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Securities code: 9621

March 8, 2023

(Commencement Date of Measures for Electronic Provision: March 2, 2023)

**To Shareholders with Voting Rights:**

Tetsumi Nakamura  
Managing Director and Chief Executive Officer  
CTI Engineering Co., Ltd.  
21-1, Nihombashi-hamacho 3-chome,  
Chuo-ku, Tokyo

**NOTICE OF  
THE 60TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

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

We are pleased to inform you that the 60th Annual General Meeting of Shareholders (the “Meeting”) of CTI Engineering Co., Ltd. (the “Company”) will be held for the purposes as described below.

In convening this General Meeting of Shareholders, information contained in the Reference Documents for the General Meeting of Shareholders, etc. (matters subject to measures for electronic provision) has been provided electronically, and is posted on the Company’s website (the “Notice of the 60th Annual General Meeting of Shareholders”). Please access the Company’s website below to check the information.

The Company’s website: <http://www.ctie.co.jp/english/ir/>

In addition to the above website, matters subject to measures for electronic provision are posted on the website of the Tokyo Stock Exchange (TSE). Please access the TSE website (Listed Company Search) below, enter and do a search using the issue name (company name) or securities code, select “Basic information” and “Documents for public inspection/PR information.”

TSE website (Listed Company Search)

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

To prevent the spread of COVID-19, we ask you to exercise your voting rights via the internet or in writing in advance and to make a careful decision as to whether to attend or refrain from attending the Meeting on the day of the Meeting.

If you are exercising your voting rights in advance, please review the Reference Documents for the General Meeting of Shareholders included in the matters subject to measures for electronic provision and exercise your voting rights following the Guide to Exercising Voting Rights (pages 3 and 4 of the Japanese version) by 5:00 p.m. on Monday, March 27, 2023, Japan time.

- 1. Date and Time:** Tuesday, March 28, 2023 at 10:00 a.m. Japan time (Reception opens at 9:00 a.m.)
- 2. Place:** Banquet Room Fuji-Nishi no ma, 4F, Hotel Grand Arc Hanzomon located at 1-1, Hayabusa-cho, Chiyoda-ku, Tokyo, Japan  
(Please note that the floor number of the venue is different from the previous meeting.)
- 3. Agenda of the Annual General Meeting of Shareholders:**  
**Matters to be reported:**
  1. Business Report, Consolidated Financial Statements for the Company’s 60th Fiscal Year (January 1, 2022 – December 31, 2022) and results of audits of Consolidated Financial Statements by Accounting Auditor and Board of Auditors
  2. Non-consolidated Financial Statements for the Company’s 60th Fiscal Year (January 1, 2022 – December 31, 2022)

**Proposals to be resolved:**

- Proposal 1:** Appropriation of Surplus  
**Proposal 2:** Partial Amendments to the Articles of Incorporation  
**Proposal 3:** Election of Twelve (12) Directors  
**Proposal 4:** Election of Three (3) Auditors  
**Proposal 5:** Election of One (1) Substitute Auditor  
**Proposal 6:** Determination of Remuneration for Granting Restricted Stock to Directors  
**Proposal 7:** Payment of Bonuses to Directors

**4. Matters to be determined upon convocation**

- (1) Of the matters subject to measures for electronic provision, the following matters are not stated in the documents to be delivered to shareholders who have requested to receive the documents in the paper copy pursuant to laws and regulations and the provisions of Article 13, Paragraph 2 of the Articles of Incorporation of the Company. Accordingly, the documents to be delivered to shareholders who have requested to receive the documents in the paper copy are part of the documents audited by the Auditors and the Accounting Auditor in preparing the Audit Report.
- 1) Notes to Consolidated Financial Statements  
2) Notes to Non-consolidated Financial Statements
- (2) In the event that voting rights are exercised both via the internet and via the Voting Rights Exercise Form, only the vote placed via the internet shall be deemed valid. In addition, if voting rights are exercised multiple times via the internet, the last vote cast shall be deemed valid.
- (3) If your Voting Rights Exercise Form does not indicate your vote for or against each proposal, your vote will be deemed to be in favor of the proposal.

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- If you are attending the Meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
  - If any revisions are made to the matters subject to measures for electronic provision, the details of the revisions will be posted on the relevant websites.

## Reference Documents for the General Meeting of Shareholders

### **Proposal 1:** Appropriation of Surplus

The Company proposes to appropriate surplus for the fiscal year under review as described below, in consideration of factors including future business development while maintaining a stable dividend policy and enhancing returns of profit to shareholders.

#### Matters regarding year-end dividend

1. Type of dividend property

Cash

2. Allotment of dividend property to shareholders and its total amount

100 yen per share of common stock of the Company

The total amount of dividend in this case would be 1,413,960,800 yen.

3. Effective date of distribution of surplus

March 29, 2023

## Proposal 2: Partial Amendments to the Articles of Incorporation

### 1. Reasons for the proposal

- (1) CTI Ascend Co., Ltd., which was established on January 6, 2023 as a wholly owned subsidiary of the Company, is mainly engaged in the manufacture and sale of alcoholic beverages. Accordingly, the Company proposes to add a purpose in order to clarify the details of the business in line with the current status of the businesses of the Company and its subsidiaries. (Article 2 after proposed amendments)
- (2) The Company proposes that the term of office of Directors be shortened from the current two (2) years to one (1) year in order to clarify the management responsibilities of Directors for the fiscal year and to establish a management structure capable of swiftly responding to the rapidly changing business environment. In line with this, the Company proposes to delete the provision concerning the adjustment of the term of office. (Article 20 after proposed amendments)

### 2. Details of amendments

The details of the amendments are as follows.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p>(Purpose) Article 2 The purpose of the Company shall be to engage in the following businesses:</p> <ol style="list-style-type: none"><li>(1) Surveying, planning, designing, management and consultancy concerning construction work;</li><li>(2) Geological surveys, testing and evaluation;</li><li>(3) Measurement services;</li><li>(4) Environmental surveys, observation, analysis, impact assessment and preservation projects;</li><li>(5) Construction-related testing, trials and study;</li><li>(6) Production of construction-related models;</li><li>(7) Compilation of records relating to construction and the environment;</li><li>(8) Surveying, planning, designing, and management concerning architecture;</li><li>(9) Energy-related business;</li><li>(10) Agriculture-related business;</li><li>(Newly established)</li><li>(11) Planning, designing, development, and sales of information systems and software;</li><li>(12) Supply of temporary workers;</li><li>(13) Property and casualty insurance agency; and</li><li>(14) Any and all businesses incidental to any of the aforementioned businesses.</li></ol>	<p>(Purpose) Article 2 The purpose of the Company shall be to engage in the following businesses:</p> <ol style="list-style-type: none"><li>(1) Surveying, planning, designing, management and consultancy concerning construction work;</li><li>(2) Geological surveys, testing and evaluation;</li><li>(3) Measurement services;</li><li>(4) Environmental surveys, observation, analysis, impact assessment and preservation projects;</li><li>(5) Construction-related testing, trials and study;</li><li>(6) Production of construction-related models;</li><li>(7) Compilation of records relating to construction and the environment;</li><li>(8) Surveying, planning, designing, and management concerning architecture;</li><li>(9) Energy-related business;</li><li>(10) Agriculture-related business;</li><li><u>(11) Manufacture and sales of alcoholic beverages;</u></li><li><u>(12) Planning, designing, development, and sales of information systems and software;</u></li><li><u>(13) Supply of temporary workers;</u></li><li><u>(14) Property and casualty insurance agency; and</u></li><li><u>(15) Any and all businesses incidental to any of the aforementioned businesses.</u></li></ol>

Current Articles of Incorporation	Proposed Amendments
<p>(Term of Office of Directors)</p> <p>Article 20</p> <ol style="list-style-type: none"> <li>1. The term of office of a Director shall expire upon conclusion of the ordinary general meeting of shareholders held with respect to the last business year ending within <u>two (2) years</u> from his/her election to office.</li> <li>2. <u>The term of office of a Director elected to increase the number of Directors or to fill a vacancy shall be the same as the remaining term of office of the other Directors then in office.</u></li> </ol>	<p>(Term of Office of Directors)</p> <p>Article 20</p> <ol style="list-style-type: none"> <li>1. The term of office of a Director shall expire upon conclusion of the ordinary general meeting of shareholders held with respect to the last business year ending within <u>one (1) year</u> from his/her election to office. (Deleted)</li> </ol>

**Proposal 3: Election of Twelve (12) Directors**

If Proposal 2 “Partial Amendments to the Articles of Incorporation” is approved and passed as originally proposed, the terms of office of all twelve (12) current Directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, on condition that Proposal 2 is approved and passed as originally proposed, the Company proposes to increase the number of External Directors by one (1) to enhance the management supervision function of the Board of Directors and further improve corporate governance, and elect twelve (12) Directors including four (4) External Directors.

The candidates for Directors are as follows:

No.	Name	Current position at the Company		
1	Tetsumi Nakamura	Managing Director and Chief Executive Officer	[Reappointment]	Male
2	Tatsuya Nishimura	Executive Officer, Vice President & Managing Director	[Reappointment]	Male
3	Yoshiaki Nanami	Senior Managing Executive Officer & Director	[Reappointment]	Male
4	Hiroshi Kiuchi	Managing Executive Officer & Director	[Reappointment]	Male
5	Naoto Suzuki	Managing Executive Officer & Director	[Reappointment]	Male
6	Nobuyuki Maeda	Managing Executive Officer & Director	[Reappointment]	Male
7	Toshihide Uemura	Managing Executive Officer & Director	[Reappointment]	Male
8	Naoki Fujiwara	Managing Executive Officer	[New candidate]	Male
9	Shuichi Ikebuchi	Director	[Reappointment] [External Director] [Independent Director]	Male
10	Fumiko Kosao	Director	[Reappointment] [External Director] [Independent Director]	Female
11	Yoshihisa Sonobe	Director	[Reappointment] [External Director] [Independent Director]	Male
12	Atsuko Ogasawara	—	[New candidate] [External Director] [Independent Director]	Female



Candidate  
Number

## 1 Tetsumi Nakamura

Reappointment

Date of birth: March 4, 1957

Career summary, positions, responsibilities, and significant concurrent positions

Number of the Company's shares held: 27,800

Board of Directors meeting attended: 100% (13/13)

April 1979	Joined the Company	March 2013	Director
April 2002	General Manager, Water Resources Dept., Tokyo Head Office	March 2015	Principal, Kyushu Office
April 2006	Deputy Branch Administrator, Tokyo Head Office	March 2016	Managing Executive Officer
April 2009	Deputy Administrator, Tokyo Head Office	April 2017	Principal, Tokyo Head Office
March 2010	Executive Officer	March 2018	Senior Managing Executive Officer
April 2011	Principal, Tohoku Office	March 2019	Managing Director and Chief Executive Officer (present post)

Reason for nomination as candidate for Director

Mr. Tetsumi Nakamura has served in numerous prominent positions in the water & land business sector and business establishments of the Company, and possesses extensive experience and deep insight related to our Group's management and business activities. He has been demonstrating strong leadership to improve the corporate value of the Group and achieve its sustainable growth through expansion of orders received, development of new businesses, workstyle reform, promotion of DX, and sustainability management as Managing Director and Chief Executive Officer since March 2019. Therefore, the Company nominates him once again as a candidate for Director.



Candidate  
Number

## 2 Tatsuya Nishimura

Reappointment

Date of birth: August 9, 1959

Career summary, positions, responsibilities, and significant concurrent positions

Number of the Company's shares held: 20,600

Board of Directors meeting attended: 100% (13/13)

April 1985	Joined the Company	March 2017	Managing Executive Officer
April 2004	General Manager, Water Management & Research Div., Tokyo Head Office	April 2017	Principal, Tohoku Office
April 2006	General Manager, Water Resources Dept., Tokyo Head Office	March 2019	Director, Senior Managing Executive Officer
April 2010	Deputy Branch Administrator, Chubu Office	April 2019	Chief, Planning & Business Development Headquarters (present post)
March 2015	Executive Officer	March 2021	Managing Director (present post)
April 2015	Deputy Administrator, Tokyo Head Office	March 2022	Executive Officer, Vice President (present post)

Reason for nomination as candidate for Director

Mr. Tatsuya Nishimura has served in numerous prominent positions in the water & land business sector, business establishments, and Business development sector of the Company and possesses extensive experience and deep insight related to our Group's management and business activities. He took office as Managing Director in March 2021 and currently leverages his management expertise to expand the Group's business as Chief of Planning & Business Development Headquarters as well as an officer in charge of the construction management business sector and international business. Therefore, the Company nominates him once again as a candidate for Director.



Candidate  
Number

## 3 Yoshiaki Nanami

Reappointment

Date of birth: January 2, 1960

Career summary, positions, responsibilities, and significant concurrent positions

Number of the Company's shares held: 4,700

Board of Directors meeting attended: 100% (13/13)

April 1982	Joined Ministry of Construction (currently Ministry of Land, Infrastructure, Transport and Tourism)	March 2019	Director (present post), Managing Executive Officer, Chief, Headquarters Engineering Dept.
June 2016	Director-General, Shikoku Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism	March 2021	Senior Managing Executive Officer (present post), Principal, Tokyo Head Office (present post)
November 2017	Joined the Company, Executive Manager		
March 2018	Executive Officer, Deputy Chief, Headquarters Engineering Dept.		

Reason for nomination as candidate for Director

Mr. Yoshiaki Nanami has served in numerous prominent positions in the field of flood control and water resources at the Ministry of Land, Infrastructure, Transport and Tourism and possesses extensive experience in heading organizations and a high level of expertise related to the construction industry and technology in the field of flood control and water resources. After joining the Company in November 2017, he took office as Director in March 2019 and leveraged his management expertise to improve the quality of the Company's deliverables as Chief of Headquarters Engineering Department. He currently demonstrates strong leadership in large-scale office management as Principal of Tokyo Head Office. Therefore, the Company nominates him once again as a candidate for Director.



Candidate  
Number

## 4 Hiroshi Kiuchi

Reappointment

Date of birth: July 9, 1958

Career summary, positions, responsibilities, and significant concurrent positions

Number of the Company's shares held: 18,100

Board of Directors meeting attended: 100% (13/13)

April 1981	Joined the Company	November 2015	President & Managing Director, NISSOKEN ARCHITECTS & ENGINEERS Co., Ltd.
April 2005	General Manager, Water Resources Div., Osaka Head Office		
April 2011	Deputy Branch Administrator, Osaka Head Office	March 2017	Managing Executive Officer, the Company (present post)
March 2015	Executive Officer	March 2019	Director (present post)
April 2015	Deputy Administrator, Tokyo Head Office	April 2019	Principal, Osaka Head Office (present post)

Reason for nomination as candidate for Director

Mr. Hiroshi Kiuchi has served in numerous prominent positions in the water & land business sector and business establishments of the Company as well as the position of President & Managing Director at NISSOKEN ARCHITECTS & ENGINEERS Co., Ltd., a major Group company, and possesses extensive experience and deep insight related to our Group's management and business activities. He took office as Director in March 2019 and currently demonstrates strong leadership in large-scale office management as Principal of Osaka Head Office, and contributes to the expansion of the Group's business as an officer in charge of the environmental & social business sector. Therefore, the Company nominates him once again as a candidate for Director.



Candidate  
Number

## 5 Naoto Suzuki

Reappointment

Date of birth: November 22, 1961

Career summary, positions, responsibilities, and significant concurrent positions

Number of the Company's shares held: 5,000

Board of Directors meeting attended: 100% (13/13)

April 1987	Joined Yachiyo Engineering Co., Ltd.	March 2017	Executive Officer
May 1991	Joined the Company	April 2017	Deputy Chief, Administration Headquarters, General Manager, Personnel Div.
April 2006	General Manager, Road & Transportation Engineering Div., Osaka Head Office		
April 2011	General Manager, Sales & Marketing Division, Osaka Head Office	March 2020	Director (present post), Chief, Administration Headquarters (present post)
April 2012	Deputy Branch Administrator, Osaka Head Office	March 2022	Managing Executive Officer (present post)

Reason for nomination as candidate for Director

Mr. Naoto Suzuki has served in numerous prominent positions in the transportation & urban business sector, sales sector, business establishments, and headquarters organizations, and possesses extensive experience and deep insight related to our Group's management and business activities. He took office as Director in March 2020 and currently leverages his management expertise to strengthen the administration base by supervising the Group's workstyle reform, finance and accounting, human resource development, and IR, etc. as Chief of Administration Headquarters and an officer in charge of labor management, accounting, and diversity promotion. Therefore, the Company nominates him once again as a candidate for Director.



Candidate  
Number

## 6 Nobuyuki Maeda

Reappointment

Date of birth: September 23, 1959

Career summary, positions, responsibilities, and significant concurrent positions

Number of the Company's shares held: 11,100

Board of Directors meeting attended: 100% (10/10)

April 1982	Joined the Company	March 2016	Executive Officer, the Company
April 2006	General Manager, Road & Transportation Engineering Div., Tokyo Head Office	March 2019	Managing Executive Officer (present post)
April 2010	Deputy Branch Administrator, Tohoku Office	April 2019	Principal, Tohoku Office
		April 2021	Chief, Headquarters Engineering Dept. (present post)
April 2014	President & Managing Director, Japan Urban Engineering Co., Ltd.	March 2022	Director (present post)

Reason for nomination as candidate for Director

Mr. Nobuyuki Maeda has served in numerous prominent positions in the transportation & urban business sector and business establishments of the Company as well as the position of President & Managing Director at Japan Urban Engineering Co., Ltd., a major Group company, and possesses extensive experience and deep insight related to our Group's management and business activities. He took office as Director in March 2022 and currently leverages his management expertise to improve the quality of the Company's deliverables as Chief of Headquarters Engineering Department, and contributes to the expansion of the Group's business as an officer in charge of the transportation & urban business sector. Therefore, the Company nominates him once again as a candidate for Director.





Candidate  
Number

7 Toshihide Uemura

Reappointment

Date of birth: January 11, 1960

Career summary, positions, responsibilities, and significant concurrent positions

Number of the Company's shares held: 16,700

Board of Directors meeting attended: 100% (10/10)

April 1982	Joined the Company	March 2016	Executive Officer
April 2007	General Manager, Waterworks Engineering Div., Kyushu Office	March 2019	Managing Executive Officer (present post)
April 2011	Deputy Branch Administrator, Kyushu Office	April 2019	Principal, Chubu Office
April 2014	Deputy Chief, Planning Headquarters; General Manager of Management Planning Div.	March 2022	Director (present post), Principal, Kyushu Office (present post)

Reason for nomination as candidate for Director

Mr. Toshihide Uemura has served in numerous prominent positions in the water & land business sector, business establishments, and headquarters organizations, and possesses extensive experience and deep insight related to our Group's business strategies, and marketing. He took office as Director in March 2022 and currently demonstrates strong leadership in the management of the Company's business establishments as Principal of Kyushu Office. Therefore, the Company nominates him once again as a candidate for Director.



Candidate  
Number

8 Naoki Fujiwara

New candidate

Date of birth: January 11, 1964

Career summary, positions, responsibilities, and significant concurrent positions

Number of the Company's shares held: 8,900

Board of Directors meeting attended: –

April 1989	Joined the Company	March 2018	Executive Officer, the Company
April 2007	General Manager, Water Management & Research Div., Tokyo Head Office	April 2019	Deputy Chief, Planning & Business Development Headquarters (present post)
April 2012	General Manager, Water Resources Dept., Tokyo Head Office	March 2020	Director, CTI Engineering International Co., Ltd. (present post)
April 2014	Deputy Branch Administrator, Chubu Office	March 2021	Managing Executive Officer, the Company (present post)
April 2016	General Manager, International Div.		
June 2017	Executive Director, Waterman Group Plc (present post)		

Reason for nomination as candidate for Director

Mr. Naoki Fujiwara has served in numerous prominent positions in the water & land business sector and business establishments of the Company and has served as Executive Director of Waterman Group Plc and Director of CTI Engineering International Co., Ltd., which are major Group companies. After assuming the office of Executive Officer in March 2018, he has led the Group's overseas business development as the deputy officer in charge of the international business and has demonstrated strong leadership as Director of an overseas subsidiary. Therefore, the Company nominates him as a candidate for Director.



Candidate  
Number

9 Shuichi Ikebuchi

Reappointment External Independent Director

Date of birth: July 5, 1943

Career summary, positions, responsibilities, and significant concurrent positions

Number of the Company's shares held: 0

Board of Directors meeting attended: 100% (13/13)

February 1979	Professor, Disaster Prevention Research Institute, Kyoto University	April 2007	Professor Emeritus, Kyoto University; Research Advisor, Foundation of River & Watershed Environment Management
April 1996	Chief, Water Resources Research Center, Disaster Prevention Research Institute, Kyoto University	April 2013	Research Fellow, The River Foundation (present post)
May 1999	Director, Disaster Prevention Research Institute, Kyoto University	March 2017	Director, the Company (present post)
October 2004	Director and General Manager, Research Institute, Meteorological Engineering Center, Inc.		

Reason for nomination as candidate for External Director and expected roles

Mr. Shuichi Ikebuchi is an expert in disaster prevention, a field in which business operations are expected to expand in the future. He leverages his extensive experience, broad insight, and global perspectives in the overall management of the Company. Therefore, the Company nominates him once again as a candidate for External Director.

If he is elected as an External Director, the Company expects him to play appropriate roles in ensuring the adequacy and appropriateness of its decision-making process through supervision and advice regarding the Company's management issues based on his expertise and broad insight as an academic expert.



Candidate  
Number

10 Fumiko Kosao

Reappointment External Independent Director

Date of birth: April 17, 1954

Career summary, positions, responsibilities, and significant concurrent positions

Number of the Company's shares held: 0

Board of Directors meeting attended: 100% (13/13)

April 1973	Joined National Tax Agency	June 2016	External Auditor, TOBISHIMA CORPORATION
July 1997	Teacher, Tokyo Training Center, National Tax College	March 2017	Director, the Company (present post)
July 2011	District Director, Gyoda Tax Office, Kantoshinetsu Regional Taxation Bureau	June 2017	External Director, METAWATER Co., Ltd. (present post)
July 2014	District Director, Nihonbashi Tax Office, Tokyo Regional Taxation Bureau	July 2020	External Director (Audit & Supervisory Board Member), TOELL CO., Ltd. (present post)
August 2015	Registered Certified Public Tax Accountant Fumiko Kosao Certified Public Tax Accountant Office (present post)		

Reason for nomination as candidate for External Director and expected roles

Ms. Fumiko Kosao has served in positions such as District Director of Nihonbashi Tax Office, Tokyo Regional Taxation Bureau, and possesses extensive experience in heading organizations, as well as expertise related to tax affairs and corporate accounting as a Certified Public Tax Accountant. The Company believes that she will leverage her extensive experience and broad insight in the overall management of the Company and nominates her once again as a candidate for External Director.

If she is elected as an External Director, the Company expects her to play appropriate roles in ensuring the adequacy and appropriateness of its decision-making process through supervision and advice regarding the Company's management issues based on her expertise and broad insight as a Certified Public Tax Accountant.

Ms. Kosao has never engaged in corporate management except by serving as an External Officer, but the Company believes that she can appropriately fulfill her duties as an External Director based on the above reasons.



Candidate  
Number

11 Yoshihisa Sonobe

Reappointment External Independent Director

Date of birth: October 17, 1956

Career summary, positions, responsibilities, and significant concurrent positions

Number of the Company's shares held: 0

Board of Directors meeting attended: 100% (10/10)

April 1980	Joined Teijin Limited	April 2019	Senior Executive Officer; Chief Financial Officer; Teijin Limited
June 2009	Corporate Officer; General Manager, Corporate Strategy Division, Teijin Limited	April 2020	Representative Director, Teijin Limited
April 2011	CFO; General Manager, Accounting and Finance Unit, Teijin Limited	April 2021	Director; Part-Time Advisor, Teijin Limited
April 2014	General Manager, Corporate Strategy Unit, Teijin Limited	June 2021	Retired as Director of Teijin Limited
June 2014	Director, Teijin Limited	March 2022	Director, the Company (present post)
April 2016	Executive Officer, Teijin Limited		
April 2017	Chief Officer, Corporate Strategy; Chief Officer, Legal Affairs & Intellectual Property (Chief Officer, Global Business Strategy (in charge of overseas financial management companies (Europe, US, China))), Teijin Limited		

Reason for nomination as candidate for External Director and expected roles

Mr. Yoshihisa Sonobe experienced management in a large company and leverages his insight in finance and accounting to contribute to maximizing corporate value by promoting business portfolio reform, management of global joint ventures, M&As overseas, and improvement of corporate governance as a corporate strategy officer and CFO. The Company believes that he will leverage his extensive experience and broad insight in the overall management of the Company and nominates him once again as a candidate for External Director.

If he is elected as an External Director, the Company expects him to play appropriate roles in ensuring the adequacy and appropriateness of its decision-making process through supervision and advice regarding the Company's management issues based on his knowledge and broad insight related to finance and accounting and global business.



Candidate  
Number

## 12 Atsuko Ogasawara

New candidate External Independent Director  
Date of birth: October 6, 1960

Career summary, positions, responsibilities, and significant concurrent positions

Number of the Company's shares held: 0

Board of Directors meeting attended: –

April 1983	Joined The Mainichi Newspapers Co., Ltd.	June 2018	Deputy Representative, Osaka Headquarters, The Mainichi Newspapers Co., Ltd.
April 2006	General Manager, Okayama Bureau, The Mainichi Newspapers Co., Ltd.	June 2018	Director, The Daido Life Foundation (present post)
April 2008	General Manager, Economic Department, Osaka Headquarters, The Mainichi Newspapers Co., Ltd.	April 2020	Executive Director (part-time), National University Corporation Osaka University (present post)
May 2011	General Manager, Kyoto Bureau, The Mainichi Newspapers Co., Ltd.	June 2020	Outside Director, Senshu Ikeda Holdings, Inc. (present post)
July 2014	Deputy General Manager, Editorial Bureau, Osaka Headquarters, The Mainichi Newspapers Co., Ltd.	June 2020	Non-Executive Director (non-full time), The Senshu Ikeda Bank, Ltd. (present post)
April 2016	General Manager, General Business Bureau, The Mainichi Newspapers Co., Ltd.	February 2021	Director, Kansai Innovation Center (present post)
May 2017	Director, Japan High School Baseball Federation (present post)		

Reason for nomination as candidate for External Director and expected roles

Ms. Atsuko Ogasawara has served in prominent positions at a major newspaper company and possesses extensive experience, a high level of expertise, and broad insight. In addition, she has served as the first female Director of Japan High School Baseball Federation, and has achievements as Executive Director in charge of branding at a national university corporation. The Company believes that she will leverage her extensive experience and broad insight in the overall management of the Company and nominates her as a candidate for External Director.

If she is elected as an External Director, the Company expects her to play appropriate roles in ensuring the adequacy and appropriateness of its decision-making process through supervision and advice regarding the Company's management issues based on her extensive experience and expertise in the business community.

Ms. Ogasawara has never engaged in corporate management except by serving as an External Officer, but the Company believes that she can appropriately fulfill her duties as an External Director based on the above reasons.

- Notes:
1. There are no special interests between the candidates for Directors and the Company.
  2. As Mr. Nobuyuki Maeda, Mr. Toshihide Uemura, and Mr. Yoshihisa Sonobe was newly elected as Director at the 59th Annual General Meeting of Shareholders (on March 24, 2022), the number of Board of Directors meetings attended is different from that of other Directors.
  3. Mr. Shuichi Ikebuchi, Ms. Fumiko Kosao, Mr. Yoshihisa Sonobe, and Ms. Atsuko Ogasawara are candidates for External Directors. The Company has designated Mr. Shuichi Ikebuchi, Ms. Fumiko Kosao, and Mr. Yoshihisa Sonobe as Independent Directors in accordance with the rules of the Tokyo Stock Exchange and notified the same to the Tokyo Stock Exchange. If their reappointment is approved, the Company plans to continue to designate them as Independent Directors. Ms. Atsuko Ogasawara fulfills the requirements for Independent Director in accordance with the rules of the Tokyo Stock Exchange and provisions of the Company's Independence Standards, and if her appointment is approved at this General Meeting of Shareholders, the Company plans to also designate her as an Independent Director.
  4. The Company has concluded a limited liability contract with Mr. Shuichi Ikebuchi, Ms. Fumiko Kosao, and Mr. Yoshihisa Sonobe as stipulated in Article 427, Paragraph 1 of the Companies Act and Article 31 of the Articles of Incorporation of the Company. The contract limits compensation liability to five million yen or the amount stipulated by laws and regulations, whichever is higher. If their reappointment is approved at this General Meeting of Shareholders, the Company plans to renew the contract. If the appointment of Ms. Atsuko Ogasawara is approved at this General Meeting of Shareholders, the Company plans to conclude a similar contract with her.
  5. If the candidates for Directors assume office, the Company will continue to consider concluding a liability contract as stipulated in Article 430-2, Paragraph 1 of the Companies Act (to cover expenses as stipulated in Item 1 of the above paragraph and losses stipulated in Item 2 of the above paragraph within the statutory scope on the condition that there is no malicious intent or gross negligence in the performance of their duties).

6. The Company has entered into a directors and officers liability insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. If the candidates for Directors assume office, they will be the insured of the contract. For an outline of the insurance contract, please refer to “Business Report II. Current Status of the Company, 3. Status of Directors and Auditors, (4) Outline of Directors and Officers Liability Insurance Contract” of the Japanese version. The Company also plans to renew the insurance contract with the same conditions at the next renewal.
7. The terms of office of Mr. Shuichi Ikebuchi and Ms. Fumiko Kosao as External Directors of the Company will be six years at the conclusion of this General Meeting of Shareholders. The term of office of Mr. Yoshihisa Sonobe as an External Director of the Company will be one year at the conclusion of this General Meeting of Shareholders.

## Proposal 4: Election of Three (3) Auditors

The terms of office of three (3) Auditors, Mr. Koichi Saito, Mr. Yasuro Tanaka and Mr. Go Ishikawa, will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes to elect three (3) Auditors. The Board of Auditors has given its approval to this proposal.

The candidates for Auditors are as follows:



Candidate  
Number

**1 Keizo Mitsuke**

New candidate

Date of birth: August 27, 1961

Career summary, positions, and significant concurrent positions

Number of the Company's shares held: 4,212

Board of Directors meeting attended: –

Board of Auditors meeting attended: –

April 1986	Joined TOKEN C.E.E. Consultants Co., Ltd.	April 2017	General Manager, General Affairs Div., Chubu Office
January 1990	Joined NIKKEN Consultants, Inc. (currently IDEA Consultants, Inc.)	April 2020	Deputy Chief, Administration Headquarters, General Manager, General Affairs Div. (present post)
June 2009	Joined the Company		
April 2012	General Manager, Public Relations Section, Administration Headquarters		

Reason for nomination as candidate for Auditor

Mr. Keizo Mitsuke has technical experience at other companies in the same industry and in the water & land business sector of the Company, and is well-versed in the construction consulting industry through activities at industry organizations. In addition, he has insight in finance and accounting based on his business experience as General Manager of the General Affairs Division at a business establishment. Further, he has been responsible for company-wide matters as Deputy Chief of Administration Headquarters and General Manager of the General Affairs Division, and is expected to conduct highly effective audits. For these reasons, the Company nominates him as a candidate for Internal Auditor.



Candidate  
Number

**2 Yasuro Tanaka**

Reappointment External Independent Auditor

Date of birth: February 9, 1946

Career summary, positions, and significant concurrent positions

Number of the Company's shares held: 0

Board of Directors meeting attended: 100% (13/13)

Board of Auditors meeting attended: 100% (13/13)

April 1971	Appointed as Assistant Judge	February 2005	General Judge, Tokyo High Court
April 1981	Judge, Tokyo District Court	March 2009	Director, Sapporo High Court
April 1985	General Manager, Training Div., United Nations Asia and Far East Institute for the Prevention of Crime and the Treatment of Offenders	February 2011	Registered as attorney
		April 2011	Professor, Meiji University Graduate School of Law
		March 2015	Auditor, the Company (present post)
April 1994	General Judge, Tokyo District Court		
February 2003	Director, Morioka District and Domestic Relations Courts		

Reason for nomination as candidate for External Auditor

Leveraging his professional ethics and high expertise as an attorney-at-law who served as a judge, Mr. Yasuro Tanaka has performed auditing and supervisory functions as External Auditor of the Company. The Company expects that he will continue to contribute to strengthening the audit system of the Company, and nominates him once again as a candidate for External Auditor. Mr. Tanaka has never engaged in corporate management except by serving as an External Officer, but the Company believes that he can appropriately fulfill his duties as an External Auditor based on the above reasons.



Candidate  
Number

## 3 Go Ishikawa

Reappointment External Independent Auditor

Date of birth: July 8, 1968

### Career summary, positions, and significant concurrent positions

Number of the Company's shares held: 0

Board of Directors meeting attended: 100% (13/13)

Board of Auditors meeting attended: 100% (13/13)

April 1995	Registered as attorney	March 2015	Senior Partner, SAKURADADORI PARTNERS (present post)
July 1998	Partner, Kakimoto Law Office		
September 2008	Partner, Kasumigaseki Law & Accounting Office	March 2016	External Director, Mediaflag Inc. (currently Impact HD Inc.) (present post)
March 2011	External Auditor, Mediaflag Inc. (currently Impact HD Inc.)	April 2016	Deputy Chairman, Dai-ichi Tokyo Bar Association
February 2012	Outside Auditor, ALTECH CO., LTD. (present post)	March 2019	Auditor, the Company (present post)
		April 2022	Executive Governor, Japan Federation of Bar Associations (present post)

### Reason for nomination as candidate for External Auditor

Leveraging his high expertise in overall legal affairs, including corporate legal affairs, professional ethics, and knowledge in finance and accounting, which he cultivated as an attorney-at-law, Mr. Go Ishikawa has performed auditing and supervisory functions as External Auditor of the Company. The Company expects that he will continue to contribute to strengthening the audit system of the Company, and nominates him once again as a candidate for External Auditor. Mr. Ishikawa has never engaged in corporate management except by serving as an External Officer, but the Company believes that he can appropriately fulfill his duties as an External Auditor based on the above reasons.

- Notes:
1. There are no special interests between the candidates for Auditors and the Company.
  2. The number of shares of the Company held by Mr. Keizo Mitsuke is shares held through Employees' Stock-sharing Association.
  3. Mr. Yasuro Tanaka and Mr. Go Ishikawa are candidates for External Auditors. The Company has designated Mr. Yasuro Tanaka as Independent Auditor in accordance with the rules of the Tokyo Stock Exchange and provisions of the Company's Independence Standards, and notified the same to the Tokyo Stock Exchange. If his reappointment is approved, the Company plans to continue to designate him as Independent Auditor.  
Mr. Go Ishikawa has entered into a legal advisory agreement with the Company since April 2019. This transaction is a general transaction for legal consultation, and the amount of compensation is an insignificant amount of less than five million yen per year. Therefore, he fulfills the requirements for Independent Auditor in accordance with the rules of the Tokyo Stock Exchange and provisions of the Company's Independence Standards, and if his appointment is approved at this General Meeting of Shareholders, the Company plans to also designate him as an Independent Auditor.
  4. The Company has concluded a limited liability contract with Mr. Yasuro Tanaka and Mr. Go Ishikawa as stipulated in Article 427, Paragraph 1 of the Companies Act and Article 41 of the Articles of Incorporation of the Company. The contract limits compensation liability to five million yen or the amount stipulated by laws and regulations, whichever is higher. If their reappointment is approved at this General Meeting of Shareholders, the Company plans to renew the contract.
  5. If the candidates for Auditors assume office, the Company will continue to consider concluding a liability contract as stipulated in Article 430-2, Paragraph 1 of the Companies Act (to cover expenses as stipulated in Item 1 of the above paragraph and losses stipulated in Item 2 of the above paragraph within the statutory scope on the condition that there is no malicious intent or gross negligence in the performance of their duties).
  6. The Company has entered into a directors and officers liability insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. If the candidates for Auditors assume office, they will be the insured of the contract. For an outline of the insurance contract, please refer to "Business Report II. Current Status of the Company, 3. Status of Directors and Auditors, (4) Outline of Directors and Officers Liability Insurance Contract" of the Japanese version. The Company also plans to renew the insurance contract with the same conditions at the next renewal.

7. The term of office of Mr. Yasuro Tanaka as an External Auditor of the Company will be eight years at the conclusion of this General Meeting of Shareholders. The term of office of Mr. Go Ishikawa as an External Auditor of the Company will be four years at the conclusion of this General Meeting of Shareholders.

(Reference) Skill Matrix of the Company's Directors and Auditors

The skill matrix indicates knowledge, experience, and abilities that each Director and Auditor possesses, fields in which they can leverage their particular expertise, fields to which they are particularly expected to contribute and diversity scores of each Director and Auditor if Proposals 3 and 4 are approved and passed at this General Meeting of Shareholders.

Name		Skill Matrix								
		Management	Engineering Quality	Business strategy/Marketing	HR/HR development	IT DX	Sustainability ESG	Finance/Accounting/Tax affairs	Legal affairs/Risk management	Global
Director	Tetsumi Nakamura	●	●	●		●	●			
	Tatsuya Nishimura	●	●	●			●			●
	Yoshiaki Nanami	●	●		●				●	●
	Hiroshi Kiuchi	●	●	●						
	Naoto Suzuki	●	●		●	●	●	●	●	
	Nobuyuki Maeda	●	●			●				
	Toshihide Uemura	●	●	●						
	Naoki Fujiwara	●	●	●		●				●
	Shuichi Ikebuchi	●	●							●
	Fumiko Kosao	●			●			●		
	Yoshihisa Sonobe	●		●		●		●	●	●
	Atsuko Ogasawara	●			●		●		●	
Auditor	Keizo Mitsuke	●	●				●	●	●	
	Shigeo Nakashita	●	●						●	
	Yasuro Tanaka								●	●
	Go Ishikawa	●						●	●	●

(Reference) Independence Standards for External Directors and External Auditors

(Excerpt from the Basic Policy on Selection of Candidates for Directors and Auditors and Dismissal of Directors and Auditors)

External Directors, External Auditors and candidates thereof who satisfy the following requirements shall be deemed to be independent.

- (1) A person who is not currently or has not been in the past ten (10) years an executive<sup>\*1</sup> of the Company or its affiliated companies.
- (2) A person whose spouse or relative within the second degree of kinship is not an executive of the Company.
- (3) A person who is not a major business partner<sup>\*2</sup> of the Company or an executive of a corporation whose major business partner is the Company.
- (4) A person who is not a major shareholder of the Company (a person who directly or indirectly holds 5% or more of the total voting rights) or an executive thereof.
- (5) A person who is not an executive of a corporation whose shares are held by the Company for the purpose of cross-shareholdings.
- (6) A person who does not belong to an audit corporation that is the Accounting Auditor of the Company.
- (7) A person who is not an attorney-at-law, certified public accountant, tax accountant, consultant, etc., or an executive of an organization, that receives a large amount<sup>\*3</sup> of remuneration from the Company other than officer remuneration.
- (8) A person who is not a person or an executive of an organization that receives a large amount<sup>\*3</sup> of donations or grants from the Company.
- (9) In the event that an Executive Director or a Statutory Auditor of the Company concurrently serves as an External Director or an External Auditor of another corporation, he/ she is not an executive of such other corporation.
- (10) A person whose spouse or relative within the second degree of kinship does not fall under any of (3) to (9) above.
- (11) A person who did not fall under any of (2) to (10) above in the past five years.
- (12) A person whose total term of office as External Director or External Auditor of the Company is not more than 12 years. However, this shall not apply to cases where it is recognized the candidate has made irreplaceable contribution to the Board of Directors or the Board of Auditors.

\*1: "An executive" refers to Director, Executive Officer, other persons equivalent thereto, or an employee.

\*2: "A major business partner" refers to a business partner whose transactions with the Company exceed 1% of the Company's consolidated net sales in any of the recent three fiscal years, or a business partner who has loaned the Company an amount equivalent to 1% or more of the Company's consolidated total assets.

\*3: "A large amount" refers to an average of five million yen or more per year in the case of an individual and 10 million yen or more per year in the case of an organization over the last three fiscal years.



## Proposal 5: Election of One (1) Substitute Auditor

The effective term of office of Ms. Setsuko Yufu, who was elected as a substitute Auditor at the 56th Annual General Meeting of Shareholders held on March 26, 2019, will expire at the conclusion of this General Meeting of Shareholders. Accordingly, in order to prepare for the case where the number of Auditors does not satisfy the requirements of laws and regulations, the election of one (1) substitute Auditor is proposed. The Board of Auditors has given its approval to this proposal.

The candidate for a substitute Auditor is as follows:



Candidate  
Number

**Setsuko Yufu**

External Independent Auditor

Date of birth: March 28, 1952

Career summary, positions, and significant concurrent positions

Number of the Company's shares held: 0

April 1981	Registered as attorney	June 2020	Outside Audit & Supervisory Board
January 2002	Senior Partner, Atsumi & Usui Law Office (currently Atsumi & Sakai) (present post)		Member, Panasonic Corporation (currently Panasonic Holdings Corporation) (present post)
September 2016	Member of the 16th Council on Antimonopoly Policy of the Japan Fair Trade Commission (JFTC) (present post)		

Reason for nomination as candidate for Substitute Auditor

The Company nominates Ms. Setsuko Yufu as a candidate for substitute Auditor so that she may utilize her high level of expertise in overall legal affairs, including corporate legal affairs and foreign law, and professional ethics as an attorney-at-law in strengthening the auditing system of the Company. Ms. Yufu has never engaged in corporate management except by serving as an External Officer, but the Company believes that she can appropriately fulfill her duties as an External Auditor based on the above reasons.

- Notes:
1. There are no special interests between the candidate for substitute Auditor and the Company.
  2. Ms. Setsuko Yufu is a candidate for substitute External Auditor. She fulfills the requirements for Independent Auditor in accordance with the rules of the Tokyo Stock Exchange and provisions of the Company's Independence Standards, and if she is appointed as Auditor, the Company plans to also notify her to the Tokyo Stock Exchange as an Independent Auditor.
  3. If Ms. Setsuko Yufu assumes office as Auditor, the Company plans to enter into a liability limitation agreement of five million yen or the amount stipulated by laws and regulations, whichever is higher, with her as stipulated in Article 427, Paragraph 1 of the Companies Act and Article 41 of the Articles of Incorporation of the Company.
  4. If Ms. Setsuko Yufu assumes office as Auditor, the Company will consider concluding a liability contract as stipulated in Article 430-2, Paragraph 1 of the Companies Act (to cover expenses as stipulated in Item 1 of the above paragraph and losses stipulated in Item 2 of the above paragraph within the statutory scope on the condition that there is no malicious intent or gross negligence in the performance of their duties).
  5. The Company has entered into a directors and officers liability insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. If Ms. Setsuko Yufu assumes office as Auditor, she will be the insured of the contract. For an outline of the insurance contract, please refer to "Business Report II. Current Status of the Company, 3. Status of Directors and Auditors, (4) Outline of Directors and Officers Liability Insurance Contract" of the Japanese version. The Company also plans to renew the insurance contract with the same conditions at the next renewal.

**Proposal 6:** Determination of Remuneration for Granting Restricted Stock to Directors

It was approved at the 51st Annual General Meeting of Shareholders held on March 27, 2014 that the maximum amount of remuneration for Directors of the Company shall be 400 million yen per year (however, this does not include the employee salary portion of Directors who serve concurrently as employees).

As part of the ongoing review of the remuneration system for officers, the Company has decided to provide an incentive to sustainably increase the Company's corporate value to Directors (excluding External Directors; hereinafter referred to as "Eligible Directors") of the Company. In addition, in order to further promote the sharing of value with shareholders, the Company also proposes to pay new remuneration for granting restricted stock to Eligible Directors, separately from the above-mentioned remuneration.

Remuneration to be paid for granting restricted stock to Eligible Directors pursuant to this proposal shall be monetary claims, and the total amount of remuneration shall be up to 100 million yen per year (however, this does not include the employee salary portion of Directors who serve concurrently as employees). Furthermore, the specific timing of payment and allocation to each Eligible Director shall be determined by the Board of Directors.

The current number of Directors is twelve (12) (including three (3) External Directors), and if Proposal 3 "Election of Twelve (12) Directors" is approved and passed as originally proposed, the number of Directors will be twelve (12) (including four (4) External Directors).

Based on a resolution of the Board of Directors of the Company, Eligible Directors shall pay in all of the monetary claims to be granted under this proposal as property contributed in kind, and shall receive shares of the Company's common stock to be issued or disposed of. The total number of shares of the Company's common stock to be issued or disposed of shall not exceed 50,000 shares per year (however, in the event of a stock split (including gratis allotment of the Company's common stock) or reverse stock split of the Company's common stock, or any other event requiring an adjustment to the total number of shares of the Company's common stock to be issued or disposed of as restricted stock, on or after the date on which this proposal is approved, the total number of shares may be adjusted to a reasonable extent).

The amount to be paid in per share shall be determined by the Board of Directors based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by the Board of Directors (if no trading is reported on that day, the closing price on the most recent trading day preceding that day), within a range that is not particularly advantageous to the Eligible Directors who will receive such common shares. In addition, the issuance or disposal of the Company's common shares and the payment of monetary claims as in-kind contributions shall be subject to the conclusion of a contract for allotment of restricted shares (hereinafter referred to as the "Allotment Contract") between the Company and the Eligible Directors, which includes the following contents. In addition, the maximum amount of remuneration, the total number of the Company's common shares to be issued or disposed of, and other conditions for granting restricted stock to Eligible Directors based on this proposal have been determined in consideration of the above

objectives, the Company's business conditions, the policy regarding decisions on the content of remuneration, etc. for individual Directors of the Company (if this proposal is approved, the said policy will be changed to the content described in the "Reference" column below so as to be consistent with the content approved), and other circumstances, and therefore the Company believes that these conditions are appropriate.

In addition, if the proposal related to the system is approved and passed as originally proposed at this General Meeting of Shareholders, the Company plans to introduce a similar restricted stock remuneration system for Executive Officers who do not concurrently serve as Directors of the Company.

[Outline of the Allotment Contract]

(1) Transfer Restriction Period

Eligible Directors shall not transfer, create a security interest on, or otherwise dispose of (hereinafter referred to as "Transfer Restriction") the common shares of the Company allotted under the Allotment Contract (hereinafter referred to as "Allotted Shares") during the period from the day when they are allotted under the Allotment Contract to the time immediately after their retirement from or the position predetermined by the Board of Directors of the Company among the positions of officers and employees of the Company or its subsidiaries (hereinafter referred to as the "Transfer Restriction Period"). However, in the event that the time immediately after such resignation or retirement is prior to the date on which three (3) months have elapsed from the end of the fiscal year containing the date on which the Allotted Shares are to be allotted, the end of the Transfer Restriction Period may be adjusted within a reasonable range.

(2) Treatment at the time of retirement or resignation

In the event that an Eligible Director retires or resigns from a position predetermined by the Board of Directors of the Company among positions of officers and employees of the Company or its subsidiaries prior to the expiration of a period predetermined by the Board of Directors of the Company (hereinafter referred to as the "Service Provision Period"), the Company shall, as a matter of course, acquire the Allotted Shares at no cost unless there is a justifiable reason for such retirement or resignation, such as the expiration of the term of office or death.

(3) Lifting of Transfer Restriction

The Company shall cancel the Transfer Restriction on all of the Allotted Shares at the expiration of the Transfer Restriction Period, on the condition that the Eligible Director has continuously served in the position predetermined by the Board of Directors of the Company among the positions of officers and employees of the Company or its subsidiaries during the Service Provision Period. However, in the event that (i) the Eligible Director retires or resigns from the position predetermined by the Board of Directors of the Company among the positions of officers and employees of the Company or its subsidiaries prior to the expiry of the Service Provision Period for justifiable reasons, or (ii) even after the expiry of the Service Provision Period, the Eligible Director retires or resigns from the position predetermined by the Board of Directors of the Company among the positions of officers and employees of the Company or its subsidiaries prior to the expiry of the Transfer Restriction Period for reasons other than justifiable reasons, the number of Allotted Shares for which the Transfer

Restriction is to be lifted and the timing of the lifting of the Transfer Restriction shall be reasonably adjusted as necessary. In addition, immediately after the removal of the Transfer Restriction in accordance with the provisions above, the Company shall, as a matter of course, acquire the Allotted Shares for which the Transfer Restriction has not been removed, without consideration.

(4) Treatment in the event of organizational restructuring, etc.

Notwithstanding the provision of (1) above, in the event that, during the Transfer Restriction Period, a merger agreement in which the Company becomes the non-surviving company, a share exchange agreement or a share transfer plan in which the Company becomes a wholly owned subsidiary, or any other matter relating to organizational restructuring, etc. is approved at the General Meeting of Shareholders of the Company (or by the Board of Directors of the Company in the event that approval of the General Meeting of Shareholders of the Company is not required for such organizational restructuring, etc.), the Company shall, by resolution of the Board of Directors of the Company, cancel the Transfer Restriction prior to the effective date of such organizational restructuring, etc., for a number of Allotted Shares reasonably determined in light of the period from the start date of the Transfer Restriction Period to the date of approval of such organizational restructuring, etc. In the case set forth above, the Company shall, as a matter of course, acquire Allotted Shares for which Transfer Restriction has not been lifted without consideration immediately after the lifting of Transfer Restriction.

(5) Other matters

Other matters related to the Allotment Contract shall be determined by the Board of Directors of the Company.

[Reference] Remuneration Policy for Officers

1. Basic Policy

(1) Remuneration for Directors (excluding External Directors)

Remuneration for Directors (excluding External Directors) consists of fixed remuneration (monthly remuneration) as remuneration for the execution of duties, remuneration linked to consolidated business performance in the fiscal year under review (monetary bonuses), and non-monetary remuneration (restricted stock remuneration) as long-term incentive remuneration.

The standard ratio of each remuneration is as follows.

Remuneration items	Fixed remuneration	Variable remuneration	
	Monthly remuneration	Monetary bonuses	Restricted stock remuneration
Setting standard (percentage)	67.5%	20.0%	12.5%

(2) Remuneration for External Directors and Auditors

1) Remuneration for External Directors

Remuneration for External Directors shall consist solely of fixed remuneration (monthly remuneration) from the perspective of their roles and independence.

The specific amount of remuneration shall be determined in accordance with the method of determining fixed remuneration in the remuneration of Internal Directors.

## 2) Remuneration for Auditors

From the perspective of high independence, remuneration shall consist of monthly remuneration only. The specific amount of remuneration shall be determined through consultation among the Auditors.

## 2. Method of determining remuneration for Directors (excluding External Directors), etc.

### (1) Fixed remuneration

Fixed remuneration (monthly remuneration) shall be appropriately calculated in accordance with a predetermined table of monthly remuneration standards for executives within the range of maximum amount of remuneration of Directors which was determined by the resolution of the General Meeting of Shareholders, and shall be determined by resolution of the Board of Directors after deliberation by the Nomination & Remuneration Advisory Committee. In addition, part of the fixed remuneration (monthly remuneration) shall be allocated to the acquisition of the Company's shares under the executive stock ownership program.

### (2) Performance-linked remuneration (monetary bonuses)

With regard to performance-linked remuneration (monetary bonuses), the base amount of bonuses shall be set according to the consolidated business performance of the fiscal year, and the specific amount of each Director shall be set within the range of remuneration, after evaluation by the Managing Director and Chief Executive Officer of the degree of contribution of each Director for each type of operating profit, ROE and ESG using the following calculation formula, and shall be resolved at the Board of Directors meeting after deliberation by the Nomination & Remuneration Advisory Committee.

Monetary bonuses	Payment Category	Method of Payment Calculation
	Payments as short-term incentives	Basic bonus amount $\times$ 50% $\times$ Operating profit factor
	Payment as long-term incentive	Basic bonus amount $\times$ 50% $\times$ ROE evaluation factor
		Basic bonus amount $\times$ 20% $\times$ ESG evaluation factor

### (3) Non-monetary remuneration (restricted stock remuneration)

With regard to non-monetary remuneration (restricted stock remuneration), the number of shares granted shall be calculated according to the position, and shall be determined by resolution of the Board of Directors after deliberation by the Nomination & Remuneration Advisory Committee. In addition, the Transfer Restriction Period shall expire at the time of retirement of officers.

With regard to non-monetary remuneration (restricted stock), provisions shall be established to the effect that the Company may, after deliberation by the Board of Directors, acquire all shares granted without consideration in the following cases : (i) cases where the Director has been engaged in the business of a company that competes with the Group without the consent of the Company, (ii) cases where the Director has caused damage to the Group due to fraudulent accounting or large losses, etc.,

or (iii) other cases where the Company has judged that the shares should be acquired without consideration.

**Proposal 7: Payment of Bonuses to Directors**

Considering the business performance for the fiscal year under review, the Company proposes to pay a total of 37,640,000 yen in bonuses to nine (9) Directors, excluding External Directors, among Directors in office at the end of the fiscal year.

This proposal has been determined based on the policy regarding decisions on the content of remuneration, etc. for individual Directors of the Company for the fiscal year under review (“Business Report II. Current Status of the Company, 3. Status of Directors and Auditors, (5) Remuneration for Directors and Auditors for This Fiscal Year” of the Japanese version). The Company has therefore judged the same as appropriate.

The Company requests that the amount paid to each Director be left to the discretion of the Board of Directors.