our Group in a fair, timely, and appropriate manner with the aim of promoting understanding of our Group among shareholders, investors, and all other stakeholders, and earning fair evaluations and trust. We also actively engage in clear and accessible IR activities.

Organizational system for IR activities

Three dedicated personnel for IR are assigned to the Corporate Communications Office of the Corporate Planning Division, where they engage in daily IR activities. Also, executives including the President and CEO and General Manager of the Corporate Planning Division in addition to related employees such as organization heads and heads of construction attend financial results briefings and various other events to engage in dialogues, depending on the attributes of those present at the event.

We also facilitate dialogues with the Corporate Planning Division, Accounts & Finance Division, General Affairs Department, Risk Management Division, and other related divisions, business divisions, and subsidiaries of the Group to ensure the effectiveness of our IR activities.

State of IR activities

In our everyday IR activities, we actively engage in individual interviews with both sell-side and buy-side analysts. For overseas shareholders and investors with whom we cannot easily communicate on a daily basis, we participate in conferences hosted by securities companies and make individual visits.

We also actively organize events such as financial results briefings. Descriptions of our main activities are as shown in the table below

IR activities statistics

Meeting	Speaker	FY2022	FY2023	FY2024
Financial results briefings	President and CEO	2	2	2
Small meetings	President and CEO	7	7	6
Individual meetings	General Manager of Corporate Planning Division	25	24	24
	Outside directors	–	1	–
	IR representative	106	136	104
ESG meetings	Head of relevant division or organization	3	3	2
Attend conferences hosted by securities companies	President and CEO	1 (3 sessions)	1 (6 sessions)	–
Visit overseas investors (including online)	President and CEO	2 (15 sessions)	2 (15 sessions)	2 (17 sessions)
	General Manager of Corporate Planning Division	1 (7 sessions)	1 (7 sessions)	1 (12 sessions)
Individual investor briefings	IR representative	2	2	2
Briefings at sites	IR representative	1	1	2

Providing feedback internally

Results of dialogues in IR activities and various reports written by outside analysts are provided as feedback to relevant organizational heads and others on a regular basis. We are also continuously working to provide reports to the Board of Directors, particularly on what transpired in financial results briefings and overseas investor visits, and utilize the information for discussions in the Board of Directors by also sharing it with outside directors.

We have also launched an IR feedback page as an internal website for management and employees. There, we post the same level of information provided as feedback to management as part of our efforts to create an environment where all employees can access external information. We are also working on getting comments and messages heard externally to all Group employees by actively sharing the state of our IR activities in meetings that convene the presidents of Group companies.

Approach to information disclosures

Fair disclosures: English disclosures

From the perspective of fair disclosures, we are continuously disclosing not only legally mandated disclosures such as financial results summaries on our website, but also various other types of IR material including financial results briefing materials, supplemental financial results materials, monthly order status tables, etc.

For overseas shareholders and investors, we have created an English language site which displays virtually the same information as shown on the Japanese site. We are also committed to accommodating requests from the Tokyo Stock Exchange for simultaneous Japanese and English disclosures

of information on financial statements and timely disclosures while actively engaging with voluntary disclosure information as well.

Designation of a quiet period

We have designated the four weeks leading up to the day of our financial results announcement as a quiet period in order to prevent information leaks that could impact our stock price and to ensure fairness. During this period, we refrain from responding to comments and questions pertaining to our financial results.

However, if we find during the quiet period that the difference between our most recent earnings forecast and the forecast previously announced meets the criteria for differentials as specified in the Timely Disclosure Rules, we will swiftly disclose that information.

General Meetings of Shareholders

The Company views the meeting as an important forum for communicating with shareholders, and engages in various initiatives accordingly.

- Avoiding days with high concentrations of other shareholders' meetings
- Early dispatch of the convocation notice
- Disclosure of the convocation notice prior to dispatch
- Exercise of voting rights online
- Participation in the voting rights exercise platform
- Introduction of a smartphone-based voting right exercise service
- Accepting questions in advance
- Holding hybrid interactive and virtual General Meetings of Shareholders
- Disclosure of an English-language convocation notice

Dialogues with institutional investors

In dialogues with institutional investors, we get many questions and opinions about business trends, performance, and our medium-term plans. Recently, dialogues have mainly covered the following.

We are continuing our efforts to utilize the opinions heard through discussions with institutional investors in our business operations. Particularly regarding capital policy, we have held discussions referencing opinions shared by stakeholders and customers in the Board of Directors and other meetings, and we have reflected these in actions such as cancellations of treasury shares that began in fiscal 2021.

Main questions from institutional investors

- NTT East and NTT West's investment trends regarding telecom infrastructure
- Information on orders received from mobile communications carriers
- Background behind profit increases in the Telecom Carriers segment
- Data center project trends
- Overview and future impact of unprofitable projects
- Factors driving profit increases in the System Solutions segment
- Progress of improvements in global business
- Basic policy on shareholder returns (dividends, treasury share buybacks)
- Current view on fiscal 2025 forecast
- Progress on the current medium-term plan and initiatives toward the next Medium-Term Plan

Major initiatives originating from institutional investors' opinions

- Began cancellation of treasury shares (FY2021 to present)
- Disclosed profit by segment (FY2021 to present)
- Held one-on-one meetings with outside directors (FY2023)
- Held information sessions at worksites (FY2024)

Implementing management conscious of cost of capital and stock price

We have held a series of discussions in our Board of Directors meetings regarding the request made by the Tokyo Stock Exchange (TSE) in March 2023, that all listed companies on the Prime and Standard Markets take "action to implement management that is conscious of cost of capital and stock price." Currently, we understand our capital cost to be around 8%, and we will focus on achieving an ROE level that consistently exceeds cost of capital from a medium- to long-term perspective.

To that end, we are seeking to maximize profit while simultaneously pursuing capital efficiency that does not accumulate more equity than necessary. We have increased our dividends in line with our dividend policy targeting dividend on equity of 4% while continuing to purchase treasury shares.

Concurrently with these efforts, we intend to foster stronger relationships with external parties by strengthening our IR activities and work to sustain and improve our price-to-book (P/B) ratio.