

Corporate Governance

Message from the Chair of the Board of Directors

With the changing business environment, the agenda of the Board of Directors becomes increasingly varied each year. The Board of Directors holds important functions such as overseeing the medium- to long-term direction of the Company and adjusting its strategic course. Within this framework, I believe that the role of the Chair is to ensure management transparency and contribute to enhancing corporate value.

The Board has worked to eliminate disparities in access to information between management and outside directors. Last year, during the formulation of the new medium-term business plan, we held vigorous and intense discussions on various management issues, including growth strategies to ensure employees proceed with a shared direction and how to respond to demands from investors and society. In order to meet these expectations, we will enhance the effectiveness of the Board to achieve sustainable growth and evolution.



Noriaki Tsuji
Chairman and Director

Examples of Discussion Points at Meetings of the Board of Directors

Keywords



- The Company should proactively disclose its target ROE figures and communicate to investors its commitment to pursuing capital-efficient management. In addition, there should be further enhancement of shareholder returns.
- Amid uncertainty surrounding industry trends and the global outlook, we will engage in discussions on growth strategies, including how to utilize management resources while maintaining a clear view of the market, and present these in our new medium-term business plan.

Keywords



- To enhance human capital, we need to provide not just education, but also foster a corporate culture where employees feel empowered to take on new businesses and assignments.
- After undertaking various initiatives, it is clear that education and awareness-raising alone have their limits. The only way forward is to foster an environment conducive to innovation by actively recruiting experienced professionals and ensuring workforce diversity.
- On the other hand, when open recruitment is conducted for new business projects, employees are now stepping forward. For example, it is time to actively pursue measures to enhance human capital, such as establishing an internal venture system.

Keywords



- In this era of great uncertainty, we need to consider which areas to allocate the workforce to and how to handle research and development investments going forward.
- Securing and developing a workforce is important, but the current trend is toward collaboration not only with competitors but also with external partners. The era of competing solely within Japan's domestic industry is over.
- We must also consider optimizing the allocation of management resources with a view to enhancing productivity across the entire construction industry through shared technologies.

Frequently mentioned keywords in Board of Directors meetings



Compliance and Risk Management

>Nurturing a culture of trust Corporate ethics and compliance with the law

Basic approach and policy for compliance

With the recognition that strict compliance is indispensable for the continuity of a corporation, the Company formulated the Haseko Group Code of Conduct, under which Haseko has been working to establish a management system where all directors, operating officers, and staff respect societal standards and take sensible courses of action in keeping with their duties as members of society, as well as complying with all laws and regulations both in Japan and abroad, and the Company's articles of incorporation, so that the Company can win the confidence of society.

The Company regularly reviews the Standards of Conduct for relevancy and effectiveness and revises it as needed.

>Haseko Group Code of Conduct

System for promoting compliance

The Compliance Office, established in the Risk Management Department as an office responsible for instilling the Standards of Conduct across the Group and advancing compliance efforts, is working to enhance the Group's compliance.

In addition, pursuant to internal rules and regulations on internal audits, the Internal Auditing Department, which is under the direct control of the President, investigates and evaluates whether activities of respective divisions conform to laws and regulations, the articles of incorporation, the Company's rules and regulations, corporate policies, etc. and whether they are reasonable, and works to make improvements based on the results.

Audit frequency is determined based on risk, and for major divisions and Group companies, audits are conducted at least once every three years.

If there is any act violating the Standards of Conduct that causes concern that it might produce a material effect, it will be reported to the President and officers in charge of risk management will make an investigation. As needed, the Compliance Committee chaired by officers in charge of risk management or the President of the Company is convened to work to resolve it through such actions as examining circumstances, analyzing causes, identifying

remedies, investigating whether there are any similar events, devising measures for preventing recurrence, and sharing the results in the Company and across the Group.

Basic approach to and policy for risk management

The Haseko Group has set out the "Haseko Group Risk Management Policy" with the aim of properly managing various internal and external business risks associated with its operations and continuing to maintain and enhance its corporate value. The Company has put in place its risk management system, and has ensured that rules and measures under the policy are known and implemented by all Haseko Group officers and employees.

Risk management system

The Haseko Group has adopted a risk management system in which the President of Haseko Corporation serves as Chief Officer to implement the "Haseko Group Risk Management Policy." The Company has also appointed a Chief Risk Management Officer, who is responsible for overall risk management, including risk prevention and crisis response across the Group, and officers in charge of risk management, who are responsible for leading risk management in each operating division of Haseko Corporation and Group companies. In addition, each Group company has its risk management department, which makes advice and recommendations regarding the formulation and implementation of Group-wide measures for promoting risk management and monitors the progress of these measures.

The Company has also established the Risk Management Committee under the chairmanship of the President of Haseko Corporation. The Committee meets once every quarter, while convening an extraordinary meeting as needed when a serious risk event occurs, and works to collect, analyze, assess, and address risk events across the Company. The results of discussions of the Risk Management Committee are reported as needed to the Board of Directors, which assesses and oversees the implementation and effectiveness of the risk management system.

Diagram of the compliance and risk management system

