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(Securities Code: 1890)

June 8, 2023

Start date of measures for electronic provision: June 2, 2023

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 101st Annual General Meeting of Shareholders

We would like to thank our shareholders for their continuous support of the Company.

We are pleased to announce the 101st Annual General Meeting of Shareholders, which will be held as follows.

In convening this General Meeting of Shareholders, the Company has taken measures for providing information in electronic format that constitutes the content of Reference Documents for the General Meeting of Shareholders, etc. (Electronic Provision Measures Matters), and has posted the information on each of the following websites. Please access either of the websites to view the information.

[The Company's website]

<https://www.toyo-const.co.jp/ir/shareholder/meeting> (in Japanese)

(Please access the above website and check the documents under “The 101st (April 1, 2022 – March 31, 2023)”).

[Website for posted informational materials for the general meeting of shareholders]

<https://d.sokai.jp/1890/teiji/> (in Japanese)

[Tokyo Stock Exchange website (Listed Company Search)]

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

(Access the TSE website by using the internet address shown above, enter “TOYO CONSTRUCTION” in “Issue name (company name)” or the Company’s securities code “1890” in “Code,” click “Search,” and, click “Basic information” and select “Documents for public inspection/PR information.” Then, review the section “Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting.” under “Documents for public inspection.”)

If you are unable to attend the meeting in person, you may exercise your voting rights via the internet or in writing. Please review the Reference Documents for the General Meeting of Shareholders and refer to the “Information on Exercise of Voting Rights” on page 4 and exercise your voting rights no later than 5:00 p.m. on Monday, June 26, 2023.

1. **Date and Time:** Tuesday, June 27, 2023 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 Accounting Auditor and the Board of Auditors for the 103rd fiscal year (from April 1, 2022 to March 31, 2023)
2. The Non-consolidated Financial Statements for the 103rd fiscal year (from April 1, 2022 to March 31, 2023)

#### Matters to be resolved:

##### Company proposals

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

**Proposal No. 2:** Amendment to the Articles of Association

**Proposal No. 3:** Election of Eleven Directors

**Proposal No. 4:** Election of Two Corporate Auditors

**Proposal No. 5:** Revision to Amount of Director’s Compensation

**Proposal No. 6:** Revision of Amount and Contents of Share Compensation for Directors and Executive Officers

##### Shareholder proposals

**Proposal No. 7:** Election of Nine Directors

**Proposal No. 8:** Election of One Corporate Auditor

**Proposal No. 9:** Revisions to Amount of Directors’ Compensation

Please refer to the Reference Documents for the General Meeting of Shareholders for the contents, etc. of each of the proposals above.

#### 4. Matters Resolved for Convocation

- When you exercise your voting rights, please refer to the “Information on Exercise of Voting Rights” on page 4.
  - If no indication of “for” or “against” for any of the proposals on the agenda is made in the voting form, it will be treated as an indication of “for” for the company proposal and “against” for the shareholder proposal.
  - Article 19 and Article 31 of the Company’s articles of association stipulate that the number of directors and corporate auditors of the Company shall be 15 or less and 4 or less, respectively. On the other hand, company proposal No. 3 and shareholder proposal No. 7 propose the election of 11 and 9 directors, respectively, and company proposal No. 4 and shareholder proposal No. 8 propose the election of 2 and 1 corporate auditors, respectively, and depending on the result of the election of each proposal, it is possible that the maximum number of directors and corporate auditors stipulated in the Company’s articles of association may be exceeded. In such cases, as a general rule, the Company shall elect the candidate who has received a majority of votes in favor, including votes cast via the Internet, etc. or in writing (by mail), and if, as a result of the voting, the number of officers exceeds the maximum number (15 directors and 4 corporate auditors), the 15 candidates for director and 4 candidates for corporate auditor who have the highest number of votes in favor shall be elected in descending order. The Company does not set the maximum number of candidates for whom the shareholders exercise their voting rights, with respect to both Proposals No. 3 and No. 7, as well as Proposals No. 4 and No. 8.
  - Company proposal No. 5: “Revision to Amount of Director’s Compensation” and shareholder proposal No. 9 “Revisions to Amount of Directors’ Compensation” are incompatible. Accordingly, please note that if you vote in favor of both proposals, your exercise of voting rights for both proposals will be invalid.
  - If you wish to exercise your voting rights by proxy, the proxy must submit the voting form and a document certifying the proxy’s authority to exercise voting rights. However, the proxy must be another person with voting rights of the Company.
- You are kindly requested to present the voting form sent out with this notice at reception when you attend the meeting in person.
  - If revisions to the Electronic Provision Measures Matters arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on the Company’s website, website for posted informational materials for the general meeting of shareholders, and TSE website.
  - In accordance with a revision of the Companies Act, in principle you are to check the Electronic Provision Measures Matters by accessing either of the websites mentioned above, and we have decided to deliver paper-based documents stating the matters only to shareholders who request the delivery of paper-based documents by the record date. However, for this General Meeting of Shareholders, we have delivered paper-based documents stating the Electronic Provision Measures Matters to all shareholders, regardless of whether or not they have requested them. Among the Electronic Provision Measures Matters, in accordance with the provisions of relevant laws and regulations and Article 15 of the Company’s articles of association, the following matters are not provided in the delivered paper-based documents.
    - (i) 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,
    - (ii) The “Consolidated Statement of Changes in Equity” and “Notes to the Consolidated Financial Statements” included in the Consolidated Financial Statements
    - (iii) The “Statement of changes in equity” and “Notes to the Non-consolidated Financial Statements” included in the Non-consolidated Financial StatementsAccordingly, the Business Report, Consolidated Financial Statements, and Non-Consolidated Financial Statements included in this document are a part of the documents that were audited by the corporate auditors and the accounting auditor in preparing their audit report.

## **Information on Exercise of Voting Rights**

### **For this Annual General Meeting of Shareholders, one shareholder presented shareholder proposals (Proposal No. 7 to Proposal No. 9), and the Company's Board of Directors is against these proposals.**

For details, please refer to pages 36 to 52.

We request those who are in agreement with the opinion of the Company's Board of Directors to vote for Proposal No. 1 to Proposal No. 6, and against Proposal No. 7 to Proposal No. 9.

You may exercise your voting rights using one of the following three methods.

#### **Exercise of voting rights by attending the meeting**

You are kindly requested to exercise your voting rights by submitting the enclosed voting form to reception at the meeting.

#### **Date of the meeting**

Tuesday, June 27, 2023 10:00 a.m. (JST) (Reception start time: 9:00 a.m.)

#### **Exercise of voting rights in writing (by mail)**

You are kindly requested to indicate whether you are for or against each proposal on the enclosed voting form, and to return the completed voting form to the Company. You do not need to affix a stamp.

- \* If no indication of "for" or "against" for any of the proposals on the agenda is made in the voting form, it will be treated as an indication of "for" for the company proposal and "against" for the shareholder proposal.

#### **Deadline for exercise of voting rights in writing (by mail)**

The Company must receive the completed voting form by Monday, June 26, 2023, at 5:00 p.m. (JST).

#### **Exercise of voting rights via the internet**

Access the website for the exercise of voting rights (<https://evote.tr.mufg.jp/>) (in Japanese) through a personal computer or smartphone, enter the login ID and temporary password printed on the enclosed voting form, follow the instructions on the screen, and indicate whether you are for or against the proposals.

#### **Deadline for exercise of voting rights via the internet**

The Company must receive your voting instructions by Monday, June 26, 2023, at 5:00 p.m. (JST).

- \* If you exercise your voting right in duplicate both in writing (by mail) and via the internet, the Company will only deem your exercise via the internet valid.
- \* If you exercise your voting right multiple times via the internet, the Company will only deem the substance of your final exercise to be valid.

## **Information on Exercise of Voting Rights via the Internet**

### **Scanning the QR Code**

You can log in to the website for the exercise of voting rights without entering the login ID or temporary password printed on the voting form.

1. Please scan the QR Code printed on the voting form.

\* QR Code is a registered trademark of DENSO WAVE INCORPORATED.

2. Indicate whether you are for or against the proposals by following the instructions on the screen.

### **Entering login ID and temporary password**

[Website for the exercise of voting rights: <https://evote.tr.mufg.jp/> (in Japanese)]

1. Please access the website for the exercise of voting rights.

2. Enter the “login ID” and “temporary password” printed on your voting form and click the “Login.”

3. Register a new password.

4. Indicate whether you are for or against the proposals by following the instructions on the screen.

If you have any inquiries regarding the operation of a personal computer and a smartphone when exercising your voting rights via the internet, please contact the following:

Mitsubishi UFJ Trust and Banking Corporation

Stock Transfer Agency Help Desk

Tel: 0120-173-027 (Toll-free only from Japan / Hours: 9:00 a.m. to 9:00 p.m. JST)

Institutional investors may use the electronic voting platform for institutional investors operated by ICJ, Inc.

Company proposals (Proposal No. 1 to Proposal No. 6)

**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 future capital investments and technology development aiming for entry into the offshore wind power generation construction market and further development of overseas business, etc.

Furthermore, the Company achieved “consolidated equity of 70.0 billion yen or more” and “total of 30.0 billion yen in consolidated operating income for three years,” which were its targets in the previous mid-term business plan, which ended in FY2022.

Based on the above, the Company has decided on the following year-end dividend for the fiscal year under review.

1. Type of dividend property  
Cash
2. Allotment of dividend property and their aggregate amount  
25 yen per common share  
Total dividends: 2,358,176,300 yen
3. Effective date of dividends of surplus  
June 28, 2023

**Proposal No. 2: Amendment to the Articles of Association**

1. Reasons for the Amendments

In preparation for full-scale entry into the offshore wind power business, which is a growth driver, we plan to participate in a variety of fields, including submarine cables, bottom fixed foundations, and floating moorings, by leveraging our strengths in marine engineering. We are adding a new purpose to Article 2 of the current articles of association in order to respond to this expansion of our business domain.

2. Details of the Amendments

The following are the details of the amendments.

(Underline indicates amended portions.)

Current Articles of Association	Proposed Amendments
<p style="text-align: center;">Chapter I General Provisions</p> <p>Article 2. (Purpose)</p> <p>The purpose of the Company shall be to engage in the following business activities:</p> <p>1. – 18.                   &lt;Omitted&gt;                                   &lt;New&gt;</p> <p><u>19.</u> All businesses that are incidental to those mentioned in the preceding items.</p>	<p style="text-align: center;">Chapter I General Provisions</p> <p>Article 2. (Purpose)</p> <p>The purpose of the Company shall be to engage in the following business activities:</p> <p>1. – 18.                   (Unchanged)</p> <p><u>19. Coastal shipping business, marine transportation business, and harbor transportation business</u></p> <p><u>20.</u> All businesses that are incidental to those mentioned in the preceding items.</p>

### Proposal No. 3: Election of Eleven Directors

#### 1. Summary of Proposal

With the conclusion of the Annual General Meeting of Shareholders, the terms of all eight directors will expire. The Company proposes to increase the number of directors by three, meaning that the election of eleven directors is proposed.

The director candidates are as follows.

Candidate No.	Name	Positions and Responsibilities			
1	Haruhisa Obayashi	Director Senior Managing Executive Officer, General Manager of Civil Construction Div., and in charge of Safety and Environment Dept.	Reappointment		
2	Hiromi Hirata	Director Vice President Executive Officer, General Manager of Architectural Construction Div., and in charge of Safety and Environment Dept.	Reappointment		
3	Mamoru Sato	Director Managing Executive Officer, Deputy General Manager of Business Administration Div.	Reappointment		
4	Tatsuyoshi Nakamura	Managing Executive Officer, Deputy General Manager of Civil Construction Div., and in charge of Offshore Wind Dept.	New Appointm e n t		
5	Atsushi Miyazaki	General Manager of Legal Dept. of Business Administration Div.	New Appointm e n t		
6	Yasuyuki Fujitani	Director	Reappointment	Outside	Independent Officer
7	Takashi Narusawa		New Appointm e n t	Outside	Independent Officer
8	Kazuo Ohtake		New Appointm e n t	Outside	Independent Officer
9	Akihiko Matsunaga		New Appointm e n t	Outside	Independent Officer
10	Taizo Nishikawa		New Appointm e n t	Outside	Independent Officer
11	Akiko Shigemoto		New Appointm e n t	Outside	Independent Officer



2. Reason for Proposal

- (i) **It is execution of the Company's New Mid-Term Business Plan that will lead to maximization of the Company's corporate value and the common interests of shareholders.**

**On March 23, 2023, the Company formulated a five-year mid-term business plan starting from FY2023, entitled the "Toyo Construction Group Mid-Term Business Plan (2023-2027)" ("New Mid-Term Business Plan"). To evolve into a "resilient company," the period covered by the New Mid-Term Business Plan was extended to five years instead of the usual three years, and under such plan, the Company will make significant changes to management, with (i) transformation from "defense to offense," (ii) transformation to a "high profit model," and (iii) transformation to "capital efficiency management" as the three core pillars, and set out the following numerical management targets.**

Consolidated Targets for FY2027 (ending March 2028)

Sales	235.0 billion yen or more
Operating Income	15.0 billion yen or more
Annual Net Profit	9.0 billion yen or more
ROE	12.0% or more
D/E Ratio	Around 0.4
Shareholder Returns	The dividend ratio for the first year (FY2023) through third year (FY2025) of the plan will be 100% (minimum dividend: 50 yen). From the fourth year (FY2026) onward, the Company will continue to proactively pay dividends with a target equity ratio of 40% (minimum dividend: 50 yen)

By steadily implementing such major management changes over the following five years until FY2027 (ending March 2028) towards the 100<sup>th</sup> anniversary of the founding of the Company in 2029, the Company will respond flexibly to the ever-changing business environment, become a resilient company that directly takes on the challenges of a difficult environment, and seeks to be a company where "Everybody works together youthfully and with dreams, strives to serve customers and the public through new and productive technology, and contributes to the stable growth of the company and the improvement of the welfare of employees," which is the Company's management philosophy, and **achieves the numerical management targets by implementing the priority measures.**

The Company made a request to Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., a financial advisor and third-party valuation institution that is independent of the Company and Godo Kaisha Yamauchi-No.10 Family Office (formerly Godo Kaisha Vpg; "YFO") and Kabushiki Kaisha KITE (collectively with YFO, "YFO etc.") which are Company shareholders, for a valuation of Company shares premised upon the financial projections on which the New Mid-Term Business Plan released on March 23, 2023 is based, and obtained a share valuation report dated May 23, 2023.

In light of a comparison with the range of the per-share value of Company shares in the DCF analysis of the share valuation report based on the financial projections on which the New Mid-Term Business Plan is based, the Company's Board of Directors has determined that the intrinsic value of the Company that can be realized by implementing the New Mid-Term Business Plan is relatively superior to the 1,000-yen tender offer price of the TOB which YFO etc. subscribed to the Company on May 18, 2022, and that the implementation of the New Mid-Term Business Plan is what will maximize the Company's corporate value and the common interests of shareholders.

For the foregoing reasons, **the Company believes that it is execution of the Company's New Mid-Term Business Plan that will lead to maximization of the Company's corporate value and the common interests of shareholders.** For details, please see the Company's press release issued on May 24, 2023, "Notice Regarding Expression of Opinion (Opposition) Regarding the Application for a Tender Offer for Company Shares by Godo Kaisha Yamauchi-No. 10 Family Office (formerly Godo Kaisha Vpg) and Kabushiki Kaisha KITE" ("Press Release Expressing Opinion Regarding YFO Proposal").

○May 24, 2023 press release:

- Notice Regarding Expression of Opinion (Opposition) Regarding the Application for a Tender Offer for Company Shares by Godo Kaisha Yamauchi-No. 10 Family Office (formerly Godo

Kaisha Vpg) and Kabushiki Kaisha KITE”  
([https://www.toyo-const.co.jp/en/wp/wp-content/uploads/2023/05/20230529-1\\_E.pdf](https://www.toyo-const.co.jp/en/wp/wp-content/uploads/2023/05/20230529-1_E.pdf))

**(ii) In order to achieve the New Mid-Term Business Plan, management by the director candidates proposed by the Company is essential.**

In the past, prior to the newly formulated New Mid-Term Business Plan, the Company formulated three mid-term business plans, and all of these reached the initially set numerical goals. The Company believes that this is evidence that the Board of Directors, based on a deep understanding of the Company’s business foundation, has achieved steady growth in the Company’s businesses, starting with the marine construction business, and including onshore civil engineering, architectural construction, and overseas businesses etc.

The Company determined that in order to achieve further growth of the Company businesses, it was necessary to formulate a new mid-term business plan through personnel who, taking over the steady business management of the current management team, are capable of taking a long-term view based on a deep understanding of the Company’s business foundation to achieve Company growth, and for this reason, as discussed in (i) above, formulated the New Mid-Term Business Plan. Under the New Mid-Term Business Plan, which was formulated based on such a long-term view, it was determined that in order to enter the offshore wind power market and capture a top-class share in the marine construction field in such market, management for the five years until FY2027 was of primary importance, and the plan period was extended from the usual three years to five years. In formulating the New Mid-Term Business Plan, regarding the important measures concerning civil construction and offshore wind power, Mr. Haruhisa Obayashi, the current General Manager of Civil Construction Div., and Mr. Tatsuyoshi Nakamura, the current Deputy General Manager of Civil Construction Div., and in charge of Offshore Wind Dept., were mainly in charge of the formulation; and regarding the important measures concerning the architectural construction business, Mr. Hiromi Hirata, the current General Manager of Architectural Construction Div., was mainly in charge of formulation. In addition, Mr. Mamoru Sato, the current Deputy General Manager of Business Administration Div., formulated personnel strategy and other priority measures contributing to the strengthening of the management foundation, and oversaw the formulation of New Mid-Term Business Plan, considering the measures for the respective business fields.

**In order to vigorously promote the priority measures listed in the New Mid-Term Business Plan (promoting growth drivers, deepening existing business, strengthening management foundation, transition to capital efficiency management), the Company believes that it is essential that the Representative Director and President be Mr. Haruhisa Obayashi, who for many years has led the Civil Construction Div., a foundational business of the Company, and was involved in the formulation of the New Mid-Term Business Plan, and that the Representative Director and Vice President be Mr. Hiromi Hirata, who for many years has led the Architectural Construction business and also was involved in the formulation of the New Mid-Term Business Plan. Further, it is essential that Mr. Mamoru Sato and Mr. Tatsuyoshi Nakamura, who were both involved in the formulation of the New Mid-Term Business Plan, participate in management as executive directors, and the presence of Mr. Atsushi Miyazaki, who currently is the General Manager of the Legal Dept. of the Business Administration Div., is well-versed in the business fields of the Company, and has a wealth of experience and broad knowledge concerning business management, is essential.**

Regarding outside directors, it had been planned that the current outside directors would leave their posts at the expiration of the term, with the formulation of the New Mid-Term Business Plan and the start of new activities seen as good timing to make a break; however, **in order to ensure continuity of advice to the executive directors, it has been decided to retain Mr. Yasuyuki Fujitani as outside director and, from the perspective of enhancement of corporate value over the medium-to-long term, to put up as outside director candidates persons who can give advice based on a wealth of experience and specialized knowledge and can monitor and supervise from an objective and neutral position.**

**(iii) The director candidate composition under the Company proposal is optimal.**

**a. Given the business scale of the Company and the number of directors of other companies in the same business etc., eleven is the optimal number of directors.**

Under the Company’s articles of association, the maximum number of directors is 15; however, in order to promote the new mid-term business plan and further strengthen the Company’s governance systems, the Company reconsidered the appropriate size of the Board of Directors. The Company

thought that in order to vigorously promote the Company's new mid-term business plan, it was necessary to keep the number of inside directors in charge of businesses at the current level of five, and, further, with a goal of further strengthening of governance, having outside directors constitute a majority of the directors would be the optimal composition in order to enhance the Company's corporate value. It was judged that by having a Board of Directors thus constituted, the size of the Board of Directors would not be excessive and it would be possible to have meaningful and substantive discussion among members having a variety of skills and experience.

Additionally, the Company surveyed companies according to the three patterns below, for the number of directors of listed companies thought to be on the same scale as the Company; in all three patterns, it was found that the average number of directors was between eight and nine, of which, on average, five to six were inside directors.

Companies with a market capitalization between 50 and 100 billion yen: 8.8 (of which, an average of 5.4 were inside directors).

Companies with a market capitalization between 50 and 100 billion yen and a board of auditors: 8.29 (of which, an average of 5.2 were inside directors).

Sales between 100 and 200 billion yen: 8.9 (of which, an average of 5.5 were inside directors).

In addition, the Company surveyed the number of directors of corporations having sales of 250 billion yen or more, which is the sales goal for the final year of the new mid-term business plan and found that on average they had 10.0 directors (of which, an average of 5.8 were inside directors).

Thus, **five as the number of inside directors of the Company essentially matches the average number of inside directors of listed companies of the same scale, and electing six candidates for outside directors so that outside directors will form a majority on the Board for the purpose of further enhancement of corporate governance will make 11 members of the Board of Directors overall**, which certainly is not excessive, but rather seems to be an appropriate Board of Directors composition for robust discussions.

**b. Regarding skill matrix of director candidates under the Company proposal**

The Company has sought to find a governance system under which the new mid-term business plan can be effectively and efficiently realized. From the perspective of improving diversity of the Board of Directors, the Company proposes to **elect a woman director and compose the Board of Directors so that a majority of directors are independent outside directors**. Further, from the perspective of skill sets, on the assumption that the currently identified skills continue to be important elements, **the Company has identified three additional important skills** that will be necessary in order to promote new entry into the offshore wind power market, which is one of the Company growth drivers, and acceleration of the localization of the overseas construction market: **“knowledge of new investment and business development”, “legal and risk management experience”, and “global experience”**.

■ Skill matrix of director candidates under the Company proposal  
(New investment and business development added as new skills)

	Name	Business administration	Sales	Technology / ICT	Global	Sustainability	Finance / Accounting	Legal / Risk management	New investment / Business development
<b>candidates proposed by the Company</b>									
Inside	Haruhisa Obayashi	●	●	●	●	●			●
	Hiromi Hirata	●	●	●		●			●
	Mamoru Sato	●	●			●	●	●	●
	Tatsuyoshi Nakamura	●	●	●					●
	Atsushi Miyazaki	●			●		●	●	
Outside	Yasuyuki Fujitani	●	●		●	●	●	●	●
	Takashi Narusawa	●			●	●	●	●	●
	Kazuo Ohtake				●		●	●	
	Akihiko Matsunaga	●			●	●	●	●	●
	Taizo Nishikawa	●		●	●	●			●
	Akiko Shigemoto	●			●	●	●	●	
<b>candidates proposed by YFO</b>									
Inside	Shinya Yoshida								
	Akira Tosaka								
Outside	Masato Uchiyama								
	Masaharu Okada								
	Shinichi Kato								
	Katsuya Natori								
	Toshiaki Yamaguchi								
	Kazumichi Matsuki								
	Tsuneko Murata								

※ Because the Company was unable to interview the candidates under the Shareholder Proposals and to confirm what level of skills they have, the skill matrix for them is left blank.

**(iv) Governance issues indicated in the shareholder proposal by YFO (“Shareholder Proposal”) do not exist.**

In the Shareholder Proposal, under the title of “Inappropriate Conduct by Current Toyo Directors and the Company’s Governance Issues”, YFO asserts that there are governance “issues” at the Company. However, **the “issues” asserted by YFO are contrary to the facts. YFO does not show any concrete objective grounds for the “issues”, and cites, out of context, fragments of conversations with the Company that took place over a long period, shaping and clipping them to suit their own one-sided purposes.** The Company explained in its press release dated March 28, 2023, “The Facts About the “Problems” and “Suspensions” Regarding the Company’s Governance Alleged by Yamauchi-No.10 Family Office” and its press related dated May 24, 2023, “Notice of Decision on Company Proposals Relating to Candidates for Directors and Corporate Auditors and Revision to Amount of Compensation and Board of Directors’ Opinion Regarding Shareholder Proposals” that the governance “issues” asserted by YFO do not exist.

○March 28, 2023 press release

- The Facts About the “Problems” and “Suspensions” Regarding the Company’s Governance Alleged by Yamauchi-No.10 Family Office  
([https://www.toyo-const.co.jp/en/wp/wp-content/uploads/2023/04/20230331\\_E\\_31.pdf](https://www.toyo-const.co.jp/en/wp/wp-content/uploads/2023/04/20230331_E_31.pdf))

○May 24, 2023 press release

- Notice of Decision on Company Proposals Relating to Candidates for Directors and Corporate Auditors and Revision to Amount of Compensation and Board of Directors’ Opinion Regarding Shareholder Proposals  
([https://www.toyo-const.co.jp/en/wp/wp-content/uploads/2023/05/20230529-2\\_E.pdf](https://www.toyo-const.co.jp/en/wp/wp-content/uploads/2023/05/20230529-2_E.pdf))

**(v) The selection of candidates for directors was the result of careful consideration and deliberation by the Board of Directors, based on discussions at the Company’s Director Nominating/Compensation Committee.**

As explained in the Company’s Securities Report and Corporate Governance Report, in the nomination of candidates for the Company’s directors, the Director Nominating/Compensation Committee, which is composed of the two Representative Directors and three outside directors, meaning that the majority of its members are outside directors, first deliberates the appointment of director candidates, on the basis of their having a wide range of knowledge necessary for business decision-making, and having the experience necessary to exercise business supervisory functions and having a diverse track record in their fields of business, and the Board of Directors then makes the decision to select and nominate candidates for directors.

In deciding on candidates for directors proposed by the Company at the Annual General Meeting of Shareholders, **after discussions at the Director Nominating/Compensation Committee, the Board of Directors carefully considered and deliberated regarding the candidates, based on the results of such discussions, and then made the decision. Thus, the procedures required for the Company’s corporate governance have been performed.**

**(vi) Career Summary of Each Candidate, and Reasons for Nomination as Candidate**

Candidate No.	Number of Company shares owned	27,900 shares
<b>1</b>	<b>Haruhisa Obayashi</b>	Attendance at Board of Directors Meetings for the fiscal year under review
		30/30 times (100%)



(DOB: Aug. 21, 1959)

Reappointment

- 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 Division, General Manager of Construction Dept.
  - Apr. 2019    Managing Executive Officer, General Manager of Civil Construction Div., and in charge of Safety and Environment Dept.
  - Jun. 2019    **Director (current position)**
  - Apr. 2021    **Senior Managing Executive Officer, General Manager of Civil Construction Div., and in charge of Safety and Environment Dept. (current position)**

**Reasons for nomination as candidate for director**

Mr. Obayashi has engaged in civil engineering construction management, and is currently serving as Senior Managing Executive Officer and General Manager of Civil Construction Div. after serving as General Manager of Civil Construction Dept., and Deputy General Manager of International Division and General Manager of Construction Dept. With his strong leadership, he has promoted strengthened technical, onsite and organizational capabilities, secured a share of the government civil engineering business, which is a solid revenue base for the Company, and contributed to record earnings in in the term ended March 2021. He has also been involved in technical development in preparation for entering the offshore wind power business, which is the Company growth driver.

Given his track record, as well as his abundant experience and wide knowledge in Japan and abroad, the Company considers him appropriate for the role of promoting the Company’s civil engineering business and has once again nominated him as a candidate for director.

Candidate No.

2

**Hiromi Hirata**

Number of Company shares owned

41,500 shares

Attendance at Board of Directors Meetings  
for the fiscal year under review

30/30 times (100%)



(DOB: March 11, 1957)

Reappointment

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, Supervisor of Architectural Construction Business of Osaka Main Office
Jan. 2013	Executive Officer, Deputy General Manager of Architectural Construction Div. and General Manager of Architectural Construction Dept.
Apr. 2014	Managing Executive Officer, General Manager of Architectural Construction Div.
Jun. 2014	<b>Director (current position)</b>
Apr. 2016	Senior Managing Executive Officer, General Manager of Architectural Construction Div.
Apr. 2018	Senior Managing Executive Officer, General Manager of Architectural Construction Div., and in charge of Safety and Environment Dept.
Jul. 2022	<b>Vice President Executive Officer, General Manager of Architectural Construction Div., and in charge of Safety and Environment Dept. (current position)</b>

**Reasons for nomination as candidate for director**

Mr. Hirata has engaged in architectural construction management and is currently serving as Vice President Executive Officer and General Manager of Architectural Construction Div. after serving as General Manager of Architectural Construction Dept. and other roles. During his days as General Manager of Architectural Construction Div., he exercised strong leadership in the architecture business, which was in distress, and grew this business to be a revenue pillar comparable to the civil engineering business by improving its earning power and its flexibility to adapt to changing social needs, and by improving technical capabilities and cost competitiveness. He also materialized the strategy set forth in the previous mid-term business plan.

Given his track record as well as his abundant experience and wide knowledge, the Company considers him appropriate for the role of promoting the Company's architectural construction business and has once again nominated him as a candidate for director.

Candidate No.

3

Mamoru Sato

Number of Company shares owned

2,800 shares

Attendance at Board of Directors Meetings for the fiscal year under review

18/18 times (100%)  
(Since taking office in June 2022)



(DOB: Dec. 12, 1969)

Reappointment

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

Apr. 1994	Joined the Company
Feb. 2002	General Manager of Administration Dept. of Orient Ecology Co., Ltd. (seconded)
Apr. 2011	Manager of Purchase Dept. of Business Administration Div.
Jul. 2015	Manager of Corporate Strategy Office
Apr. 2016	General Manager of Secretary Dept.
Apr. 2020	General Manager of Administration Dept. of Business Administration Div. and General Manager of Secretary Dept.
Apr. 2021	Executive Officer, Deputy General Manager of Business Administration Div., General Manager of Administration Dept., and General Manager of Secretary Dept.
Apr. 2022	Managing Executive Officer, Deputy General Manager of Business Administration Div., General Manager of Administration Dept., and General Manager of Secretary Dept.
Jun. 2022	<b>Director (current position)</b>
Jul. 2022	<b>Managing Executive Officer, Deputy General Manager of Business Administration Div. (current position)</b>

**Reasons for nomination as candidate for director**

Mr. Sato has engaged in procurement and construction administration and is currently serving as Managing Executive Officer and Deputy General Manager of Business Administration Div. after serving as General Manager of Administration Dept. of a new business company, Manager of Corporate Strategy Office, General Manager of Administration Dept., and other roles. With his excellent knowledge, he has considered medium-to-long-term management strategies and capital policies and contributed to progress in the domestic civil engineering business, the domestic architectural construction business, and the overseas construction business. He worked on the materialization of the previous medium-term business plan and the formulation of the new mid-term business plan.

Given his track record as well as abundant and wide knowledge about overall business administration, the Company considers him appropriate for the role of enhancing the Company's corporate value and has once again nominated him as a candidate for director.



Candidate No. **Tatsuyoshi**  
**4** **Nakamura**

Number of Company shares owned

5,500 shares

Attendance at Board of Directors Meetings  
for the fiscal year under review

—/— times (—%)



(DOB: June 4, 1962)

New Appointment

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

Apr. 1985	Joined the Company
Apr. 2007	Director of Tokyo Sales Office
Apr. 2012	General Manager of Civil Construction Business Dept. 1 of Kanto Branch Office
Apr. 2016	Deputy Director of Kanto Branch Office, General Manager of Business Dept. 1
Apr. 2018	Deputy Director of Kanto Branch Office
Apr. 2019	Executive Officer, Director of Kanto Branch Office
Apr. 2022	Managing Executive Officer, Deputy General Manager of Civil Construction Div. (in charge of Business) and Director of Kanto Branch Office
Apr. 2023	<b>Managing Executive Officer Deputy General Manager of Civil Construction Div., and in charge of Offshore Wind Dept. (current position)</b>

**Reasons for nomination as candidate for director**

Mr. Nakamura has engaged in civil construction management and sales and is currently serving as Managing Executive Officer, Deputy General Manager of Civil Construction Div. and Offshore Wind Dept. Manager after serving as General Manager of Business Dept. in charge of government civil as well as director of the key branch office. He has expanded the industry share in the government construction field and improved sales power in civil construction. Mobilizing his knowledge acquired to date, he is focused on the implementation of business strategies to improve competitiveness and earning power as officer in charge of the offshore wind business, which is the Company growth driver.

Given his track record as well as abundant experience, wide knowledge and excellent judgment, the Company considers him appropriate for the role of promoting the Company's civil construction business and has nominated him as a candidate for director.

Candidate No.

5

Atsushi Miyazaki

Number of Company shares owned

600 shares

Attendance at Board of Directors Meetings  
for the fiscal year under review

—/— times (—%)



(DOB: July 8, 1960)

**New Appointment**

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

Apr. 1984	Joined the Company
Jun. 2002	General Manager of Administration Dept. and General Manager of Quality Assurance Office of Yokohama Branch Office
Apr. 2008	General Manager of Audit Dept.
Apr. 2009	General Manager of Administration Dept. of Administration Div.
Apr. 2015	General Manager of Administration Dept. of International Division
Apr. 2019	<b>General Manager of Legal Dept. of Business Administration Div. (current position)</b>

**Reasons for nomination as candidate for director**

Mr. Miyazaki has engaged in general affairs and legal administration and is currently serving as General Manager of Legal Dept. of Business Administration Div. after serving as General Manager of Administration Dept. of the branch, General Manager of Administration Dept. of the head office and other roles. He has promoted compliance and risk management. With experience of serving as General Manager of Administration Dept. of the International Division in charge of overseas work, he is familiar with the overseas construction business.

Given his track record as well as his abundant and wide knowledge about business administration in Japan and abroad, the Company considers him appropriate for the role of strengthening the governance and enhancing the corporate value of the Company as General Manager of the Business Administration Div. and has nominated him as a candidate for director.

Candidate No.

6

Yasuyuki Fujitani

Number of Company shares owned

0 shares

Attendance at Board of Directors Meetings for the fiscal year under review

17/18 times(94%)  
(Since taking office in June 2022)



(DOB: Mar. 26, 1958)

Reappointment

Outside

Independent Officer

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

Apr. 1982	Joined MITSUI & CO., LTD.
Mar. 1996	General Manager Heavy Chemical Machinery Business Unit of MITSUI & CO. (U.S.A.), INC., New York Headquarters
Apr. 2006	General Manager of Project Development Dep. 3 (North, Central and South America) of Project Div. of MITSUI & Co., Ltd.
Apr. 2008	General Manager of Electric Power Business of Project Div. of MITSUI & Co., Ltd.
Apr. 2012	Deputy Chief Operating Officer of EMEA (Europe, the Middle East and Africa) Business Unit of MITSUI & CO., LTD. President of MITSUI & CO., MIDDLE EAST LTD.
Apr. 2013	Executive Officer of MITSUI & CO., LTD.
Apr. 2015	Chief Operating Officer of Corporate Development Business Unit of MITSUI & CO., LTD., Member of the Investment and Loan Committee of MITSUI & CO., LTD., Outside Director of JA MITSUI LEASING, LTD.
Apr. 2016	Executive Managing Officer of MITSUI & CO., LTD.
Apr. 2018	Senior Executive Managing Officer, Chief Operating Officer of EMEA (Europe, the Middle East and Africa) Business Unit of MITSUI & CO., LTD. President of MITSUI & CO. EUROPE PLC
Apr. 2020	Counselor of MITSUI & CO., LTD.
Jun. 2022	<b>Director of the Company (current position)</b>

**Reason for nomination as candidate for outside director and anticipated roles**

Mr. Fujitani held multiple officer posts at MITSUI & CO., LTD., and has management experience in Japan and abroad including experience of serving as President of an overseas subsidiary. With his knowledge and abundant track record in the electric power business and the energy infrastructure business, he has supervised the progress of priority measures in the overseas construction business and the offshore wind power business, which is the Company growth driver, and proactively provided advice to the executive departments. Regarding the formulation of the new mid-term business plan, when basic strategies and priority measures were drafted for the businesses above, he provided advice to the executive departments from a global perspective.

The Company expects further growth for evolution into a resilient company with Mr. Fujitani who keeps supervising and providing advice to the Company's offshore wind power business and other business going forward and has once again nominated him as a candidate for director.

**No. of years as outside director:** one year (time of conclusion of the Annual General Meeting of Shareholders)

Candidate No.

7

Takashi Narusawa

Number of Company shares owned

0 shares

Attendance at Board of Directors Meetings  
for the fiscal year under review

-/- times (-%)



(DOB: Dec. 8, 1949)

New Appointment

Outside

Independent Officer

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

Oct. 1973	Joined Nomura Research Institute, Ltd.
Nov. 1983	General Manager of Investment Investigation Dept. of Nomura Research Institute Europe Limited (U.K.)
Apr. 1990	President of Nomura Research Institute Germany Limited (then)
Jun. 1994	Director, General Manager of Management System Consulting Dept. of said company
Apr. 1997	Director, General Manager of Consulting Div. of said company
Apr. 2000	Managing Director, General Manager of Consulting Depts. of said company
Apr. 2002	Representative Director, Senior Managing Executive Officer and General Manager of Consulting Depts. of said company
Apr. 2004	Representative Director, Senior Managing Executive Officer and Supervisor of Business Depts. of said company
Apr. 2007	Representative Director Vice President, Supervisor of Business Depts. of said company
Apr. 2008	Representative Director Deputy Chairperson of said company
Apr. 2009	Director Deputy Chairperson of said company
Mar. 2009	Outside Director of Tokyo Coca-Cola Bottling Inc. (current Coca-Cola Bottlers Japan Inc.)
Jun. 2011	Outside Director of The Nisshin OilliO Group, Ltd.
Jul. 2012	Senior Managing Executive Officer of Starts Corporation Inc.
Jun. 2016	Outside Corporate Auditor of Ricoh Company, Ltd.
Jun. 2016	Outside Director of Hirata Corporation
Jun. 2018	Director of Kamiyama Foundation (current position)
Jun. 2018	Outside Director of LOTTE CO., LTD. (current position)

Significant concurrent positions outside the Company

Director of Kamiyama Foundation  
Outside Director of LOTTE CO., LTD.

**Reason for nomination as candidate for outside director and anticipated roles**

Mr. Narusawa has expertise in corporate management and abundant experience in overseas business acquired through management consulting work in Japan and abroad over the years at Nomura Research Institute, Ltd. In fact, with such knowledge and experience, he is taking initiative at Starts Corporation Inc. as Senior Managing Executive Officer in the overseas development of said company. The Company believes that he will provide appropriate advice to and supervise the executive departments from a medium-to-long-term perspective while the Company is promoting the overseas construction business, which is the Company growth driver, and trying to strongly push localization and stabilize business foundations in countries where the Company rolls out operations, and has nominated him as a candidate for outside director.

Candidate No.

8

Kazuo Ohtake

Number of Company shares owned

0 shares

Attendance at Board of Directors Meetings  
for the fiscal year under review

-/- times (-%)



(DOB: Nov. 27, 1952)

New Appointment

Outside

Independent Officer

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

- Apr. 1978 Certified as attorney (Daiichi Tokyo Bar Association)  
Joined Nagashima & Ohno (current Nagashima Ohno & Tsunematsu)
- Aug. 1983 Paul, Weiss, Rifkind, Wharton & Garrison (U.S.)
- Aug. 1984 Freshfields (current Freshfields Bruckhaus Deringer) (U.K.)
- Jul. 1986 Partner of Nagashima & Ohno (current Nagashima Ohno & Tsunematsu)
- Apr. 2016 Senior Counsel of said law firm
- Feb. 2018 Outside Corporate Auditor of Pfizer Japan Inc
- Mar. 2021 Outside Corporate Auditor of Nippon Hilton Co., Ltd. (current position)
- Jan. 2023 Representative of Ohtake Law Office (current position)

Significant concurrent positions outside the Company

- Representative of Ohtake Law Office
- Outside Corporate Auditor of Nippon Hilton Co., Ltd.

**Reason for nomination as candidate for outside director and anticipated roles**

Mr. Ohtake has abundant experience and expertise in global corporate legal affairs through his years of experience as an attorney in Japan, the United States, and the United Kingdom. Given his experience and knowledge, the Company believes that he will provide advice on legal affairs and risk management in countries where the Company engages in operations as well as governance management to and supervise the executive departments from an impartial and fair perspective while the Company is promoting the overseas construction business, which is the Company growth driver, and has nominated him as a candidate for outside director. It should be noted that Mr. Ohtake does not have experience in corporate management other than as Outside Corporate Auditor in the past, but for the reasons above, the Company believes that he can appropriately execute the duties of outside director.,

Candidate No.

9

Akihiko Matsunaga

Number of Company shares owned

0 shares

Attendance at Board of Directors Meetings for the fiscal year under review

-/- times (-%)



(DOB: Aug. 8, 1954)

New Appointment

Outside

Independent Officer

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

- Apr. 1978      Joined Kawasho Corporation (current JFE Shoji Corporation)
- Apr. 1986      Joined The Sumitomo Trust and Banking Co., Ltd. (current Sumitomo Mitsui Trust Bank, Inc.)
- Jul. 1988      Corporate Finance of London Branch of said bank
- Jan. 2001      CFIB Partner of Corporate finance of PricewaterhouseCoopers Co., Ltd. (current PwC Advisory LLC)
- Mar. 2008      Oversight/Management Supervisory Committee Member of said company
- Aug. 2015      Partner of Oliver Wyman Group KK, Japan
- Dec. 2015      Outside Director of Financial Partners Group Co., Ltd.
- Jun. 2016      Representative Director of Premium Investment Advisory Co., Ltd. (current position)
- Jun. 2019      Senior Advisor of KPMG FAS Co., Ltd.

Significant concurrent positions outside the Company

Representative Director of Premium Investment Advisory Co., Ltd.

**Reason for nomination as candidate for outside director and anticipated roles**

Mr. Matsunaga has engaged in M&A work in Japan and abroad over the years at The Sumitomo Trust and Banking Co., Ltd. (current Sumitomo Mitsui Trust Bank, Limited) and has abundant experience and expertise in corporate finance. At PricewaterhouseCoopers Co., Ltd. (current PwC Advisory LLC), as one of the founding members of the Japanese subsidiary, he built the investment banking and M&A department from the ground up and engaged in business administration. The Company believes that he will provide appropriate advice to and supervise the executive departments from a medium-to-long-term perspective in the Company's promotion of the offshore wind power business, which is the Company growth driver, and is expecting proactive investment strategies such as M&A and collaboration with different types of businesses, and has nominated him as a candidate for outside director.

Candidate No.

10

Taizo Nishikawa

Number of Company shares owned

0 shares

Attendance at Board of Directors Meetings for the fiscal year under review

-/- times (-%)



(DOB: Mar. 18, 1955)

New Appointment

Outside

Independent Officer

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

Apr. 1979	Joined Ministry of International Trade and Industry (current Ministry of Economy, Trade and Industry)
Jul. 1999	Manager of International Certification Section of Agency of Industrial Science and Technology of said ministry
Jul. 2001	Manager of Certification Section of Industrial Science and Technology Policy and Environment Bureau of said ministry
Oct. 2003	General Manager of Electronic and Information Technology Development Dept. of New Energy and Industrial Technology Development Organization (NEDO)
Nov. 2005	Deputy General, Commerce and Information Policy Bureau of Ministry of Economy, Trade and Industry
Jul. 2007	Deputy General of Cabinet Office (in charge of Science Technology and Innovation Policies) and Deputy Director of Cabinet Nuclear Energy Policy Office
Jul. 2009	Representative of Tokyo Office of United Nations Industrial Development Organization (UNIDO)
Jan. 2012	Acting Secretary-General and Senior Managing Director/Deputy Managing Director of said organization
Jan. 2020	Representative Director of Kabushiki Kaisha UNSDGs Consulting Co., Ltd. (current position)
Dec. 2022	Director and Vice Chairman of Machinery and Information Industry Roundtable (current position)

Significant concurrent positions outside the Company

Representative Director of Kabushiki Kaisha UNSDGs Consulting Co., Ltd.  
Director and Vice Chairman of Machinery and Information Industry Roundtable

Reason for nomination as candidate for outside director and anticipated roles

Mr. Nishikawa has engaged in policies in various fields including machinery and industries, electronic and information technologies, and renewable energy at the Ministry of International Trade and Industry (current Ministry of Economy, Trade and Industry) and the New Energy and Industrial Technology Development Organization (NEDO), and in science, technologies, and innovation policies as Deputy General of Cabinet Office. After he retired from the government office, he participated in negotiations of SDGs as Deputy Managing Director of the United Nations Industrial Development Organization (UNIDO). He has abundant experience and advanced expertise in industry policies and development policies in Japan and abroad. The Company believes that he will provide appropriate advice to and supervise the executive departments from a medium-to-long-term perspective while the Company promotes the offshore wind power business, which is the Company growth driver, and anticipates various technological developments, and has nominated him as a candidate for outside director. It should be noted that Mr. Nishikawa does not have experience in corporate management, but for the reasons above, the Company believes that he can appropriately execute the duties of outside director.

Candidate No.

11

**Akiko Shigemoto**

Number of Company shares owned

0 shares

Attendance at Board of Directors Meetings for the fiscal year under review

-/- times (-%)



(DOB: Feb. 26, 1971)

New Appointment

Outside

Independent Officer

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

- Jun. 1996                      Joined Smith Barney Securities (current Citigroup Global Markets Japan Inc.)
- Jun. 1999                      Joined Moody's Japan K.K.
- May 2005                      Joined Financial Services Agency, Securities and Exchange Surveillance Commission
- May 2013                      Lecturer at Rutgers University Business School (U.S.)
- Jan. 2016                      Japan Advisor of Permanent Mission of Japan to the United Nations
- Sep. 2019                      Associate Professor of Waseda University Graduate School of Business and Finance (Waseda Business School)
- Sep. 2020                      Lecturer of Waseda University Institute for Business and Finance (current position)
- Mar. 2021                      Outside Director of RS Technologies Co., Ltd.
- Jun. 2022                      Outside Director of Shindengen Electric Manufacturing Co., Ltd.

Significant concurrent positions outside the Company

Lecturer of Waseda University Institute for Business and Finance

Reason for nomination as candidate for outside director and anticipated roles

Ms. Shigemoto has abundant experience and expertise in corporate governance, corporate ethics, ESG management, SDGs etc. through a wide range of operational experience and research in Japanese and U.S. industries, governments and academia, as a member of the Securities and Exchange Surveillance Commission, a lecturer at Rutgers University Business School (U.S.) and Waseda University Institute for Business and Finance, and an outside director of listed companies. The Company believes that Ms. Shigemoto will provide appropriate advice to and supervise the executive departments from the perspective of stakeholder engagement while the Company is pursuing the sophistication of the management foundation as a sustainable company, and has nominated her as a candidate for outside director. It should be noted that Ms. Shigemoto does not have experience in corporate management other than as an outside director in the past, but for the reasons above, the Company believes that she can appropriately execute the duties of outside director.



- Notes:
1. There is no special interest between any of the candidates for director and the Company.
  2. Mr. Yasuyuki Fujitani, Mr. Takashi Narusawa, Mr. Kazuo Ohtake, Mr. Akihiko Matsunaga, Mr. Taizo Nishikawa, and Ms. Akiko Shigemoto are candidates for outside director. They satisfy the Company's "Toyo Construction's Criteria for Determining Independence of Outside Officers" (page 30).
  3. The Company has filed notification with the Tokyo Stock Exchange regarding Mr. Yasuyuki Fujitani, Mr. Takashi Narusawa, Mr. Kazuo Ohtake, Mr. Akihiko Matsunaga, Mr. Taizo Nishikawa, and Ms. Akiko Shigemoto as independent officers as provided for by the aforementioned exchange.
  4. The Company has entered into an agreement with Mr. Yasuyuki Fujitani to limit his liability for damage under Article 423, paragraph 1 of the Companies Act in accordance with the provisions of Article 427, paragraph 1 of the same Act. The maximum amount of the liability for damage under the said agreement will be the minimum liability amount under Article 425, paragraph 1 of the same Act. If the proposal of his reelection is approved, the Company plans to maintain the liability limitation agreement. If the election of each of Mr. Takashi Narusawa, Mr. Kazuo Ohtake, Mr. Akihiko Matsunaga, Mr. Taizo Nishikawa, and Ms. Akiko Shigemoto as outside director is approved, the Company plans to enter into a similar liability limitation agreement with each of them.
  5. The Company has entered into a directors and officers liability insurance policy as provided in Article 430-3, paragraph 1 of the Companies Act with an insurance company. The liability amount, lawsuit expenses and other damage that the insured would need to bear would be covered by said insurance policy. The insured of said insurance policy are the Company directors, corporate auditors, executive officers, and other persons who execute the operations, and the insured do not pay the insurance premium. If each of the candidates is elected, and take office, as directors, they will become the insured of the policy. However, the policy contains an exclusion clause, such as any damage arising from the insured unlawfully receiving personal gains or advantages will not be paid. In addition, when the policy is renewed, the Company plans to renew the policy with the same terms.
  6. For the fiscal year under review, there is no transactional relationship between the Company and the companies where candidates for outside director were executing persons.
  7. Mr. Yasuyuki Fujitani, in response to the criminal case involving a former director at Tachibana Kogyo Co., Ltd., a consolidated subsidiary of the Company, and business suspension order against said subsidiary, as stated in the "1.(1)(i) Management results and status of segment" of the Business Report, gave advice directed towards legal compliance for the Company group overall, and also confirmed the state of supervision at the Company regarding such the operation of prevention countermeasures at said subsidiary.

## Proposal No. 4 Election of Two Corporate Auditors

### 1. Summary of Proposal

With the conclusion of the Annual General Meeting of Shareholders, the terms of full-time corporate auditors, Satoshi Otonari and Jiro Fukuda, will expire. The Company proposes the election of two corporate auditors.

This proposal has received the approval of the Board of Auditors.

The corporate auditor candidates are set forth in 2.(v) below.

### 2. Reasons for Proposal

- (i) **It is execution of the Company's New Mid-Term Business Plan that will lead to maximization of the Company's corporate value and the common interests of shareholders.**

As set forth in 2.(i) of Proposal No. 3, the Company believes that it is execution of the Company's New Mid-Term Business Plan that will lead to maximization of the Company's corporate value and the common interests of shareholders.

- (ii) **In order to achieve the New Mid-Term Business Plan, it is necessary to elect candidates for corporate auditors proposed by the Company.**

As a company with a Board of Auditors, the Company believes that in the selection of corporate auditors who will audit the execution of duties by directors who will promote the New Mid-Term Business Plan, at least one corporate auditor familiar with the Company's business is needed to enhance effectiveness, but that independent outside corporate auditors should account for the majority of the Board of Auditors.

In addition, in selecting as candidates for the two corporate auditors who now will be up for re-election, because the two corporate auditors whose terms are expiring are a full-time corporate auditor and an independent outside corporate auditor; the Company considered it appropriate to elect one candidate for inside corporate auditor and another candidate for outside corporate auditor, and that, in particular the independent outside corporate auditor should be a person with experience and knowledge of overall business administration at a business company, knowledge of corporate governance and compliance etc. sufficient to supplement the other two independent outside corporate auditors who will not be for reelection this time, and for such reasons selected these candidates.

- (iii) **The governance issues described in the Shareholder Proposal do not exist.**

As set forth in 2.(iv) of Proposal No. 3, governance "issues" asserted by YFO are all contrary to the facts.

YFO asserts that the current corporate auditors are unable to control the inappropriate activities of the current directors and do not perform effective supervision of management; however, the Company's corporate auditors are each utilizing their specialized knowledge to perform effective auditing and are properly performing their functions as corporate auditors.

- (iv) **The selection of candidates for corporate auditors was the result of careful consideration and deliberation by the Board of Directors, based on discussions at the Company's Director Nominating/Compensation Committee.**

As explained in the Company's Securities Report and Corporate Governance Report, in the nomination of candidates for the corporate auditors, the Director Nominating/Compensation Committee, which is composed of the two Representative Directors and three outside directors, meaning that the majority of its members are outside directors, first deliberates the appointment of corporate auditor candidates, on the basis of their having appropriate knowledge regarding finance, accounting, management etc. and contributing to ensuring sound management, and, with the consent of the Board of Auditors, the Board of Directors then makes the decision to select and nominate candidates for corporate auditors.

In deciding on candidates for corporate auditors proposed by the Company at the Annual General Meeting of Shareholders, after discussions at the Director Nominating/Compensation Committee and receipt of the approval of the Board of Auditors, the Board of Directors carefully considered and deliberated regarding the candidates, based on the results of such discussions, and then made the decision. Thus, the procedures required for the Company's corporate governance have been performed.

(v) Career Summary of Each Candidate, and Reasons for Nomination as Candidate

Candidate No.	Number of Company shares owned	7,300 shares
<b>1</b>	Attendance at Board of Auditors Meetings for the fiscal year under review	19/19 times (100%)

**Satoshi Otonari**



(DOB: Nov, 27, 1963)

Reappointment

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

- Apr. 1986      Joined the Company
- Nov. 2006     Manager of Human Section of Personnel Dept. of Administration Div.
- Jun. 2014     General Manager of Accounting Dept. of Business Administration Div.
- Jun. 2021     **Full-time Corporate Auditor (current position)**

**Reasons for nomination as candidate for corporate auditor**

Mr. Otonari has been involved in Accounting Dept. and has considerable knowledge of finance and accounting. He is also familiar with the Company Group’s businesses, and actively exchanges opinions with directors, the executive departments including the Company group, General Audit Dept., the accounting auditor and the like, and has audited the execution of duties by the Company’s directors, and as needed, the businesses and the execution of business activities including the Company’s subsidiaries. The Company believes that he can audit the execution of duties by directors in a fair and efficient manner and has once again nominated him as a candidate for corporate auditor.

Candidate No.

2

**Koichi Kawaguchi**

Number of Company shares owned

0 shares

Attendance at Board of Auditors Meetings  
for the fiscal year under review

—/— times (—%)



(DOB: Dec. 16, 1957)

New Appointment

Outside

Independent Officer

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

Apr. 1982            Joined ITOCHU Corporation  
Feb. 2001           Representative Director and President of ColinQ Corporation  
Apr. 2006           General Manager of Coal Dept. of Metal Company of ITOCHU Corporation  
Apr. 2013           General Manager of Coal, Nuclear and Solar Div. of said company  
Apr. 2015           Assistant General Manager of ASEAN and Southwestern Asia of said company, and President of ITOCHU Indonesia  
Jun. 2017           Director and Executive Officer, General Manager of Occupational Function Div. and in charge of Compliance of ITOCHU-SHOKUHIN Co., Ltd.  
Apr. 2019           Director and Managing Executive Officer, General Manager of Administration Supervisory Dept, General Manager of Administration Div. and in charge of Compliance of said company  
Apr. 2022           Director and Officer of said company  
Jun. 2022           Officer of said company (current position)

**Significant concurrent positions outside the Company**

Officer of ITOCHU-SHOKUHIN Co., Ltd

**Reasons for nomination as candidate for outside corporate auditor**

Mr. Kawaguchi has business experience in Japan and abroad at ITOCHU Corporation and has abundant experience and expertise in overall business administration, corporate governance, business risk management and compliance through involvement in business administration work as the head of the management area of ITOCHU-SHOKUHIN Co., Ltd. The Company believes that he will enhance the audit function from an independent and objective standpoint and has nominated him as a candidate for outside corporate auditor.

- Notes:
1. There is no special interest between any of the candidates for corporate auditor and the Company.
  2. Mr. Koichi Kawaguchi is a candidate for outside corporate auditor. He satisfies the Company's "Toyo Construction's Criteria for Determining Independence of Outside Officers" (page 30).
  3. The Company has filed notification with the Tokyo Stock Exchange regarding Mr. Koichi Kawaguchi as an independent officer as provided for by the aforementioned exchange.
  4. If the election of Mr. Koichi Kawaguchi is approved, the Company plans to enter into an agreement with him to limit his liability for damage under Article 423, paragraph 1 of the Companies Act in accordance with the provisions of Article 427, paragraph 1 of the same Act. The maximum amount of the liability for damage under the said agreement will be the minimum liability amount under Article 425, paragraph 1 of the same Act.
  5. The Company has entered into a directors and officers liability insurance policy as provided in Article 430-3, paragraph 1 of the Companies Act with an insurance company. The liability amount, lawsuit expenses and other damage that the insured would need to bear would be covered by said insurance policy. The insured of said insurance policy are the Company directors, corporate auditors, executive officers and other persons who execute the operations, and the insured do not pay the insurance premium. If each of the candidates is elected, and take office, as corporate auditors, they will become the insured of the policy. However, the policy contains an exclusion clause, such as any damage arising from the insured unlawfully receiving personal gains or advantages will not be paid. In addition, when the policy is renewed, the Company plans to renew the policy with the same terms.
  6. For the fiscal year under review, there is no transactional relationship between the Company and the companies where candidate for outside corporate auditor was executing person.

Reference (For Proposals No. 3 and Proposal No. 4)

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

From among candidates for outside director and outside corporate auditor, person who does not fall under any of the following 1 to 10 is determined 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 who holds 10% or more of a total number of voting rights of the Company share or its executing person.
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 fiscal years.
5. An executing person of a financial institution which is a major lender shown in the immediately preceding Business 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 is the Company's accounting auditor.
8. An expert such as an attorney, accountant or consultant (in the case of a recipient of compensation being a corporation, a person belonging to the corporation) which has received 5 million yen or more of compensation 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 yen 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 necessary extensive knowledge for management decision making, and having a strong performance record in the candidate's own field of work necessary for performing supervisory functions over management. One third or more shall be outside directors.

The nomination of candidates for corporate 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 corporate 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 Director Nominating/Compensation Committee, which includes outside directors, discusses the candidates for director, which are then decided by the Board of Directors. Candidates for corporate auditor are decided by the Board of Directors after receiving the approval of the Board of Auditors.

## Skill Matrix

In the election of directors and corporate auditors, with a view towards realization of the New Mid-Term Business Plan, the Company has analyzed and identified the skills that the Board of Directors should have, defined as the skills that are considered important at the current point in time as “business administration”, “sales”, “tech/ICT”, “global”, “sustainability”, “finance/accounting”, “legal/risk management”, and set “new investment/business development” as a new skill; and persons having specialist knowledge and experience in any of these as well as having excellent character are nominated.

If Proposal No. 3 and Proposal No. 4 are approved and adopted as originally proposed, it is planned that each of the director and corporate auditor will have the following skills.

Position at Company	Name	Knowledge and Experience Possessed							
		Business administration	Sales	Technology/ICT	Global	Sustainability	Finance/accounting	Legal, risk/management	New investment/business development
Representative Director and President	Haruhisa Obayash	•	•	•	•	•			•
Representative Director	Hiromi Hirata	•	•	•		•			•
Director	Mamoru Sato	•	•			•	•	•	•
Director	Tatsuyoshi Nakamura	•	•	•					•
Director	Atsushi Miyazaki	•			•		•	•	
Director	Yasuyuki Fujitani	•	•		•	•	•	•	•
Director	Takashi Narusawa	•			•	•	•	•	•
Director	Kazuo Ohtake				•		•	•	
Director	Akihiko Matsunaga	•			•	•	•	•	•
Director	Taizo Nishikawa	•		•	•	•			•
Director	Akiko Shigemoto	•			•	•	•	•	
Full-time Corporate Auditor	Satoshi Otonari						•	•	
Full-time Corporate Auditor	Kiyotaka Somekawa	•			•	•	•	•	
Corporate Auditor	Shiho Boda				•			•	
Corporate Auditor	Koichi Kawaguchi	•			•	•		•	

## **Proposal No. 5: Revision to Amount of Director's Compensation**

### **1. Summary of Proposal**

The amount of compensation for directors shall be no more than 33 million yen per month (of which, the amount for outside directors shall be no more than 12 million yen per month).

### **2. Reason for Proposal**

The amount of compensation for the Company's directors was set at no more than 33 million yen per month (of which, the amount for outside directors was set at no more than 3 million yen) at the 98<sup>th</sup> Annual General Meeting of Shareholders held on June 26, 2020.

At this Annual General Meeting of Shareholders, with the goal of further strengthening the Company's governance, six outside director candidates are proposed in Proposal No. 3 so that a majority of directors will be outside directors; for this reason, the Company would like to revise the amount of director's compensation. Specifically, the total of the amount of compensation will remain unchanged, and only the portion set aside for outside directors, an increase in whose numbers is planned, will increase. The Company has judged this level of compensation to be appropriate, considering the current economic situation, and the compositions and numbers of the new Board of Directors etc.



## **Proposal No. 6: Revision of Amount and Contents of Share Compensation for Directors and Executive Officers**

### **1. Reason for Proposal and the Appropriateness of the Compensation**

The Company introduced a stock compensation system (the “System”) for the Company’s directors and executive officers (excluding outside directors and residents of foreign countries; “Directors etc.”), under which the Company shares and money in amounts equivalent to their cash conversion value (“Company Shares etc.”) are delivered or paid (“Delivery etc.”) in accordance with the degree of attainment of the Company’s performance targets, etc., with the approval of shareholders at the 94th Annual General Meeting of Shareholders held on June 29, 2016, and has implemented partial revision of the contents in conjunction with changes in the applicable period etc. with the approval of shareholders at the 98th Annual General Meeting of Shareholders held on June 26, 2020.

This proposal requests approval for the continuation of the System with partial revisions in order to clarify the linkage between the System and the Mid-term Business Plan and to accommodate future change, etc. in the period of the Mid-term Business Plan.

We believe that the revision of the System is appropriate because it is intended to make the incentives for the Directors etc. to achieve the targets of the Mid-Term Business Plan more clear, ensure linkage between the compensation of the Directors etc. and the Company’s performance, and to heighten awareness of contributions towards improving medium-to-long-term performance and corporate value, thereby deepening the alignment of their interests with those of shareholders.

The number of directors applicable to the System will be five if Proposal No. 3 “Election of Eleven Directors” is approved and adopted as originally proposed and Shareholder Proposal No. 7 is rejected.

The System also covers executive officers, and the compensation under the System includes compensation to executive officers. However, in light of the fact that the applicable executive officers may be newly appointed as directors during the applicable period covered by the System (the “Applicable Period of the System”), the amount and details of the overall compensation under the System are proposed in this Proposal, and the number of executive officers who do not concurrently serve as directors applicable to the System at the conclusion of this General Meeting of Shareholders is 16.

## 2. Revision of the System

### (i) Applicable Period of the System

Pre-Revision	Post-Revision
<p>From the fiscal year ending on <u>March 31, 2020</u> until the fiscal year ending on <u>March 31, 2023</u> (<u>four</u> fiscal years) Following the completion of this Applicable Period of the System, the applicable period will cover <u>three</u> fiscal years.</p>	<p>From the fiscal year ending on <u>March 31, 2024</u> until the fiscal year ending on <u>March 31, 2028</u> (<u>five</u> fiscal years) Following the completion of this Applicable Period of the System, the applicable period will cover the fiscal years <u>corresponding to the period of the mid-term business plan</u>.</p>
<p><b>Reason of this Revision</b></p> <p>The System was approved by our shareholders in the 98th Annual General Meeting of Shareholders on June 26, 2020. The duration was four fiscal years from the fiscal year ended on March 31, 2020 until the fiscal year ended on March 31, 2023.</p> <p>The revision of the System, in order to make the incentives for achieving the targets of the mid-term business plan more clear and heighten awareness of contributions to improving the medium-to-long-term performance and corporate value, sets the period covered by the System at 5 fiscal years, including the fiscal year ending on March 31, 2028, the final year of the Mid-Term Business Plan.</p> <p>After the end of the current Applicable Period of the System, the new applicable period will cover the fiscal years corresponding to the period of the mid-term business plan.</p>	

### (ii) Maximum amount to be contributed by the Company

Pre-Revision	Post-Revision
<p>For <u>three</u> fiscal years, <u>340</u> million yen However, <u>for</u> this applicable period, <u>454 million yen for four fiscal years</u></p>	<p>For five fiscal years, <u>565</u> million yen However, <u>following</u> this applicable period, <u>the maximum for each fiscal year shall be 113 million yen, and the amount shall be 113 million yen times the number of years of the new applicable period</u>.</p>
<p><b>Reason of this Revision</b></p> <p>In conjunction with revision of the Applicable Period of the System, the monetary maximum is also revised. The post-revision maximum amount per one fiscal year maintains the pre-revision levels.</p>	

(iii) Maximum number of the Company Shares etc. that Directors etc. Can Acquire

Pre-Revision	Pre-Revision
<Per one fiscal year> 240,000 points (shares) <For a 3 fiscal year applicable period> <u>720,000 points (shares)</u> <For a 4 fiscal year applicable period> <u>960,000 points (shares)</u>	<Per one fiscal year> 240,000 points (shares)
<b>Reason of this Revision</b>  In conjunction with the revision of the Applicable Period of the System, the maximum number the Company shares that the Directors etc. can acquire is also revised. The post-revision maximum number of the Company shares per one fiscal year maintains the pre-revision levels.  The ratio of the number of shares corresponding to the maximum number of the Company Shares etc. to be granted to Directors etc. per one fiscal year to the total number of the Company's outstanding shares (as of March 31, 2023, after deduction of treasury stock) will be 0.25%.	

**3. Others**

(i) Method of acquiring shares

The additional acquisition of the Company shares under the revision of the System shall be made by acquisition on the stock market and thus will cause no dilution.

(ii) Claw-back provisions

In the event that during the term of office of the Directors etc., there is material improper conduct that causes damage to the Company, payment of stock compensation will be restricted, following deliberation at the Director Nominating/Compensation Committee, by resolution of the Board of Directors.

(iii) Other

There will be no change to the performance attainment conditions or the performance-based multiplier (based on the degree of attainment of each performance target, such as consolidated operating income, decided by resolution of the Board of Directors, following deliberation at the Director Nominating/Compensation Committee, within a range of 0 to 150%) or the timing of Delivery etc. of Company Shares etc. to the Directors etc. (delivery after the end of the performance evaluation period), which was approved at the 94th and 98th Annual General Meetings of Shareholders.

Shareholder Proposals (Proposal No. 7 to Proposal No. 9)

Proposals No. 7-9 are proposals from shareholders. The particulars and reasons for the proposals are taken as-is from the Shareholder Proposal submitted by the proposing shareholders, with only adjustments of form.

### **The Board of Directors opposes all Shareholder Proposals.**

**The reasons for opposition to Proposals No. 7 and 8 are set forth on pages 48-51, and the reasons for opposition to Proposal No. 9 is set forth on page 52.**

#### **Proposal No. 7: Election of Nine Directors**

##### (1) Summary of Proposal

Election of the following nine persons as directors

1. Shinya Yoshida
2. Akira Tosaka
3. Masato Uchiyama
4. Masaharu Okada
5. Shinichi Kato
6. Katsuya Natori
7. Toshiaki Yamaguchi
8. Kazumichi Matsuki
9. Tsuneko Murata

##### (2) Reason for Proposal

#### **Rebuilding the Board and Corporate Auditors**

We propose to rebuild Toyo's Board and corporate auditors by newly appointing nine directors and a corporate auditor to replace three of the Company's current directors (President Kyoji Takezawa, Representative Director Takahiro Yabushita, and Director Mamoru Sato) and three current outside directors. With the rebuilt Board and corporate auditors, we aim: to strengthen the management system to enable achievement of, and to build a strategic vision for, the Company, as well as to build a sound governance system of the Company; to create value through long-term business transformation and unleash Toyo's potential value; and to build a system to seriously evaluate competing acquisition proposals including the proposal made by Yamauchi-No.10 Family Office ("YFO"), to maximize shareholder value. For information on how each candidate can contribute to the improvement of corporate value of the Company, please see below sections titled "reasons for nominating director candidates and expected roles, etc." under each candidate's notable work history.

#### **Building a Sound Governance System**

As mentioned below (*see* (Reference: Inappropriate Conducts by Current Directors and the Company's Governance Issues)), the inappropriate conduct by the current directors, including the above-mentioned three directors, and the Company's governance issues have become clear. To improve corporate value and shareholder value, we need to build a sound governance system by appointing directors who have sufficient expertise and independence to replace the current directors who lack such expertise and independence.

YFO's proposed director candidates, Mr. Natori, Mr. Yamaguchi, Mr. Matsuki, and Ms. Murata, and Ms. Nonaka, who is YFO's corporate auditor candidate, have high expertise and independence as governance experts and will be able to rebuild Toyo's governance system. We will build a sound system to improve corporate value and shareholder value of the Company with these lawyers and persons with established track records of leading the legal and compliance departments of listed companies by combining expertise in governance at listed companies and a track record of establishing systems.

#### **Building a System to Improve Corporate Value**

YFO has proposed measures to improve corporate value to the Company including detailed management approaches and value creation impact ("YFO Corporate Value Improvement Measures"). Mr. Yoshida, Mr. Tosaka, Mr. Uchiyama, Mr. Okada and Mr. Kato, among the director candidates YFO proposed, have practical experience serving as directors and business unit leads at listed companies including infrastructure-related companies, and are capable of improving corporate value at a level that meets or

exceeds YFO's Corporate Value Improvement Measures. YFO has proposed its measures to improve corporate value and shareholder value through long-term profitable growth.

On the other hand, the recently announced unrealistic Toyo forecast of a three-year dividend payout ratio of 100% in addition to the mid-term management plan and the minimum dividend of 50 yen was intended to protect Toyo's entrenched Board members by boosting the share price in the short term. If the Company aims to grow its profits over the long term through business transformation, it should invest its annual profits in growth investments instead. These unrealistic recently announced policies from Toyo's entrenched Board will damage the Company itself as well as its shareholders and its next generation of employees.

The details of the plan are only a superficial copy of a part of YFO's Corporate Value Improvement Measures, and it remains unclear whether or what systems and measures to make it possible are in place. It is clear from this lack of clarity that the Company does not have the attitude or qualities to realize its mid-term management plan or the improvement of long-term corporate value.

### **System to Appropriately Consider YFO's Acquisition Proposal**

YFO believes that the best way to maximize the Company's corporate value and shareholder value is to take the Company private by YFO's tender offer, a counter-bid to the Toyo-endorsed 770 yen per share Infroneer proposal, at a price of 1,000 yen per share ("YFO Proposal"), and YFO is committed to achieving it. On the other hand, as mentioned above, it is clear that the current Board is unable to appropriately consider the YFO Proposal or other proposals for improving Toyo's corporate value due to its entrenchment. Of YFO's director candidates, everyone except for Mr. Yoshida is independent with no business relationship with us (Mr. Yoshida has an advisory agreement with YFO for the purpose of discussing measures to improve Toyo's corporate value, but the agreement is planned to be terminated if Mr. Yoshida is appointed to become the Company's director). This will enable Toyo to appropriately consider all options for measures to improve corporate value, including the YFO Proposal. With the new system in place, we believe that the rebuilt Toyo Board will appropriately and fairly confirm whether there are any more attractive proposals that will better contribute to the improvement of Toyo's corporate value (a market check) than the YFO Proposal.

⟨Reference: Inappropriate Conduct by Current Toyo Directors and the Company's Governance Issues⟩

### **Issue(i) Inappropriate support for the tender offer by Infroneer**

Toyo's current entrenched Board took, among others, the following inappropriate actions to maintain their positions and for other reasons in expressing and maintaining its support for the tender offer by Infroneer Holdings Inc. ("Infroneer") at a price of 770 yen per share:

- Despite the fact that there was an agreement (secret agreement) between the Company's directors and Infroneer that one or more Toyo Board members would participate in the management of Infroneer, the relevant director(s) kept it secret and led the discussion of the offer for the purpose of entrenchment under a system where conflicts of interest with shareholders arose;
- The Board expressed its approval of Infroneer's 770 yen bid and recommended the proposal after just eight business days from Infroneer's proposal, and without sufficient price negotiation;
- The Board maintained its support for Infroneer's 770 yen tender offer for the purpose of entrenchment in spite of its receipt of YFO's proposal at a price of 1,000 yen per share, thereby blocking opportunities for shareholders to receive higher prices.

### **Issue(ii) Inappropriate Board Process in Considering Competing Acquisition Proposals**

Current Toyo directors President Kyoji Takezawa, Representative Director Takahiro Yabushita, and Director Mamoru Sato, took the following inappropriate actions, among others, in considering YFO's acquisition proposal:

- Took inappropriate and discriminatory measures against YFO's acquisition proposal as compared to their consideration of Infroneer's proposal at a price of 770 yen per share;
- Implemented a poison pill to block YFO's acquisition proposal (which poison pill was withdrawn the day before the 2022 annual shareholders meeting due to lack of support from Toyo shareholders);

- Explained inappropriately in discussion with YFO that the Company could not support a proposal that is premised on going private, failed to seriously consider YFO's acquisition proposal at Board meetings, and failed to seriously consider competing proposals by neglecting YFO's proposal for more than 270 days;
- President Takezawa delivered a letter to YFO stating that he did not agree with YFO's acquisition proposal without going through the formal institutional decision-making process of the Company; and
- Repeatedly engaged in inappropriate information disclosure by arbitrarily concealing inappropriate responses made in the course of negotiations, distorting facts, and manipulating impressions.

**Issue(iii) Governance-related issues**

The current Toyo directors, including the above-mentioned three directors, took actions in the process of considering YFO's acquisition proposal not to improve corporate value but to frustrate YFO's higher-priced counter bid and made up other reasons to explain its rejection of YFO's proposal, as they could not disclose the real reason. This course of conduct has made it clear that Toyo's governance is in shambles.

The current Toyo Board and corporate auditors' failure to control this series of inappropriate actions taken by the current Toyo directors shows they are not fulfilling the function of effective management supervision. The Company's Board has become a body that only ratifies the will of President and Representative Director Takezawa, who makes all decisions. YFO has repeatedly pointed out serious governance flaws to the current Board, but the Board insisted that there are no governance issues. The Board's denial in the face of such clear evidence made it clear to us that improvement and soundness cannot be expected to occur from within Toyo's legacy Board. For this reason, a fundamental restructuring is necessary to rebuild Toyo's governance.

**YFO's position based on the above issues: the current three directors, who repeatedly engaged in inappropriate conducts, outside directors and corporate auditors should not be re-elected.**

As stated above, President Kyoji Takezawa, Representative Director Takahiro Yabushita, and Director Mamoru Sato repeatedly engaged in inappropriate conduct, which are a problem for the Company's governance. In relation to YFO's acquisition proposal, they failed to consider competing proposals including YFO's proposal, and repeatedly engaged in actions to prevent the improvement of the Company's corporate value and shareholder value. Moreover, despite repeated requests from YFO, other directors have failed to supervise or correct actions of the three directors.

As the current directors have not been able to fulfill their responsibilities as expected by the shareholders who have entrusted them with management of Toyo and its assets, it is clear that Toyo's Board lacks the track record or qualities to improve corporate value and shareholder value.

In addition, the current outside directors and corporate auditors have failed to supervise or correct the above-mentioned inappropriate conduct, thereby failing to fulfill their role to supervise the business operations from a position independent from the management.

For these reasons, the current three directors, who repeatedly engaged in inappropriate conduct, and all of Toyo's outside directors and corporate auditors should not be re-elected.

(3) Number, Name, Biography and other matters of the Candidate

1. Shinya Yoshida DOB: December 8, 1960	
■ Work History, Positions, Responsibilities and Material Concurrent Positions	
April 1985	Commenced employment at Mitsubishi Corporation
April 2013	Executive Officer, General Manager of Corporate Planning, Mitsubishi Corporation
April 2016	Managing Executive Officer, New Industry Financial Business Group CEO, Mitsubishi Corporation
April 2019	Managing Executive Officer, Officer in Charge of Corporate (domestic) & Kansai Branch President, Mitsubishi Corporation

June 2019	Representative Director & Managing Executive Officer, Officer in Charge of Corporate (domestic) & Kansai Branch President, Mitsubishi Corporation
April 2020	Representative Director & Managing Executive Officer, Officer in Charge of Corporate (domestic development) & Kansai Branch President, Mitsubishi Corporation
February 2022	Advisor to the Chairman for Special Missions, Nippon Densan Co., Ltd. (currently known as NIDEC Corporation)
April 2022	Managing Executive Officer, Nippon Densan Co., Ltd.
May 2022	Managing Executive Officer, Chief Administrative Officer and Executive Officer in Charge of Corporate Planning, Nippon Densan Co., Ltd.
July 2022	Senior Executive Officer, Chief Administrative Officer and Executive Officer in charge of Corporate Planning, Nippon Densan Co., Ltd.
October 2022	Part-time Advisor, Nippon Densan Co., Ltd.
	<Material Concurrent Positions> None
<p>■ Number of the Company's shares held: 0</p>	
<p>■ Reasons for nominating director candidates and expected roles, etc. Mr. Yoshida has extensive management experience in creating and executing new businesses by changing management strategies such as advancing into the overseas urban development business and developing the data center business as CEO of the New Industry Financial Business Group of Mitsubishi Corporation, which includes real estate business and PE investment business. In addition, he has a track record of building foundations for business management, investment management, and governance through his experience as an executive officer and general manager of corporate planning and a representative director and executive officer in charge of corporate of Mitsubishi Corporation. Based on his abundant management experience and specialized knowledge in business management, the Company can expect Mr. Yoshida to contribute to the formulation of strategies and the construction of a truly viable system when taking on strategic initiatives in investment businesses (e.g. offshore wind power) and private construction businesses, which require an advanced management system that is completely different from the conventional contracted construction business, to increase the certainty of the realization of the company-wide transformation program, and to lead the execution of management based on strategic thinking. For those reasons, we propose to appoint Mr. Yoshida as the Company's internal executive director.</p>	
<p>■ Existence of Special Interest There is an advisory agreement between Mr. Yoshida and YFO for the purpose of discussing the improvement of the Company's corporate value, but the agreement is planned to be terminated if Mr. Yoshida is appointed to become the Company's director.</p>	

2. Akira Tosaka DOB: June 3, 1959	
■ Work History, Positions, Responsibilities and Material Concurrent Positions	
April 1983	Commenced employment at Fujita Engineering Co., Ltd. (currently known as Fujita Corporation)
April 2008	General Manager of Construction Management Department, Construction Division, Fujita Engineering Co., Ltd.
April 2010	General Manager of Construction Management Department of the East Japan Regional Office & Deputy General Manager of the Kanto Branch, East Japan Regional Office, Fujita Engineering Co., Ltd.
April 2012	General Manager of Construction Management Department of the Tokyo Metropolitan Branch & Deputy General Manager of the Tokyo Branch, Fujita Engineering Co., Ltd.
April 2017	Deputy Chief of Construction Headquarters & Director of Productivity Promotion & Director of Inspection, Fujita Engineering Co., Ltd.
April 2020	Executive Member, Construction Headquarters, Fujita Engineering Co., Ltd.

February 2022	Director & Executive Officer, Frontier Construction & Partners Co., Ltd. (incumbent) (*if Mr. Tosaka is appointed to become the Company's director, he is planning to resign as Director & Executive Officer of Frontier Construction & Partners Co., Ltd.)
April 2022	Director & Senior Executive Officer, Contec Ltd. (incumbent) (*if Mr. Tosaka has been appointed to become the Company's director, he is planning to resign as Director & Senior Executive Officer of Contec Ltd.)
	<Material Concurrent Positions> None.
<p>■ Number of the Company's shares held: 0</p> <p>■ Reasons for nominating director candidates and expected roles, etc. Mr. Tosaka has extensive experience in the management of up to 100 billion yen scale in the private construction business, improvement of productivity, and promotion of digital transformation as general manager of Construction Management Department of the East Japan Regional Office, general manager of Construction Management Department of the Tokyo Metropolitan Branch, and deputy chief of Construction Headquarters. In addition, he has experience in business transformation, including planning and promoting the development of new technologies within new organizations resulted from the business transformation program sponsored by Goldman Sachs and the acquisition of Daiwa House Industry Co., Ltd. Based on his abundant experience and specialized knowledge in the private construction business field, the Company can expect Mr. Tosaka to lead the promotion of transformation for profit growth in the private construction business, which includes the introduction of a new profit management system, formalization of experience, and incorporation of high-valued-added areas, to contribute to strategy formulation and the construction of a truly viable system, and to increase the certainty of realizing the company-wide transformation program. For those reasons, we propose to appoint Mr. Tosaka as the Company's internal executive director.</p> <p>■ Existence of Special Interest Mr. Tosaka does not have any special interest in the Company.</p>	

3. Masato Uchiyama DOB: July 23, 1955	
■ Work History, Positions, Responsibilities and Material Concurrent Positions	
April 1978	Commenced employment at Electric Power Development Co., Ltd. (J-Power)
March 2005	General Manager of Energy Operation, Electric Power Development Co., Ltd.
June 2009	Executive Officer & General Manager of Energy Operations Department, Electric Power Development Co., Ltd.
December 2011	Managing Executive Officer, Electric Power Development Co., Ltd.
June 2013	Director & Managing Executive Officer, Electric Power Development Co., Ltd.
June 2015	Director & Executive Vice President, Electric Power Development Co., Ltd.
June 2016	Representative Director & Executive Vice President, Electric Power Development Co., Ltd.
April 2019	Representative Director & Vice President Executive Officer, Electric Power Development Co., Ltd.
	<Material Concurrent Positions> None.
<p>■ Number of the Company's shares held: 0</p> <p>■ Reasons for nominating director candidates and expected roles, etc. Mr. Uchiyama has extensive experience at Electric Power Development Co., Ltd. (J-Power) for sales, fuel resources, finance, HR, planning and general administration, and has expertise in energy-related operations. He also has extensive experience and expertise in corporate management, as he has led that company by serving as director &amp; executive officer, director &amp; vice president, director &amp; vice president &amp; executive officer, and general manager of the Energy Sales Headquarters. Based on his abundant experience and specialized knowledge in corporate management, the Company can expect Mr.</p>	



Uchiyama to enhance the quality of discussions on strategies by the Company's Board when taking on strategic initiatives in investment businesses (e.g. offshore wind power) and private construction businesses and to contribute to the company-wide transformation program. For those reasons, we propose to appoint Mr. Uchiyama as the Company's outside director.
<p>■ Existence of Special Interest Mr. Uchiyama does not have any special interest in the Company.</p>

4. Masaharu Okada DOB: May 7, 1956	
■ Work History, Positions, Responsibilities and Material Concurrent Positions	
April 1979	Commenced employment at Taisei Corporation
August 1996	Construction Work Site Manager, Kanto Branch, Taisei Corporation
October 2005	General Manager of Construction Department, Kanto Branch, Taisei Corporation
June 2009	General Manager of Sales Department, Kanto Branch (Construction), Taisei Corporation
April 2013	Executive Officer & General Manager of Kanto Branch, Taisei Corporation
April 2015	Managing Executive Officer & General Manager of Construction Sales Division, Taisei Corporation
June 2020	Senior Executive Officer & General Manager of Construction Sales Division III, Taisei Corporation
April 2021	Advisor, Taisei Corporation
	<Material Concurrent Positions> None
■ Number of the Company's shares held: 0	
<p>■ Reasons for nominating director candidates and expected roles, etc. Mr. Okada has extensive experience and expertise in sales strategies in the private construction business field having served as general manager of the Kanto Branch Construction Department, general manager of the Kanto Branch Sales Headquarters (construction), and also as an executive officer to lead the construction sales division of 20 locations globally, including Southeast Asia. Based on his abundant experience and specialized knowledge in the private construction business field, the Company can expect Mr. Okada to enhance the quality of strategic initiatives for the profit growth of the private construction business, which is an important lever for the Company's future improvement of corporate value, and to contribute to the company-wide transformation program. For those reasons, we propose to appoint Mr. Okada as the Company's outside director.</p>	
<p>■ Existence of Special Interest Mr. Okada does not have any special interest in the Company.</p>	

5. Shinichi Kato DOB: June 29, 1962	
■ Work History, Positions, Responsibilities and Material Concurrent Positions	
April 1986	Commenced employment at The Mitsui Bank, Ltd. (currently known as Sumitomo Mitsui Banking Corporation)
August 1998	Deputy General Manager, Structured Finance Department, Tokyo Branch, Credit Lyonnais (currently known as Credit Agricole CIB)
April 2004	General Manager of Sales Development Headquarters, GE Capital Leasing K.K. (currently known as GE Japan K.K.)
July 2007	General Manager, Leveraged Finance Department, Tokyo Branch, Calyon Bank (currently known as Credit Agricole CIB)
June 2011	Chief Financial Officer, Tokyo Star Bank, Ltd.
December 2016	Managing Director & COO, Equis Energy Japan K.K. (currently known as Vena Energy Japan K.K.)
December 2017	Business Development Director, Acacia Renewables, K.K.

July 2018	Representative Director & CEO, juwi Nippon Energy K.K.
June 2019	Japan Chair & President, RWE Renewables Japan G. K.
March 2022	President & CEO, Progression Energy Japan G.K. (incumbent)
	<Material Concurrent Positions> President & CEO, Progression Energy Japan G.K.
<p>■ Number of the Company's shares held: 0</p> <p>■ Reasons for nominating director candidates and expected roles, etc. Mr. Kato has extensive management experience and expertise in the field of offshore wind energy, including in the global competitive environment including technical trends and standard specifications, as well as future supply and demand scenarios in the Japanese market having served as a Japanese representative of RWE, the world's leading German offshore wind energy company operating in 18 offshore wind farms in five countries. In addition, he has extensive experience and expertise in corporate management and capital policy through serving as CFO of the Tokyo Star Bank, and a managing director &amp; COO of Equis Energy Japan K.K. The Company can expect that Mr. Kato's abundant experience and specialized knowledge in offshore wind field will greatly contribute to the Board in the formulation of evaluation criteria for economic efficiency, risk, competitive advantage and other items in the offshore wind field, in the evaluation of strategic options, and in the implementation of business strategies. For those reasons, we propose to appoint Mr. Kato as the Company's outside director.</p> <p>■ Existence of Special Interest Mr. Kato does not have any special interest in the Company.</p>	

6. Katsuya Natori DOB: May 15, 1959	
■ Work History, Positions, Responsibilities and Material Concurrent Positions	
April 1986	Commenced working at Masuda & Ejiri (currently known as Nishimura & Asahi)
June 1990	Commenced working at Davis Wright Tremaine
July 1992	Commenced working at Wilmer, Cutler & Pickering
July 1993	Commenced employment at Esso Sekiyu K.K. (currently known as ENEOS Corporation)
January 1995	Commenced employment at Apple Computer, Inc. (currently known as Apple Japan G.K.)
January 1998	Director, Sun Microsystems K.K. (currently known as Oracle Information Systems (Japan) G.K.)
March 2002	Executive Officer, Fast Retailing Co., Ltd.
January 2004	Director & Executive Officer, IBM Japan, Ltd.
April 2010	Executive Officer, IBM Japan, Ltd.
February 2012	Established Natori Law Office Head of Natori Law Office
April 2012	Outside Director, Olympus Corporation
March 2015	Outside Director, MODEC, Inc.
April 2016	Supervisory Officer, Global One Real Estate Investment Corporation (incumbent)
June 2019	Outside Director & Chairman of the Auditor and Supervisory Committee, Olympus Corporation
June 2020	Outside Director, Recruit Holdings Co., Ltd. (incumbent) Outside Corporate Auditor, Pasona Tquila Inc. (currently known as Circlace Co., Ltd.) (incumbent)
December 2020	Managing Partner, ITN Partners (incumbent)
June 2021	Outside Director, Tokyo Rope Mfg. Co., Ltd. (incumbent)
March 2023	Outside Corporate Auditor, Hino Motors Ltd. (incumbent)

	<p>&lt;Material Concurrent Positions&gt;  Managing Partner, ITN Partners  Supervisory Officer, Global One Real Estate Investment Corporation  Outside Director, Recruit Holdings Co., Ltd.  Outside Corporate Auditor, Pasona Tquila Inc. (currently known as Circlace Co., Ltd.)  Outside Director, Tokyo Rope Mfg. Co., Ltd.  Outside Corporate Auditor, Hino Motors Ltd.</p>
■	Number of the Company's Shares Held: 0
■	<p>Reasons for nominating director candidates and expected roles, etc.  Mr. Natori is not only an international lawyer with extensive experience but has also been involved in the management of several Japanese and foreign-affiliated companies, and has expertise in legal affairs, compliance, risk management, as well as in management and governance of listed companies. As such, he can provide expert knowledge on legal affairs, compliance, risk management rooted in practice, especially in strengthening governance by the Company's Board, where the Company has management issues related to disclosure, governance, and compliance system. Based on such insight, the Company can expect Mr. Natori to fulfill through its Board his management and supervisory responsibilities independent from the management by appropriately evaluating whether the management is conducting the business with an aim to maximize corporate value and shareholder value. For those reasons, we propose to appoint Mr. Natori as the Company's outside director.</p>
■	<p>Existence of Special Interest  Mr. Natori does not have any special interest in the Company.</p>

7. Toshiaki Yamaguchi DOB: June 26, 1960	
■ Work History, Positions, Responsibilities and Material Concurrent Positions	
March 1990	Registered with the Osaka Bar Association Commenced working at Takeuchi and Inoue Law Office
April 1995	Established Yamaguchi Toshiaki Law Office Representative Partner, Yamaguchi Toshiaki Law Office (incumbent)
June 2004	Outside Corporate Auditor, Friendly Corporation
April 2007	Instructor, Doshisha Law School
October 2008	Executive Member, Japan Internal Control Association (currently known as Japan Governance Research Association) (incumbent)
July 2010	Executive Member, Association of Certified Fraud Examiners
July 2012	Leader of Outside Director Guidelines Study Team of the Judicial System Research Board, Japan Federation of Bar Associations
March 2013	Outside Director, Nissen Holdings Co., Ltd.
June 2013	Outside Director, Daito Trust Construction Co., Ltd. (incumbent) Member, Evaluation Committee (currently known as Governance Committee), Daito Trust Construction Co., Ltd.
August 2014	Executive Member, Japan Corporate Governance Network (incumbent)
December 2014	Outside Corporate Auditor, Osaka University Venture Capital Co., Ltd.
February 2015	Corporate Auditor, Osaka Municipal Transportation Bureau
June 2015	Member, Committee on Whistleblower Protection System, Consumer Affairs Agency
June 2017	Chairman of the Governance Committee, Daito Trust Construction Co., Ltd. (incumbent)
April 2018	Outside Corporate Auditor, Osaka Metro Co., Ltd. (incumbent)
October 2018	Advisor, Compliance Promotion Council of Ministry of Finance (incumbent)
July 2019	Outside Member, Regeneration Promotion Council of Ministry of Finance (incumbent)

December 2021	Chairman, Nominating and Remuneration Committees, Daito Trust Construction Co., Ltd. (incumbent)
October 2022	Ad-Hoc Member, Business Accounting Council of Financial Service Agency (incumbent)
	<p>&lt;Material Concurrent Positions&gt;</p> <p>Representative Partner, Yamaguchi Toshiaki Law Office</p> <p>Executive Member, Japan Internal Control Association</p> <p>Outside Director &amp; Chairman of the Governance Committee &amp; Chairman of the Nominating and Remuneration Committees, Daito Trust Construction Co., Ltd.</p> <p>Executive Member, Japan Corporate Governance Network</p> <p>Outside Corporate Auditor, Osaka Metro Co., Ltd.</p> <p>Advisor, Compliance Promotion Council of Ministry of Finance</p> <p>Outside Member, Regeneration Promotion Council of Ministry of Finance</p> <p>Ad-Hoc Member, Business Accounting Council of Financial Service Agency</p>
<p>■ Number of the Company's Shares Held: 0</p>	
<p>■ Reasons for nominating director candidates and expected roles, etc.</p> <p>Mr. Yamaguchi is an experienced lawyer with expertise in legal affairs, compliance, and risk management. He has served as a committee member and advisor of several government agencies and listed companies, and his expertise has been highly regarded. He also has extensive expertise in governance of listed companies, as he has experience of serving as an outside director and outside corporate auditor of companies, as well as a chairman of the board, chairman of nominating and remuneration committees, and chairman of a special committee in an M&amp;A transaction. Based on the above, the Company can expect Mr. Yamaguchi to fulfill through its Board his management and supervisory responsibilities independent from the management by appropriately evaluating whether the management is conducting the business with an aim to maximize corporate value and shareholder value. For those reasons, we propose to appoint Mr. Yamaguchi as the Company's outside director.</p>	
<p>■ Existence of Special Interest</p> <p>Mr. Yamaguchi does not have any special interest in the Company.</p>	

8. Kazumichi Matsuki DOB: August 17, 1951	
■ Work History, Positions, Responsibilities and Material Concurrent Positions	
April 1976	Commenced employment at Mitsubishi Corporation
June 1979	Acquired LL.M. at Harvard Law School
January 2003	General Manager of Legal Department, Mitsubishi Corporation
April 2007	Executive Member, Mitsubishi Corporation
May 2007	Chairman, The Association of Corporate Legal Department
April 2009	Assistant Officer in Charge of Corporate Affairs & General Manager of Compliance, Mitsubishi Corporation
April 2010	Visiting Professor, Graduate Schools for Law and Politics of University of Tokyo
April 2011	Executive Officer, Hokuetsu Kishu Paper Co., Ltd. (currently known as Hokuetsu Corporation)
June 2011	Director, Hokuetsu Kishu Paper Co., Ltd. Member of the Special Working Group on the Criminal Justice System for a New Era, Committee of the Legislative Council of the Ministry of Justice
June 2013	Executive Managing Director, Hokuetsu Kishu Paper Co., Ltd.
June 2016	Outside Director (Audit & Supervisory Committee Member), Dream Incubator Inc. Outside Corporate Auditor, Sanden Holdings Corporation (currently known as Sanden Corporation)
June 2017	Board Member of Japan Criminal Policy Society (incumbent)
June 2018	Outside Director, Anest Iwata Corporation

March 2019	Outside Director, Nissha Co., Ltd. (incumbent)
March 2020	Executive Member, Japan International Dispute Resolution Center (incumbent)
June 2020	Outside Director, Anest Iwata Corporation (Auditor and Supervisory Committee Member) (incumbent)
	<Material Concurrent Positions> Outside Director, Nissha Co., Ltd. Outside Director, Anest Iwata Corporation (Auditor and Supervisory Committee Member) Board Member of Japan Criminal Policy Society Executive Member, Japan International Dispute Resolution Center
<p>■ Number of the Company's Shares Held: 0</p> <p>■ Reasons for nominating director candidates and expected roles, etc. Mr. Matsuki has expertise based on his extensive practical experience in leading legal and compliance departments of a listed company to handle complex legal issues, and also has extensive experience in governance of listed companies through serving as an outside director (including corporate audit committee member) in several companies. As such, he can provide expert knowledge on legal affairs, compliance, risk management rooted in practice, especially in strengthening governance by the Company's Board, where it has management issues related to disclosure, governance, and compliance system. In addition, the Company can expect Mr. Matsuki to fulfill through its Board his management and supervisory responsibilities independent from the management by appropriately evaluating whether the management is conducting the business with an aim to maximize corporate value and shareholder value. For those reasons, we propose to appoint Mr. Matsuki as the Company's outside director.</p> <p>■ Existence of Special Interest Mr. Matsuki does not have any special interest in the Company.</p>	

9. Tsuneko Murata DOB: September 27, 1958	
■ Work History, Positions, Responsibilities and Material Concurrent Positions	
April 1982	Commenced employment at Matsushita Electric Industrial Co., Ltd. (currently Panasonic Holdings Corporation)
May 2003	General Manager, Legal Department of Panasonic System Solutions Japan Co., Ltd. (currently known as Panasonic Connect Co., Ltd.), Matsushita Electric Industrial Co., Ltd.
April 2007	General Manager, Legal & CSR Department of Home Appliances Co., Ltd. (currently known as Living Appliances and Solutions Company), Matsushita Electric Industrial Co., Ltd.
June 2008	Director, Matsushita Equipment Network Service Co., Ltd. (currently known as Panasonic Safety Service Co., Ltd.)
February 2010	Director of Lifelong Learning Policy Bureau, Ministry of Justice
July 2013	Executive Member in charge of Special Missions at the Legal Headquarters, Panasonic Corporation
January 2014	Executive Member, Japan Pension Service
January 2016	Auditor-Secretary, Japan Pension Service
June 2018	Outside Corporate Auditor, Japan Finance Corporation Auditor & Supervisory Committee Member, Advantest Corporation
June 2019	Outside Director, Auditor & Supervisory Committee Member, Fujikura Ltd.
March 2021	Outside Director, Milbon Co., Ltd. (incumbent)
June 2021	Outside Director, Kakuyasu Group Co., Ltd. (incumbent)

June 2022	Outside Director, Auditor and Supervisory Committee Member, Tokyo Seimitsu Co., Ltd. (incumbent) Outside Director, Auditor and Supervisory Committee Member, Sun Frontier Fudosan Co., Ltd. (incumbent)
	<Material Concurrent Positions> Outside Director, Milbon Co., Ltd. Outside Director, Kakuyasu Group Co., Ltd. Outside Director, Auditor and Supervisory Committee Member, Tokyo Seimitsu Co., Ltd. Outside Director, Auditor and Supervisory Committee Member, Sun Frontier Fudosan Co., Ltd.
<p>■ Number of the Company's Shares Held: 0</p> <p>■ Reasons for nominating director candidates and expected roles, etc. Ms. Murata has expertise in legal affairs, compliance and risk management based on her practical experience in leading legal and CSR departments of a listed company to handle complex legal issues, and also has extensive experience in governance of listed companies through serving as an outside director (including corporate audit committee member) in several companies. As such, she can provide expert knowledge on legal affairs, compliance, risk management rooted in practice, especially in strengthening governance by the Company's Board, where it has management issues related to disclosure, governance, and compliance system. In addition, the Company can expect Ms. Murata to fulfill through its Board her management and supervisory responsibilities independent from the management by appropriately evaluating whether the management is conducting the business with an aim to maximize corporate value and shareholder value. For those reasons, we propose to appoint Ms. Murata as the Company's outside director.</p> <p>■ Existence of Special Interest Ms. Murata does not have any special interest in the Company.</p>	

(Note)

- (1) Masato Uchiyama, Masaharu Okada, Shinichi Kato, Katsuya Natori, Toshiaki Yamaguchi, Kazumichi Matsuki, and Tsuneko Murata are candidates for outside directors.
- (2) If Masato Uchiyama, Masaharu Okada, Shinichi Kato, Katsuya Natori, Toshiaki Yamaguchi, Kazumichi Matsuki, and Tsuneko Murata have been appointed to become the Company's outside directors, a limited liability agreement is planned to be entered into with the Company. The maximum amount of liability for damages based on the agreement will be the minimum amount of liability provided by law.

**Proposal No. 8: Election of One Corporate Auditor**

(1) Summary of Proposal

Election of Tomoko Nonaka as a corporate auditor

(2) Reason for Proposal

Even though the current corporate auditors have been repeatedly requested by YFO to address governance issues in relation to the inappropriate conduct of Toyo’s current directors, including the above-mentioned three directors, the corporate auditors have failed to sufficiently fulfill their responsibilities to supervise and correct such conduct.

As such, it is necessary to appoint a corporate auditor who possesses sufficient expertise in governance and independence to improve the independence and effectiveness that the current corporate auditors do not have.

Ms. Nonaka is the most suitable person to rebuild Toyo’s governance system, as she has extensive experience as an outside auditor and has a high degree of expertise and independence as a governance expert. By appointing her, the Company will improve the management supervisory function of its business execution and improve the unsound governance system.

(3) Number, Name, Biography and other matters of the Candidate

Tomoko Nonaka    DOB: June 3, 1956	
■ Work History, Positions, Responsibilities and Material Concurrent Positions	
April 1995	Registered with the Tokyo Bar Association Kawabata Law Office
April 1999	Managing Lawyer, Tokyo Ginza Law Office
April 2009	Instructor of Civil Defense at The Legal Training and Research Institute of the Supreme Court of Japan
October 2013	Bar Examiner for New Bar Examination & Preliminary Bar Examination (Code of Civil Procedure), Ministry of Justice
February 2018	Managing Lawyer, Nonaka & Kawarabayashi Law Office (incumbent)
June 2019	Outside Director, Fukuyama Transporting Co., Ltd. (incumbent)
	<Material Concurrent Positions>
	Managing Lawyer, Nonaka & Kawarabayashi Law Office Outside Director, Fukuyama Transporting Co., Ltd.
■ Number of the Company’s Shares Held: 0	
■ Reasons for nominating corporate auditor candidates and expected roles, etc. Ms. Nonaka has more than 28 years of experience as a lawyer and has extensive experience in handling various legal issues. She has also served as an instructor of Civil Defense at the Legal Training and Research Institute of the Supreme Court of Japan and bar examiner for New Bar Examination and Preliminary Bar Examination (Civil Procedure) of the Ministry of Justice, and her legal knowledge and expertise has been highly regarded. In addition, as she has served as an outside director of Fukuyama Transporting Co., Ltd., a listed company, since 2019, she is well-versed in legal affairs, compliance, and governance of listed companies. Based on the above, Ms. Nonaka is able to fulfill the responsibilities of supervising the Company’s Board as its corporate auditor to ensure that the Board is acting appropriately, especially with regard to its governance issues, and we propose to appoint Ms. Nonaka as the Company’s corporate auditor.	
■ Existence of Special Interest Ms. Nonaka does not have special interest in the Company.	

(Note)

- (1) Tomoko Nonaka is a candidate for a corporate auditor position.
- (2) If Tomoko Nonaka has been appointed to become the Company’s corporate auditor, a limited liability agreement is planned to be entered into with the Company. The maximum amount of liability for damages based on the agreement will be the minimum amount of liability provided by law.

## Reasons for opposing Proposal No. 7, the director election proposal, and Proposal No. 8, the corporate auditor election proposal

- A. In order to achieve the new mid-term business plan, the management and involvement of the director candidates and the corporate auditor candidates proposed by the Company are necessary.

As explained above in 2.(i) of Proposal No. 3, **the Company believes that it is execution of the Company's new mid-term business plan that will lead to maximization of the Company's corporate value and the common interests of shareholders.** And as explained above in 2.(ii) of Proposal No. 3, management by the director candidates proposed by the Company is essential for realizing this maximization; in addition, as explained above in 2.(ii) of Proposal No. 4, the involvement of the corporate auditor candidates proposed by the Company is also necessary.

- B. Acquisition of the Company by YFO is likely to significantly damage the corporate value of the Company

YFO etc. proposes to the Company various measures on the basis of their own understanding of the Company's management issues. However, **many of the measures proposed by YFO etc. are based on a misunderstanding of the facts, and the Company has already addressed or is currently implementing a majority of those measures. The proposal of YFO etc. is nothing but general ideas from a perspective outside the construction industry, and includes no specific and valid corporate enhancement measures taking into consideration the conditions unique to the Company.** Consequently, the trial calculation asserted by YFO etc., "using only quantitative measures, an upside of up to 3.0 billion yen can be projected", is not feasible, and **it is obvious that YFO etc.'s corporate value enhancement measures will not enhance the Company's corporate value.** For details, please see the Press Release Expressing Opinion Regarding YFO Proposal issued on May 24, 2023.

Further, as explained in the Press Release Expressing Opinion Regarding YFO Proposal issued on May 24, 2023, in addition to YFO etc. **being repeatedly engaged in acts that no bona fide acquirer would do,** as explained in C. (iii)c. below, **the acquisition of the Company shares by YFO etc. is suspected to have violated the Financial Instruments and Exchange Act, the Foreign Exchange and Foreign Trade Act, and the Unfair Competition Prevention Act.** The Company provided information to the relevant authorities, and has received notice from some of them that the information from the Company has been received as fraud-related information, etc.

The Company is involved in many projects such as social infrastructure and national defense-related works in which trust from stakeholders is essential. In the environment under which competitors are fiercely competing with each other, a concern or doubt about illegality is **highly likely to cause adverse impact on or a handicap to the Company's activities to win orders** as soon as it occurs, and **extensive damage to the corporate value is concerned.**

Given the above, **it is obvious that the acquisition of the Company by YFO etc. will cause the Company's business foundation to collapse.** For details, please see the Press Release Expressing Opinion Regarding YFO Proposal issued on May 24, 2023.

- C. Problems relating to the composition and qualities of each candidate the Shareholder Proposals

- (i) No determination can be made of the skill matrix that the Shareholder Proposal candidate composition possesses.

The skill matrix of the eleven director candidates under the Company's proposal are as explained above in 2.(iii)b of Proposal No. 3; however, as explained in (iii)a. below, the Company's Director Nominating/Compensation Committee was unable to interview the candidates the Shareholder Proposals. Accordingly, **it is not known what skills each candidate has, and no determination can be made of whether the Shareholder Proposal candidate composition has a sufficient skill matrix.**

It is noted in the YFO April 20, 2023 material titled "Regarding the Director and Auditor Candidates proposed for Toyo Construction" that, as executive directors, persons from within Toyo Construction who have a clear intention of enhancing corporate value and have managerial



skill should be appointed. However, because the Shareholder Proposals are not specific about the personnel to be appointed, the ultimate managerial system proposed by YFO is not clear.

- (ii) **The Shareholder Proposal director and corporate auditor candidates agree with the corporate value enhancement measures of YFO etc., which will not actually lead to any enhancement of corporate value, and thus they lack the qualities necessary to manage or supervise the management of the Company.**

In a May 2, 2023 letter from Mr. Toshiaki Yamaguchi, a Shareholder Proposal director candidate, entitled “Response to the Request for Interviews by Your Director Nominating/Compensation Committee (“May 2, 2023 Officer Candidate Response”), it is expressly stated that all the Shareholder Proposal director and corporate auditor candidates agree with YFO’s thinking regarding the Company’s sustainable growth.

However, as explained above in B., the corporate value enhancement measures of YFO will not lead to enhancement of the Company’s corporate value, it must be said that the fact of **their agreement with such corporate value enhancement measures of YFO reveals that the Shareholder Proposal director and corporate auditor candidates lack the qualities necessary to manage or supervise the management of the Company.**

- (iii) **The Shareholder Proposal director and corporate auditor candidates have issues in terms of their thinking about the Company’s corporate governance.**

- a. **They refused the request to have interviews with the Company’s Director Nominating/Compensation Committee and show disdain for the Company’s officer nomination process necessary for the Company’s corporate governance.**

As explained in the Company’s press release of May 9, 2023, the Company **received communication to the effect that all Shareholder Proposal director and corporate auditor candidates unanimously agreed that they would not comply with the request for interviews** with the Director Nominating/Compensation Committee.

The Director Nominating/Compensation Committee is a body whose purpose is to strengthen the independence and objectivity of the function of the Board of Directors, and consideration of the director and corporate auditor candidates by the Director Nominating/Compensation Committee is a necessary process for the Company’s corporate governance. **The Shareholder Proposal director and corporate auditor candidates show disdain for such an important process, so it must be said that there are issues in their thinking regarding the Company’s corporate governance.**

- b. **Even though no governance “issues” exist at the Company, they agree, without any basis whatsoever, with YFO’s thinking regarding the Company’s corporate governance that assumes that there are governance “issues” at the Company.**

As explained above in 2(iv) of Proposal 3, **all the governance “issues” asserted by YFO are contrary to the facts, and no governance issues exist at the Company.** Nevertheless, according to the May 2, 2023 Response by Candidates for Directors and Corporate Auditors, the Shareholder Proposal director and corporate auditor candidates all agree with the thinking of YFO regarding sound corporate governance of the Company and assume that governance “issues” exist at the Company. It must be said that **the fact that the Shareholder Proposal director and corporate auditor candidates agree without any grounds whatsoever with YFO’s assertions show that these candidates have absolutely no understanding about the Company’s corporate governance.**

- c. **Even though YFO has violated laws and regulations and breached the non-disclosure agreement, the candidates agree with YFO’s thinking regarding corporate governance.**

As the Company gave notice in its March 28, 2023 press release and Press Release Expressing Opinion Regarding YFO Proposal issued on May 24, 2023, **the sequence of the acquisition of the Company shares by YFO etc. is suspected to have violated the Financial Instruments and Exchange Act, the Foreign Exchange and Foreign Trade Act, and the Unfair Competition Prevention Act.** Furthermore, YFO etc. **have repeatedly made public the details of the negotiations with the Company, which is prohibited from**

**disclosing by the non-disclosure agreement dated August 26, 2022, thereby breaching the confidentiality duty under the said non-disclosure agreement.** The Shareholder Proposal director and corporate auditor candidates agree with the thinking concerning governance of YFO, which, as explained in b. above, is suspected of violations of laws and regulations and repeated breaches of contract; **from this it can only be concluded that there are issues in the fundamental thinking of these candidates in regard to compliance corporate governance.**

(iv) **There are doubts regarding the appropriateness of a Shareholder Proposal executive director candidate.**

One of the Shareholder Proposal director candidates, executive director candidate Mr. Shinya Yoshida, has executed an advisory agreement with YFO regarding enhancement of the Company's corporate value. YFO made its tender offer application to the Company on May 18, 2022; the Company believes that the existence of this advisory agreement, notwithstanding the potential of a conflict arising between the Company's interests and YFO's interests, casts doubt on the appropriateness of Mr. Shinya Yoshida as a director candidate. In addition, Mr. Shinya Yoshida has no experience relating to the offshore civil construction, the Company business, and the Company has judged that compared to the director candidates of the Company proposal, he cannot be expected to make any contributions to the Company as an executive director.

Similarly, another executive director candidate, Mr. Akira Tosaka, has no experience relating to the offshore civil construction, the Company business, and the Company has judged that compared to the director candidates of the Company proposal, he cannot be expected to make any contributions to the Company as an executive director.

**D. The decision of an opinion opposing the Shareholder Proposal was the result of careful consideration and deliberation by the Board of Directors, based on the discussions at the Company's Director Nominating/Compensation Committee.**

As explained in 2.(v) of Proposal No. 3 and 2.(iv) of Proposal No. 4 above, in the nomination of the Company's director and corporate auditor candidates, the Board of Directors made the decision after discussions at the Director Nominating/Compensation Committee, which is composed of the two Representative Directors and three outside directors, meaning that the majority of members are outside directors.

As explained in C.(iii)a. above, there were no interviews between the Director Nominating/Compensation Committee and the Shareholder Proposal candidates because of their refusal. Nevertheless, **in making its decision to oppose the Shareholder Proposal, the Director Nominating/Compensation Committee held discussions about the Shareholder Proposal candidates and the Board of Directors carefully considered and held deliberations before deciding.**

【For your reference】

○The press release dated March 28, 2023

- The Facts About the “Problems” and “Suspicious” Regarding the Company's Governance Alleged by Yamauchi-No.10 Family Office  
([https://www.toyo-const.co.jp/en/wp/wp-content/uploads/2023/04/20230331\\_E\\_31.pdf](https://www.toyo-const.co.jp/en/wp/wp-content/uploads/2023/04/20230331_E_31.pdf))
- Provision of Information Regarding Violation of Laws and Regulations by the Yamauchi-No. 10 Family Office to Related Authorities  
([https://www.toyo-const.co.jp/en/wp/wp-content/uploads/2023/03/230331\\_E\\_2.pdf](https://www.toyo-const.co.jp/en/wp/wp-content/uploads/2023/03/230331_E_2.pdf))

○The press release dated May 9, 2023

- The Refusal of the Candidates for Directors and Corporate Auditors of the Shareholder Proposal to Have an Interview with the Director Nominating/Compensation Committee  
([https://www.toyo-const.co.jp/en/wp/wp-content/uploads/2023/05/20230510\\_E.pdf](https://www.toyo-const.co.jp/en/wp/wp-content/uploads/2023/05/20230510_E.pdf))

○The press release dated May 24, 2023

- Notice Regarding Expression of Opinion (Opposition) Regarding the Application for a Tender Offer for Company Shares by Godo Kaisha Yamauchi-No. 10 Family Office (formerly Godo Kaisha Vpg) and Kabushiki Kaisha KITE  
([https://www.toyo-const.co.jp/en/wp/wp-content/uploads/2023/05/20230529-1\\_E.pdf](https://www.toyo-const.co.jp/en/wp/wp-content/uploads/2023/05/20230529-1_E.pdf))
- Explanatory Material Concerning the Expression of Opinion (Opposition) Regarding the Application for a Tender Offer for Company Shares by YFO etc.  
([https://www.toyo-const.co.jp/en/wp/wp-content/uploads/2023/05/20230530-3\\_E.pdf](https://www.toyo-const.co.jp/en/wp/wp-content/uploads/2023/05/20230530-3_E.pdf))
- Notice of Decision on Company Proposals Relating to Candidates for Directors and Corporate Auditors and Revision to Amount of Compensation and Board of Directors' Opinion Regarding Shareholder Proposals  
([https://www.toyo-const.co.jp/en/wp/wp-content/uploads/2023/05/20230529-2\\_E.pdf](https://www.toyo-const.co.jp/en/wp/wp-content/uploads/2023/05/20230529-2_E.pdf))
- Explanatory Material for the Board of Directors' Opinion Regarding Shareholder Proposals  
(<https://www.toyo-const.co.jp/en/wp/wp-content/uploads/2023/05/20230531E.pdf>)

## **Proposal No. 9 Revisions to Amount of Directors' Compensation**

### (1) Summary of Proposal

Subject to the approval of the appointment of all or part of the director candidates as proposed in Proposal No. 7, out of the maximum amount of compensation for directors of 33 million yen per month, the amount for outside directors shall not exceed 10.5 million yen per month.

### (2) Reason for Proposal

It was resolved at the Company's 98<sup>th</sup> annual general shareholders meeting held on June 26, 2020, that the maximum amount of compensation for directors shall not exceed 33 million yen per month (including three million yen per month for outside directors). At the time of the resolution, the number of directors was nine (of which there were two outside directors).

The number of current directors is eight (of which there are three outside directors), and if Proposal No. 7 has been approved and the current six directors (of which there are three outside directors) are not re-elected, the number of directors will be 11 (of which there are seven outside directors). In anticipation of such increase in the number of outside directors, we propose to increase the maximum amount of compensation for outside directors.

### **Reasons for Opposing Proposal No. 9, Revision to Amount of Directors' Compensation**

With the goal of further strengthening corporate governance, the Company has proposed the election of six outside directors in Proposal No. 3. For this reason, as explained in 2 of Proposal No. 5, the Company proposes that the amount of compensation for outside directors, an increase in whose numbers is planned, will increase and the amount of compensation for directors shall be no more than 33 million yen per month (of which, the amount for outside directors shall be no more than 12 million yen per month). Therefore, the Company opposes the Shareholder Proposal to revise the amount of director's compensation that differs from the foregoing.

End