

The corporate governance of Chiyoda Corporation (hereinafter “Chiyoda” or the “Company”) is described below.

## **I Basic Stance on Corporate Governance, Shareholder Composition, Corporate Data and Other Basic**

### **1. Basic Stance on Corporate Governance**

Chiyoda recognizes that operating in a manner that earns the trust and loyalty of shareholders, customers, vendors, creditors, employees, communities, and other stakeholders is the very foundation of our activities.

As we strive to achieve sustained growth over the medium to longer term, we are working to constantly strengthen the foundation of our business and to ensure sound and transparent management. To this end, we view continuously strengthening corporate governance and building and strengthening internal controls as critical areas, and we are working to put this into practice.

#### **【Reason for Not Implementing Principles of Corporate Governance Code】** update

*Principle 4.10.1 Use of Optional Approach, Establishment of nominating committee and remuneration committee*

Chiyoda has not taken the option of establishing a nominating committee or compensation committee. However, as specified in the Chiyoda Corporate Governance Policy (Section II, Chapter 3.1 (iii) and (iv)), independent outside directors and full-time members of the Audit and Supervisory Committee participate in, or attend, the meetings held to make decisions in the process of appointing directors and determining compensation. This effectively serves the same function as a nominating committee, and we believe that this raises the level of objectivity and transparency, ensuring the validity of the process.

#### **【Disclosure Based on Principles of Corporate Governance Code】** update

Pursuant to a resolution by the Board of Directors, the Company has adopted the "Chiyoda Corporation Corporate Governance Policy" (hereinafter referred to as the "Policy of the Company") as a statement of our fundamental approach to and our basic policy on corporate governance. Please refer to the document posted at our website.

<https://www.chiyodacorp.com/en/about/governance/>

##### *Principle 1.4 Cross-Shareholdings*

See II . Chapter 1. 4. of the Policy of the Company.

As of March 31, 2015 Chiyoda held 21.6 billion yen worth of shares in 16 companies, but by March 31, 2016 this had been reduced to 11.8 billion yen worth of shares in five companies, and by March 31, 2019 it had been further reduced to 190 million yen worth of shares in three companies. As of March 31, 2023, Chiyoda has retained our holdings in these three companies.

##### *Principle 1.7 Related Party Transactions*

See II . Chapter 1. 7. of the Policy of the Company.

##### *Supplementary Principle 2.4.1 Ensuring Diversity in the Promotion to Core Human Resources*

Chiyoda respects diverse individuals irrespective of gender, sexual orientation, gender identity, nationality, race, age, religion, physical disability, differing work styles and roles, and we actively work to create an environment where all employees can be actively engaged. Chiyoda believes that the diverse perspectives gained by promoting diversity will improve the agility and responsiveness of the organization.

To promote women advancement, we are now laying the foundation for women to play an active role by taking steps such as holding training sessions to promote awareness of diversity and unconscious bias, conducting interviews to consistently support women's career development, and introducing a system to shift people from administrative positions(referred to as Administration Assistant in Chiyoda) to career positions. In the end of FY2020, the women represented 3.7% of those in managerial positions(beginning manager or above), but the figure rose to 6.3% in the end of FY2021 and to 8.3% in the end of FY2022. With respect to the employment of foreign nationals, Chiyoda already has many such individuals actively working at the Company, especially in the core business of major projects, such as LNG and other projects, and we are constantly improving their working environment. In the end of FY2022, foreign nationals represented 3.1% of those in managerial positions, but we will continue to review hiring based on the principle of placing the right person in the right place. To recruit global talent with diverse experience and skills, we take steps such as holding informational sessions for foreign students, and from FY2020 to FY2022 they represented 3.6%–5.7% of the pool of regular new hires.

In recent years we have been actively recruiting mid-career individuals in order to secure talent in areas where there is a lack of internal knowledge and skills, particularly in new fields. As a result, the number of our mid-career employments in the most recent period (FY2020-FY2022), is about 3.8 times that between FY2017 and FY2019. In addition, mid-career employments represented 31.7% of those in our managerial positions. We will continue to put the right person in the right place, irrespective of the number of years at the Company.

For more information about our human resources development policy, etc, please refer to Annual Securities Reports and the "Chiyoda Report" posted at our website below.

CHIYODA REPORT: <https://www.chiyodacorp.com/en/csr/csr/report.html>

Annual Securities Reports: <https://www.chiyodacorp.com/jp/ir/library/securities/> (Japanese Only)

#### *Principle 2.6 Roles of Corporate Pension Funds as Asset Owners*

See II . Chapter 2. 6. of the Policy of the Company.

#### *Principle 3.1 Full Disclosure*

See II . Chapter 3. 1. of the Policy of the Company.

With respect to item (i), please refer to the materials posted at our website regarding the Chiyoda corporate philosophy and the current medium-term management plan.

[/https://www.chiyodacorp.com/en/about/policy/](https://www.chiyodacorp.com/en/about/policy/)

<https://www.chiyodacorp.com/en/ir/managementstrategy/plan/>

#### *Supplementary Principle 3.1.3 Sustainability measures*

1. Our Annual Report (financial information) and Sustainability Report (non-financial information) are published together as the Chiyoda Report. This is posted at our website and contains information about our management policies for sustainable growth, the state of our business activities, and our SDGs(Sustainable Development Goals ) initiatives.

<https://www.chiyodacorp.com/en/csr/csr/report.html>

2. In 2019, Chiyoda declared its support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, and we have been performing TCFD analysis through a Ministry of Environment program and posting the results at our website.

<https://www.chiyodacorp.com/en/csr/environment/business-activities.html>

3. With the aim of achieving carbon neutrality by 2050, we have established medium to longer term greenhouse gas (GHG) targets and issued a carbon neutral declaration. This Carbon Neutral Declaration is available at our website.

<https://www.chiyodacorp.com/jp/media/2022/post-255.html>

4. In order to realize our vision for 2030 as presented in the Medium-term Management Plan, we will continue to invest strategically in R&D (including intellectual property) and human capital.

For information about human capital, please refer to "Supplementary Principle 2.4.1 Ensuring Diversity in the Promotion to Core Human Resources" (this report) and Annual Securities Reports and Chiyoda Report (posted at our website).

Information about R&D activities is disclosed in our annual securities report and information about the environmental technologies developed being developed by Chiyoda is also disclosed via our website. Additionally, we are using intellectual property information compiled using IP landscaping to provide feedback for management policy and business strategy, are considering the appointment of a Chief Technology Officer, and are building and implementing intellectual property strategy in line with our business strategy.

CHIYODA REPORT: <https://www.chiyodacorp.com/en/csr/csr/report.html>

Annual Securities Reports: <https://www.chiyodacorp.com/jp/ir/library/securities/> (Japanese Only)

Chiyoda's own environmental technologies: <https://www.chiyodacorp.com/en/service/environment/>

#### *Supplementary Principle 4.1.1 Scope and Content of the Matters Delegated to the Management*

See II . Chapter 4. 1. of the Policy of the Company.

As described in this section, in order to make business decisions quickly, Chiyoda has established an Executive Committee, comprising representative directors & vice presidents, senior vice presidents and above, as well as operations directors, and division directors and requiring a quorum of a majority of the members, as an advisory body to the president and representative director, who oversees the execution of business of the company based on decisions made by the Board of Directors, with the scope of each item defined in the Rules of the Board of Directors and Rules of the Executive Committee to clarify the scope of delegation.

#### *Principle 4.9 Independence Standards and Qualification for Independent Directors*

See II . Chapter 4. 9. of the Policy of the Company.

#### *Supplementary Principle 4.11.1 View on the Balance of Knowledge, etc. as well as Diversity and Size of the Board of Directors as a Whole*

See II . Chapter 4. 11(1) of the Policy of the Company.

#### *Supplementary Principle 4.11.2 Status of Concurrent Posts Held by Directors and Audit & Supervisory Board Members as Officers at Listed Companies*

See II . Chapter 4. 11(2) of the Policy of the Company.

Please also refer to the shareholders meeting notices posted at the Chiyoda website.

<https://www.chiyodacorp.com/en/ir/information/general-meeting/>

#### *Supplementary Principle 4.11.3 Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole*

We have taken the following steps to evaluate the performance of the Board of Directors in fiscal 2022.

- We distributed a questionnaire regarding the effectiveness of the Board of Directors to all directors (including Audit and Supervisory Committee members), and received responses from all of them.

- In order to ensure objective analysis, we retained an external organization to design the questionnaire and to compile and analyze the responses.

- The report summarizing the results was discussed by the Board of Directors, and the effectiveness of the Board of Directors was evaluated.
- The content of the questionnaire was revised in light of the previous fiscal year's results and recent discussions surrounding corporate governance.

The main areas covered by the questionnaire were:

1. Composition and Operation of Board of Directors; 2. Management strategy and Business strategy; 3. Corporate ethics and Risk management; 4. Performance monitoring and Management team evaluation; 5. Communication with shareholders, etc

#### *Measures taken by the Board of Directors in fiscal 2022 in response to the results of the fiscal 2021 board effectiveness evaluation*

In fiscal 2022, we worked to transform the business portfolio pursuant to the updated Revitalization Plan, and in doing so we aimed to transform the profit structure into one that is more stable. Along with this, after engaging in deeper discussions about putting sustainability at the core of our business in order to address the accelerating decarbonization of society, we sought to further reinforce the sharing of information with the Board of Directors and further stimulate discussion within the Board of Directors about lifting the value of the company.

#### *Fiscal 2022 Board of Directors Evaluation*

In fiscal 2022, the Chiyoda Board of Directors had an appropriate member composition, including the size of the board, that afforded members the opportunity to share necessary information among themselves as appropriate. Along with this, the independent outside directors recognized their own roles and responsibilities, and engaged in open-minded discussions about each proposal, offering constructive opinions to the executive side. We also confirmed that the Board of Directors is exercising oversight of the appropriate construction and operation of the internal control systems that are necessary for the Chiyoda Group.

Fiscal 2023 is the final year of the Revitalization Plan, and in addition to reviewing the five-year revitalization plan, with the aim of deepening sustainability at Chiyoda, we will seek to further stimulate and elevate discussion within the Board of Directors with the objective of transforming the business portfolio and driving the execution of this transformation, as well establishing a stable base of earnings and further enhancing enterprise value.

#### *Supplementary Principle 4.14.2 Training Policy for Directors and Audit & Supervisory Board Members*

See II. Chapter 4. 14. of the Policy of the Company.

#### *Principle 5.1 Policy for Constructive Dialogue with Shareholders*

See II. Chapter 5. 1. of the Policy of the Company.

## 2. Shareholder Composition

Percentage of Foreign Shareholder	Less than 10%
-----------------------------------	---------------

### 【Principal Shareholders】 update

Name	Number of Shares	Investment ratio (%)
Mitsubishi Corporation	86,931,220	33.46
MUFG Bank, Ltd.(Trust Account)	9,033,925	3.47
The Master Trust Bank of Japan ,Ltd.	8,320,900	3.20
Government of Norway	4,782,998	1.84
Chiyoda Corporation Stock Ownership Association	4,365,503	1.68
Mitsubishi UFJ Trust and Banking Corporation	3,874,000	1.49
SSBTC Client Omnibus Account	2,377,203	0.91
JP Morgan Chase Bank 385781	2,050,883	0.78
Meiji Yasuda Life Insurance Company	2,039,360	0.78
Chiyoda Business Partner Shareholding Association	2,031,300	0.78

Has a controlling shareholder	———
Has a parent company	No

Notes update

(1) "Principal Shareholder" data are based on common shares held as of March 31, 2023.

(2) The investment ratio is calculated after deducting 448,435 treasury shares.

- (3) In addition to the common shares listed on the Tokyo Stock Exchange Standard Market, Chiyoda has also issued 175,000,000 shares of Class A preferred stock. The Class A preferred shares are unlisted shares with no voting rights, and are held entirely by Mitsubishi Corporation.

### 3. Corporate Data

Stock listings and markets	Tokyo (Standard)
Fiscal year-end	March
Business type	Construction
Number of employees (Consolidated)	1,000 or more
Operating transactions (Consolidated)	¥100 billion to less than ¥1 trillion
Number of consolidated subsidiaries	10 to less than 50

### 4. Policy Concerning Protection of Minority Interests When Transacting with controlling Shareholder

-----

### 5. Other Special Circumstances That Could Materially Affect Corporate Governance

Chiyoda has entered into the following agreements that are material to the business, such as business alliances.

- ① Capital alliance agreement with Mitsubishi Corporation (March 31, 2008)
- ② Loan agreement with Mitsubishi Corporation Financial & Management Services (Japan) Ltd. (June 28, 2019, renewal date May 21, 2021)
- ③ Mitsubishi Corporation joint and several guarantee agreement for loan from Mitsubishi Corporation Financial & Management Services (Japan) Ltd. listed above (June 27, 2019)
- ④ Loan agreement with MUFG Bank, Ltd. (June 28, 2019)

## II Management Organization and Other Corporate Governance Systems Concerning Management Decision-Making, Execution and Supervision

### 1. Matters Concerning Organizational Form and Organizational Management

Organizational form	Company with Audit & Supervisory Committee
---------------------	--

#### **【Directors】**

Number of directors in Articles of Incorporation	17 persons
Term of office for directors in Articles of Incorporation	1 year
Chairperson of Board of Directors	President
Number of directors	10 persons
Appointment of Outside Directors	Yes
Number	4 persons
Number of Outside Directors designated as Independent Directors	4 persons

Name	Association	Relationships With Chiyoda Corporation(*)										
		a	b	c	d	e	f	g	h	i	j	k
Ryo Matsukawa	Other											
Yutaka Kunigo	Other											
Mika Narahashi	lawyer											
Hisashi Ito	Other											

\* Choices for relationships with Chiyoda Corporation

\* ○ indicates the item that the person falls under as of “today or recently.” △ indicates the item that the person falls under as of “previously”

\* ● indicates the item that the person’s close family member as of “today or recently.” ▲ indicates the item that the person’s close family member as of “previously.”

a Executive Officer of Chiyoda Corporation or its subsidiary

b Executive Officer or non-executive director of parent of Chiyoda Corporation

c Executive Officer of a fellow subsidiary of Chiyoda Corporation

d A person who has a significant business relationship with Chiyoda Corporation or who is Executive Officer of an entity which has such significant business relationship with Chiyoda Corporation

e A person with whom Chiyoda Corporation has a significant business relationship or who is Executive Officer of an entity which Chiyoda Corporation has such significant business relationship

f Consultant, accountant, legal expert who receives from Chiyoda Corporation a large sum of money and other properties in addition to director’s remuneration

g Major shareholder of Chiyoda Corporation(the company’s Executive Officer if the said major shareholder is a company)

h Executive Officer(the said person only) of an entity with which Chiyoda Corporation has a business relationship (not falling under d , e, or f)

i Executive Officer(the said person only) of an entity with which Chiyoda Corporation mutually appoints outside director

j Executive Officer(the said person only) of an entity to which Chiyoda Corporation makes a donation

k Others

Name	audit and supervisory committee member	Independent Directors	Supplementary information concerning applicable items	Reason for appointment as Outside Directors (Including reason for designation as Independent Directors)
Ryo Matsukawa		○	Independent Director	<p>Mr. Matsukawa possesses a wealth of expertise and management experience in the plant engineering industry. He has held various positions at Toshiba Corporation, including serving as General Manager of the Technology Management Div. at the Power Systems Company and as General Manager of the Fuchu Complex. He has also served as Executive Quality Leader at Toshiba Corporation Power Systems Company and as Representative Director, President and Chief Executive Officer of Toshiba Plant Systems &amp; Services Corporation. Chiyoda expects that as an Outside Director, he will draw upon this expertise and experience to contribute to the oversight of management from an objective and expert perspective.</p> <p><i>Reason for designation as an independent director</i> Because there is nothing that is seen as a potential conflict of interest with the general shareholders, he is deemed to be an outside director who has no potential conflict of interest with the general shareholders.</p>
Yutaka Kunigo		○	Independent Director	<p>Mr. Kunigo has extensive knowledge and experience in the energy industry and corporate management. As Representative Director, Vice President, Executive Officer of Tokyo Gas Co., Ltd., he has been in charge of Chief Executive of the Energy Solution Division and the Power Business Control Department, and he has been also Chairman of the Board of Tokyo Gas Engineering Solutions Corporation. Chiyoda expects that as an Outside Director, he will draw upon this expertise and experience to contribute to the oversight of management from an objective and expert perspective.</p> <p><i>Reason for designation as an independent director</i> Because there is nothing that is seen as a potential conflict of interest with the general shareholders, he is deemed to</p>

				be an outside director who has no potential conflict of interest with the general shareholders.
Mika Narahashi	○	○	Independent Director	<p>In addition to her expertise and experience as an attorney at law, Ms. Narahashi has experience in corporate legal affairs. Chiyoda expects that she will contribute to strengthening our legal affairs, compliance, and governance management to audit and supervise Chiyoda's management in a highly professional manner from an objective point of view.</p> <p><i>Reason for designation as an independent director</i> Because there is nothing that is seen as a potential conflict of interest with the general shareholders, she is deemed to be an outside director and Audit and Supervisory Committee member who has no potential conflict of interest with the general shareholders.</p>
Hisashi Ito	○	○	Independent Director	<p>Mr. Ito has ample overseas experience, corporate management experience, and considerable knowledge of finance and accounting. He has served as General Manager, Money Market Activities Division, General Manager, London branch, Managing Director, and then Representative Director, Senior Managing Executive Officer of Mitsubishi UFJ Trust and Banking Corporation, and also President of The Master Trust Bank of Japan and as Chairman of Mitsubishi UFJ Trust Systems Co., Ltd. Chiyoda expects that he will contribute to the audit and supervision of Chiyoda's management with a high level of expertise and from an objective and multifaceted perspective.</p> <p><i>Reason for designation as an independent director</i> Because there is nothing that is seen as a potential conflict of interest with the general shareholders, he is deemed to be an outside director and Audit and Supervisory Committee member who has no potential conflict of interest with the general shareholders.</p>

#### [Audit and Supervisory Committee]

##### Details of Members, and Attribute of Chairperson

	No of Total Members	No of Full-time Members	No of In-house Directors	No of Outside Directors	Committee Chairman (Chairperson)
audit and supervisory committee	3 persons	1 person	1 person	2 persons	In-house Director
Directors or employees assigned to assist the Audit and Supervisory Committee in performing its duties	Yes				

##### Matters concerning the independence of such directors and employees from the executive directors

To ensure the independence of the dedicated staff member assigned to assist the Audit and Supervisory Committee in performing its duties, the personnel evaluations for that staff member are performed by the Audit and Supervisory Committee, any personnel changes must be approved in advance by the Audit and Supervisory Committee, and that staff member may not concurrently serve in any role concerning the execution of our business.

##### Coordination among the Audit Committee, independent auditor, and Internal Audit Department

To ensure the effectiveness of audits conducted by the Audit and Supervisory Committee, the audit committee members monitor the status of the execution of operations within the company departments, and regular meetings are held between the Audit and Supervisory Committee,

the Internal Audit Department, and the independent auditor in an effort to ensure mutual cooperation. Additionally, three-way audit liaison meetings among the Audit and Supervisory Committee, Internal Audit Department, and the independent auditor are held regularly. The Audit and Supervisory Committee members and the independent auditor work closely together, and the annual audit plan briefing sessions, quarterly review report sessions, and year-end audit briefing sessions are held as regular briefing sessions by the independent auditor for the Audit and Supervisory Committee.

## 【Any Committees Corresponding to the Nominating Committees or the Compensation Committee】

Establishment of Any Committees Corresponding to the Nominating Committees or the Compensation Committee	NO
--	----

## 【Independent Directors and Audit & Supervisory Board Members】

Number of Independent Directors and Audit & Supervisory Board Members	4 persons
---	-----------

Other matters concerning Independent Directors and Audit & Supervisory Board Members

All outside directors who meet the qualifications for an independent director are designated as independent directors.

## 【Incentive System】

Initiatives to offer incentives to directors	Introduced results-linked remuneration system, Other
--	--

Supplementary explanation regarding applicable item

At the Ordinary General Meeting of Shareholders held in June 2021, Chiyoda decided to introduce, for directors (excluding outside directors and Audit and Supervisory Committee members), performance-based compensation with maximum annual compensation of 290 million yen, combined with base compensation, with the aim of increasing the incentive to lift the company's performance in accordance with management policies; and a Performance-Based Stock Compensation Plan for directors, as compensation that is effectively linked to a medium to longer term rise in share price, with the aim of increasing the incentive to lift the company's business performance over the medium to longer term.

Eligible persons for stock options	
------------------------------------	--

Supplementary explanation regarding applicable item

----

## 【Disclosure concerning Directors' Remuneration】

Degree of disclosure	Non-disclosure
----------------------	----------------

Supplementary explanation regarding applicable item

In accordance with the relevant laws and regulations, since fiscal 2004 Chiyoda has presented the total amount of director compensation, categorized by officer classification and type of compensation, in our business reports and annual securities reports, and we post this information at our website.

Has a policy for setting remuneration amounts and calculation method	Yes
--	-----



Chiyoda's executive compensation plan is designed to strengthen the link to performance, ensure that directors share the values of our shareholders, and improve the desire and drive to boost the company's performance. The plan was approved at the 93rd Ordinary General Meeting of Shareholders held on June 23, 2021.

a) Directors who are not Audit and Supervisory Committee Members

1. Base compensation (linked to job responsibilities and evaluation of individual performance): up to 290 million yen annually when combined with performance-based compensation.
  2. Performance-based compensation: based on performance during the period, taking into consideration quantitative factors such as the level of the current net profit and dividends attributable to the parent's shareholders
  3. Performance-based stock compensation (linked to medium to longer term business performance): trust-type stock compensation plan with a maximum annual monetary contribution of 70 million yen.
- \*Outside directors receive only base compensation.

b) Directors who are Audit and Supervisory Committee members

Up to 60 million yen annually as base compensation linked to job responsibilities.

### **[System for Supporting Outside Directors and/or Outside Audit & Supervisory Committee Members]**

One dedicated staff member is assigned to assist the Audit and Supervisory Committee in performing its duties, to support the auditing activities. The dedicated employee performs various duties to support the Audit and Supervisory Committee, including communicating various types of information to the outside directors who are and Audit and Supervisory Committee members.

### **[Status of persons retired from Representative Director and President, etc.]**

Names of former chief executives and others who serve as special advisors and other roles **update**

----

Other Information

----

## **2. Matters Concerning Business Execution, Audit and Supervision, Nomination Remuneration and Other Functions** **update**

At the fiscal 2015 Ordinary General Meeting of Shareholders held on June 23, 2016, Chiyoda transitioned from a company with a Board of Auditors to a company with an Audit and Supervisory Committee, with the audit and supervisory committee. As a result, directors who are Audit and Supervisory Committee members (hereinafter referred to as "Audit and Supervisory Committee members") have voting rights at the Board of Directors, and under this regime they participate in the selection of the company's representative directors and overall decision-making concerning the execution of business.

Under this "company with an Audit and Supervisory Committee" regime, by appointing four outside directors, Chiyoda endeavors to ensure that the management oversight function is performed from an objective and neutral position.

#### **[Board of Directors]**

The Board of Directors (which meets monthly) comprises 10 individuals, including the Audit and Supervisory Committee members (Chairman of the Board, President & CEO Masakazu Sakakida, Atsushi Deguchi, Naoki Kobayashii, Masao Ishikawa, Koji Ota, Ryo Matsukawa, Yutaka Kunigo, Shuhei Watanabe, Mika Narahashi, and Hisashi Ito). The Board of Directors makes decisions on important management matters and oversees the execution of business operations, and the objective and neutral standpoint of the outside directors ensures that it engages in appropriate decision making and management oversight in a reasonable manner. Matters discussed at the Board of Directors include management plans, important organizational and personnel matters, and large investments and loans.

#### **[Executive Committee]**

In order to make business decisions quickly, Chiyoda has established an Executive Committee, comprising representative directors & executive officers, senior vice presidents and above at corporate headquarters, as well as division heads, operations director, department heads and requiring a quorum of a majority of the members, as an advisory body to the president and representative director, who oversees the execution of business of the company based on decisions made by the Board of Directors, with the scope of each item defined in the Rules of the Board of Directors and Rules of the Executive Committee to clarify the scope of delegation.

#### **[Audit and Supervisory Committee]**

Chiyoda has an Audit and Supervisory Committee comprising three Audit and Supervisory Committee members (one full-time), and the Audit and Supervisory Committee performs audits concerning the directors' overall execution of their duties. Two of the Audit and Supervisory Committee members (Mika Narahashi, and Hisashi Ito) are independent directors, and two (Audit and Supervisory Committee Chairman Shuhei Watanabe, Hiroshi Ito) are Audit and Supervisory Committee members with considerable knowledge of financial accounting. A dedicated staff member is assigned to assist the Audit and Supervisory Committee members to support the audits performed by the Audit and Supervisory Committee.



### 3. Reason for Selecting Present corporate Governance System

Under this "company with an Audit and Supervisory Committee" framework, by appointing four outside directors, Chiyoda has put in place a system to ensure that the management oversight function is performed from an objective and neutral position, and this is why we have adopted the current corporate governance system.

## III Implementation of Initiatives Concerning Shareholders and Other Stakeholders

### 1. Measures to Ensure an Active Ordinary General Meeting of Shareholders and Smooth Exercise of Voting Rights update

Item	Remarks
Early notification of the Ordinary General Meeting of shareholders	The convening notice for 95th Ordinary General Meeting of Shareholders was dispatched three weeks prior to the meeting on June 1, 2023. Note that it was posted on the website on May 26. (recent result)
Scheduling of the Ordinary General Meeting of shareholders to avoid dates of most other shareholder meetings	The 95th Ordinary General Meeting of Shareholders was held on June 22, 2023 (recent result)
Allows voting right to be exercised via the Internet	This has been implemented since June 2007
Participation in an electronic voting platform, and other initiatives to enhance the voting environment for institutional investors	Chiyoda uses the electronic proxy voting platform for institutional investors that is operated by ICJ, Inc.
Provision of notice of convocation (summary) in English	This has been published on the Website of the Company

### 2. Investor Relations (IR) Activities update

Item	Remarks	Presentation by Representatives
Creation and announcement of a disclosure policy	Chapter 3.1 of the "Chiyoda Corporation Corporate Governance Policy" (hereinafter referred to as the "Policy of the Company"), adopted pursuant to a resolution by the Board of Directors as a statement of our fundamental approach to and our basic policy on corporate governance, provides for the enhancement of information disclosure. Chiyoda has also established an IR Policy, and this is posted at our website.	
Holds regular meeting for analysts and institutional investors	We hold financial results presentation every quarter for analysts and institutional investors, in which our senior management provide explanation on the outline of our financial summary, business overview and management policies, among others. In addition, we endeavor to provide timely and adequate information by having interviews with analysts and institutional investors and actively participating in conference meetings, etc.	Available
Holds regular investor meetings for overseas institutional investors	Chiyoda provides information to for foreign investors as appropriate. Additionally, 1) Chiyoda participates in conferences held in Japan by securities firms; and 2) Chiyoda endeavors to disclosure information fairly, with no disparity from domestic investors, by providing information via quarterly individual meetings and telephone conferences.	Available

Posts IR materials on Chiyoda Corporation' website	<p>Chiyoda provides information on the company website's Investors such as Financial Results, financial presentation materials (including color charts), and other materials are also posted.</p> <p>From the standpoint of providing fair disclosure to Japanese individual investors and foreign investors, we also post Japanese and English language versions of earnings briefing materials (including color charts).</p>
Established an IR office (officers)	<p>The IR, PR, and Sustainability Advancement Section has been established within the Corporate Services Department as the department responsible for IR.</p>
Other	<p>We have been publishing the Chiyoda Report (integrated report) since fiscal 2020. This report condenses information about the state of our management policies and business activities aimed at achieving sustainable growth, as well as our SDGs initiatives.</p>

### 3. Measures Concerning Respect of the Standpoint of Stakeholders update

Item	Remarks
Prescribed respect for the standpoint of stakeholders in internal regulations, etc.	Chapter 2 of the above-mentioned Policy of the Company prescribes the Company's appropriate cooperation with stakeholders other than shareholders.
Environmental protection and CSR activities	<p>1) With the aim of pursuing "harmony between energy and the environment," which is also Chiyoda Group's corporate philosophy, we are working to not only contribute to the development of a sustainable society, but also to earn the trust and loyalty of all of our stakeholders, including shareholders, customers, and employees. To this end, we have drafted our CSR values, which are the values that should be shared across the entire Group to become activities carried out by group employees. These activities are presented in the Chiyoda Report and are also published on our website as CSR initiatives.</p> <p>2) Chiyoda has signed the United Nations Global Compact (UNGC), the global framework for acting as a good member of society to achieve sustainable growth. We are developing initiatives to incorporate the UNGC's 10 principles in four areas—human rights, labor, environment, and anti-corruption—into our business activities. Additionally, in response to climate change measures, Chiyoda is also working on the green value chain for environmental conservation activities and the realization of a decarbonized society, starting with technological development to help realize a society that balances the environment and economic growth. We also aim to improve corporate value by solving social issues through our efforts on global issues related to sustainability, including SDGs and the TCFD.</p>
Formulated policy on the provision of information to stakeholders	Chapter 3 .1 of the Policy of the Company discusses how we are enhancing the information that we disclose, and this includes stakeholders.

## IV Internal control System

### 1. Basic Stance Regarding Internal Control System and Status of Establishment update

[Basic approach to internal control systems]

In accordance with laws and regulations, Chiyoda puts in place and uses internal control systems to ensure that business is properly conducted. An Internal Controls Committee, chaired by the CFO, has been established to strengthen our internal controls. This committee coordinates and collects opinions within the company and proposes improvements to internal controls to the Representative Director & President at the end of each period or as necessary. The Representative Director & President then reviews and approves such proposals through the Executive Committee, and Board of Directors makes any decisions regarding the internal control systems.

[Status of internal control systems]

#### 1. Regulatory compliance framework

(1) Chiyoda places the highest priority on conducting business in compliance with Japanese and foreign laws and regulations and in accordance with our corporate ethics. We carry out our business activities in accordance with our Corporate Philosophy and the Chiyoda Group Code of Conduct.

Additionally, with the objective of supporting sustainable growth and the medium to longer term enhancement of corporate value, we have established a Corporate Governance Policy that sets out our fundamental approach to corporate governance and our basic policy, and we endeavor put this into practice as the foundation of our business activities. The directors take the initiative in setting an example, and the Board of Directors oversees the execution of duties by the directors to ensure regulatory compliance.

(2) To strengthen the regulatory compliance framework, Chiyoda creates the position of Chief Compliance Officer (CCO) and the Compliance Committee. Furthermore, in addition to raising the awareness of our officers and employees by establishing related rules and manuals, conducting various training programs, and providing relevant information, Chiyoda also improves the effectiveness of our compliance efforts by establishing an internal whistleblower program and an advice desk. Those who have made reports or sought advice may not be subjected to retaliatory treatment as a result of the information reported.

(3) In its decision-making process, the Board of Directors reviews legal issues and business decision-making processes with legal advisors as necessary to improve objectivity and transparency.

(4) The Internal Audit Department performs audits of regulatory compliance within company departments and reports to the Board of Directors.

(5) Chiyoda resolutely confronts anti-social forces and does not furnish benefits to them. If we receive an improper demand from an anti-social force, we will address it as an organization by coordinating with outside professionals such as law enforcement and our legal counsel.

#### 2. Information retention and management framework

(1) Chiyoda ensures that the information handled by directors in the execution of their duties is properly retained and managed by defining basic matters such as the documents covered, the responsible manager, and the retention period through internal rules governing the management of documents and confidential information.

(2) Chiyoda properly retains and manages the minutes of important meetings such as Board of Directors and the Executive Committee meetings, which are prepared in accordance with laws and regulations as well as internal rules.

#### 3. Loss management framework

(1) The head of the department that is responsible for companywide risk management collaborates with the chief officer in charge and the department heads to build loss management systems for various types of risks, in accordance with internal rules and various manuals.

- (2) Winning orders for projects and then executing them is at the very core of our business. As part of our strategy of accepting orders only after taking into consideration the financial size of our company and the number of employees, we have established a permanent department that is responsible for managing project risk from start to finish. This department deliberates risk at every stage, starting before we even take up a project, and reviews every stage, including estimate guidelines and proposals. On the project execution side, the department provides management and project support both in terms of execution support and internal checks. It does this by establishing multi-track reporting lines, strengthening autonomous risk management within operating divisions, strengthening inter-department cooperation, and introducing mechanisms that make it possible to visually represent P&L and risk with a high degree of frequency.
- (3) A permanent department has also been established to oversee crisis management across the company, and it oversees the activities of the risk managers assigned to each department in an integrated fashion. While being constantly engaged in prevention and control activities such as disseminating relevant information and giving warnings, this risk oversight department also responds in emergencies by serving as a central coordinating office when a crisis arises.

#### 4. Efficiency framework

- (1) The Board of Directors makes decisions regarding company-wide management policies and important business actions, and it formulates specific business plans in order to achieve management goals. Additionally, to ensure that business decisions can be made swiftly, to the extent that it does not conflict with laws and regulations, some authority is transferred to the Representative Director & President to ensure that these duties are carried out efficiently. Seeking to improve efficiency through matrix management, we have also established committees as organizations that cut across business departments. Specifically, to strengthen governance we have established the Internal Controls Committee, Compliance Committee, SQEI Management Committee, and Sustainability Committee. The Board of Directors appoints the chair of each committee. To strengthen business strategy and companywide resource allocation, we have established the Integrated Strategy Committee, Carbon-free Business Promotion Committee, Project Competitiveness Committee, and Human Resources Development Committee. The company president appoints the chair of each committee.
- (2) To help ensure that management goals are achieved in an efficient manner, we have adopted a nimble organizational structure and clarified and delegated authority based on our internal rules governing authority and the assignment of duties.
- (3) To improve work efficiency across the company, internal rules are systematically developed and then enforced and administered in an appropriate way. We proactively use information systems to share information about these rules and analyze them.

#### 5. Company group internal control framework

- (1) Through our Corporate Philosophy and the Chiyoda Group Code of Conduct, Chiyoda Group makes clear the values that are to be shared by all officers and employees of group companies, and Chiyoda and our group companies maintain close cooperation while carrying out our business.
- (2) Along with establishing internal rules to ensure that business is carried out in an appropriate and efficient manner as the Chiyoda Group, the group companies are managed and supervised by designating a supervising department for each group company. Furthermore, a permanent department will be established to draft plans and proposals, exercise control, and provide instructions in relation to the group companies.
- (3) Group companies will establish an internal control framework that is consistent with Chiyoda's, including systems for reporting information to Chiyoda in a timely and appropriate manner and internal whistleblower programs, based on thinking that is consistent with Chiyoda's. Specifically, to address regulatory compliance, we will establish the Group Company Compliance Liaison Committee, comprising members from the group companies, to facilitate information sharing within Chiyoda Group. Risk management and crisis management systems that follow the Chiyoda framework are being developed for the group companies. Chiyoda's Internal Audit Department conducts internal audits of the group companies.
- (4) For major group companies, a member of Chiyoda's Audit and Supervisory Committee concurrently serves as auditor, and may conduct proper investigations as necessary.

#### 6. Framework to ensure the effectiveness of audits by the Audit and Supervisory Committee

- (1) A dedicated staff member will be assigned to assist the Audit and Supervisory Committee in performing its duties, in order to support their auditing activities.
- (2) To ensure the independence of that staff member and to ensure the effectiveness of the instructions to that staff member, the personnel evaluations for that staff member are performed by the Audit and Supervisory Committee, any personnel changes must be approved in advance by the Audit and Supervisory Committee, and that staff member may not concurrently serve in any role concerning the execution of our business.

#### 7. Audit and Supervisory Committee reporting framework

- (1) At the request of the Audit and Supervisory Committee, officers and employees report on their activities relating to internal controls on a regular basis or whenever important matters arise. Chiyoda will not subject those officers and employees who have made reports to the Audit and Supervisory Committee to retaliatory treatment as a result of a report.
- (2) In order to ensure the effectiveness of audits conducted by the Audit and Supervisory Committee, the representative directors meet regularly with the Audit and Supervisory Committee to exchange views on reports made by officers and employees to the Audit and Supervisory Committee. Additionally, when the Audit and Supervisory Committee asks that a member or members of the Audit and Supervisory Committee be seated at an Executive Committee meeting or other important meeting, the representative directors address such requests.
- (3) To ensure the effectiveness of reporting by group companies, the Audit and Supervisory Committee meets regularly with the auditors from major group companies to exchange views and share information about the group's internal control framework.
- (4) When the Audit and Supervisory Committee requests that an independent outside expert be appointed for an audit by the Audit and Supervisory Committee members, Chiyoda will bear the expense unless it is shown to be clearly unnecessary with respect to the duties of the Audit and Supervisory Committee members.

#### 8. Framework to ensure reasonableness of financial reports

- (1) Chiyoda and our major group companies have developed and use an internal control framework, such as documenting business rules, to ensure the reasonableness of our financial reports as required under the Financial Instruments and Exchange Act. If a new risk is recognized or if some sort of defect or deficiency in this system is discovered, we work to promptly improve the framework.
- (2) To ensure the effectiveness of the internal control functions for financial reports spanning the entire organization, Chiyoda has established a

highly independent Internal Audit Department in order to gauge and verify the actual state of control activities within each department using audits of daily operations and other means.

#### [Overview of Internal Control System usage]

Chiyoda uses internal control systems that are based on the basic approach to internal control systems that has been approved by the Board of Directors. The Internal Controls Committee, which was established based on these systems, is made up of a small number of directors who are closely involved in internal control systems and is chaired by the head of the Strategy & Risk Integration Division. The committee accelerates further improvements to internal control systems by grasping the circumstances in which Chiyoda operates as well as social changes in a timely manner, expediting decision-making, and swiftly issuing instructions to the relevant departments. It also makes recommendations to the Representative Director & President aimed at strengthening governance.

The Internal Controls Committee met twice during FY2022 to check the status of each department and share information. The Internal Controls Committee plans to meet twice in FY2023.

#### Major initiatives in FY2022:

##### ① Regulatory compliance initiatives

- The Chief Compliance Officer (CCO) regularly reports to the Board of Directors on the specific circumstances of important compliance-related cases, such as cases involving reputational risk to the Chiyoda Group and cases that could affect Chiyoda's business. The substance of these reports and any instructions or requests from the Board of Directors are shared with the compliance officers from various units and group companies at the Compliance Committee, leading to the implementation of effective measures to prevent such incidents from occurring.
- We provided e-Learning programs about regulatory compliance and held seminars about harassment, corruption, and human rights.
- The Internal Audit Department conducted audits of our compliance program, compliance framework, and compliance-related documentation.

##### ② Information retention and management framework

We have obtained ISMS certification for Chiyoda and key group companies. We are also working to avoid and minimize the impact of information security risks, including addressing cyber-attacks, taking steps such as developing an initial response manual for cyber-attacks, and building an environment for a quick recovery from any ransomware infection.

##### ③ Loss management initiatives

- With respect to risk management, when we are seeking to win the order for a project, the responsible department conducts a cold eye review and relevant corporate units submit their opinions to the Executive Committee as we strictly assess risk and determine whether to accept the order.
- On the project execution side, we continued to establish multi-track reporting lines, strengthen autonomous risk management within operating divisions, and strengthen inter-department cooperation. We built a company-wide support system for important projects, making it possible to visually represent P&L and risk, and expanding the scope to encompass medium sized projects and projects with deteriorating profitability (including subsidiary projects).
- In conjunction with the transformation of our business portfolio, we are working to strengthen risk management systems for projects in new fields.
- We implemented safety measures across the company and all construction sites for crisis events that could affect our performance both inside and outside of Japan (including geopolitical risks and infectious diseases risks), and we have also measures to minimize the impact of higher costs due to inflation and other factors.

##### ④ Efficiency initiatives

- To improve the information flow to directors and support a smooth decision-making process, the directors are provided with a report on the state of the business each quarter, rotating reports on the state of the divisions, and quick-response reports when there is substantial movement on a major project.
- Committees hold regular meetings and deliberations and report the results of their discussions to the Executive Committee and the Board of Directors. The Consolidated Management Promotion Committee has fulfilled its purpose as the committee charged with making decisions about the integration and merger of three domestic subsidiaries, so it was dissolved in FY2022, but the divisions will continue to work to deepen consolidated management.
- To firmly establish a new human resources system in line with our Human Resource Development Policy, we measured the effectiveness of the system, reported this to the Board of Directors, and identified various issues. The Human Resources Management Committee was launched in FY2022 to address the issue of bringing up a new generation and successors for organizational managers and key people. The division heads serve as its members, and meetings are attended by the company's representative officers. Through this committee's discussions and the decisions reached, the committee expedites decisions on measures to be taken and it has made the deliberation process leading up to organizational decisions transparent.
- As part of work process innovation, we established a CDO office, and we continued to pursue system improvements, faster RPA, work-life balance reform, health and productivity management, and cost reductions. We also obtained certification as a "DX-Certified Operator" under the Digital Transformation Certification program, which is being advanced by the Ministry of Economy, Trade and Industry's IPA Information-technology Promotion Agency.

##### ⑤ Company group internal control initiatives

- Through our Corporate Philosophy and the Chiyoda Group Code of Conduct, as well as the Revitalization Philosophy that we published in support of our Revitalization Plan, Chiyoda Group makes clear the values that are to be shared by all officers and employees of group companies, and Chiyoda and our group companies maintain close cooperation while carrying out our business.
- As part of Chiyoda Group's regulatory compliance efforts, compliance-related departments worked to raise regulatory compliance awareness in order to instill the CCO's guidance at major group companies. In addition, highly effective and specific countermeasures, based on case studies, were brought to group companies through vehicles such as the Group Companies Compliance Liaison Committee.
- At group companies inside and outside of Japan, to instill compliance awareness in the workplace, we conducted educational activities such as seminars tailored to each company. Moreover, we are working to strengthen the internal control system by monitoring our overseas group

companies by using checklists for regular verifications.

- In anticipation of the imposition of overtime limits in April 2024, we are working to strengthen our systems for properly managing working hours, holidays, and vacations at our construction sites in Japan.

⑥ Initiatives concerning audit reports and ensuring the effectiveness of audits by the Audit and Supervisory Committee

- The representative directors receive reports and exchange views on the status of the execution of auditing duties by regularly meeting with the Audit and Supervisory Committee members, who in turn gather information from organizational heads.
- Audit and Supervisory Committee members attend meetings of the Executive Committee, Compliance Committee, and other important meetings. In order to liaise with internal control departments, they also attend meetings of the Internal Controls Committee and offer opinions.
- The Audit and Supervisory Committee members met regularly with the auditors from major group companies, and exchanged views and shared information about the internal control framework for the company group.

⑦ Framework to ensure reasonableness of financial reports

- The Company has assigned an accounting officer who, along with carrying out accounting functions in accordance with generally accepted accounting standards, prepares and discloses financial statements in compliance with laws, regulations and accounting standards.

## 2. Basic Policies to Protect against Entities and Individuals engaged in Unlawful Activities and Status of Established

Our fundamental approach to keeping out antisocial forces is as described in the "Compliance with Laws and Regulations" of the structuring/operation section of the aforementioned internal control framework, and the code of conduct is set forth in section 5 of the Chiyoda Group Code of Conduct mentioned below. We have also established a framework for obtaining necessary information by contacting organizations including the Kanagawa Prefecture Corporate Defense Council, an outside organization that specializes in this area. Along with providing instruction on how to respond to anti-social forces through internal communications, we are also conducting internal training to address this issue.

### *Chiyoda Group Code of Conduct*

The Chiyoda Group Code of Conduct is presented below.

Chiyoda Group recognizes that earning the trust and understanding of clients and society forms the basis of our business activities. To ensure that our business activities conform to social standards, we fully comply with all applicable domestic and international laws and regulations as well as our own rules, and conduct business activities in accordance with the following principles:

1. Commit to excel in achieving the highest standard of quality to best serve our clients and society with reliable services using cutting-edge technologies.
2. Conduct business with transparency, and fair competition, in order to earn the trust and confidence of society, clients, and third parties concerning our corporate activities.
3. Ensure timely and fair disclosure of information which stakeholders have the right to know, and promote constructive dialogues with the wider community.
4. With the understanding that helping to solve environmental issues is an essential part of Chiyoda Group's business activities, contribute to the society by cooperating with government agencies in solving environmental issues.
5. Stand strong against organized crime and never let criminal (or potentially criminal) individuals or groups benefit by their use of extortion or deceit.
6. Protect personal data and client proprietary information, and handle intellectual property with utmost care to avoid infringing on intellectual property rights.
7. Clearly distinguish private life from work, and refrain from any conflicting actions which undermine Chiyoda Group's interests.
8. Respect human rights, diversity of cultures, and individual differences as well as endeavor to ensure every employee's health and safety by providing a suitable working environment.
9. Chiyoda Group's leadership hereby commit themselves to live the spirit and intent of the Code and implement by exercising leadership and setting an example as role models. Leadership shall also be prepared to listen to stakeholders inside and outside of Chiyoda Group, and if anything contrary to the Code is detected, commit themselves to corrective action and to remediate any internal control discrepancies.

## **V** Other

### 1. Matters concerning anti-takeover measures

update

Matters concerning anti-takeover measures

No

Supplementary explanation regarding applicable item

### 2. Other matter concerning the corporate governance framework

#### *Overview of the timely disclosure system*

With respect to the disclosure of information, the Chiyoda Group's Code of Conduct states that we will ensure timely and fair disclosure of information as a means of communication with wider society.

Under this policy, we will disclose information in accordance with laws and regulations, Tokyo Stock Exchange (TSE) rules, and our own

management standards.

(1) Internal rules for timely disclosure and responsible department(s)

Chiyoda has established internal rules for the appropriate disclosure and control of information (to prevent insider trading). We have also clarified disclosure procedures and we are working to ensure they are followed rigorously within the company. At Chiyoda, the control of information is under the jurisdiction of the CFO, and the General Affairs Department is responsible for the disclosure and publication of material matters.

(2) Information gathering process

When a Chiyoda Group officer or employee learns information that may constitute undisclosed material facts, they must promptly report it to the CFO, who is the officer responsible for the control of information, through their reporting line.

(3) Information disclosure decisions

Upon receiving a report as described above, the CFO, who is the officer responsible for the control of information, determines the necessity, timing, and means of disclosure after consulting with the department responsible for disclosure and the relevant departments, as appropriate. However, within material facts, the Executive Committee also discusses the disclosure of information concerning decision items, and any decision by the Executive Committee takes precedence over a decision made by the officer responsible for the control of information concerning matters deliberated by the Executive Committee.

(4) Disclosure process

Organizational decisions, such as earnings information and corporate decisions, are disclosed to the Tokyo Stock Exchange after such decisions, and other material facts are disclosed to the Tokyo Stock Exchange after disclosure is approved by the CFO, in each case in a timely manner as soon as possible. We endeavor to proactively explain especially material matters using means such as press conferences.



(Translation)

Reference: Skills and experience of directors and audit and supervisory committee members

Name (Positions and Responsibilities after this Ordinary General Meeting of Shareholders and Board of Directors meeting)		Number of years in office (at the closing of this General Meeting of Shareholders)	Skills and experience				
			Management	Finance and Accounting	Legal and Compliance	Overseas experience	Project experience, Technical experience
<b>Masakazu Sakakida</b> Representative Director, Chairman of the Board, President & CEO, CSO and CWO		2 year	✓		✓	✓	✓
<b>Atsushi Deguchi</b> Representative Director, Executive Vice President, CFO and CCO	New nominee		✓	✓		✓	
<b>Naoki Kobayashi</b> Director, Senior Vice President	New nominee					✓	✓
<b>Masao Ishikawa</b> Director		2 year				✓	✓
<b>Koji Ota</b> Director		1 year	✓			✓	✓
<b>Ryo Matsukawa</b> Outside Director	Outside Director Independent Officer	2 year	✓		✓		✓
<b>Yutaka Kunigo</b> Outside Director	Outside Director Independent Officer	1 year	✓				✓

Name (Positions and Responsibilities after this Ordinary General Meeting of Shareholders and Board of Directors meeting)		Number of years in office (at the closing of this General Meeting of Shareholders)	Skills and experience				
			Management	Finance and Accounting	Legal and Compliance	Overseas experience	Project experience, Technical experience
<b>Shuheï Watanabe</b> Director(full-time member of the Audit and Supervisory Committee)	New nominee			✓	✓	✓	
<b>Mika Narahashi</b> Director(Member of the Audit and Supervisory Committee)	Outside Director Independent Officer	5 year			✓		
<b>Hisashi Ito</b> Director(Member of the Audit and Supervisory Committee)	Outside Director Independent Officer	3 year	✓	✓		✓	✓

# Correlation Chart of Corporate Governance & Internal Control

April 1, 2023

