

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

(Securities Code: 1890)

June 10, 2020

To our shareholders:

Kyoji Takezawa  
Representative Director, President  
**TOYO CONSTRUCTION CO., LTD.**  
Main Office  
4-1-1 Koraibashi, Chuo-ku, Osaka-shi, Osaka  
Head Office  
1-105, Kandajimbocho, Chiyoda-ku, Tokyo

## Notice of the 98th Annual General Meeting of Shareholders

We are pleased to announce the 98th Annual General Meeting of Shareholders, which will be held as follows.

To prevent the spread of a novel coronavirus disease (COVID-19) at this General Meeting of Shareholders, you are strongly recommended to exercise your voting rights in writing or via the internet. Please take the time to review the Reference documents for the General Meeting of Shareholders below and exercise your voting rights no later than 5 p.m. on Thursday, June 25, 2020.

Exercising your voting rights by postal mail

Indicate your approval or disapproval of the proposals on the enclosed Voting Form, and post it so that it arrives by the above closing date and time.

Exercising your voting rights via the internet

Access the website specified by the Company for exercising your voting rights (<https://evote.tr.mufg.jp/>), enter the login ID and temporary password printed on the enclosed Voting Form, follow the instructions on the screen, and enter your approval or disapproval of the proposals.

If you exercise your voting rights both by postal mail and via the internet, the vote via the internet will be deemed valid.

To avoid the spread of COVID-19, if you are planning to attend the General Meeting of Shareholders in person, please carefully check the infection status and your health condition on the day, and take maximum care for preventing infection such as wearing a mask.

1. **Date and Time:** Friday, June 26, 2020, at 10:00 a.m. (JST)
2. **Venue:** Tokyo Head Office, TOYO CONSTRUCTION CO., LTD.  
10th floor, Jinbocho Mitsui Building  
1-105, Kandajimbocho, Chiyoda-ku, Tokyo

### 3. Purpose of the Meeting

#### Matters to be reported:

1. The Business Report, the Consolidated Financial Statements and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Board of Auditors for the 100th fiscal year (from April 1, 2019 to March 31, 2020)
2. The Non-consolidated Financial Statements for the 100th fiscal year (from April 1, 2019 to March 31, 2020)

#### Matters to be resolved:

**Proposal No. 1:** Dividends of Surplus

**Proposal No. 2:** Election of Nine Directors

**Proposal No. 3:** Election of One Auditor

**Proposal No. 4:** Revision of Remuneration Amount for Directors

**Proposal No. 5:** Revision of Amount and Contents of Share-Based Remuneration for Directors and Executive Officers

### 4. Matters Prescribed for Convocation

If you are unable to attend the meeting, another shareholder with voting rights may attend the meeting as your proxy.

Please note, however, that it is necessary to submit written proof of the authority of proxy and the Voting Form.

- You are kindly requested to present the enclosed Voting Form at reception when you attend the meeting in person. Moreover, any amendments to the Reference Documents for General Meeting of Shareholders, the Business Report, the Non-consolidated Financial Statements, and the Consolidated Financial Statements will be posted on the Company's website.
- The attachments to this notice do not include the "Systems for Ensuring the Properness of Business Activities" and "Overview of Operation Status of Systems for Ensuring the Properness of Business Activities" included in the Business Report, the "Consolidated statements of changes in equity" and "Notes to the Consolidated Financial Statements" included in the Consolidated Financial Statements, and the "Statement of changes in equity" and "Notes to the Non-consolidated Financial Statements" included in the Non-consolidated Financial Statements, as these are posted on the Company's website in accordance with laws and regulations and the provisions of Article 15 of the Company's Articles of Incorporation. Furthermore, the attachments posted on the Company's website have been audited as part of the Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements during the preparation of the audit reports by the Auditors and the Financial Auditor.
- We will notify any major adjustments to the operation of the General Meeting of Shareholders due to the COVID-19 status in the future on the following website.

\*Please note the attachments to this notice are available in Japanese only.

<<The Company's website>> <https://www.toyo-const.co.jp/>

## Reference Documents for the General Meeting of Shareholders

### Proposal No. 1: Dividends of Surplus

The Company considers the return of profits to shareholders to be a management priority. Our basic policy is to provide a long-term and stable dividend while enhancing internal reserves for further development of overseas business, future capital investments, technology development, and so forth.

The Company has decided on the following year-end dividend after comprehensive consideration of our performance in the current fiscal year and future business development.

1. Type of dividend property  
Cash
2. Allotment of dividend property and their aggregate amount  
¥15.0 per common share  
Total dividends: ¥1,414,929,240
3. Effective date of dividends of surplus  
June 29, 2020

## Proposal No. 2: Election of Nine Directors

The terms of office of all eight Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Therefore, the Company proposes to elect nine Directors, increasing the number of Directors by one to enhance the management system.

The candidates for Director are as follows:

Candidate No.	Name	Position and Responsibility		
1	Kyoji Takezawa	Representative Director, President	President	Reelection
2	Etsuro Moriyama	Representative Director	Vice President Executive Officer, in charge of Civil Construction Div. and Osaka Main Office	Reelection
3	Masakazu Kawanobe	Director	Vice President Executive Officer, in charge of Architectural Construction Div.	Reelection
4	Hiromi Hirata	Director	Senior Managing Executive Officer, General Manager of Architectural Construction Div., in charge of Safety and Environments Dept.	Reelection
5	Takahiro Yabushita	Director	Managing Executive Officer, General Manager of Business Administration Div., in charge of CSR	Reelection
6	Haruhisa Oobayashi	Director	Managing Executive Officer, General Manager of Civil Construction Div., in charge of Safety and Environments Dept.	Reelection
7	Takuro Inoue		Executive Officer, General Manager of International Div.	New election
8	Yoshio Fukuda	Director		Reelection Outside Independent officer
9	Yutaka Yoshida	Director		Reelection Outside Independent officer

Candidate  
No.  
**1**

**Kyoji Takezawa**  
(Date of birth: August 8, 1951)

Reelection

---

**Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company**

Apr. 1975    Joined the Company  
Apr. 2003    General Manager of Kanto Architectural Construction Branch Office  
June 2006    Executive Officer  
June 2008    Director, Deputy General Manager of Architectural Construction Div.  
Apr. 2010    Managing Executive Officer, General Manager of Architectural Construction Div.  
Apr. 2014    **Representative Director, President (current position)**

**Number of the Company's shares owned**

55,200 shares

**Attendance at Board of Directors meetings for the current fiscal year**

20 / 20 (100%)

**[Reasons for nomination as candidate for Director]**

Mr. Kyoji Takezawa has a wealth of experience and extensive knowledge regarding management of the construction business in general, having served as the officer with chief responsibility for business execution in his role as Representative Director, President since April 2014. The Company therefore considers him appropriate for the role of promoting the Group management and has once again nominated him as a candidate for Director.

Candidate  
No.  
**2**

**Etsuro Moriyama**  
(Date of birth: June 21, 1952)

Reelection

---

**Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company**

Apr. 1976    Joined the Company  
June 2008    Executive Officer  
Apr. 2011    Managing Executive Officer, Deputy General Manager of Civil Construction Div., General Manager of Civil Planning & Administrative Dept.  
Apr. 2012    General Manager of Kanto Branch Office  
June 2012    Director  
Apr. 2014    Senior Managing Executive Officer  
Apr. 2015    General Manager of Civil Construction Div.  
Apr. 2018    Vice President Executive Officer, General Manager of Civil Construction Div., in charge of Safety and Environments Dept.  
June 2018    **Representative Director (current position)**  
Apr. 2019    Vice President Executive Officer, in charge of Civil Construction Div.  
Oct. 2019    **Vice President Executive Officer, in charge of Civil Construction Div. and Osaka Main Office (current position)**

**Number of the Company's shares owned**

43,700 shares

**Attendance at Board of Directors meetings for the current fiscal year**

20 / 20 (100%)

**[Reasons for nomination as candidate for Director]**

After joining the Company, Mr. Etsuro Moriyama worked in the construction management of civil engineering works, and then served as General Manager of the Civil Construction Div. and Vice President Executive Officer in charge of the Civil Construction Div. He has been in charge of Osaka Main Office since October 2019, in order to strengthen and expand the business base in the Hanshin area, which is the birthplace of the Company. He has a wealth of experience and extensive knowledge in these fields. The Company therefore considers him appropriate for the role of promoting its business and has once again nominated him as a candidate for Director.

Candidate  
No.  
**3**

**Masakazu Kawanobe**

(Date of birth: November 1, 1954)

Reelection

---

**Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company**

Apr. 1973    Joined MAEDA CORPORATION  
Mar. 2007    General Manager of Building Dept. of Yokohama Branch  
June 2008    Executive Officer, Branch General Manager of Kanto Branch  
Apr. 2012    Managing Officer, Branch General Manager of Tokyo Building Works Branch  
June 2013    Director and Managing Officer, Branch General Manager of Tokyo Building Works Branch  
Apr. 2016    Advisor of the Company  
                  Director of MAEDA CORPORATION (retired in June 2016)  
June 2016    **Director, Vice President Executive Officer, in charge of Architectural Construction Div. of the Company (current position)**

**Number of the Company's shares owned**

11,800 shares

**Attendance at Board of Directors meetings for the current fiscal year**

20 / 20 (100%)

**[Reasons for nomination as candidate for Director]**

Mr. Masakazu Kawanobe had worked mainly in the building business departments of the Company's business alliance partner, MAEDA CORPORATION. The Company considers that he can use his wealth of experience in the construction business and extensive knowledge as a business manager to strengthen the Company's architectural construction business, and has once again nominated him as a candidate for Director.

Candidate  
No.  
**4**

**Hiromi Hirata**

(Date of birth: March 11, 1957)

Reelection

---

**Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company**

Apr. 1979    Joined the Company  
Apr. 2006    General Manager of Architectural Construction Dept. of Architectural Construction Div.  
Apr. 2011    Executive Officer, Control of Architectural Construction Business of Osaka Main Office  
Jan. 2013    Executive Officer, Deputy General Manager of Architectural Construction Div., General Manager of Architectural Construction Dept.  
Apr. 2014    Managing Executive Officer, General Manager of Architectural Construction Div.  
June 2014    **Director (current position)**  
Apr. 2016    Senior Managing Executive Officer, General Manager of Architectural Construction Div.  
Apr. 2018    **Senior Managing Executive Officer, General Manager of Architectural Construction Div., in charge of Safety and Environments Dept. (current position)**

**Number of the Company's shares owned**

32,800 shares

**Attendance at Board of Directors meetings for the current fiscal year**

20 / 20 (100%)

**[Reasons for nomination as candidate for Director]**

After joining the Company, Mr. Hiromi Hirata worked in the construction management of architectural construction works, and then served as General Manager of the Architectural Construction Dept. He currently serves as Senior Managing Executive Officer, General Manager of the Architectural Construction Div., in charge of the Safety and Environments Dept., and has a wealth of experience and extensive knowledge in the field of architectural construction. The Company therefore considers him appropriate for the role of promoting its architectural construction business and has once again nominated him as a candidate for Director.

Candidate  
No.  
**5**

**Takahiro Yabushita**  
(Date of birth: January 21, 1958)

Reelection

---

**Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company**

Apr. 1982    Joined the Company  
Apr. 2001    General Manager of Purchase Dept. of Tokyo Branch  
Mar. 2002    Representative Director, President of Orient Ecology Co., Ltd. (seconded)  
Apr. 2010    General Manager of Business Dept. 2 of Civil Construction Div.  
Apr. 2014    Executive Officer, General Manager of Business Dept. 2 of Civil Construction Div.  
Apr. 2016    Managing Executive Officer, General Manager of Corporate Business Administrative Dept.,  
General Manager of Business Dept. 2 of Civil Construction Div.  
Apr. 2018    **Managing Executive Officer, General Manager of Business Administration Div., in charge of  
CSR (current position)**  
June 2018    **Director (current position)**

**Number of the Company's shares owned**

24,500 shares

**Attendance at Board of Directors meetings for the  
current fiscal year**

20 / 20 (100%)

**[Reasons for nomination as candidate for Director]**

After joining the Company, Mr. Takahiro Yabushita had worked in the planning & administrative departments and purchase departments, and served as the president of a new operating company. Since 2010, he had worked in the civil business departments and then served as General Manager of the Corporate Business Administrative Dept. of the Civil Construction Div. Through his career, he has a wealth of experience and extensive knowledge of sales strategy. The Company therefore considers him capable of achieving further increases in corporate value as General Manager of the Business Administration Div., currently in charge of CSR, and has once again nominated him as a candidate for Director.

Candidate  
No.  
**6**

**Haruhisa Oobayashi**  
(Date of birth: August 21, 1959)

Reelection

---

**Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company**

Apr. 1982    Joined the Company  
Apr. 2005    General Manager of Civil Construction Dept. of Kyushu Branch Office  
Apr. 2011    General Manager of Civil Construction Dept. of Kanto Branch Office  
Apr. 2015    General Manager of Civil Construction Dept. of Civil Construction Div.  
Apr. 2016    Executive Officer, General Manager of Civil Construction Dept. of Civil Construction Div.  
Aug. 2017    Executive Officer, Deputy General Manager of International Div., General Manager of  
Construction Dept.  
Apr. 2019    **Managing Executive Officer, General Manager of Civil Construction Div., in charge of  
Safety and Environments Dept. (current position)**  
June 2019    **Director (current position)**

**Number of the Company's shares owned**

10,500 shares

**Attendance at Board of Directors meetings for the  
current fiscal year**

15 / 15 (100 %) (after appointment in June 2019)

**[Reasons for nomination as candidate for Director]**

After joining the Company, Mr. Haruhisa Oobayashi worked in the construction management of civil engineering works, and then served as General Manager of the Civil Construction Dept. in various branch offices, Deputy General Manager of the International Div., and General Manager of the Construction Dept. He currently serves as General Manager of the Civil Construction Div., in charge of the Safety and Environments Dept. hence he has a wealth of experience and extensive knowledge in Japan and overseas. The Company therefore considers him appropriate for the role of promoting its civil construction business, and has once again nominated him as a candidate for Director.

Candidate  
No.  
**7**

**Takuro Inoue**  
(Date of birth: January 2, 1962)

New election

---

**Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company**

Apr. 1984    Joined the Company  
June 2002    General Manager of Manila Office  
Apr. 2009    General Manager of Business Dept., General Manager of Manila Office of International Div.  
Apr. 2011    General Manager of Business Dept. of International Div.  
Apr. 2014    Executive Officer, Deputy General Manager of International Div.  
Apr. 2015    Executive Officer, General Manager of International Div., Deputy General Manager of Corporate Strategy Div.  
Apr. 2019    **Executive Officer, General Manager of International Div. (current position)**

**Number of the Company's shares owned**

13,500 shares

**Attendance at Board of Directors meetings for the current fiscal year**

- / - (- %)

**[Reasons for nomination as candidate for Director]**

After joining the Company, Mr. Takuro Inoue worked in the administrative division in Japan, and then served as General Manager of the office in Philippines, which was the base of the Company's overseas construction business, and General Manager of Business Dept. of International Div. He has been General Manager of International Div. since 2015, and has a wealth of experience in the field. The Company therefore considers him appropriate for the role of promoting its overseas business strategies and has nominated him as a candidate for Director.



Candidate  
No.  
**8**

**Yoshio Fukuda**  
(Date of birth: March 1, 1953)

Reelection  
Outside  
Independent officer

---

**Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company**

Apr. 1976    Joined Teijin Limited  
May 2007    Corporate Officer  
              President & Director of P.T. Teijin Indonesia Fiber Corporation Tbk  
June 2010    Director, Corporate Officer, General Manager of Corporate Strategy Division of Teijin Limited  
June 2011    Director, Executive Officer  
              Chairman of Teijin DuPont Films  
Apr. 2012    General Manager of Electric Materials and Performance Polymer Products Business Group,  
              General Manager of Resin & Plastic Processing Business Unit of Teijin Limited  
              President & Representative Director of Teijin Chemicals Ltd.  
June 2013    Director, Senior Executive Officer, General Manager of Electric Materials and Performance  
              Polymer Products Business Group of Teijin Limited  
Apr. 2015    Director, Advisor  
June 2015    Advisor (retired in March 2016)  
June 2016    **Director of the Company (current position)**

[Significant Concurrent Positions outside the Company]

Outside Corporate Auditor of Harmonic Drive Systems Inc. (scheduled to retire in June 2020)  
Auditor of Japan Indonesia Association, Inc.

**Number of the Company's shares owned**

4,800 shares

**Attendance at Board of Directors meetings for the  
current fiscal year**

20 / 20 (100%)

**[Reasons for nomination as candidate for Outside Director]**

Mr. Yoshio Fukuda has a wealth of experience and extensive knowledge of the Teijin Group, which has been developing globally, having served as an officer for Teijin Limited and its group companies. Based on this, he provides advice to the Company's management and proper supervision of business execution. The Company therefore considers him capable of strengthening its corporate governance structure and has once again nominated him as a candidate for Outside Director.

**[Tenure as Outside Director]**    4 years (at the conclusion of this General Meeting of Shareholders)

Candidate No.	<b>Yutaka Yoshida</b> (Date of birth: October 28, 1953)	Reelection Outside Independent officer
---------------	--	--

**Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company**

Apr. 1977	Joined Ishikawajima-Harima Heavy Industries Co., Ltd.
July 2001	General Manager of Staff Group and International Finance Group of Finance Dept.
July 2003	General Manager of Redevelopment Project Office
Apr. 2009	Executive Officer, General Manager of Corporate Planning Division of IHI Corporation (retired in March 2013)
Apr. 2013	Joined IHI Transport Machinery Co., Ltd.
June 2013	President
June 2017	<b>Advisor (current position)</b>
June 2018	<b>Director of the Company (current position)</b>

<b>Number of the Company's shares owned</b>	<b>Attendance at Board of Directors meetings for the current fiscal year</b>
2,200 shares	20 / 20 (100 %)

**[Reasons for nomination as candidate for Outside Director]**

Mr. Yutaka Yoshida has a wealth of experience and achievements in the manufacturing company Ishikawajima-Harima Heavy Industries Co., Ltd. (currently IHI Corporation), as well as knowledge from serving as Director and President of IHI Corporation's subsidiary. Based on this, he provides appropriate advice to the Company's management. The Company therefore considers him capable of enhancing its governance systems and has once again nominated him as a candidate for Outside Director.

**[Tenure as Outside Director]** 2 years (at the conclusion of this General Meeting of Shareholders)

- Notes:
1. There is no special interest between any of the candidates for Director and the Company.
  2. Mr. Yoshio Fukuda and Mr. Yutaka Yoshida are the candidates for Outside Director. They satisfy the Toyo Construction's Criteria for Determining Independence of Outside Officers (page 12).
  3. The Company has submitted notification to Tokyo Stock Exchange that Mr. Yoshio Fukuda and Mr. Yutaka Yoshida have been appointed as independent officers as provided for by the aforementioned exchange.
  4. On June 24, 2020, Mr. Yoshio Fukuda will retire as Outside Corporate Auditor of Harmonic Drive Systems Inc. and assume office as Outside Director of the company.
  5. If Mr. Yoshio Fukuda and Mr. Yutaka Yoshida are reelected as originally proposed and appointed as Outside Directors, the Company intends to continue liability limitation agreements with them regarding their liability under Article 423 paragraph 1 of the Companies Act, limiting their liability to the minimum amount stipulated in Article 425 paragraph 1 of the Companies Act.
  6. The Company has a business contract with Teijin Limited, where Mr. Yoshio Fukuda was an executing person until March 2015; however, the volume of the transaction is less than 0.1% of the Company's consolidated sales.
  7. For the current fiscal year, there is no transactional relationship between the Company and IHI Corporation, where Mr. Yutaka Yoshida was an executing person until March 2013.

### Proposal No. 3: Election of One Auditor

The term of office of two Auditors will expire at the conclusion of this Annual General Meeting of Shareholders. Therefore, the Company proposes to elect one Auditor, lowering the number of Auditors by one.

In addition, the consent of the Board of Auditors has been obtained for this proposal.

The candidate for Auditor is as follows:

<b>Kiyokata Somekawa</b> (Date of birth: February 16, 1956)	Reelection Outside Independent officer
--	--

---

#### Career summary, position in the Company, and significant concurrent positions outside the Company

Apr. 1978	Joined The Industrial Bank of Japan, Limited
Apr. 2002	Advising Officer, International Planning Department, Mizuho Corporate Bank, Ltd. President of Mizuho Corporate Bank (Germany) A.G.
Apr. 2005	General Manager of Asset Audit Division
Mar. 2006	General Manager of Compliance Division (retired in March 2008)
Apr. 2008	Executive Officer, Head of Risk Management and Finance Group, Mizuho Securities Co., Ltd.
June 2010	Full-time Audit & Supervisory Board Member
June 2012	Director and President, Mizuho Real Estate Inspection Services Co., Ltd. (retired in March 2013)
Mar. 2013	Managing Executive Officer, Rating and Investment Information, Inc. (retired in June 2018)
June 2018	<b>Corporate Auditor of the Company (current position)</b>

<b>Number of the Company's shares owned</b>	<b>Attendance at Board of Auditors meetings for the current fiscal year</b>
2,200 shares	18 / 18 (100%)

#### [Reasons for nomination as candidate for Outside Auditor]

Mr. Kiyokata Somekawa has a wealth of experience, achievements, and knowledge from his involvement in compliance promotion in Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.) and his previous appointments as an officer at group companies. The Company therefore believes he will adequately perform an audit function from an independent standpoint, and has nominated him once again as a candidate for Outside Auditor.

**[Tenure as Outside Auditor]** 2 years (at the conclusion of this General Meeting of Shareholders)

- Notes:
1. There is no special interest between the candidate for Auditor and the Company.
  2. Mr. Kiyokata Somekawa is a candidate for Outside Auditor. He satisfies the Toyo Construction's Criteria for Determining Independence of Outside Officers (page 12).
  3. The Company has submitted notification to Tokyo Stock Exchange that Mr. Kiyokata Somekawa has been appointed as an independent officer as provided for by the aforementioned exchange.
  4. If Mr. Kiyokata Somekawa is reelected as originally proposed and appointed as Outside Auditor, the Company intends to continue a liability limitation agreement with him regarding his liability under Article 423 paragraph 1 of the Companies Act, limiting his liability to the minimum amount stipulated in Article 425 paragraph 1 of the Companies Act.
  5. The Group has a transactional relationship pertaining to loans and so forth with Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.), where Mr. Kiyokata Somekawa was an executing person until March 2008. However, more than ten years has passed since he retired from the bank, and he is not currently involved with its management. The balance of loans from the bank at the fiscal year-end was ¥1,820 million, amounting to 1.3% of the Company's consolidated total assets for the current fiscal year.

Reference (For Proposal 2 and Proposal 3)

### **Toyo Construction's Criteria for Determining Independence of Outside Officers**

From among candidates for Outside Director and Outside Auditor, any other person than those set forth in any of the following 1 to 10 is appointed as "Independent Outside Director".

1. A person who, at present or in the past, is or was an executing person of the Company and/or its group companies.
2. A shareholder or its executing person who holds 10% or more of a total number of voting rights of the Company share.
3. An executing person of a company whose voting rights are held by the Company and/or its group companies, directly or indirectly, with 10% or more of a total number of voting rights.
4. An executing person of a client whose sales account for 2% or more of consolidated sales of both or either of the Company group or a company to which a candidate belonged in any of the past three business years.
5. An executing person of a financial institution which is a major lender shown in the immediately preceding annual report.
6. A person set forth in any of the preceding 2 through 5 in any of the past three years.
7. A person belonging to an audit corporation which conducts the accounting audit of the Company.
8. An expert such as an attorney, accountant or consultant (In the case of a recipient of remuneration being a corporation, a person belonging to the corporation) which has received ¥5 million or more of remuneration on average for the past three years from the Company and/or its group companies.
9. A person belonging to a university or association which has received ¥10 million or more of donation on average for the past three years from the Company and/or its group companies.
10. A spouse or relative within the second degree of a person set forth in any of the preceding 1 through 9.

### **Policy and Procedure for Nomination of Candidates**

The nomination of candidates for Director is based on having the necessary extensive knowledge for management decision making, the necessary background for performing supervisory functions over management, and a strong performance record in the candidate's own field of work. Two among them or more shall be Outside Directors.

The nomination of candidates for Auditor is based on having appropriate knowledge regarding finance, accounting, management, and so forth, and the ability to contribute to ensuring sound management.

Moreover, all Outside Directors and Outside Auditors must satisfy the conditions for independence set out by the Tokyo Stock Exchange as well as the Company's own independence criteria.

In accordance with the above policy, the Nomination and Compensation Committee, which includes Outside Directors, discusses the candidates for Director, which are then decided by the Board of Directors. Candidates for Auditor are decided by the Board of Directors after receiving the approval of the Board of Auditors.

### **Ensuring Diversity, Including Active Participation of Female Workers**

Promotion of female workers has been the issue in the male-dominated construction industry as a whole. The Company is aiming at the proportion of female workers to be 10% in technical departments and 30% in administrative departments, and is continuously employing female workers.

Currently the number of female managers is still low. The Company plans to expand female employees' career opportunities in job rotation and nurture senior employees as the first step in order to have female directors in the future.

**Proposal No. 4: Revision of Remuneration Amount for Directors**

Remuneration for Directors was last addressed in the 80th Annual General Meeting of Shareholders on June 27, 2002, which set the amount of remuneration at no more than ¥25 million per month.

Since then, the volume of duties of Directors has increased due to various changes in the business environment. The Company proposes to revise the amount of remuneration to be no more than ¥33 million per month (including no more than ¥3 million per month for Outside Directors) in order to encourage Directors' eagerness to achieve the Company's vision and strategies and improve the Company's medium to long-term performance and the corporate value. In addition, the remuneration amount for Directors continues to not include the employee salary portion of Directors who are also employees.

The number of Directors is currently eight (including two Outside Directors). If Proposal No. 2 is approved and adopted as originally proposed, there will be nine Directors (including two Outside Directors).

## **Proposal No. 5: Revision of Amount and Contents of Share-Based Remuneration for Directors and Executive Officers**

### **1. Reasons of the Proposal and the Given Remuneration**

Introduction of the share-based remuneration plan (“Plan”), which issues shares of the Company or cash of the equivalent value (“Company’s Shares, etc.”) to Directors and Executive Officers (excluding Outside Directors and overseas residents; “Director, etc.”), according to the performance and the degree of target achievement of the Company, was approved in the 94th Annual General Meeting of Shareholders on June 29, 2016.

Having announced the three-year medium-term management plan, “Being a resilient company,” which starts in FY2020, on March 25, 2020, the Company proposes to continue the Plan with some amendments in order to create a clear link between the Plan and this medium-term management plan.

The aim of the amendments is to clarify the incentive for the Directors, etc. to achieve the medium-term plan, create the link between remuneration for Directors, etc. and the Company’s performance, and thus raise the awareness among Directors, etc. of their contribution towards the medium to long-term achievement and improvement of the corporate value. The Company considers the amendment is reasonable for promoting the Company’s medium to long-term growth, and for Directors, etc. to share common interests with the shareholders.

Under this proposal, the Company proposes to pay share-based remuneration to the Directors, etc. separately from the upper limit of cash remuneration for Directors (no more than ¥33 million per month) proposed under Proposal No. 4 “Revision of Remuneration Amount for Directors.”

The number of Directors applicable to the Plan will be seven if Proposal No. 2 “Election of Nine Directors” is approved and adopted as originally proposed.

This Plan also includes Executive Officer; therefore, remuneration paid under this Plan includes remuneration paid to Executive Officers. However, the applicable Executive Officers may be appointed as Director within the duration of this Plan (“Plan Duration”); therefore, this Proposal sets the amount and contents of the whole remuneration under this Plan.

The number of Executive Officers who are applicable to this Plan and who are not Director will be 18 at the conclusion of this General Meeting of Shareholders.

**2. Revision of the Plan**

(i) Plan Duration

Before revision	After revision
From the fiscal year ended on March 31, 2020 until the fiscal year ending on <u>March 31, 2022</u> ( <u>three</u> fiscal years)	From the fiscal year ended on March 31, 2020 until the fiscal year ending on <u>March 31, 2023</u> ( <u>four</u> fiscal years) <u>Three fiscal years will be applied after expiration of the current Plan Duration.</u>
<p><b>Reason of this amendment</b></p> <p>The Plan was approved in the 94th Annual General Meeting of Shareholders on June 29, 2016. Initially the duration was from the fiscal year ended on March 31, 2017 until the fiscal year ended on March 31, 2019 (three fiscal years), whereas the duration was extended three more years in the Board of Director meeting in August 2019, thus ending in the fiscal year ending on March 31 2022.</p> <p>In order to clarify the incentive for the Directors, etc. to achieve the medium-term plan, and to raise the awareness among Directors, etc. of their contribution towards the medium to long-term achievement and improvement of the corporate value, the amendment adds an extra fiscal year to cover the entire duration of the medium-term management plan (until March 31, 2023).</p> <p>After expiration of the current Plan Duration, three fiscal years—which is the designated duration by the Company for assessing the achievement of medium to long-term plans—will be set as the Plan Duration. The Plan can be extended at every three fiscal years with approval of the Board of Directors.</p>	

(ii) Maximum amount paid by the Company

Before revision	After revision
¥ <u>170</u> million for three fiscal years	¥ <u>340</u> million for three fiscal years ¥ <u>454</u> million for this Plan Duration because the duration is four fiscal years
<b>Reason of this amendment</b> <p>The maximum amount paid by the Company as the performance-related share-based remuneration is raised in order to clarify the incentive for the Directors, etc. to achieve the medium-term plan, and to raise the awareness among Directors, etc. of their contribution towards the medium to long-term achievement and improvement of the corporate value, as well as to let the Directors, etc. to share common interests with the shareholders.</p> <p>The amendment also includes a proportional addition to the maximum amount paid by the Company for the Plan, in association with the Plan Duration being extended by one year to four fiscal years.</p>	

(iii) Maximum number of Company's Shares etc. granted to Directors, etc.

Before revision	After revision
<Each fiscal year> <u>120,000</u> points (shares) <Plan Duration of three fiscal years> <u>360,000</u> points (shares)	<Each fiscal year> <u>240,000</u> points (shares) <Plan Duration of three fiscal years> <u>720,000</u> points (shares) <Plan Duration of four fiscal years> <u>960,000</u> points (shares)
<b>Reason of this amendment</b> <p>The maximum number of Company's shares granted as the performance-related share-based remuneration is raised in order to clarify the incentive for the Directors, etc. to achieve the medium-term plan, and to raise the awareness among Directors, etc. of their contribution towards the medium to long-term achievement and improvement of the corporate value, as well as to let the Directors, etc. to share common interests with the shareholders.</p> <p>The amendment also includes a proportional addition to the maximum number of shares to be delivered by the Company for the Plan, in association with the Plan Duration being extended by one year to four fiscal years.</p> <p>The maximum number of Company's Shares, etc. to be granted to Directors, etc. in the Plan Duration of the four fiscal years is 1.02% of the total number of the Company's shares issued (as of March 31, 2020, excluding the Company's treasury shares). (Annual ratio is 0.25%)</p>	



### **3. Other Matters Regarding the Plan**

(i) Share acquisition method

Additional acquisition of Company's shares involved in this amendment does not cause stock dilution since they will be acquired from the stock market.

(ii) Clawback clause

In the case where a member of Directors, etc. is found with gross misconduct that damages to the Company within his/her term of service, the payment of the share-based remuneration shall be restricted by the resolution of the Board of Directors following the deliberation in the Nomination and Remuneration Committee.

(iii) Others

There are no changes to other matters related to the Plan which was approved in the 94th Annual General Meeting of Shareholders, including conditions of target achievement, performance-linked percentage (determined between 0 to 150% by approval of the Board of Directors following the deliberation in the Nomination and Remuneration Committee, based on the achievement of the target for the consolidated operating profit, etc.), timing of granting Company's Share, etc. to Directors, etc. (after the performance assessment duration).

However, the fiscal year ended on March 31, 2020 falls in the midst of the previous medium-term management plan (FY2017 to FY2019). Therefore, share points for the given fiscal year shall be calculated by multiplying the reference point assigned depending on position in the given fiscal year by the performance-linked percentage determined by the performance assessment of the previous medium-term management plan, and shall be granted along with the share points for the fiscal year ending March 31, 2021 until the fiscal year ending March 31, 2023, which are to be determined by the performance assessment of this medium-term management plan, after the performance assessment period following the amendment.