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(Securities Code 1813)

June 6, 2025

(Commencement of measures for electronic provision: May 24, 2025)

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 79TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

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

Notice is hereby given that the 79th Annual General Meeting of Shareholders of Fudo Tetra Corporation (the “Company”) will be held as described below.

In convening this General Meeting of Shareholders, the Company has taken measures for providing information that constitutes the content of the Reference Documents for the General Meeting of Shareholders, etc. (matters subject to measures for electronic provision) electronically. The Company is posting the matters subject to measures for electronic provision as the “NOTICE OF THE 79TH ANNUAL GENERAL MEETING OF SHAREHOLDERS” on the Company’s website on the Internet. Please access the following Company’s website to review the information.

The Company’s website:

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

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

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

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

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

Instead of attending the meeting in person, you can exercise your voting rights in writing or via the Internet. Please review the Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by 5:30 p.m. on Monday, June 23, 2025, Japan time.

1. **Date and Time:** Tuesday, June 24, 2025 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 79th Fiscal Year (April 1, 2024 - March 31, 2025) 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 79th Fiscal Year (April 1, 2024 - March 31, 2025)

Proposals to be resolved:

- Proposal No. 1:** Appropriation of Surplus
- Proposal No. 2:** Election of Five (5) Directors Not Serving as Audit and Supervisory Committee Members

4. Decisions concerning Convocation

- (1) If you vote both in writing on the Voting Rights Exercise Form and via the Internet, only the vote placed via the Internet will be valid.
 - (2) If you submit your vote multiple times via the Internet, etc., only the last vote exercised will be valid.
 - (3) If we receive the Voting Rights Exercise Form which has no indication of either approval or disapproval on any of the proposals, we will regard such proposals as being approved.
- The documents that we are sending to shareholders who have not requested the delivery of documents in a paper form include matters pertaining to the Reference Documents for the General Meeting of Shareholders in addition to the "NOTICE OF THE 79TH ANNUAL GENERAL MEETING OF SHAREHOLDERS."
 - The documents that we are sending to shareholders who have requested the delivery of documents in a paper form do not include the following matters in accordance with the provisions of laws and regulations as well as the Company's Articles of Incorporation. Please note that the Audit and Supervisory Committee and the Accounting Auditor have audited the documents including the following matters.
 - (1) Notes to the Consolidated Financial Statements in the Consolidated Financial Statements
 - (2) Notes to the Non-consolidated Financial Statements in the Non-consolidated Financial Statements
 - The numbers of the pages, items, and reference pages, which are stated in the documents delivered to you, are the same as those of the matters subject to measures for electronic provision.
 - Should any item contained in the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-consolidated Financial Statements, and the Consolidated Financial Statements or other matters subject to measures for electronic provision require revisions, the revised version will be posted on each of the websites on which they are posted.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal No. 1: Appropriation of Surplus

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

Based on this, in the basic capital policy under the Mid-term Management Plan (2024-2026), the Company is committed to pursuing both growth investment and shareholder return at the same time in allocating cash, and has set a target of achieving a consolidated dividend payout ratio of approximately 40% (dividend of 60 yen or more per share) for the return of profits.

Under these policies and objectives, the Company proposes year-end dividends for the 79th fiscal year as follows.

If this proposal is approved, a consolidated dividend payout ratio will be 41.3%.

- Matters concerning the year-end dividends
 - (1) Type of dividend property
Cash
 - (2) Matters concerning the allotment of dividend property and the total amount
60 yen per share of common stock of the Company
Total amount of 918,020,760 yen
 - (3) Effective date of distribution of surplus
June 25, 2025

Proposal No. 2: Election of Five (5) Directors Not Serving as Audit and Supervisory Committee Members

The terms of office of all seven (7) current Directors not serving as Audit and Supervisory Committee Members will expire at the conclusion of this year's General Meeting of Shareholders. Accordingly, the election of five (5) Directors not serving as Audit and Supervisory Committee Members is proposed.

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

No.	Name	Positions and responsibilities at the Company	Years in office	Attendance at meetings of Board of Directors:
1	Shinya Okuda Reappointment Male	President and Representative Director	14 years	100% (16/16)
2	Jun Ohbayashi Reappointment Male	Director and Executive Vice President In charge of Civil Engineering Business, Soil Improvement Business, and Block Environment Business	7 years	100% (16/16)
3	Yoji Kawachi Reappointment Male	Director and Managing Executive Officer General Manager, Administration Unit, and In charge of Safety, Quality and Environment Unit	2 years	100% (16/16)
4	Mari Osawa Reappointment Female Outside Director Independent Officer	Outside Director	5 years	100% (16/16)
5	Tomohiro Kawamura New appointment Male Outside Director Independent Officer		—	—

(Notes)

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

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	<p>Shinya Okuda (January 9, 1955)</p> <p>Reappointment Male</p> <p>Years in office as Director 14 years (as of the conclusion of this General Meeting of Shareholders)</p> <p>Attendance at meetings of Board of Directors: 100% (16/16)</p>	<p>March 1980 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 Division, 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] 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>	9,399
2	<p>Jun Ohbayashi (March 24, 1961)</p> <p>Reappointment Male</p> <p>Years in office as Director 7 years (as of the conclusion of this General Meeting of Shareholders)</p> <p>Attendance at meetings of Board of Directors: 100% (16/16)</p>	<p>March 1984 Joined the Company</p> <p>June 2008 General Manager, Sales Department-2, Tokyo Main Office</p> <p>May 2009 General Manager, Technology Department, Soil Improvement Business Division, Construction 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 and General Manager, Soil Improvement Business Unit</p> <p>June 2018 Director (current position)</p> <p>April 2024 Executive Vice President (current position)</p> <p>April 2025 In charge of Civil Engineering Business, Soil Improvement Business, and Block Environment Business (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>	7,862

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	<p>Yoji Kawachi (January 8, 1960)</p> <p>Reappointment Male</p> <p>Years in office as Director 2 years (as of the conclusion of this General Meeting of Shareholders)</p> <p>Attendance at meetings of Board of Directors: 100% (16/16)</p>	<p>June 1992 Joined the Company</p> <p>June 2010 General Manager in charge of General Affairs & Human Resources Department, Administration Unit</p> <p>April 2020 Executive Officer, General Manager, General Affairs & Human Resources Department, Administration Unit</p> <p>April 2021 Deputy General Manager, Administration Unit</p> <p>April 2023 Managing Executive Officer (current position) and General Manager, Administration Unit (current position)</p> <p>June 2023 Director (current position)</p> <p>April 2025 In charge of Safety, Quality and Environment Unit (current position)</p> <p>[Reasons for nomination as a candidate for Director not serving as Audit and Supervisory Committee Member] He has a wealth of experience and specialist knowledge from holding the posts of General Manager, General Affairs & Human Resources Department, Administration Unit, Deputy General Manager, Administration Unit, and General Manager, 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.</p>	4,146
4	<p>Mari Osawa (April 4, 1953)</p> <p>Reappointment Female</p> <p>Outside Director Independent Officer</p> <p>Years in office as Outside Director 5 years (as of the conclusion of this General Meeting of Shareholders)</p> <p>Attendance at meetings of Board of Directors: 100% (16/16)</p>	<p>April 1998 Professor, Institute of Social Science, The University of Tokyo (currently National University Corporation, The University of Tokyo)</p> <p>April 2015 Director, Institute of Social Science, National University Corporation, The University of Tokyo</p> <p>April 2018 Executive Director and Vice President</p> <p>June 2019 Professor Emeritus (current position)</p> <p>June 2020 Director, the Company (current position)</p> <p>[Reasons for nomination as a candidate for Outside Director not serving as Audit and Supervisory Committee Member and an outline of the expected role] While she has not engaged in corporate management in other ways than by serving as an outside officer, she has a high level of knowledge as a university professor and is recognized for her achievements in research on governance. The Company renominates her as candidate for Outside Director due to the fact that as an Independent Outside Director of the Company she has expressed her opinions from an independent and objective standpoint in Board of Directors meetings and fulfilled her duties appropriately by giving beneficial advice, as well as the fact that she meets the "Independence Standards for Outside Directors" stipulated by the Company. After her election, she is expected to appropriately supervise and advise the Company on overall management, primarily from a governance researcher's perspective as well as from an independent and objective standpoint, drawing on her high level of knowledge as a university professor and her achievements in governance research.</p>	0

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
5	Tomohiro Kawamura (June 6, 1966) New appointment Male Outside Director Independent Officer Years in office as Outside Director — Attendance at meetings of Board of Directors: —	<p>April 1989 Joined The Sanwa Bank, Ltd. (currently MUFG Bank, Ltd.)</p> <p>January 2000 Joined Sanwa Research Institute Corp. (currently Mitsubishi UFJ Research and Consulting Co., Ltd.)</p> <p>January 2007 General Manager, Innovation Support Department</p> <p>April 2017 General Manager, Management Consulting Department No. 1</p> <p>July 2018 Representative Partner, TK Partners LLC (current position)</p> <p>July 2021 Outside Director, TASUKI Consulting Co., Ltd. (current position)</p> <p>June 2023 Outside Director, I.A GROUP CORPORATION (current position)</p> <p>November 2024 Representative Director, Life Capsule Co., Ltd. (current position)</p> <p>(Significant concurrent position)</p> <p>Representative Partner, TK Partners LLC</p> <p>Outside Director, I.A GROUP CORPORATION</p> <p>[Reasons for nomination as a candidate for Outside Director not serving as Audit and Supervisory Committee Member and an outline of the expected role]</p> <p>The Company nominates him as candidate for Outside Director not serving as Audit and Supervisory Committee Member due to the fact that he has supported many companies as a management consultant, has served as an officer of companies, has abundant experience in corporate management, as well as the fact that he meets the “Independence Standards for Outside Directors” stipulated by the Company.</p> <p>After his election, he is expected to appropriately supervise and advise the Company on overall management, primarily from a perspective of a former officer of companies and a management consultant as well as from an independent and objective standpoint, drawing on his abundant knowledge as a management consultant and a former officer of companies.</p>	0

(Notes)

- There are no special interests between the candidates and the Company.
- The number of the Company's shares each candidate holds includes shares of stock in officer's shareholding association.
- Ms. Mari Osawa and Mr. Tomohiro Kawamura are candidates for Outside Director.
- The Company has registered the candidate Ms. Mari Osawa as an independent officer as stipulated by Tokyo Stock Exchange, Inc. If she is reelected as an Outside Director at this General Meeting of Shareholders, the Company plans to continue to register her as an independent officer. Also, if the candidate Mr. Tomohiro Kawamura is elected as Outside Director, the Company plans to register him as an independent officer as stipulated by Tokyo Stock Exchange, Inc.
- During the term of office of the candidate Ms. Mari Osawa as Outside Director, incidents were discovered in which employees of the Company placed fictitious orders. Although she was not aware of the facts until they were discovered, she had regularly made proposals and called for attention from the perspective of legal compliance at meetings of the Board of Directors. After this case came to light, she has been performing her duties appropriately, requesting at the meetings of the Board of Directors, the Risk Management Committee, etc. that a thorough investigation be conducted, that the cause be determined, and that appropriate measures be taken to prevent recurrence.
- The opinion of the Audit and Supervisory Committee on the appointment, etc. of Directors not serving as Audit and Supervisory Committee Members is as follows.
In the Audit and Supervisory Committee, in view of the opinions of the three Outside Directors serving as Audit and Supervisory Committee Members in attendance at the “Nomination and Compensation Advisory Committee,” the proposal was deliberated according to standards established by the Board of Directors, such as the “Idea behind the composition and scale of the Board of Directors of the Company” and the “Policy and procedures of the Company regarding the nomination of candidates for Directors,” and as a result, the Audit and Supervisory Committee reached the conclusion that there were no particular matters of note.
- The Company stipulates in Article 29, Paragraph 2 of the current Articles of Incorporation that the Company may conclude agreements with Directors (excluding Executive Directors, etc. as defined in Article 2, Item 15-1 of the Companies Act) to limit their liability for damages caused by negligence of their duties. Pursuant to this provision, the Company and the candidate Ms. Mari Osawa have concluded the liability limitation agreement that stipulates that “in the event that the Director (excluding Executive Directors, etc. as defined in Article 2, Item 15-1 of the Companies Act) causes damage to the Company due to his or her negligence of duty, the Director shall be liable for damages to the Company up to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act, provided that the Director has acted in good faith and without gross delinquency in performing his or her duty.” If the reelection of the candidate Ms. Mari Osawa is approved, the Company plans to continue with said liability limitation agreement. If the election of the candidate Mr. Tomohiro Kawamura is approved, the Company plans to conclude said liability limitation agreement.
- The Company has entered into a directors and officers liability insurance policy, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with an insurance company. The policy covers damages that may arise due to the insured assuming liability for the execution of their duties or receiving claims related to the pursuit of such liability. Each candidate for Director, if elected, will be insured by the policy. Also, the Company plans to renew the policy with the same terms and conditions at the time of next renewal. For an overview of the insurance policy, please refer to page 32 of the Business Report.

[Reference]

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

The total number of Directors of the Company is nine (9) which includes five (5) Independent Outside Directors, and Independent Outside Directors account for 55.6% of all Directors.

Name	Positions and responsibilities at the Company	Representative Director	Audit and Supervisory Committee Member	Outside Director	Independent Officer	Nomination and Compensation Advisory Committee Member
Shinya Okuda (*1)	President and Representative Director	X				X
Jun Ohbayashi	Director and Executive Vice President In charge of Civil Engineering Business, Soil Improvement Business, and Block Environment Business					
Yoji Kawachi	Director and Managing Executive Officer General Manager, Administration Unit, and In charge of Safety, Quality and Environment Unit					
Mari Osawa	Outside Director			X	X	X
Tomohiro Kawamura	Outside Director			X	X	X
Kumiko Miura (*2)	Director and Standing Audit and Supervisory Committee Member		X			
Kiyoyuki Kuroda (*3)	Outside Director and Audit and Supervisory Committee Member		X	X	X	X
Masaji Suzuki	Outside Director and Audit and Supervisory Committee Member		X	X	X	X
Kiyoshi Maeda	Outside Director and Audit and Supervisory Committee Member		X	X	X	X

*1. Chairman of the Board of Directors

*2. Chairman of the Audit and Supervisory Committee

*3. Chairman of the Nomination and Compensation Advisory Committee

Particularly important knowledge, experience and capability that Directors are expected to possess:								
Name	Corporate management Management strategy	Sales Industry knowledge	Overseas business	Research and development IT	Finance Accounting	Human resources, Labor management, Labor safety and health	Legal affairs, Compliance, Risk management	Environment (E) Society (S) Governance (G)
Shinya Okuda	X	X	X	X		X	X	
Jun Ohbayashi	X	X	X	X		X		
Yoji Kawachi		X			X		X	X
Mari Osawa								X
Tomohiro Kawamura	X					X		X
Kumiko Miura		X			X			
Kiyoyuki Kuroda						X	X	X
Masaji Suzuki					X			X
Kiyoshi Maeda	X		X					X

(Reference) Matters Concerning Corporate Governance (As of March 31, 2025)

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

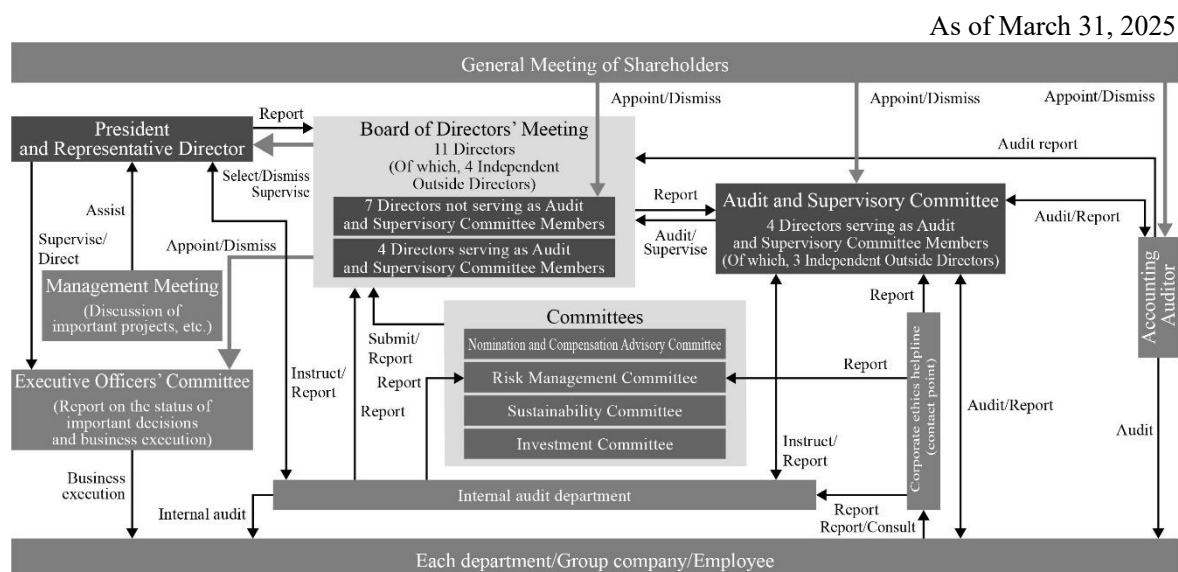
Vision: Providing proprietary technologies that stand the test of time

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.



[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 7 Directors not serving as Audit and Supervisory Committee Members (including 1 Independent Outside Director) and 4 Directors serving as Audit and Supervisory Committee Members (including 3 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 for Outside Directors 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 4 members (including 3 Independent Outside Directors), and one Standing Audit and Supervisory Committee member. The Audit and Supervisory Committee is held once a month to carry out necessary resolutions, consent, and deliberate and report on issues, and conduct audits and provide supervision based on the established audit policies and audit plans.

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

[Nomination and Compensation Advisory Committee]

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

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

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

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

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

While the current Articles of Incorporation provides that the number of Directors shall be not more than 15 (including not more than 9 Directors not serving as Audit and Supervisory Board Committee Members and not more than 6 Directors serving as Audit and Supervisory Committee Members), the current number of Directors is 11 (including 4 Independent Outside Directors and 2 female 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 appropriate knowledge regarding finance and accounting.

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

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

5. Independence Standards for Outside Directors of the Company

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

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

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

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

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

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

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

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

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

c. Lead managing securities company

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

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

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

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

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

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

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

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

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

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

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

6. Basic capital policy

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

on three main points, “improve capital efficiency,” “pursue both growth investment and shareholder return at the same time,” and “allocate funds to maximize corporate value.”

(1) Improve capital efficiency

As it is important to efficiently utilize capital received from our shareholders and enhance profitability in order to increase corporate value, the Company has set a target of achieving a ROE of 9% or more in the last year of the Medium-Term Business Plan.

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

Under the Medium-Term Business Plan, as more cash will be allocated to investments necessary for sustained growth, the Company aims to achieve a dividend payout ratio of approximately 40% (dividend of 60 yen or more per share) as a target for shareholder return and strives to pursue both growth investment and shareholder return at the same time.

(3) Allocate funds to maximize corporate value

The Company will expand and accelerate investment for growth by taking into consideration optimal capital structure for fund procurement and further utilizing financial leverage while maintaining financial soundness.