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(Securities code: 1860)

June 2, 2023

(Start of electronic provision of documents: May 31, 2023)

**To Shareholders with Voting Rights:**

Seisuke Otani  
President and Representative Director  
TODA CORPORATION  
7-1 Kyobashi 1-chome, Chuo-ku,  
Tokyo

**NOTICE OF CONVOCATION FOR  
THE 100TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued supports.

We are pleased to announce that the 100th Annual General Meeting of Shareholders of TODA CORPORATION (the “Company”) will be held as described below.

In convening this General Meeting of Shareholders, the Company has taken measures for providing information in electronic format (the “electronic provision measures”). Matters subject to the electronic provision measures have been posted on the following website:

The Company’s website:

[https://www.toda.co.jp/english/investor\\_relations/general\\_meeting.php](https://www.toda.co.jp/english/investor_relations/general_meeting.php)

In addition to the above website, those matters have also been posted on the following website:

The Tokyo Stock Exchange’s website (Listed Company Search):

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

(Please access the above website, perform a search by entering “TODA CORPORATION” for “Issue name (company name)” or “1860” for “Code”, and then select “Basic information” and “Documents for public inspection/PR information” to review “[Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting]” in the “Filed information available for public inspection” section.)

You can exercise your voting rights in writing or by electromagnetic means (via the Internet, etc.). 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 by 5:30 p.m. on Wednesday, June 28, 2023 (Japan Time).

- 1. Date and Time:** 10 a.m., Thursday, June 29, 2023 (Japan Time)
- 2. Place:** AP Tokyo Yaesu Dori, 7F, KPP Yaesu Building  
10-7 Kyobashi 1-chome, Chuo-ku, Tokyo

**3. Meeting Agenda:**

- Matters to be reported:**
1. Business Report, Consolidated Financial Statements and results of audit thereof for the Company's 100th Fiscal Year (April 1, 2022–March 31, 2023)
  2. Non-consolidated Financial Statements for the Company's 100th Fiscal Year (April 1, 2022–March 31, 2023)

**Matters to be resolved:**

- Proposal No. 1** Appropriation of Surplus  
**Proposal No. 2** Partial Amendments to the Articles of Incorporation  
**Proposal No. 3** Election of Seven (7) Directors  
**Proposal No. 4** Election of One (1) Audit & Supervisory Board Member  
**Proposal No. 5** Partial Amendments to and Continuation of Policy Regarding a Large-Scale Purchase of the Company's Shares and Other Securities (Takeover Defense Measure)

**Shareholder Proposal**

- Proposal No. 6** Acquisition of Treasury Stock

- (1) When attending the meeting, please submit the enclosed voting rights exercise form to the reception desk. Please also bring with you this Convocation Notice as a meeting material.
- (2) Any revisions to the matters subject to the measures for electronic provision will be posted on the above-listed websites.

## Reference Documents for the General Meeting of Shareholders

### Proposals and References

#### Proposal No. 1 Appropriation of Surplus

The basic policy of the Company is to make profit returns in accordance with its performance and business environment, while assuring continuous, stable dividend payments to shareholders and in consideration of the amount of internal reserves essential for strengthening the competitiveness and financial strength of the Company. To make direct profit distribution and to achieve shareholder return through medium- to long-term share price increase, the Company has set target for DOE at 2.5% or more, while total return ratio is set at 40% or more. Under this policy, the Company proposes the appropriation of surplus as follows.

#### Matters concerning year-end dividends

(1) Type of dividend property

Cash

(2) Matters concerning the allocation of dividend property to shareholders and the total amount thereof

13.5 yen per share of common stock of the Company

Total amount: 4,219,382,164 yen

As a result, annual dividends per share for the fiscal year ended March 31, 2023 will be 27 yen, including the interim dividend of 13.5 yen.

(3) Effective date of distribution of surplus

June 30, 2023

**Proposal No. 2 Partial Amendments to the Articles of Incorporation**

1. Reasons for the Amendments

The Company will make the following necessary amendments to Article 2 [Purpose] of the current Articles of Incorporation in preparation for the future expansion of the Company’s business activities.

2. Details of the amendments

Details of the amendments are as follows.



(Amended parts are underlined.)



Current Articles of Incorporation	Proposed amendments
<p>Chapter I. General Provisions</p> <p>Article 1. (Omitted)</p> <p>Article 2. Purpose</p> <p>The objectives of the Company shall be to engage in the following business activities in Japan and overseas:</p> <p>(1)–(17) (Omitted)</p> <p>(Newly established)</p> <p>(18) Any and all other activities ancillary to the above.</p>	<p>Chapter I. General Provisions</p> <p>Article 1. (Omitted)</p> <p>Article 2. Purpose</p> <p>The objectives of the Company shall be to engage in the following business activities in Japan and overseas:</p> <p>(1)–(17) (Omitted)</p> <p><u>(18) Investment advisory and agency business pursuant to the Financial Instruments and Exchange Act.</u></p> <p><u>(19)</u> Any and all other activities ancillary to the above.</p>


**Proposal No. 3 Election of Seven (7) Directors**

The terms of office of all seven (7) Directors will expire at the conclusion of this Meeting. Accordingly, the Company proposes electing seven (7) Directors (including four (4) Outside Directors).



No.	Name		Positions and responsibilities at the Company	Attendance at the Board of Directors' meeting
1	Masanori Imai	Reelection Candidate	Chairperson and Representative Director	100% (17 out of 17 meetings)
2	Seisuke Otani	Reelection Candidate	President and Representative Director President and Corporate Officer	100% (17 out of 17 meetings)
3	Toshihiro Yamazaki	Reelection Candidate	Executive Vice President Group General Manager, Corporate Administration Group Senior Manager, Investment Screening Division	100% (13 out of 13 meetings)
4	Shunsuke Amiya	Reelection Candidate Outside Director Independent	Outside Director	100% (17 out of 17 meetings)
5	Toshihiko Itami	Reelection Candidate Outside Director Independent	Outside Director	100% (17 out of 17 meetings)
6	Kumi Arakane	Reelection Candidate Outside Director Independent	Outside Director	100% (17 out of 17 meetings)
7	Masahiro Muroi	Reelection Candidate Outside Director Independent	Outside Director	100% (13 out of 13 meetings)

No.	Name	Career summary, positions, and responsibilities	Number of shares of the Company held
1	 Masanori Imai Reelection Candidate (July 21, 1952)	April 1978    Joined the Company April 1999    Manager, Architectural Construction Work Division, Tokyo Branch October 2001    General Manager, Keiji General Construction Sales Office, Osaka Branch April 2008    Corporate Officer August 2009    Branch General Manager, Osaka Branch and Executive Officer April 2013    Corporate Officer and Executive Vice President June 2013    President and Representative Director April 2021    Chairperson and Representative Director (to present) [Significant concurrent positions] Chairman, The Associated General Contractors of Tokyo Chairman, Japan Construction Occupational Safety and Health Association Vice Chairman, National General Contractors Association of Japan Co-Representative, Japan Climate Leaders' Partnership Vice Chairperson, Ecofirst Council Representative Director, Association for Promotion of Offshore Wind Farm Business Outside Director, East Japan Construction Surety Co., Ltd.	20,600 shares
[Reasons for nomination as candidate for Director] Mr. Masanori Imai, serving as President and Representative Director and Chairman and Representative Director, has played a leading role in increasing the Group's corporate value. He also engages in activities outside the Company to contribute to solving social challenges including environmental issues. The Company renominates him as a candidate for Director so that he will leverage his wealth of experience and broad insight, contributing to the sustainable growth of the Group through managerial supervision that gives consideration to all stakeholders and the strengthening of the decision-making function of the Board of Directors.			
2	 Seisuke Otani Reelection Candidate (May 25, 1958)	April 1982    Joined the Company March 2009    General Manager, Architectural Construction Work Division, Tokyo Branch March 2013    Deputy General Manager, Tokyo Branch October 2016    Branch General Manager, Chiba Branch April 2017    Corporate Officer March 2018    Corporate Officer and Branch General Manager, Kanto Branch March 2020    Corporate Officer in charge of Administration Group April 2020    Executive Officer June 2020    Director April 2021    President and Representative Director (to present) President and Corporate Officer (to present)	22,100 shares
[Reasons for nomination as candidate for Director] Mr. Seisuke Otani has been responsible for the architectural construction work department over many years, accumulating a wealth of experience and achievements in the area of architectural construction. Furthermore, he has been making significant contributions to increasing the corporate value such as by overseeing large-scale construction projects. Since April 2021, he has been leading the Group management as President and Representative Director. The Company renominates him as a candidate for Director as he can be expected to contribute to forward-looking, medium- to long-term growth strategy and to improving the corporate value.			

No.	Name	Career summary, positions, and responsibilities	Number of shares of the Company held
3	 <p>Toshihiro Yamazaki  Reelection Candidate  (July 10, 1958)</p>	<p>April 1982      Joined the Company</p> <p>March 2008    General Manager, Financial Division, Administration Group</p> <p>April 2015    Corporate Officer and General Manager, Financial Division, Administration Group</p> <p>March 2016    Corporate Officer in charge of Administration Group</p> <p>March 2021    Corporate Officer and Assistant General Manager, Management Administration Division</p> <p>March 2022    Corporate Officer and Group General Manager, Corporate Administration Group and Senior Manager, Investment Screening Division (to present)</p> <p>April 2022    Senior Executive Officer</p> <p>June 2022    Director (to present)</p> <p>April 2023    Corporate Officer and Executive Vice President (to present)</p>	31,500 shares
<p>[Reasons for nomination as candidate for Director]  Mr. Toshihiro Yamazaki has been responsible for finance department over many years, accumulating a wealth of experience and achievements in all aspects of financial matters in relation to corporate management. He currently supervises the personnel, administration, safety, and ICT departments, etc. as Group General Manager of Corporate Administration Group and is engaged in promotion of many investment development projects and strategic business as Senior Manager of Investment Screening Division. The Company renominates him as a candidate for Director as it believes that he is suitable for executing further growth investment and to strengthen financial strategy.</p>			
4	 <p>Shunsuke Amiya  Reelection Candidate  Outside  Independent  (June 12, 1946)</p>	<p>July 1998      Board Member, NIPPON TELEGRAPH AND TELEPHONE CORPORATION</p> <p>July 1999      Senior Vice President, NTT Communications Corporation</p> <p>June 2002      Executive Vice President</p> <p>June 2004      Senior Executive Vice President, NTT COMWARE CORPORATION</p> <p>June 2008      Full-time Audit &amp; Supervisory Board Member, NIPPON TELEGRAPH AND TELEPHONE CORPORATION</p> <p>June 2012      Chairman, Information and Telecommunication Equipment Constructor's Association</p> <p>June 2014      Director, the Company (to present)</p>	8,800 shares
<p>[Reasons for nomination as candidate for Outside Director and expected roles]  Mr. Shunsuke Amiya has a wealth of experience and a high degree of insight as a corporate manager. He has appropriately supervised management by providing to-the-point proposals and advice at the meetings of the Board of Directors from an objective standpoint independent of the management team involved in the execution of duties. He has also performed his duties as the chair of the Personnel and Compensation Committee since June 2022. The Company renominates him as Outside Director as it believes that he can largely contribute to the corporate governance of the Company.</p>			

No.	Name	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
5	 <p data-bbox="272 672 501 943"> Toshihiko Itami  Reelection Candidate  Outside  Independent  (September 2, 1953) </p>	<p data-bbox="501 349 1299 409">April 1980 Appointed Public Prosecutor, Tokyo District Public Prosecutors Office</p> <p data-bbox="501 409 1299 468">April 2005 Director-General, Public Security Bureau, Tokyo District Public Prosecutors Office</p> <p data-bbox="501 468 1299 526">June 2010 Director, General Affairs Department, Supreme Public Prosecutors Office</p> <p data-bbox="501 526 1299 562">July 2012 Chief Prosecutor, Tokyo District Public Prosecutors Office</p> <p data-bbox="501 562 1299 620">July 2014 Deputy Prosecutor-General, Supreme Public Prosecutors Office</p> <p data-bbox="501 620 1299 678">December 2015 Superintending Prosecutor, Osaka High Public Prosecutors Office</p> <p data-bbox="501 678 1299 736">November 2016 Registered as an Attorney at Law Advisor, Nagashima Ohno &amp; Tsunematsu (to present)</p> <p data-bbox="501 736 1299 795">March 2018 Audit &amp; Supervisory Board Member, THE HOKKOKU SHIMBUN CO., LTD.</p> <p data-bbox="501 795 1299 853">June 2018 Outside Director, Seven Bank, Ltd. (scheduled to retire in June 2023)</p> <p data-bbox="501 853 1299 889">June 2018 Director, the Company (to present)</p> <p data-bbox="501 889 1299 943">June 2020 Outside Director (Audit &amp; Supervisory Committee Member), JP-HOLDINGS, INC. (to present)</p>	1,500 shares
<p data-bbox="201 949 983 978">[Reasons for nomination as candidate for Outside Director and expected roles]</p> <p data-bbox="201 978 1439 1146">Mr. Toshihiko Itami has served in prominent positions including Chief Prosecutor of Tokyo District Public Prosecutors Office, Deputy Prosecutor-General of Supreme Public Prosecutors Office and Superintending Prosecutor of Osaka High Public Prosecutors Office, before engaging in corporate governance, corporate crisis management and corporate compliance matters as an attorney at law, and possesses a wealth of experience and a high level of expertise. The Company renominates him as Outside Director as we expect that he will provide appropriate advice and proposals concerning the management of the Company from an objective standpoint independent of the management team involved in the execution of duties.</p> <p data-bbox="201 1146 1439 1198">While he has never been involved in corporate management other than as an outside director/auditor, the Company believes that he can appropriately execute the duties of an Outside Director based on the above reasons.</p>			



No.	Name	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
6	 Kumi Arakane Reelection Candidate Outside Independent (July 4, 1956)	April 1981    Joined KOBAYASHI KOSÉ COMPANY LIMITED (currently KOSÉ Corporation) March 2002    Senior Chief Researcher, R&D Headquarters Advanced Cosmetic Research Laboratories March 2004    General Manager, Product Development Dept., Marketing Headquarters March 2006    Executive Officer, Deputy Director-General of Marketing Headquarters and General Manager of Product Development Dept. March 2010    General Manager, R&D Laboratories March 2011    General Manager, Quality Assurance Dept. (Marketing Supervisor-General) June 2011    Director (in charge of Quality Assurance Dept., Customer Service Center, Purchasing Dept., and Product Designing Dept.) June 2017    Audit & Supervisory Board Member March 2019    Outside Audit & Supervisory Board Member, Kubota Corporation March 2020    External Director, Kagome Co., Ltd. (to present) June 2020    Director, the Company (to present) March 2021    Outside Director, Kubota Corporation (to present)	3,000 shares
[Reasons for nomination as candidate for Outside Director and expected roles] Ms. Kumi Arakane has a wealth of experience and insight in corporate management, including being involved in the execution and supervision of management as a director and person in charge of corporate R&D, product development, and quality assurance as a Doctor of Pharmacology. The Company renominates her as Outside Director as we expect that she will provide to-the-point proposals and advice at the meetings of the Board of Directors from an objective standpoint independent of the management team involved in the execution of duties.			
7	 Masahiro Muroi Reelection Candidate Outside Independent (July 13, 1955)	April 1978    Joined the Nomura Computer Systems Co., Ltd. January 1988    The Nomura Research Institute, Ltd. and the Nomura Computer Systems Co., Ltd. Merge June 2000    Director and Group General Manager, Planning and Business Division, EC Knowledge Solution Division, Knowledge Solution Group April 2009    Representative Director, Senior Executive Officer, Senior Manager, Headquarter Organization Governing Division April 2013    Representative Director and Executive Vice President, Senior Management, Headquarter Organization Division, Quality and Innovative Production Division April 2015    Director, Vice Chairman & Chair, Board of Directors June 2016    Outside Director, Ryoden Corporation (currently RYODEN CORPORATION) (to present) June 2017    Outside Director, MARUI GROUP CO., LTD. June 2018    Auditor, The Norinchukin Bank (to present) June 2022    Director, the Company (to present)	800 shares
[Reasons for nomination as candidate for Outside Director and expected roles] Mr. Masahiro Muroi has served as Representative Director of a major private think tank, accumulating a wealth of experience in and insight into corporate management and high expertise in IT. The Company renominates him as Outside Director as we expect that he will provide effective advice that will help improve the efficiency of business operation while supervising the Company's overall management.			

Notes: 1. There is no special interest between any of the candidates and the Company.

2. The numbers of shares of the Company held are the numbers of shares substantially held, which include each


- candidate's shareholding in Toda Corporation Officers' Shareholding Association.
3. Mr. Shunsuke Amiya, Mr. Toshihiko Itami, Ms. Kumi Arakane, and Mr. Masahiro Muroi are candidates for Outside Director. They are designated as candidates for independent directors as stipulated by the rules of the Tokyo Stock Exchange and notified thereof to the Exchange.
  4. Mr. Shunsuke Amiya, Mr. Toshihiko Itami, Ms. Kumi Arakane, and Mr. Masahiro Muroi currently serve as Outside Director of the Company. At the conclusion of this General Meeting of Shareholders, Mr. Shunsuke Amiya will have served as Outside Director for nine years, Mr. Toshihiko Itami will have served as Outside Director for five years, Ms. Kumi Arakane will have served as Outside Director for three years, and Mr. Masahiro Muroi will have served as Outside Director for one year.
  5. Mr. Shunsuke Amiya served as Board Member of NIPPON TELEGRAPH AND TELEPHONE CORPORATION and Senior Vice President of NTT Communications Corporation. The amount of each of the two companies' construction transactions with the Company in the fiscal year ended March 31, 2023 was less than 0.1% of the Company's net sales.
  6. Mr. Toshihiko Itami has served as Advisor of Nagashima Ohno & Tsunematsu. The amount of monetary compensation paid by the Company to the law firm in the fiscal year ended March 31, 2023 was less than 0.1% of the law firm's total income.
  7. Although Ms. Kumi Arakane served as Executive Officer, Director, and Audit & Supervisory Board Member of KOSÉ Corporation until June 2019, she is not currently involved in the execution of KOSÉ Corporation's business. In addition, the amount of KOSÉ Corporation's construction transactions with the Company in the fiscal year ended March 31, 2023 was less than 0.1% of the Company's net sales.
  8. Mr. Masahiro Muroi served as Member of the Board and Representative Director of The Nomura Research Institute, Ltd. The amount of The Nomura Research Institute, Ltd.'s construction transactions with the Company in the fiscal year ended March 31, 2023 was less than 0.1% of the Company's net sales.
  9. To recruit talented people as Outside Directors of the Company, the Company stipulates in its Articles of Incorporation that it can enter into contracts with Outside Directors that limit the liability for damages to the Company to the minimum amount stipulated in laws and regulations. The Company has concluded this limited liability contract with Outside Director candidates, Messrs. Shunsuke Amiya, Toshihiko Itami, Ms. Kumi Arakane and Mr. Masahiro Muroi. The contracts will be retained if the reelection of the above four candidates is approved.
  10. The Company has entered into a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The said insurance contract covers damages, litigation expense to be borne by the insured, in the event of a claim for damages caused by an act (including nonfeasance) in the course of their duties as directors and officers. However, the said insurance contract is not applicable to damages, etc. to directors and officers themselves who commit criminal acts or illegal acts deliberately, and measures are taken in order to prevent the impairment of the appropriateness of execution of duties by directors and officers. The insurance premiums are fully borne by the Company. The scope of the insured under the said insurance includes the directors, audit & supervisory board members, executive officers and managerial employees of the Company. If this proposal is approved as originally proposed, and candidates are reappointed, they will be insured under the said insurance contract. The Company plans to renew the said insurance contract with the same contents during their terms of office.
  11. Ms. Kumi Arakane's name in the family register is Ms. Kumi Kameyama.

#### Proposal No. 4 Election of One (1) Audit & Supervisory Board Member

The term of office of Audit & Supervisory Board Member, Mr. Shunji Momoi, will expire at the conclusion of this Meeting. Accordingly, the Company proposes to elect one (1) Audit & Supervisory Board Member.

The candidate for Audit & Supervisory Board Member is as below.

This Proposal has been approved by the Audit & Supervisory Board in advance.

Name	Career summary and positions	Number of shares of the Company held
 <p>Shunji Momoi</p> <p>Reelection Candidate</p> <p>Outside</p> <p>Independent</p> <p>(May 27, 1958)</p>	<p>October 1984      Joined Showa Audit Corporation (currently Ernst &amp; Young ShinNihon LLC)</p> <p>March 1988      Registered as CPA</p> <p>May 2005      Partner, Showa Audit Corporation (currently Ernst &amp; Young ShinNihon LLC)</p> <p>May 2005      Senior Partner</p> <p>June 2019      Outside Audit &amp; Supervisory Board Member, the Company</p> <p>June 2020      Full-time Audit &amp; Supervisory Board Member (to present)</p> <p>June 2022      Audit &amp; Supervisory Board Member (part-time), SBI Regional Bank Holdings, Co., Ltd. (to present)</p>	<p>0 share</p>
<p>[Reasons for nomination as candidate for Audit &amp; Supervisory Board Member]</p> <p>Mr. Shunji Momoi possesses professional knowledge as a certified public accountant and a wealth of experience in corporate audit. The Company renominates him as Outside Audit &amp; Supervisory Board Member as we expect that he will leverage his expertise in finance and accounting for the Company's audit system.</p> <p>He attended 16 meetings of the Board of Directors out of 17 meetings of the Board of Directors and 17 meetings of the Board of Corporate Auditors out of 18 meetings of the Board of Corporate Auditors held during the fiscal year under review, asking questions and expressing his opinions as appropriate in order to clarify questions and other issues from his professional perspective as a certified public accountant.</p>		

- Notes:
- There is no special interest between candidate Mr. Shunji Momoi and the Company.
  - Mr. Shunji Momoi is a candidate for Outside Audit & Supervisory Board Member. He is designated as a candidate for an independent Audit & Supervisory Board member as stipulated by the rules of the Tokyo Stock Exchange and notified thereof to the Exchange.
  - Mr. Shunji Momoi currently serves as Full-time Audit & Supervisory Board Member (outside) of the Company. At the conclusion of this General Meeting of Shareholders, he will have served as Audit & Supervisory Board Member for four years.
  - To recruit talented people as Audit & Supervisory Board Member of the Company, the Company stipulates in its Articles of Incorporation that it can enter into contracts with Audit & Supervisory Board Members that limit the liability for damages to the Company to the minimum amount stipulated in laws and regulations. The Company has concluded this limited liability contract with Audit & Supervisory Board Member candidate, Mr. Shunji Momoi. The contract will be retained if the reelection of Mr. Shunji Momoi is approved.
  - The Company has entered into a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The said insurance contract covers damages, litigation expense to be borne by the insured, in the event of a claim for damages caused by an act (including nonfeasance) in the course of their duties as directors and officers. However, the said insurance contract is not applicable to damages, etc. to directors and officers themselves who commit criminal acts or illegal acts

deliberately, and measures are taken in order to prevent the impairment of the appropriateness of execution of duties by directors and officers. The insurance premiums are fully borne by the Company. The scope of the insured under the said insurance includes the directors, corporate auditors, executive officers and managerial employees of the Company. If this proposal is approved as originally proposed, the candidate will be insured under the said insurance contract. The Company plans to renew the said insurance contract with the same contents during the term of office.

**(Reference)****Members of the Board of Directors and the Audit & Supervisory Board and the skills matrix of the management subject to the approval of Proposal Nos. 3 and 4.****Directors**

Name	Expected expertise, experience, and skills									Personnel and Compensation Advisory Committee
	Corporate management	Management strategy Marketing	Finance/Accounting	Human resources strategy	Legal/Risk management	Global businesses	Technology development	ICT/DX	Environment/Energy	
Masanori Imai	○	○							○	○
Seisuke Otani	○	○		○						
Toshihiro Yamazaki		○	○		○					
Shunsuke Amiya	○					○		○		◎
Toshihiko Itami				○	○					○
Kumi Arakane		○			○		○			○
Masahiro Muroi	○			○				○		○

◎ : chair

**Audit & Supervisory Board Members**

Name	Expected expertise, experience and skills								
	Corporate management	Management strategy Marketing	Finance/Accounting	Human resources strategy	Legal/Risk management	Global businesses	Technology development	ICT/DX	Environment/Energy
Shunji Momoi			○		○	○			
Hidemi Wakabayashi			○	○	○				
Keiichiro Maruyama				○	○				
Fumio Sato	○	○			○				
Junko Nishiyama		○					○		○

Note: The above shows up to three specialties in which each candidate is particularly expected to possess expertise, experience and skills. It is not meant to show all skills of each candidate.

## **Proposal No. 5 Partial Amendments to and Continuation of Policy Regarding a Large-Scale Purchase of the Company's Shares and Other Securities (Takeover Defense Measure)**

The Company introduced, in accordance with the resolution at the 85th Annual General Meeting of Shareholders of the Company held on June 27, 2008, "a Policy Regarding a Large-Scale Purchase of the Company's Shares and Other Securities (Takeover Defense Measure)". Thereafter, it has been continued in accordance with the resolution of the recent 97th Annual General Meeting of Shareholders of the Company held on June 25, 2020 (the current Takeover Defense Measure is hereinafter referred to as the "Original Plan").

Since the Original Plan will expire at the conclusion of this Annual General Meeting of Shareholders, the Company has been considering the appropriate form of the policy, including the pros and cons of its continuation, from the perspective of maintaining and enhancing the common interests of shareholders and corporate value, taking into account changes in social and economic conditions, trends and various discussions surrounding takeover defense measure, and the intent of the Corporate Governance Code.

As a result, we have reached the conclusion that the measure is still necessary to ensure the interests of all stakeholders, including our shareholders, customers, business partners, local communities, and employees, as well as to ensure the sustainable growth of the Company and to enhance its corporate value over the medium to long term. The Company has therefore decided to continue the Original Plan subject to approval by the Annual General Meeting of Shareholders, after making necessary revisions (the post-continuation measure is hereinafter referred to as the "Plan").

Accordingly, the Company asks our shareholders for approval for continuation of the Plan after partially amending it. The effective period of the Plan is until the conclusion of Annual General Meeting of Shareholders to be held in June 2026 (3 years).

Furthermore, 5 of the Company's Audit & Supervisory Board Members, including 4 Independent Outside Audit & Supervisory Board Members, attended the meeting of the Board of Directors of the Company at which the decision was made to continue the defense measure, and expressed the opinion that as long as adequate operations are conducted in accordance with the Plan, it is considered to be appropriate countermeasures against a large-scale purchase of the Company's shares and other securities.

### **The main points revised in the Plan are as follows:**

- (A) In the event that the Company implements Countermeasures in accordance with the Plan, it is mandatory to hold a general meeting of shareholders to confirm shareholders' intention, except in cases where the Purchaser does not comply with the procedures stipulated in the Plan.
- (B) Modifications have been made to the definition of a "Large-Scale Purchase" to which the Policy applies.
- (C) We have developed the "Accreditation Criteria of Joint and Concerted Action" in Exhibit 4, as the standard to be used when judging whether or not it falls under "Substantial Control" or "Joint or Concerted Action", which shall be the criteria for determining whether it falls under "Large-Scale Purchase" or "Non-qualified Person".
- (D) Unless otherwise requested by the Purchaser, the maximum period for the provision of information shall be

limited to 60 days from the date of receipt of the information list by the Purchaser, and even if the necessary information is not fully available, we shall start the “Board of Directors’ Evaluation Period” when the information provision period expires.

- (E) The composition of the Independent Committee has been changed from the current 3 members to a 5-member committee consisting of 4 Outside Directors and 1 Outside Audit & Supervisory Board Member.
- (F) Modifications have been made to the expression, including clarification of intentions.

## I. Basic Policy of the Plan

### 1. Source of Our Corporate Value

#### (1) Our Corporate Philosophy

Since our founding in 1881, we have been committed to creating products that satisfy our customers, placing importance on trust and quality, adhering to sound management principles, and contributing to the development of society through our business activities. This has been our corporate philosophy, which we have consistently upheld.

In 2015, the Group developed a corporate philosophy system, including the “Global Vision”, which was established as an expression of the Group's existence value in society and the image it aspires to achieve. TODA Group’s Global Vision is to be “a corporate group that realizes joy”, by creating “joy” for customers, employees, partner companies, and ultimately, society, and to continue growing by transforming it into confidence and pride. By sharing this Vision throughout the Group and achieving continuous evolution, we enhance the value of our Group and contribute to the sustainable development of society.

#### (2) Initiatives to Enhance Corporate Value

In 2021, our Group formulated “Future Vision CX150”, which indicates the direction we are aiming to achieve in the next 10 years. We are working together as a Group to contribute to the realization of a collaborative society through business development in the Smart Innovation, Environmental & Energy, Business & Lifestyle, and Urban & Social Infrastructure fields, as a “gatekeeper of value” that realizes unprecedented combinations of information and functionality and creates new value.

#### (A) Our Business Portfolio

In addition to strengthening our core businesses of Architectural Construction, Civil Engineering, and Strategy, we have identified the following 3 businesses as key management priorities and are aiming to strengthen our business portfolio through proactive involvement from top management for medium to long term growth.

- New TODA BUILDING (headquarters): The building is now being constructed as a flagship of our technological strength - a smart building that makes full use of digital technology in addition to the highest level of safety and environmental performance. Construction to be completed in 2024.
- Overseas business: Expanding the construction and development business with a focus on the growing Southeast Asian market.
- Renewable energy business: Commercialization and deployment of our proprietary hybrid spar-type floating offshore wind power generation facility.

#### (B) Financial Strategy

In order to realize medium to long term enhancement in corporate value, the Group places



importance on allocating management resources with full awareness of the cost of capital and return on capital. In terms of capital management, the Group promotes effective use of assets, reduction of cross shareholdings, and formation of intangible assets, while paying attention to return on invested capital (ROIC). We aim to achieve our profitability target of a return on equity (ROE) of 8% or more, while being conscious of weighted average cost of capital (WACC) and shareholder returns.

In addition, to receive appropriate market valuations, we strive to improve our P/B ratio by enhancing disclosure and engaging in constructive dialogue with our shareholders.

(C) Sustainable Management

Looking ahead to the year 2050, the Group has evaluated various social challenges and business-related challenges based on 2 axes: impact on business and impact on stakeholders and has identified the following 5 key issues as the Toda Group's Materialities.

- (i) Urban development that supports prosperous lifestyles
- (ii) Infrastructure development in harmony with the environment
- (iii) Realizing a carbon-free society
- (iv) Innovating in technology and enhancing the value we provide
- (v) Creating workplaces that are a joy to work in

Towards 2050 and beyond, the Group will contribute to the creation of a better future society together with our stakeholders through our business activities.

(D) Strengthening Corporate Governance

We have adopted an executive officer system to separate the decision-making and supervisory roles of management (Directors) from the execution of business (Executive Officers) and strive to enhance the functions of both supervision and execution by clearly defining the scope of their respective roles and responsibilities.

Furthermore, in order to further enhance the supervisory function of the Board of Directors, at the 99th Annual General Meeting of Shareholders held on June 29, 2022, the Company reduced the number of Internal Directors by 5. As a result, the Company now has 7 Directors (including 4 Independent Outside Directors), with Independent Outside Directors accounting for the majority of the Board of Directors.

(E) Human Resources Strategy

Our Group believes that “human resources (employees and officers)” are the key to achieving our mission and business strategy. Therefore, we position our human resources strategy as an investment and have identified 5 areas for development, ie talent development, personnel system reform, work motivation improvement, diversity, and globalization. We are committed to strengthening our medium to long term competitiveness by fostering the next generation of management talent, development and securing global talent, acquiring external specialists in strategic and priority areas, and promoting the penetration of diverse values.

As our brand slogan “Build the culture. Creation from ideas, rooted in passion” implies, we believe people are the most valued assets contributing to achieving objectives and shall continue to pursue the effectiveness of our efforts towards human resources development.

## 2. Basic Policy

In light of the fact that the source of our corporate value lies in the management resources that our Group has cultivated over many years as described above, in case where there is a risk that the corporate value of the Group or the common interests of shareholders may be impaired by a specific person or group acquiring 20% or more of the total voting rights of the Company and on the grounds that such specific person or group is inappropriate as a person controlling the Company's financial and business policy decisions, the Company's basic policy regarding the nature of person who controls decisions on the Company's financial and business policy is that the Company may take reasonable measures to ensure and enhance the corporate value of the Group or the common interests of shareholders (hereinafter referred to as "Countermeasures") to the extent permitted by law and the Articles of Incorporation.

The purpose of the Large-Scale Purchase rules in the Plan is to provide information to shareholders to help them determine whether or not to accept the Large-Scale Purchase (defined in II.2.(1)(A) below and hereinafter referred to as the same), to provide the opinion of the Board of Directors of the Company, currently responsible for the management of the Company, to ensure that shareholders have the opportunity to receive instructions on alternative proposals as well as other matters described in II.1. below. Currently, certain regulations have been established under the Financial Instruments and Exchange Act to enable the provision of information and the securing of a certain period for consideration during a takeover. However, it is possible that these regulations may not always be effective, as they may not apply to information provision and consideration periods before the commencement of a public tender offer, or to accumulation of shares in the market. Therefore, we believe that the establishment of rules for the Large-Scale Purchase is a prerequisite for shareholders and investors to make appropriate investment decisions, and that ensuring sufficient time will also be effective to engage in constructive dialogue with the Purchaser (defined in Section II.2.(1)(A) below and hereinafter referred to as the same) regarding the enhancement of corporate value for the benefit of our shareholders.

## II. Efforts to Prevent Decisions on Our Financial and Business Policy from Being Controlled by Inappropriate Individuals in Accordance with Our Basic Policy

### 1. Overview and Purpose of the Plan

The Board of Directors of the Company has decided to continue the Plan to clarify the rules that those who intend to commence a Large-Scale Purchase of the Company's shares and other securities must follow, and to secure the necessary and sufficient information, time, and opportunities for negotiation with those who intend to commence a Large-Scale Purchase, so that our shareholders can make an appropriate decision.

As described below, the Plan establishes rules to be complied with by any person who intends to commence a Large-Scale Purchase of the Company's shares and other securities, as well as clarifies the possibility of damages to such person who intends to commence a Large-Scale Purchase by the Company taking Countermeasures in certain cases. By disclosing such information in an appropriate manner, the Company warns any person who

intends to commence a Large-Scale Purchase of the Company's shares and other securities that does not contribute to our corporate value and the common interests of the shareholders.

In the Plan, in order to eliminate arbitrary judgments by the Board of Directors of the Company when implementing Countermeasures, we shall establish the Independent Committee consisting solely of Outside Directors, Outside Audit & Supervisory Board Members, or external experts (experienced corporate executives, former government officials, lawyers, certified public accountants, scholars, or those with similar knowledge and experience) who are independent from our management team executing business according to the Independent Committee Rules (please refer to Exhibit 1 for the outline). The Company shall give maximum respect to the recommendation of the Independent Committee and ensure transparency by providing timely information disclosure to our shareholders and investors. 5 individuals listed in Exhibit 2 are scheduled to assume the positions of members of the Independent Committee at the time of the continuance of the Plan.

The status of our major shareholders as of March 31, 2023, is as indicated in Exhibit 3, "Shareholding of the Company's Major Shareholders", and as of the same date, Daiichi Shokusan, the Company's largest shareholder, held 13.28% of the Company's shares. Combining this with the shares held by the directors of Daiichi Shokusan, their relatives and related corporations, the shareholding ratio of the so-called the founding family related shareholders was approximately 26%. These shareholders have established a friendly relationship with the Company over many years as the founding family related shareholders of the Company and are not subject to the Plan at this time. In addition, the founding family related shareholders may buy and sell the Company's shares at their own discretion, but as long as the total percentage of the Company's shares held by them is within the 28% range, they shall not be subject to the Plan as long as the friendly relationship continues. However, it is not certain that these shareholders will continue to hold the Company's shares, and it cannot be denied that the ratio of the number of shares held may decrease in the future and the liquidity of the Company's shares may increase.

Under these circumstances, we believe that it would be difficult to respond appropriately from the perspective of enhancing corporate value without continuing with the measure outlined in the Plan, in the event of a Large-Scale Purchase that could potentially impair our corporate value and the interests of shareholders. As of today, the Company has not received any proposal from a specific third party with respect to a Large-Scale Purchase of the Company's shares and other securities.

## 2. Details of the Plan

### (1) Procedures Related to the Plan

#### (A) Large-Scale Purchase Subject to the Plan

The Plan applies to acts of purchasing the Company's shares and other securities or similar actions (except for those approved by the Board of Directors of the Company; hereinafter referred to as "Large-Scale Purchase") falling under (i) to (iii). Any person who has commenced or intends to commence a Large-Scale Purchase (hereinafter referred to as "Purchaser") is requested to follow the procedures stipulated in advance in the Plan.

(i) Any purchase of shares and other securities<sup>1</sup> issued by the Company that would result in the

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<sup>1</sup> This refers to "stock certificates, etc." as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act, and

holder<sup>2</sup> holding where the proportion<sup>3</sup> of shares and other securities reaches 20% or more of the total number of shares issued by the Company.

- (ii) With respect to shares and other securities<sup>4</sup> issued by the Company, any tender offer<sup>5</sup> that would result in the total of the shareholding ratio<sup>6</sup> of shares and other securities in the tender offer and the shareholding ratio of shares and other securities of persons in special relationship<sup>7</sup> reaching 20% or more.
- (iii) Regardless of whether each act specified in (i) or (ii) above has been conducted, any act that a specific shareholder of the Company engages in with other shareholder of the Company (including multiple shareholders, which shall be the same in (iii) below) and that results in an agreement or other act whereby the other shareholder becomes joint owner with the specific shareholder, or an act establishing a relationship<sup>8</sup> in which one of the parties substantially controls the other or they act jointly or in concerted with each other<sup>9</sup>. (However, this is limited to cases where the total ownership percentage of the specific shareholder and the other shareholder in the Company's shares and other securities for which the Company is the issuer is 20% or more.)

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the same shall apply hereinafter unless otherwise specified. In addition, if there are any amendments (including changes in the name of the law or the establishment of new laws inheriting old laws, etc.) to the laws and regulations cited in the Plan, each provision of the laws and regulations cited in the Plan shall be deemed to be rewritten to substantially inherit the provisions of these laws and regulations after such amendments, except as separately specified by the Board of Directors of the Company.

<sup>2</sup> This refers to the holders as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act, including those included in the holders based on Paragraph 3 of the same article.

<sup>3</sup> This refers to the “shareholding ratio of stock certificates, etc.” as defined in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act. The same shall apply hereinafter, however, for the calculation of such shareholding ratio, any person who (i) is a specially related party as defined in Article 27-2, Paragraph 7, (ii) is an investment bank, securities company, or other financial institution that has entered into a financial advisory agreement with the specific shareholder, or is a public tender offer agent or lead underwriter securities company of the specific shareholder (hereinafter referred to as “Contracted Financial Institutions”), lawyers, accountants, or other advisors, and (iii) has acquired the Company's stock certificates, etc. from a person falling under (i) and (ii) through off-market transactions or through transactions on the Tokyo Stock Exchange market outside regular trading hours (ToSTNeT-1), shall be deemed to be a joint holder of the specific shareholder in the Plan (meaning joint holder as defined in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Act, including those recognized by the Board of Directors of the Company as joint holders based on Paragraph 6 of the same article, and the same shall apply hereinafter). The total number of our issued shares, for the purpose of calculating the shareholding ratio of stock certificates, etc., shall be based on the most recent information disclosed by the Company.

<sup>4</sup> The term shall mean “stock certificates, etc” as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act. The same shall apply hereinafter in (ii).

<sup>5</sup> This is defined in Article 27-2, Paragraph 6 of the Financial Instruments and Exchange Act and the same shall apply hereinafter.

<sup>6</sup> The term shall mean “percentage of shares, etc held” as defined in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act. The same shall apply hereinafter.

<sup>7</sup> The term shall mean the parties in special relationship as defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act. However, with respect to the persons listed in Item 1 of the same paragraph, those specified in Article 3, Paragraph 2 of the Cabinet Office Ordinance on Disclosure of Tender Offers for Shares, etc., by Entities Other than Issuers shall be excluded. In addition, (i) Joint Owners and (ii) Contracted Financial Institutions shall be deemed as Parties in Special Relationship of the relevant Specific Shareholder in the Plan. The same shall apply hereinafter unless otherwise specified.

<sup>8</sup> The determination of whether “one of the parties substantially controls the other or they act jointly or in concerted with each other” has been established between a specific shareholder and any other shareholders shall be made in accordance with the criteria set forth in Exhibit 4. Please note that the criteria set forth in Exhibit 4 may be amended to a reasonable extent from time to time by resolution of the Independent Committee based on amendments to laws and regulations, trends in court precedents, etc., and we shall promptly disclose any such amendments.

<sup>9</sup> The determination of whether or not the prescribed action in (iii) above has been taken shall be made by the Board of Directors of the Company in a reasonable manner based on the recommendation of the Independent Committee. The Board of Directors may request the Company's shareholders to provide necessary information to the extent necessary for the determination of whether or not the prescribed requirements in (iii) above are met.

(B) Prior Submission of the “Statement of Intent” to the Company

Prior to the execution of a Large-Scale Purchase, the Purchaser shall submit to the Board of Directors of the Company a document (hereinafter referred to as the “Statement of Intent”) in Japanese in a format prescribed by the Company, which includes a written pledge to the effect that the Purchaser shall comply with the procedures stipulated in the Plan in the event of the Large-Scale Purchase.

Specifically, the “Statement of Intent” shall include the following items.

- (i) Overview of the Purchaser
  - (a) Name or company name, and address, or location
  - (b) Title and name of the representative
  - (c) Purpose and business of the company
  - (d) Overview of major shareholders or major investors (top 10 in terms of ownership of shares or investment ratio)
  - (e) Contact information in Japan
  - (f) Governing law of establishment
- (ii) The number of shares and other securities of the Company currently held by the Purchaser, and the Purchaser’s trading status of the Company’s shares and other securities during the 60 days prior to the submission of the Statement of Intent.
- (iii) Overview of the Large-Scale Purchase intended by the Purchaser (including the type and number of the Company's shares and other securities that the Purchaser plans to acquire through the Large-Scale Purchase, as well as the purpose of the Large-Scale Purchase). (If there is any purpose such as acquisition of control or participation in management, net investment, or policy investment, transfer of the Company's shares and other securities to a third party after the Large-Scale Purchase, or any other purpose such as an act of making a material proposal<sup>10</sup>, a statement to that effect and details thereof. If there are multiple purposes, please specify all of them.)

(C) Provision of the “Necessary Information”

After the submission of the “Statement of Intent” described in item (B) above, the Purchaser shall be requested to provide the Company with the information necessary and sufficient for the shareholders and investors to make a judgment on the Large-scale Purchase and for the Board of Directors of the Company to evaluate and consider the same (the “Necessary Information”) in Japanese in accordance with the following procedures.

Firstly, within 10 business days<sup>11</sup> (not counting the first day) from the submission date of the “Statement of Intent”, we shall send a “List of Information” specifying the information that should be initially provided to the contact point in Japan indicated in item (B)(i)(e). The Purchaser is requested to submit sufficient information to us in accordance with the “List of Information”.

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<sup>10</sup> This refers to the material proposal as defined in Article 27-26, paragraph 1 of the Financial Instruments and Exchange Act, Article 14-8-2, paragraph 1 of the Order for Enforcement of the Financial Instruments and Exchange Act, and Article 16 of the Cabinet Office Ordinance on Disclosure of Status of Large Holdings of Stock Certificates, etc. Unless otherwise specified, the same shall apply hereinafter.

<sup>11</sup> The business day means a day other than those listed in each item of Article 1, Paragraph 1 of the Law Concerning Holidays of Administrative Agencies. The same shall apply hereinafter.

If the information provided by the Purchaser in accordance with the “List of Information” is reasonably deemed insufficient by the Board of Directors of the Company for the judgment of shareholders and investors and for the evaluation and consideration of the Board of Directors of the Company in relation to the nature and manner of the Large-Scale Purchase, the Board of Directors of the Company shall request the Purchaser to provide additional information separately requested by the Board of Directors. Please note that requests for additional Necessary Information can be repeated until the Board of Directors of the Company acknowledges that information has been sufficiently provided, but the final deadline for response shall not exceed 60 days from the date the Purchaser received the List of Information, even if the Board of Directors of the Company does not acknowledge that sufficient information has been provided. (However, the Necessary Information provision period may be extended to the extent necessary upon request by the Purchaser. Hereinafter referred to as the “Necessary Information Provision Period”).

In addition, regardless of the nature and manner of the Large-Scale Purchase, information related to each of the following items shall in principle be included as part of the “List of Information”.

- (i) Details (including history, specific names, addresses, governing law of establishment, capital structure, business content, financial information, information on the applicability of being a “foreign investor” as defined in Article 26, Paragraph 1 of the Foreign Exchange and Foreign Trade Act (hereinafter referred to as the “Foreign Exchange Act”) and its basis, as well as the names and career histories of directors) of the Purchaser and its group (including major shareholders or investors, important subsidiaries and affiliated companies, joint owners, persons in special relationship, and in the case of a fund, each member of association, investor, and other constituent members and individuals who provide continuous advice on investments. The same shall apply hereinafter.).
- (ii) The purpose of the Large-Scale Purchase (details of the purpose disclosed in the “Statement of Intent”), methods and contents (whether there is an intention to participate in management, the type and amount of consideration for the Large-Scale Purchase, the timing of the Large-Scale Purchase, the structure of related transactions, the number of shares and other securities to be purchased, the ownership percentage of shares and other securities after the acquisition, the legality of the method of the Large-Scale Purchase, the policy of holding the Company’s shares and other securities after the Large-Scale Purchase, and if there is a possibility that the Company’s shares and other securities will be delisted after the Large-Scale Purchase, a statement to that effect and the reasons thereof).
- (iii) The basis for calculating the consideration for the Large-Scale Purchase (including underlying facts for the calculation, the method of calculation, numerical information used for the calculation, the amount of synergy expected to arise from the series of transactions related to the Large-Scale Purchase and the basis for such calculation, the name of the calculating agency, an outline of their opinion, and the process that led to the determination of the amount of consideration based on their opinion).

- (iv) The funding support for the Large-Scale Purchase (including the specific names of the fund providers (including substantial providers), the funding method and the details of related transactions).
- (v) Whether there exists any communication of intention with a third party in connection with the Large-Scale Purchase, and if there exists such communication, the specific manner and content thereof as well as an outline of such third party involved (including communication regarding the intention to engage in material proposals towards the Company. The same shall apply hereinafter).
- (vi) If there are any loan agreements, collateral agreements, buy-back agreements, options or other significant contracts or arrangements related to the Company's shares and other securities already held by the Purchaser and its group (hereinafter referred to as "Collateral Agreements"), specific details of the Collateral Agreements including the type of agreement, counterparty to the agreement, and the quantity of shares and other securities subject to the agreement.
- (vii) If there are plans for the Purchaser involved in the Large-Scale Purchase to enter into Collateral Agreements or other agreements with third party regarding the acquisition of the Company's shares and other securities, the specific details of such agreements, including the type of agreement, the counterparty to the agreement, and the quantity of the Company's shares and other securities subject to the agreement.
- (viii) The intended management policy, business plan, capital policy, and dividend policy of the Company and the Group after the Large-Scale Purchase.
- (ix) Policy regarding the treatment and other matters of the Company's officers, employees, labor union, business partners, customers, as well as the local governments and other stakeholders related to the Company and the Group after the Large-Scale Purchase.
- (x) Specific measures to avoid conflicts of interest with other shareholders of the Company.

The Board of Directors of the Company shall promptly disclose any proposal for a Large-Scale Purchase or the like made by the Purchaser and shall appropriately disclose the outline of such proposal, the outline of the Necessary Information, and other information deemed necessary for the judgment of our shareholders and investors if any.

In addition, if the Board of Directors of the Company or the Independent Committee determines that the Necessary Information has been provided (even if some of the requested information has not been submitted, we may deem that the provision of the Necessary Information is complete if we determine that a reasonable explanation has been provided for the non-submission of the information), or if the Necessary Information Provision Period has expired, the Company shall promptly disclose this fact in accordance with applicable laws and regulations. Please note that the Board of Directors' Evaluation Period (as defined in (D) below) shall start from the day after the date of such disclosure.

(D) Establishment of the Board of Directors' Evaluation Period

The Board of Directors of the Company may, depending on the degree of difficulty of the evaluation

of the Large-Scale Purchase, set the following (i) or (ii) period (in either case, the period shall be counted from the day following the day on which the Company discloses that the Board of Directors of the Company or the Independent Committee has determined that the provision of the Necessary Information has been completed, or that the period for providing the Necessary Information has expired) to evaluate, consider, negotiate, form an opinion, and develop an alternative proposal (hereinafter referred to as the “Board of Directors’ Evaluation Period”) and promptly disclose such information.

- (i) In the case of a public tender offer targeting all of the Company's shares and other securities that only accepts cash (yen currency), the maximum period shall be 60 days.
- (ii) In the case of other Large-Scale Purchase, the maximum period shall be 90 days.

However, in both (i) or (ii) above, the Board of Directors’ Evaluation Period may be extended only if the Board of Directors and the Independent Committee reasonably determine that it is insufficient for evaluation and consideration, and in such case, the specific extension period and the reason for the extension period shall be notified to the Purchaser and disclosed to our shareholders and investors. The extension period shall not exceed 30 days.

During the Board of Directors’ Evaluation Period, the Board of Directors of the Company shall thoroughly evaluate and consider the Necessary Information provided by the Purchaser, while seeking advice from external experts as necessary and appropriate, and shall conduct a review of the details of the Large-Scale Purchase proposed by the Purchaser from the perspective securing and enhancing our corporate value and the common interests of shareholders. Through such review, the Board of Directors of the Company shall carefully formulate its opinion as the Board of Directors of the Company regarding the Large-Scale Purchase and notify the Purchaser, while disclosing such information in a timely and appropriate manner to our shareholders and investors. Furthermore, if necessary, the Board of Directors of the Company may also negotiate with the Purchaser on the terms and conditions and methods of the Large-Scale Purchase and may also present an alternative proposal as the Board of Directors of the Company to our shareholders and investors.

Upon receipt of the Statement of Intent and the Necessary Information from the Purchaser, the Board of Directors of the Company shall, at the same time as the commencement of the Board of Directors’ Evaluation Period, consult with the Independent Committee on whether or not to implement any Countermeasures. At that time, all information submitted by the Purchaser shall be provided to the Independent Committee.

(E) Recommendation of the Independent Committee regarding the Implementation of Countermeasures

During the Board of Directors’ Evaluation Period, the Independent Committee shall, in parallel with the evaluation, consideration, negotiation, opinion formation, and alternative proposal development carried out by the Board of Directors of the Company as described in (D) above, make a recommendation to the Board of Directors of the Company regarding the appropriateness of the implementation of Countermeasures in accordance with the following procedures. In such a case, in order to ensure that the judgment of the Independent Committee is made in a manner that contributes



to securing and enhancing our corporate value and the common interests of shareholders, the Independent Committee may, at the Company's expense, obtain advice from external experts (including investment banks, securities companies, financial advisors, certified public accountants, lawyers, consultants, and other experts) independent of the management team that executes the Company's business. In the event that the Independent Committee makes a recommendation to the Board of Directors of the Company as defined in (i) or (ii) below, the Board of Directors of the Company shall promptly disclose the fact and summary of such recommendation as well as any other matters deemed appropriate by the Board of Directors of the Company.

(i) If the Purchaser does not comply with the procedures stipulated in the Plan

In the event that the Purchaser fails to comply with the procedures stipulated in the Plan, the Independent Committee shall, in principle, recommend the implementation of Countermeasures to the Board of Directors of the Company.

(ii) If the Purchaser complies with the procedures stipulated in the Plan

In the event that the Purchaser complies with the procedures stipulated in the Plan, the Independent Committee shall, in principle, recommend the non-implementation of Countermeasures to the Board of Directors of the Company.

However, even if the procedures stipulated in the Plan are complied with, the Independent Committee may recommend the implementation of Countermeasures as an exceptional measure if the acquisition is deemed to fall under any of the types listed in Exhibit 5, and if the acquisition is deemed to be significantly damaging to our corporate value and the common interests of shareholders and it is deemed appropriate to implement Countermeasures.

In the event that the Independent Committee recommends the implementation of Countermeasure as an exceptional measure based on (ii), the recommendation must be accompanied by a reservation to the effect that the shareholders' intention with respect to the implementation of Countermeasure should be confirmed in advance. This is based on the belief that the implementation of Countermeasures should ultimately rely on the reasonable intention of shareholders (the principle of shareholders' intention) after going through the judgment of the Independent Committee, since the implementation of Countermeasures involves a change in control of the Company.

(F) Resolution of the Board of Directors of the Company, Confirmation of Shareholders' Intention

The Board of Directors of the Company shall fully respect the recommendation of the Independent Committee stipulated in (E) above, and shall promptly pass a resolution regarding whether or not to implement Countermeasures based on the perspective of ensuring and enhancing our corporate value and the common interests of shareholders, taking into account the recommendation.

In the event that the Independent Committee, in recommending the implementation of Countermeasures, includes a reservation to the effect that the shareholders' intention with respect to the

implementation of Countermeasure should be confirmed in advance, the Company shall convene a general meeting of shareholders (hereinafter referred to as the “Shareholders' Intention Confirmation Meeting”) within the shortest practicable time and submit a proposal for implementation of Countermeasures. In this case, the Board of Directors of the Company shall disclose details in accordance with applicable laws and regulations, such as the scope of shareholders who are entitled to exercise the voting rights, the record date for exercising the rights, and the date and time of such Shareholders' Intention Confirmation Meeting. A resolution of the Shareholders' Intention Confirmation Meeting shall be adopted a majority of the voting rights of the shareholders present at the Shareholders' Intention Confirmation Meeting who are entitled to exercise their voting rights. The Shareholders' Intention Confirmation Meeting may be held in conjunction with an Annual General Meeting of Shareholders or an Extraordinary General Meeting of Shareholders. If the Board of Directors of the Company decides to convene a Shareholders' Intention Confirmation Meeting, the Board of Directors' Evaluation Period shall end at that time. If a proposal for implementation of Countermeasures is approved at such Shareholders' Intention Confirmation Meeting, the Board of Directors of the Company shall pass a resolution regarding the Countermeasures to be implemented in accordance with the decision of the Shareholders' Intention Confirmation Meeting and take necessary procedures. On the other hand, if a proposal for implementation of Countermeasures is rejected at the Shareholders' Intention Confirmation Meeting, the Board of Directors of the Company shall pass a resolution not to implement Countermeasures.

In the event that the Board of Directors the Company passes a resolution as described above, regardless of whether the content of such resolution is the implementation or non-implementation of Countermeasures, we shall promptly disclose information regarding the summary of the resolution and other matters that the Board of Directors of the Company and the Independent Committee determine to be appropriate.

#### (G) Suspension of Countermeasures or Cessation of Implementation

Even after the Board of Directors of the Company has resolved to implement Countermeasures in accordance with the procedures described in (F) above, or after the implementation of such Countermeasures, the Board of Directors of the Company shall pass a resolution to suspend the Countermeasures or cease the implementation if (i) the Purchaser ceases the Large-Scale Purchase or (ii) there is a change in the factual circumstances that formed the basis for the decision whether or not to implement Countermeasures and it is deemed inappropriate to implement or maintain the Countermeasures from the perspective of securing and enhancing our corporate value and the common interests of shareholders.

In addition, even if the procedures for convening the Shareholders' Intention Confirmation Meeting have been initiated, if the Board of Directors of the Company subsequently resolves not to implement Countermeasures, or if the Purchaser fails to comply with the procedures stipulated in the Plan and it is determined by the Board of Directors of the Company that it is appropriate to pass a resolution to implement Countermeasures, the Company may pass a resolution to cancel the procedures for

convening the Shareholders' Intention Confirmation Meeting.

In the event that the Board of Directors of the Company passes such a resolution, the Company shall promptly disclose information regarding the summary of the resolution and any other matters that the Board of Directors of the Company deems appropriate.

(H) Commencement of the Large-Scale Purchase

The Purchaser shall comply with the procedures stipulated in the Plan and may not commence the Large-Scale Purchases until the Board of Directors has resolved to implement or not implement Countermeasures.

(2) Specific Details of Countermeasures under the Plan

The Countermeasures to be taken by the Company pursuant to the resolution described in (1)(F) above shall be the allotments of new share subscription rights without consideration (hereinafter referred to as the "New Share Subscription Rights").

The outline of the allotments of New Share Subscription Rights without consideration is as described in Exhibit 6 "Outline of Allotments of New Share Subscription Rights Without Consideration".

Even after the Board of Directors of the Company has resolved to implement Countermeasures, or after the implementation of such Countermeasures, as stated in (1)(G) above, the Board of Directors of the Company may decide to suspend the Countermeasures or to cease the implementation of Countermeasures. For example, in the event that the Board of Directors of the Company resolves to allot the New Share Subscription Rights without consideration as Countermeasures, and if the Purchaser discontinues the Large-Scale Purchase and that the Board of Directors of the Company passes a resolution as described in (1)(G) above, the Company may suspend the implementation of Countermeasures by such means as suspending the allotments of New Share Subscription Rights without consideration until the day before the ex-rights date pertaining to the record date set for the allotments of New Share Subscription Rights without consideration and acquiring the New Share Subscription Rights without consideration on or after the effective date of the allotments of New Share Subscription Rights without consideration until the day before the commencement date of the exercise period of the New Share Subscription Rights.

(3) Effective Period, Abolition and Modification of the Plan

The effective period of the Plan, if approved at the Annual General Meeting of Shareholders, shall be from the time of resolution of such approval until the conclusion of Annual General Meeting of Shareholders to be held in June 2026.

However, even before the expiration of such effective period, if a resolution is passed at a General Meeting of Shareholders of the Company based on a proposal by the Company to modify or abolish the Plan, the Plan shall be modified or abolished in accordance with such resolution at that time. In addition, if the Board of Directors consisting of Directors elected at a General Meeting of Shareholders of the Company passes a resolution to abolish the Plan, the Plan shall be abolished at that time.

Furthermore, the Board of Directors the Company may modify or change the Plan upon approval of the

Independent Committee if it determines that formal amendments are necessary due to changes in the Companies Act, the Financial Instruments and Exchange Act, other laws and regulations, or the rules of financial instruments exchanges, or changes in the interpretation or operation thereof, or changes in the tax system, court precedents, or other matters.

In the event that the Plan is abolished, or if any changes are made to the Plan that would have a substantial impact on our shareholders, the Company shall disclose information regarding the fact of such abolition or changes, and (in the case of changes) the details of such changes and any other matters deemed appropriate by the Board of Directors of the Company.

### 3. Rationale for the Plan

#### (1) All Requirements of Guidelines Related to Takeover Defense Measures are Fully Satisfied

The Plan satisfies all 3 principles (the principle of securing and enhancing corporate value and common interests of shareholders, the principle of prior disclosure and respect for shareholders' intention, and the principle of ensuring necessity and appropriateness) specified in the "Guidelines Concerning Takeover Measures for Ensuring Corporate Value and Common Interests of Shareholders" released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005. In addition, the Plan takes into account the "Takeover Defense Measures in Light of Recent Environmental Changes" released on June 20, 2008, by the Corporate Value Study Group. Furthermore, taking into account the discussions on takeover defense measures such as the "Principle 1-5. so-called Takeover Defense Measures" in the "Corporate Governance Code" introduced by the Tokyo Stock Exchange on June 1, 2015, revised on June 1, 2018, and on June 11, 2021, respectively, the Plan has been comprehensively reviewed, including transparency and its impact on the market, and as a result, the Company has concluded that it is the best option to continue the Plan for the takeover defense measures.

#### (2) Introduced with the Purpose of Securing and Enhancing Our Corporate Value and the Common Interests of Shareholders

As described in 1. above, the Plan has been introduced for the purpose of securing and enhancing our corporate value and the common interests of shareholders by enabling our shareholders to decide whether or not to accept a Large-scale Purchase of the Company's shares and other securities, or to secure the information and period necessary for the Board of Directors of the Company to present an alternative proposal, or to negotiate with the Purchaser on behalf of the shareholders at the time a Large-scale Purchase is made.

#### (3) Placing Great Importance to the Intention of Our Shareholders

The continuation of the Plan is subject to approval by our shareholders at the Annual General Meeting of Shareholders. As stated in 2.(3) above, even after the approval at the Annual General Meeting of Shareholders, if a resolution to amend or abolish the Plan is passed at a subsequent General Meeting of Shareholders based on the Company's proposal, the Plan shall be amended or abolished in accordance with

such resolution. Therefore, the continuation of the Plan depends on a mechanism that adequately reflects the intention of our shareholders. In addition, if the Purchaser complies with the procedures stipulated in the Plan, a Shareholders' Intention Confirmation Meeting shall always be held regarding the decision to implement Countermeasures.

Thus, the Plan is designed to place maximum importance on the intention of our shareholders.

(4) Emphasis on Independent External Judgement and Information Disclosure

The Board of Directors of the Company is composed of a majority of the Independent Outside Directors who are independent of the management team that executes the Company's business operations, and in addition, to eliminate arbitrary judgment by the Board of Directors of the Company in the Plan, we have established the Independent Committee as an advisory body to the Board of Directors of the Company to objectively make resolutions and recommendations regarding the operation of the Plan, including the implementation of Countermeasures.

The Independent Committee shall be composed of 3 or more members who are independent of our management team that executes the Company's business operations and selected from our Outside Directors, Outside Audit & Supervisory Board Members, or external experts (experienced corporate executives, government officials, lawyers, certified public accountants, or those with similar knowledge and experience).

In addition, the Company shall disclose to our shareholders and investors as needed regarding an outline of the Independent Committee's decision, thereby securing a mechanism to ensure transparent operation of the Plan so as to contribute to our corporate value and the common interests of shareholders.

(5) Establishing Reasonable and Objective Implementation Requirements

As described in 2.(1) above, the Plan is designed so that it shall not be implemented unless reasonable and objective implementation requirements are met, thereby ensuring a mechanism to prevent arbitrary implementation by the Board of Directors of the Company.

(6) Not a Dead-Hand or Slow-Hand Takeover Defense Measure

As stated in 2.(3) above, the Plan may be abolished at any time by the Board of Directors of the Company composed of Directors elected at a General Meeting of Shareholders of the Company. Therefore, the Plan is not a dead-hand takeover defense measure (a takeover defense measure in which even if a majority of the Board of Directors are replaced, the implementation of the measure cannot be stopped).

Also, as we do not adopt a staggered term system for our Directors, the Plan is not a slow hand takeover defense measure (a takeover defense measure that requires time to prevent the implementation due to the inability to replace the Board of Directors all at once).

#### 4. Impact on Our Shareholders and Investors

##### (1) Impact on Our Shareholders and Investors Upon Continuation of the Plan

The issuance of the New Share Subscription Rights itself shall not take place at the time of the continuation of the Plan. Therefore, there will be no direct and specific impact on the legal rights and economic benefits pertaining to the Company's shares held by our shareholders at the time of the continuation of the Plan.

However, as stated in 2.(1) above, our response to the tender offer may differ depending on whether the Purchaser complies with the Plan or not, so our shareholders and investors are kindly requested to pay attention to the movements of the Purchaser.

##### (2) Impact on Our Shareholders and Investors Upon Allotments of New Share Subscription Rights Without Consideration

In the event that the Board of Directors of the Company decides to implement Countermeasures and allot the New Share Subscription Rights without contribution, all shareholders recorded on the shareholder registry on a certain date separately determined by the Board of Directors of the Company (hereinafter referred to as the "Allotments Date") shall be granted the New Share Subscription Rights without contribution, with a maximum limit of one New Share Subscription Right per share of stock owned. Under this arrangement, even at the time of the allotments of New Share Subscription Rights without consideration, although the value per share of the Company's stock held by the shareholders will be diluted, the value of the Company's stock held by the shareholders as a whole will not be diluted, and we do not anticipate any direct and specific impact on the legal rights and economic benefits pertaining to the Company's stock held by our shareholders.

However, for Non-qualified Person (as defined in 7. of Exhibit 6 "The Outline of the Allotments of New Share Subscription Rights Without Consideration" and hereinafter referred to as the same), the implementation of the Countermeasures may result in some impact on the legal rights or economic benefits.

Even if the Board of Directors of the Company resolves to implement the allotments of New Share Subscription Rights without consideration, the stock price of the Company may experience fluctuations if the Board of Directors of the Company decides to suspend or cease implementation of Countermeasures in accordance with the procedures described in 2. (1)(G) above. For example, please note that if, after the shareholders who are to receive the allotments of New Share Subscription Rights without consideration are determined, the Company implements the suspension of implementation of Countermeasures and does not acquire these New Share Subscription Rights without consideration and deliver new shares, the economic value per share of the Company's stock held by the shareholders will not be diluted, and the shareholders and investors who traded on the assumption that the economic value per share of the Company's stock would be diluted may suffer damages due to fluctuations in stock prices.

Additionally, in the event that discriminatory conditions are attached to the exercise or acquisition of the New Share Subscription Rights, it is assumed that the legal rights and economic benefits of the Non-

qualified Person shall be impacted upon such exercise or acquisition. Nevertheless, even in this case, it is not assumed that there will be any direct and specific impact on the legal rights and economic benefits related to the Company's stocks held by the shareholders other than Non-qualified Person.

(3) Procedures Necessary for Our Shareholders in Relation to the Allotments of New Share Subscription Rights Without Consideration

The shareholders recorded on the final shareholder register on the Allotments Date of the New Share Subscription Rights shall automatically become holders of such new share subscription rights on the effective date of the allotments, and therefore no application procedure is required.

Furthermore, if the Company takes procedures for the new share subscription rights with an acquisition clause, all shareholders except for Non-qualified Person shall receive the Company's shares as consideration for the acquisition of new share subscription rights by the Company without paying cash equivalent to the exercise price of the new share subscription rights, and thus shall not be required to make any payment or take any other procedures related to such new share subscription rights.

In addition to the above, details of the method of allotments, method of exercise, method of acquisition by the Company, and method of delivery of shares and other matters shall be disclosed or notified in a timely and appropriate manner after the resolution of the Board of Directors of the Company regarding the allotments of the New Share Subscription Rights without consideration, in accordance with applicable laws and regulations and financial instruments exchange rules regarding details of the procedures. Please refer to the contents of such disclosure or notice.

Outline of the Independent Committee Rules

1. The Independent Committee shall be established as an advisory body to the Board of Directors of the Company in order to eliminate arbitrary judgment by the Board regarding the implementation of Countermeasures against a Large-Scale Purchase and other actions and to ensure the objectivity and reasonableness of the Board of Director of the Company's judgment and response, pursuant to a resolution of the Board of Directors of the Company.
2. The members of the Independent Committee (hereinafter referred to as the "Independent Committee Members") shall be at least 3 persons who are independent of our management team executing business, and shall be selected in accordance with a resolution of the Board of Directors of the Company from among (1) Outside Directors of the Company, (2) Outside Audit & Supervisory Board Members, or (3) external experts (experienced corporate executives, former government officials, lawyers, certified public accountants, scholars, or those with similar knowledge and experience) who meet any of the above criteria. The Company shall enter into a contract with the Independent Committee Member, which includes provisions regarding the duty of care and confidentiality.
3. The term of the Independent Committee Member shall expire on the date of the conclusion of Annual General Meeting of Shareholders of the Company related to the last fiscal year ending within 3 years from the time of election, or on the date separately agreed upon between the relevant Independent Committee Member and the Company. However, this shall not apply if otherwise determined by a resolution of the Board of Directors of the Company.
4. The Independent Committee shall be convened by the Company's Representative Director or each Independent Committee Member.
5. The chairperson of the Independent Committee shall be selected through mutual vote of each Independent Committee Member.
6. Resolutions of the Independent Committee shall, in principle, be adopted by a majority of the Independent Committee Members present at a meeting where all the Independent Members are present. However, in case of accidents or other special reasons involving any of the Independent Committee Members, resolutions of the Independent Committee shall be adopted by a majority of the Independent Committee Members present at a meeting where a majority of the Independent Committee Members are present.
7. The Independent Committee shall deliberate and resolve on the matters listed in each of the following items and shall make recommendations to the Board of Directors of the Company on the content of such resolutions, along with the reasons thereof.



- (1) Whether or not to implement Countermeasures in relation to the Plan (including whether or not to obtain prior confirmation of the intention of shareholders with respect to implementation).
- (2) Cessation of Countermeasures or suspension of implementation in relation to the Plan.
- (3) Abolition and amendment of the Plan.
- (4) Any other matters that the Board of Directors of the Company may voluntarily consult with the Independent Committee in relation to the Plan.

Each Independent Committee Member shall deliberate and make resolutions at the Independent Committee solely from the perspective of whether or not they contribute to the corporate value of the Group and the common interests of shareholders and shall not seek to make personal profit for themselves or the management of the Company.

8. The Independent Committee may, as necessary, request the attendance of the Company's Directors, Audit & Supervisory Board Members, or employees, or any other persons it deems necessary, to provide opinions or explanations regarding matters requested by the Independent Committee.
9. In performing its duties, the Independent Committee may, at the Company's expense, obtain advice from external experts (including investment banks, securities companies, financial advisors, certified public accountants, lawyers, consultants, and other experts), who are independent of the management team that executes the Company's business.

Biographies of the Independent Committee Members

**Shunsuke Amiya**

July	1998	Board Member, NIPPON TELEGRAPH AND TELEPHONE CORPORATION
July	1999	Senior Vice President, NTT Communications Corporation
June	2002	Executive Vice President
June	2004	Senior Executive Vice President, NTT COMWARE Corporation
June	2008	Full-time Audit & Supervisory Board Member, NIPPON TELEGRAPH AND TELEPHONE CORPORATION
June	2012	Chairman, Information and Telecommunication Equipment Constructor's Association
June	2014	Outside Director, the Company (to present)

**Toshihiko Itami**

April	1980	Public Prosecutor, Tokyo District Public Prosecutors Office
April	2005	Director-General, Public Security Bureau, Tokyo District Public Prosecutors Office
June	2010	Director, General Affairs Department, Supreme Public Prosecutors Office
July	2012	Chief Prosecutor, Tokyo District Public Prosecutors Office
July	2014	Deputy Prosecutor-General, Supreme Public Prosecutors Office
December	2015	Superintending Prosecutor, Osaka High Public Prosecutors Office
November	2016	Registered as an Attorney at Law Advisor, Nagashima Ohno & Tsunematsu (to present)
March	2018	Audit and Supervisory Board Member, THE HOKKOKU SHIMBUN CO., LTD.
June	2018	Outside Director, Seven Bank, Ltd. (scheduled to retire in June 2023) Outside Director, the Company (to present)
June	2020	Outside Director (Audit and Supervisory Committee Member), JP-HOLDINGS, INC. (to present)

**Shunji Momoi**

October	1984	Joined Showa Audit Corporation (Currently Ernst & Young ShinNihon LLC)
March	1988	Registered as CPA
May	2000	Partner, Showa Audit Corporation (currently Ernst & Young ShinNihon LLC)
May	2005	Senior Partner
June	2019	Outside Audit & Supervisory Board Member, the Company
June	2020	Full-time Audit & Supervisory Board Member (to present)
June	2022	Audit & Supervisory Board Member (part-time), SBI Regional Bank Holdings, Co., Ltd. (to present)

**Kumi Arakane**

April	1981	Joined KOBAYASHI KOSÉ COMPANY LIMITED (currently KOSÉ Corporation)
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March	2002	Senior Chief Researcher, R&D Headquarters Advanced Cosmetic Research Laboratories
March	2004	General Manager, Product Development Dept., Marketing Headquarters
March	2006	Executive Officer, Deputy Director-General of Marketing Headquarters and General Manager of Product Development Dept.
March	2010	General Manager, R&D Laboratories
March	2011	General Manager, Quality Assurance Dept. (Marketing Supervisor-General)
June	2011	Director (in charge of Quality Assurance Dept., Customer Service Center, Purchasing Dept., and Product Designing Dept.)
June	2017	Audit & Supervisory Board Member
March	2019	Outside Audit & Supervisory Board Member, Kubota Corporation
March	2020	External Director, Kagome Co., Ltd. (to present)
June	2020	Outside Director, the Company (to present)
March	2021	Outside Director, Kubota Corporation (to present)

#### **Masahiro Muroi**

April	1978	Joined Nomura Computer Systems Co., Ltd.
January	1988	Nomura Computer Systems Co., Ltd. merged into Nomura Research Institute, Ltd.
June	2000	Director and Group General Manager, Planning and Business Division, EC Knowledge Solution Division, Knowledge Solution Group
April	2009	Representative Director Senior Executive Officer, Senior Manager, Headquarter Organization Governing Division
April	2013	Representative Director and Executive Vice President, Senior Management, Headquarter Organization Division, Quality and Innovative Production Division
April	2015	Director, Vice Chairman & Chair, Board of Directors
June	2016	Independent Outside Director, Ryoden Trading Company, Limited (Currently RYODEN CORPORATION) (present post)
June	2017	Independent Outside Director, MARUI GROUP CO., LTD.
June	2018	Auditor, The Norinchukin Bank (to present)
June	2022	Outside Director, the Company (to present)

Note: Each of the above Independent Committee Members is an independent director who is not likely to have any potential conflicts of interest with general shareholders as required by the Tokyo Stock Exchange.

Shareholding of the Company's Major Shareholders

As of March 31, 2023

Name of Shareholder	Number of shares held (in thousands)	Percentage of shares held to total number of shares issued (%)
Daiichi Shokusan	42,876	13.28
Master Trust Bank of Japan Ltd, T.	34,231	10.60
Northern Trust (AVFC) Silchester	13,667	4.23
Custody Bank of Japan, T.	10,897	3.37
Ally	8,977	2.78
MUFG Bank	8,048	2.49
Hiroko Toda	6,611	2.04
MTB Japan Retail 620090811	6,002	1.86
Northern Trust US Tax Ex Pension F	5,821	1.80
Customers' Stockholding	5,776	1.79
Total	142,911	44.29

Note: In addition to the above, the Company owns 10,109 thousand shares of treasury stock.

Accreditation Criteria of Joint and Concerted Action

- Accreditation shall be granted to a person subject to accreditation (including its parent company, subsidiaries, and other entities that should be considered the same as the person subject to accreditation; hereinafter referred to as the “Accredited Person”). In addition to each of the items below, accreditation shall also be taking into account, in a comprehensive manner, whether or not there are any direct or indirect facts that suggest that there is “no” communication of intent with a specific shareholder of the Company.
  - The term “Specific Shareholder of the Company” shall hereinafter include the Specific Shareholder's parent and subsidiary companies (including such Specific Shareholder, hereinafter referred to as the “Specific Shareholder Group”), and the officers and major shareholders of the Specific Shareholder Group.
- 1) Whether the period during which the Company's shares and other securities are being acquired overlaps with the period during which actions are being taken to acquire the Company's shares and other securities or to make a material proposal or other takeover attempt by the Specific Shareholder of the Company.
  - 2) Whether the number of the Company's shares and other securities acquired has reached a considerable quantity.
  - 3) Whether the acquisition of the Company's shares and other securities is commenced in close proximity to the commencement of actions by the Specific Shareholder towards the acquisition of the Company, such as the commencement of the acquisition of the Company's shares and other securities by the Specific Shareholder or the announcement of the Specific Shareholder's intention to acquire management control over the Company or to make a material proposal, or whether the timing of the acquisition is close to an event related to the Specific Shareholder's actions, such as the record date of a General Meeting of Shareholders whose agenda includes items related to the Plan.
  - 4) Whether there is any commonality between the characteristics of the timing and manner of the acquisition of the Company's shares and other securities by the Specific Shareholder (for example, whether or not margin buying and other methods are used), such as the acquisition of the Company's shares and other securities at the same time during a period when trading conditions of the Company's shares and other securities in the market are abnormal (for example, when the volume is significantly higher than the average volume or the share price is significantly higher than the average price during a preceding period).
  - 5) Whether a person has acquired (or had acquired) shares and other securities of other listed companies whose shares and other securities are (or had been) acquired by the Specific Shareholder, and whether the timing of such acquisition and the period of holding overlap with those of the Specific Shareholder.
  - 6) During the overlapping period in 5) above, whether the exercise of shareholder rights (common interest rights) with respect to other listed companies (in which the Accredited Person was a shareholder together with the Specific Shareholder) was in sync with that of the Specific Shareholder. If so, what is the extent of that alignment in light of the type and content of the shareholder's rights, the results of the exercise of the shareholder's rights, and other relevant factors?
  - 7) In the case of the election or dismissal of directors or other officers of other listed company as a result of the exercise of voting rights or other common interest rights by the Accredited Person and the Specific Shareholder

(and shareholders other than the Accredited Person who exercised voting rights or other common interest rights in concert with the Specific Shareholder, if any) as described in 5) above, has there been an occurrence of any event that could damage corporate value or shareholder value (for example, occurrence of an event that constitutes or could constitute a material violation of law, delisting, designation as an issue requiring special disclosure, bankruptcy or other legal bankruptcy proceedings, issuance of shares or stock acquisition rights with large-scale dilution) during the term of office of the directors after the change at the other listed company? If so, what is the degree of risk of damage to corporate value or shareholder value?

- 8) Is there or has there ever been any direct or indirect investment or loan relationship with the Specific Shareholder?
- 9) Whether there is or has been a personal relationship with the Specific Shareholder directly or indirectly, such as a director relationship, a family relationship (including a common-law relationship), a business relationship, a personal relationship within the community such as a former school, or a personal relationship where one is or has been an employee, member, or other constituent member of the other.
- 10) Was the exercise of shareholder rights (common interest rights) against the Company aligned with that of the Specific Shareholder? If so, what was the extent of that alignment in light of the types and details of shareholder rights exercised, and the results of the exercise of shareholder rights? (Please note that 10) shall not be the sole basis for accrediting “a relationship between the Specific Shareholder and the other shareholder in which one substantially controls the other or in which they act jointly or in concert” or “a person substantially controlled by or acting jointly or in concert with such person”.)
- 11) Are the statements and actions related to the Company’s business and management policy similar to those of the Specific Shareholder? If so, what is the degree of similarity in light of the timing and content of such statements and actions? (Please note that 11) shall not be the sole basis for accrediting “a relationship between the Specific Shareholder and the other shareholder in which one substantially controls the other or in which they act jointly or in concert” or “a person substantially controlled by or acting jointly or in concert with such person”.)
- 12) Whether the agent or advisor has a relationship (whether direct or indirect) with the Specific Shareholder such as belonging or having belonged to the same office, corporation, or organization as that of the Specific Shareholder, having a business alliance, having worked together on similar projects, and/or having a family relationship or other personal relationship that facilitates communication with the Specific Shareholder.
- 13) Are there any other direct or indirect facts that suggest there is communication of intent with the Specific Shareholder?

Types of Cases Recognized as Significantly Damaging to  
the Company's Corporate Value and the Common Interests of Shareholders

1. If the Purchaser is determined to be a person who is acquiring the Company's shares and other securities or is attempting to acquire the Company's shares and other securities for the purpose of solely raising the share price and having the Company's shares and other securities purchased by the Company or our related parties at a high price (so-called greenmailer), despite having no real intention to participate in the Company's management, or if it is determined that the primary purpose of the acquisition of the Company's shares and other securities is to obtain a short-term profit margin.
2. If it is determined that the Purchaser is acquiring the Company's shares and other securities for the purpose of temporarily controlling the Company's management and transferring the assets of the Company or its group companies, such as intellectual property rights, know-how, trade secrets, major business partners or customers that are necessary for the business management of the Company or its group companies to the Purchaser or its group companies.
3. If it is determined that the Purchaser is acquiring the Company's shares and other securities for the purpose of diverting the assets of the Company or our group companies as collateral or source of repayment of debts of the Purchaser or its group companies after gaining control of the Company's
4. If it is determined that the acquisition of the Company's shares and other securities is being conducted for the purpose of temporarily controlling the Company's management and causing the Company or its group companies to sell or otherwise dispose of high-value assets such as real estate and securities that are not currently related to the Company's business, and to pay temporarily high dividends from the profits of such disposal, or to sell the Company's shares and other securities at high prices, taking advantage of the opportunity afforded by the sudden rise in share prices created by such temporarily high dividends.
5. If the method of purchase of the Company's shares and other securities proposed by the Purchaser is judged to be a so-called coercive two-tier acquisition (meaning a tender offer without soliciting the purchase of all of the Company's shares and securities in the initial purchase and with unfavorable or unclear conditions set for the second stage of purchase), and if it is determined that there is a risk of restricting the opportunity for shareholders to make a judgment or decision freely, and effectively coerce them into selling the Company's shares and other securities (i.e., coercion).
6. If it is determined that Purchaser, after acquiring the Company's shares and other securities, does not show any particular interest or involvement in the Company's management, but instead manipulates various strategies solely to obtain profits by reselling the Company's shares and other securities to the Company or third parties in the short to medium term, and ultimately pursues its own interests even to the point of considering the

disposal of the Company's assets.

7. If the proposed terms and conditions of any purchase of the Company's shares and other securities by the Purchaser, (including, but not limited to, the type and amount of consideration for the purchase, the basis for calculation of such amount, specific details of other conditions (including the timing and method of the acquisition), the existence or non-existence of illegality and feasibility) are determined to be significantly insufficient or inappropriate in light of the Company's intrinsic corporate value.
8. If it is determined that the acquisition of control by the Purchaser is likely to significantly impede the maintenance or improvement of the Group's corporate value or the common interests of shareholders, such as by destroying relationships with customers, employees, and other stakeholders who are the source of our corporate value, as well as our shareholders, and is expected to cause significant damage to the Group's corporate value or the common interests of shareholders.
9. If the corporate value of the Group in the event that the Purchaser acquires control is determined to be significantly inferior to the corporate value of the Group in the event that the Purchaser does not acquire control, in comparison with the future corporate value over the medium to long term.
10. If the Purchaser is determined to be significantly inappropriate as the controlling shareholder of the Company from a public order and morals perspective, such as when the management, major shareholders, or investors of the Purchaser include persons who have relationships with antisocial forces or terrorism-related organizations.
11. Other cases similar to 1. through 10. above, where the corporate value of the Group or the common interests of shareholders are judged to be significantly impaired.



Outline of Allotments of New Share Subscription Rights Without Consideration

1. Total Number of Allotments of the New Share Subscription Rights

The total number of allotments of the New Share Subscription Rights shall be determined by a resolution of the Board of Directors of the Company concerning the allotments of the New Share Subscription Rights without consideration (hereinafter referred to as the “Resolution for Allotments of the New Share Subscription Rights Without Consideration”). The total number of allotments of the New Share Subscription Rights shall be the number separately determined by the Board of Directors of the Company in the Resolution for Allotments of the New Share Subscription Rights Without Consideration, up to the same number as the final total number of issued shares of the Company as of a certain date separately determined by the Board of Directors of the Company (the “Allotments Date”).

2. Shareholders Subject to Allotments

The Company shall allot the New Share Subscription Rights without consideration to the shareholders recorded in the final shareholders' register as of the Allotments Date at a ratio separately determined by the Board of Directors in the Resolution for Allotments of the New Share Subscription Rights Without Consideration up to 1 New Share Subscription Right for each share of common stock of the Company held (excluding, however, the shares held by the Company as of the same date).

3. Effective Date of Allotments of the New Share Subscription Rights Without Consideration

The effective date shall be a date separately determined by the Board of Directors of the Company in the Resolution for Allotments of the New Share Subscription Rights Without Consideration.

4. Type and Number of Shares to be Issued upon Exercise of the New Share Subscription Rights

The type of shares to be issued upon exercise of the New Share Subscription Rights shall be common stock of the Company, and the number of shares to be issued upon exercise of each New Share Subscription Right (hereinafter referred to as the “Number of Shares”) shall be the number separately determined by the Board of Directors of the Company in the Resolution for Allotments of the New Share Subscription Rights Without Consideration, with 1 share as the upper limit. However, if the Company conducts a stock split or a stock consolidation etc, necessary adjustments shall be made.

5. Description and Price of Assets to be Contributed upon Exercise of the New Share Subscription Rights

The purpose of the contribution upon exercise of the New Share Subscription Rights shall be in cash, and the amount per share of common stock of the Company to be contributed upon exercise of the New Share Subscription Rights shall be 1 yen or more, as separately determined by the Board of Directors of the Company in the Resolution for Allotments of the New Share Subscription Rights Without Consideration.

6. Restrictions on the transfer of the New Share Subscription Rights

Any transfer of the New Share Subscription Rights shall require the approval of the Board of Directors of the Company.

7. Exercise Conditions of the New Share Subscription Rights

(1) The Purchaser, (2) Joint owners<sup>12</sup> of the Purchaser, (3) persons in special relationship<sup>13</sup> with the Purchaser, or (4) those who have acquired or succeeded to the New Share Subscription Rights from (1) through (3) above without obtaining the approval of the Board of Directors of the Company, or (5) affiliated persons<sup>14</sup> falling under (1) through (4) (collectively referred to as the “Non-qualified Persons”) may not exercise the New Share Subscription Rights. The details of the exercise conditions of the New Share Subscription Rights shall be separately determined in the Resolution for Allotments of the New Share Subscription Rights Without Consideration.

8. Acquisition of the New Share Subscription Rights by the Company

Subject to the occurrence of certain events or the arrival of a date separately determined by the Board of Directors, the Company may, in accordance with a resolution of the Board of Directors of the Company, attach acquisition clauses, taking into consideration the effect as Countermeasures against a Large-scale Purchase such as (A) an acquisition clause to the effect that all of the New Share Subscription Rights or only the New Share Subscription Rights held by shareholders other than the Non-qualified Persons may be acquired, and (B) while the New Share Subscription Rights held by shareholders other than the Non-qualified Persons shall be acquired in exchange for shares of common stock of the Company, there shall be certain exercise conditions with respect to the New Share Subscription Rights held by the Non-qualified Persons (for example, an exercise condition to the effect that the New Share Subscription Rights may be exercised within certain conditions, such as the holding ratio of share certificates after the exercise thereof being below 20% in the event that the Purchaser disposes of its shares) and an acquisition clause to the effect that other stock acquisition right with an acquisition clause may be acquired in exchange for consideration (provided, however, that such acquisition clause shall be limited to the details that are reasonably determined not to be detrimental to the interests of shareholders other than Non-qualified Persons). In the event that the New Share Subscription Rights held by the Non-qualified Persons are acquired, no money shall be delivered in exchange for such acquisition.

Details of the conditions for acquisition of the New Share Subscription Rights shall be separately determined in the Resolution for Allotments of the New Share Subscription Rights Without Consideration.

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<sup>12</sup> This includes those deemed to be joint owners in the Plan.

<sup>13</sup> This includes those deemed to be persons in special relationship in the Plan.

<sup>14</sup> An “affiliated person” of a person means an investment bank, securities company, or other financial institution that has entered into a financial advisory agreement with the person, a person who shares a substantial interest with the person, a tender offer agent, lawyer, accountant, tax accountant, or other advisor, or a person substantially controlled by or acting in concert or coordination with such a person. The determination of whether or not a person falls under the category of “a person substantially controlled by, or acting in concert or coordination with, any of these persons” shall be made in accordance with the criteria set forth in Exhibit 4. In addition, the substantial identity of the fund manager and other various factors shall be taken into account in determining whether a person is an “affiliated person” of a partnership or other fund.

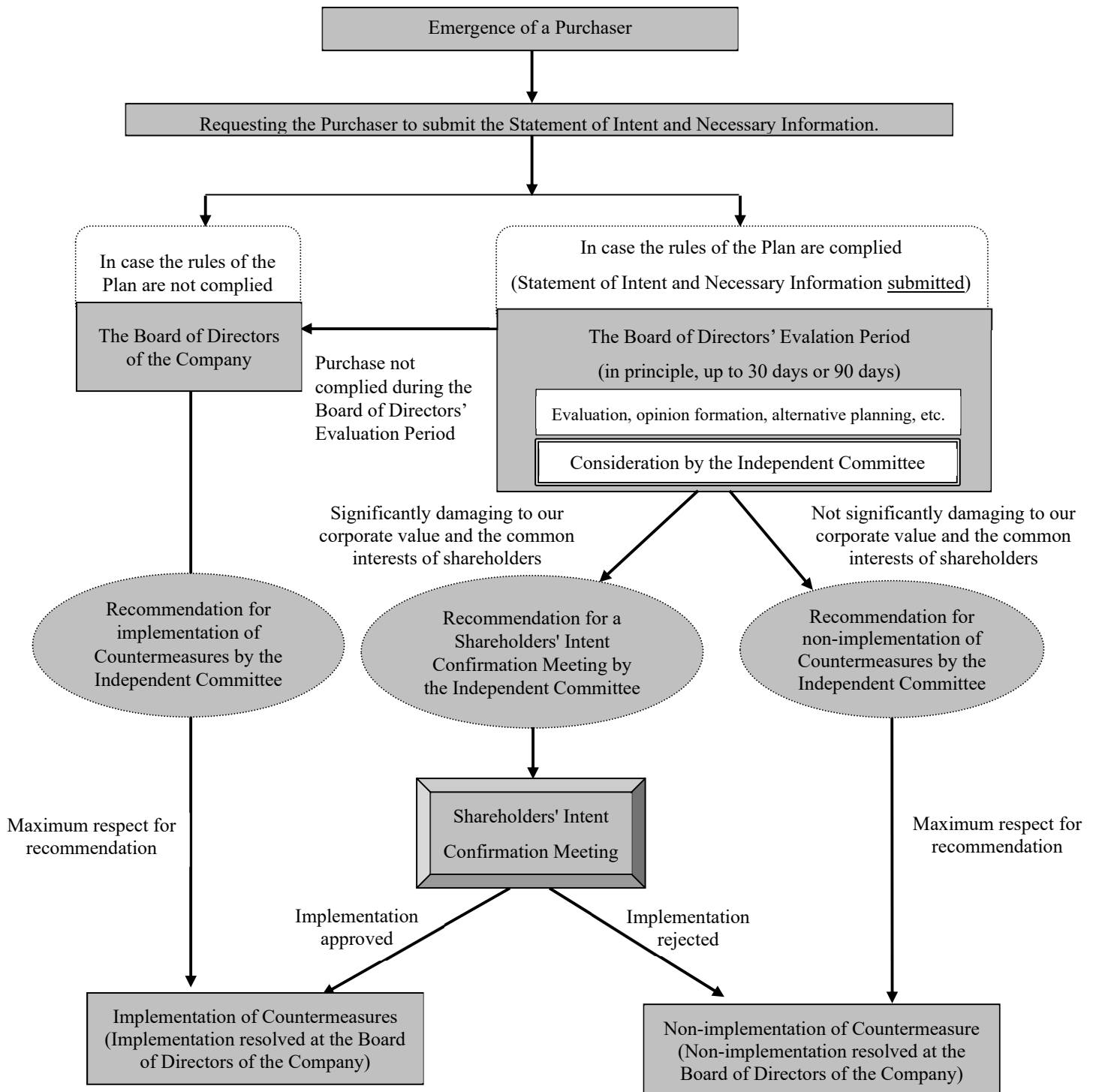
9. Acquisition Without Consideration in the Event of Suspension of Countermeasures Implementation

In the event that the Board of Directors of the Company suspends the implementation of Countermeasures or in any other case separately determined by the Board of Directors of the Company in the Resolution for Allotments of the New Share Subscription Rights Without Consideration, the Company may acquire all of the New Share Subscription Rights without consideration.

10. Exercise Period of the New Share Subscription Rights

The exercise period and other necessary matters regarding the New Share Subscription Rights shall be separately determined by the Board of Directors of the Company in the Resolution for Allotments of the New Share Subscription Rights Without Consideration.

Flow Chart of Procedures for the Plan



Note: This chart illustrates an overview of the Plan. Please refer to the text for specific details of the Plan.

Proposal No. 6 is made by a shareholder (the “Proposing Shareholder”).

The following outline of the proposal and the reasons for the proposal present the relevant portions of the Shareholder’s Proposal letter submitted by the Proposing Shareholder in their original form and wording (in Japanese).

**(Shareholder Proposal)**

**Proposal No. 6 Acquisition of Treasury Stock**

(1) Outline of the proposal

Pursuant to Article 156, Paragraph 1 of the Companies Act, the Company shall acquire up to 30,822,000 shares of its common stock at a total acquisition price of 21,575,400,000 yen by means of cash payment within one year from the conclusion of the Annual General Meeting of Shareholders.

(2) Reasons for the proposal

The Board of Directors of the Company resolved on April 28, 2017 to repurchase up to 3,000,000 shares, representing 0.98% of the total number of shares issued and outstanding (excluding treasury stock), for the period from June 29, 2017 to March 31, 2018, for a total maximum acquisition cost of 2.5 billion yen, and at the 99th Annual General Meeting of Shareholders held on June 8, 2022, the Company set a target of 2.5% or more in the ratio of dividends to net assets as well as 40% or more in the total return ratio. While the Company's implementation of measures to increase shareholder returns and improve capital efficiency is appreciated, the stock price remains less than P/B ratio 1, lower than the book value of net assets, which means that the stock price is valued by the stock market lower than the liquidation value. Therefore, in order to improve the situation where P/B ratio is below 1 and implement management that is conscious of stock price, and to further increase shareholder returns and improve capital efficiency, we believe that the required cash level should be presented in a form that is easy for investors to understand, and that measures should be adopted to continuously purchase treasury stock in an amount considered to exceed this level. As stated in the “Action to Implement Management that is Conscious of Cost of Capital and Stock Price” released by Tokyo Stock Exchange on March 31, 2023, the reason for the continuous underperformance of P/B ratio is thought to be that the Company “has not achieved profitability that exceeds its cost of capital”, or that “the balance sheet does not effectively contribute to value creation” due to cross-shareholdings policy and real estate assets. In order to further increase shareholder returns and improve capital efficiency, we believe that the Company should adopt a policy of repurchasing approximately 10% of the total number of shares issued and outstanding (excluding treasury stock) as treasury stock.

**Opinion of the Board of Directors of the Company**

The Board of Directors opposes the Proposing Shareholder’s proposal.

To achieve medium- to long-term growth, the Company is proceeding with a business portfolio reform, which involves strengthening our core construction business, investing in growth areas such as the new TODA BUILDING, overseas business, and floating offshore wind power generation business. The Company plans to prioritize allocating retained earnings towards growth investments. In the “Medium-Term Management Plan 2024 Rolling Plan” (the “Medium-Term Management Plan”) announced on May 17, 2022, the Company has planned to invest 225 billion yen over the three years from FY2022 to FY2024, with a focus on growth investments. While maintaining financial stability as a foundation for long-term development and securing active investment funds for sustainable growth, the Company is moving forward with investments that contribute to the enhancement of corporate value.

Individual investment projects are evaluated based on the internally set hurdle rate and internal rate of return (IRR), taking into account the risks involved, to determine the merits of the investments. Furthermore, in order to improve the efficiency of company-wide investments, the Company verifies whether the return on invested capital (ROIC) for each business segment exceeds its financing cost (WACC). In addition, in financing investments for growth, the Company seeks to generate cash through the sales of cross-shareholdings and the sales of real estate holdings (including sales to private placement funds and private REITs).

Continuation of such capital efficiency-oriented management will ensure the Company’s profitability target of an ROE of 8% or more and enhance our corporate value. The Company believes that developing businesses that are trusted and expected by our stakeholders will lead to higher P/B ratio.

Regarding shareholder returns, the Company's basic policy is to implement a continuous and stable dividend payment to our valued shareholders in line with business performance and the business environment. In the Medium-Term Management Plan, the Company has set “dividend on equity (DOE) of 2.5% or more, with a total return ratio of 40% or more” as our shareholder return policy. The Company will flexibly acquire treasury stock at appropriate timings and scale, taking into account investment needs, financial strength, business performance, stock price, and other factors comprehensively.

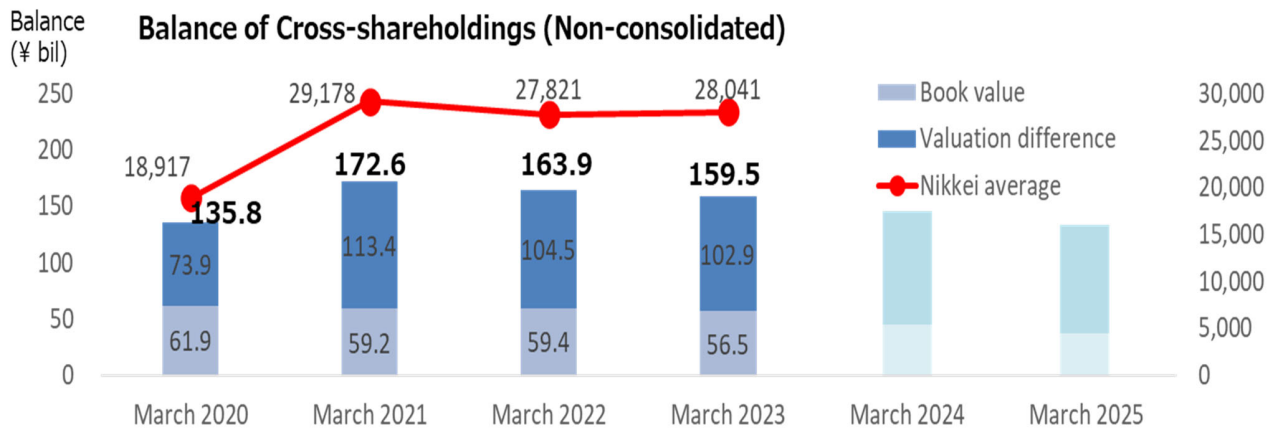
On the other hand, if the Shareholder Proposal is implemented, it will undermine the financial resources for investment in growth and stall the Company's medium- to long-term growth and improvement in corporate value. The Company also recognizes that it will result in a loss of financial stability and, as a consequence, will impair the medium- to long-term interests of our shareholders. Furthermore, considering the need for flexible funding for strategic initiatives, M&A, and other growth investments, in addition to funding for core businesses, the Company believes that our current cash level is appropriate. Therefore, the Company considers it inappropriate for us to conduct the acquisition of treasury stock on the scale of the Shareholder’s Proposal within one year, as it would not facilitate smooth execution of growth investments.

For these reasons, the Board of Directors of the Company opposes the Shareholder’s Proposal.

### Cross-shareholdings

The Company owns cross-shareholdings for the purpose of strengthening important cooperative and transactional relationships for promoting its business strategies and contributing to the enhancement of medium- to long-term corporate value. The Company has a basic policy to reduce the balance of cross-shareholdings to mitigate risks of owning cross-shareholdings and improve capital efficiency. If the Company finds no reasonableness in continuing to hold shares of a specific issue after verifying the meaning and economic rationality of holding such shares, the Company proceeds with sale of such shares through consultation with the partner company.

In the Medium-Term Management Plan announced by the Company in May 2022, the Company has planned to sell cross-shareholdings of 30 billion yen or more (at market value) over the three fiscal years from FY2022 to FY2024 to secure funds for growth investment while maintaining the capital efficiency and financial stability.



### Cross-shareholdings Sold (Non-consolidated)

	¥ mil					
	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Sales value	2,882	5,770	4,520	11,584		
Number of stocks sold	13	21	12	10		

To be sold more than ¥30 bil in 3 years