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Securities Code 5391
June 2, 2022

To Those Stockholders with Voting Rights

Tohru Makino
President and Representative Director
A&A Material Corporation
2-5-5 Tsurumi-chuo, Tsurumi-ku,
Yokohama, Kanagawa

NOTICE OF THE 22nd ORDINARY GENERAL MEETING OF STOCKHOLDERS

You are hereby notified of the 22nd Ordinary General Meeting of Stockholders of A&A Material Corporation (the “Company”). The meeting will be held as stated below.

In order to prevent the spread of infection of the novel coronavirus disease (COVID-19), considering the safety and security of all our stockholders as our top priority, the Company requests that you exercise your voting rights prior to the meeting in writing or by using the Internet, and refrain from traveling to the venue on the date of the meeting.

Please review the attached Reference Documents for the General Meeting of Stockholders, and exercise your voting rights by 5:50 p.m. on Tuesday, June 28, 2022.

1. **Date and Time:** Wednesday, June 29, 2022 at 10:00 a.m. (Reception begins at 9:00 a.m.)
2. **Place:** Conference Hall (8th floor), Head office of the Company
2-5-5 Tsurumi-chuo, Tsurumi-ku, Yokohama, Kanagawa
3. **Agenda of the Meeting:**
Matters to be reported:
 1. Business Report, Consolidated Financial Statements for the 22nd Fiscal Term (from April 1, 2021 to March 31, 2022) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the 22nd Fiscal Term (from April 1, 2021 to March 31, 2022)
Proposals to be resolved:
 - Proposal No. 1:** Appropriation of Surplus
 - Proposal No. 2:** Partial Amendments to the Articles of Incorporation
 - Proposal No. 3:** Election of Six Directors
 - Proposal No. 4:** Election of One Substitute Corporate Auditor
4. **Voting Guide** Please refer to the voting guide on pages 3 and 4.
5. **Matters regarding the disclosure on the Internet** Of the documents required to be included in this notice of convocation, Notes to the Consolidated Financial Statements and Notes to the Non-consolidated Financial Statements are, pursuant to the provisions of laws and regulations and the Articles of Incorporation of the Company, posted on the Company’s website shown below, and are therefore not contained in this notice of convocation. The Consolidated Financial Statements and the Non-consolidated Financial Statements audited by Corporate Auditors and the Accounting Auditor include Notes to the Consolidated Financial Statements and Notes to the Non-consolidated Financial Statements, which are posted on the Company’s website, in addition to documents included in the Appendix of this notice of convocation.

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- If you are attending the Meeting, please hand in the enclosed Voting Rights Exercise Form at the front desk when you arrive at the venue. Please also bring this notice with you in order to save resources.
 - Subsequent amendments to the Reference Documents for the General Meeting of Stockholders, the Business Report, the Consolidated and Non-consolidated Financial Statements (if any) will be listed on the Company's website shown below.

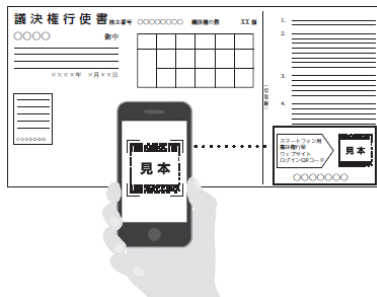
The Company's website (<https://www.aa-material.co.jp>)

Exercise of Voting Rights via the Internet, etc.

Scanning QR Code “Smart Vote”

You can simply log in to the Voting Rights Exercise Site without entering your voting code and password.

1. Please scan the QR Code printed on the lower right-hand side of the Voting Rights Exercise Form.



Note: QR Code” is a registered trademark of DENSO WAVE INCORPORATED.

2. Indicate your approval or disapproval by following the instructions on the screen.



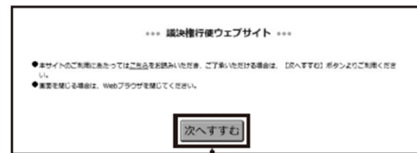
Please note that exercising voting rights by using “Smart Vote” method is available **only once**.
 If you need to change your votes after exercising your voting rights, please log in to the Voting Rights Exercise Site for PC by using your voting code and password printed on the Voting Rights Exercise Form, and exercise your voting rights again.
 Note: If you rescan the QR Code, you can access the voting website for PC.

In case you need instructions for how to operate your personal computer, smartphone or mobile phone in order to exercise your voting rights via the Internet, please contact:

Entering voting code and password

Voting Rights Exercise Site: <https://soukai.mizuho-tb.co.jp/>

1. Access the Voting Rights Exercise Site.



Click “Next.”

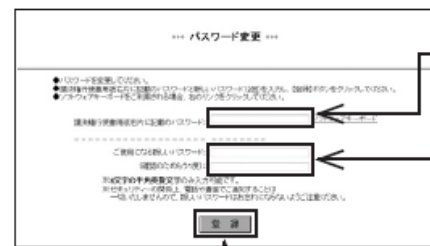
2. Enter the voting code printed on the Voting Rights Exercise Form.



Enter the voting code.

Click “Next.”

3. Enter the password printed on the Voting Rights Exercise Form.



Enter the password.

Enter the new password that you will actually use.

Click “Register.”

4. Indicate your approval or disapproval by following the instructions on the screen.

Note: The above images are illustrations of the screen.

Internet Help Dial, Stock Transfer Agency Department of Mizuho Trust & Banking Co., Ltd.
 TEL: 0120—768—524 (Toll free in Japan)
 Operating hours: 9:00 a.m. - 9:00 p.m.

Institutional investors may use the Electronic Voting Rights Exercise Platform for institutional investors operated by ICJ, Inc.

Reference Documents for the General Meeting of Stockholders

Proposals and references

Proposal No. 1: Appropriation of Surplus

With respect to the appropriation of surplus, the Company would like to pay out as follows.

Matters regarding the year-end dividend

The Company implements continuous and stable dividend payouts corresponding to a target consolidated dividend payout ratio of 30% on the basis of the basic policy of aiming to secure and expand profits through sound corporate activities, and returning part of the stable revenues to its stockholders in the form of dividends.

Under this basic policy, the Company would like to pay out the year-end dividend for the term under review as follows, in consideration of our performance for the term under review and the future business development.

Type of dividend property

Cash

Matters concerning the distribution of dividends to stockholders and its total amount

25 yen per share of common stock of the Company, for a total amount of 193,972,675 yen.

Note: Since an interim dividend of 20 yen was paid, the annual dividend for the term under review amounts to 45 yen per share.

Effective date of dividends from surplus

Thursday, June 30, 2022

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

1. Reasons for the amendment

Since the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) are to be enforced on September 1, 2022, the Company proposes to make the following changes to its Articles of Incorporation in preparation for the introduction of the system for providing informational materials for the general meeting of stockholders in electronic format.

- (1) Article 15, paragraph 1 in “Proposed Amendments” below will stipulate that the Company shall take measures for providing information that constitutes the content of reference documents for the general meeting of stockholders, etc. in electronic format.
- (2) Article 15, paragraph 2 in “Proposed Amendments” below will establish the provision to limit the scope of the items to be stated in the paper-based documents to be delivered to stockholders who requested the delivery of paper-based documents.
- (3) Since the provisions for Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Stockholders, Etc. (Article 15 of the current Articles of Incorporation) will no longer be required, they will be deleted.
- (4) Accompanying the aforementioned establishment and deletion of provisions, supplementary provisions regarding the effective date, etc. will be established.

2. Description of the amendment

The proposed amendments are as follows.

(Amendments are underlined)

Current Articles of Incorporation	Proposed Amendments
<u>Articles 15 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Stockholders, Etc.)</u> <u>The Company may, when convening a General Meeting of Stockholders, by disclosing the information related to the matters to be stated or displayed in reference documents for general meeting of stockholders, business report, non-consolidated financial statements and consolidated financial statements through the Internet pursuant to the provisions of the applicable Order of the Ministry of Justice, deem that it has provided the same to the stockholders.</u>	(Deleted)

Current Articles of Incorporation	Proposed Amendments
(Newly established)	<p><u>Article 15 (Measures, etc. for Providing Information in Electronic Format)</u></p> <ol style="list-style-type: none"> <u>1. When the Company convenes a general meeting of stockholders, it shall take measures for providing information that constitutes the content of reference documents for the general meeting of stockholders, business report, non-consolidated financial statements and consolidated financial statements, etc. in electronic format pursuant to the provisions prescribed by laws and regulations.</u> <u>2. Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to stockholders who requested the delivery of paper-based documents by the record date of voting rights.</u>
(Newly established)	<p><u>(Supplementary Provisions)</u></p> <p><u>Article 1</u></p> <p><u>The deletion of Article 15 in the pre-amended Articles of Incorporation (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Stockholders, Etc.) and addition of Article 15 (Measures, etc. for Providing Information in Electronic Format) in the amended Articles of Incorporation shall take effect on September 1, 2022, which is the date of enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the “Date of Enforcement”).</u></p> <p><u>Article 2</u></p> <p><u>Notwithstanding the provision in the previous article, Article 15 in the pre-amended Articles of Incorporation shall remain in effect for general meetings of stockholders held on a date within six months from the Date of Enforcement.</u></p> <p><u>Article 3</u></p> <p><u>These Supplementary Provisions shall be deleted on the date when six months have elapsed from the Date of Enforcement or three months have elapsed from the date of the general meeting of stockholders in the preceding article, whichever is later.</u></p>

Proposal No. 3: Election of Six Directors

The term of office of all six Directors will expire at the close of this General Meeting of Stockholders. In that regard, the Company proposes the election of six Directors.

The selection of candidates for the Board of Directors is made through deliberations by the Nomination and Remuneration Advisory Committee, which is composed of a majority of outside Directors and chaired by an outside Director, and reports to the Board of Directors.

The candidates for Director are as follows.

No.	Name	Current position and responsibilities	Attribute
1	Tohru Makino	President & Representative Director General Management Nomination and Remuneration Advisory Committee Member	Reappointment
2	Atsushi Niikawa	Director and Senior Executive Officer In charge of General Affairs Department, Legal Department, Accounting Department, Corporate Planning Department and Information Systems Department	Reappointment
3	Shigeaki Deshimaru	Director and Senior Executive Officer Senior General Manager, Building Materials Division	Reappointment
4	Takeshi Omi	Director and Executive Officer Senior General Manager, Industrial Products Division	Reappointment
5	Shigemi Takura	Director Chairperson of the Nomination and Remuneration Advisory Committee Lawyer, Takura Law Office	Reappointment Outside Independent
6	Hideki Tokai	Director Nomination and Remuneration Advisory Committee Member Certified Public Tax Accountant, Hideki Tokai Tax Accountant Office Outside Corporate Auditor of MINISTOP Co., Ltd. External Director and Audit & Supervisory Committee Member of SHIN NIPPON AIR TECHNOLOGIES CO., LTD. Outside Auditor of NIPPON ENGINEERING CONSULTANTS CO., LTD.	Reappointment Outside Independent

Attributes of candidates:

Reappointment: Director to be reappointed

Outside: Outside Director

Independent: Independent Director as stipulated by stock exchanges, etc.

No.	Name (Date of birth)	Career summary, position, responsibilities and significant concurrent positions	Number of shares of the Company held
1	<p>Tohru Makino <u>Reappointment</u> (January 14, 1956)</p> <p>Attended 16 out of 16 meetings of the Board of Directors</p>	<p>April 1979 Joined Chichibu Cement Co., Ltd. October 1998 Affiliates Department of Taiheiyo Cement Corporation November 2001 General Manager, Corporate Planning Department of A&A Material Corporation April 2008 Executive Officer and General Manager, Sales Department, Cement Business Division of DC Co., Ltd. April 2011 General Manager, Affiliate Businesses Department of Taiheiyo Cement Corporation April 2012 Adviser of A&A Material Corporation June 2012 Director and Senior Executive Officer of A&A Material Corporation June 2015 President & Representative Director of A&A Material Corporation (to present)</p> <p>Reason for nominating Tohru Makino as Director Mr. Tohru Makino has a wealth of experience and knowledge about corporate management and has spearheaded efforts to strengthen the Group's management infrastructure as President and Representative Director aimed at the Group's management and toward the realization of our medium- to long-term CSR vision and medium-term management plan for 2030. In addition, he properly manages the Board of Directors as Chair of the Board, and appropriately performs the supervisory function with respect to the management's decision-making regarding important matters and its business execution. The Company has judged that he demonstrates superior leadership and is qualified for the aim of achieving the Group's sustainable growth and increased corporate value, so proposes he continue as a candidate for Director.</p>	26,000

No.	Name (Date of birth)	Career summary, position, responsibilities and significant concurrent positions	Number of shares of the Company held
2	<p data-bbox="261 909 451 1016">Atsushi Niikawa <u>Reappointment</u> (June 23, 1958)</p> <p data-bbox="229 1066 483 1155">Attended 16 out of 16 meetings of the Board of Directors</p>	<p data-bbox="504 253 1246 1339"> April 1982 Joined Asahi Sekimen Kogyo Co., Ltd. April 2007 General Manager, Planning and Administration Department of A&A Material Corporation October 2008 Deputy General Manager, Corporate Planning Department of A&A Material Corporation April 2009 Deputy General Manager, General Affairs Department of A&A Material Corporation August 2010 General Manager, General Affairs Department of A&A Material Corporation April 2012 General Manager, Hokkaido Branch of A&A Material Corporation April 2014 Executive Officer of A&A Material Corporation June 2015 Director and Executive Officer of A&A Material Corporation June 2017 Director and Executive Officer, Deputy Senior General Manager, Building Materials Division and General Manager, Building Materials Sales Department of A&A Material Corporation April 2018 Director and Executive Officer, Senior General Manager, Building Materials Division of A&A Material Corporation June 2018 Director and Managing Executive Officer, Senior General Manager, Building Materials Division of A&A Material Corporation June 2019 Director and Senior Executive Officer, Senior General Manager, Building Materials Division and Senior General Manager, Business Promotion Department of A&A Material Corporation April 2020 Director and Senior Executive Officer and Senior General Manager, Business Promotion Department of A&A Material Corporation October 2020 Director and Senior Executive Officer of A&A Material Corporation (to present) </p> <p data-bbox="504 1375 1246 1818"> Reason for nominating Atsushi Niikawa as Director Mr. Atsushi Niikawa has held important positions in a wide range of fields including corporate planning, general affairs, accounting, and the supervision of sales departments. He also has a wealth of experience and knowledge in corporate management, while steadily promoting the Group's business strategy from a comprehensive perspective. He also appropriately performs the supervisory function as a Director with respect to the management's decision-making regarding important matters and its business execution. The Company has judged that Mr. Niikawa is qualified to develop business strategies from a multifaceted perspective across all aspects of the Group's business with the goal of improving the Group's sustainable growth and corporate value, and so proposes he continue as a candidate for Director. </p>	9,300

No.	Name (Date of birth)	Career summary, position, responsibilities and significant concurrent positions	Number of shares of the Company held
3	<p>Shigeaki Deshimaru <u>Reappointment</u> (November 18, 1958)</p> <p>Attended 16 out of 16 meetings of the Board of Directors</p>	<p>April 1982 Joined Asano Slate Co., Ltd. October 2008 General Manager, Kyushu Branch of A&A Material Corporation April 2010 General Manager, Hokkaido Branch of A&A Material Corporation April 2012 General Manager, Kyushu Branch of A&A Material Corporation April 2013 General Manager, Kanto Branch of A&A Material Corporation April 2015 Executive Officer, Deputy Senior General Manager, Building Materials Division and General Manager, Building Materials Sales Department of A&A Material Corporation June 2015 Executive Officer, Deputy Senior General Manager, Building Materials Division and General Manager, Building Materials Sales Department of A&A Material Corporation, Director of A&A Construction Corporation April 2017 Executive Officer, Deputy Senior General Manager, Building Materials Division and General Manager, Building Materials Sales Department of A&A Material Corporation, President & Representative Director of A&A Construction Corporation June 2017 Director and Executive Officer of A&A Material Corporation President & Representative Director of A&A Construction Corporation June 2019 Director and Managing Executive Officer of A&A Material Corporation President & Representative Director of A&A Construction Corporation June 2021 Director and Senior Executive Officer, Senior General Manager, Building Materials Division of A&A Material Corporation (to present)</p> <p>Reason for nominating Shigeaki Deshimaru as Director Mr. Shigeaki Deshimaru has a wealth of experience and knowledge of corporate management gained from important positions in the Building Materials Division and serving as the President and Representative Director of a construction company within the Group. He has contributed greatly as a Senior General Manager of the Building Materials Division by increasing profitability and enhancing growth strategy within the division. He also appropriately performs the supervisory function as a Director with respect to the management's decision-making regarding important matters and its business execution. The Company has judged that Mr. Deshimaru is qualified for enhancing the Group's sales infrastructure, including the building materials business, with the goal of improving the Group's sustainable growth and corporate value, and so proposes he continue as a candidate for Director.</p>	5,600

No.	Name (Date of birth)	Career summary, position, responsibilities and significant concurrent positions	Number of shares of the Company held
4	<p style="text-align: center;">Takeshi Omi <u>Reappointment</u> (November 17, 1958)</p> <p>Attended 13 out of 13 meetings of the Board of Directors</p>	<p>April 1983 Joined Onoda Cement Co., Ltd. October 1998 Central Research Laboratory of Taiheiyo Cement Corporation October 2010 Technology Development Center of A&A Material Corporation April 2013 General Manager, Shiga Plant of A&A Material Corporation October 2015 President & Representative Director of A&A Osaka Corporation April 2017 President & Representative Director of Asahi Keisan Kogyo Co., Ltd. April 2018 Executive Officer, Senior General Manager, Industrial Products Division and General Manager, Industrial Products Production Department of A&A Material Corporation April 2020 Executive Officer, Senior General Manager, Industrial Products Division and General Manager, Operations Department of Industrial Products Division of A&A Material Corporation June 2021 Director and Executive Officer, Senior General Manager, Industrial Products Division of A&A Material Corporation (to present)</p> <p>Reason for nominating Takeshi Omi as Director Mr. Takeshi Omi has been involved in the research and development department for many years, and has a wealth of experience and knowledge of corporate management gained by serving as President and Representative Director of a production subsidiary. As a Senior General Manager of the Industrial Products Division, he contributed immensely to strengthening the foundation by developing new business in this division. He also appropriately performs the supervisory function as a Director with respect to the management's decision-making regarding important matters and its business execution. The Company has judged that he is qualified for overseeing the industrial products business and the aim of achieving the Group's sustainable growth and increased corporate value, so proposes he continue as a candidate for Director.</p>	2,000

No.	Name (Date of birth)	Career summary, position, responsibilities and significant concurrent positions	Number of shares of the Company held
5	<p>Shigemi Takura <u>Reappointment</u> <u>Outside</u> <u>Independent</u> (February 15, 1954)</p> <p>Attended 16 out of 16 meetings of the Board of Directors</p>	<p>April 1981 Registered as a lawyer April 1984 Established Takura Law Office (to present) June 1997 Outside Corporate Auditor of ASK Corp. April 2013 Specially Appointed Professor, Graduate School of Law of Aoyama Gakuin University June 2015 Outside Director of A&A Material Corporation (to present)</p> <p>Reason for nominating Shigemi Takura as Outside Director and outline of expected roles Although Mr. Shigemi Takura has not directly engaged in corporate management other than serving as an outside officer in the past, he has a wealth of experience and knowledge as a long-serving lawyer. He has mainly provided supervision and advice with respect to the execution of Directors' duties from an expert legal perspective. As a chairperson of the Nomination and Remuneration Advisory Committee, he has provided beneficial opinions and led discussions on nomination and remuneration. The Company expects he will contribute to the Group's sustainable growth and increased corporate value while also enhancing the Group's governance structure from an independent objective and neutral standpoint, so proposes he continue as a candidate for Outside Director.</p>	2,400

No.	Name (Date of birth)	Career summary, position, responsibilities and significant concurrent positions	Number of shares of the Company held
6	Hideki Tokai <u>Reappointment</u> <u>Outside</u> <u>Independent</u> (January 18, 1954) Attended 16 out of 16 meetings of the Board of Directors	<p>April 1972 Joined Tokyo Regional Taxation Bureau</p> <p>July 2007 Director of Kesenuma Tax Office</p> <p>July 2008 Chief Inspection Officer, Commissioner's Secretariat of National Tax Agency</p> <p>July 2011 Director of Kashiwa Tax Office</p> <p>July 2012 Deputy Director, Third Investigation Department of Tokyo Regional Taxation Bureau</p> <p>July 2013 Director of Shiba Tax Office</p> <p>August 2014 Registered as certified tax accountant</p> <p>August 2014 Established Hideki Tokai Tax Accountant Office (to present)</p> <p>May 2015 Outside Corporate Auditor of MINISTOP Co., Ltd. (to present)</p> <p>June 2018 Outside Director of A&A Material Corporation (to present)</p> <p>June 2019 External Audit & Supervisory Board Member of SHIN NIPPON AIR TECHNOLOGIES CO., LTD.</p> <p>June 2020 External Director and Audit & Supervisory Committee Member of SHIN NIPPON AIR TECHNOLOGIES CO., LTD. (to present)</p> <p>September 2020 Outside Director and Supervisory Committee Member of NIPPON ENGINEERING CONSULTANTS CO., LTD.</p> <p>September 2021 Outside Auditor of NIPPON ENGINEERING CONSULTANTS CO., LTD. (to present)</p> <p>Reason for nominating Hideki Tokai as Outside Director and outline of expected roles Although Mr. Hideki Tokai has not directly engaged in corporate management other than serving as an outside officer in the past, he has a wealth of experience and knowledge as a long-serving certified tax accountant. He has mainly provided supervision and advice with respect to the execution of Directors' duties from an expert accounting and corporate tax perspective. As a Nomination and Remuneration Advisory Committee Member, he has provided beneficial opinions on nomination and remuneration. The Company expects he will contribute to the Group's sustainable growth and increased corporate value while also enhancing the Group's governance structure from an independent objective and neutral standpoint, so proposes he continue as a candidate for Outside Director.</p>	4,100

- Notes: 1. No special relationship exists between the Company and any of the candidates.
2. Please refer to "Company Officers" of the Business Report for the current responsibilities at the Company of each of the candidates to be re-elected.
3. Mr. Shigemi Takura is a candidate for Outside Director.
Mr. Shigemi Takura served as Outside Corporate Auditor of ASK Corp. (currently A&A Material Corporation) from June 1997 to June 2000. Since his retirement, more than ten years have passed, and he has not held a position as an executive or officer of the Company or any entity that has a special relationship with the Company. Mr. Shigemi Takura will have served as Outside Director for seven years at the close of this Ordinary General Meeting of Stockholders. The Company has registered him at Tokyo Stock Exchange, Inc. as an independent director as stipulated by Tokyo Stock Exchange, Inc.
4. Mr. Hideki Tokai is a candidate for Outside Director.
Mr. Hideki Tokai and the Company had concluded a service contract under which Mr. Hideki Tokai served as a tax consultant of the Company from September 2014 to March 2018. He has not held a position as

an executive or officer of the Company or any entity that has a special relationship with the Company since then. Mr. Hideki Tokai will have served as Outside Director for four years at the close of this Ordinary General Meeting of Stockholders. The Company has registered him at Tokyo Stock Exchange, Inc. as an independent director as stipulated by Tokyo Stock Exchange, Inc.

5. Independence of the candidates for Outside Director as Outside Director

(1) Neither Mr. Shigemi Takura nor Mr. Hideki Tokai is scheduled to receive or has in the past two years received a significant amount of money or other property from the Company or any entity that has a special relationship with the Company.

(2) Neither Mr. Shigemi Takura nor Mr. Hideki Tokai is a spouse or relative within the third degree of kinship or any other person equivalent thereto of an executive or officer of the Company or any entity that has a special relationship with the Company.

(3) Neither Mr. Shigemi Takura nor Mr. Hideki Tokai has in the past ten years served as an executive or officer of the Company or any entity that has a special relationship with the Company.

6. Limited liability agreement with Outside Directors

The Company has concluded a limited liability agreement with Mr. Shigemi Takura and Mr. Hideki Tokai, and plans to continue the said agreement with them if their re-election is approved. Overview of the agreement is as follows:

(1) In the event that an Outside Director is deemed to be liable for damages to the Company due to the negligence of his/her duties, the maximum liability for damages of the Outside Director is set at the minimum limit of liability specified in Article 425, Paragraph 1 of the Companies Act.

(2) The aforementioned limited liability is only applied in cases where the Outside Director performed his/her duties that caused his/her liabilities in good faith and without gross negligence.

7. Directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance policy which includes all of Directors, Corporate Auditors and Executive Officers of the Company and its subsidiaries under the Companies Act as insureds with an insurance company, thereby covering losses incurred by the insureds in cases where they are liable for damages arising from their performance of duties. If the election of each candidate is approved at the meeting, the Company plans to include each of them as an insured in the insurance policy. The term of the insurance policy is one year, and the Company plans to renew the policy before the expiration of that term by resolution of the Board of Directors.

(Reference) Skill matrix of candidates for Director

	Expertise and experience especially possessed by the candidates for Director						Nomination and Remuneration Advisory Committee
	Management strategies	Production/technology/research	Sales/marketing	Finance/accounting	Legal/ risk management	Human resources development	
Tohru Makino	○		○	○		○	○
Atsushi Niikawa	○			○	○	○	
Shigeaki Deshimaru	○	○	○				
Takeshi Omi	○	○	○				
Shigemi Takura (Outside)	○				○		◎
Hideki Tokai (Outside)	○			○			○

* Not a comprehensive representation of the individual's knowledge and experience

* ◎ (chairperson) ○ (member) of the Nomination and Remuneration Advisory Committee

Proposal No. 4: Election of One Substitute Corporate Auditor

In order to prepare for cases where a vacancy results in a shortfall in the number of Corporate Auditors prescribed by laws, we propose the election of one Substitute Corporate Auditor.

In addition, the consent of the Board of Corporate Auditors has been obtained for this proposal.

The candidate for Substitute Corporate Auditor is as follows.

Name (Date of birth)	Career summary, position and significant concurrent positions	Number of shares of the Company held
Katsutoshi Ichikawa <u>Reappointment</u> <u>Outside</u> (September 5, 1968)	April 1994 October 1994	
	June 2007	
	June 2009	
	October 2009	
	April 2011	
	April 2015	
	April 2019	—
	June 2019	
	June 2019	
	Reason for nominating Katsutoshi Ichikawa as Substitute Outside Corporate Auditor Although Mr. Katsutoshi Ichikawa has not directly engaged in corporate management in the past, he has a wealth of experience and knowledge about research and development, planning and building material business. The Company has judged that he is able to appropriately audit from an independent objective and neutral standpoint, so proposes he continue as a candidate for Substitute Outside Corporate Auditor.	

Notes: 1. No special relationship exists between the Company and the candidate.

2. Mr. Katsutoshi Ichikawa is a candidate for Substitute Outside Corporate Auditor.

3. Independence of the candidate for Substitute Corporate Auditor as Outside Corporate Auditor

(1) Mr. Katsutoshi Ichikawa is not scheduled to receive or has not in the past two years received a significant amount of money or other property from the Company or any entity that has a special relationship with the Company.

(2) Mr. Katsutoshi Ichikawa is not a spouse or relative within the third degree of kinship or any other person equivalent thereto of an executive or officer of the Company or any entity that has a special relationship with the Company.

(3) Mr. Katsutoshi Ichikawa has not in the past ten years served as an executive or officer of the Company

or any entity that has a special relationship with the Company.

4. Limited liability agreement with Corporate Auditors

The Company plans to conclude a limited liability agreement with Mr. Katsutoshi Ichikawa, if his election as Substitute Corporate Auditor is approved, and if he takes office as Corporate Auditor during his term of office due to a shortfall in the number of Corporate Auditors prescribed by laws.

Overview of the agreement is as follows:

(1) In the event that a Corporate Auditor is deemed to be liable for damages to the Company due to the negligence of his/her duties, the maximum liability for damages of the Corporate Auditor is set at the minimum limit of liability specified in Article 425, Paragraph 1 of the Companies Act.

(2) The aforementioned limited liability is only applied in cases where the Corporate Auditor performed his/her duties that caused his/her liabilities in good faith and without gross negligence.

5. Directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance policy which includes all of Directors, Corporate Auditors and Executive Officers of the Company and its subsidiaries under the Companies Act as insureds with an insurance company, thereby covering losses incurred by the insureds in cases where they are liable for damages arising from their performance of duties. If the election of the candidate for Substitute Corporate Auditor Mr. Katsutoshi Ichikawa is approved at the meeting, and if he takes office as Corporate Auditor during his term of office due to a shortfall in the number of Corporate Auditors prescribed by laws, the Company plans to include him as an insured in the insurance policy. The term of the insurance policy is one year, and the Company plans to renew the policy before the expiration of that term by resolution of the Board of Directors.

End of document.