

Summary of Updated Sections of the Corporate Governance Report (“CG Report”) dated December 26, 2023

The following describes the summary of updated sections of CG Report dated December 26, 2023.

① Change in “Our Policy on Cross-shareholdings”

With regard to the targets publicly announced in May 2023 where we intend to decrease the amount of cross-shareholdings, **we have now decided to advance the schedule in order to accelerate our efforts to decrease the amount so that it will be less than 20% of our consolidated net assets by the end of the fiscal year 2026.** Accordingly, we have updated the descriptions of CG Report as follows.

CG report dated June 28, 2023	CG report dated December 26, 2023
<p>[Principle 1.4] (Cross-shareholdings)</p> <p>(1) Our Policy on Cross-Shareholdings ... in order to clarify the selling targets based on the policy, we intend to decrease the amount of cross-shareholdings in a step-by-step manner so that the amount will be less than 30% of our consolidated net assets by the end of the fiscal year 2026, and less than 20% of our consolidated net assets by the end of the fiscal year 2030.</p>	<p>[Principle 1.4] (Cross-shareholdings)</p> <p>(1) Our Policy on Cross-Shareholdings ... with regard to the targets publicly announced in May 2023 where we intend to decrease the amount of cross-shareholdings so that the amount will be less than 30% of our consolidated net assets by the end of the fiscal year 2026, and less than 20% of those by the end of the fiscal year 2030, we have now decided to set the targeted schedule earlier in order to accelerate the efforts to decrease the amount so that the amount will be less than 20% of our consolidated net assets by the end of the fiscal year 2026.</p>

② **Change in the description of “Measures for realizing the management focusing on capital costs and stock prices”**

Based on the request published by Tokyo Stock Exchange on October 26, 2023, which aim to publish a list of companies that have disclosed information regarding “the measures for realizing the management focusing on capital costs and stock prices,” **we have added the terms “under consideration” to CG report.**

In addition, **we have deliberated the request several times in the meetings of the body such as the Board of Directors and the Management Committee**, so we have updated CG Report about the current status of our consideration as follows.

CG report dated June 28, 2023	CG report dated December 26, 2023
<p data-bbox="188 505 1137 587">[Measures for realizing the management focusing on capital costs and stock prices]</p> <p data-bbox="188 635 1137 1098">With the aim of realizing the goals of “TAISEI VISION 2030,” the Company is implementing measures and investments for sustainable growth based on its Medium-Term Business Plan. In order to continue and strengthen these initiatives, we will review the current Medium-Term Business Plan (2021-2023), carefully consider the growth strategies of each business, and examine the priority issues and measures that need to be addressed intensively with a view to formulating the next Medium-Term Business Plan. In reviewing the Plan, we will further improve capital efficiency and enhance our human capital, taking account of capital costs and stock prices.</p> <p data-bbox="188 1106 1137 1225">We will disclose information on these initiatives as appropriate and promote constructive dialogue with the investors to improve evaluation of the Company in the market.</p>	<p data-bbox="1144 505 2092 587">[Measures for realizing the management focusing on capital costs and stock prices (under consideration)]</p> <p data-bbox="1144 635 2092 930">With the aim of realizing the goals of “TAISEI VISION 2030” set out as the medium- to long-term vision, the Company is formulating the next Medium Term Business Plan. Under the formulation process, we regard the financial policy as one of our basic management policies, and we are organizing the policy related to its optimum capital structure and cash allocation with financial discipline.</p> <p data-bbox="1144 938 2092 1225">In addition, based on the policy, we will develop strategies for realizing “TAISEI VISION 2030”, in the manner of promoting “initiatives to increase profitability,” “initiatives to improve the foundation for growth such as human capital and technological development,” “initiatives related to shareholder return” and so on. Furthermore, we will improve how to disclose the progress of such initiatives, and how to keep a dialogue with the stakeholders.</p> <p data-bbox="1144 1233 2092 1311">We will disclose information on these initiatives as the next Medium Term Business Plan around May 2024.</p>

③ **5. The description of “Other special circumstances that may have serious effects on corporate governance”**

Since the Company acquired a majority of the shares of P.S. Mitsubishi Construction Co., Ltd. (“P.S. Mitsubishi”) and P.S. Mitsubishi became a consolidated subsidiary of the Company, **we have newly added to CG report the description of “Group Management Concept and Policy,” “Significance of Having a Publicly Listed Subsidiaries” and “Measures to Ensure the Effectiveness of the Governance system of a Publicly Listed Subsidiary.”**

The Company, as the core company of Taisei Group, will strive to maximize the Group’s interests by operating integrated management of the entire Group based on the Group management policies and will establish an appropriate governance structure with consideration for the common interests of the P.S. Mitsubishi’s shareholders including minority shareholders.

④ **Other updated matters to reflect the current situation**

- “2. Capital Structure [Major Shareholders]” in the Section I of CG report has been updated to reflect the current situation.
- Since we changed the name of the "Environment Committee" of the Operation Committees to the "Sustainability Promotion Committee," we have revised the relevant section of “schematic diagram of the outline of the corporate governance system” on page 25.

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