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(Securities Code 1813)

June 6, 2023

(Commencement of measures for electronic provision: June 2, 2023)

To Shareholders with Voting Rights:

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

NOTICE OF THE 77TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

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

Notice is hereby given that the 77th Annual General Meeting of Shareholders of Fudo Tetra Corporation (the “Company”) will be held as described below.

In convening this General Meeting of Shareholders, the Company has taken measures for providing information that constitutes the content of the Reference Documents for the General Meeting of Shareholders, etc. (matters subject to measures for electronic provision) electronically. The Company is posting the matters subject to measures for electronic provision as the “NOTICE OF THE 77TH ANNUAL GENERAL MEETING OF SHAREHOLDERS” on the Company’s website on the Internet. Please access the following Company’s website to review the information.

The Company’s website:

<https://www.fudotetra.co.jp/ir/stockholder/meeting-description/>

In addition to the above website, the Company is posting the matters subject to measures for electronic provision on the following website on the Internet.

Tokyo Stock Exchange (TSE) website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

(Please access the above website, enter “Fudo Tetra” in the “Issue name [company name]” field or the Company’s securities code “1813” in the “Code” field to run a search, and select “Basic information” and then “Documents for public inspection/PR information” to confirm the details in the section of “Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting” under “Filed information available for public inspection.”)

Instead of attending the meeting in person, you can exercise your voting rights in writing or via the Internet. Please review the Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by 5:30 p.m. on Thursday, June 22, 2023, Japan time.

- 1. Date and Time:** Friday, June 23, 2023 at 10:00 a.m. Japan time
(The reception is scheduled to begin at 9:00 a.m.)
- 2. Place:** Hall on the 8th floor of Tokyo Shoken Kaikan located at 1-5-8, Nihonbashi-Kayaba-cho, Chuo-ku, Tokyo, Japan
- 3. Meeting Agenda:**

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company's 77th Fiscal Year (April 1, 2022 - March 31, 2023) and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
 2. Non-consolidated Financial Statements for the Company's 77th Fiscal Year (April 1, 2022 - March 31, 2023)

Proposals to be resolved:

Proposal No. 1: Appropriation of Surplus

Proposal No. 2: Election of Seven (7) Directors Not Serving as Audit and Supervisory Committee Members

4. Decisions concerning Convocation

- (1) If you vote both in writing on the Voting Rights Exercise Form and via the Internet, only the vote placed via the Internet will be valid.
 - (2) If you submit your vote multiple times via the Internet, etc., only the last vote exercised will be valid.
 - (3) If we receive the Voting Rights Exercise Form which has no indication of either approval or disapproval on any of the proposals, we will regard such proposals as being approved.
- Should any item contained in the Reference Documents for the General Meeting of Shareholders, the Business report, the Non-consolidated Financial Statements, and the Consolidated Financial Statements or other matters subject to measures for electronic provision require revisions, the revised version will be posted on each of the websites on which they are posted.
 - The documents that we are sending to you double as documents that state the matters subject to measures for electronic provision at the request of the provision of documents in a paper form. In accordance with the provisions of laws and regulations as well as Article 16 of the Company's Articles of Incorporation, among the matters subject to measures for electronic provision, the following matters are not included in the documents delivered to shareholders who have requested documents in a paper form. Accordingly, the documents that the Company delivers to shareholders who have requested documents in a paper form are part of documents audited by the Audit and Supervisory Committee and the Accounting Auditor in the preparation of the Auditor's Report.
 - (1) Notes to the Consolidated Financial Statements in the Consolidated Financial Statements
 - (2) Notes to the Non-consolidated Financial Statements in the Non-consolidated Financial Statements
 - The numbers of the pages, items, and reference pages, which are stated in the documents delivered to you are the same as those of the matters subject to measures for electronic provision.

<Implementation of an Electronic Provision System for Materials for the General Meeting of Shareholders>

In line with the implementation of an electric provision system under the amendment to the Companies Act, we changed a means of providing materials for general meetings of shareholders (the Reference Documents for the General Meeting of Shareholders, the Business report, the Consolidated Financial Statements, the Non-consolidated Financial Statements, and the Auditor's Report) from providing them in writing as attachment to the notice of a general meeting of shareholders to providing them by posting them on our website. Thus, you can review them by accessing our URL stated in this Notice of the 77th Annual General Meeting of Shareholders. However, we decided to deliver the documents to be delivered to shareholders who have requested documents in a paper form in accordance with the provisions of laws and regulations and the Article of Incorporation of the Company to all of our shareholders so that they may review them at hand. We are attaching those documents to this Notice of the 77th Annual General Meeting of Shareholders.

<Notice Concerning COVID-19>

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

- At the request of a company operating the venue, shareholders attending the meeting in person are requested to wear masks and disinfect themselves with a hand sanitizer available at the venue of the meeting.
- In the event of any significant changes to the operation of the General Meeting of Shareholders due to future circumstances, the Company will post a notice at the website below and shareholders planning to attend the meeting in person are requested to check it in advance:
The Company's website: <https://www.fudotetra.co.jp/>

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal No. 1: Appropriation of Surplus

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

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

Under these policies and objectives, the Company proposes year-end dividends for the 77th fiscal year as follows.

If this proposal is approved, a consolidated dividend payout ratio will be 42.2%.

● Matters concerning the year-end dividends

(1) Type of dividend property

Cash

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

¥60 per share of common stock of the Company

Total amount of ¥ 918,134,640

(3) Effective date of distribution of surplus

June 26, 2023

Proposal No. 2: Election of Seven (7) Directors Not Serving as Audit and Supervisory Committee Members

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

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

No.	Name		Positions and responsibilities at the Company	Years in office	Attendance at meetings of Board of Directors
1	Yuji Takehara	Reappointment Male	Chairman and Representative Director	19 years 3 months	100% (16/16)
2	Shinya Okuda	Reappointment Male	President and Representative Director	12 years	100% (16/16)
3	Jun Ohbayashi	Reappointment Male	Director and Managing Executive Officer General Manager, Soil Improvement Business Unit	5 years	100% (16/16)
4	Akihiko Tadano	Reappointment Male	Director and Managing Executive Officer General Manager, Civil Engineering Business Unit	1 year	92% (12/13)
5	Chihiro Niiyama	Reappointment Male	Director and Managing Executive Officer General Manager, Block Environment Business Unit General Manager, the Technical Research Institute	1 year	100% (13/13)
6	Yoji Kawachi	New appointment Male	Managing Executive Officer General Manager, Administration Unit	-	-
7	Mari Osawa	Reappointment Female Outside Director Independent Officer	Outside Director	3 years	100% (16/16)

(Note)

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

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
1	<p>Yuji Takehara (July 31, 1950)</p> <p>Reappointment Male</p> <p>19 years and 3 months in office as Director (as of the conclusion of this General Meeting of Shareholders)</p> <p>Attendance at meetings of Board of Directors: 100% (16/16)</p>	<p>March 1973 May 2003 June 2003 April 2004 March 2006 April 2007 June 2009 June 2010 April 2018</p>	<p>Joined the Company</p> <p>Deputy General Manager, Geo Engineering Business Unit</p> <p>Executive Officer</p> <p>Director, Representative Director, Executive Vice President, General Manager, Geo Engineering Business Unit</p> <p>General Manager, Civil Engineering Business Unit</p> <p>General Manager, Construction Unit and General Manager, Technology Development Unit</p> <p>Responsible for Internal Control and Technology Development, and in charge of Safety and Environment Unit</p> <p>President and Representative Director, General Manager, Construction Unit</p> <p>Chairman and Representative Director (current position)</p> <p>[Reasons for nomination as a candidate for Director not serving as Audit and Supervisory Committee Member]</p> <p>He has a wealth of experience and specialist knowledge from holding the posts of General Manager of the Geo Engineering Business Unit (currently Soil Improvement Business Unit), General Manager of the Civil Engineering Business Unit, and President and Representative Director. The Company renominates him as candidate for Director due to his familiarity with the Company's overall business, his assuming the post of Chairman of the Board of Directors, and his appropriate operation of the Board of Directors as Chairman and Representative Director.</p>	15,818
2	<p>Shinya Okuda (January 9, 1955)</p> <p>Reappointment Male</p> <p>12 years in office as Director (as of the conclusion of this General Meeting of Shareholders)</p> <p>Attendance at meetings of Board of Directors: 100% (16/16)</p>	<p>March 1980 October 2007 June 2008 May 2009 June 2010 April 2011 June 2011 June 2015 April 2018</p>	<p>Joined the Company</p> <p>Deputy General Manager, Tokyo Main Office, and General Manager, Sales Department-1, Tokyo Main Office</p> <p>Executive Officer</p> <p>General Manager, Soil Improvement Business Department, Construction Unit</p> <p>Managing Executive Officer</p> <p>General Manager, Soil Improvement Business Unit</p> <p>Director</p> <p>Representative Director</p> <p>Executive Vice President</p> <p>President and Representative Director (current position)</p> <p>[Reasons for nomination as a candidate for Director not serving as Audit and Supervisory Committee Member]</p> <p>He has a wealth of experience and specialist knowledge from holding the posts of Deputy General Manager of the Tokyo Main Office and General Manager of the Soil Improvement Business Unit. The Company renominates him as candidate for Director due to his familiarity with the Company's overall business and the fact that he has assumed command of management as President and Representative Director and appropriately engaged in operating the Board of Directors.</p>	7,905

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	<p>Jun Ohbayashi (March 24, 1961)</p> <p>Reappointment Male</p> <p>5 years in office as Director (as of the conclusion of this General Meeting of Shareholders)</p> <p>Attendance at meetings of Board of Directors: 100% (16/16)</p>	<p>March 1984 Joined the Company</p> <p>June 2008 General Manager, Sales Department-2, Tokyo Main Office</p> <p>May 2009 General Manager, Technology Department, Soil Improvement Business Unit</p> <p>April 2016 Executive Officer, Deputy General Manager, Soil Improvement Business Unit, and General Manager, Technology Department, Soil Improvement Business Unit</p> <p>April 2018 Managing Executive Officer (current position)General Manager, Soil Improvement Business Unit (current position)</p> <p>June 2018 Director (current position)</p> <p>[Reasons for nomination as a candidate for Director not serving as Audit and Supervisory Committee Member]</p> <p>He has a wealth of experience and specialist knowledge from holding the posts of General Manager of Sales Department-2, Tokyo Main Office, General Manager of Technology Department, Soil Improvement Business Unit, and General Manager of Soil Improvement Business Unit. The Company renominates him as candidate for Director due to his familiarity with the Company's overall business and the fact that he has appropriately engaged in operating the Board of Directors as Director.</p>	6,019
4	<p>Akihiko Tadano (May 10, 1958)</p> <p>Reappointment Male</p> <p>1 year in office as Director (as of the conclusion of this General Meeting of Shareholders)</p> <p>Attendance at meetings of Board of Directors: 92% (12/13)</p>	<p>March 1984 Joined the Company</p> <p>October 2007 General Manager, Sales Planning Department, Sales Management Department, Construction Unit</p> <p>June 2010 General Manager, Sales Department, Civil Engineering Department, and General Manager, Comprehensive Assessment and Measures Office, Technology Department</p> <p>April 2012 General Manager, Technology Department, Civil Engineering Business Unit</p> <p>April 2016 Executive Officer, Deputy General Manager, Civil Engineering Business Unit</p> <p>April 2019 Deputy General Manager, Tokyo Main Office</p> <p>April 2020 General Manager, Tokyo Main Office</p> <p>April 2021 Managing Executive Officer (current position)</p> <p>April 2022 General Manager, Civil Engineering Business Unit (current position)</p> <p>June 2022 Director (current position)</p> <p>[Reasons for nomination as a candidate for Director not serving as Audit and Supervisory Committee Member]</p> <p>He has a wealth of experience and specialist knowledge from holding the posts of General Manager, Sales Department, Civil Engineering Department, General Manager, Technology Department, Civil Engineering Business Unit, General Manager, Tokyo Main Office, and General Manager, Civil Engineering Business Unit. The Company renominates him as candidate for Director due to his familiarity with the Company's overall business.</p>	5,265

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
5	<p>Chihiro Niiyama (January 12, 1962)</p> <p>Reappointment Male</p> <p>1 year in office as Director (as of the conclusion of this General Meeting of Shareholders)</p> <p>Attendance at meetings of Board of Directors: 100% (13/13)</p>	<p>April 1984 Joined Nippon Tetrapod Co., Ltd.</p> <p>April 2015 General Manager in charge of Construction Department, Civil Engineering Business Unit, the Company</p> <p>April 2018 General Manager, Corporate Planning Department</p> <p>April 2020 Executive Officer</p> <p>April 2021 General Manager, Block Environment Business Unit (current position)</p> <p>April 2022 Managing Executive Officer (current position)</p> <p>June 2022 Director (current position)</p> <p>April 2023 General Manager, the Technical Research Institute (current position)</p> <p>[Reasons for nomination as a candidate for Director not serving as Audit and Supervisory Committee Member] He has a wealth of experience and specialist knowledge from holding the posts of General Manager in charge of Construction Department, Civil Engineering Business Unit, General Manager, Corporate Planning Department, and General Manager, Block Environment Business Unit. The Company renominates him as candidate for Director due to his familiarity with the Company's overall business.</p>	2,741
6	<p>Yoji Kawachi (January 8, 1960)</p> <p>New appointment Male</p> <p>Years in office as Director -</p> <p>Attendance at meetings of Board of Directors: -</p>	<p>June 1992 Joined the Company</p> <p>June 2010 General Manager in charge of General Affairs & Human Resources Department, Administration Unit</p> <p>April 2020 Executive Officer, General Manager, General Affairs & Human Resources Department, Administration Unit</p> <p>April 2021 Deputy General Manager, Administration Unit</p> <p>April 2023 Managing Executive Officer (current position) General Manager, Administration Unit (current position)</p> <p>[Reasons for nomination as a candidate for Director not serving as Audit and Supervisory Committee Member] He has a wealth of experience and specialist knowledge from holding the posts of General Manager, General Affairs & Human Resources Department, Administration Unit, and Deputy General Manager, Administration Unit. The Company nominates him as a new candidate for Director due to his familiarity with the Company's overall business.</p>	3,339

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
7	<p>Mari Osawa (April 4, 1953)</p> <p>Reappointment Female Outside Director Independent Officer</p> <p>3 years in office as Outside Director (as of the conclusion of this General Meeting of Shareholders)</p> <p>Attendance at meetings of Board of Directors: 100% (16/16)</p>	<p>April 1998 Professor, Institute of Social Science, The University of Tokyo (currently National University Corporation, The University of Tokyo)</p> <p>April 2015 Director, Institute of Social Science, National University Corporation, The University of Tokyo</p> <p>April 2018 Executive Director and Vice President</p> <p>June 2019 Professor Emeritus (current position)</p> <p>June 2020 Director, the Company (current position)</p> <p>[Reasons for nomination as a candidate for Outside Director not serving as Audit and Supervisory Committee Member and an outline of the expected role] While she has not engaged in corporate management in other ways than by serving as an outside officer, she has a high level of knowledge as a university professor and is recognized for her achievements in research on governance. The Company renominate her as candidate for Outside Director due to the fact that as an Independent Outside Director of the Company she has expressed her opinions from an independent and objective standpoint in Board of Directors meetings and fulfilled her duties appropriately by giving beneficial advice, as well as the fact that she meets the “Independence Standards for Outside Directors” stipulated by the Company. After her election, she is expected to appropriately supervise and advise the Company on overall management, primarily from a governance researcher’s perspective as well as from an independent and objective standpoint, drawing on her high level of knowledge as a university professor and her achievements in governance research.</p>	0

(Notes)

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

[Reference]

If Proposal No. 2 is approved as originally proposed, the composition of the Board of Directors is scheduled to be as shown below.

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

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

*1. Chairman of the Board of Directors

*2. Chairman of the Audit and Supervisory Committee

*3. Chairman of the Nomination and Compensation Advisory Committee

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

[Audit and Supervisory Committee]

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

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

[Nomination and Compensation Advisory Committee]

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

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

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

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

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

While the current Articles of Incorporation provides that the number of Directors shall be not more than 15 (including not more than 9 Directors not serving as Audit and Supervisory Board Committee Members and not more than 6 Directors serving as Audit and Supervisory Committee Members), the current number of Directors is 11 (including 4 Independent Outside Directors).

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

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

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

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

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

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

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

5. Independence Standards for Outside Directors of the Company

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

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

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

(1) The parent Company, subsidiary companies, and their executives ((i.e., executive director, executive, executive officer and employee, hereinafter the same) or non-executives (i.e., non-executive director, audit & supervisory board member and accounting advisor, hereinafter the same)

(2) Entities that regard the Company as a major business partner (*1) or related executive and non-executive officers, and major business partners of the Company (*2) or related executive and non-executive officers

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

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

a. Business partners that make up 2% or more of the Company's consolidated net sales as a result of average net sales over the previous three years between the business partner and the Company

b. Major borrowers (loan amount is 2% or more of the Company's total consolidated assets)

c. Lead managing securities company

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

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

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

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

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

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

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

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

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

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

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

6. Basic capital policy

In order to increase the mid- to long-term corporate value, the Company believes that it is necessary to make strategic investments and promote the expansion of its business domains. The basic capital policy for carrying out these measures is to strive to maintain a balance centered on three main points, "improve capital

efficiency,” “pursue both growth investment and shareholder return at the same time,” and “allocate funds to maximize corporate value.”

(1) Improve capital efficiency

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

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

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

(3) Allocate funds to maximize corporate value

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