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(Securities Code 1813)
May 31, 2019

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 73RD ANNUAL GENERAL MEETING OF SHAREHOLDERS

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

You are cordially invited to attend the 73rd Annual General Meeting of Shareholders of Fudo Tetra Corporation (the “Company”). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders provided below, and exercise your voting rights by 5:30 p.m. on Thursday, June 20, 2019, Japan time.

1. Date and Time: Friday, June 21, 2019 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 73rd Fiscal Year (April 1, 2018 - March 31, 2019) 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 73rd Fiscal Year (April 1, 2018 - March 31, 2019)

Proposals to be resolved:

- Proposal No. 1:** Appropriation of Surplus
- Proposal No. 2:** Election of Six (6) Directors Not Serving as Audit and Supervisory Committee Members
- Proposal No. 3:** Revision to the Compensation, etc. for Directors Not Serving as Audit and Supervisory Committee Members
- Proposal No. 4:** Continuation and Partial Revision of Performance-Linked Stock Compensation Plan for Directors

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

Proposals and References

Proposal No. 1: Appropriation of Surplus

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

Based on this, in the Mid-term Management Plan (2018-2020), the Company set a profit return goal to the shareholders of “total return ratio of about 50%,” working on the return of profits through dividends of surplus and the acquisition of treasury stock. The balance taken is decided based on an overall consideration of the financial and performance situations.

Under these policies and objectives, the Company proposes year-end dividends for the 73rd fiscal year as follows.

If this proposal is approved, a consolidated dividend payout ratio will be 33.3%.

- Matters concerning the year-end dividends

- (1) Type of dividend property

- Cash

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

- ¥50 per share of common stock of the Company

- Total amount of ¥811,900,100

- (3) Effective date of distribution of surplus

- June 24, 2019

(Reference)

For the return of profits to shareholders for the 73rd fiscal year, apart from the year-end dividends above, the Company resolved at a Board of Directors meeting held on May 13, 2019 to conduct an acquisition of treasury stock (upper limit of 300,000 shares to be acquired; upper limit of ¥400 million in acquisition amount).

Added to the aforementioned dividends of surplus, the total return ratio is expected to be at 49.7%.

Proposal No. 2: Election of Six (6) Directors Not Serving as Audit and Supervisory Committee Members

The terms of office of all six (6) current Directors not serving as Audit and Supervisory Committee Members will expire at the conclusion of this year's General Meeting of Shareholder. Accordingly, the election of six (6) 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 (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	Yuji Takehara (July 31, 1950) Reappointment	<p>March 1973 Joined the Company</p> <p>May 2003 Deputy General Manager, Geo Engineering Business Unit</p> <p>June 2003 Executive Officer</p> <p>April 2004 Director, Representative Director, Executive Vice President, General Manager, Geo Engineering Business Unit</p> <p>March 2006 General Manager, Civil Engineering Business Unit</p> <p>April 2007 General Manager, Construction Unit and General Manager, Technology Development Unit</p> <p>June 2009 Responsible for Internal Control and Technology Development, and in charge of Safety and Environment Unit</p> <p>June 2010 President and Representative Director, General Manager, Construction Unit</p> <p>April 2018 Chairman and Representative Director (current position)</p> <p>[Reasons for nomination as a candidate for Director not serving as Audit and Supervisory Committee Member]</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>	11,988
2	Shinya Okuda (January 9, 1955) Reappointment	<p>March 1980 Joined the Company</p> <p>October 2007 Deputy General Manager, Tokyo Main Office, and General Manager, Sales Department-1, Tokyo Main Office</p> <p>June 2008 Executive Officer</p> <p>May 2009 General Manager, Soil Improvement Business Department, Construction Unit</p> <p>June 2010 Managing Executive Officer</p> <p>April 2011 General Manager, Soil Improvement Business Unit</p> <p>June 2011 Director</p> <p>June 2015 Representative Director</p> <p>Executive Vice President</p> <p>April 2018 President and Representative Director (current position)</p> <p>[Reasons for nomination as a candidate for Director not serving as Audit and Supervisory Committee Member]</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>	4,203

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	Akira Yamashita (August 13, 1953) Reappointment	<p>April 1978 Joined Nippon Tetrapod Co., Ltd.</p> <p>April 2004 General Manager, Human Resources Department, Tetra Corporation</p> <p>April 2006 Executive Officer, Tetra Corporation</p> <p>October 2006 Executive Officer, General Manager, General Affairs Department, Administration Unit, the Company</p> <p>June 2010 General Manager, Planning and Finance Department, Administration Unit</p> <p>April 2013 Managing Executive Officer, General Manager, Administration Unit (current position)</p> <p>June 2013 Director (current position)</p> <p>April 2018 Executive Vice President (current position)</p> <p>[Reasons for nomination as a candidate for Director not serving as Audit and Supervisory Committee Member] He has a wealth of experience and specialist knowledge from holding the posts of General Manager of the General Affairs Department, General Manager of the Planning and Finance Department, and General Manager of the Administration Unit. The Company renominates him as candidate for Director due to his familiarity with the Company's overall business and the fact that he has appropriately engaged in operating the Board of Directors as Director and General Manager of the Administration Unit.</p>	4,077
4	Tsutomu Nakanishi (October 20, 1955) Reappointment	<p>April 1979 Joined Nippon Tetrapod Co., Ltd.</p> <p>April 2004 Deputy General Manager, Tokyo Branch, Tetra Corporation</p> <p>April 2005 Executive Officer, Tetra Corporation</p> <p>October 2006 Executive Officer, General Manager, Tokyo Branch, the Company</p> <p>May 2009 General Manager, Civil Engineering Department, Construction Unit</p> <p>April 2011 Deputy General Manager, Civil Engineering Business Unit</p> <p>April 2016 Managing Executive Officer (current position)</p> <p>August 2016 General Manager, Block Environment Business Unit (current position)</p> <p>June 2017 Director (current position)</p> <p>[Reasons for nomination as a candidate for Director not serving as Audit and Supervisory Committee Member] He has a wealth of experience and specialist knowledge from holding the posts of Deputy General Manager of the Civil Engineering Business Unit, and General Manager of the Block Environment 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>	3,203
5	Shinichiro Hososaka (August 5, 1956) Reappointment	<p>April 1979 Joined Nippon Tetrapod Co., Ltd.</p> <p>April 2004 Deputy General Manager, Nagoya Branch, Tetra Corporation</p> <p>October 2007 Deputy General Manager, Tokyo Main Office, the Company</p> <p>June 2008 General Manager, Yokohama Branch</p> <p>June 2010 General Manager, Tohoku Branch</p> <p>April 2012 Executive Officer</p> <p>April 2016 Managing Executive Officer (current position)</p> <p>April 2018 General Manager, Civil Engineering Business Unit (current position)</p> <p>June 2018 Director (current position)</p> <p>[Reasons for nomination as a candidate for Director not serving as Audit and Supervisory Committee Member] He has a wealth of experience and specialist knowledge from holding the posts of Deputy General Manager of Tokyo Main Office, General Manager of Yokohama Branch, General Manager of Tohoku Branch, and General Manager of Civil Engineering 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>	3,050

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
6	Jun Ohbayashi (March 24, 1961) Reappointment	<p>March 1984 Joined the Company</p> <p>June 2008 General Manager, Sales Department-2, Tokyo Main Office</p> <p>May 2009 General Manager, Technology Department, Soil Improvement Business Unit</p> <p>April 2016 Executive Officer, Deputy General Manager, Soil Improvement Business Unit, and General Manager, Technology Department, Soil Improvement Business Unit</p> <p>April 2018 Managing Executive Officer (current position) General Manager, Soil Improvement Business Unit (current position)</p> <p>June 2018 Director (current position)</p> <p>[Reasons for nomination as a candidate for Director not serving as Audit and Supervisory Committee Member] He has a wealth of experience and specialist knowledge from holding the posts of General Manager of Sales Department-2, Tokyo Main Office, General Manager of Technology Department, Soil Improvement Business Unit, and General Manager of Soil Improvement Business Unit. The Company renominates him as candidate for Director due to his familiarity with the Company's overall business and the fact that he has appropriately engaged in operating the Board of Directors as Director.</p>	1,115

(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. 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 view of the opinions in the Audit and Supervisory Committee of the three Directors serving as Audit and Supervisory Committee Members in attendance at the "Nomination and Compensation Advisory Committee," the proposal was deliberated according to standards 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.

[Reference]

If Proposal 2 is approved as originally proposed, the composition of the Board of Directors is scheduled to be as shown below.

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)	Director and Chairman	X				
Shinya Okuda	Director and President	X				X
Akira Yamashita	Director and Executive Vice President General Manager, Administration Unit					
Tsutomu Nakanishi	Director and Managing Executive Officer General Manager, Block Environment Business Unit					
Shinichiro Hososaka	Director and Managing Executive Officer General Manager, Civil Engineering Business Unit					
Jun Ohbayashi	Director and Managing Executive Officer General Manager, Soil Improvement Business Unit					
Masahiro Matsumura (*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
Susumu Terasawa	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

*1. Chairman of the Board of Directors

*2. Chairman of the Audit and Supervisory Committee

*3. Chairman of the Nomination and Compensation Advisory Committee

Proposal No. 3: Revision to the Compensation, etc. for Directors Not Serving as Audit and Supervisory Committee Members

The upper limit for compensation, etc. for Directors of the Company not serving as Audit and Supervisory Committee Members was approved to be ¥250 million per annum, alongside the introduction of the new officer compensation system (including the performance-linked monetary compensation (bonuses)), at the 70th Annual General Meeting of Shareholders, held on June 23, 2016 and is effective up to the present date. However, in consideration of changes in the recent business environment and economic situation, among others, the Company proposes to set the upper limit for compensation, etc. for Directors not serving as Audit and Supervisory Committee Members to ¥300 million per annum. Through increasing the competitive level of the compensation, etc. provided to Directors not serving as Audit and Supervisory Committee Members, compared to that of other competitors of the same scale, the Company aims to provide further incentive for Directors not serving as Audit and Supervisory Committee Members to secure and enhance the Company's performance going forward, in turn implementing an effective compensation system that contributes to the enhancement of corporate value.

If Proposal No. 2 is approved as originally proposed, the number of Directors not serving as Audit and Supervisory Committee Members will be six (6) (no Outside Directors).

(Note)

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

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

Proposal No. 4: Continuation and Partial Revision of Performance-Linked Stock Compensation Plan for Directors

The Company introduced a performance-linked stock compensation plan (hereinafter referred to as the “Plan”) for Directors (excluding Outside Directors and Directors serving as Audit and Supervisory Committee Members, hereinafter the same applies in this Proposal), which was approved at the 70th Annual General Meeting of Shareholders, held on June 23, 2016.

This marked the end of the third fiscal year since the introduction of the Plan (from the fiscal year ended March 31, 2017 to the fiscal year ended March 31, 2019). The Company proposes the continuation of the Plan in the fiscal year ending March 31, 2020 and thereafter, alongside a partial revision (hereinafter the “Revision”).

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

The number of Directors eligible for the Plan will be six (6) Directors if Proposal No. 2 “Election of Six (6) Directors Not Serving as Audit and Supervisory Committee Members” is approved and resolved as originally proposed.

1. Content and Reason of the Revision

In consideration of changes in the business environment and economic situation after the introduction of the Plan, the Company proposes to increase the limit of cash contributed to the trust that serves as the source of Directors’ compensation, etc. during the three fiscal years of target period of the Plan (see 2. (2) below) to a total of ¥170 million. Through increasing the competitive level of the compensation, etc. provided to Directors, compared to that of other competitors of the same scale, the Company aims to provide further incentive for Directors to realize the Company’s vision and management strategies, in turn implementing an effective compensation system that contributes to the medium- to long-term enhancement of business performance and the sustained growth of corporate value.

Other than the change stated in this section, there are no significant changes in the content of the Plan.

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

(1) Outline of the Plan

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

1. Persons eligible for the Delivery, etc. of Company Shares, etc. in this Proposal	<ul style="list-style-type: none"> Directors of the Company (excluding Outside Directors and Directors serving as Audit and Supervisory Committee Members)
2. Effect that shares of the Company subject to this Proposal will have on the number of outstanding shares of the Company	
Maximum amount of cash contributed by the Company (as stated in (2) below)	<ul style="list-style-type: none"> Total of ¥170 million for three fiscal years
Maximum number of Company Shares, etc. acquired by Directors and method of acquisition (as stated in (3) below)	<ul style="list-style-type: none"> The maximum number of points awarded to Directors during the trust period is [320,000 points (equivalent to 32,000 shares of the Company) per annum/960,000 points (equivalent to 96,000 shares of the Company) over three years], and the ratio to the number of outstanding shares (as of March 31, 2019, excluding treasury stock) is approximately 0.6% (In line with the share consolidation conducted on October 1, 2018 (10-to-1 consolidation of the Company’s shares), the value of points is adjusted from 1 per share to 1 per 0.1 share.) As shares of the Company will be acquired from the stock market, dilution will not occur
3. Contents of performance target achievement conditions (as stated in (3) below)	<ul style="list-style-type: none"> Fluctuates according to the levels of achievement of target figures of the Company’s performance indicators (profit attributable to owners of parent, ROE, etc.) of each fiscal year The number of shares shall be determined from a range of 0-200%
4. Timing of Delivery, etc. of Company Shares, etc. to Directors (as stated in (4) below)	<ul style="list-style-type: none"> Upon retirement

(2) Maximum amount of cash contributed by the Company

The Plan will be for three consecutive fiscal years (from the fiscal year ending March 31, 2020 to the fiscal year ending March 31, 2022, and for periods of three fiscal years each time the trust period is extended as described below, hereinafter referred to as the “Target Period”).

The Company will contribute a maximum of ¥170 million cash for each Target Period, and will establish a trust (hereinafter referred to as the “Trust”), with a trust period of three years (including extensions of the trust period as stated below, the same hereinafter), with Directors who satisfy the beneficiary requirements as the beneficiaries. The Trust, under direction of the trust administrator, will acquire shares of the Company from the stock market using entrusted cash. The Company will award points (see (3) below) to Directors during the trust period and make Delivery, etc. of Company Shares, etc. equivalent to the accumulated number of awarded points (hereinafter referred to as the “Number of Accumulated Points”) from the Trust at the time of their retirement (or at the time of their deaths if they become deceased).

At the expiration of the trust period of the Trust, the Trust may be continued by making modifications to the trust agreement and additional entrustments instead of setting up a new trust. In such case, the trust period of the Trust will be extended for a length of time equivalent to the initial trust period, and thus the Target Period will be three fiscal years subsequent to the

extension of the trust period. The Company will, for each extended trust period, contribute additional cash within the limit of a total of ¥170 million, and continue to award points and make Delivery, etc. of Company Shares, etc. to Directors during the extended trust period. However, when such additional contribution is made, if there are shares of the Company (excluding shares of the Company corresponding to the points awarded to Directors that are not delivered) and cash remaining (hereinafter referred to as the “Residual Shares, etc.”) within the trust assets as of the final day of the trust period prior to extension, the sum of the amount of the Residual Shares, etc. and the trust money to be additionally contributed shall be within the limit of ¥170 million.

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

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

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

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

(Formula for calculating the basic points)

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

(Formula for calculating the awarded points)

Basic points x performance-linked coefficient

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

The maximum number of total points to be awarded to Directors per year from the Trust shall be 320,000 points (equivalent to 32,000 shares of the Company). In addition, the maximum number of shares of the Company acquired by the Trust to make Delivery, etc. to Directors shall be equivalent to that maximum number of total points per year (320,000 points) multiplied by three, which is the number of years of the trust period, i.e., 960,000 points (equivalent to 96,000 shares of the Company). This maximum number of shares is set based on the most recent stock prices, etc. in consideration of the maximum amount of the trust money in (2) above.

*In line with the share consolidation conducted on October 1, 2018 (10-to-1 consolidation of the Company's shares), the value of points is adjusted from 1 per share to 1 per 0.1 share.

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

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

If a Director passes away during the trust period, in principle, the successor to the Director will receive money equivalent to the amount obtained through the conversion of shares

corresponding to the Number of Accumulated Points at the time of his/her death into cash within the Trust.

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

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

(6) Other contents of the Plan

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

(Note)

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

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

(Reference) Matters Concerning Corporate Governance

1. Basic management policy

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

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

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

Vision: Providing proprietary technologies that stand the test of time

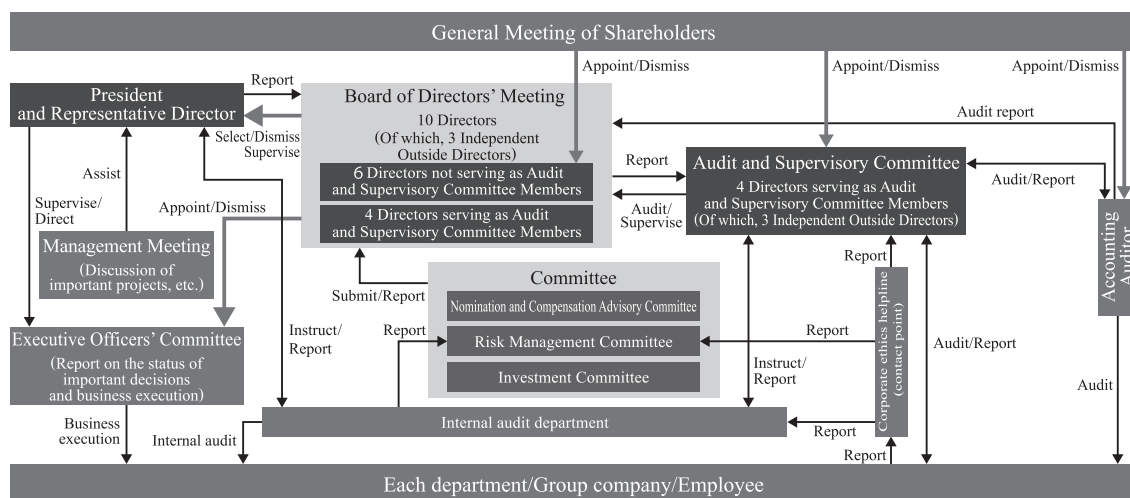
Additionally, to realize this management philosophy, the Company holds "Aiming for sustainable growth on land and at sea through coordination of the three businesses of Civil Engineering, Soil Improvement and Blocks" as its management policy.

2. Basic approach to corporate governance

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

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

As of March 31, 2019



[Board of Directors]

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

The Board of Directors is composed of six Directors not serving as Audit and Supervisory Committee Members and four Directors serving as Audit and Supervisory Committee Members (including three Independent Outside Directors).

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

[Audit and Supervisory Committee]

The Audit and Supervisory Committee is composed of four members (including three 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 three 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 is composed of diverse personnel, in terms of gender, nationality, and other aspects, with a variety of experiences, expertise, and backgrounds in consideration of their responsibilities. Directors are chosen so that the Board of Directors, as a whole, provides the best balance of knowledge, experience and capability.

With regard to the scale of the Board of Directors of the Company, the current Articles of Incorporation stipulate that there should be 15 members or less (nine Directors or less not serving as Audit and Supervisory Committee Members and six Directors or less serving as Audit and Supervisory Committee Members). However, we believe the current number of Directors is appropriate, taking the Company's institutional design and scale etc. into perspective, along with the current state in which the Board of Directors can effectively fulfill its role and duty while ensuring its diversity and continuity.

The Company presently has ten Directors (including three 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 Audit and Supervisory Committee Member as a candidate for Director.

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 the 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 (three persons) have been designated as Independent Officers as stipulated by the 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 value of corporate, the Company believes that it is necessary to build a stable financial foundation. This capital policy stems from a basic policy that strives to maintain a balance centered on three main points, "improve capital efficiency", "returns to shareholders", and "maintaining financial soundness".

(1) Improve capital efficiency

The Company efficiently utilizes capital received from our shareholders, and since it is important to enhance revenue to increase corporate value, the Mid-term Management Plan targets ROE of 8% or more.

(2) Returns to shareholders

The Company is committed to continuing a stable dividend, the Mid-term Management Plan (2018-2020) targets a total return ratio of about 50% as a profit return goal.

(3) Maintaining financial soundness

From the perspective of maintaining sustainable growth and stable management, prepare for investment to drive growth and unexpected risk by maintaining a certain level of shareholder equity.