

[Translation]

Chiyoda Corporation Corporate Governance Policy (Revised on March 1, 2025)

This policy sets forth the basic views and basic guideline of Chiyoda Corporation (hereinafter the “Company”) with regard to corporate governance with the objective of contributing to sustained growth and enhancement of mid- to long-term corporate values of the Company and its group companies.

I. Basic Views on Corporate Governance

The Company believes that management that earns trust and empathy of all its stakeholders, including shareholders, customers, business partners, creditors, employees and local communities, is the basis of our corporate activities, and is working to continue to strengthen our management foundation and ensure soundness and transparency of the management with the objective of sustained growth in the mid- to long-term. We set the continuous enhancement of corporate governance and the enhancement and strengthening of internal control systems as important issues, and commit to implementing them.

II. Basic Guideline on Corporate Governance

Chapter 1 Securing the Rights and Equal Treatment of Shareholders

1. Securing the Rights of Shareholders

The Company establishes an environment that enables the timely and appropriate disclosure of information and the smooth exercise of voting rights in order to substantially secure the rights of shareholders.

2. Exercise of Shareholder Rights at General Shareholder Meetings

The Company regards the General Meeting of Shareholders not only as the highest decision-making body of the Company, but also as a valuable communication platform with shareholders. Based on this recognition, we ensure enough period of time for shareholders to review the items of the agenda by sending the notice of a General Meeting of Shareholders ahead of time.

The Company sets a date for the General Meeting of Shareholders in a way that allows more shareholders to attend. For shareholders who are unable to attend, we send them a voting ballot by mail and provide them with the option to exercise their voting rights through the Internet.

The Company establishes an environment conducive to worldwide shareholders for exercising their voting rights by making the Electronic Voting Platform and convocation notice in English available.

3. Basic Strategy for Capital Policy

The Company’s basic policy is to pay dividends in consideration of the need to enhance the financial structure for future expansion of business domains and other matters, while maintaining distribution of profits to shareholders.

4. Policy Shareholdings

The Company's principle policy is that its ownership of listed shares other than for pure investment purposes (so-called policy shareholdings) is limited to instances where the "maintenance and strengthening of business relationships" as a result of said ownership contributes to the Company's business. With regard to the exercise of voting rights relating to policy shareholdings, the Company decides on the exercise of those voting rights from the perspective of the mutual sustained growth and mid- to long-term enhancement of the corporate values of the Company and its investee companies.

5. Anti-Takeover Measures

The Company believes that it is of the utmost importance to enhance the corporate value through sustained growth, and does not plan on taking so-called anti-takeover measures such as issuing stock acquisition rights.

6. Capital Policy that May Harm Shareholder Interests

In the event that the Company is to implement capital policies that have an impact on the interests of shareholders, the Board of Directors among others shall resolve such policies following sufficient deliberation, and the Company makes efforts to provide sufficient explanations to shareholders, including by disclosing information regarding the objectives of the policies in a timely manner and by providing explanations to the General Meeting of Shareholders and financial results presentations, as necessary. Additionally, the Audit and Supervisory Committee conducts audits to determine whether proper procedures are being undertaken with regard to such capital policies, including obtaining the opinions of independent third parties in accordance with the Tokyo Stock Exchange Listing Rules.

7. Related Party Transactions

With regard to competition and conflict-of-interest transactions between the Company and Directors, the Company obtains the approval of the Board of Directors in accordance with the Regulations of the Board of Directors. With regard to transactions with major shareholders, the Company undertakes careful investigation that such transactions do not constitute profit sharing and, in relation to matters of greater importance, obtains the approval of the Board of Directors. The Company makes efforts to ensure transparency and fairness in discussions by the Board of Directors, including by hearing the opinions of third parties such as legal experts, as necessary.

Chapter 2 Appropriate Cooperation with Stakeholders Other than Shareholders

1. Corporate Philosophy as the Foundation of Corporate Value Creation Over the Mid- to Long-Term

The Company's Corporate Philosophy is to "Enhance our business in aiming for harmony between energy and the environment and contribute to the sustainable development of a society as an integrated engineering company through the use of our collective wisdom and painstakingly developed technology." All employees engage in corporate activities with the Corporate Philosophy in mind as the Company strives for corporate management through which we are trusted and appreciated by our stakeholders such as customers, business partners, creditors, local communities and employees themselves.

The Company has committed to the Revitalization Plan since 2019 under the Revitalization Policy:

1. Think and act proactively, be responsible;
2. Know the “chain of responsibilities”;
3. Pursue works with shared value that realize economic and social value simultaneously;
4. Understand the importance of risk management that protects the company from “Damages to the Company’s value”
5. Understand the value of human resources

2. Code of Conduct

The Company strives for disseminating the “Chiyoda Group Code of Conduct” which forms the principles for our business activities and the “Chiyoda Group Conduct Guidelines” which sets forth compliance requirements for our business conduct widely to all employees of the Company, including those in both domestic and overseas group companies through our in-house Intranet and the Company’s website.

3. Sustainability Issues, Including Social and Environmental Matters

The Company assigns a President as Chief Sustainability Officer (CSO) to take the lead in sustainability initiatives including the Task Force on Climate-related Financial Disclosures (TCFD). The Company is committed to the sustainable development of society.

4. Ensuring Diversity, Including Active Participation of Women

The Company acts to ensure the diversity of human resources in the belief that diverse perspectives and values reflecting various experiences, skills and attributes are advantageous for the sustained growth of a company.

To promote women's active participation, the Company supports the career development of women employees, including those who are in managerial positions, toward tangible goals. Chiyoda has established and been operating various systems to ensure that they work even as their life stages change.

We recruit foreign nationals and mid-career employees under the principle of “the right person for the right job”.

5. Whistleblowing

The Company created a whistleblowing system and consultation system for the Chiyoda Group in accordance with the Policy on the Development of the Internal Control System, and developed a framework for the appropriate treatment of illegal acts and unethical conduct by the organization or individuals, extending this also to domestic and overseas group companies. In addition, the Company establishes operational status of internal control, including activities related to compliance activities, as matters to be reported to the Board of Directors, and develops a framework that enables the confirmation of implementation status. With regard to the protection of whistleblowers or persons utilizing consultation systems, such whistleblowers or persons who utilize consultation systems will not be treated disadvantageously on the grounds of having made such reports or engaged in such consultations.

6. Fulfillment of function as the asset owner of corporate pension

The Company manages pension assets by establishing a tactical asset mix from a mid-and-long term vision to ensure continual payment of corporate defined-benefit pension. In order to manage pension asset, Company forms Pension Management Committee which is organized with CFO as the chairman and members of committee including general managers

of Finance Department, Human Resources Department and chairman of the Union as the representative of beneficiaries.

Chapter 3 Ensuring Appropriate Information Disclosure and Transparency

1. Enhancement of Information Disclosure

The Company discloses corporate information actively and fairly for the purpose of communication with stakeholders, including shareholders, and society at large, and discloses the following matters in order to ensure transparency and fairness of the Company's decision making and the realization of effective corporate governance.

- (i) The Company's Corporate Philosophy, Business Vision and Message from Management are posted on the Company's website. In addition, the Company's Medium-Term Management Plan is disclosed on TDnet (Timely Disclosure Network of Tokyo Stock Exchange) and also posted on the Company's website.
- (ii) The Chiyoda Corporation Corporate Governance Policy, which outlines the Company's basic views and basic guidelines on corporate governance, is posted on the Company's website.
- (iii) The Company's system of compensation for Directors (excluding Audit and Supervisory Committee members) aims at strengthening the linkage with performance, sharing values with shareholders, and increasing motivation and morale toward improving business results. The system consists of base compensation (linked to job responsibilities and individual performance), performance-based compensation (based on performance during a performance appraisal period, taking account of quantitative factors such as the level of profit attributable to the owners of the parent and the level of dividends), and performance-based stock compensation (linked to the medium to long term performance improvement). The total amounts of compensation in each category mentioned above are notified to shareholders. Compensations for Directors are determined by the Board of Directors based on the Company's compensation criteria within the total amount of compensation resolved at the General Meeting of Shareholders. To enhance objectivity, transparency and validity, the evaluation of individual performance, which affects each director's compensation, is discussed and determined among Chairman of the Board, President, and Independent Directors, taking management conditions and economic environments into account. The Company's compensation system design is reviewed by the Board of Directors, as necessary.
- (iv) The Company's Directors and Executive Officers are people of excellent character and insight, who are able to fulfill their roles and responsibilities from a company-wide perspective and with a sense of social responsibility. Based upon the policies and standards formulated at the Board of Directors, Directors and Executive Officers are nominated by Chairman of the Board and President after their discussion and determined by the Board of Directors. To enhance objectivity, transparency and validity in candidate selection process, the Company asks Independent Directors' opinions. In the event of breach of laws and/or Articles of Incorporation or any other reasons for impracticability of the job execution of Board Member or Executive Officers, Board of Directors deliberates and determines his/her/their dismissal, other penalization or make a motion of dismissal to Shareholders Meeting.

- (v) The reason for the appointment of candidates for Directors is disclosed in the Notice of the General Meeting of Shareholders.
- (vi) With regard to the Company's human capital, we strive for expanding and advancing human resources by appointing outstanding personnels and promoting diversification of skills and abilities. Regarding the Company's intellectual properties, we take necessary steps toward developing intellectual property strategies aligned with our business strategy.

2. External Accounting Auditor

The Company recognizes that the external accounting auditor owes responsibility to shareholders and investors, and takes necessary steps to ensure proper auditing. When determining the validity of audit methods used by the external accounting auditor and their audit results, the Audit and Supervisory Committee monitors and verifies whether necessary and sufficient materials are supplied in a timely and appropriate manner within the pre-agreed audit schedule in order to ensure independence and audit quality. Additionally, the Audit and Supervisory Committee formulates standards in order to appropriately select and evaluate the candidate for external accounting auditor.

Chapter 4 Responsibilities of the Board of Directors

1. Roles and Responsibilities of the Board (1)

The Company's Board of Directors regards one of its main roles and responsibilities to be setting forth the major strategic direction of the Company. The Board undertakes constructive discussions through the free and vigorous exchange of opinions, including with Outside Directors, over matters such as company-wide management strategies and management plans. Board members receive reports on the execution status of management strategies and the progress of management plans, and consider the aforementioned strategic direction when making decisions on such significant business execution. To make a prompt decision on the Company's business operation, the Company establishes the Executive Committee based on resolutions of the Board of Directors, which serves as the advisory body to the Representative Director, President. The Executive Committee is comprised of Representative Directors (with the Chairman of the Board as an observer), Senior Vice Presidents and those in higher positions working full-time at the Chiyoda Global Headquarters (CGH), Division Directors, Operations Directors, and Vice Presidents and those in higher positions appointed by the President. The Executive Committee has a quorum if a majority of all the members are present. The Scope of the matters to be discussed is defined in "the Regulations of the Board of Directors" and "the Regulations of the Executive Committee " to clarify the scope of the delegation.

With regard to the succession plan of President or other management, Board of Directors engages in discussions to reflect variations of environments and situations surrounding the Company and progress of business plan and furthermore, proactively develops sophisticated, experienced and skilled resources throughout the management development program.

2. Roles and Responsibilities of the Board (2)

The Company's Board of Directors regards environmental improvement initiatives to support appropriate risk-taking by senior management as one of their main roles and responsibilities. They encourages management to work with creative and innovative approaches and make proposals for revitalization of the Company and its sustainable growth and supervise their progress.

To ensure accountability as a company, the Board of Directors sufficiently considers proposals at Board meetings through the free and vigorous exchange of opinions, including with Outside Directors, and supports senior management in its role as the Board of Directors by enabling the prompt and decisive execution of proposals.

3. Roles and Responsibilities of the Board (3)

The Company's Board of Directors regards being a highly effective organization to supervise their management team as one of its main roles and responsibilities. To meet this purpose, they appoint Outside Directors having an objective point of view. The Board evaluates each business sector's level of performance and contribution and reflects results of such evaluation upon personnel matters, including important personnel matters regarding Board Members who are not Audit and Supervisory Committee Member. The Board develops a Chiyoda Group's framework for timely and accurate information disclosure and oversees its operation. They establish a system for receiving reports regularly about internal control matters and risk management systems.

4. Roles and Responsibilities of Audit and Supervisory Committee Members and the Audit and Supervisory Committee

The Company's Audit and Supervisory Committee comprises at least three but no more than five members, the majority of whom are Outside Directors. The Audit and Supervisory Committee performs its duties, including audits and supervision of the execution of duties by Directors, in keeping with their fiduciary responsibility to shareholders from an independent and objective perspective. The Audit and Supervisory Committee shall appoint by resolution full-time Audit and Supervisory Committee members. In addition, each Audit and Supervisory Committee member exercises voting rights at meetings of the Board of Directors, utilizing their respective knowledge and experience.

5. Fiduciary Responsibilities of Directors

The Company recognizes that appropriate cooperation with various stakeholders is essential for the sustained growth of the Company and for the creation of a mid- to long-term corporate value. In order to achieve this, the Company's Directors and management act in keeping with their position and roles based on full awareness of their fiduciary responsibility to shareholders.

6. Business Execution and Oversight of the Management

To ensure the efficiency of independent and objective management oversight, the Company appoints multiple Outside Directors who keep a certain distance from business execution.

7. Roles and Responsibilities of Independent Directors

The Company's Board of Directors provides advice on the implementation of management policies and management plans to promote the sustained growth of the Company and enhance its mid- to long-term corporate value, and supervises business execution, conflicts of interest and others. Independent Directors take an essential role in being fair to every stakeholder and properly reflecting their opinions to the Board of Directors from an independent and objective perspective. The Company promotes the development of an environment that enables Independent Directors to satisfy such roles and responsibilities.

8. Effective Use of Independent Directors

The Company recognizes that Independent Directors make a contribution to the sustained growth and enhancement of the mid- to long-term corporate value of the Company, and therefore appoints multiple Independent Directors in principle. In addition, Outside Directors, including Independent Directors, make opportunities for regular meetings so as to exchange information and share awareness of issues from an objective perspective.

9. Independence Standards and Qualification of Independent Directors

The Company appoints Outside Directors from among persons who have a practical perspective as a corporate manager and persons who have an objective and professional perspective based on strong insight into world affairs, social and economic trends, and the like. The standards for this independence are set forth in the Attachment and state that the Company's management does not exert any significant influence over said persons, and conversely that said persons do not exert any significant influence over the Company's management, and that no potential conflict of interest exists with general shareholders.

10. Use of Optional Approach

The Company considers the discretionary use of committees as necessary when adopting the most appropriate structure for the characteristics of the Company from among the institutional designs set forth in the Companies Act.

11. Preconditions for Effectiveness of the Board of Directors

The Company's Board of Directors ensures diversity through its composition by persons with varying backgrounds in expertise and experience, and considers improvements to the effectiveness of the Board as necessary by conducting regular self-evaluations, including with Outside Directors.

(i) Concept of the Diversity and Scale of the Board

In accordance with the Articles of Incorporation, the Company's Board of Directors comprises no more than 12 Directors who are not Audit and Supervisory Committee members, and no more than five Directors, Audit and Supervisory Committee. The Board's balance and diversity of knowledge, experience and ability are ensured by Outside Directors with experience, insight and corporate management experience in their respective career backgrounds and Directors who possess professional competence and knowledge in areas of corporate planning, human resources, corporate affairs, finance & accounting, business development, technology & engineering, legal matters and project operations, working as a team.

With regard to Directors, Audit and Supervisory Committee, one or more are appointed who possess appropriate knowledge of finance and accounting.

(ii) Concurrent Posts Held by Directors

The Company shall make annual disclosures through the Notice of the General Meeting of Shareholders with regard to concurrent posts held by the Company's Directors as executives and employees of other listed companies.

(iii) Evaluation of the Effectiveness of the Board

The Company conducts evaluations of the effectiveness of the Board of Directors, considers improvements to the operation of the Board as necessary, and discloses a summary of the evaluation results in its Tokyo Stock Exchange "Corporate Governance Report."

12. Active Board Deliberations

The Company makes efforts to develop a framework and environment to allow for free, vigorous and constructive discussion and exchange of opinions by the Board of Directors, including issues raised by Outside Directors, by reviewing agenda items for Board meetings as necessary and augmenting explanations of agenda items in advance.

13. Information Gathering and Support Structure

The Company's Directors request relevant materials and information necessary for the execution of their duties from the appropriate sectors, while those sectors supply the applicable materials and information in accordance with said requests. With regard to the Audit and Supervisory Committee, in order to enhance its audit and supervisory activities, dedicated staff members are assigned to assist the execution of these duties.

14. Training of Directors

When Directors are appointed, the Company provides opportunities for them to sufficiently understand their roles and responsibilities (including legal responsibilities). Following their appointment, the Company creates opportunities for trainings in which Directors are able to participate on an ongoing basis, such as internal seminars by visiting lecturers and trainings sponsored by external organizations covering matters such as corporate governance, crisis response, compliance and safety. When Outside Directors are appointed, the Company provides opportunities for them to acquire necessary knowledge of the Company's business. The Company supports the costs for such trainings.

Chapter 5 Dialog with Shareholders

1. Policy for Constructive Dialog with Shareholders

- The Company's basic IR policy is to make efforts to provide accurate and prompt explanations of the Company's management status and operations policy by upholding two-way communication through dialog with shareholders and investors, and to work toward maximizing corporate value by reflecting the opinions and requests of shareholders and investors in its management.
- Each Director puts together frameworks that are organically linked through information sharing and the exchange and deliberation of opinions between the IR department and each department, and provides explanations on corporate management and business activities at the General Meeting of Shareholders and briefing sessions each quarter for analysts and institutional investors as an opportunity for communication with shareholders and investors. Additionally, Directors provide appropriate means for individual meetings for analysts and institutional investors.
- The Company also focuses on dialog with overseas shareholders and investors, taking into account its shareholder structure. The Company holds regular financial results presentations by the CFO and other officers in focus overseas regions to proactively respond to overseas requests for meetings.
- Opinions obtained through dialog with shareholders and investors are relayed to the Board members as necessary, and information is shared within the Company through meetings such as the liaison meeting for employees.
- Information stemming from this dialog is managed and handled in such a way that does not infringe on the regulations on insider transactions.

2. Establishing and Disclosing Business Strategy and Business Plans

The Company formulates Medium-Term Management Plans and discloses target value of its profit plan, capital plan and others on the TDnet as well as on the Company's website. Progress of the plans are reported at the General Meeting of Shareholders and financial results presentations. The Company provides clear explanations on the Company's business policies to shareholders using logical and reader-friendly wording with consciousness of cost of capital. The Company shows "Vision for 2030" in "Revitalization Plan Update" to promote business portfolio transformation.

Supplementary Provisions

1. This policy is effective from October 23, 2015.
2. Any revision or abolition of these policies shall be determined by the Board of Directors. However, minor amendments, such as changes to wording, can be made with the approval of the Division Director of Legal & Corporate Affairs Division.

[Independence Standards]

To achieve appropriate decision making and management oversight by the Board of Directors from a variety of perspectives, the Company appoints Outside Directors from among highly insightful persons who possess an objective and professional perspective (persons who fulfill the requirements set forth in Article 2, Item 15 of the Companies Act). The Company bases the independence of Outside Directors on the factors determining independence set forth by Tokyo Stock Exchange, Inc. and deems an Outside Director to be independent if none of the following items are applicable.

1. Major Client or Supplier

- (1) A party for whom the Company is a major client or supplier ^(Note 1) or an executive thereof
- (2) A party that is the Company's major client or supplier ^(Note 2) or an executive thereof

2. Experts

Consultants, accountants, lawyers and persons affiliated with such organizations who receive annual compensation of 10 million yen or more in cash or other assets from the Company, other than remuneration for Directors

3. Major Shareholders

Major shareholders of the Company (a party holding 10% or more direct or indirect voting rights) or an executive thereof

4. Donation Recipients

Recipients to whom the Company donates in excess of an annual 10 million yen or an executive thereof

5. Historical Requirements

A party to whom any of 1. to 4. above applies in the past 10 years

6. Close Relatives

Spouse or relative within second degree of kinship of the following persons

- (1) A party to whom any of 1. to 5. above applies
- (2) A Director, Executive Officer or other core employee of the Company or its subsidiary ^(Note 3)

7. Any party other than the above in special circumstances that do not allow said party to fulfill duties as an independent Director, including the existence of conflict of interest with the Company

The Company's Board of Directors shall make efforts to nominate as candidates for the position of Independent Director persons who can be expected to contribute to frank, lively and constructive deliberations at the Board of Directors in accordance with these standards.

(Notes) 1. "A party for whom the Company is a major client or supplier" refers to a party who received payment equivalent to 2% of said party's annual consolidated net sales or payment of 100 million yen or more, whichever is the higher of the two, in the most recent fiscal year.

2. "A party that is the Company's major client or supplier" refers to a party whose transactions with the Company were equivalent to 2% or more of the Company's annual consolidated net sales in the most recent fiscal year, or a party who provided loans to the Company equivalent to 2% or more of the Company's consolidated total assets in the most recent fiscal year.
3. "Core employee" refers to Division Director or superior.