Chapter 5

# Strengthening the Foundation of Value Creation

This chapter explains how to strengthen the foundation of value creation to reduce “capital costs” in the calculation formula.
We will build a sustainable corporate foundation that meets the expectations of society and the market and take on the challenge of achieving sustainability for all stakeholders of the INFRONEER Group and our planet.

Corporate value ↑ = Profit margin ↑ / (Capital costs ↓ − Expected growth rate ↑)


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Kosaku Shima talks about how the business itself, which supports the extension of infrastructure life and sustainable operation, has social value. How does INFRONEER envision sustainability as a company that supports everyday life?!



Rokkasho Wind Farm

©Kenshi Hirokane/Kodansha










*PPP/PFI Promotion Action Plan , Water PPP, stadium and arena reform, sustainable finance promotion, etc.

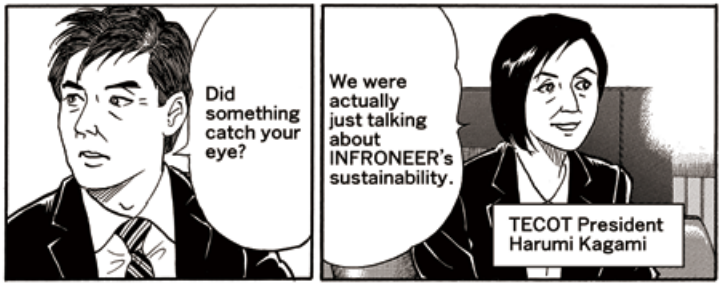







Harumi Kagami :
Shima's junior back when he was a section chief and the right-hand woman of the third president.
Praised for her exceptional skills, she became TECOT's fifth president.

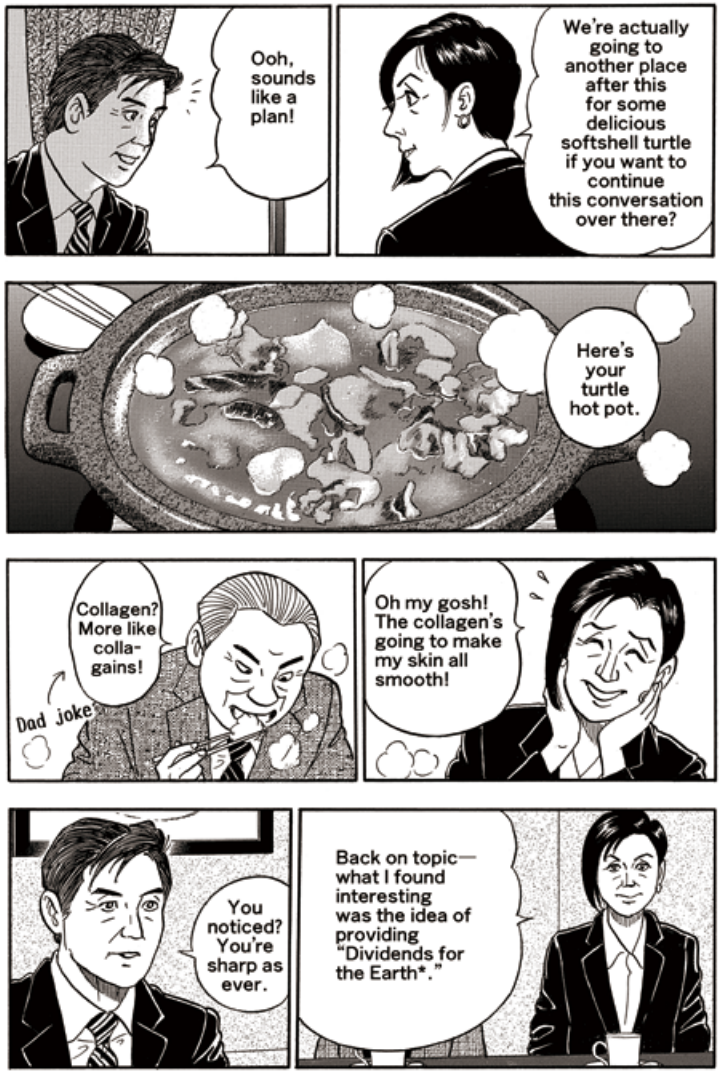


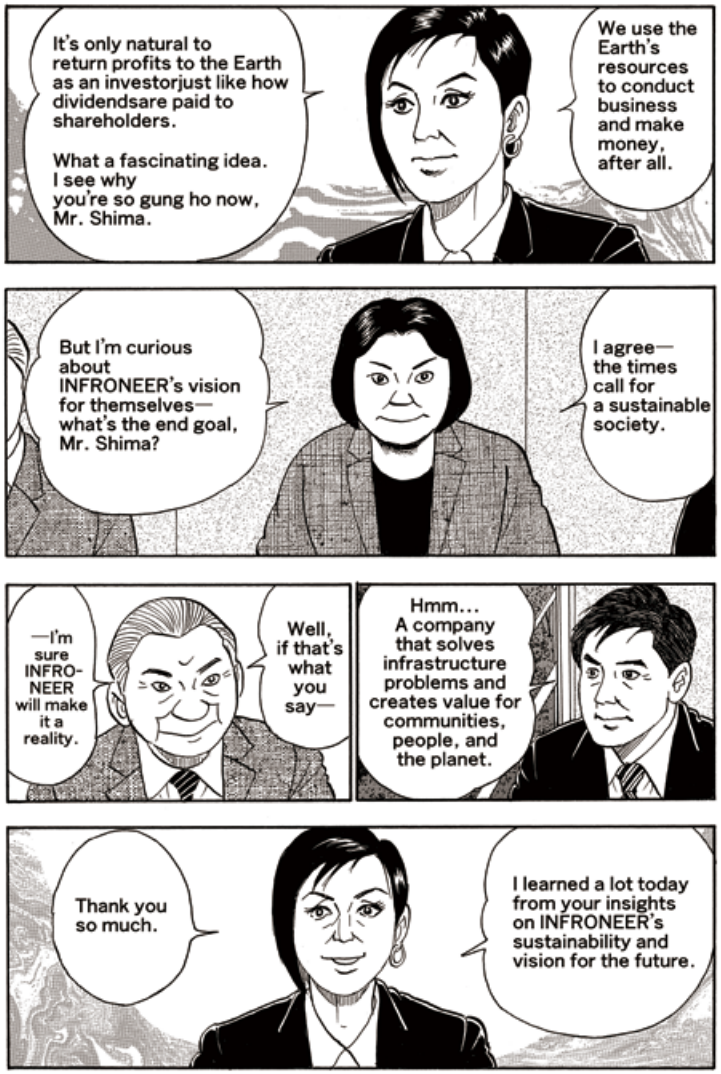


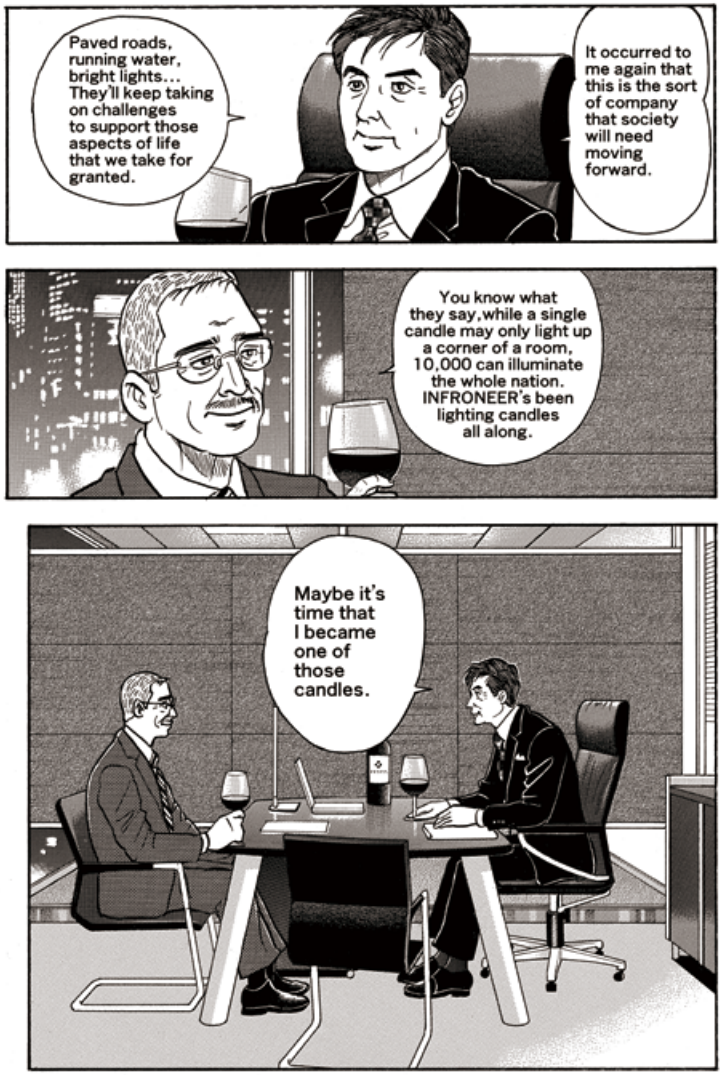

> *Dividends for the Earth P.21

Read from right to left






6F
株式会社 島 耕作 事務所
6F
Glug. glug...
Their governance is bold too. Six of their seven directors are independent, so execution and oversight can each stay focused.
And that's about it. It's a truly revolution ary manage- ment model.
A toast— to the future of infrastructure services.
You better not pull your punches as an outside director either. Otherwise, you'll fall behind.
Ms. Kagami was also eager to take TECOT to the next level, you know.




Paved roads, running water, bright lights... They'll keep taking on challenges to support those aspects of life that we take for granted.
It occurred to me again that this is the sort of company that society will need moving forward.
You know what they say,while a single candle may only light up a corner of a room, 10,000 can illuminate the whole nation. INFRONEER's been lighting candles all along.
Maybe it's time that I became one of those candles.

# Sustainability Strategies

## Sustainability, the Foundation of Value Creation

Amid rapid changes in the business and social environment, the INFRONEER Group regards sustainability as a foundation for long-term value creation. Our business model involves utilizing the established strengths of each business company as we respond to changes in the external environment and help address social challenges. In this way, we aim to build sustainability into the business model itself.

Part of the value we promise as we conduct business activities is the "safety, security, and sustainability of our society and local communities." In this spirit, we strive to realize a symbiotic society where we can coexist with the planet and its people, which are the foundation of our business, by working toward a sustainable future through the reduction of our long-term environmental impact, active participation by diverse human capital, and the utilization of sustainable finance.

> Environmental initiatives PP.84-87 Human Capital Strategies PP.58-60

For details on our utilization of sustainable finance, visit our website at:
https://www.infroneer.com/jp/sustainability/finance/ (in Japanese)

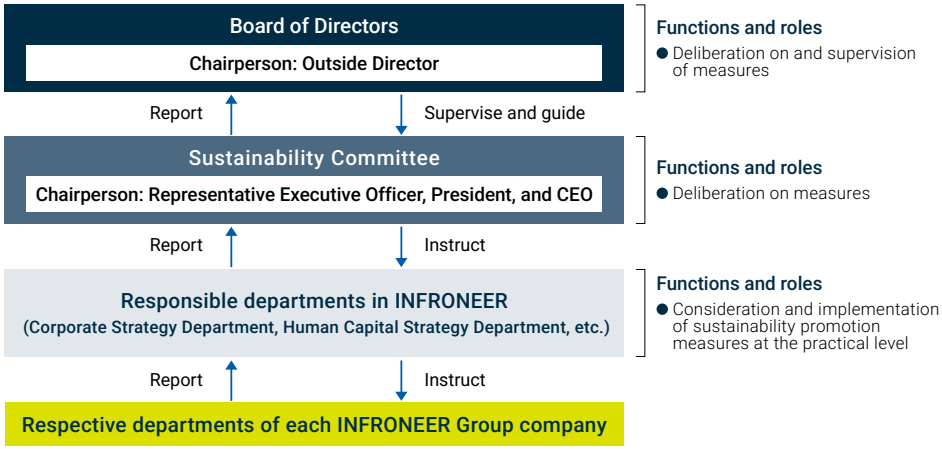
## Sustainability Promotion Structure

Our Group positions climate change and other priority issues related to the environment, society, and governance as critical management themes, and, under the supervision of our Board of Directors, our executives are spearheading efforts to establish a structure for promoting our response.

The Board of Directors deliberates and makes decisions on basic policies and priority measures related to sustainability as well as our medium- to long-term direction while also regularly receiving reports on how we are handling climate-related risks, human capital, and other critical themes and supervising the progress. In addition, the Board of Directors reviews our policies as necessary to pursue sustainable corporate value improvement.

Meanwhile, the executive side has established a Sustainability Committee chaired by the CEO and plans and promotes Group-wide measures. This Committee collaborates with various departments while promoting management objectives as well as risk management and rolling out effective initiatives. In addition, the Committee reports the details of its considerations to the Board of Directors as appropriate, thereby enhancing collaboration between supervision and execution.

### Sustainability governance and promotion structure




## TOPICS Committee Initiatives That Drive Sustainability Promotion

Our Sustainability Committee meets semi-annually in principle and met five times in FY2025. In March, the Committee deliberated on our policies for rolling out the Sustainability Procurement Guidelines, and implementation was started in FY2026. The Committee also regularly reports the details of its considerations to the Board of Directors, and we have a structure in place to ensure proper oversight by the Board.


Sustainability Committee meeting

### Key agenda items for the Sustainability Committee in FY2025

- Natural restoration efforts > P.86
- Updating the INFRONEER Medium-term Vision sustainability strategies
- Reporting on the results of "Dividends for the Earth" and revising systems
- Revising the Human Rights Policy
- Rollout of the Sustainability Procurement Guidelines > P.88
- External evaluation of sustainability > P.94

# Stakeholder Dialogue

As social issues become increasingly complicated and severe, companies are increasingly expected to pursue initiatives that effectively help to resolve them. To realize INFRONEER's vision for the future, "A world where there's no limit to what can be asked from and what can be delivered by infrastructure services," it is important to provide appropriate information disclosure and engage in dialogue with diverse stakeholders.

Through dialogue with all kinds of stakeholders, including investors and the planet, we gain an understanding of society's expectations and the issues it faces, and we reflect these insights in our management and business activities.

This page presents selected comments we have received from our dialogue with various stakeholders. For full reports and more details, please visit our website.

For more details on communication channels and dialogues, visit our website at:
https://www.infroneer.com/jp/sustainability/stakeholder.html (in Japanese)




## Major Dialogues

### Investors

To promote understanding of our business, we conduct active IR activities. In FY2025, we conducted over 230 individual IR meetings, thereby engaging in multiple constructive dialogues with investors and analysts. We will continue to communicate clear information on our business progress and growth strategy while taking feedback from everyone seriously as we further deepen our dialogues with capital markets and aim to enhance corporate value and achieve an appropriate market valuation.

| Main IR activities | | |
|---|---|---|
| | • Briefings for analysts | • Conferences: 3 times |
| | • IR DAY: 1 time | • Seminars for individual investors: 2 times |
| | • Overseas IR events: 4 times (Hong Kong, Singapore, Europe, and North America) | • Site tours: 3 times |
| | | • Media appearances and social media (YouTube) |

VOICE



**Ryo Kawauchi**
Analyst
Marusan Securities

The main thing we look for when considering investment targets is growth potential in the medium to long term. In addition to its solid existing business, INFRONEER is expected to achieve non-linear growth in terms of its infrastructure management business and M&A. Regarding investment decisions, other INFRONEER strengths include its systems for governance and organizational due diligence as well as its active IR activities. We expect INFRONEER to achieve results in terms of its infrastructure management business and engage in continuous information sharing.

### Local communities and partners

As a B.LEAGUE Innovation Partner, we are promoting regional revitalization that starts with sports and infrastructure by combining a fan community that boasts strong local ties with our know-how related to public-private partnerships and infrastructure operations. We hold events that include INFRONEER B.Hi TOUCH, an event for parents and their children, as well as BI LEAGUE, a participatory event that involves posting photos of local basketball goals. Through such events, we hope to arouse interest in infrastructure.

INFRONEER × B.LEAGUE support website
https://www.infoinf.com/jp/bleague/go.html (in Japanese)


INFRONEER B.Hi TOUCH event in Saga

### Earth

#### Dividends for the Earth: striving to contribute to a wider range of social issues

Our Group collaborates with local communities and NPOs to promote activities for employees and their families to actively participate in. In FY2025, we initiated activities aimed at contributing to the resolution of an even wider range of social issues.

For more details on "Dividends for the Earth," visit our website at:
https://www.infroneer.com/jp/sustainability/dividend.html (in Japanese)


Forest maintenance activities


Disaster prevention education for junior high school students

## Outside Directors Roundtable

# Governance Reforms Underpinning a Stable Management Foundation as INFRONEER Continues to Take on Challenges

### Evolving Group management through the separation of supervision and execution



FACILITATOR

**Shoichi Tsumuraya**
Professor, Graduate School of Business Administration, Hitotsubashi University

**Koichi Moriya**
Outside Director,
Nominating Committee Chair,
Audit Committee Member

**Keiichiro Hashimoto**
Outside Director,
Chairperson of the Board of Directors,
Audit Committee Chair,
Nominating Committee Member

**Atsushi Takagi**
Outside Director,
Compensation Committee Chair,
Audit Committee Member

TALK SESSION

## The Board of Directors, Centered on Outside Directors, Supports Stable Management by Exercising High Supervisory Functions

**Tsumuraya** INFRONEER is continuously enhancing its governance structure in order to accelerate the execution of its growth strategy. First, can you explain the purpose behind the transition, starting in 2025, to a Board of Directors composition consisting of only one Representative Executive Officer/President and six outside directors?

**Hashimoto** Leveraging the structure of a Company with a Nominating Committee, etc., the management's monitoring (supervisory) functions have been clearly separated from its executive functions. This structure makes it easier to manage companies acquired through M&A as one Group. It also clarifies the Representative Executive Officer's performance accountability, which directly informs decisions on their appointment and dismissal. In addition, strengthening supervisory functions through a Corporate Audit Department that operates independently of executive functions and having outside directors play a central role in supervision on behalf of shareholders makes it easier to incorporate capital market perspectives into governance. There was debate about having only one internal director on the Board, but ultimately, the consensus was that, unless a critical issue arises, we will begin operating under this structure first, and then review it as necessary if a problem occurs. Limiting internal directors to one Representative Executive Officer makes the executive side's responsibilities and authority clearer, allowing the Board of Directors to focus on supervision.

While our "offensive" stance is easy to understand, "defense" is more difficult. Internal controls do not function effectively without sufficient defense. In addition, the more diverse industries that we bring into the Group through M&A, the more complicated internal control becomes across the entire Group. In the Audit Committee, rather than taking a blanket approach, we believe that audit systems tailored to each company's characteristics form the foundation of our defense, and we review these systems on an ongoing basis.

**Moriya** President Kibe is trying to create a new business model called "integrated infrastructure services." I think the recent overhaul of the governance structure can also be seen as an important mechanism for supporting and overseeing this endeavor. Taken together, I view these reforms as a "grand experiment." We were able to take decisive action to overhaul the Company's structure precisely because we acted on the assumption that "even if problems arise, we can fix them quickly." Outside directors each have differing areas



**The challenge of becoming an "integrated infrastructure service" company, combined with the recent change to a supervisory-focused governance structure, is a grand experiment. (Moriya)**

of expertise and perspectives, and we enhance the supervisory function through our frank dialogue.

This approach extends to human capital governance, as well. From FY2026, the Nominating Committee has been involved in the process of appointing the top executives of our major subsidiaries, and we also began discussing each company's succession plan in the Board of Directors. On the other hand, the Group's expansion has led to an increasing number of agenda items, making it challenging for us to secure enough time to delve deeply into essential topics such as business strategy or human capital strategy.

**Takagi** During my time as an analyst, I have seen two weaknesses in conventional executive-led boards of directors. The first is that, under the business division system, general managers tend to prioritize their own division's profits over what is best for the entire company. The second is that it creates the contradiction of having to supervise yourself while executing operations. Amid the overall trend of Japanese companies' boards of directors shifting to monitoring-focused boards, I believe that President Kibe was ahead of the game in envisioning what the ideal board should look like.

## Cross-Functional Group Management Has Progressed Due to the Integration of ARSOCIA CONSTRUCTION

**Tsumuraya** During the aforementioned change in governance structure and the integration of ARSOCIA CONSTRUCTION, what kinds of changes took place in the executive side's method or speed of decision-making?

**Takagi** After the integration with ARSOCIA CONSTRUCTION, there has been stronger collaboration based on shared functions, beyond the boundaries of each major subsidiary. For example, a decision that appears to be detrimental for company A in the short term may be beneficial for company B, and when viewed from the perspective of the entire Group, it may actually contribute to increasing corporate value. There have been more situations like this, where decisions can be made based on what is optimal on the Group level. Integration is not only about growing in scale. It is about having each company's functions complement each other and create greater value as a Group. In that sense, I feel that our matrix-style management has progressed to the next level.

On the other hand, the way we structure performance evaluations and incentives is also crucial to fully instill the mindset of making decisions based on Group optimization among management and on-site. From the perspective of the chair of the Compensation Committee, facilitating cross-organization thinking requires that we design our compensation system to drive the enhancement of the corporate value of the entire Group. We are seeking the ideal system for this while constantly revising our approach.

**Hashimoto** Assigning executive officers to oversee the respective building construction and civil engineering segments of MAEDA CORP. and ARSOCIA CONSTRUCTION on a cross-organizational level has improved the coordination of policies and other matters and expedited decision-making.

It has also created more opportunities for each Group company to get to know each other's businesses and how they operate on the ground. President Kibe has been conducting Town Hall Meetings in various locations nationwide, and since FY2025, outside directors have been participating in these meetings as well. I can see firsthand that collaboration across the Group has improved through such dialogue with employees. Not only are we beginning to see tangible benefits on the business side—such as the referral of projects across regional borders—but these changes are also having a ripple effect on personnel growth. The experiences employees gain at INFRONEER, where they encounter information from many different industries, such as building construction, civil engineering, roads, machinery, and infrastructure management, become opportunities to broaden their horizons. Much like a brackish lake where seawater mixes with freshwater, the exchange of diverse insights, values, and talents generates new ideas and leads to growth. In fact, many employees seconded to INFRONEER say that they have grown from the experience when they return to their original employers. I sense that as collaboration across the organization deepens, the foundation for growth among young and mid-career employees also expands.

> Town Hall Meetings P.77

## Quality Decision-Making Supports the Growth Strategy

**Tsumuraya** While progress is being made in Group management, how has the role of the Board of Directors changed in terms of M&A and investment decisions?

**Moriya** The quality of decision-making is improving, even on the front lines of M&A. Outside directors with different backgrounds and criteria for judgment freely express their opinions from the perspectives of their respective areas of expertise. The important thing is not to stop the momentum on the executive side: "If you are going ahead with that, you should mitigate this risk." The executive side finds it easier to organize the key issues precisely because we can point them out so frankly. We discern not only whether an acquisition is viable, but also the risks involved and other available options. I believe our role as outside directors is to enhance the quality of the growth strategy through healthy friction, not conflict.

Racking up acquisitions is not the Group's true objective. What is important is how the strengths of each company can be combined after integration takes place, and whether that will enhance the overall capabilities of the Group. Because significant changes keep happening over a short period of time, there is a healthy sense of urgency building on each company's executive side.



**There is no end to the process of enhancing the Board of Directors. We can continue to question our effectiveness based on whether or not we are contributing to corporate value. (Takagi)**

## Refining the Effectiveness of the Board of Directors by Continuing to Question Our Corporate Value

**Tsumuraya** During the FY2024 evaluation of the effectiveness of the Board of Directors, optimizing Group management and enhancing the effectiveness of Board operations were brought up as areas for improvement.

**Hashimoto** We introduced a system in which the Corporate Audit Department conducts interviews and compiles the key points and their priority levels, reporting this in the quarterly reports issued by the executive officers of each business segment. Beginning in FY2026, we also added key themes addressed at management meetings to these reports, allowing the Board of Directors to more comprehensively understand the reality of business operations. This type of disclosure by the Corporate Audit Department helps the part-time outside directors properly grasp each business company's management situation, which plays an important role in eliminating gaps in information among the outside directors. Additionally, from July, we increased the frequency of Board meetings and also established post-meeting sessions for opinion exchange. We are dedicating time to discussing fundamental management challenges, beyond merely deliberating agenda items. This will lead to a more effective Board of Directors.

**Takagi** There is only one criterion for assessing the effectiveness of the Board of Directors: whether or not we are helping to enhance corporate value. What matters should INFRONEER decide, and what matters should be entrusted to each company? We must constantly reexamine the balance between the centrifugal and centripetal forces. There is no "perfect" form of governance. I believe it is important to stay humble and continue to ask ourselves whether the Board of Directors is providing appropriate oversight and advice to management, and whether our discussions are truly contributing to corporate value, rather than being satisfied with our results.



**While it is easy to paint a picture of our "offensive" strategy, "defense" is more difficult. We design internal controls for each company, even as the Group continues to expand. (Hashimoto)**

**Tsumuraya** So even the position and competence of the outside directors themselves, who serve a supervisory role, are subject to scrutiny.

**Moriya** On the supervisory side, we have one internal director and six outside directors. Naturally, there is a disparity of information in this structure. Knowing this, how much do we get involved, and when should we step back? While it is necessary to actively gather information, doing so to an excessive degree risks overstepping into executive territory. Even now, we are still trying to find our proper place while remaining mindful of this balance.

**Takagi** I believe that the most vital information emerges naturally within relationships of trust, and is not gathered through force. The greater the mutual trust is with the Board of Directors, the faster decisions will be made and the easier it will be to obtain necessary information. Therefore, we do not venture into the finer details of execution any more than is necessary. We are very careful to maintain clear boundaries as outside directors.

**Hashimoto** We are living in an era where the competence of the outside directors themselves is coming under scrutiny. In order to serve as the voice of the shareholders from an independent perspective, we ourselves must keep learning. By continuously enhancing our ability to fulfill our role as outside directors, we can improve the effectiveness of the supervisory function.

## Bridging the Gap with Investors to Convey the Significance of Our Challenges

**Tsumuraya** As an outside director, how do you intend to address the demands of the capital market and shareholders?

**Hashimoto** Our role as outside directors does not stop at managing the risks involved in the executive side's ambitious investments. We look at what risks and opportunities lie behind investments and M&A. Another important responsibility we have is to organize that information from an external perspective and serve as a bridge to convey it to the market in an easy-to-understand manner. As part of this, outside directors will also participate in IR DAY* starting in FY2026. At Town Hall Meetings, we make sure to share changes in the stock price and market capitalization. Going forward, enhancing sensitivity to the market across the Group will be essential for increasing corporate value.



**Few Japanese companies venture to change their business model as boldly as this. I expect INFRONEER to become a leading force for Japan as a whole. (Tsumuraya)**

**Takagi** As a new initiative, the Company held a shareholder roundtable following the 2026 General Meeting of Shareholders, in which outside directors also participated. There is a growing need for direct dialogue between investors and outside directors, even during IR meetings. To close the gap between the Company's intrinsic corporate value and its current market valuation, we must listen to the market and make necessary adjustments. Over time, these efforts will help reduce capital costs. There is no perfect form of governance or perfect stock price. I want others to see us as a company that continues to change.

**Moriya** The significance of our Group's challenges cannot be explained in words alone, but must be demonstrated by each and every one of our decisions and results. The question is not one of scale, but rather of what kind of value the entire Group can provide to society through infrastructure. We intend to demonstrate our answer to this over the medium to long term. As outside directors, we will also elevate the quality of oversight and hold ourselves responsible for making this a reality.

**Hashimoto** After strengthening our defenses, we also intend to tackle overseas operations—an area in which Japanese construction companies have historically struggled. Corporate value improves only when offense and defense exist in balance. We will meet the expectations of our shareholders based on the results of these endeavors.

*IR DAY: A briefing session for institutional investors and analysts on business policies and medium- to long-term management strategies

# Governance

## Basic Approach

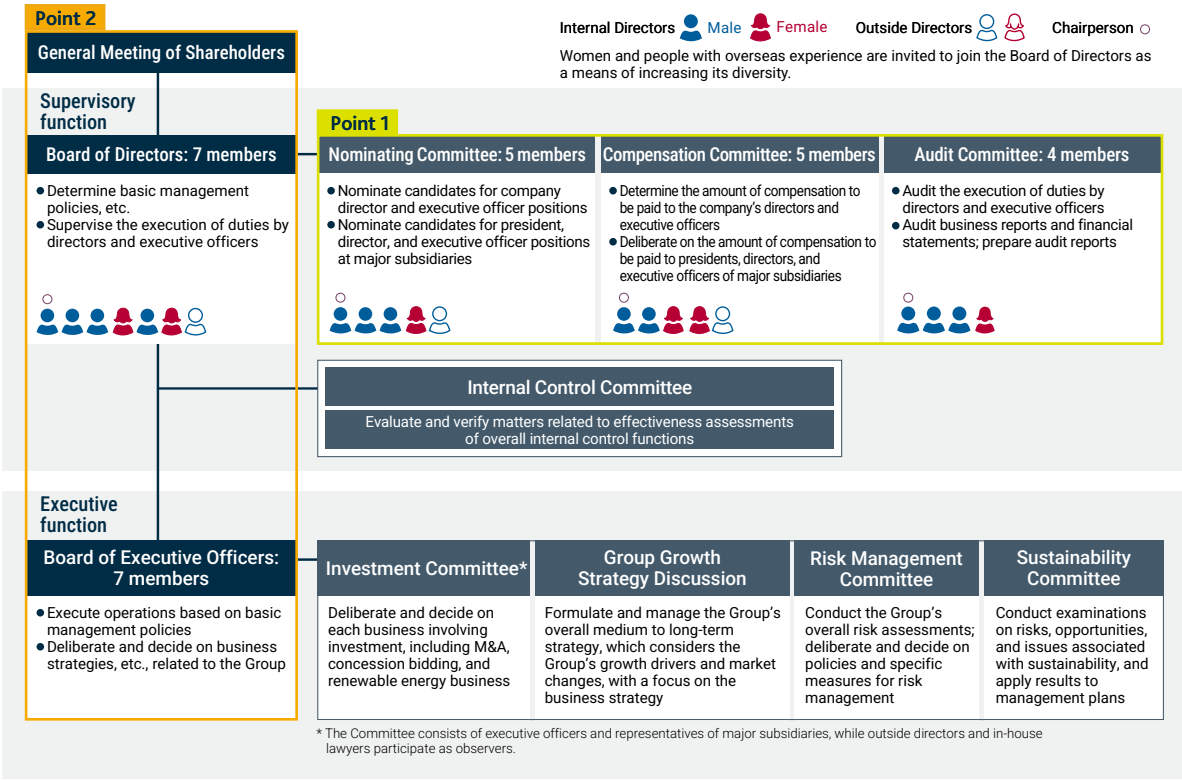
INFRONEER pursues initiatives aimed at strengthening corporate governance to achieve sustainable growth and enhance its corporate value over the medium to long term. By adopting the industry's first Company with a Nominating Committee, etc. system, thereby separating the supervisory and executive functions, INFRONEER ensures suitable decision-making and management soundness. In addition, through timely and appropriate information disclosure as well as constructive dialogues with our stakeholders, we will deepen trust with them as we strive to achieve both social and economic value.

## Corporate Governance

Our corporate governance structure achieves a strong supervisory function by ensuring that a majority of the Board of Directors and each committee consists of independent outside directors. Each chairperson is also an outside director.

Furthermore, starting in June 2025, we transitioned to a structure in which all directors, except for the CEO, are outside directors, thereby further strengthening the supervisory function of our Board of Directors. This will ensure our management soundness and strengthen the governance foundation that supports our sustainable growth.

### Corporate governance structure




### Point 1 Improving management transparency

#### Establishing a committee system where outside directors form the majority

As a Company with a Nominating Committee, etc., our Board of Directors and various committees consist primarily of independent outside directors, which ensures the transparency and objectivity of important decision-making. In addition, outside directors spearhead deliberations on nominations, compensation, etc., which enhances our accountability. Our Audit Committee also audits the execution of duties by our directors and executive officers, which ensures internal-control effectiveness and management soundness.

### Point 2 Further strengthening our governance system through the separation of supervision and execution

#### Focusing the supervisory function on our Board of Directors

**June 2025 and earlier**

The Chairperson of the Board of Directors is an outside director.




**June 2025 and onward**

All our directors other than the CEO are also outside directors.




This system separates the roles of the Board of Directors and Board of Executive Officers, thereby enhancing both the supervisory function and execution ability.

#### Speeding up decision-making through an executive system that includes the presidents of major subsidiaries

Under our system, executive officers are in charge of each segment, and the representatives of major subsidiaries are responsible as well. This enables decision-making based on on-site knowledge as well as the rapid implementation of our policies.

## Key Themes of the Board of Directors in FY2025

| | |
|---|---|
| Corporate value creation | Revision of INFRONEER Medium-term Vision 2027, integration with ARSOCIA CONSTRUCTION, investment projects (arenas, onshore wind power, biomass, etc.), and financing |
| Execution status monitoring | PMI-based effects of integration with ARSOCIA CONSTRUCTION (progress), quarterly business execution status reports, and reports from the Nominating, Compensation, and Audit Committees |
| Management philosophy dissemination | Enhancement of stakeholder engagement through town hall meetings, etc. |
| Governance and risk management | Development of director and executive systems, enhancement of Board of Directors operations, enhancement of compliance and security measures |
| Disclosure and shareholder relations | Disclosure of financial results, agenda items of the General Meeting of Shareholders, Securities Reports, and IR result reports as well as decisions on shareholder returns and dividend policies |

## Evaluation of the Effectiveness of the Board of Directors in FY2025

INFRONEER evaluates the effectiveness of the Board of Directors as a whole every year in order to maintain and improve its functionality on an ongoing basis. In FY2025, to evaluate the effectiveness of the Board as a whole, a third-party service was employed to perform self-evaluation questionnaires of directors, and the results of responses analyzed by the service were used by the Board in making evaluations.

| | |
|---|---|
| Implementation overview | **Target**: All 7 directors<br>**Method**: To ensure objectivity and transparency in the evaluation, a third-party service was employed to conduct self-evaluation questionnaires of directors, and, based on the analysis results provided by the service, the Board carried out its evaluations<br>**Implementation period**: March 2 to 13, 2026<br>**Self-evaluation items for each director**:<br>• Board composition: Diversity of members, number and ratio of outside and internal directors, etc.<br>• Clarification of the Board's responsibilities and expected roles<br>• Board operations: Frequency of meetings, deliberation time, selection of agenda items, discussion content, role of the chairperson, etc.<br>• Contributions: Contribution to management strategy formulation and corporate culture transformation, contribution to constructive discussions, leveraging the experience, knowledge, broad perspectives, and insights of directors<br>• Understanding of the company: Group identity, risk factors, future challenges and opportunities<br>• Committee activities: Responsibilities/roles, coordination with the Board, etc.<br>• Support system: Provision of information, including Board materials, etc. |
| Issues identified from results | • Enhancement of Board operations (ensuring deliberation time and opportunities to exchange views with outside directors) > For details, see P.78<br>• Reviewing the business portfolio (capital cost and profitability analysis and improvement)<br>• Dialogues with shareholders |
| Current evaluation and future actions | We confirm that the effectiveness of the Board of Directors as a whole is generally sufficient. Going forward, we will address the issues identified by the recent evaluation to further improve the Board's supervisory and decision-making functions and enhance the corporate value of the Company. |

For details on evaluation processes and results, read our Corporate Governance Report, which is available at: https://www.infroneer.com/jp/ir/governance/ (in Japanese)

## Promotion of Outside Director Support Systems

### Challenges identified during the FY2024 effectiveness evaluation and our response

As a result of the FY2024 effectiveness evaluation, "further enhancement of executive training opportunities" was identified as a key issue. In response, we implemented the executive training initiatives below in FY2025.

> Also see P.75 for details on the "optimization of Group management" and P.78 for details on the "enhancement of Board operations" and other identified issues.

#### DE&I (diversity, equity, and inclusion) training

Through this training, we deepened executive awareness of unconscious bias and the importance of decision-making based on diverse values. This training helped executives notice unconscious bias, deepened their understanding of the importance of equity, and enabled them to realize that this crucial management issue is not only related to system development but is also directly linked to improving decision-making and achieving innovation. Directors commented that DE&I must be promoted in terms of both philosophy and practice and that it is also necessary to take specific related action in various departments to reform our organizational culture.

#### Cybersecurity training (IT and DX strategies)

Through this training, our directors reaffirmed the relevance of cyber risks as important management issues directly linked to business continuity and corporate value. Executives at other companies as well are increasingly likely to participate in incident response training or simulated cyberattack training, and such training contributes to improving the effectiveness of the supervisory function. Similarly, INFRONEER believes that it is important to ensure that such training goes beyond simple knowledge acquisition to provide a stronger ability to respond in terms of management decisions while also establishing a cross-organization initial response system.

### Examples of FY2025 initiatives

- **Participating in meetings aimed at supplementing execution-status information**
  Providing opportunities to attend "interviews between executive officers and business companies" as well as "interviews between executive officers and department heads"
- **Deepening business understanding via site tours and base visits**
  Holding regular tours of project sites both within and outside Japan (arena and other infrastructure management, renewable energy facilities, water supply facilities, etc.)
- **Stakeholder Dialogue**
  - Press conferences
    Providing opportunities for reporters and executives to communicate
  - Town Hall Meetings > For details, see P.77



A tour of MUFG Stadium by directors and executive officers

## Dialogues with Employees Through Town Hall Meetings

The INFRONEER Group holds town hall meetings every year, during which Mr. Kibe, our president, visits our bases to directly exchange views with employees. In FY2025, as a new initiative aimed at improving the quality of such discussions, we introduced panel discussions for which outside directors served as facilitators (involving the president and management of each base), and we also held meetings at bases outside Japan for the first time. We will continue taking steps to revitalize communication between employees and our president as well as other management, increase the growth of our Group, and create value for our Group as a whole.


A panel discussion

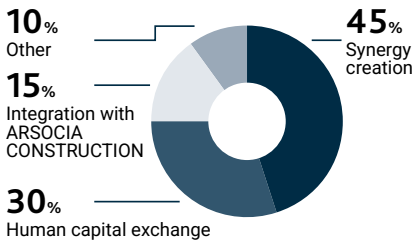
### Key points in FY2025

- **16 meetings throughout Japan** (+ 2 meetings overseas)
- Dialogues and panel discussions at which **our president and outside directors** spoke
- **Participation possible for every INFRONEER Group employee** thanks to a format combining in-person and online events
- Direct dialogues between management and sites in the case of regional events thanks to **site tours as well as lunch meetings and parties with young employees**

| Program | Speakers | Details |
|---|---|---|
| Presidential lecture | Mr. Kibe | A lecture focused on improving our corporate value and brand strength through the maximization of business profit and improved market valuation. Our aim is to become a company more trusted and relied on by stakeholders. |
| Outside director lecture | Outside Directors | One outside director participates in each of these events, during which they lecture on what they expect of INFRONEER based on their experience. |
| Mr. Hashimoto (director): effects on employees following the establishment of INFRONEER and corporate governance<br>Mr. Yonekura (director): improving the productivity of Japanese companies and the growth potential of global infrastructure business<br>Mr. Moriya (director): dialogues with employees based on personal experience and suggestions for achieving Group-internal synergies<br>Ms. Murayama (director): evaluation of INFRONEER from an analyst's perspective<br>Mr. Takagi (director): five important assets for evaluating corporate value from an analyst's perspective<br>Ms. Oguchi (director): growth expected of INFRONEER based on her personal career as well as international and legal trends | | |
| Q&A | Mr. Kibe<br>Outside directors | The participating outside directors act as moderators to respond to questions from employees. |
| Panel discussions | Mr. Kibe<br>Outside directors<br>General manager of the corresponding division or branch | Discussions based on two themes: "Business Company Synergies" and "Integrated Infrastructure Service" |

### Main questions and opinions from employees

**Question themes (out of 100%)**




**Q. What specific steps can be taken to achieve synergies with major subsidiaries?**

A. Take advantage of the strengths of each company, share human capital, technologies, and information, and jointly handle orders to achieve synergies that can be felt on site.

**Q. How should roles be divided in the case of overlapping business?**

A. Do not rush to integrate. Instead, consider how to best divide roles throughout the Group based on the business characteristics and site conditions.

**Q. How should human capital be exchanged (secondment, assignment, transfers)?**

A. In addition to the human capital exchanges that have already been implemented throughout the INFRONEER Group, we will consider additional exchanges aimed at ensuring the effectiveness of our strategies and facilitating mutual understanding.

### Results and evaluation

Based on our follow-up questionnaire, the town hall meetings were extremely well received in terms of disseminating our management philosophy and providing opportunities for dialogues. In particular, many participants commented that the meetings offered an opportunity to directly hear what the president and outside directors think and that adding the third-party perspective of outside directors helped to deepen the discussions. At the same time, there was a lot of interest in both the specific execution of strategies and the chance to connect with job sites, and there were strong expectations surrounding highly interactive discussions as well as concrete explanations. Based on such feedback, we will strive to improve both the quality of dialogues and the transparency of strategy execution.

**Understanding of "INFRONEER's Vision"**

Preliminary questionnaire
3.7
★★★★☆

Follow-up questionnaire
4.01
★★★★☆

### Feedback from an employee who participated in a town hall meeting (lunch meeting)



**Moe Yokose**
Meijo Shield Works
ARSOCIA CONSTRUCTION CO., LTD.

Through episode-based discussions, young employees like us were given the opportunity to expand the specifics of INFRONEER's "de-construction" strategy, including concessions, as well as our overseas outlook. As a result, I now have a more concrete understanding of what INFRONEER is trying to do as well as how I can contribute as an engineer. Going forward, as a member of the INFRONEER Group, I will try to work even more proactively and enthusiastically.

Related: Kibe-log: "PMI of ARSOCIA CONSTRUCTION - The biggest hurdle in PMI is the mental barrier"
https://www.infroneer.com/pdf/en/company/topblog/kibelog_en_vol20.pdf

## Outside Director Thoughts on Advancement (Background of Effectiveness Evaluation and Improvement Measures)

We conducted individual interviews with outside directors to maintain or further improve the functions of our Board of Directors.

> Some of the main ideas resulting from the effectiveness evaluation and consideration of improvement measures shown on P.76 are introduced here.

### Discussion time and management approach

Due to the increase in agenda items, we were told that it is necessary to ensure sufficient deliberation time and review management methods.



Mr. Hashimoto
Director

- In addition to regularly holding meetings, taking advantage of new opportunities for flexible discussions could increase both the scope and depth of discussions.



Mr. Moriya
Director

- A lot of matters are addressed at each meeting, and there is room to further deepen discussions.
- In terms of fleshing out explanations, we could secure additional time for discussions.

### Strategy discussions and information sharing

Issues were pointed out related to fleshing out discussions regarding critical management themes as well as our approach to information sharing.



Mr. Takagi
Director

- We could do more to advance information sharing between directors.



Ms. Oguchi
Director

- By further deepening the understanding of the situations of major subsidiaries and the execution status, it would be possible to strengthen the supervisory function.

### Monitoring and governance management

Suggestions for improvement were made regarding systems that support the supervisory function as well as related operations.



Mr. Yonekura
Director

- Monitoring after investment projects are executed should be enhanced.
- One key issue is to clarify the roles of executive officers as well as the management system.



Ms. Murayama
Director

- There is variation in terms of the governance systems of individual major subsidiaries.
- It is necessary to improve the transparency of the compensation determination process and standards.

### Summary

**Based on the above comments, although our Board of Directors was praised somewhat in terms of how it functions to encourage risk taking, there are still important issues, including deepening discussions that support this function, sharing information, and increasing the sophistication of operations. Going forward, we will strive to increase information input by our Board of Directors while also focusing on enhancing communication, including executive officers and major subsidiaries, to achieve more effective discussions.**

## Corporate Governance

**❶ Increasing the frequency of meetings of the Board of Directors and optimizing the time**

To strike a balance between the number of agenda items and the deliberation time, regular meetings of the Board of Directors will generally be held at least once per month, and, regarding important agenda items in particular, we will hold emergency meetings or extend the meeting time to ensure enough time for deep discussion.

**❷ Opening up access to the execution status**

We will enable outside directors to freely participate in major meetings held on the executive side and set up a system that enables the viewing of materials. Our aim is for this to foster an appropriate understanding of information that is important in terms of execution to flesh out discussions by the Board of Directors.

**❸ Informal strategic dialogue**

We will allocate time apart from meetings of the Board of Directors to freely discuss specific themes, including our medium-to long-term strategies, capital policy, and organizational issues. By holding deeper discussions, we will work on consensus building and improve the quality of our strategies.

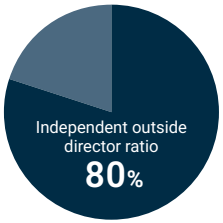
**❹ Individual communication between the Board of Directors and the Secretariat of the Board**

By gaining an appropriate understanding of views and other ideas that are not effectively covered by the effectiveness evaluation of the Board of Directors, we will continuously strive to identify and respond to potential management issues, thereby further increasing the sophistication of Board of Directors operations.

## Activities of Three Committees (Nominating, Compensation, and Audit Committees)

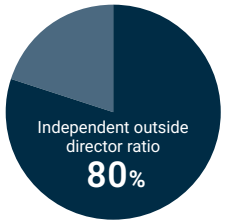
### Nominating Committee

| | |
|---|---|
| Number of times held | 12 |
| Attendance rate | 96.0% |
| Chair (outside director) | Koichi Moriya |




### Compensation Committee

| | |
|---|---|
| Number of times held | 14 |
| Attendance rate | 98.8% |
| Chair (outside director) | Atsushi Takagi |




### Audit Committee

| | |
|---|---|
| Number of times held | 19 |
| Attendance rate | 96.1% |
| Chair (outside director) | Keiichiro Hashimoto |




### Roles

**Nominating Committee**
- Nomination of candidates for company director and executive officer positions
- Deliberation on candidates for president, director, and executive officer positions at major subsidiaries

**Compensation Committee**
- Determination of the amount of compensation to be paid to the company's directors and executive officers
- Deliberation on the amount of compensation to be paid to presidents, chairmen, directors, and executive officers of major subsidiaries

**Audit Committee**
- Auditing of the execution of duties by directors and executive officers
- Creation of audit reports
- Determination of agenda items related to the appointment, dismissal, and non-reappointment of accounting auditors who submit information to the General Meeting of Shareholders

### Key agenda items and activities in FY2025

#### Considering our Group executive system approach

We considered appropriate governance and executive systems based on the need to strike a balance between the centripetal force of INFRONEER itself and the centrifugal force of our major subsidiaries. We therefore redefined the roles of executive officers at major subsidiaries as well as human capital requirements, and we formulated related guidelines.

#### Expanding our succession plan

We are reorganizing our past succession plan and expanding it to encompass major subsidiaries. To ensure that this plan leads to the stable and continuous growth of our Group's business, we review the plan based on a broad perspective every year, thereby systematically training successors.

#### Considering our compensation-system approach in line with roles

In terms of our annual incentives, we have designed a rational compensation system that increases the correlation between business-execution responsibilities and compensation by using indicators that show the roles and results of our president as well as executive officers in charge of corporations, major subsidiaries, and segments.

#### Strengthening our commitment

In 2025, we added "sustainability-linked indicators" to our annual incentives. In FY2026, we will increase the percentage that these indicators account for in terms of annual as well as medium- to long-term incentives, thereby ensuring that the interests of shareholders line up with those of executives and strengthening our commitment to sustainable growth.

#### Evaluating and verifying the effectiveness of our internal control system

We evaluated and verified the effectiveness of the audit systems of each company by exchanging opinions with our Group's directors, executive officers, the Corporate Audit Department, and accounting auditors.

#### Evaluating and verifying the audit systems of major subsidiaries

To ensure audit quality, we evaluated and verified the effectiveness of the audit systems of each company by exchanging opinions with the auditors of major subsidiaries and the heads of their internal audit departments while also obtaining reports from them.

#### Evaluating and verifying information security measures

We evaluated and verified the effectiveness of our information security measures by exchanging opinions with the IT Department.

For details on our system and policy for determining executive remuneration as well as our internal control system, visit our website at:
https://www.infroneer.com/jp/ir/security_report/ (in Japanese)

## Risk Management

The INFRONEER Group recognizes diverse risks in business operations, and the appropriate management of such risks is positioned as one of the most important management issues. Through strategic risk-taking that is supervised by the Board of Directors and based on an appropriate understanding of the risks, we strive to improve our corporate value and achieve sustainable growth. This approach is shared by our entire Group, and we implement it for all our business activities.

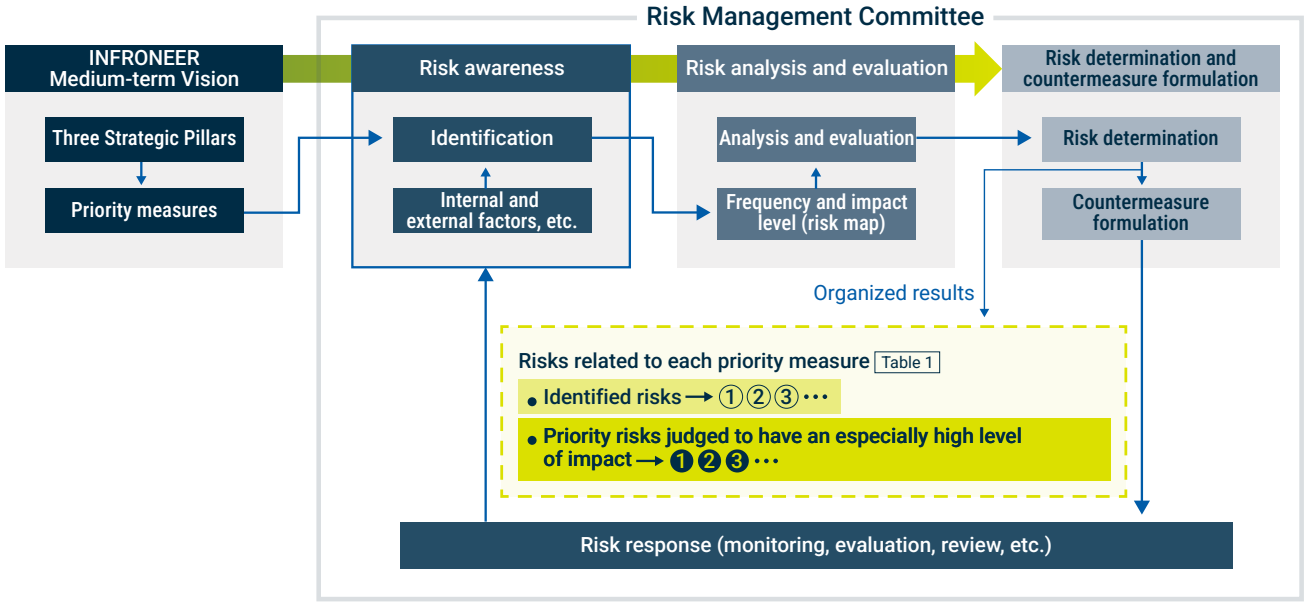
To ensure appropriate risk management, our Risk Management Committee holds meetings every quarter. The Committee is chaired by our CEO, and meetings are attended by the management as well as individuals in charge of each department, who strive to gain a comprehensive understanding of risks based on business activities and changes in the external environment ( Figure 1 ). More specifically, as defined in the INFRONEER Medium-term Vision, the Committee views risk management in the context of our three strategic pillars and priority measures, identifies risks based on the perspectives of "governance, compliance, disclosure, and reporting," "strategies and plans," and "business operations and management," and systematically organizes risks in association with each priority measure.

The Committee then evaluates identified risks, assigns a specific priority to each based on its likelihood of occurrence and impact level, and thereby identifies priority risks. More specifically, risks expected to occur "once every three years to once a year or more" and that would have a "major effect on the entire Group" based on their impact level are identified as priority risks. In addition, we prioritize the formulation of measures in response to priority risks, continuously monitor their progress, and conduct regular reviews that consider the correlation between risk factors to increase the effectiveness of our risk management ( Figure 2 and Table 1 ).

Figure 1 Risk management system




Figure 2 Risk management flow



## Table 1 Risks related to each priority measure

| INFRONEER Medium-term Vision | Three Strategic Pillars | Establishing a revenue base based on INFRONEER's business model | | Maximizing added value | | | | Strengthening and improving our corporate culture | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | ① | ② | ③ | ④ | ⑤ | ⑥ | ⑦ | ⑧ | ⑨ |
| | Priority measures | Further expanding business areas and infrastructure service business in Japan | Expanding business areas and entering the infrastructure service business in the global market | Optimizing the value creation process based on value-driven thinking | Maximizing profits through Group collaboration | Realizing stable and low-cost financing | Optimizing fixed and administrative expenses from a perspective that leads to the creation of added value | Promoting a Group human capital strategy | Pursuing optimal governance in response to internal and external environments | Improving investment discipline (standards and monitoring) |

| Risks | | Corresponding priority measures<br>* Cases where priority risks are judged to have an especially high level of impact are indicated using white numbers in black circles. |
|---|---|---|
| Governance, compliance, disclosure, and reporting | Unethical acts | ①②④⑤⑧ |
| | Legal compliance | ①②⑤⑦❽ |
| | Sustainability reporting | ①②⑤⑦ |
| | Reputation | ①②❺⑦⑨ |
| | Relationships with shareholders and stakeholders | ①②⑤⑧ |
| Strategies and plans | M&A and business divestitures | ❶②④⑧⑨ |
| | Disasters and catastrophic damage | ①② |
| | Economic situation | ❶②❺❾ |
| | Group-wide strategy | ①②❸❹⑤❻⑨ |
| | Business strategy | ❶❷③④⑤❻❾ |
| | Geopolitical factors | ❷⑤ |
| Business operations and management | Corporate culture | ❸❹⑥❼⑧ |
| | Reporting system | ④❽⑨ |
| | Work-related accidents | ①②⑧ |
| | Human capital | ①②⑥❼⑧ |
| | Human capital diversity | ①②❸⑥❼ |
| | Employee engagement | ③❹⑦ |
| | Network security | ①②❽ |
| | Financial situation | ①②❺⑧❾ |
| | Materials and equipment procurement | ①❷⑥⑨ |
| | Product and service quality control | ①②③⑥ |

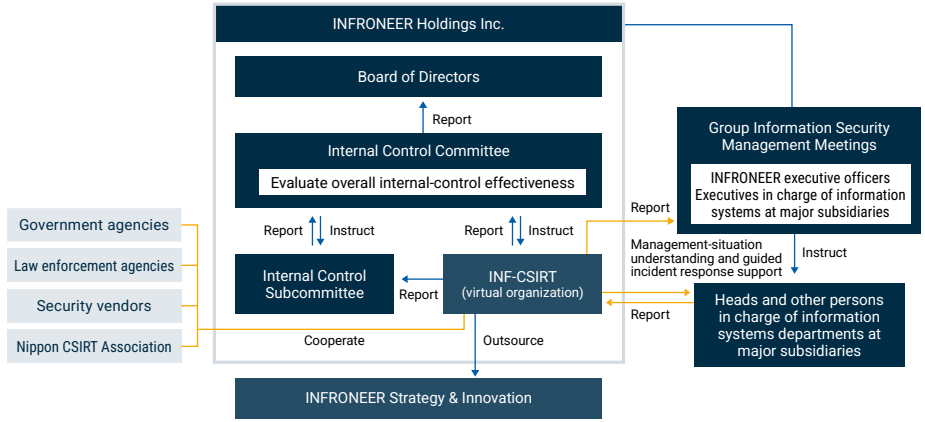
For details on risks and countermeasures related to each priority measure, read our Securities Reports, which are available at: https://www.infroneer.com/jp/ir/security_report/ (in Japanese)

# Network Security

The Group positions information security as an important management issue. We are therefore promoting the establishment of an integrated Group-wide security system to underpin business growth and risk mitigation.

## Group information security system

We have established a "Basic Policy on Group Information Security," and decision-making is done through "Group Information Security Management Meetings," which are attended by executives in charge of information systems at major subsidiaries.




## Main initiatives

**Technical measures**

The INF-CSIRT, which consists of heads and other persons in charge of information systems departments at each business company, leads our efforts to develop and integrate the information security measures implemented by each company in order to achieve Group-wide cost optimization and measure advancement. More specifically, through ASM*1, which covers VPN devices and external-facing devices, we manage vulnerabilities, manage threat intelligence, including understanding the leakage of information to the dark web, and proactively implement measures to prevent or mitigate damage. In addition, through our fully managed Group-wide EDR*2 and SOC*3 systems, which are available 24 hours a day, 365 days a year, we are promoting expanded identity protection measures.

**Human capital measures**

We offer Group-wide educational content in the form of e-learning to all executives and employees, and, to complete these courses, it is necessary to submit a written pledge to the president of each company. In addition, we conduct targeted attack email training twice per year, which leads to effective improvement activities based on open, unreported data. We also conduct cybersecurity training and incident response training for executives.

**Generative AI measures**

To ensure a safe AI utilization environment, we have formulated "Generative AI User's Guidelines" and have established a certified service that satisfies all relevant information management, data protection, legal compliance, and external rights protection standards.

*1. ASM (Attack Surface Management): initiatives aimed at managing the risk of cyberattacks, including continuously tracking and monitoring an organization's external-facing assets
*2. EDR (Endpoint Detection and Response): functions for detecting, investigating, and responding to threats, including infection by malware, suspicious behavior, and other problems at endpoints
*3. SOC (Security Operation Center): a specialized organization that discovers, analyzes, and responds to security incidents

For details on our information security, visit our website at: https://www.infroneer.com/jp/sustainability/governance/information-security.html (in Japanese)

## Compliance

### Anti-corruption

INFRONEER has established the "INFRONEER Group Anti-Corruption Policy" and is focused on adhering to it to continue conducting fair and transparent corporate activities at all times. Both in Japan and abroad, the prevention of corrupt practices including bribery of public officials and all stakeholders involved in the Group's corporate activities, giving and receiving excessive entertainment and gifts, collusive relationships, embezzlement, and breach of trust is positioned as one of the most important issues in ensuring compliance. Accordingly, in our "Code of Ethics," we have committed ourselves to not conducting acts that are illegal or that could be misconstrued by society and to maintaining a healthy and appropriate relationship with public officials and political organizations, and we conduct training on this for our employees. Also, we have signed the UN Global Compact, and we support and affirm the principles related to anti-corruption.

For details on the "INFRONEER Group Anti-Corruption Policy," visit our website at:
https://www.infroneer.com/en/anti-corruption/

### Transparency of taxes

The Group complies with tax laws and regulations and other related rules applicable in countries where Group companies operate business. At the same time, we aim to perform appropriate tax procedures in response to standards issued by international organizations and changes in tax administration policies. In order to ensure compliance with tax laws and regulations and other related rules, we provide opportunities for responsible employees to keep themselves updated on relevant information and assign them to appropriate positions while utilizing external expertise to achieve a fair level of tax payment. Although we consider using tax advantages and incentives within the scope of normal corporate activities, we will never pursue unfair tax avoidance schemes.

Moreover, we work to maintain proper relationships with the tax authorities, provide timely and appropriate tax information to them, and respond with integrity in an effort to ensure transparency in tax-related matters and form relationships of trust.

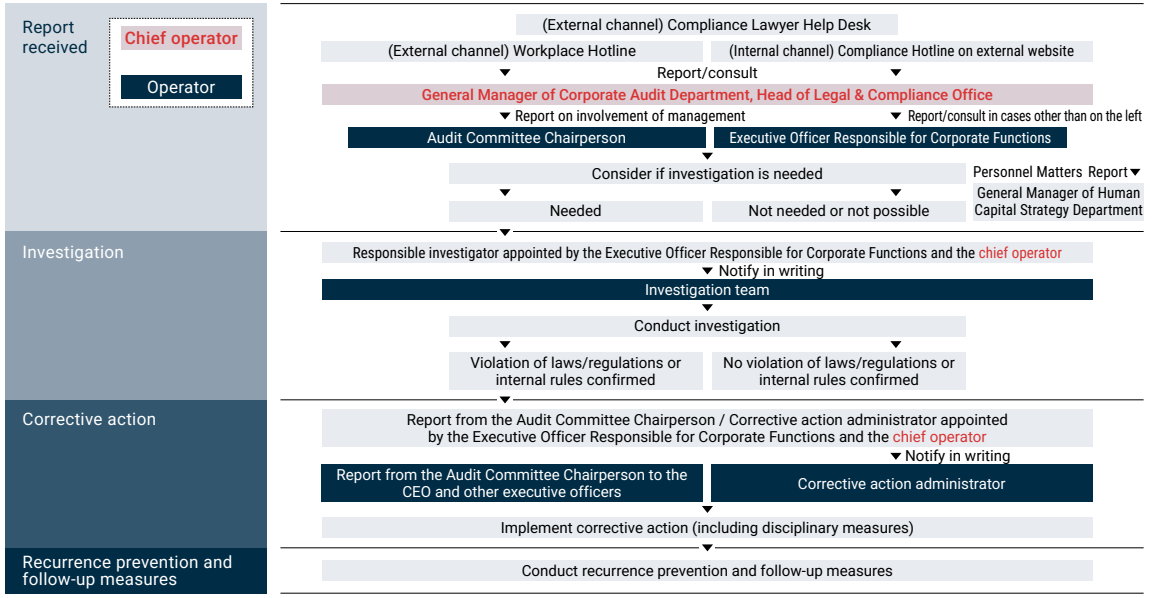
### Whistle-blowing system

The Group has established a whistle-blowing system to identify any act that does or may constitute a legal violation through employees or officers noticing such an act and reporting to or seeking consultation with their supervisors or the department in charge of compliance (Corporate Audit Department, Legal & Compliance Office) as well as external reporting channels, in order to prevent or detect as early as possible an illegal act and address reported cases. Also, we take measures to prevent those who have reported or sought consultation and whistle-blowers from suffering disadvantages because of their actions.

In FY2025, a total of 113 cases were reported across the entire Group.

For details on the whistle-blowing system, visit our website at:
https://www.infroneer.com/jp/sustainability/governance/compliance.html (in Japanese)

**Whistle-blowing system workflow (excerpt)**




### Prohibition of anti-competitive acts

Each major subsidiary has set out a bid rigging prevention policy in an effort to avoid the practice more effectively. The policies and provisions have been revised to require employees and officers to abide by highly effective bid rigging prevention rules. For example, we have clarified the rules governing leaving a meeting that apply when an employee suspects bid rigging is being discussed at a meeting with another company in the same industry. We also fully implement compliance training.

For details on compliance training, visit our website at:
https://www.infroneer.com/jp/sustainability/governance/compliance.html (in Japanese)

## Executives

| Company directors | Kazunari Kibe | Keiichiro Hashimoto | Seiichiro Yonekura | Koichi Moriya | Rie Murayama | Atsushi Takagi | Hikaru Oguchi |
|---|---|---|---|---|---|---|---|
| |  |  |  |  |  |  |  |
| Executive name | Director, Representative Executive Officer, President, and CEO<br>Nominating Committee member<br>Compensation Committee member | Outside Director and Chairperson of the Board of Directors<br>Audit Committee member<br>Nominating Committee member | Outside Director<br>Nominating Committee member<br>Compensation Committee member | Outside Director<br>Chairperson of the Nominating Committee<br>Audit Committee member | Outside Director<br>Nominating Committee member<br>Compensation Committee member | Outside Director<br>Compensation Committee member<br>Audit Committee member | Outside Director<br>Compensation Committee member<br>Audit Committee member |
| Tenure as director (as of June 2026) | 4 years 9 months | 4 years 9 months | 4 years 9 months | 4 years 9 months | 4 years 9 months | 4 years 9 months | 1 year |
| Board attendance (for FY2025) | 11/12 meetings | 12/12 meetings | 11/12 meetings | 12/12 meetings | 12/12 meetings | 12/12 meetings | 9/9 meetings |

| Skills | Criteria for selecting skills | Expected roles and expertise | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Business management | Experience in business execution at the CEO level or equivalent. | ● | ● | | ● | | | |
| Business strategy/ Industry knowledge | Experience in business-strategy development, market analysis skills, and deep industry knowledge related to business results, expertise, and networks. | ● | ● | ● | | ● | ● | |
| Finance/ Accounting/M&A | Experience in roles such as CFO, analyst, or M&A advisory positions, with expertise in finance, accounting, and M&A. | | ● | | | ● | ● | ● |
| Sales/Marketing | Experience in sales or marketing and knowledge aligned with relevant markets. | ● | | | ● | ● | | |
| Internal control/ Risk management | Experience in audit or legal functions, or as an attorney, with expertise in corporate governance and risk management. | | ● | | ● | | ● | ● |
| Human capital training and development/DE&I | Experience in human capital roles or education, with expertise in human capital development, training, and DE&I. | ● | | ● | ● | ● | | ● |
| Technology/R&D/ Quality/Safety | Experience in manufacturing, R&D, or quality and safety management, with knowledge of advanced technology development. | ● | | ● | | | | |
| Global perspective/ Overseas business management | Experience in overseas operations or at local subsidiaries, with diverse insights into global markets. | | ● | ● | ● | ● | ● | ● |
| IT/DX | Experience in IT or DX-related roles, with knowledge in innovation and problem-solving through digital technologies. | ● | ● | | ● | | | |
| Sustainability | Experience in sustainability-related roles and knowledge of social issue resolution and sustainable development. | ● | ● | ● | ● | | | |

For more information on each director's background, visit our website at: https://www.infroneer.com/en/company/outline.html

For details on the skill matrix, read our Securities Reports, which are available at: https://www.infroneer.com/jp/ir/security_report/ (in Japanese)

# Environment

## Basic Approach

The INFRONEER Group strives to avoid sacrificing the environment in the process of pursuing economic growth as we aim to help create a society wherein environmental conservation and economic development coexist and complement each other. As we strive to achieve harmony with nature, we will work to provide an abundant natural environment and economic opportunities to both present and future generations. In addition, we view issues that include "climate change, the circular economy, natural restoration, pollution prevention, and water security" as key management issues that are interrelated. As we strive to maintain an accurate understanding of the risks and opportunities faced by INFRONEER, we will aim to achieve sustainable value creation and sustainability in general through our business activities in response to increasingly serious social challenges.

For details on our environmental management, visit our website at:
https://www.infroneer.com/jp/sustainability/environment/management.html (in Japanese)

## Climate Change

2050: Achieving carbon neutrality
2030: Reducing Scope 1 and 2 emissions by 45.8%
Reducing Scope 3 emissions by 25% (SBT certified)

**Initiatives**

- Generating electricity using renewable energy and constructing power generation facilities
- Reducing greenhouse gas emissions across the entire value chain
- Reducing use of raw materials derived from fossil resources



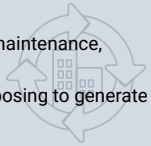
For details on natural restoration, visit our website at:
https://www.infroneer.com/jp/sustainability/environment/climate.html
(in Japanese)

## Circular Economy

2030: Achieving at least a 50% ratio of recycled materials used in the asphalt mixture production business
2030: Achieving resource productivity of key materials equivalent to ¥25/kg or more

**Initiatives**

- Reducing resource consumption and environmental impact
- Recycling construction by-products
- Utilizing stock, including facility renovations, maintenance, management, and operations
- Taking on the challenge of upcycling by repurposing to generate value



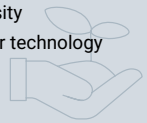
For details on the circular economy, visit our website at:
https://www.infroneer.com/jp/sustainability/environment/circular-economy.html
(in Japanese)

## Natural Restoration (Nature Positive)

Achieving nature positivity
Promoting green infrastructure

**Initiatives**

- Promoting activities in coordination with local communities
- Expanding wood utilization that contributes to sustainable forest management
- Minimizing the impact of land use on biodiversity
- Conserving infrastructure by using AI and other technology



For details on natural restoration, visit our website at:
https://www.infroneer.com/jp/sustainability/environment/living.html (in Japanese)

## Pollution Prevention

Managing PRTR-listed* chemical substances
Properly processing wastewater to be discharged
Preventing soil contamination and alleviating and avoiding negative impacts in case of contamination, etc.

**Initiatives**

- Promoting water treatment technology that can handle per- and polyfluoroalkyl substances
- Initiatives to prevent pollution due to oil and water separating tanks, etc.



* Pollutant Release and Transfer Register

For details on how we help prevent pollution through pollutant release and transfer registers, visit our website at:
https://www.infroneer.com/jp/sustainability/environment/pollution.html
(in Japanese)

## Water Security

Comprehensively managing the water environment
Appropriately treating hazardous substances
2027: Setting optimal goals for water resource consumption

**Initiatives**

- Thoroughly implementing efficient water usage, recycling, reuse, and wastewater treatment
- Reducing water use
- Contributing to the resolution of water issues by developing water-related infrastructure through our water infrastructure business



For details on water security, visit our website at:
https://www.infroneer.com/jp/sustainability/environment/water.html (in Japanese)

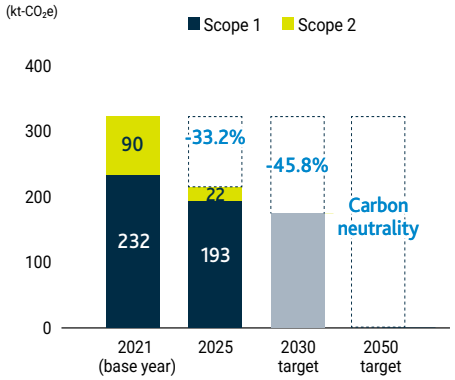
## Climate Change Measures

The Group has set a target of reducing Scope 1 and 2 emissions by 45.8% and Scope 3 emissions by 25% by 2030, using FY2021 as the base year, to achieve carbon neutrality by 2050 (SBT*1 certified). In FY2025, as a result of adding the emissions of ARSOCIA CONSTRUCTION, we recorded around 4,660 kt-$CO_2e$*2 (up 2,090 kt-$CO_2e$ year on year). At the same time, in terms of our progress on emissions reduction targets, we attained a 33.2% reduction for Scopes 1 and 2 combined and a 17.8% reduction for Scope 3 (Categories 1 and 11) compared to FY2021 levels. Going forward, we will enhance our embodied carbon*3 assessment system, promote the introduction of "ecole" in the road civil engineering field, and promote the reduction of emissions throughout the value chain. Meanwhile, in the infrastructure management business, we will cooperate with suppliers and other stakeholders to promote initiatives aimed at increasing the effectiveness of GHG emissions reduction.

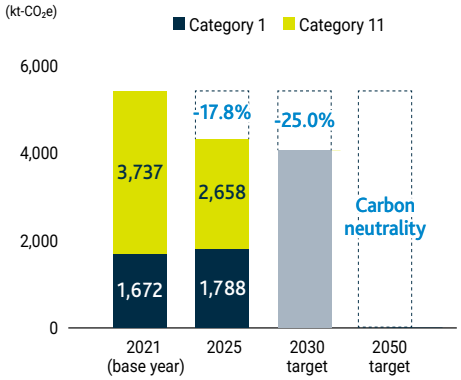
*1 Science Based Targets
*2 Total value for Scopes 1, 2, and 3 (Categories 1 and 11)
*3 Embodied carbon assessments refer to the total amount of $CO_2$ emitted outside of a building's operation (including material procurement, manufacturing, transportation, construction work, and building disposal/recycling)

For details on our climate change approach, policies, etc., visit our website at:
https://www.infroneer.com/jp/sustainability/environment/climate.html (in Japanese)

### GHG emissions: Scope 1 and 2




### GHG emissions: Scope 3




### Responding to the TCFD recommendations

The Group considers climate change to be a serious management issue, and we are aiming to achieve sustainable corporate value improvement by disclosing information based on the TCFD (Task Force on Climate-Related Financial Disclosures) recommendations.

For more details on climate-related information disclosure based on the TCFD framework, visit our website at:
https://www.infroneer.com/jp/sustainability/environment/tcfd.html (in Japanese)

### Promoting carbon neutrality through renewable energy

In terms of renewable energy, in addition to the generation of wind power by Japan Wind Development, in FY2026, we launched our post-FIT electricity retail business, and we handle everything from generating to supplying power. In addition, ARSOCIA CONSTRUCTION utilizes floating solar power and other renewable energy technology to promote both decarbonization and business growth in the medium to long term. Furthermore, the participation of MAEDA CORP. in the grid energy storage business contributes to power supply stabilization by absorbing fluctuations in renewable energy. By handling everything from power generation to storage and operations, we are helping to make renewable energy a core power source, achieve a decarbonized society, realize local production for local consumption in the energy infrastructure field, and thereby promote the creation of new value.



(Upper left) ARSOCIA CONSTRUCTION's floating solar power
(Lower left) MAEDA CORP.'s grid-scale batteries
(Right) Japan Wind Development's wind power turbine

For details on the launch of our electricity retail business using post-FIT wind power, visit the website at:
https://www.jwd.co.jp/retail/news/358/ (in Japanese)

### Contributing to the reduction of $CO_2$ emissions throughout the building life cycle

MAEDA CORP. is visualizing $CO_2$ emissions throughout the building life cycle while calculating whole-life carbon to establish a menu of reduction options. This contributes to the achievement of a decarbonized society as well as the standardization of assessment methods.

For details on whole-life carbon, visit the website at:
https://www.maeda.co.jp/news/2025/02/14/5612.html (in Japanese)

### Promoting decarbonization through the road civil engineering technology "ecole"

MAEDA ROAD is using foamed asphalt technology, which improves the mixability and compactibility of asphalt, to achieve mixture production and construction at lower temperatures than before. This makes it possible to reduce the amount of fuel used for aggregate heating and contributes to the reduction of $CO_2$ emissions. In addition, the foamed asphalt mixture "ecole" offers improved performance while also extending how long the compactibility can be maintained. In this way, the company is reducing the environmental impact and helping to achieve a sustainable society by promoting improved environmentally friendly construction methods and manufacturing technology while also working on new technology development.



MAEDA ROAD's environmentally friendly road civil engineering technology "ecole"

For details on "ecole," visit the website at:
https://ssl.maedaroad.co.jp/product/ecole (in Japanese)

## Implementing the Circular Economy Through Business

Instead of simply using resources once and then forgetting about them, the INFRONEER Group aims to help achieve a truly circular economy in which resources are used as long as possible by society to generate value. We consider the entire life cycle of raw materials, including collection, manufacturing, use, recycling, and reuse, and we believe it is important to simultaneously reduce resource input, maximize value, and reduce waste. We will utilize our technology and know-how in the construction and infrastructure fields in combination with a diverse range of initiatives related to recycling, durability improvement, upcycling, and stock utilization to contribute to the realization of a circular economy.

### Promoting the recycling of construction by-products

MAEDA ROAD accepts debris and other construction by-products resulting from construction work and then processes them to reuse them as recycled aggregate and recycled roadbed material. These recycled materials are sold or used to mix recycled asphalt, which contributes to reducing both the final disposal amount and the use of natural resources, facilitating the effective circular use of resources.

For details on MAEDA ROAD products, visit the website at:
https://ssl.maedaroad.co.jp/business/retail/ (in Japanese)

### Training human capital capable of increasing the service life of renewable energy facilities

EOS Engineering & Service, part of the Japan Wind Development Group, has opened Japan's first ever specialized training facility for training blade repair specialists in order to achieve long-term stable operations of wind turbines. The company is training specialists capable of conducting inspections and making advanced repairs in response to the increasing demand for maintenance stemming from larger wind turbines and the expansion of offshore wind power. By increasing the service life and ensuring the stable operations of such facilities, the company is contributing to the sustainable use of renewable energy.



Blade Training Center, EOS Engineering & Service Co., Ltd.

For details on the Blade Training Center, visit the website at:
https://www.jwd.co.jp/news/2026021701/ (in Japanese)

### Initiatives to take advantage of the value of existing infrastructure

In addition to increasing the service life by making improvements to existing public facilities and social infrastructure, MAEDA CORP. stays involved in related operations for the long term to improve the value of such assets.

For details on the Toyama City Gymnasium R Concession Project, visit the website at:
https://www.maeda.co.jp/works/datsuukeoi/toyama_arena.html (in Japanese)

## Natural Restoration (Nature Positive) Initiatives

The Group recognizes dependence and effects on biodiversity as important management issues and positions the achievement of nature positivity as a medium- to long-term strategy. In addition to analyzing nature-related risks and opportunities and disclosing relevant information based on the TNFD (Taskforce on Nature-related Financial Disclosures) Recommendations, we pursue initiatives that combine carbon neutrality and circular economy considerations, thereby striving to achieve both business sustainability and the functional value of infrastructure. In addition, we work with communities to recover natural capital and improve social value by participating in 30by30 and promoting green infrastructure.

### Conserving trees and infrastructure by using AI

ARSOCIA CONSTRUCTION has developed "tree AI®," a tree risk assessment system that uses AI-powered image analysis. This system easily and efficiently assesses trees that pose a risk of falling or dropping their branches, and, by digitally visualizing the results of such inspections, the system facilitates planned tree management. Municipalities, etc. have been making progress on demonstrating the use of this system as a way to conserve the natural environment while also ensuring the safety and security of infrastructure, and it therefore contributes to the establishment of sustainable social infrastructure from the perspective of managing nature.

> tree AI® P.57

For details on tree AI®, visit the website at:
https://www.smcon.co.jp/topics/2025/12171300/ (in Japanese)

### Urban development enabling the coexistence of road civil engineering and greenery

MAEDA ROAD has developed the "Green infrastructure construction method," which achieves both the healthy growth of roadside trees and functional road civil engineering. This method involves setting up a pressure-resistant planting base under the pavement to improve the tree root-system environment, thereby reducing the likelihood of root exposure and helping to reduce the risk of trees falling over. In addition, by incorporating the wide range of functions offered by greenery, including hot-environment mitigation and rainwater runoff control, into urban infrastructure, the company is promoting sustainable urban development that harnesses the power of nature.



MAEDA ROAD CONSTRUCTION's MD Green Infrastructure Method

For details on the "Green infrastructure construction method," visit the website at:
https://ssl.maedaroad.co.jp/product/md (in Japanese)

### Research center certified as a Natural Symbiosis Site

MAEDA CORP's ICI Center was certified as a Natural Symbiosis Site due to the company's initiatives to conserve biodiversity based on its landscaping plan for the site, which establishes it as a biotope. The ICI Center has also been registered to an international database as an OECM (other effective area-based conservation measure), and it functions as a center that both demonstrates and conveys the importance of nature positivity.

For details on the ICI Center, visit the website at:
https://www.ici-center.jp/en/

## > Pollution Prevention Initiatives

The Group recognizes the risk of water pollution stemming from business activities as an important environmental issue, and we pursue initiatives aimed at conserving the water environment through appropriate management and technology development. Therefore, we strive to reduce harmful emissions and increase the sophistication of treatment as we ensure comprehensive legal compliance, thereby reducing the effects of our overall business on water quality. In addition, we promote technology development in response to increasingly sophisticated environmental regulations and new risks, thus contributing to the achievement of safe, sustainable water utilization.

### ■ Water treatment technology that can handle per- and polyfluoroalkyl substances



Water treatment system

In response to the risk of polluting water with per- and polyfluoroalkyl substances (PFOS and PFOA), MAEDA CORP. has developed a water treatment system and implemented on-site water purification. This system consists of two units, a clarifier unit and an ion-exchange resin unit. The system is portable and can be transported using a general-purpose vehicle, which makes it possible to rapidly respond to pollution near the source. In addition, treated water can be reused, which helps to prevent the spread and discharge of pollutants, while also contributing to reducing the secondary environmental impact. Through such technology, the company is increasing its ability to respond to the increasingly strict regulations surrounding per- and polyfluoroalkyl substances while also preventing or continuously reducing water-related environmental risks.

For details on the De-POP's ION® PFAS adsorption treatment system, visit the website at:
https://www.maeda.co.jp/tech_service/detail/de-pops_ion.html (in Japanese)

## > Contributing to Water Security

The Group recognizes water as a crucial foundation for both social and economic activities, and we therefore pursue initiatives aimed at ensuring the stable supply and sustainable use of water. By promoting the operation, maintenance, and management of water infrastructure, the efficient use of water resources, and the handling of water-related risks in an integrated manner, we strive to improve water safety and supply reliability. In addition, in response to the challenges posed by climate change and aging infrastructure, we contribute to the establishment of highly resilient water supply systems as well as enhanced water security for local communities.

### ■ Sustainable water infrastructure operations

The Group is actively engaged in sustainable water infrastructure operations through public-private partnership projects in the water supply, industrial water supply, and sewerage fields. For the Miotsukushi Industrial Water Concession and Miura Sewerage Concession, operation, maintenance, and management are handled through SPCs. By combining our expertise in cooperation with affiliated companies, we promote the efficient, stable utilization of water resources, and we are also engaged in the Toyohashi Water Purification Plant Concession, through which we are striving to ensure the safety and sustainability of water.

> Introduction to our water infrastructure business P.28

For details on the Miura Sewerage Concession, visit the website at:
https://www.miuragesuido.com/ (in Japanese)

### ■ Water loss prevention

Through the Miotsukushi Industrial Water Concession, we are striving to prevent large-scale water leakage in aging pipelines by implementing condition-based monitoring and maintenance using water leak sensors and analysis technology. In addition, we are developing systems to respond to sudden water leaks, enabling rapid recovery and helping to minimize damage. Through these preventive and responsive measures, we help to reduce water loss and ensure a stable water supply.



Repair site: identifying a leak

For details on the Miotsukushi Industrial Water Concession, visit the website at:
https://www.osakakousui.com/ (in Japanese)

### ■ Reducing water use

ARSOCIA CONSTRUCTION has developed a water circulation bio-toilet in an effort to more effectively utilize water resources. These toilets do not rely on water or sewerage, and they instead use microbial treatment and reuse washing water to greatly reduce the amount of water used. Because these bio-toilets do not require pumping or a water supply, they can be used to ensure a sanitary environment even in environments that face infrastructure restrictions. In addition, the toilets remain available for use even during disasters, which contributes to improved water security and resilience.



SMilet® water circulation bio-toilets

For details on SMilet® water circulation bio-toilets, visit the website at:
https://www.smcon.co.jp/service/biotoilet/ (in Japanese)

# Society

## Human Rights

### Policies and philosophy

Based on the Group's mission to "challenge the status quo of existing infrastructure businesses and deliver the most suitable service globally with innovative ideas," we do business with diverse partners in Japan and around the world. Underlying this is our recognition of the importance of respecting the human rights of all individuals involved in our businesses. We have formulated a Human Rights Policy in support of international norms to ensure that respect for human rights is upheld in all of our business processes. We review this policy in accordance with changes in the social environment and international requests and implement initiatives together with internal and external stakeholders.

### Human rights due diligence

Based on the UN Guiding Principles on Business and Human Rights, the Group is working to identify, evaluate, prevent, and reduce human rights violations in our businesses and supply chains. To fully understand risks, we identify significant risks based on their severity and likelihood of occurrence, accounting for business characteristics and the social environment. We then implement preventive/corrective measures and monitor the risks we have identified, striving to improve continuously while drawing on external knowledge.

For INFRONEER Group Human Rights Policy, visit our website at:
https://www.infroneer.com//pdf/en/sustainability/INFRONEER%20Group%20Human%20Rights%20Policy.pdf
For the promotion structure and human rights risk map, visit our website at:
https://www.infroneer.com/jp/sustainability/social/human-rights.html (in Japanese)

### Human rights-related consultations and whistle-blowing channel

The Group has established a whistle-blowing channel that can be used by external parties to accept human rights-related consultations and reports. We take appropriate measures in response to these reports.

### Support for foreign skilled workers

At MAEDA CORP., we are taking steps to ensure respect for the human rights of foreign skilled workers, especially our technical intern trainees, in collaboration with Zenyu-kai, an organization formed by cooperating companies. Using questionnaires and individual visits to understand issues and risks, we are working to create an environment where they can work with peace of mind by providing recruitment and employment support, Japanese language education, and ongoing support.



Individual visit with technical intern trainees

For more details on support for foreign skilled workers, visit our website at:
https://www.infroneer.com/jp/sustainability/social/human-rights.html (in Japanese)

## Supply Chain Management

### Policies and philosophy regarding sustainability procurement

The Group views suppliers as important partners and aims to realize sustainability across our entire supply chain built on relationships of trust. Based on our Sustainability Procurement Policy and Guidelines, we are promoting responsible procurement that considers the environment, human rights, occupational health and safety, and compliance—not only quality, price, and delivery times. We request our business partners to cooperate with our efforts and are working to build a sustainable supply chain through dialogue and collaboration.

For more details on our Sustainability Procurement Policy and Sustainability Procurement Guidelines, visit our website at:
https://www.infroneer.com/en/news-article/2024/10/07/917.html

### Rollout of Sustainability Procurement Guidelines

The Group is working to improve sustainability in our supply chain through collaboration with our suppliers. In FY2025, we received responses from our key suppliers who evaluated the level of adoption of our initiatives, giving us an above-average score of 3.6 out of 5. We are using the results of this survey to understand risks as part of our human rights due diligence process. Going forward, we will continue to improve our initiatives and facilitate the adoption of the Guidelines through dialogue and feedback.

**Results of the survey on INFRONEER Group's Sustainability Procurement Guidelines**

| Category | Score |
|---|---|
| Adoption of Sustainability Procurement Guidelines | 3.1 |
| Human rights/labor | 4.1 |
| Safety and health | 3.7 |
| Environment | 3.1 |
| Fair trade/ethics/anti-corruption | 3.7 |
| Information security | 3.7 |
| Business continuity plan | 3.8 |
| Contribution to society | 3.2 |
| **Overall average score** | **3.6** |

| Overview | |
|---|---|
| Target | All major Group subsidiaries<br>967 business partners |
| Response rate | 63.1% (610 companies) |
| Evaluation method | Evaluation based on a 5-point scale (5 being the maximum) of 15 items in 8 categories |
| Breakdown by number of employees | Companies with 100 or more employees: 122 (20%)<br>Companies with fewer than 100 employees: 488 (80%) |

For more details about the results of the FY2025 survey on INFRONEER Group's Sustainable Procurement Guidelines, visit our website at:
https://www.infroneer.com/pdf/sustainability/social/SurveyResults2025-ProcurementGuidelines.pdf (in Japanese)

## Labor Standards

### Policies and philosophy

In the construction industry, businesses are required to adapt to workstyle reforms, such as the regulations limiting overtime that went into effect in April 2024. At the INFRONEER Group, we are working to reduce long working hours by ensuring a safe and healthy labor environment and by promoting appropriate working hour management based on our Human Rights Policy.

**Accomplishing the road construction industry's first full two-day weekend system**

MAEDA ROAD has implemented a full two-day weekend system and steadily resolved issues at each worksite due to this change. As a result, mindsets and behaviors have changed significantly, and a 100% adoption rate was achieved from the first fiscal year of implementation.

**Automating tasks to ensure appropriate working conditions in dam construction**



Automated green cutting machine

At MAEDA CORP., we are developing and introducing automated machinery to address challenges in dam construction, such as grueling manual work involved in concrete surface treatment and constraints on work processes, thereby promoting the automation of these tasks. Through these efforts, we aim to reduce worker strain and help reduce workers' long working hours.

## Local Communities

### Coexisting and creating value with local communities

We aim to build relationships of trust and create sustainable value through initiatives, dialogue, and other efforts in each area in which we operate. Using coexistence with local communities as our foundation, we are contributing to local economies by creating jobs and sourcing locally.

**Promoting understanding of infrastructure through events (MAEDA SEISAKUSHO)**

Through interactive experiences such as operating a Spider Crane, we provide learning opportunities to help familiarize the public with infrastructure.



**FY2025 industry-academia collaboration courses (Japan Wind Development)**

In collaboration with Aomori Yamada High School and Junior High School, we provide opportunities to think about the future of the region from the perspective of wind power.



**Promoting the fisheries industry in Nakadomari Town (Japan Wind Development)**

We promote initiatives to boost the local fisheries industry in collaboration with the Kodomari Fisheries Cooperative in Nakadomari Town.



**Blood drive campaign in the Philippines (ARSOCIA CONSTRUCTION)**

We strive to contribute to local healthcare and strengthen relationships with the community by continuing to organize blood drives as part of our railway projects.



## Health and Safety

### Promoting safety and health

The Group complies with laws and regulations under our safety and health management system and focuses on conducting business activities in a safe and worry-free manner while implementing thorough accident prevention measures.

**Improving safety and productivity in mountain tunnel construction**

In mountain tunnel construction, we are advancing the use of mechanization, automation, AI, and ICT for work processes that carry a high risk of serious disasters. At MAEDA CORP., we are using tools such as automated explosive charging devices and robotic steel rib installers to reduce manual labor and the need for workers to enter hazardous areas. At ARSOCIA CONSTRUCTION, we are working to reduce risks and improve construction efficiency by using AI to select tunnel blasting patterns and visualize ground conditions.



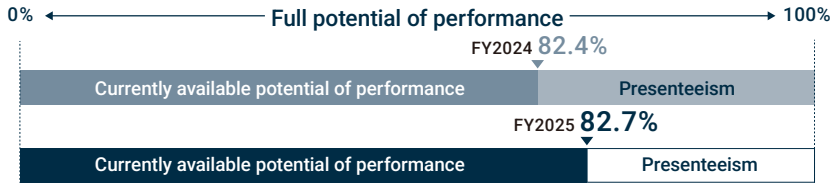
Using AI to select tunnel blasting patterns

### Health and productivity management (Medium-term Health and Productivity Management Plan)

Aiming to enhance productivity and corporate value by investing in the health of our organization and employees, the Group has formulated the INFRONEER Group Medium-term Health and Productivity Management Plan, which covers FY2026 through FY2028. During this period, we will designate all health issues continuously identified across the Group as priority issues and promote measures to enhance productivity and corporate value by reducing presenteeism.*

*Presenteeism: A situation in which employees are physically present at work but have reduced productivity levels due to health problems.

**Presenteeism**




**Certified as a "2026 KIH Outstanding Organization"**

We were recognized among the "2026 Outstanding Organizations of KENKO Investment for Health (KIH) (Small and Medium-Sized Enterprise Category)." Based on our Medium-term Health and Productivity Management Plan, the Group will strive to improve sustainable corporate value by further enhancing and ensuring the adoption of health-promoting initiatives.

○ INFRONEER Group certified as a "2026 KIH Outstanding Organization (Large Enterprise Category)"
MAEDA CORP., MAEDA ROAD, MAEDA SEISAKUSHO