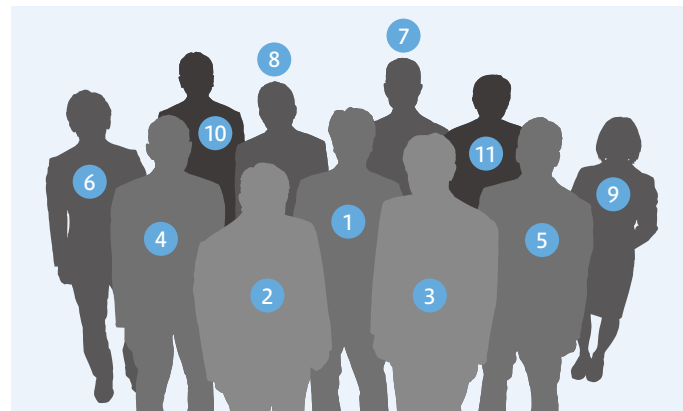


Corporate Governance

Executive Profiles: Directors



- | | |
|---|---|
| 1 Hiroaki Nanjo Representative Director President and Chief Executive Officer | 7 Yasushi Enomoto Director (Audit & Supervisory Committee Member) |
| 2 Takaaki Kato Director Chairman Executive Officer | 8 Osamu Iwahashi Outside Director (Audit & Supervisory Committee Member) |
| 3 Kengo Numata Director Executive Vice President | 9 Tomomi Fujita Outside Director (Audit & Supervisory Committee Member) |
| 4 Tsuyohito Nishiyama Director Senior Managing Executive Officer | 10 Yoshiaki Ito Outside Director (Audit & Supervisory Committee Member) |
| 5 Hideki Takeguchi Director Senior Managing Executive Officer | 11 Tetsuya Kaneko Outside Director (Audit & Supervisory Committee Member) |
| 6 Koji Tanaka Director Executive Officer | |

Managing Executive Officer

Takashi Manabe
Ryoji Tani
Norito Uchiyama

Mitsuaki Adachi
Akira Taguchi

Executive Officer

Hidetoshi Tomita
Norio Maeda
Kunio Hamada

Keiji Nakamura
Hiroshi Oishi

Corporate Governance

Basic policy on corporate governance

In order to safeguard and steadily increase Takuma's corporate value over the long term, it is essential not only to ensure the development of the company's businesses, but also to clearly define governance in corporate operations—that is, to ensure that shareholders' oversight of operations is carried out appropriately and that officers

carry out their operational responsibilities by means of a process that is clear, rational, efficient, and legally compliant. For that reason, we believe that understanding the Corporate Governance Code and putting it into practice in an autonomous and systematic manner are top-priority management issues.

Board of Directors

As of June 25, 2020, the Board of Directors was comprised of six directors (excluding directors who are members of the Audit & Supervisory Committee) and five directors (of whom four were outside directors). The Board of Directors meets regularly once a month as a rule and whenever else it is necessary to make decisions about important issues related to business management and issues established by law and ordinances, as well as to oversee the execution of the directors' duties.

| Directors | Including the following outside directors: |
|-------------------------|--|
| 11 (10 men and 1 woman) | 4 (3 men and 1 woman) |

Executive Officers

In order to accelerate management decision-making and clarify where management responsibilities are placed, we have adopted an executive officer system in which we appoint executive officers who are entrusted with the responsibility of executing our business activities. As of June 25, 2020, there were 16 executive officers (including those who also serve as directors). Moreover, we have also established a Committee of Executive Officers, which is chaired by the president/chief executive officer, as an organization that deliberates matters that are brought up at meetings of the Board of Directors and other important issues related to the execution of our business activities. This committee communicates and provides direction about items decided by the Board of Directors and other important items related to the execution of our business activities appropriately to the divisions that are to execute them.

Audit & Supervisory Committee

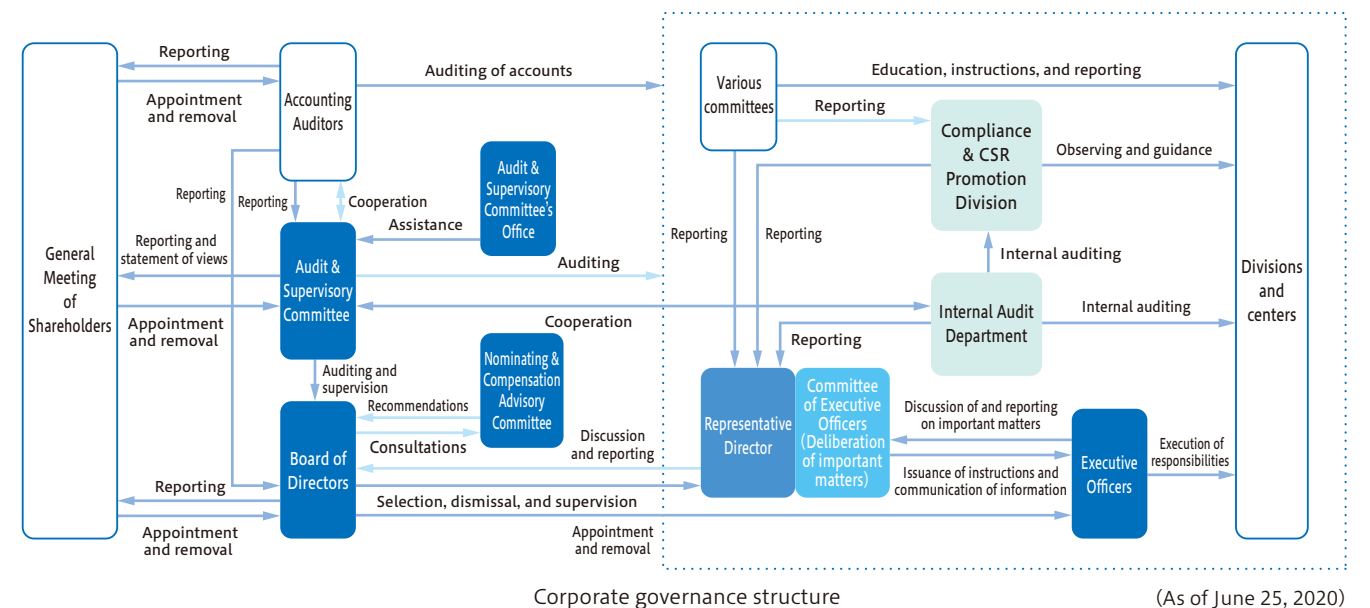
An Audit & Supervisory Committee that consists of five members, of whom four are outside directors, is responsible for accounting and operational audits. Members of the committee attend important meetings, including those of the Board of Directors and the Committee of Executive Officers, and they strive to understand and observe the status of business execution in a timely and appropriate manner. Drawing on their professional background and experience, they express their opinions as necessary from an objective perspective, and they conduct strict auditing of the business execution performed by the directors. To facilitate the effectiveness of audits carried out by the Audit & Supervisory Committee, the representative director holds regular meetings with committee members to ensure good communication.

Audit & Supervisory Committee's Office

Takuma has established an Audit & Supervisory Committee's Office to help carry out the committee's work.

Nominating & Compensation Advisory Committee

To augment the above structures, we have established a Nominating & Compensation Advisory Committee comprised of independent officers, representative directors, and the officer in charge of human resources. The purpose of the committee, a majority of whose membership consists of independent outside directors, is to increase transparency and objectivity in the selection of candidates for director and executive officer positions and in the determination of the compensation and other terms so as to enhance the oversight function of the Board of Directors.



Internal Control

Takuma has adopted a Basic Policy for Establishment of an Internal Control System (the full text is available on our website) in accordance with the Companies Act. We continue to review and improve this policy in response to changing circumstances.

Working towards thorough compliance, Takuma built a compliance promotion organization in FY2006 in order to continuously implement enlightenment and educational activities that make corporate ethics, related laws and ordinances, and internal rules fully understood. To control the danger of loss, we have also prepared a “Risk Management Code” that determines the person in charge of each risk, and we set up our risk management organization according to that Code. When the unexpected occurs,

emergency headquarters are established with the company president as the director in charge of risk management, and an organization is put in place in order to minimize and prevent further damage through prompt action.

Internal control, constructed and evaluated in order to report on and prevent misstatements in our financial reporting, is based on the Financial Instruments and Exchange Act. This internal control on financial reporting for the Group has resulted in reports that indicate this system has been effective.

In this way, we will continue to work in the future to ensure thorough compliance while carrying out business properly and efficiently while also deepening risk management.

Compliance & CSR Promotion Structure

Basic approach

Led by the department in charge of compliance and CSR promotion (CSR Department), Takuma aims at encouraging proper activities through the Compliance & CSR Promotion Organization which was installed for the purpose of enabling compliance and CSR to concretely permeate company-wide through an in-house organization.

This organization is composed of a chairman (the Executive Manager of the Compliance & CSR Promotion Division), a secretariat (positioned in the CSR Department), and an executing organization in each division, center, and department. As the person in charge of promoting compliance and CSR in his or her division, each division or center manager is appointed as a Compliance and CSR Promotion Administrator. As persons who implement awareness and education in compliance and CSR in their respective departments, department managers are appointed as Compliance and CSR Promoters. The meetings conducted within this mechanism include regular meetings and departmental meetings.

Regular meetings

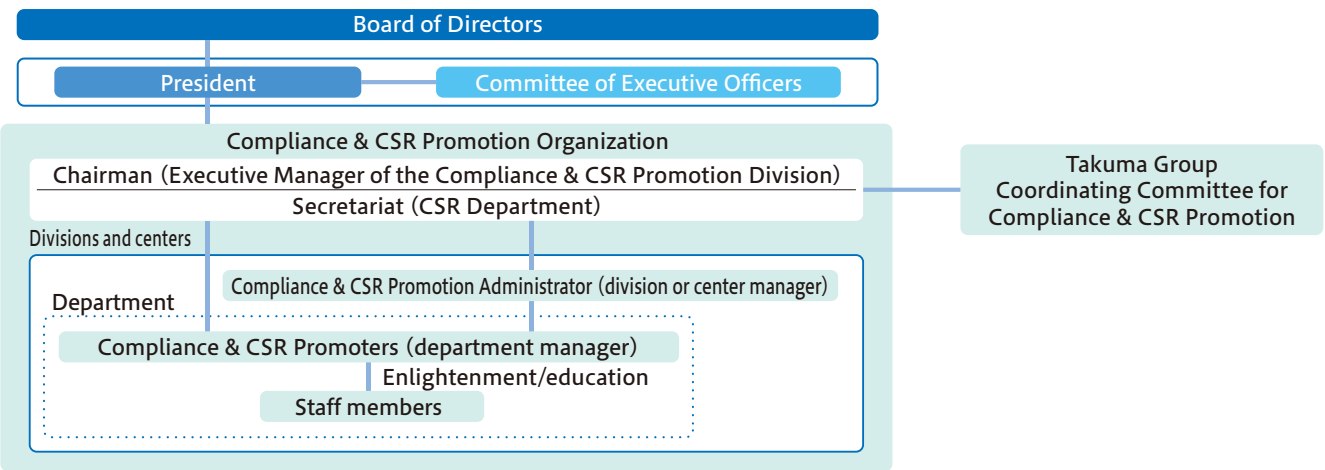
Regular meetings are held once a year. The person in charge of promotion receives reports on the status of compliance and CSR promotion company-wide, as well as on the status of the implementation of compliance and CSR promotion education for the past year, etc., and participants deliberate on a promotion plan for the current fiscal year.

Departmental meetings

Promotion members convene departmental meetings once a quarter, with educational training aiming at the permeation of compliance and CSR in each department. After departmental meetings, promotion members implement compliance and CSR promotion education in their respective departments using training materials or in-house educational materials and report the results to the Secretariat.

Takuma Group Coordinating Committee for Compliance & CSR Promotion

We are pursuing awareness-raising and educational activities targeting group companies through our Takuma Group Coordinating Committee for Compliance & CSR Promotion to ensure thorough compliance and risk management throughout the Group. During FY2019, we invited representatives of group companies to participate in two meetings of the committee.



Compliance & CSR promotion structure

Risk Management Structure

Takuma follows a “Risk Management Policy” that connects company-wide risks and separately classifies them into project risks related to our core business, i.e., plant construction; DBO project risks and DBO project operation, maintenance and management risks related to our DBO business; and potential risks, actualized risks, and financial

reporting risks related to other corporate business activities. Group companies also work to develop and strengthen approaches to risk management through the Takuma Group Coordinating Committee for Compliance and CSR Promotion.

Risk Management Policy

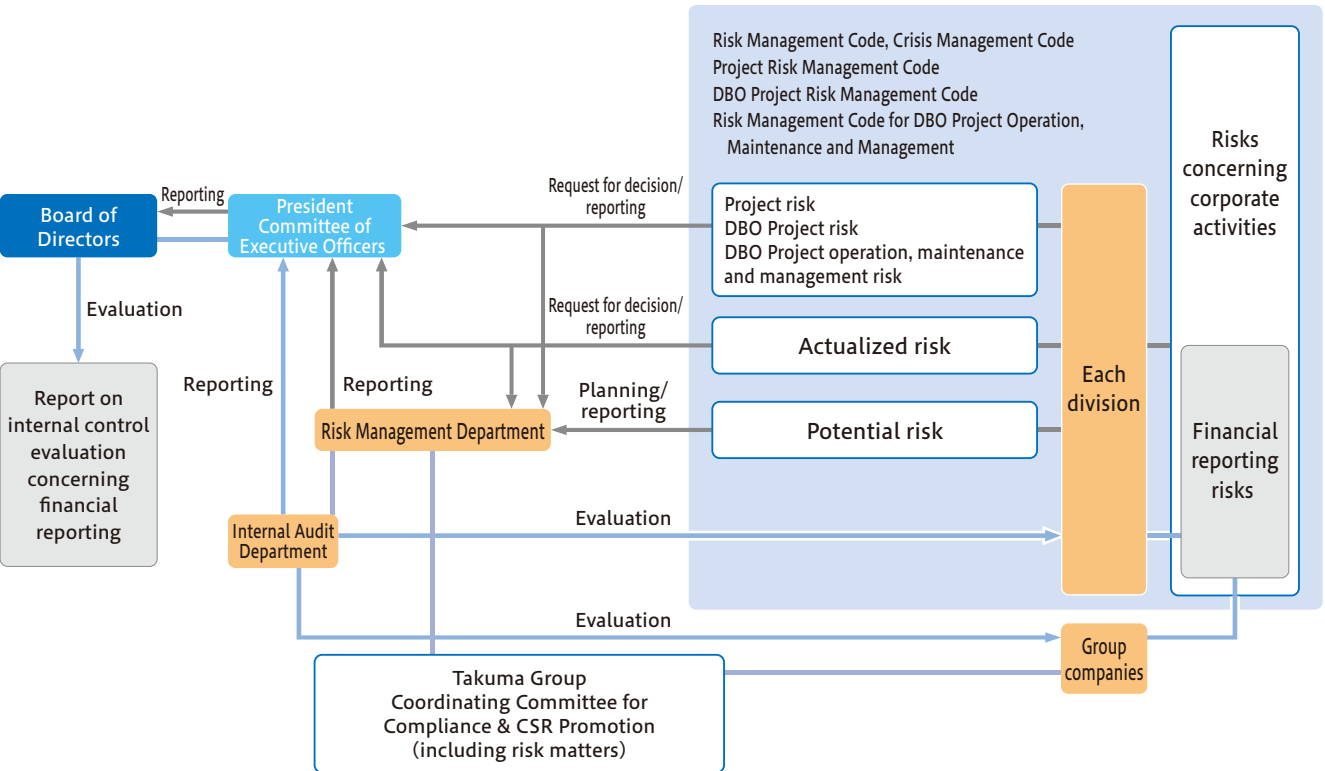
[Basic purpose of risk management]

Risk refers to all phenomena that interfere with the Group’s ability to achieve its business objectives or cause losses or harm to the interests of stakeholders.

The Takuma Group practices risk management with the goal of increasing its corporate value by working to maximize returns while minimizing the negative impacts of risk.

[Risk management action guidelines]

1. The president and CEO is responsible for risk management at Takuma.
2. All officers and employees participate in risk management activities.
3. Risk management activities are carried out in accordance with applicable guidelines such as the Risk Management Rules.
4. Risk management activities are carried out in line with the Medium-Term Management Plan and annual plan, and we work to make improvements on an ongoing basis.
5. When risk manifests itself, we respond by taking responsible action quickly to minimize any damage and creating provisional organizational entities as necessary.
6. Group companies carry out risk management activities in accordance with their own policies and plans, with support from Takuma.



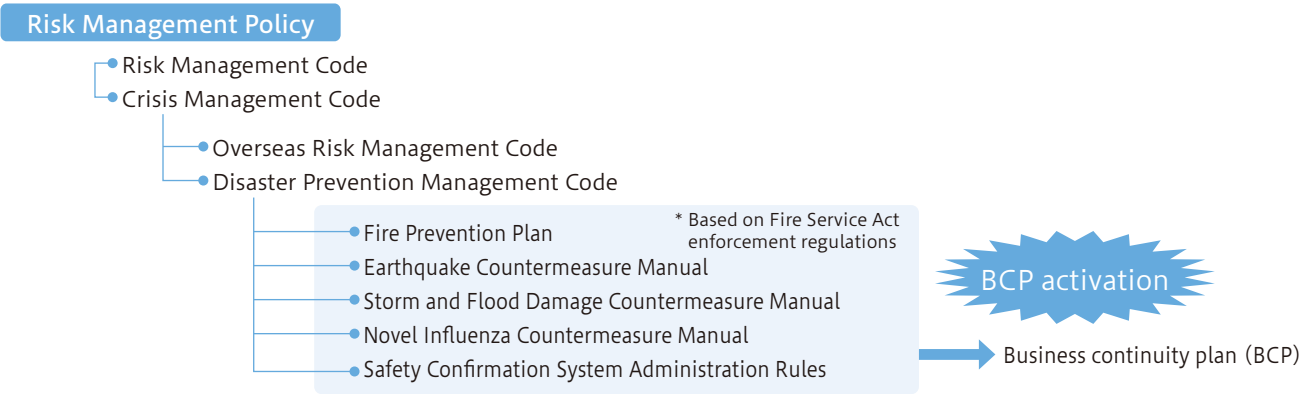
Risk management structure

Business Continuity Plan (BCP)

Takuma has formulated a “Business Continuity Plan” based on the following policies to ensure proper and appropriate continuity of business operations in the event of a large-scale disaster, pandemic, or other emergency:

- 1. In addition to implementing disaster-related measures to secure the safety of corporate officers and employees, maintain structures so as to enable continuity of business operations while minimizing damage in an emergency.
- 2. Strive to respond to customer needs and recover from damage quickly by working closely with suppliers and partner companies to continue business operations.
- 3. Earn the trust of numerous stakeholders, including employees, their families, shareholders, and nearby residents, and fulfill social needs by continuing business operations.

Disaster rule system diagram



Disaster prevention exercises

On November 19, group and partner companies joined head office personnel in participating in disaster prevention exercises, which included drills to test readiness for a Nankai Trough earthquake and tsunami, firefighting practice, and an evacuation. The head office is equipped to serve as a temporary shelter in the event of a tsunami or other emergency, and the exercises included practice for providing evacuation guidance to residents. On October 9, Takuma’s company fire brigade competed in the indoor fire hydrant category of a firefighting technique competition organized by the Amagasaki City Bouka Kyokai (Fire Protection Association) to maintain and improve firefighting skills. The event offered the brigade an opportunity to improve its ability to respond in the event of a fire. We also held two safety confirmation exercises using a system developed specifically for that purpose.

With regard to the maintenance and restoration of information systems, which is the top priority of the Company’s business continuity plan (BCP), we carried out exercises envisioning an earthquake and subsequent power outage.

These exercises and related activities served to verify that participants understand the applicable rules and procedures and that they have the necessary knowledge and skills. We will apply the results to future educational exercises and countermeasures as we work to improve our ability to respond in the event of a crisis.

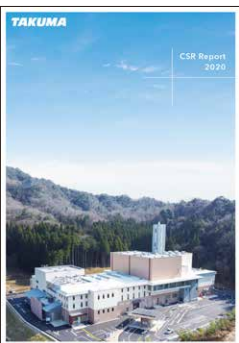


A disaster prevention exercise



A response exercise

CSR Activities



Please refer to our "CSR Report 2020" for more details on our CSR activities.

[Takuma Website > CSR]
<https://www.takuma.co.jp/english/csr/index.html>

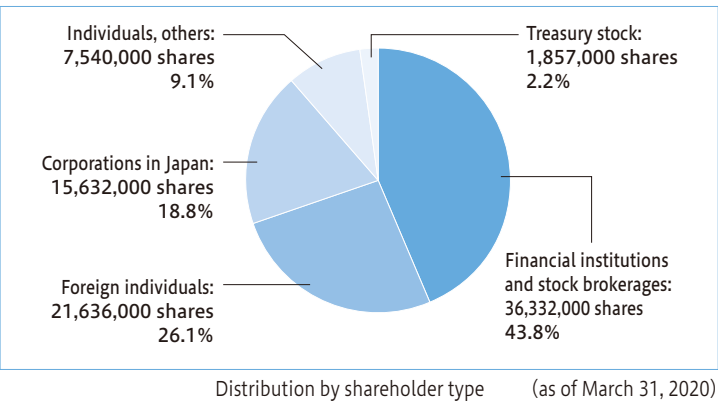
CSR-related Contents:

- CSR Activities for the Future
- The Environment
- Human Rights and Labor Practices
- Consumer Issues
- Participation in the Community
- Contribution to Society
- Corporate Governance
- Fair Business Practices

IR Activities

In keeping with the “Takuma Group Code of Conduct,” we provide our shareholders and investors with accurate corporate information in a timely and fair manner. As a part of this, we provide notifications on the convening of General Meetings of Shareholders, balance sheet information, timely disclosure information, marketable securities reports, shareholders reports, annual reports in English and other business information, all on our website.

[Takuma website > IR information]
<https://www.takuma.co.jp/english/investor/index.html>



Stock Information

- 1. Total number of authorized shares: 321,840,000
- 2. Total number of outstanding shares: 83,000,000
- 3. Total number of shareholders: 4,628 (as of March 31, 2020)
- 4. Major shareholders (top 10)

| (as of March 31, 2020) | | |
|---|------------------|-------|
| Shareholder | Number of shares | Stake |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 8,414,000 | 10.4% |
| Japan Trustee Services Bank, Ltd. (Trust Account) | 6,789,000 | 8.4% |
| Mizuho Trust & Banking Co., Ltd. (Retirement Benefits Trust, Mizuho Bank, Ltd. Account) | 4,022,000 | 5.0% |
| Trust & Custody Services Bank, Ltd. (Re-entrustment) | | |
| Nippon Life Insurance Company | 3,593,000 | 4.4% |
| HIKARI TSUSHIN, INC. | 3,251,000 | 4.0% |
| THREADNEEDLE INVESTMENT FUNDS ICVC-JAPAN FUND | 2,293,000 | 2.8% |
| JP MORGAN CHASE BANK 380055 | 1,868,000 | 2.3% |
| TAKUMA CO., LTD. Kyoueikai | 1,816,000 | 2.2% |
| Sumitomo Mitsui Banking Corporation | 1,621,000 | 2.0% |
| SSBTC CLIENT OMNIBUS ACCOUNT | 1,606,000 | 2.0% |

5. Dividend Policy

Takuma returns profits to investors in line with a comprehensive assessment of business performance and other factors based on a policy of maintaining stable dividends while working to enhance the quality of its business. Our overriding goal is to remain competitive in an increasingly challenging marketplace.

Two dividends are paid each fiscal year: an interim dividend offered by resolution of the Board of Directors and a year-end dividend offered by resolution of the annual meeting of shareholders.

In keeping with this policy, the year-end dividend for the consolidated fiscal year under review was 18 yen per share, which, combined with the interim dividend, brought the annual dividend to 31 yen per share.

We plan to continue to build internal reserves to strengthen our financial foundation and to use funds to increase corporate value through capital investment, R&D investment, and other avenues in order to lay the groundwork for the future growth and expansion of our businesses.