

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

# Notice of the 81<sup>st</sup> Annual General Meeting of Shareholders

## Date and Time:

Wednesday, June 29, 2022, at 10:00 a.m. (JST)

## Venue:

2-5-3, Kanda Misaki-cho, Chiyoda-ku, Tokyo  
Head Office of the Company

## Matters to be resolved:

- Proposal No. 1 Appropriation of Surplus
- Proposal No. 2 Amendment to the Articles of Incorporation
- Proposal No. 3 Election of 12 Directors
- Proposal No. 4 Election of One Substitute Corporate Auditor
- Proposal No. 5 Introduction of a Performance-Based Stock Compensation Plan for Directors

For the purpose of preventing the spread of the COVID-19, we would like you to refrain from attending the venue for the General Meeting of Shareholders and we kindly request that you exercise your voting rights in writing or via the internet in advance.

No gifts will be provided to shareholders attending the General Meeting of Shareholders. We greatly appreciate your understanding.

Securities Code: 1815

To Our Shareholders

We would like to take this opportunity to extend our sincere gratitude for your continuous support.

You are hereby invited to attend the 81st Annual General Meeting of Shareholders of TEKKEN CORPORATION (the “Company”), which will be held on Wednesday, June 29, 2022.

The status of the Company group (the “Group”) for the fiscal year under review (from April 1, 2021 to March 31, 2022) and other matters will be presented for your review.

Representative Director and President

Yasushi Ito

June 14, 2022

To our shareholders:

Representative Director and President

Yasushi Ito

TEKKEN CORPORATION

2-5-3, Kanda Misaki-cho, Chiyoda-ku, Tokyo

## Notice of the 81st Annual General Meeting of Shareholders

You are cordially invited to attend the 81st Annual General Meeting of Shareholders of TEKKEN CORPORATION (the “Company”), which will be held as indicated below.

As an alternative to attending the meeting, you may 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 in accordance with the “Instructions for Exercising Your Voting Rights” on pages 6 to 7 by the end of the business day (5:15 p.m.) on Tuesday, June 28, 2022 (JST).

1. Date and Time: Wednesday, June 29, 2022, at 10:00 a.m. (JST)
2. Venue: Head Office of the Company, 2-5-3, Kanda Misaki-cho, Chiyoda-ku, Tokyo
3. Objectives:

Matters to be reported:

1. Business Report, Consolidated Financial Statements for the 81st Fiscal Year (from April 1, 2021 to March 31, 2022) and results of audits by the Financial Auditor and the Board of Auditors of the Consolidated Financial Statements
2. Non-consolidated Financial Statements for the 81st Fiscal Year (from April 1, 2021 to March 31, 2022)

Matters to be resolved:

- Proposal No. 1: Appropriation of Surplus
- Proposal No. 2: Amendment to the Articles of Incorporation
- Proposal No. 3: Election of 12 Directors
- Proposal No. 4: Election of One Substitute Corporate Auditor
- Proposal No. 5: Introduction of a Performance-Based Stock Compensation Plan for Directors

\* Of documents to be attached to this notice, the following items are posted on the Company's website in accordance with the provisions of relevant laws and regulations and Article 14 of the Articles of Incorporation of the Company. They are not therefore included in the attachments to this notice.

1) System for ensuring the propriety of business activities, and the implementation status of said system

2) Notes to Consolidated Financial Statements

3) Notes to Non-consolidated Financial Statements

“System for ensuring the propriety of the business activities and implementation status of such system,” “Notes to Consolidated Financial Statements” and “Notes to Non-consolidated Financial Statements” are part of the Business Report and the Consolidated and Non-consolidated Financial Statements that the Corporate Auditors audited to prepare Audit Reports, while “Notes to Consolidated Financial Statements” and “Notes to Non-consolidated Financial Statements” are part of the Business Report and the Consolidated and Non-consolidated Financial Statements that Financial Auditor audited to prepare Financial Audit Reports.

\* If any change has been made to items in the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, and/or the Non-consolidated Financial Statements, such change will be posted on our website.

The Company's website      <https://www.tekken.co.jp/>

## **Measures to prevent the spread of COVID-19**

- For the purpose of preventing the spread of the COVID-19, we would like you to refrain from attending the venue for the General Meeting of Shareholders and we kindly request that you exercise your voting rights in writing or via the internet in advance.
- The Company kindly requests the cooperation of shareholders attending in person by wearing a mask and using alcohol disinfectant.
- The Company will take everyone's temperature near the entrance of the venue, and any person who is found to have a high fever and/or who feels unwell may not be allowed to enter the venue.
- Staff of the General Meeting of Shareholders will wear masks after confirming their physical condition, which includes taking their temperature.
- The above measures are subject to change depending on the situation concerning the spread of infection by the day of the General Meeting of Shareholders or announcements by the government. Please check the Company's website (<https://www.tekken.co.jp/>) for any update.

## Instructions for Exercising Your Voting Rights

Exercise of voting rights at the General Meeting of Shareholders is shareholders' important right. Please exercise your voting rights by any of the following methods after reviewing the Reference Documents for the General Meeting of Shareholders listed on pages 8 to 38.

### **Exercise of voting rights by attending the Annual General Meeting of Shareholders**

You are kindly requested to exercise your voting rights by submitting the voting form to the reception desk at the meeting.  
(No seal is necessary.)

Date and Time: Wednesday, June 29, 2022, at 10:00 a.m. (JST)

Venue: Head Office of the Company  
2-5-3, Kanda Misaki-cho, Chiyoda-ku, Tokyo

### **Exercise of voting rights by mail**

You are kindly requested to indicate your approval or disapproval of each proposal on the enclosed voting form, and to return the completed voting form to the Company. You do not need to affix a stamp.

Deadline for exercise of voting rights by post: The Company must receive the completed voting form by  
5:15 p.m. (JST), June 28, 2022 (Tue.).

#### Guide to filling in the voting form

Please indicate your approval or disapproval of each proposal.

Proposals No. 1 and No. 4

To approve the proposed item: Mark "○" in the approval box.

To disapprove the proposed item: Mark "○" in the disapproval box.

Proposals No. 3

To approve all of the proposed candidates in the item: Mark "○" in the approval box.

To disapprove all of the proposed candidates in the item: Mark "○" in the disapproval box.

To disapprove a specific candidate: Mark "○" in the approval box. Also enter the candidate number for the disapproved candidate.

#### Handling of votes

- If you indicate neither your approval nor disapproval to each proposal on the voting form, your answer will be deemed to be "approval."
- Please note that your online vote will prevail should you exercise your voting rights both in writing (by post) and via the internet. If you exercise your voting rights more than once via the internet, only the last vote shall be deemed effective.

## Voting via the Internet

Please enter your approval or disapproval of each proposal in accordance with the instructions below.

Deadline for exercise of voting rights via the internet: The Company must receive your vote by 5:15 p.m. (JST), June 28, 2022 (Tue.).

### By “Smart Vote” that scans QR code

You can simply log in to the website for exercising voting rights without entering your voting code and password.

1. Please scan the QR Code printed on the bottom right of the voting form.

\* “QR Code” is a registered trademark of DENSO WAVE INCORPORATED.

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

Note that your voting rights can be exercised only once by using the “Smart Vote” method.

If you need to make a correction to the content of your vote after you have exercised your voting rights, please access the website for personal computers, log in by entering your voting code and password printed on the voting form, and exercise your voting rights again.

\* You can access the website for personal computers by scanning the QR Code again.

### By entering your voting code and password

Voting website

<https://soukai.mizuho-tb.co.jp/>

1. Access the voting website.

2. Enter the voting code printed on the voting form.

3. Enter the password printed on the voting form.

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

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:

Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd.

Internet Help Dial

0120-768-524 (toll free only from Japan)

(9:00 a.m. to 9:00 p.m. on weekdays) (JST)

### To Institutional Investors

Institutional investors may use the electronic voting platform for institutional investors operated by ICJ, Inc.

## **Proposal No. 1: Appropriation of Surplus**

The Company invests in areas such as human resources and research and development on technologies to maintain technological innovation and competitive edge as an integrated construction company. In addition, it seeks to secure retained earnings to avoid corporate risks while maintaining and strengthening its business foundation. In terms of returning profits to shareholders, profit distribution emphasizing on consistent and stable dividends is upheld as its basic policy.

The Company proposes the year-end dividend for the current fiscal year as follows, after comprehensive consideration of operating results for the current fiscal year, the future business environment and other factors.

(1) Type of dividend property

Cash

(2) Allotment of dividend property and their aggregate amount

¥80 per common share of the Company                      Total payment: ¥1,207,945,920

(3) Effective date of dividends of surplus

June 30, 2022



# Proposal No. 2: Amendment to the Articles of Incorporation

## 1. Reasons for the amendments

As the revised provisions of 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, and as one of said provisions is the introduction of the system for providing informational materials for general meeting of shareholders in electronic format, the Company proposes to make the following changes to its Articles of Incorporation.

- (i) Article 14 (Measures, etc. for Providing Information in Electronic Format), paragraph 1 of the proposed amendment stipulates that the Company shall take measures for providing information that constitutes the content of reference documents for general meetings of shareholders, etc. in electronic format.
- (ii) Article 14 (Measures, etc. for Providing Information in Electronic Format), paragraph 2 of the proposed amendment establishes a provision to limit the scope of the items to be stated in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents.
- (iii) As the provisions of the current Article 14 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, etc.) will no longer be required when the system for electronic provision of reference documents for general meetings of shareholders is implemented, the provisions of the current Article 14 will be deleted.
- (iv) Under the current Articles of Incorporation, in the event that unavoidable circumstance befalls the Director and President, who is the chair of a General Meeting of Shareholders, another Director will assume the role. The text will be amended to describe the order of the chair determined by the Board of Directors in advance.
- (v) The expression and phrasing of several Articles will also be revised.
- (vi) For each of the above amendments, the effective date (date of enforcement) of the amendment will be set.

## 2. Details of the amendments

(Underlined parts indicate amended portions.)

Current Articles of Incorporation	Proposed Amendments
Article 1 (Text omitted)	Article 1 (Unchanged)
Article 2 (Purpose)	Article 2 (Purpose)
The purpose of the Company shall be to engage in the following business:	(Unchanged)

Current Articles of Incorporation	Proposed Amendments
(1) Contracting of civil engineering, architectural, and other general construction works; and related research, planning, measurement, design, supervision, management and consultancy	(1) (Unchanged)
(2) Manufacturing, sale, lease, repair, and delivery of construction work-related mechanical equipment and materials, and sports/recreation facility-related machinery and appliances	(2) (Unchanged)
(3) Housing construction; sale and purchase, lease, brokerage, management, and appraisal of real estate	(3) Construction <u>of housing</u> ; sale and purchase, lease, brokerage, management, and appraisal of real estate
(4) Urban development, tourism development and other property development, and related research, planning, design, supervision, management and consultancy	(4) (Unchanged)
(5) Collection, delivery, disposal, reuse of waste products and construction by-products; removal of environmental pollutants; and related research, planning, design, supervision, management and consultancy	(5) Collection, delivery, disposal, <u>and</u> reuse of waste products and construction by-products; removal of environmental pollutants; and related research, planning, design, supervision, management and consultancy
(6) Planning, design, supervision, construction, nursing, maintenance, and operation of public facilities (railways, roads, ports, airports, river facilities, waterworks, city halls, educational and cultural facilities, waste treatment facilities, parking lots, etc.) and other similar facilities	(6) (Unchanged)
(7) Management and leasing of educational and training facilities, accommodations, sports facilities, recreational facilities, health and medical facilities, restaurants, etc.	(7) (Unchanged)
(8) Sale, repair and processing of office supplies, daily goods, textile goods, sporting goods, etc.	(8) (Unchanged)
(9) Planning, development, acquirement, granting and sales of intellectual property rights (industrial properties, copyrights, know-how, etc.) and computer-based software	(9) (Unchanged)

Current Articles of Incorporation	Proposed Amendments
(10) Life insurance solicitation business, agency business of nonlife insurance and insurance based on the Act on Securing Compensation for Automobile Accidents, automobile transportation handling business, security business, and worker dispatching undertaking business	(10) (Unchanged)
(11) Repurchase and sale of secondhand goods such as construction equipment	(11) (Unchanged)
(12) Production, processing and sale of agricultural, forestry and fishery products	(12) (Unchanged)
(13) Electric power generation, and supply of electric, thermal, and other energies	(13) (Unchanged)
(14) All businesses that are incidental to those mentioned in the preceding items	(14) (Unchanged)
Articles 3 to 12 (Text omitted)	Articles 3 to 12 (Unchanged)
Article 13 (Chair)	Article 13 (Chair)
1. The Director and President will serve as the Chair of a general meeting of shareholders. If circumstances befall the Director and President, another Director will perform the role.	1. The Director and President will serve as the Chair of a general meeting of shareholders. If circumstances befall the Director and President, another Director will perform the role, <u>following an order stipulated in advance by the Board of Directors.</u>
<u>2. If circumstances befall both the Director and President and the Directors, a Chair may be appointed from among shareholders in attendance.</u>	(Deleted)
<u>Article 14(Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.)</u> <u>When the Company convenes a general meeting of shareholders, if it discloses information that is to be stated or presented in the reference documents for the general meeting of shareholders, business report, financial statements and consolidated financial statements through the internet in accordance with the provisions prescribed by the Ministry of Justice Order, it may be deemed that the Company has provided this information to shareholders.</u>	(Deleted)

Current Articles of Incorporation	Proposed Amendments
(Newly established)	<p><u>Article 14 (Measures, etc. for Providing Information in Electronic Format)</u></p> <p><u>1. When the Company convenes a general meeting of shareholders, it shall take measures for providing information that constitutes the content of reference documents etc. for the general meeting of shareholders, in electronic format.</u></p> <p><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 Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p>
<p>Article 15 (Means of resolution)</p> <p>1. Unless otherwise provided for by law and regulations or by these Articles of Incorporation, a resolution of a general meeting of shareholders shall be carried by a majority of the voting rights of attending shareholders who are able to exercise voting rights.</p> <p>2. Unless otherwise provided in these Articles of Incorporation, a resolution provided for in Article 309, paragraph (2) of the Companies Act shall be carried by two-thirds of the voting rights at a meeting attended by shareholders holding at least one-third of the voting rights of shareholders who are able to exercise voting rights at the general meeting of shareholders.</p>	<p>Article 15 (Means of resolution)</p> <p>(Unchanged)</p> <p>2. <u>Notwithstanding the provisions of the preceding paragraph</u>, unless otherwise provided in these Articles of Incorporation, a resolution provided for in Article 309, paragraph (2) of the Companies Act shall be carried by two-thirds of the voting rights at a meeting attended by shareholders holding at least one-third of the voting rights of shareholders who are able to exercise voting rights at the general meeting of shareholders.</p>
Articles 16 to 39 (Text omitted)	Articles 16 to 39 (Unchanged)

Current Articles of Incorporation	Proposed Amendments
(Newly established)	<p data-bbox="975 259 1246 293" style="text-align: center;"><u>(Supplementary Provisions)</u></p> <p data-bbox="812 331 1401 689"><u>These Articles of Incorporation shall enter into effect on June 29, 2022. However, the deletion of Article 14 of the current Articles of Incorporation (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, etc.) and the new establishment of Article 14 (Measures, etc. for Providing Information in Electronic Format) shall enter into effect on September 1, 2022.</u></p>

### Proposal No. 3: Election of 12 Directors

The terms of office of all 12 Directors will expire at the conclusion of this meeting. Accordingly, the Company proposes the election of 12 Directors.

The candidates for Director are as follows:

Candidate No.	Name	Current position and responsibility in the Company	Position and responsibility in the Company after the conclusion of the Meeting (planned)
1.	Yasuo Hayashi Reelection	Director and Chairman	Director and Chairman
2.	Yasushi Ito Reelection	Representative Director and President	Representative Director and President Chief Executive Officer
3	Akihiro Takahashi Reelection	Representative Director and Vice President General Manager, DX Promotion Office	Representative Director and Vice President General Manager, DX Promotion Office
4	Koji Seshita Reelection	Director Managing Officer, Executive General Manager, Architectural Division	Director Managing Officer, Executive General Manager, Architectural Division
5	Kazuyoshi Taniguchi Reelection	Director Managing Officer, Executive General Manager, Civil Engineering Division	Director Managing Officer, Executive General Manager, Civil Engineering Division
6	Naoto Shoji Reelection	Director Managing Officer, Executive General Manager, Corporate Planning Division	Director Managing Officer, Executive General Manager, Corporate Planning Division
7	Akihiro Kusakari New election	Managing Officer, Executive General Manager, Business Administration Division, and General Manager, Real Estate Development Office, Architectural Division/Business Administration Division	Director Managing Officer, Executive General Manager, Business Administration Division, and General Manager, Real Estate Development Office, Architectural Division/Business Administration Division
8	Katsuhiko Ikeda Reelection Outside Independent	Outside Director	Outside Director
9	Masahiro Ouchi Reelection Outside Independent	Outside Director	Outside Director
10	Mieko Tomita Reelection Outside Independent	Outside Director	Outside Director

Candidate No.	Name	Current position and responsibility in the Company	Position and responsibility in the Company after the conclusion of the Meeting (planned)
11	Makoto Saito New election Outside		Outside Director
12	Emi Sekiya New election Outside Independent		Outside Director

- Reelection**    Candidate for Director to be reelected  
 **New election**    Candidate for Director to be newly elected  
 **Outside**    Candidate for Outside Director  
 **Independent**    Independent officer as stipulated by the Tokyo Stock Exchange

Candidate No. 1

Yasuo Hayashi July 10, 1952

Reelection

<p>Number of the Company's shares owned: 14,800 shares</p> <p>Attendance at Board of Directors meetings: 12/13</p>	<p>Career summary and position and responsibility in the Company (Significant concurrent positions outside the Company)</p> <p>Apr. 1975    Joined Japanese National Railways</p> <p>Nov. 2000    General Manager, Investment Planning Department, Corporate Planning Headquarters of East Japan Railway Company</p> <p>June 2003    Administrative Officer, General Manager, Hachioji Branch Office</p> <p>June 2006    Administrative Officer, General Manager, Construction Department</p> <p>June 2007    Director, General Manager, Construction Department</p> <p>Apr. 2009    Executive Director, Deputy Director General, Railway Operations Headquarters and General Manager, Construction Department</p> <p>June 2009    Executive Director, Deputy Director General, Railway Operations Headquarters</p> <p>June 2012    Executive Director, Deputy Director General, Railway Operations Headquarters, in charge of Reconstruction Planning Department of Corporate Planning Headquarters, Shinanogawa Power Station Improvement Department of Railway Operations Headquarters, and Construction Department (retired in June 2013)</p> <p>June 2008    Outside Director of the Company (retired in March 2009)</p> <p>June 2013    Representative Director and Vice President</p> <p>June 2014    Representative Director, President and Chief Executive Officer</p> <p>June 2018    Representative Director and Chairman</p> <p>June 2021    Director and Chairman (current position)</p>
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Candidate No. 2

Yasushi Ito February 20, 1956

Reelection

<p>Number of the Company's shares owned: 4,400 shares</p> <p>Attendance at Board of Directors meetings: 13/13</p>	<p>Career summary and position and responsibility in the Company (Significant concurrent positions outside the Company)</p> <p>Apr. 1978    Joined Japanese National Railways</p> <p>June 2003    General Manager, Joshinetsu Construction Office of Tokyo Construction Office of East Japan Railway Company</p> <p>June 2004    General Manager, Tokyo Construction Office</p> <p>June 2006    Administrative Officer, General Manager, Nagano Branch Office</p> <p>June 2008    Executive Officer, General Manager, Nagano Branch Office</p> <p>June 2009    Executive Officer, General Manager, Construction Department (retired in June 2012)</p> <p>June 2009    Outside Director of the Company</p> <p>June 2012    Director and Managing Officer, General Manager, Railway Project Office, and in charge of Civil Engineering Division and Architectural Division</p> <p>Apr. 2013    Director and Senior Managing Officer, General Manager, Railway Project Office, and in charge of Civil Engineering Division and Architectural Division</p> <p>Apr. 2015    Director and Vice President, General Manager, Railway Project Office, and in charge of Civil Engineering Division and Architectural Division</p> <p>June 2015    Director and Vice President</p> <p>June 2016    Representative Director and Vice President</p> <p>June 2018    Representative Director and President (current position)</p>
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Candidate No. 3

**Akihiro Takahashi** January 15, 1956

Reelection

<p>Number of the Company's shares owned: 6,900 shares</p> <p>Attendance at Board of Directors meetings: 13/13</p>	<p>Career summary and position and responsibility in the Company (Significant concurrent positions outside the Company)</p> <p>Apr. 1979    Joined the Company</p> <p>Apr. 2009    General Manager, Corporate Planning Department of Corporate Management Strategy Office</p> <p>Apr. 2012    Executive Officer, Deputy Executive General Manager, Civil Engineering Division (overall) and General Manager, Civil Engineering Department</p> <p>Apr. 2013    Executive Officer, General Manager, Tohoku Branch</p> <p>Apr. 2016    Executive Officer, Deputy General Manager, Tokyo Railway Project Branch (overall)</p> <p>Apr. 2017    Managing Officer, Deputy General Manager, Tokyo Railway Project Branch (overall)</p> <p>Apr. 2018    Managing Officer, Executive General Manager, Civil Engineering Division</p> <p>June 2018    Director and Managing Officer, Executive General Manager, Civil Engineering Division</p> <p>June 2019    Representative Director and Vice President</p> <p>Apr. 2021    Representative Director and Vice President, General Manager, DX Promotion Office (current position)</p>
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Candidate No. 4

**Koji Seshita** May 22, 1959

Reelection

<p>Number of the Company's shares owned: 3,900 shares</p> <p>Attendance at Board of Directors meetings: 13/13</p>	<p>Career summary and position and responsibility in the Company (Significant concurrent positions outside the Company)</p> <p>Apr. 1983    Joined the Company</p> <p>Apr. 2010    General Manager, Architectural Department of Kan-Etsu Branch</p> <p>Apr. 2013    General Manager, Architectural Department of Tokyo Railway Project Branch</p> <p>Apr. 2016    General Manager, Architectural Department of Architectural Division</p> <p>Apr. 2017    Executive Officer, Deputy Executive General Manager, Architectural Division (in charge of construction) and General Manager, Architectural Department</p> <p>Apr. 2019    Managing Officer, Executive General Manager, Architectural Division</p> <p>June 2019    Director and Managing Officer, Executive General Manager, Architectural Division (current position)</p>
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Candidate No. 5

Kazuyoshi Taniguchi

February 9,

Reelection

1958

<p>Number of the Company's shares owned: 5,200 shares</p> <p>Attendance at Board of Directors meetings: 13/13</p>	<p>Career summary and position and responsibility in the Company (Significant concurrent positions outside the Company)</p> <p>Apr. 1980    Joined the Company</p> <p>Apr. 2005    General Manager, Railway Business Department of Osaka Branch</p> <p>June 2006    General Manager, Civil Engineering Business Department and General Manager, Railway Business Department of Osaka Branch</p> <p>Oct. 2012    General Manager, Civil Engineering Business Department of Osaka Branch</p> <p>Apr. 2014    Deputy Executive General Manager, Civil Engineering Division and General Manager, Civil Engineering Business Department</p> <p>Apr. 2016    Executive Officer, General Manager, Tohoku Branch</p> <p>June 2019    Director and Managing Officer, Executive General Manager, Civil Engineering Division (current position)</p>
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Candidate No. 6

Naoto Shoji April 5, 1961

Reelection

<p>Number of the Company's shares owned: 3,900 shares</p> <p>Attendance at Board of Directors meetings: 10/10 (since assuming office in June 2021)</p>	<p>Career summary and position and responsibility in the Company (Significant concurrent positions outside the Company)</p> <p>Apr. 1985    Joined the Company</p> <p>Apr. 2009    General Manager, Civil Engineering Department of Tohoku Branch</p> <p>Apr. 2010    General Manager, Civil Engineering Department, and General Manager, Safety, Quality &amp; Environment Department of Tohoku Branch</p> <p>Oct. 2014    General Manager, Corporate Planning Department of Corporate Management Strategy Office</p> <p>Apr. 2017    General Manager, Civil Engineering Planning Department of Civil Engineering Division</p> <p>Nov. 2017    General Manager, Civil Engineering Department of Civil Engineering Division</p> <p>Apr. 2019    Executive Officer, General Manager, Osaka Branch</p> <p>Apr. 2021    Managing Officer, Executive General Manager, Corporate Planning Division</p> <p>June 2021    Director and Managing Officer, Executive General Manager, Corporate Planning Division</p> <p>Sept. 2021    Director and Managing Officer, Executive General Manager, Corporate Planning Division, and Deputy General Manager, Sustainability Promotion Office</p> <p>Apr. 2022    Director and Managing Officer, Executive General Manager, Corporate Planning Division (current position)</p>
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Candidate No. 7

**Akihiro Kusakari** March 9, 1960

New election

Number of the Company's  
shares owned:  
1,600 shares

Career summary and position and responsibility in the Company  
(Significant concurrent positions outside the Company)

Apr. 1982 Joined the Company

Apr. 2013 General Manager, Financial Department of Business Administration  
Division

Apr. 2018 General Manager, Financial Department of Business Administration  
Division, and General Manager, Real Estate Development Office,  
Architectural Division/Business Administration Division

Apr. 2019 Executive Officer, Deputy Executive General Manager, Business  
Administration Division, General Manager, Financial Department, and  
General Manager of Development Department, Real Estate Development  
Office, Architectural Division/Business Administration Division

Apr. 2020 Executive Officer, Deputy Executive General Manager, Business  
Administration Division, and General Manager, Finance Department, and  
General Manager, Real Estate Development Office, Architectural  
Division/Business Administration Division

Apr. 2021 Executive Officer, Deputy Executive General Manager, Business  
Administration Division (overall), and General Manager, Real Estate  
Development Office, Architectural Division/Business Administration  
Division

Apr. 2022 Managing Officer, Executive General Manager, Business Administration  
Division, and General Manager, Real Estate Development Office,  
Architectural Division/Business Administration Division (current position)

Candidate No. 8

**Katsuhiko Ikeda** February 12, 1953

Reelection

Outside

Independent

<p>Number of the Company's shares owned:</p> <p style="text-align: right;">- shares</p> <p>Attendance at Board of Directors meetings:</p> <p style="text-align: right;">12/13</p>	<p>Career summary and position and responsibility in the Company (Significant concurrent positions outside the Company)</p> <p>Apr. 1976    Joined the National Police Agency</p> <p>Aug. 2007    Director, Security Bureau</p> <p>Jan. 2010    Superintendent General of Tokyo Metropolitan Police Department</p> <p>Oct. 2011    Advisor of Sompo Japan Insurance Inc.</p> <p>Sept. 2012    Commissioner of The Secretariat of the Nuclear Regulation Authority</p> <p>Nov. 2015    Special Advisor of NIPPON LIFE INSURANCE COMPANY</p> <p>June 2017    Outside Member of the Board (Member of the Audit and Supervisory Committee) of TV Asahi Holdings Corporation (current position)</p> <p>June 2017    Outside Audit &amp; Supervisory Board Member of TV Asahi Corporation (current position)</p> <p>June 2017    Representative Director of Japan Road Traffic Information Center (current position)</p> <p>June 2016    Outside Director of the Company (current position)</p>
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Candidate No. 9

**Masahiro Ouchi** January 17, 1968

Reelection  
Outside  
Independent

<p>Number of the Company's shares owned:  - shares  Attendance at Board of Directors meetings:  13/13</p>	<p>Career summary and position and responsibility in the Company (Significant concurrent positions outside the Company)</p> <p>Apr. 1993    Joined Tokyo Electric Power Company Holdings, Inc.</p> <p>Oct. 1997    Assistant of The University of Tokyo</p> <p>Apr. 1998    Lecturer of Kochi University of Technology</p> <p>Oct. 2001    Assistant Professor</p> <p>Apr. 2007    Associate Professor</p> <p>Aug. 2013    Professor (current position)</p> <p>June 2016    Outside Director of the Company (current position)</p>
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Candidate No. **10**

**Mieko Tomita**

August 15, 1954

Reelection

Outside

Independent

<p>Number of the Company's shares owned: -</p> <p>Attendance at Board of Directors meetings: 10/10 (since assuming office in June 2021)</p>	<p>Career summary and position and responsibility in the Company (Significant concurrent positions outside the Company)</p> <p>Apr. 1980 Registered as an attorney at law</p> <p>Apr. 1980 Joined Nishi and Iseki Law Office (currently Nishi &amp; Partners Attorneys and Counselors at Law)</p> <p>Apr. 1995 Appointed Auditor of Kanagawa Learning Disability Research Association</p> <p>Apr. 2001 Civil conciliation commissioner of the Tokyo District Court (current position)</p> <p>Apr. 2004 Lecturer of Showa Women's University</p> <p>Oct. 2007 Appointed a member of the National Bar Examination Commission, Code of Civil Procedure</p> <p>June 2012 External Audit &amp; Supervisory Board Member of Morinaga Milk Industry Co., Ltd.</p> <p>Apr. 2017 Senior Partner, Nishi &amp; Partners Attorneys and Counselors at Law (current position)</p> <p>June 2019 Outside Director (Member of the Audit &amp; Supervisory Committee) of Nisshin Seifun Group Inc. (current position)</p> <p>June 2020 Outside Director (Audit &amp; Supervisory Board Member) of FANUC CORPORATION (current position)</p> <p>June 2021 External Auditor of TEPCO Power Grid, Incorporated (current position)</p> <p>June 2021 Outside Director of the Company (current position)</p>
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Candidate No. <b>11</b>	<b>Makoto Saito</b> October 27, 1968	<div style="border: 1px solid black; padding: 2px; display: inline-block;">New election</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Outside</div>
Number of the Company's shares owned:  -	<p>Career summary and position and responsibility in the Company (Significant concurrent positions outside the Company)</p> <p>Apr. 1991    Joined East Japan Railway Company</p> <p>June 2012    General Manager, Administration Department of Mito Branch Office</p> <p>Oct. 2015    Deputy General Manager, Tokyo Construction Office</p> <p>June 2016    Deputy General Manager, Construction Department</p> <p>June 2017    General Manager, Construction Department</p> <p>June 2020    General Manager, Investment Planning Department, Corporate Planning Headquarters (current position)</p>	

Candidate No. 12	<h2 style="margin: 0;">Emi Sekiya</h2> <p style="margin: 0;">August 17, 1960</p>	<div style="border: 1px solid black; padding: 2px; display: inline-block;">New election</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Outside</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent</div>
Number of the Company's shares owned:	<p>Career summary and position and responsibility in the Company (Significant concurrent positions outside the Company)</p> <p>Apr. 1985    Director of OA Mate Co., Ltd.</p> <p>Jan. 1997    Director of ICES inc.</p> <p>Jan. 1999    Executive Director</p> <p>Jan. 2001    Managing Director</p> <p>Sep. 2003    Representative Director and President of islenet</p> <p>Apr. 2005    Director of PCI Holdings, INC.</p> <p>Oct. 2016    Representative Director and Chairperson of islenet</p> <p>Oct. 2017    Chairperson of the Board of Directors of Green Power Development Corporation of Japan (GPD) (current position)</p>	

- Notes:
1. Mr. Katsuhiko Ikeda, Mr. Masahiro Ouchi, Ms. Mieko Tomita, Mr. Makoto Saito, and Ms. Emi Sekiya are candidates for Outside Director.
  2. Reasons for nomination as candidates for Outside Director and outline of expected roles
    - (i) The Company proposes the election of Mr. Katsuhiko Ikeda as an Outside Director so that his extensive experience and broad discernment cultivated through successive service in important positions in the police force may be utilized in the management of the Company. The Company expects that Mr. Ikeda will make recommendations from an objective standpoint as well as provide advice, particularly in relation to improving risk management and the compliance structure, based on such extensive experience and broad discernment. Mr. Ikeda has never been directly involved in the management of a company. However, the Company judges he will appropriately fulfill his duties as an Outside Director based on the above reasons.
    - (ii) The Company proposes the election of Mr. Masahiro Ouchi as an Outside Director so that his high level of discernment cultivated through experience in academic sectors may be utilized in the management of the Company. The Company expects that Mr. Ouchi will make recommendations from an objective standpoint as well as provide advice, particularly in relation to the Company's on-site construction and technology development sectors, based on such high level of discernment. Mr. Ouchi has never been directly involved in the management of a company. However, the Company judges he will appropriately fulfill his duties as an Outside Director based on the above reasons.
    - (iii) The Company proposes the election of Ms. Mieko Tomita as an Outside Director so that her extensive experience and knowledge cultivated as an attorney at law may be utilized in the management of the Company. The Company expects that Ms. Tomita will make recommendations from an objective standpoint as well as provide advice, particularly for enhancing corporate governance, based on such extensive experience and knowledge. Ms.

Tomita has never been directly involved in the management of a company. However, the Company judges she will appropriately fulfill her duties as an Outside Director based on the above reasons.

- (iv) The Company proposes the election of Mr. Makoto Saito as an Outside Director so that his extensive experience and knowledge cultivated at construction and other departments may be utilized in the management of the Company. The Company expects that Mr. Saito will make recommendations from an objective standpoint as well as provide advice, particularly from a railway operator perspective, based on such extensive experience and knowledge.
  - (v) The Company proposes the election of Ms. Emi Sekiya as an Outside Director so that her extensive experience and knowledge, cultivated as a manager in other industries outside of construction, such as the IT industry, including her experience in director and president positions, may be utilized in the management of the Company. The Company expects that Ms. Sekiya will provide advice, particularly for enhancing corporate governance, based on such extensive experience and knowledge.
3. Mr. Katsuhiko Ikeda, Mr. Masahiro Ouchi, and Ms. Mieko Tomita are currently Outside Directors of the Company. At the conclusion of this meeting, their tenures since assuming office as Outside Directors will have been six years, six years, and one year, respectively.
  4. Mr. Makoto Saito is scheduled to assume office as Executive Officer, General Manager of Construction Department of East Japan Railway Company on June 22, 2022. The aforementioned company is a major shareholder of the Company and a specified affiliated business operator for the Company. There is no special interest between other candidates for Director and the Company.
  5. The Company has entered into limited liability agreements with Mr. Katsuhiko Ikeda, Mr. Masahiro Ouchi, and Ms. Mieko Tomita, pursuant to the provisions of Article 427, paragraph (1) of the Companies Act and the Articles of Incorporation of the Company, limiting their liability for damages to the amount stipulated by laws and regulations. If the reelection of Mr. Ikeda, Mr. Ouchi, and Ms. Tomita is approved, the Company plans to renew the aforementioned agreements with them. If the election of Mr. Makoto Saito and Ms. Emi Sekiya is approved, the Company plans to enter into the same limited liability agreement with them.
  6. The Company has entered into a directors and officers liability insurance contract with an insurance company with the Company's Directors as insured officers. Such insurance covers damages that may arise from the insured officers assuming responsibility for the execution of their duties or receiving claims related to the pursuit of such responsibility. If the election of all candidates for Director is approved, the Company plans to include such persons as insured officers in such directors and officers liability insurance contract. Note that the Company plans to renew said contract in July 2022.

7. Mr. Katsuhiko Ikeda, Mr. Masahiro Ouchi, and Ms. Mieko Tomita, the candidates for Director, satisfy the requirements for an independent officer as stipulated by the Tokyo Stock Exchange, and the Company has notified the aforementioned exchange of their appointment as independent officers. If the reelection of Mr. Ikeda, Mr. Ouchi, and Ms. Tomita is approved, the Company plans to continue their appointments as independent officers. Ms. Emi Sekiya satisfies the requirements for an independent officer as stipulated by the Tokyo Stock Exchange. If her election is approved, the Company plans to submit notification to the aforementioned exchange concerning her appointment as an independent officer.

### Proposal No. 4: Election of One Substitute Corporate Auditor

The Company requests approval for the election of one substitute Corporate Auditor in advance to be ready to fill a vacant position should the number of Corporate Auditors fall below the number required by laws and regulations.

The consent of the Board of Auditors has been obtained for this proposal.

The candidate for substitute Corporate Auditor is as follows:

Candidate for substitute Corporate Auditor (One)

<b>Toshihisa Tanaka</b> June 6, 1958		<div style="border: 1px solid black; padding: 2px; display: inline-block;">Outside</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent</div>
Number of the Company's shares owned:  <div style="text-align: right;">800 shares</div>	Career summary (Significant concurrent positions outside the Company) <ul style="list-style-type: none"> <li>Apr. 1982    Joined Tokyo Regional Taxation Bureau</li> <li>July 2016    District Director of Tateyama Tax Office</li> <li>July 2017    Director of Fourth Information and Examination Division, First Taxation Department, Tokyo Regional Taxation Bureau</li> <li>July 2018    District Director of Kashiwa Tax Office</li> <li>July 2019    Started practicing as a certified tax accountant (current position)</li> <li>Apr. 2020    Professor of Tokyo Fuji University (current position)</li> </ul>	

- Notes:
1. There is no special interest between Mr. Toshihisa Tanaka and the Company.
  2. Mr. Toshihisa Tanaka is a candidate for substitute Outside Corporate Auditor.
  3. The Company nominates Mr. Toshihisa Tanaka as a candidate for substitute Outside Corporate Auditor so that his expertise and extensive experience cultivated over the many years in the tax accounting field and as a certified tax accountant may be utilized in the audit of the Company. Mr. Tanaka has never been directly involved in the management of a company. However, the Company judges he will appropriately fulfill his duties as an Outside Corporate Auditor based on the above reasons.
  4. Should Mr. Toshihisa Tanaka assume the position as Corporate Auditor, the Company plans to enter into a limited liability agreement with him, pursuant to the provisions of Article 427, paragraph (1) of the Companies Act and the Articles of Incorporation of the Company, limiting his liability for damages to the amount stipulated by laws and regulations.
  5. The Company has entered into a directors and officers liability insurance contract with an insurance company with the Company's Corporate Auditors as insured officers. Such insurance covers damages that may arise from the insured officers assuming responsibility for the execution of their duties or receiving claims related to the pursuit of such responsibility. Should Mr. Toshihisa Tanaka assume the position as Corporate Auditor, the Company plans to include him as an insured officer in such directors and officers liability insurance contract. Note that the Company plans to renew said contract in July 2022.
  6. Mr. Toshihisa Tanaka satisfies the requirements for an independent officer as stipulated by the

Tokyo Stock Exchange. Should Mr. Tanaka assume the position as Outside Corporate Auditor, the Company plans to submit notification to the aforementioned exchange concerning his appointment as an independent officer.

## **Proposal No. 5: Introduction of a Performance-Based Stock Compensation Plan for Directors**

### **1. Reasons for Introducing a Performance-Based Stock Compensation Plan**

Proposal No. 5 (hereinafter “this Proposal”) requests shareholders to approve the introduction of a new performance-based stock compensation plan for directors of the Company (excluding outside directors; unless otherwise noted, the same shall apply in this Proposal), namely the Board Benefit Trust (BBT) (hereinafter referred to as “the Compensation Plan”).

We believe the content of this Proposal to be appropriate as the Compensation Plan aims to foster greater awareness among directors toward contribution to improvement of business performance and to increasing corporate value over the medium to long term. It achieves this by clarifying the link between director compensation and the Company’s business performance and stock value. Moreover, it means directors share not only the benefits of rising stock prices but also the risk of falling stock prices with shareholders. Additionally, the Compensation Plan is in line with the policy regarding the content of compensation for individual directors of the Company (described later). This Proposal requests shareholders to approve the specific calculation method and specific contents of the amount of compensation, etc. of the Compensation Plan, so that the compensation under the Compensation Plan is paid to directors in addition to the compensation of directors (within ¥300 million per annum) approved at the 61st Annual General Meeting of Shareholders held on June 27, 2002. Additionally, further details of the Compensation Plan are outlined in 2. below, which we would like you to entrust to the Board of Directors.

Moreover, if Proposal No. 3 is approved as originally proposed, the number of directors covered by the Compensation Plan will be seven.

### **2. Specific calculation method of the amount of compensation, etc. and specific contents of the Compensation Plan**

#### **(i) Summary of the Compensation Plan**

The Compensation Plan is a performance-based stock compensation plan whereby the Company’s shares and the monetary equivalent of the Company’s shares converted at market value (hereinafter referred to as “Company Shares, etc.”) are paid to directors through the trust (hereinafter the trust established based on the Compensation Plan is referred to as “the Trust”), in accordance with the Officer Stock Benefit Regulations, as stipulated by the Company. The Company shares are acquired by the Trust using money contributed by the Company. The timing of provision of the Company shares, etc. to directors is, as a rule, when the director retires.

#### **(ii) Beneficiaries of the Compensation Plan**

Directors (the Compensation Plan does not cover Outside Directors)

#### **(iii) Trust period**

From August 2022 (planned) until the termination of the Trust (the Trust has no specific end date and shall remain in effect as long as the Compensation Plan is in effect. The Compensation Plan



shall come to an end in case the Company is delisted or the Officer Stock Benefit Regulations are abolished.)

(iv) Amount of the Trust

Subject to the approval of this Proposal, the Company shall implement the Compensation Plan for a target period covering the three business years from the business year ending on the last day of March, 2023 to the business year ending on the last day of March, 2025 (hereinafter these three business years are referred to as the “Initial Target Period”; while the Initial Target Period and each of subsequent three-year periods thereafter are referred to as “Target Period(s)”) and each Target Period thereafter. Moreover, to provide directors with the Company Shares, etc., the following amount of money shall be contributed to the Trust as a source of funds for the acquisition of the Company Shares by the Trust. The Trust shall be established, initially by the Company contributing sufficient funds necessary to cover the Initial Target Period at the time of establishment of the Trust (scheduled for August 2022). As shown in (vi) below, the maximum number of points that can be granted to a director under the Compensation Plan is 16,600 points per business year. Considering the closing price of a common stock of the Company on the Tokyo Stock Exchange immediately prior to establishment of the Trust, the Company shall contribute to the Trust the funds that are reasonably expected to be necessary for the acquisition of up to 49,800 shares. For reference, if the closing price on May 12, 2022 of JPY 1,809 is applied, the required funds for the above will be approximately JPY 30,000,000 (annual amount).

In addition, the Company shall, in principle, reasonably estimate the number of shares required to provide benefits to directors based on the Compensation Plan for each Target Period—commencing from the end of the Initial Target Period to the end of the Compensation Plan. The funds deemed necessary (based on this estimate) for the Trust to acquire shares in advance shall be additionally contributed to the Trust. However, in the case of making such additional contributions, when there are Company shares (Company shares equivalent to the number of points granted to the directors for each Target Period up to that point in time, excluding any shares that have not yet been paid out to directors) and money remaining within the Trust assets (hereinafter collectively referred to as “Residual Shares, etc.”), the Residual Shares, etc. shall be used to fund the compensation payments under the Compensation Plan in the subsequent Target Period. Moreover, the additional contribution amount shall be calculated taking into account the Residual Shares, etc.

Note: The amount of money the Company actually contributes to the Trust shall be the sum of the above-mentioned share acquisition funds and the estimated amount of necessary expenses such as trust fees.

Moreover, the Company shall be able, during the Target Periods, including the Initial Target Period, to contribute funds to the Trust in multiple transactions until the cumulative amount of contributions in the applicable Target Period reaches each of the above-mentioned upper limits. When the Company decides to make an additional contribution, it shall be disclosed in a timely and appropriate manner.

- (v) The method of acquisition of Company shares used by the Trust and the number of shares to be acquired

The acquisition of Company shares by the Trust shall be carried out through the exchange market or by undertaking the disposal of Company treasury stock, using funds contributed in (iv) above as a source of funds. Since the upper limit of the number of points granted to each director is 16,600 points per business year, the upper limit of the number of shares of the Company acquired by the Trust for each target period is 49,800 shares. Details of the acquisition of Company shares by the Trust shall be disclosed in a timely and appropriate manner.

- (vi) Maximum number of Company Shares, etc. to be awarded to directors

The number of points awarded to each director in a fiscal year shall be determined taking into consideration their position, level of performance and so on based on the Officer Stock Benefit Regulations. The upper limit of points to be awarded to each director per fiscal year is 16,600 points. This was determined by comprehensively considering the current level of compensation for officers and the number of directors, and future prospect of the Company, and is judged to be appropriate.

Each of the points awarded to directors as Company Shares, etc.—as per (vii) below—shall be convertible into one share of common stock of the Company (however, if, a stock split, a gratis allotment or a reverse stock split occurs in relation to Company shares after this Proposal has been approved, the upper limit of the number of points and the number of points awarded or the conversion ratio will be adjusted in a rational manner according to such change).

In addition, the ratio of the number of shares (16,600 shares) equivalent to the upper limit of the number of points awarded to directors to the total number of shares of the Company issued—15,099,324 shares (as of March 31, 2022; after deducting treasury stock)—is about 0.11%.

As a general rule, the number of points awarded to a director—used as a reference point when deciding the provision of the Company shares, etc. in (vii) below—shall be the number of points awarded to the director by the time of his/her retirement (hereinafter, the number of points calculated in this way shall be referred to as “Allocated Points.”)

- (vii) Provision of Company Shares, etc. and specific method for calculating amount of compensation

In a case where a director retires and s/he meets the beneficiary requirements stipulated in the Officer Stock Benefit Regulations, the director shall, in principle, be granted by the Trust the number of shares of the Company corresponding to the Allocated Points as stipulated in (vi) above after the prescribed beneficiary determination procedure. However, if the requirements stipulated in the Officer Stock Benefit Regulations are met, a certain percentage of the Company shares can be paid in cash equivalent to the market value of the Company shares. The Trust may sell Company shares in order to provide monetary benefits.

Even if a director receives points, s/he shall not be able to obtain the right to receive benefits in case: The general meeting of shareholders resolves to dismiss the director, s/he retires due to an illegal act or improper behavior that causes damage to the Company.

Basically, the amount of compensation, etc. received by a director is the amount obtained by multiplying the total number of points awarded to a director by the book value per share of the Company shares held by the Trust (however, reasonable adjustments will be made when a stock split, a gratis allotment of shares or a reverse stock split occurs to the Company shares). In addition, if it is deemed appropriate to pay cash under exceptional circumstances in accordance with the provisions of the Officer Stock Benefit Regulations, the amount shall be added to the compensation amount.

(viii) Exercise of voting rights

All of the voting rights of the Company shares in the Trust Account shall not be exercised based on the instructions of the trust administrator. Thus, we intend to ensure the neutrality of management of the Company with respect to the exercising of voting rights relating to Company shares in the Trust Account.

(ix) Handling of dividends

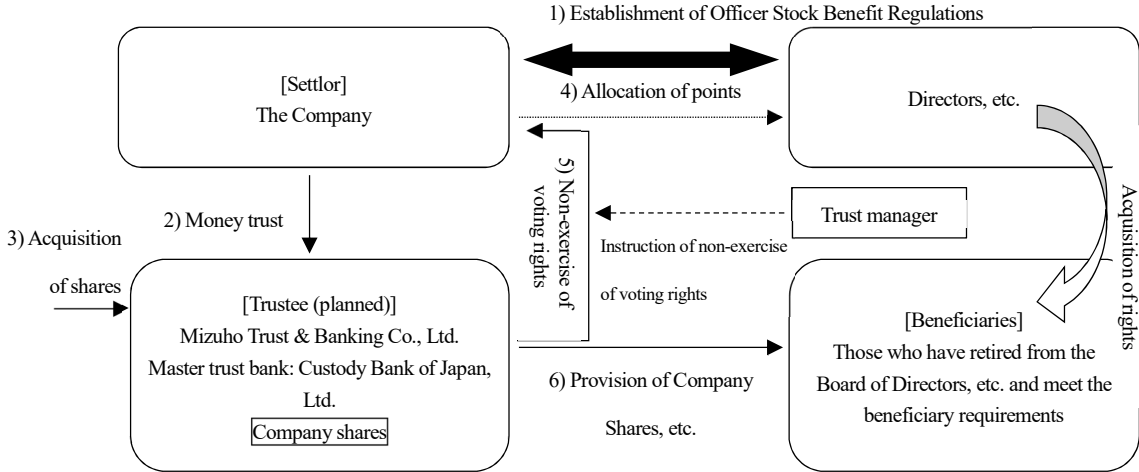
Dividends related to Company shares in the Trust Account will be received by the Trust and will be used to fund acquisition of Company shares and to cover the trust fees of trustees of the Trust. When the Trust is terminated, dividends remaining in the Trust will be apportioned to the directors in office at that time according to the number of points held by each, in accordance with the provisions of the Officer Stock Benefit Regulations.

(x) Procedures when the Trust is terminated

The Trust shall be terminated in the event of delisting of Company shares or the abolition of the Officer Stock Benefit Regulations.

Of the residual assets of the Trust at the termination of the Trust, all of the Company shares will be acquired free of charge by the Company and will be canceled by a resolution of the Board of Directors. Of the residual assets of the Trust at the termination of the Trust, the balance of cash, excluding the cash paid to directors in accordance with (iv) above, shall be paid to the Company.

Reference: Structure of the Compensation Plan



- (i) The Company will establish the Officer Stock Benefit Regulations within the framework approved for this Proposal.
- (ii) The Company will entrust money to the extent approved under this Proposal.
- (iii) The Trust will acquire Company shares, using the money entrusted in (ii) as a source of funds, through the exchange market or by undertaking the disposal of treasury stock of the Company.
- (iv) The Company will award points to directors based on the Officer Stock Benefit Regulations.
- (v) The Trust shall not exercise the voting rights of the Company shares in the Trust Account in accordance with the instructions of the trust administrator who is independent of the Company.
- (vi) The Trust grants Company shares to beneficiaries—who have retired from the Board of Directors and meet the beneficiary requirements stipulated in the Officer Stock Benefit Regulations (hereinafter referred to as “beneficiaries”)—according to the number of points awarded to the said beneficiary. However, if the director meets the requirements stipulated in the Officer Stock Benefit Regulations, a certain percentage of the points will be paid in cash equivalent to the market value of the Company shares.

Reference: Proposal for revision of “Policy regarding the content of compensation for individual directors”

If Proposal No. 5, Introduction of a Performance-Based Stock Compensation Plan for Directors, is approved at this general meeting, the content of this policy will be amended as follows.

a. Basic Policy

The basic policy for compensation of directors of the Company shall be a compensation system linked to shareholder interests so as to function as an incentive to continuously improve corporate value, and the compensation of each director shall be set to an appropriate level based on their responsibilities. Specifically, the compensation of each director consists of fixed compensation, which is monetary compensation, performance-based compensation, and stock compensation. However, the compensation of outside directors shall be fixed (monetary) compensation only from the viewpoint of their role and independence.

b. Policy on determining the calculation method of compensation for individual directors (monetary compensation and stock compensation); and policy on determining the ratio of the amount of fixed compensation (monetary compensation) and the amount of performance-based compensation (including stock compensation) to compensation for individual directors

When calculating the amount of compensation for individual directors, a compensation index amount shall be calculated by comprehensively considering factors such as the operating environment of the construction industry and of the Company, and with reference to the level of such compensation paid by other listed companies. To provide appropriate incentives, the compensation index amount consists of the fixed compensation (monetary compensation) 70%, while the remaining 30% consists of performance-based compensation (monetary compensation) and stock compensation.

The amount of monetary compensation paid to each director is determined by comprehensively considering factors such as the degree of responsibility in business execution by each director and personal performance evaluations, and by adjusting the grade-based compensation calculated based on the compensation index amount adjusted for performance-based compensation.

Stock compensation for each director is determined by multiplying the points according to the position of each business year by a coefficient based on company performance. When a director retires s/he is paid in Company shares based on the points s/he have accumulated during his/her tenure as a director.

c. Policy regarding determination and calculation method of performance index related to performance-based compensation (monetary compensation) and stock compensation

The performance-based compensation (monetary compensation) is calculated by adjusting the amount according to the actual results of net income and shareholder dividends for the previous fiscal year.

For the stock-based compensation, points are calculated based on a coefficient that corresponds to the degree of achievement of operating income in the current fiscal year in relation to the past three fiscal years.

d. Policy on determining when to award compensation to directors

Monetary compensation to directors is paid on a regular monthly basis during their tenure.

As for the stock compensation, a director accumulates points during his/her tenure and is paid out in Company shares based on the accumulated points when s/he retires.

e. Matters concerning the delegation of part of the decision regarding the content of compensation for individual directors

The specific details of the compensation for individual directors shall be delegated by the President and Representative Director based on the resolution of the Board of Directors, and the content of such authority shall be adjusted according to factors such as the degree of responsibility of each director for business execution and individual performance evaluation. The President and Representative Director shall determine the compensation for individual directors based on the report of the Nomination and Compensation Advisory Board.

f. Other methods of determining the content of compensation for individual directors

In order to strengthen the fairness, transparency, and objectiveness of procedures related to compensation for individual directors and enhance corporate governance, the Company has established the Nomination and Compensation Advisory Board as an advisory body to consult with the Board of Directors. The advisory board discusses inquiries from the Board of Directors and reports back its findings.