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(Securities Code 1813)
June 3, 2022

To Shareholders with Voting Rights:

Shinya Okuda
President and Representative Director
Fudo Tetra Corporation
7-2, Nihonbashi-Koami-cho
Chuo-ku, Tokyo, Japan

NOTICE OF THE 76TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

We would like to express our appreciation for your continued support and patronage.

Notice is hereby given that the 76th Annual General Meeting of Shareholders of Fudo Tetra Corporation (the “Company”) will be held as described below.

You can exercise your voting rights in writing or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by 5:30 p.m. on Thursday, June 23, 2022, Japan time.

In light of the recent impact of the novel coronavirus (COVID-19) infection, you are kindly asked to refrain from attending the Meeting in person, and exercise your voting rights in advance.

- 1. Date and Time:** Friday, June 24, 2022 at 10:00 a.m. Japan time
(The reception is scheduled to begin at 9:00 a.m.)
- 2. Place:** Hall on the 8th floor of Tokyo Shoken Kaikan located at
1-5-8, Nihonbashi-Kayaba-cho, Chuo-ku, Tokyo, Japan
- 3. Meeting Agenda:**
- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company’s 76th Fiscal Year (April 1, 2021 - March 31, 2022) and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
 2. Non-consolidated Financial Statements for the Company’s 76th Fiscal Year (April 1, 2021 - March 31, 2022)
- Proposals to be resolved:**
- Proposal No. 1:** Appropriation of Surplus
- Proposal No. 2:** Partial Amendments to the Articles of Incorporation (1)
- Proposal No. 3:** Partial Amendments to the Articles of Incorporation (2)
- Proposal No. 4:** Election of Seven (7) Directors Not Serving as Audit and Supervisory Committee Members
- Proposal No. 5:** Election of Four (4) Directors Serving as Audit and Supervisory Committee Members
- Proposal No. 6:** Continuation and Partial Revision of Performance-Linked Stock Compensation Plan for Directors

- The “Notes to the Consolidated Financial Statements” and the “Notes to the Non-consolidated Financial Statements” are provided on the Company’s website (<https://www.fudotetra.co.jp/ir/stockholder/meeting-description/>) in accordance with laws and regulations as well as Article 16 of the Articles of Incorporation of the Company, and not included in this notice of convocation. Therefore, the Consolidated Financial Statements and Non-consolidated Financial Statements included in the attached documents of this notice of convocation are part of the consolidated and non-consolidated financial statements audited by the Audit and Supervisory Committee and the Accounting Auditor in the preparation of the Auditor’s Report.
- Should the Reference Documents for the General Meeting of Shareholders, the Business report, Non-consolidated Financial Statements, and the Consolidated Financial Statements require revisions, the revised version will be posted on the Company’s website (<https://www.fudotetra.co.jp/>).
- If you vote both in writing on the Voting Rights Exercise Form and via the Internet, only the vote placed via the Internet will be valid.
- If you submit your vote multiple times via the Internet, etc., only the last vote exercised will be valid.

<Notice Concerning COVID-19>

To prevent the infection and spread of COVID-19, the Company has prioritized the safety of our shareholders, and established the policy regarding the holding of this year’s Annual General Meeting of Shareholders as follows:

- To prevent the risk of infection, shareholders are kindly asked to refrain from attending the Annual General Meeting of Shareholders in person, and exercise their voting rights in writing or via the Internet.
- Shareholders planning to attend the Meeting in person are requested to check the status of infection and their own health conditions before attending the Meeting, and take appropriate precautions such as wearing masks to prevent infection.
- Shareholders attending the Meeting in person are requested to disinfect themselves with a hand sanitizer available at the venue of the Meeting, take their temperatures, and allow for sufficient spacing between shareholders.
- The directors and operating staff attending the Meeting will be wearing masks. In addition, some staff at the reception, etc. will be wearing gloves.
- At the venue of the General Meeting of Shareholders, other necessary measures will be taken to prevent the infection and spread. As part of the measures we may restrict admission in order to limit the available seats and allow sufficient spacing between shareholders or restrict the admission of shareholders with symptoms of fever or cough and ask them to leave the venue. We would like to ask for your kind understanding and cooperation in advance.
- In the event of any significant changes to the operation of the General Meeting of Shareholders due to future circumstances, the Company will post a notice at the website below and shareholders planning to attend the Meeting in person are requested to check it in advance:

The Company’s website: <https://www.fudotetra.co.jp/>

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal No. 1: Appropriation of Surplus

The Company considers returning profits to the shareholders and strengthening its management foundation to be vital business tasks, and has taken a fundamental policy of continuing dividends in a stable manner.

Based on this, in the basic capital policy under the Mid-term Management Plan (2021-2023), the Company is committed to pursuing both growth investment and shareholder return at the same time in allocating cash, and has set a target of achieving a consolidated dividend payout ratio of approximately 40% for the return of profits.

Under these policies and objectives, the Company proposes year-end dividends for the 76th fiscal year as follows.

If this proposal is approved, a consolidated dividend payout ratio will be 44.4%.

- Matters concerning the year-end dividends

- (1) Type of dividend property

- Cash

- (2) Matters concerning the allotment of dividend property and the total amount

- ¥60 per share of common stock of the Company

- Total amount of ¥ 918,216,120

- (3) Effective date of distribution of surplus

- June 27, 2022

Proposal No. 2: Partial Amendments to the Articles of Incorporation (1)

1. Reasons for proposal

The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for General Meetings of Shareholders, the Articles of Incorporation of the Company shall be amended as follows.

- (1) The proposed Article 16, Paragraph 1 provides that information contained in the reference documents for the general meeting of shareholders, etc. shall be provided electronically.
- (2) The purpose of the proposed Article 16, Paragraph 2 is to establish a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
- (3) The provisions related to the internet disclosure and deemed provision of the reference documents for the general meeting of shareholders, etc. (Article 16 of the current Articles of Incorporation) will become unnecessary and will therefore be deleted.
- (4) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.

2. Details of amendments

The details of the amendments are as follows.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p><u>(Internet Disclosure and Deemed Provision of Reference Materials for the General Meeting of Shareholders, Etc.)</u></p> <p><u>Article 16 The Company may, when convening a general meeting of shareholders, deem that it has provided information to shareholders pertaining to matters to be described or indicated in the reference materials for the general meeting of shareholders, business report, non-consolidated financial statements, and consolidated financial statements, by disclosing such information through the internet in accordance with the provisions provided in the Ordinance of the Ministry of Justice.</u></p> <p><Newly established></p>	<p><Deleted></p> <p><u>(Measures for Electronic Provision, Etc.)</u></p> <p><u>Article 16 The Company shall, when convening a General Meeting of Shareholders, provide information contained in the reference materials for the general meeting of shareholders, etc. electronically.</u></p> <p><u>2. Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p><Newly established></p>	<p><u>Supplementary provisions</u></p> <ol style="list-style-type: none"> <li data-bbox="810 250 1391 600">1. <u>The deletion of Article 16 (Internet Disclosure and Deemed Provision of Reference Materials for the General Meeting of Shareholders, Etc.) of the current Articles of Incorporation and the establishment of the proposed Article 16 (Measures for Electronic Provision, Etc.) shall come into effect on the date of enforcement of the amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (the “Effective Date”).</u> <li data-bbox="810 602 1391 792">2. <u>Notwithstanding the provisions of the preceding paragraph, Article 16 of the current Articles of Incorporation shall remain in force with respect to a general meeting of shareholders to be held on a date within six months from the Effective Date.</u> <li data-bbox="810 795 1391 972">3. <u>These supplementary provisions shall be deleted after the lapse of six months from the Effective Date or the lapse of three months from the date of the general meeting of shareholders set forth in the preceding paragraph, whichever is later.</u>

Proposal No. 3: Partial Amendments to the Articles of Incorporation (2)

1. Reasons for proposal

In order to make the management system more transparent for strengthening the Company’s corporate governance, the provisions related to Corporate Advisors of the current Articles of Incorporation shall be deleted.

2. Details of amendments

The details of the amendments are as follows.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p>(Representative Directors, etc.)</p> <p>Article 22 The Board of Directors shall appoint Representative Directors from among Directors (excluding Directors serving as Audit and Supervisory Committee Members) by its resolution.</p> <p>2. The Board of Directors may appoint one (1) Chairman and Director and one (1) President and Director from among Directors (excluding Directors serving as Audit and Supervisory Committee Members) by its resolution.</p> <p>3. The Board of Directors may appoint Executive Officers <u>and Corporate Advisors</u> by its resolution.</p>	<p>(Representative Directors, etc.)</p> <p>Article 22 The Board of Directors shall appoint Representative Directors from among Directors (excluding Directors serving as Audit and Supervisory Committee Members) by its resolution.</p> <p>2. The Board of Directors may appoint one (1) Chairman and Director and one (1) President and Director from among Directors (excluding Directors serving as Audit and Supervisory Committee Members) by its resolution.</p> <p>3. The Board of Directors may appoint Executive Officers by its resolution.</p>

Proposal No. 4: Election of Seven (7) Directors Not Serving as Audit and Supervisory Committee Members

The terms of office of all six (6) current Directors not serving as Audit and Supervisory Committee Members will expire at the conclusion of this year's General Meeting of Shareholders. Accordingly, the election of seven (7) Directors not serving as Audit and Supervisory Committee Members is proposed.

The candidates for Directors not serving as Audit and Supervisory Committee Members are as follows:

No.	Name	Positions and responsibilities at the Company	Years in office	Attendance at meetings of Board of Directors
1	Yuji Takehara Reappointment	Chairman and Representative Director	18 years 3 months	100% (17/17)
2	Shinya Okuda Reappointment	President and Representative Director	11 years	100% (17/17)
3	Jun Ohbayashi Reappointment	Director and Managing Executive Officer General Manager, Soil Improvement Business Unit	4 years	100% (17/17)
4	Shoichi Kitagawa Reappointment	Director and Managing Executive Officer General Manager, Administration Unit	2 year	100% (17/17)
5	Akihiko Tadano New appointment	Managing Executive Officer General Manager, Civil Engineering Business Unit	-	-
6	Chihiro Niyama New appointment	Managing Executive Officer General Manager, Block Environment Business Unit	-	-
7	Mari Osawa Reappointment Outside Director Independent Officer	Outside Director	2 year	100% (17/17)

(Note)

The Director candidates' positions and responsibilities at the Company stated above are as of the time of this General Meeting of Shareholders.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	<p>Yuji Takehara (July 31, 1950)</p> <p>Reappointment</p> <p>18 years and 3 months in office as Director (as of the conclusion of this General Meeting of Shareholders)</p> <p>Attendance at meetings of Board of Directors: 100% (17/17)</p>	<p>March 1973 Joined the Company</p> <p>May 2003 Deputy General Manager, Geo Engineering Business Unit</p> <p>June 2003 Executive Officer</p> <p>April 2004 Director, Representative Director, Executive Vice President, General Manager, Geo Engineering Business Unit</p> <p>March 2006 General Manager, Civil Engineering Business Unit</p> <p>April 2007 General Manager, Construction Unit and General Manager, Technology Development Unit</p> <p>June 2009 Responsible for Internal Control and Technology Development, and in charge of Safety and Environment Unit</p> <p>June 2010 President and Representative Director, General Manager, Construction Unit</p> <p>April 2018 Chairman and Representative Director (current position)</p> <p>[Reasons for nomination as a candidate for Director not serving as Audit and Supervisory Committee Member] He has a wealth of experience and specialist knowledge from holding the posts of General Manager of the Geo Engineering Business Unit (currently Soil Improvement Business Unit), General Manager of the Civil Engineering Business Unit, and President and Representative Director. The Company renominates him as candidate for Director due to his familiarity with the Company's overall business, his assuming the post of Chairman of the Board of Directors, and his appropriate operation of the Board of Directors as Chairman and Representative Director.</p>	14,844
2	<p>Shinya Okuda (January 9, 1955)</p> <p>Reappointment</p> <p>11 years in office as Director (as of the conclusion of this General Meeting of Shareholders)</p> <p>Attendance at meetings of Board of Directors: 100% (17/17)</p>	<p>March 1980 Joined the Company</p> <p>October 2007 Deputy General Manager, Tokyo Main Office, and General Manager, Sales Department-1, Tokyo Main Office</p> <p>June 2008 Executive Officer</p> <p>May 2009 General Manager, Soil Improvement Business Department, Construction Unit</p> <p>June 2010 Managing Executive Officer</p> <p>April 2011 General Manager, Soil Improvement Business Unit</p> <p>June 2011 Director</p> <p>June 2015 Representative Director</p> <p>Executive Vice President</p> <p>April 2018 President and Representative Director (current position)</p> <p>[Reasons for nomination as a candidate for Director not serving as Audit and Supervisory Committee Member] He has a wealth of experience and specialist knowledge from holding the posts of Deputy General Manager of the Tokyo Main Office and General Manager of the Soil Improvement Business Unit. The Company renominates him as candidate for Director due to his familiarity with the Company's overall business and the fact that he has assumed command of management as President and Representative Director and appropriately engaged in operating the Board of Directors.</p>	6,942

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	<p>Jun Ohbayashi (March 24, 1961)</p> <p>Reappointment</p> <p>4 years in office as Director (as of the conclusion of this General Meeting of Shareholders)</p> <p>Attendance at meetings of Board of Directors: 100% (17/17)</p>	<p>March 1984 Joined the Company</p> <p>June 2008 General Manager, Sales Department-2, Tokyo Main Office</p> <p>May 2009 General Manager, Technology Department, Soil Improvement Business Unit</p> <p>April 2016 Executive Officer, Deputy General Manager, Soil Improvement Business Unit, and General Manager, Technology Department, Soil Improvement Business Unit</p> <p>April 2018 Managing Executive Officer (current position) General Manager, Soil Improvement Business Unit (current position)</p> <p>June 2018 Director (current position)</p> <p>[Reasons for nomination as a candidate for Director not serving as Audit and Supervisory Committee Member] He has a wealth of experience and specialist knowledge from holding the posts of General Manager of Sales Department-2, Tokyo Main Office, General Manager of Technology Department, Soil Improvement Business Unit, and General Manager of Soil Improvement Business Unit. The Company renominates him as candidate for Director due to his familiarity with the Company's overall business and the fact that he has appropriately engaged in operating the Board of Directors as Director.</p>	4,956
4	<p>Shoichi Kitagawa (December 8, 1957)</p> <p>Reappointment</p> <p>2 years in office as Director (as of the conclusion of this General Meeting of Shareholders)</p> <p>Attendance at meetings of Board of Directors: 100% (17/17)</p>	<p>April 1981 Joined Nippon Tetrapod Co., Ltd.</p> <p>July 2005 General Manager, Planning and Administration Department, Tetra Corporation</p> <p>May 2007 General Manager, Finance Department, Administration Unit, the Company</p> <p>April 2013 Executive Officer, General Manager, Planning and Finance Department, Administration Unit</p> <p>April 2018 General Manager, Finance Department, Administration Unit</p> <p>April 2020 Managing Executive Officer (current position) General Manager, Administration Unit (current position)</p> <p>June 2020 Director (current position)</p> <p>[Reasons for nomination as a candidate for Director not serving as Audit and Supervisory Committee Member] He has a wealth of experience and specialist knowledge from holding the posts of General Manager of Finance Department and General Manager of Administration Unit. The Company renominates him as candidate for Director due to his familiarity with the Company's overall business and the fact that he has appropriately engaged in operating the Board of Directors as Director.</p>	2,639

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
5	Akihiko Tadano (May 10, 1958) New appointment Years in office as Director: - Attendance at meetings of Board of Directors: -	<p>March 1984 Joined the Company</p> <p>October 2007 General Manager, Sales Planning Department, Sales Management Department, Construction Unit</p> <p>June 2010 General Manager, Sales Department, Civil Engineering Department, and General Manager, Comprehensive Assessment and Measures Office, Technology Department</p> <p>April 2012 General Manager, Technology Department, Civil Engineering Business Unit</p> <p>April 2016 Executive Officer, Deputy General Manager, Civil Engineering Business Unit</p> <p>April 2019 Deputy General Manager, Tokyo Main Office</p> <p>April 2020 General Manager, Tokyo Main Office</p> <p>April 2021 Managing Executive Officer (current position)</p> <p>April 2022 General Manager, Civil Engineering Business Unit (current position)</p> <p>[Reasons for nomination as a candidate for Director not serving as Audit and Supervisory Committee Member] He has a wealth of experience and specialist knowledge from holding the posts of General Manager, Sales Department, Civil Engineering Department, General Manager, Technology Department, Civil Engineering Business Unit, and General Manager, Tokyo Main Office. The Company nominates him as a new candidate for Director due to his familiarity with the Company's overall business.</p>	3,824
6	Chihiro Niiyama (January 12, 1962) New appointment Years in office as Director: - Attendance at meetings of Board of Directors: -	<p>April 1984 Joined Nippon Tetrapod Co., Ltd.</p> <p>April 2015 General Manager in charge of Construction Department, Civil Engineering Business Unit, the Company</p> <p>April 2018 General Manager, Corporate Planning Department</p> <p>April 2020 Executive Officer</p> <p>April 2021 General Manager, Block Environment Business Unit (current position)</p> <p>April 2022 Managing Executive Officer (current position)</p> <p>[Reasons for nomination as a candidate for Director not serving as Audit and Supervisory Committee Member] He has a wealth of experience and specialist knowledge from holding the posts of General Manager in charge of Construction Department, Civil Engineering Business Unit, General Manager, Corporate Planning Department, and General Manager, Block Environment Business Unit. The Company nominates him as a new candidate for Director due to his familiarity with the Company's overall business.</p>	2,261

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
7	<p>Mari Osawa (April 4, 1953)</p> <p>Reappointment Outside Director Independent Officer</p> <p>2 years in office as Outside Director (as of the conclusion of this General Meeting of Shareholders)</p> <p>Attendance at meetings of Board of Directors: 100% (17/17)</p>	<p>April 1998 Professor, Institute of Social Science, The University of Tokyo (currently National University Corporation, The University of Tokyo)</p> <p>April 2015 Director, Institute of Social Science, National University Corporation, The University of Tokyo</p> <p>April 2018 Executive Director and Vice President</p> <p>June 2019 Professor Emeritus (current position)</p> <p>June 2020 Director, the Company (current position)</p> <p>[Reasons for nomination as a candidate for Outside Director not serving as Audit and Supervisory Committee Member and an outline of the expected role] While she has not engaged in corporate management in other ways than by serving as an outside officer, she has a high level of knowledge as a university professor and is recognized for her achievements in research on governance. The Company renominates her as candidate for Outside Director due to the fact that as an Independent Outside Director of the Company she has expressed her opinions from an independent and objective standpoint in Board of Directors meetings and fulfilled her duties appropriately by giving beneficial advice, as well as the fact that she meets the “Independence Standards for Outside Directors” stipulated by the Company. After her election, she is expected to appropriately supervise and advise the Company on overall management, primarily from a governance researcher’s perspective as well as from an independent and objective standpoint, drawing on her high level of knowledge as a university professor and her achievements in governance research.</p>	0

(Notes)

1. There are no special interests between the candidates and the Company.
2. The number of the Company’s shares each candidate holds includes shares of stock in officer’s shareholding association.
3. Ms. Mari Osawa is a candidate for Outside Director.
4. The Company has registered the candidate Ms. Mari Osawa as an independent officer as stipulated by Tokyo Stock Exchange, Inc. If she is reelected as an Outside Director at this General Meeting of Shareholders, the Company plans to continue to register her as an independent officer.
5. The opinion of the Audit and Supervisory Committee on the appointment, etc. of Directors not serving as Audit and Supervisory Committee Members is as follows.
In the Audit and Supervisory Committee, in view of the opinions of the three Outside Directors serving as Audit and Supervisory Committee Members in attendance at the “Nomination and Compensation Advisory Committee,” the proposal was deliberated according to standards established by the Board of Directors, such as the “Idea behind the composition and scale of the Board of Directors of the Company” and the “Policy and procedures of the Company regarding the nomination of candidates for Directors,” and as a result, the Audit and Supervisory Committee reached the conclusion that there were no particular matters of note.
6. The Company stipulates in Article 29, Paragraph 2 of the current Articles of Incorporation that the Company may conclude agreements with Directors (excluding Executive Directors, etc. as defined in Article 2, Item 15-1 of the Companies Act) to limit their liability for damages caused by negligence of their duties. Pursuant to this provision, the Company and the candidate Ms. Mari Osawa have concluded such liability limitation agreement that stipulates that “in the event of the Director (excluding Executive Directors, etc. as defined in Article 2, Item 15-1 of the Companies Act) causes damage to the Company due to their negligence of duty, the Director shall be liable for damages to the Company up to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act, provided that the Director has acted in good faith and without gross negligence in performing his or her duty.” If the reelection of the candidate Ms. Mari Osawa is approved, the Company plans to continue with said liability limitation agreement.
7. The Company has entered into a directors and officers liability insurance policy, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with an insurance company. The policy covers damages that may arise due to the insured assuming liability for the execution of their duties or receiving claims related to the pursuit of such liability. Each candidate for Director, if elected, will be insured by the policy. Also, the Company plans to renew the policy with the same terms and conditions at the time of next renewal.

Proposal No. 5: Election of Four (4) Directors Serving as Audit and Supervisory Committee Members

The terms of office of all four (4) current Directors serving as Audit and Supervisory Committee Members will expire at the conclusion of this year's General Meeting of Shareholders. Accordingly, the election of four (4) Directors serving as Audit and Supervisory Committee Members is proposed.

The Audit and Supervisory Committee has consented to this proposal.

The candidates for Directors serving as Audit and Supervisory Committee Members are as follows:

No.	Name	Positions and responsibilities at the Company	Years in office	Attendance at meetings of Board of Directors
1	Motoji Okamura New appointment	Executive Officer Assistant to President	-	-
2	Seiichi Nagata Reappointment Outside Director Independent Officer	Outside Director Audit and Supervisory Committee Member	8 years	100% (17/17)
3	Kiyoyuki Kuroda Reappointment Outside Director Independent Officer	Outside Director Audit and Supervisory Committee Member	4 years	100% (17/17)
4	Masaji Suzuki New appointment Outside Director Independent Officer		-	-

(Note)

The Director candidates' positions and responsibilities at the Company stated above are as of the time of this General Meeting of Shareholders.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	<p>Motoji Okamura (December 22, 1958)</p> <p>New appointment</p> <p>Years in office as Director: -</p> <p>Attendance at meetings of Board of Directors: -</p> <p>Attendance at meetings of Audit and Supervisory Committee: -</p>	<p>March 1981 Joined the Company</p> <p>April 2007 General Manager, Sales Department-1, Shikoku Branch</p> <p>June 2008 General Manger, Sales Department, Shikoku Branch</p> <p>April 2011 General Manager, Shikoku Branch</p> <p>April 2015 Executive Officer (current position), General Manager, Osaka Branch</p> <p>April 2022 Assistant to President (current position)</p> <p>[Reasons for nomination as a candidate for Director serving as Audit and Supervisory Committee Member] He has a wealth of experience and specialist knowledge from holding the posts of General Manager, Shikoku Branch, and General Manager, Osaka Branch. The Company nominates him as a new candidate for Director serving as Audit and Supervisory Committee Member due to his familiarity with the Company's overall business, etc.</p>	1,860
2	<p>Seiichi Nagata (July 29, 1947)</p> <p>Reappointment Outside Director Independent Officer</p> <p>8 years in office as Outside Director (as of the conclusion of this General Meeting of Shareholders)</p> <p>Attendance at meetings of Board of Directors: 100% (17/17)</p> <p>Attendance at meetings of Audit and Supervisory Committee: 100% (14/14)</p>	<p>March 1994 President, Suntory France S.A.S</p> <p>September 1997 General Manager of Europe Region and General Manager, London Branch, Suntory Limited</p> <p>March 2003 Director, Head, Overseas Business Company, Suntory Limited</p> <p>March 2009 Executive Officer, Suntory Holdings Limited, Managing Director, Suntory Liquors Limited</p> <p>April 2011 Professor, Faculty of Economics, Teikyo University</p> <p>June 2014 Director, the Company</p> <p>June 2016 Director (Audit and Supervisory Committee Member) (current position)</p> <p>April 2018 Visiting Professor, Faculty of Economics, Teikyo University</p> <p>[Reasons for nomination as a candidate for Outside Director serving as Audit and Supervisory Committee Member and the summary of expected roles] He has a wealth of experience regarding corporate management, having served many officer positions at companies, and a high level of knowledge as a university professor. As an Independent Outside Director of the Company, he has expressed his opinions from an independent and objective standpoint and provided beneficial advice in Board of Directors meetings, etc. and engaged in the operation of the Audit and Supervisory Committee as its member, fulfilling his duties appropriately. He also meets the "Independence Standards for Outside Directors" stipulated by the Company. Accordingly, the Company renominates him as candidate for Outside Director serving as Audit and Supervisory Committee Member. After his election, he is expected to appropriately supervise and advise the Company on overall management, primarily from the perspective of a person who has experience of serving as corporate officer as well as from an independent and objective standpoint, drawing on his wealth of experience as a person who has served as corporate officer and his high level of knowledge as a university professor.</p>	0

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	<p>Kiyoyuki Kuroda (January 12, 1970)</p> <p>Reappointment Outside Director Independent Officer</p> <p>4 years in office as Outside Director (as of the conclusion of this General Meeting of Shareholders)</p> <p>Attendance at meetings of Board of Directors: 100% (17/17)</p> <p>Attendance at meetings of Audit and Supervisory Committee: 100% (14/14)</p>	<p>April 1996 Registered as a lawyer, joined The Miyake Joint Partnership Law Office (currently Miyake & Partners)</p> <p>May 2002 Partner, The Miyake Joint Partnership Law Office</p> <p>November 2005 External statutory auditor, WDB Co., Ltd. (currently WDB Holdings Co., Ltd.)</p> <p>June 2009 External director, WDB Co., Ltd. (currently WDB Holdings Co., Ltd.) (current position)</p> <p>June 2018 Director (Audit and Supervisory Committee Member) (current position)</p> <p>May 2019 Partner, Miyake & Partners (current position) (Significant concurrent positions) Partner, Miyake & Partners External director, WDB Holdings Co., Ltd.</p> <p>[Reasons for nomination as a candidate for Outside Director serving as Audit and Supervisory Committee Member and the summary of expected roles] While he has not engaged in corporate management in other ways than by serving as an outside officer, he has specialist knowledge and a wealth of work experience as a lawyer, and also engages in corporate management as outside director of a listed company. As an Independent Outside Director of the Company, he has expressed his opinions from an independent and objective standpoint and provided valuable advice in Board of Directors meetings, etc. and engaged in the operation of the Audit and Supervisory Committee as its member, fulfilling his duties appropriately. He also meets the “Independence Standards for Outside Directors” stipulated by the Company. Accordingly, the Company renominates him as candidate for Outside Director serving as Audit and Supervisory Committee Member. After his election, he is expected to appropriately supervise and advise the Company on overall management, primarily from the perspective of a lawyer as well as from an independent and objective standpoint, drawing on his specialist knowledge and wealth of work experience as a lawyer.</p>	0
4	<p>Masaji Suzuki (December 6, 1954)</p> <p>New appointment</p> <p>Years in office as Director: -</p> <p>Attendance at meetings of Board of Directors: -</p> <p>Attendance at meetings of Audit and Supervisory Committee: -</p>	<p>November 1976 Joined Tohmatsu Awoki & Co. (currently Deloitte Touche Tohmatsu LLC)</p> <p>March 1980 Registered as a certified public accountant</p> <p>July 1990 Partner, Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)</p> <p>July 2001 Executive Board Member, the Japanese Institute of Certified Public Accountants</p> <p>July 2013 Deputy President, the Japanese Institute of Certified Public Accountants</p> <p>January 2020 Representative, Suzuki Masaji Certified Public Accountant Office (current position)</p> <p>March 2022 Outside Auditor, Kitoku Shinryo Co., Ltd. (current position)</p> <p>(Significant concurrent position) Outside Auditor, Kitoku Shinryo Co., Ltd.</p> <p>[Reasons for nomination as a candidate for Outside Director serving as Audit and Supervisory Committee Member and the summary of expected roles] While he has not engaged in corporate management in other ways than by serving as an outside officer, he has specialist knowledge and a wealth of work experience as a certified public accountant. He also meets the “Independence Standards for Outside Directors” stipulated by the Company. Accordingly, the Company newly nominates him as candidate for Outside Director serving as Audit and Supervisory Committee Member. After his election, he is expected to appropriately supervise and advise the Company on overall management, primarily from the perspective of a certified public accountant as well as from an independent and objective standpoint, drawing on his specialist knowledge and wealth of work experience as a certified public accountant.</p>	0

(Notes)

1. There are no special interests between the candidates and the Company.
2. The number of the Company's shares each candidate holds includes shares of stock in officer's shareholding association.
3. Mr. Seiichi Nagata, Mr. Kiyoyuki Kuroda and Mr. Masaji Suzuki are candidates for Outside Director.
4. The Company has registered the candidates Mr. Seiichi Nagata, Mr. Kiyoyuki Kuroda and Mr. Masaji Suzuki as independent officers as stipulated by Tokyo Stock Exchange, Inc. If they are elected as Outside Directors at this General Meeting of Shareholders, the Company plans to continue to register them as independent officers.
5. The candidate Mr. Seiichi Nagata will have served as the Company's Outside Director for 8 years at the conclusion of this year's General Meeting of Shareholders, including 6 years as Outside Director serving as Audit and Supervisory Committee Member.
6. The candidate Mr. Kiyoyuki Kuroda will have served as the Company's Outside Director serving as Audit and Supervisory Committee Member for 4 years at the conclusion of this year's General Meeting of Shareholders.
7. The Company stipulates in Article 29, Paragraph 2 of the current Articles of Incorporation that the Company may conclude agreements with Directors (excluding Executive Directors, etc. as defined in Article 2, Item 15-1 of the Companies Act) to limit their liability for damages caused by negligence of their duties. Pursuant to this provision, the Company and the candidates Mr. Seiichi Nagata and Mr. Kiyoyuki Kuroda have concluded such liability limitation agreement that stipulates that "in the event of the Director (excluding Executive Directors, etc. as defined in Article 2, Item 15-1 of the Companies Act) causes damage to the Company due to their negligence of duty, the Director shall be liable for damages to the Company up to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act, provided that the Director has acted in good faith and without gross negligence in performing his or her duty." If the reelection of the candidates Mr. Seiichi Nagata and Mr. Kiyoyuki Kuroda is approved, the Company plans to continue with said liability limitation agreement. Also if the election of the candidates Mr. Motoji Okamura and Mr. Masaji Suzuki is approved, the Company plans to conclude said liability limitation agreement.
8. The Company has entered into a directors and officers liability insurance policy, as stipulated in Article 430 -3, Paragraph 1 of the Companies Act, with an insurance company. The policy covers damages that may arise due to the insured assuming liability for the execution of their duties or receiving claims related to the pursuit of such liability. Each candidate for Director, if elected, will be insured by the policy. Also, the Company plans to renew the policy with the same terms and conditions at the time of next renewal.

[Reference]

If Proposals No. 4 and No. 5 are approved as originally proposed, the composition of the Board of Directors is scheduled to be as shown below.

The total number of Directors of the Company is eleven (11) which includes four (4) Independent Outside Directors, and Independent Outside Directors account for 36.4% of all Directors.

Name	Positions and responsibilities at the Company	Representative Director	Audit and Supervisory Committee Member	Outside Director	Independent Officer	Nomination and Compensation Advisory Committee Member
Yuji Takehara (*1)	Chairman and Representative Director	X				
Shinya Okuda	President and Representative Director	X				X
Jun Ohbayashi	Director and Managing Executive Officer General Manager, Soil Improvement Business Unit					
Shoichi Kitagawa	Director and Managing Executive Officer General Manager, Administration Unit					
Akihiko Tadano	Director and Managing Executive Officer General Manager, Civil Engineering Business Unit					
Chihiro Niiyama	Director and Managing Executive Officer General Manager, Block Environment Business Unit					
Mari Osawa	Outside Director			X	X	X
Motoji Okamura (*2)	Director and Standing Audit and Supervisory Committee Member		X			
Seiichi Nagata (*3)	Outside Director and Audit and Supervisory Committee Member		X	X	X	X
Kiyoyuki Kuroda	Outside Director and Audit and Supervisory Committee Member		X	X	X	X
Masaji Suzuki	Outside Director and Audit and Supervisory Committee Member		X	X	X	X

*1. Chairman of the Board of Directors

*2. Chairman of the Audit and Supervisory Committee

*3. Chairman of the Nomination and Compensation Advisory Committee

Particularly important knowledge, experience and capability that Directors are expected to possess:								
	Corporate management Management strategy	Sales Industry knowledge	Overseas business	Research and development IT	Finance Accounting	Human resources Labor management Labor safety and health	Legal affairs Compliance Risk management	Environment (E) Society (S) Governance (G)
Yuji Takchara	X	X	X	X		X	X	
Shinya Okuda	X	X	X	X		X		
Jun Ohbayashi		X		X				
Shoichi Kitagawa				X	X			
Akihiko Tadano		X		X				
Chihiro Niiyama		X						
Mari Osawa								X
Motoji Okamura		X				X		
Seiichi Nagata	X		X					X
Kiyoyuki Kuroda						X	X	X
Masaji Suzuki					X			X

Proposal No. 6: Continuation and Partial Revision of Performance-Linked Stock Compensation Plan for Directors

The Company introduced a performance-linked stock compensation plan (hereinafter referred to as the “Plan”) for Directors (excluding Outside Directors and Directors serving as Audit and Supervisory Committee Members, hereinafter the same applies in this Proposal), which was approved at the 70th Annual General Meeting of Shareholders, held on June 23, 2016. Then, a partial revision of this Plan was approved by shareholders at the 73rd Annual General Meeting of Shareholders, held on June 21, 2019, and the revised Plan remains effective up to the present date.

This marked the end of the three fiscal years subject to the Plan (from the fiscal year ended March 31, 2020 to the fiscal year ended March 31, 2022). The Company proposes a partial revision of the Plan for the continuation of the Plan in the fiscal year ending March 31, 2023 and thereafter.

The Plan aims to provide Directors with an incentive to continuously realize the management target under appropriate risk-taking by further clarifying the correspondence of compensation, etc. for Directors with the Company’s business performance and shareholder value. The Company believes the continuation and revision of the Plan to be appropriate.

The number of Directors eligible for the Plan will be six (6) if Proposal No. 4 “Election of Seven (7) Directors Not Serving as Audit and Supervisory Committee Members” is approved and resolved as originally proposed.

1. Content and reason of the revision

With the aim of making the Company’s Directors more conscious of achieving the Company’s current Mid-term Management Plan (2021-2023) goals and continuously sharing interest with shareholders, the Company intends to change the number of fiscal years subject to the Plan (hereinafter referred to as the “Target Period”) to be the same as the number of fiscal years subject to the Company’s current Mid-term Management Plan and to revise performance target achievement conditions. In addition, with the change of the Target Period, the Company also proposes to change the maximum amount of cash contributed to the trust and the maximum number of shares to be delivered.

2. Amount and content, etc. of compensation, etc. under the Plan after the revision

(1) Outline of the Plan

The Plan is a stock compensation plan under which shares of the Company will be acquired through a trust established by the Company using cash contributed by the Company, and the shares of the Company and money equivalent to the amount obtained through conversion of the shares of the Company into cash (the “Company Shares, etc.”) will be delivered and paid (the “Delivery, etc.”) to Directors through the trust. (See (2) and further for details.)

1. Persons eligible for the Delivery, etc. of Company Shares, etc. in this Proposal	<ul style="list-style-type: none"> Directors of the Company (excluding Outside Directors and Directors serving as Audit and Supervisory Committee Members)
2. Effect that shares of the Company subject to this Proposal will have on the number of outstanding shares of the Company	
Maximum amount of cash contributed by the Company (as stated in (2) below)	<ul style="list-style-type: none"> Total of ¥114 million for two fiscal years When the trust period is extended, a total of ¥170 million for the subsequent three fiscal years
Maximum number of Company Shares, etc. acquired by Directors and method of acquisition (as stated in (3) below)	<ul style="list-style-type: none"> The maximum number of points (shares) awarded to Directors during the trust period is 320,000 points (equivalent to 32,000 shares of the Company) per annum/640,000 points (equivalent to 64,000 shares of the Company) over two years When the trust period is extended, 960,000 points (equivalent to 96,000 shares of the Company) over three years The ratio of the maximum number of shares awarded to Directors for two years to the number of outstanding shares (as of March 31, 2022, excluding treasury stock) is approximately 0.4% As shares of the Company will be acquired from the stock market, dilution will not occur
3. Contents of performance target achievement conditions (as stated in (3) below)	<ul style="list-style-type: none"> Fluctuates according to factors such as the levels of achievement of the Company’s performance indicators (ROE, relative TSR, etc.) of each fiscal year The number of points (shares) shall be determined from a range of 0-200%
4. Timing of Delivery, etc. of Company Shares, etc. to Directors (as stated in (4) below)	<ul style="list-style-type: none"> Upon retirement

(2) Maximum amount of cash contributed by the Company

The Plan will be for two fiscal years from the fiscal year ending March 31, 2023 to the fiscal year ending March 31, 2024.

The Company will contribute a maximum of ¥114 million cash for the Target Period, and will establish a trust (hereinafter referred to as the “Trust”), with a trust period of two years and with Directors who satisfy the beneficiary requirements as the beneficiaries. The Trust, under direction of the trust administrator, will acquire shares of the Company from the stock market using entrusted cash. The Company will award points (see (3) below) to Directors during the trust period and make Delivery, etc. of Company Shares, etc. equivalent to the accumulated number of awarded points (hereinafter referred to as the “Number of Accumulated Points”) from the Trust at the time of their retirement (or at the time of their deaths if they become deceased, hereinafter the same applies).

At the expiration of the trust period of the Trust, the Trust may be continued by making modifications to the trust agreement and additional entrustments. In such case, the trust period of the Trust will be extended for three years, and thus the Target Period will be the three fiscal years subsequent to the extension of the trust period. The Company will, for each extended trust period, contribute additional cash within the limit of a total of ¥170 million, and continue to award points

and make Delivery, etc. of Company Shares, etc. to Directors during the extended trust period.

In addition, when such additional contribution is made, if there are shares of the Company (excluding shares of the Company corresponding to the points awarded to Directors that are not delivered) and cash remaining (hereinafter referred to as the “Residual Shares, etc.”) within the trust assets as of the final day of the trust period prior to extension, the Residual Shares, etc. will be transferred to the trust whose period has been extended.

(3) Calculation method and the maximum number of shares of the Company to be acquired by Directors

The number of shares of the Company to be delivered to Directors is determined based on the Number of Accumulated Points as prescribed below. One (1) point is equivalent to 0.1 share. In the event that the shares of the Company in the Trust increase or decrease due to a share split, gratis allotments, or reverse share split, etc., the number of shares of the Company (including those subject to conversion into cash, hereinafter the same applies) delivered for one (1) point will be adjusted according to the percentage of the increase or decrease.

During the trust period, in June every year, Directors will be awarded with points that are the basic points calculated by the following formula specified for each position, multiplied by the performance-linked coefficient that fluctuates in accordance with the levels of achievement of performance targets, etc. for that same fiscal year ending March 31.

Points awarded in each year fluctuate between 0% and 200% of the basic points depending on the levels of achievement of performance targets, etc. for each fiscal year. ROE and relative TSR, etc. will be used as indicators to evaluate the levels of achievement of performance targets, etc.

(Formula for calculating the basic points)

Basic amount determined for each position / the average value (fractions after the decimal point are rounded down) of the closing price of the Company’s shares on the Tokyo Stock Exchange for the month prior to the first month of the Target Period

(Formula for calculating the awarded points)

Basic points x performance-linked coefficient

The Company shall make Delivery, etc. to those who satisfy the beneficiary requirements of Company Shares, etc. equivalent to the Number of Accumulated Points calculated in accordance with the above formula from the Trust.

The maximum number of total points to be awarded to Directors per year from the Trust shall be 320,000 points (equivalent to 32,000 shares of the Company). In addition, the maximum number of shares of the Company acquired by the Trust to make Delivery, etc. to Directors shall be equivalent to that maximum number of total points per year (320,000 points) multiplied by two, which is the number of years of the trust period, i.e., 640,000 points (equivalent to 64,000 shares of the Company). This maximum number of shares is set based on the most recent stock prices, etc. in consideration of the maximum amount of the trust money in (2) above.

When the trust period is extended pursuant to (2) above, the maximum number of shares to be delivered for the three years of the extended trust period shall be 960,000 points (equivalent to 96,000 shares of the Company).

(4) Timing of Delivery, etc. of Company Shares, etc. to Directors

Delivery, etc. of Company Shares, etc. equivalent to the Number of Accumulated Points determined under (3) above will be made to Directors, who satisfy the beneficiary requirements, at the time of their retirement. At this time, the Directors will receive delivery of shares of the Company for 70% of the Number of Accumulated Points as of the time of their retirement (shares of less than one trading unit will be rounded down), and concerning the remainder, the Directors will receive money equivalent to the amount obtained through the conversion of such shares into cash within the Trust.

If a Director passes away during the trust period, in principle, the successor to the Director will receive money equivalent to the amount obtained through the conversion of shares corresponding to the Number of Accumulated Points at the time of his/her death into cash within the Trust.

However, the Director is in material breach of his/her duties as a Director or falls under other

certain conditions, the delivery of shares of the Company and the payment of money equivalent to the amount obtained through the conversion of shares into cash shall not be made.

(5) Voting rights for shares of the Company within the Trust

To ensure the neutrality of management, voting rights for shares of the Company within the Trust (i.e., shares of the Company prior to the Delivery, etc. to Directors in accordance with (4) above) shall not be exercised during the trust period.

(6) Other contents of the Plan

Other contents regarding the Plan shall be determined by the Board of Directors each time modifications of the trust agreement and additional contributions to the Trust are made.

(Note)

The opinion of the Audit and Supervisory Committee on the compensation, etc. for Directors not serving as Audit and Supervisory Committee Members is as follows.

In the Audit and Supervisory Committee, in view of the opinions of the three Outside Directors serving as Audit and Supervisory Committee Members in attendance at the "Nomination and Compensation Advisory Committee," the proposal was deliberated according to standards established by the Board of Directors, such as the "Policy and procedures of the Company regarding the determination of compensation for Directors," and as a result, the Audit and Supervisory Committee reached the conclusion that there were no particular matters of note.

(Reference) Matters Concerning Corporate Governance (As of March 31, 2022)

1. Basic management policy

The Company’s mission is to continuously contribute to society through land development across Japan, and to achieve this goal, along with getting our mission widely known and understood by our stakeholders, we have defined our values and visions as set below in our management philosophy, so they are shared throughout everyone in the Group.

Mission: Contributing to the creation of a prosperous, safe, and secure land

Value: Marching on toward the future by always turning change into evolution

Vision: Providing proprietary technologies that stand the test of time

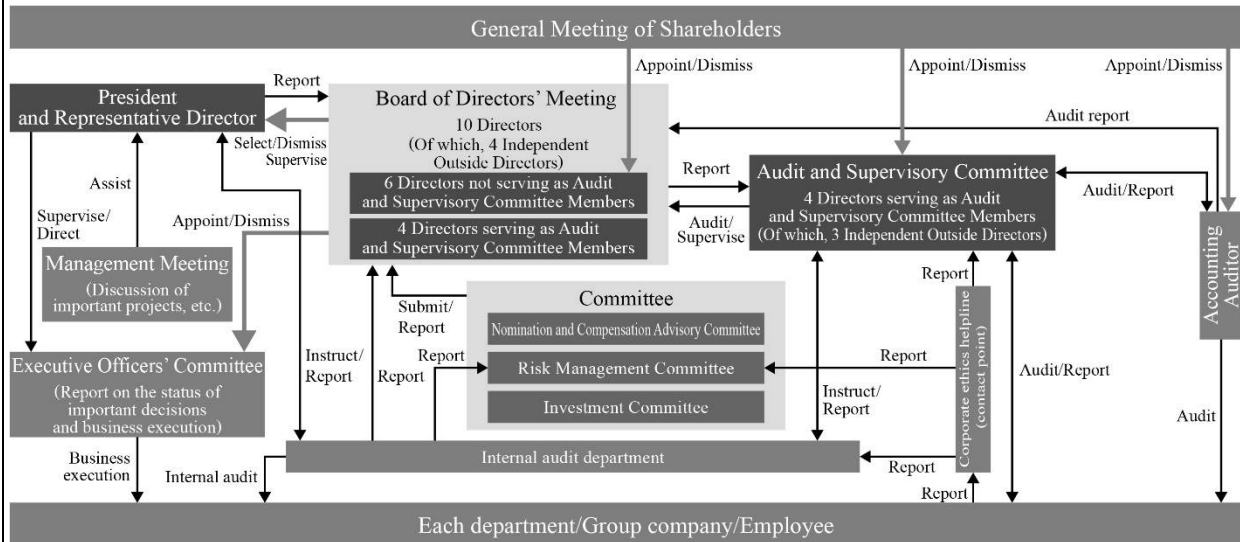
Additionally, to realize this management philosophy, the Company holds “Aiming for sustainable growth on land and at sea through coordination of the three businesses of Civil Engineering, Soil Improvement and Blocks” as its management policy.

2. Basic approach to corporate governance

Corporate governance is a decision-making mechanism that increases the soundness and efficiency of corporate management or otherwise can be said to be the rules to managing a company. The enhancement and strengthening of corporate governance contributes to respecting the rights and interests of the Group’s stakeholders and improving mid- to long-term corporate value. Therefore, we make this one of our highest priority initiatives, in order to realize the Group’s management philosophy and achieve sustainable growth and future development.

In order to realize the Group’s management philosophy, we intend to permanently strive to increase the effectiveness and transparency of corporate governance, develop the optimal corporate governance mechanism and management method for the Group.

As of March 31, 2022



[Board of Directors]

The Board of Directors delegates a part of its decision-making responsibilities on important execution issues to its Directors. By this, the Board of Directors can put more focus on discussing more important matters such as the direction of the Company.

The Board of Directors is composed of 6 Directors not serving as Audit and Supervisory Committee Members (including 1 Independent Outside Director) and 4 Directors serving as Audit and Supervisory Committee Members (including 3 Independent Outside Directors).

Furthermore, Outside Directors possess expertise and experience in diverse fields, and are elected from individuals that do not violate the independence standards uniquely set by the Company. By receiving opinions and audits from an independent and objective perspective from these Independent Outside Directors, the effectiveness of the Board of Directors will increase overall. Furthermore, in order to assess, improve and enhance the effectiveness of the Board of Directors, an evaluation is conducted once a year, including a self-evaluation by each Director, and the results of the evaluations are disclosed.

[Audit and Supervisory Committee]

The Audit and Supervisory Committee is composed of 4 members (including 3 Independent Outside Directors), and one Standing Audit and Supervisory Committee member. The Audit and Supervisory Committee is held once a month to carry out necessary resolutions, consent, and deliberate and report on issues, and conduct audits and provide supervision based on the established audit policies and audit plans.

Audit and Supervisory Committee Members will periodically exchange opinions with the internal audit department and information and also hold periodic meetings to exchange views with the President and Representative Director as well. This enables the Audit and Supervisory Committee to gather and share information, enhancing the effectiveness of its audits and supervision.

[Nomination and Compensation Advisory Committee]

The organization consists of all the Independent Outside Directors (Audit and Supervisory Committee Members) and the President and Representative Director. The chairperson of the committee (chairman) will be served by an Outside Director, and they aim to enhance the transparency and objectiveness of decisions regarding the resolutions made on nomination of Directors and compensation related matters.

3. Idea behind the composition and scale of the Board of Directors

The Board of Directors of the Company has identified particularly important knowledge, experience and capability that it expects Directors to possess in view of the Company's management philosophy and management strategy, and in consideration of its responsibilities, the Board aims to choose Directors so that the Board is composed of diverse personnel who have a variety of experiences and expertise and different backgrounds in terms of gender, internationality, career, age and other aspects and, as a whole, provides the best balance of knowledge, experience and capability.

The particularly important knowledge, experience and capability that Directors are expected to possess are those in (i) corporate management and management strategy, (ii) sales and industry knowledge, (iii) overseas business, (iv) research and development and IT, (v) finance and accounting, (vi) human resources, labor management and labor safety and health, (vii) legal affairs, compliance and risk management, and (viii) environment (E), society (S) and governance (G). The Board of Directors shall have an approximate number of members that is determined by taking the Company's current institutional design and scale etc. into perspective and to ensure that the Board can effectively fulfill its role and duty while ensuring its diversity and continuity.

To enhance the effectiveness of its supervision of Directors and the management of the Company, the Board of Directors has a policy of ensuring that Independent Outside Directors account for one third or more of its members and that the Independent Outside Directors include persons who have experience in corporate management at any other company than the Company.

While the current Articles of Incorporation provides that the number of Directors shall be not more than 15 (including not more than 9 Directors not serving as Audit and Supervisory Board Committee Members and not more than 6 Directors serving as Audit and Supervisory Committee Members), the current number of Directors is 10 (including 4 Independent Outside Directors).

4. Policy and procedures of the Company regarding the nomination of candidates for Directors, and the selection and dismissal of executive management members

The Company has set the following rules on the nomination of candidates for Director, and selection and dismissal of executive management members, to be made by the Board of Directors.

Based on the idea behind the composition and scale of the Company's Board of Directors, in order to realize the management philosophy, after due consideration to the requirements to determine basic management policies, supervise the execution of duties by Directors and executive officers, which are viewed as responsibilities and obligations of the Board of Directors, individuals capable of performing these duties will be nominated as candidates for Directors.

Candidates nominated for Directors, upon stating clear reasons for their candidacy, will be nominated by resolution of the Board of Directors based on findings of the Nomination and Compensation Advisory Committee, an advisory body for the Board of Directors, after being categorized into Directors not serving as Audit and Supervisory Board Committee Members, and Directors serving as Audit and Supervisory Committee Members.

With regard to Directors serving as Audit and Supervisory Committee Members, in addition to the policies and procedures above, after due consideration to the requirement to audit and supervise the execution of duties, etc. of Directors, which are viewed as responsibilities and obligations of the Audit and Supervisory Committee, individuals capable of performing these duties will be nominated as Directors serving as Audit and Supervisory Committee Members. Furthermore, the Company will nominate at least one person that

possesses sufficient knowledge regarding finance and accounting.

Furthermore, the Company will receive the consent of the Audit and Supervisory Committee in advance to nominate a candidate for Director serving as Audit and Supervisory Committee Member.

Election of the Company's executive officers, including the Chairman, President and Representative Directors, will conform to policies and procedures for candidate nomination, as those described above, for Directors. Moreover, should executive management members be clearly recognized as unsuitable for the execution of their duties in accordance to their responsibilities, upon stating clear reasons, they will be dismissed in a timely manner by resolution of the Board of Directors based on findings of the Nomination and Compensation Advisory Committee, an advisory body for the Board of Directors, if required.

5. Independence Standards for Outside Directors of the Company

The Company has stipulated the "Independence Standards for Outside Directors" based on a resolution of the Board of Directors. The standards are stricter than those stipulated by Tokyo Stock Exchange, Inc.

The Company has nominated individuals that do not violate these standards as Outside Directors of the Company, and all Outside Directors of the Company (four persons) have been designated as Independent Officers as stipulated by Tokyo Stock Exchange, Inc., and have been submitted as such to the said Exchange.

The Company's "Independence Standards for Outside Directors" are as follows.

- (1) The parent Company, subsidiary companies, and their executives ((i.e., executive director, executive, executive officer and employee, hereinafter the same) or non-executives (i.e., non-executive director, audit & supervisory board member and accounting advisor, hereinafter the same)
- (2) Entities that regard the Company as a major business partner (*1) or related executive and non-executive officers, and major business partners of the Company (*2) or related executive and non-executive officers

*1: "Entities that regard the Company as a major business partner" are entities with consolidated sales of 2% or more as a result of average annual sales over the previous three years due to transactions with the Company.

*2: "Major business partners of the Company" are the entities described below:

- a. Business partners that make up 2% or more of the Company's consolidated net sales as a result of average net sales over the previous three years between the business partner and the Company.
- b. Major borrowers (loan amount is 2% or more of the Company's total consolidated assets)
- c. Lead managing securities company

- (3) A consultant, accountant, or legal specialist (*3) that in addition to officer compensation from the Company, receives large funds and other assets (*4), or has an ongoing outsourcing contract relationship with the Company. (However, regarding the Accounting Auditor, independence shall be determined with reference to the "Policy Regarding Independence" defined by the Japanese Institute of Certified Public Accountants.)

*3: In the event that the "consultant, accountant, or legal specialist" is an organization such as a corporation or association, etc., they are described as the organization.

*4: "Large funds and other assets" describes average funds of 10 million yen or more over the previous three years, or total income from a business partner of 2% or more.

- (4) A person who is an executive or non-executive of a major shareholder (*5) of the Company

*5: "Major shareholder" describes a shareholder that ranks among the top 10 holders of the Company's shares

- (5) An entity who receives a significant amount of donation (*6) from the Company, and an executive and non-executive thereof

*6: A "significant amount of donation" describes a business partner that has received an average of 10 million yen or more within the previous three years or 2% or more of the business partner's income from the Company.

- (6) An executive or non-executive at an entity that has relationships with the Company with mutual appointments of outside officers

- (7) A person who falls under any of (1) to (5) above within the last ten (10) years

- (8) A person who was an executive or non-executive of the Company and its subsidiaries

- (9) A person who is a close relative of a person (other than those deemed unimportant) that falls under any of (1) to (8) above (spouse, relative within the second degree of kinship)

6. Basic capital policy

In order to increase the mid- to long-term corporate value, the Company believes that it is necessary to make strategic investments and promote the expansion of its business domains. The basic capital policy for

carrying out these measures is to strive to maintain a balance centered on three main points, “improve capital efficiency,” “pursue both growth investment and shareholder return at the same time,” and “allocate funds to maximize corporate value.”

(1) Improve capital efficiency

As it is important to efficiently utilize capital received from our shareholders and enhance profitability in order to increase corporate value, the Company has set a target of achieving a ROE of 8% or more.

(2) Pursue both growth investment and shareholder return at the same time

Under the Mid-term Management Plan, as more cash will be allocated to investments necessary for sustained growth, the Company aims to achieve a dividend payout ratio of approximately 40% as a target for shareholder return and strives to pursue both growth investment and shareholder return at the same time; provided that if surplus funds are generated for a long period of time, the Company will agilely return them through the acquisition of treasury shares and other measures.

(3) Allocate funds to maximize corporate value

When raising funds as it accelerates investment for growth, the Company takes optimal capital structure into consideration and strives to maintain financial soundness while utilizing financial leverage.