

To Our Shareholders:

1-16-14 Shibuya, Shibuya-ku, Tokyo

Tokyu Construction Co., Ltd.

Mitsuhiro Terada, Representative Director, President

Notice of the 20th Annual General Meeting of Shareholders

The Company would hereby like to announce shareholders the Company's 20th Annual General Meeting of Shareholders as described below.

The Company has decided to provide the information that constitutes the reference document for the Annual General Meeting of Shareholders electronically (information provided electronically) for the convocation of this Annual General Meeting of Shareholders and has published it on the following websites on the internet. Please access either of these websites and confirm the information.

[The Company's website]

<https://www.tokyu-cnst.co.jp/en/ir/stock/meeting/>



[Tokyo Stock Exchange website (Japan Exchange Group Company Announcements Service)]

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

(Please access the above Tokyo Stock Exchange website, enter "Tokyu Construction Co., Ltd." or "1720" in the "Search condition" and search. Then, click "Basic information" and select "Documents for public inspection/PR information." Under "Documents for public inspection," please access and confirm the "Notice of the 20th Annual General Meeting of Shareholders/the Reference Document for the Annual Meeting of Shareholders.")



If you will not attend the meeting on the day, you may exercise your voting rights either via the internet, etc., or by posting a document so please consider the "Reference Document for the Annual Meeting of Shareholders" and exercise your voting rights by 6.00 p.m. on June 26 (Monday), 2023.

Sincerely yours,

1. Date: 10:00 a.m., June 27 (Tuesday), 2023
(Reception will begin at 9:00 a.m.)
2. Venue: Ballroom, B2F, Cerulean Tower Tokyu Hotel
26-1 Sakuragaoka-cho, Shibuya-ku, Tokyo
3. Purposes:
 - Items to be reported:
 1. The business report, the consolidated financial statements and the results of consolidated financial statement audits by the Accounting Auditor and the Audit & Supervisory Board for the 20th business period (April 1, 2022 to March 31, 2023)
 2. The non-consolidated financial statements for the 20th business period (April 1, 2022 to March 31, 2023)
 - Items to be resolved:
 - Agenda No. 1: Appropriation of Retained Earnings
 - Agenda No. 2: Election of Ten (10) Directors
4. Matters determined for the convocation of this Annual General Meeting of Shareholders
 - If voting rights are exercised both via the internet and in writing, the rights exercised via the internet will be valid. In addition, if voting rights are exercised multiple times via the internet, the final exercise of voting rights will be valid.
 - If there is no indication of whether or not the shareholder agrees to an agenda item on a returned document for the exercise of voting rights, the Company will assume that the shareholder has declared their intention to agree.

Please kindly note that no gifts will be given to attendees at this Annual General Meeting of Shareholders.

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- ⊙ In accordance with laws and ordinances and the provisions of Article 16, Paragraph 2 of the Company's Articles of Incorporation, this Notice of the 20th Annual General Meeting of Shareholders does not include the following items found in the information provided electronically.
 - The circumstances of the accounting auditor and the system to secure the appropriateness of business operations and the outline of the operating circumstances of the said system of the Business Report
 - The Consolidated Statements of Changes in Net Assets and the Notes to the Consolidated Financial Statements of the Consolidated Financial Statements
 - The Non-consolidated Statements of Changes in Net Assets and the Notes to the Non-consolidated Financial Statements of the Non-consolidated Financial Statements
 These items are part of the Consolidated Financial Statements and Non-consolidated Financial Statements audited when the accounting auditor prepares the Accounting Audit Report, and part of the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements audited when the members of the Audit & Supervisory Board prepare the Audit Report.
 - ⊙ Results of resolutions at this Annual General Meeting of Shareholders will be listed on the Company's website via the Internet after this Annual General Meeting of Shareholders, in lieu of notifying you in writing.
 - ⊙ If the information provided electronically is revised, the Company will publish the items before and after the revision on the Company's website and the Tokyo Stock Exchange website on the internet.

Reference Document for the Annual Meeting of Shareholders

Meeting Agenda and Referential Matters

Agenda No. 1: Appropriation of Retained Earnings

The Company recognizes the importance of capital efficiency while emphasizing stable and sustained profit returns to shareholders, which are less susceptible to short-term profit volatility. In line with this policy, the Company aims to pay dividends of 4% or higher in the dividend on equity ratio (DOE) satisfying both ROE of 10% or higher, which is a medium- to long-term performance target, and a consolidated payout ratio of 40% or higher.

Based on this policy, the Company will request appropriation of retained earnings as follows:

Year-end Dividend

- (1) Matters concerning allocation of dividend property to shareholders and total amount thereof

18 yen per common share of the Company Total amount: ¥ 1,912,108,842

As a result, the annual dividend for the fiscal year ended March 31, 2023, will be 36 yen per share, combined with the interim dividend of 18 yen.

- (2) Effective date on which dividends are disbursed from retained earnings

June 28, 2023

Agenda No. 2: Election of Ten (10) Directors

The terms of office of all of the current Directors will expire at the close of this General Meeting of Shareholders. Accordingly, we propose the election of ten (10) Directors (including four (4) External Directors), increasing the number of Directors by two (2) to strengthen the management system further.

The candidates for Directors are as follows.

[Reference: List of Candidates]

Candidate No.		Name	Current positions	Appointments and Remunerations Committee	Attendance at Board of Directors meetings		
1	Reappointed	Mitsuhiro Terada	Representative Director, President	●	16/16 meetings (100%)		
2	Reappointed	Masatoshi Shimizu	Director, Senior Managing Executive Officer		16/16 meetings (100%)		
3	Reappointed	Setsu Hamana	Director	●	13/13 meetings (100%)		
4	Reappointed	External	Independent Officer	Isao Onda	Director	● (Chairperson)	16/16 meetings (100%)
5	Reappointed	External	Independent Officer	Kahori Yoshida	Director	●	16/16 meetings (100%)
6	Reappointed	External	Independent Officer	Kunihiro Koshizuka	Director	●	16/16 meetings (100%)
7	Reappointed	External	Independent Officer	Tsutomu Tsunashima	Director	●	16/16 meetings (100%)
8	Newly Appointed	Yoshihiko Suwa	*			*	
9	Newly Appointed	Tomoya Masuda	*			*	
10	Newly Appointed	Yoshihiro Akada	*			*	

Notes: 1. The attendance at Board of Directors meetings of Mr. Setsu Hamana reflects only those meetings held following his appointment as a Director on June 24, 2022.
2. No description marked with * means not being applicable due to a newly appointed candidate.



1 Mitsuhiro Terada (March 1, 1957)

Reappointed

Brief profile, position, responsibility and significant concurrent positions

- April 1979 Joined Tokyu Construction Co., Ltd.
- June 2010 Executive Officer of the Company
- April 2012 Managing Executive Officer of the Company
- June 2012 Director, Managing Executive Officer of the Company
- April 2013 General Manager, Civil Engineering Division of the Company
- April 2016 Director, Senior Managing Executive Officer of the Company
- April 2018 Representative Director, Senior Executive Vice President of the Company
- June 2019 Representative Director, President of the Company (to present)

- Number of the Company's shares owned
52,263 shares
- Term of Office for Director
11 years
- Attendance at Board of Directors meetings:
16/16 meetings (100%)

■ Reasons for the election of candidate for Director

Mr. Terada has abundant management experience at the Company and has led the Group strongly as Representative Director and President, so he has been re-elected as a candidate for Director because it can be expected that he will contribute to the sustainable growth of the Group and the improvement of its medium to long-term corporate value.



2 Masatoshi Shimizu (January 20, 1959)

Reappointed

Brief profile, position, responsibility and significant concurrent positions

- April 1982 Joined Tokyu Construction Co., Ltd.
- April 2012 Executive Officer of the Company
- April 2017 Managing Executive Officer of the Company
General Manager, Business Administration Division of the Company
- June 2017 Director, Managing Executive Officer of the Company
- April 2020 Director, Senior Managing Executive Officer of the Company (to present)
- April 2021 General Manager of Corporate Strategy Division, in charge of Business Administration Division of the Company (to present)

- Number of the Company's shares owned
21,498 shares
- Term of Office for Director
6 years
- Attendance at Board of Directors meetings:
16/16 meetings (100%)

■ Reasons for the election of candidate for Director

Mr. Shimizu has rich management experience at the Company and strong insights pertaining to overall business administration, so he has been re-elected as a candidate for Director because it can be expected that he will contribute to the sustainable growth of the Group and the improvement of its medium to long-term corporate value.



- Number of the Company's shares owned
0 shares
- Term of Office for Director
1 year
- Attendance at Board of Directors meetings:
13/13 meetings (100%)

3 Setsu Hamana (July 25, 1960)

Reappointed

Brief profile, position, responsibility and significant concurrent positions

April 1983	Joined Tokyu Corporation ("Tokyu")
April 2011	Executive Officer of Tokyu Executive General Manager of Building Headquarters, Urban Life Development Business Unit of Tokyu
June 2014	Director & Executive Officer of Tokyu
April 2015	Deputy Executive General Manager of Urban Development Business Unit of Tokyu
April 2017	Director & Corporate Consultant of Tokyu President & Representative Director of Tokyu Facility Service Co., Ltd.
April 2019	Director & Executive Officer of Tokyu Executive General Manager of Building Operations Business Headquarters of Tokyu
September 2019	Director & Executive Officer of Tokyu
April 2020	Director & Managing Executive Officer of Tokyu (to present)
June 2022	Director of the Company (to present)

(Significant concurrent positions)

Director & Managing Executive Officer of Tokyu Corporation

■ Reasons for the election of candidate for Director

Mr. Hamana is the Director of Tokyu Corporation, a core company of the Tokyu Group. He has been elected as a candidate for Director due to his rich management experience in and broad insights into real estate, human resources, labor, etc. as well as the Company's expectations that he will contribute to the Company's management using his opinions from the viewpoint of one familiar with the overall knowledge of business administration.



4

Isao Onda

(April 4, 1949)

Reappointed External Independent Officer

Brief profile, position, responsibility and significant concurrent positions

- October 1973 Joined EIKO Accounting Corporation (current Ernst & Young ShinNihon LLC)
- July 1990 Partner of Century Audit Corporation (“Century”), Manager of Chiba office
- June 1993 Director and Partner of Century, Manager of business development department, and Manager of Chiba office
- June 2002 Executive Director and Partner of Ernst & Young ShinNihon Audit Corporation, General Manager in charge of public stock offering business and public accounting business, Deputy General Manager in charge of general consulting business, and Manager of Chiba office
- September 2008 Executive Director of Ernst & Young ShinNihon LLC (“EY ShinNihon”), Department Head in charge of oversight of advisory services
Ernst & Young Global Japan Area Advisor
- September 2010 Advisor of EY ShinNihon
- October 2010 Special Advisor of GTM Research Institute Inc.
- April 2011 Representative Director, President of GTM Research Institute Inc. (to present)
- June 2012 Audit & Supervisory Board Member of the Company
- January 2019 Partner of GTM Tax Co. (to present)
- April 2019 Visiting professor of Institute for Technology, Enterprise and Competitiveness, Doshisha University (to present)
- June 2020 Director of the Company (to present)

(Significant concurrent positions)

Representative Director, President of GTM Research Institute Inc.
Partner of GTM Tax Co.
Visiting professor of Institute for Technology, Enterprise and Competitiveness, Doshisha University

Reasons for proposing the candidate for External Director and outline of expected roles

Mr. Onda has abundant experience and broad insights as a business manager, as well as his professional expertise as a certified public accountant and certified tax accountant. He has been re-elected as a candidate for External Director with the expectation that he will contribute to oversight of overall businesses with his beneficial advice and opinions through his expertise and experience.

- Number of the Company’s shares owned
0 shares
- Term of Office for Director
3 years
- Attendance at Board of Directors meetings:
16/16 meetings (100%)



5 Kahori Yoshida (December 19, 1972)

Reappointed

External

Independent Officer

Brief profile, position, responsibility and significant concurrent positions

April 1996	Joined Recruit Cosmos Co., Ltd.
September 2010	Passed the bar examination
December 2011	Joined Yoshiko Takagi Law Firm (current T&T Partners Law Office) (to present) Registered as Lawyer
April 2012	Member of the Operation Committee for Housing Dispute Examination Meeting, Daini Tokyo Bar Association (to present)
November 2018	Special member of the Chuo Construction Project Dispute Examination Committee, the Ministry of Land, Infrastructure, Transport, and Tourism (to present)
June 2019	Director of the Company (to present)
August 2020	Member of the Central Review Council for Kenchikushi, the Ministry of Land, Infrastructure, Transport and Tourism (to present) Professional Member of Architecture Subcommittee, the Social Infrastructure Improvement Council, the Ministry of Land, Infrastructure, Transport and Tourism (Team for preventive measures for accidents and disasters of buildings) (to present)
October 2020	Temporary Member of the Japanese Industrial Standards Committee, the Ministry of Land, Infrastructure, Transport and Tourism (to present)
October 2021	Commissioner of Tokyo housing Policy Making Advisory Board (to present)
April 2022	Special researcher of Tokyo Metropolitan Building Examination Committee (to present)

(Significant concurrent positions)
Lawyer (T&T Partners Law Office)

Reasons for proposing the candidate for External Director and outline of expected roles

Ms. Yoshida has professional expertise as a lawyer and work experience in the real estate industry, and has been re-elected as a candidate for External Director with the expectation that she will contribute to oversight of overall corporate businesses with her beneficial advice and opinions through her expertise and experience. Although she has no experience of having been directly engaged in corporate management, the Company believes, based on the reason above, she will be able to accomplish her duties as External Director.

■ Number of the Company's shares owned
0 shares

■ Term of Office for Director
4 years

■ Attendance at Board of Directors meetings:
16/16 meetings (100%)



6

Kunihiro
Koshizuka

(September 30, 1955)

Reappointed

External

Independent Officer

Brief profile, position, responsibility and significant concurrent positions

April 1981	Joined Konishiroku Photo Industry Co., Ltd. (current KONICA MINOLTA, INC.)
April 2012	Executive Officer, Manager in charge of Technology Strategy, Corporate R&D Department of KONICA MINOLTA, INC.
April 2013	Executive Officer, Manager in charge of Technology Strategy and General Manager in charge of Development of KONICA MINOLTA, INC.
April 2014	Executive Vice President and Executive Officer, General Manager in charge of Corporate R&D Headquarters and Manager in charge of Technology Strategy of KONICA MINOLTA, INC.
April 2015	Executive Vice President and Executive Officer, General Manager in charge of Business Development and General Manager in charge of Corporate R&D Headquarters of KONICA MINOLTA, INC.
June 2015	Director, Executive Vice President and Executive Officer, General Manager in charge of Business Development and General Manager in charge of Corporate R&D Headquarters of KONICA MINOLTA, INC.
April 2016	Director, Executive Vice President and Executive Officer, General Manager in charge of Business Development and in charge of Technology of KONICA MINOLTA, INC.
June 2019	Senior Technical Advisor of KONICA MINOLTA, INC.
May 2020	Outside Director of AEON MALL Co., Ltd. (to present)
June 2021	Director of the Company (to present)
June 2022	Outside Director of WILL GROUP, INC. (to present) Outside Director of F.C.C. CO., LTD. (to present)

(Significant concurrent positions)

Outside Director of AEON MALL Co., Ltd.

Outside Director of WILL GROUP, INC.

Outside Director of F.C.C. CO., LTD.

■ Reasons for proposing the candidate for External Director and outline of expected roles

Mr. Koshizuka has professional expertise in digital and science technology with a wealth of experience and broad insights with respect to technical strategy formulation, new business creation, and large acquisition deals. He has been re-elected as a candidate for External Director with the expectation that he will contribute to oversight of the overall businesses with his beneficial advice and opinions through his expertise and experience.

- Number of the Company's shares owned
0 shares
- Term of Office for Director
2 years
- Attendance at Board of Directors meetings:
16/16 meetings (100%)



7

Tsutomu Tsunashima

(September 8, 1956)

Reappointed

External

Independent Officer

Brief profile, position, responsibility and significant concurrent positions

April 1979	Joined Yasuda Trust And Banking Company, Limited (current Mizuho Trust & Banking Co., Ltd.)
April 2007	Executive Officer, Manager of Osaka Branch, Mizuho Trust & Banking Co., Ltd.
April 2008	Managing Executive Officer, Manager of Osaka Branch, Mizuho Trust & Banking Co., Ltd.
April 2010	President & CEO of Urban Research Institute Corp.
June 2011	Outside Auditor of DYNIC CORPORATION
June 2015	Outside Audit & Supervisory Board Member of NIPPON SIGNAL CO., LTD.
June 2016	Outside Director of Chuo Warehouse Co., Ltd.
June 2021	Director of the Company (to present)

- Number of the Company's shares owned
0 shares
- Term of Office for Director
2 years
- Attendance at Board of Directors meetings:
16/16 meetings (100%)

■ Reasons for proposing the candidate for External Director and outline of expected roles

Mr. Tsunashima has gained broad insights through his career with a wealth of experience as a business manager at a think tank specialized in the real estate business, as well as years of experience as an officer in business execution at the trust bank. He has been re-elected as a candidate for External Director with the expectation that he will contribute to oversight of the overall businesses with his beneficial advice and opinions through his expertise and experience.



8

Yoshihiko Suwa

(August 3, 1956)

Newly Appointed

Brief profile, position, responsibility and significant concurrent positions

April 1980	Joined Tokyu Construction Co., Ltd.
April 2010	General Manager, Safety & Environment Division of the Company
April 2011	Executive Officer of the Company
April 2013	General Manager, Housing and Residential Division of the Company
March 2017	Representative Director, President and Executive Officer of TOKYU GEOX CO., LTD.
April 2023	Advisor of the Company (to present)

- Number of the Company's shares owned
6,393 shares
- Term of Office for Director
—
- Attendance at Board of Directors meetings:
—

■ Reasons for the election of candidate for Director

Mr. Suwa has rich management experience at the Company and strong insights pertaining to safety and environment, etc. as well as abundant experience and broad insights as a business manager, so he has been re-elected as a candidate for Director because it can be expected that he will contribute to the sustainable growth of the Group and the improvement of its medium to long-term corporate value.



9 Tomoya Masuda (March 10, 1959)

Newly Appointed

Brief profile, position, responsibility and significant concurrent positions

April 1984	Joined Tokyu Construction Co., Ltd.
April 2017	Executive Officer of the Company
April 2018	Deputy General Manager, Urban Development Branch, and General Manager, Building Department 1 of the Company
April 2020	Managing Executive Officer of the Company General Manager, Building Construction Division of the Company (to present)
April 2022	Senior Managing Executive Officer of the Company

- Number of the Company's shares owned
2,909 shares

- Term of Office for Director
—

- Attendance at Board of Directors meetings:
—

Reasons for the election of candidate for Director

Mr. Masuda has rich management experience at the Company and strong insights pertaining to building construction and digital innovation, etc. so he has been re-elected as a candidate for Director because it can be expected that he will contribute to the sustainable growth of the Group and the improvement of its medium to long-term corporate value.



10 Yoshihiro Akada (December 26, 1961)

Newly Appointed

Brief profile, position, responsibility and significant concurrent positions

April 1984	Joined Tokyu Construction Co., Ltd.
April 2018	General Manager, Business Management Department, Civil Engineering Division of the Company
April 2019	Executive Officer of the Company
April 2022	Managing Executive Officer of the Company (to present) General Manager, Civil Engineering Division of the Company (to present)
April 2023	In charge of International Business of the Company (to present)

- Number of the Company's shares owned
2,763 shares

- Term of Office for Director
—

- Attendance at Board of Directors meetings:
—

Reasons for the election of candidate for Director

Mr. Masuda has rich management experience at the Company and strong insights pertaining to civil engineering and international business, etc. so he has been re-elected as a candidate for Director because it can be expected that he will contribute to the sustainable growth of the Group and the improvement of its medium to long-term corporate value.

Notes:

1. Special conflict of interests between the candidates and the Company
 - (1) Mr. Setsu Hamana is Director of Tokyu Corporation and the company holds 15,362 thousand shares of the Company (holding ratio of 14.46%). In addition, the company and the Company perform businesses under the same category, and the company is a major counterpart for the Company's deals. The Company has transactions such as orders for construction projects with the company.
 - (2) There is no special conflict of interests between the other candidates and the Company.
2. Isao Onda, Kahori Yoshida, Kunihiro Koshizuka, and Tsutomu Tsunashima satisfy the Company's criteria for the independence of External Directors set forth in the page 15 and are candidates for independent officers pursuant to the regulations of the Tokyo Stock Exchange, Inc.
3. Limited liability agreement
The Company has concluded agreements with Setsu Hamana, Isao Onda, Kahori Yoshida, Kunihiro Koshizuka, and Tsutomu Tsunashima to limit their respective liabilities for damages referred to in Article 423 (1) of the Companies Act pursuant to the provision of Article 427 (1) of said Act. The maximum amount of liability for damages prescribed in such agreement is the minimum liability amount stipulated in the items of Article 425 (1) of said Act. The Company plans to extend the aforementioned limited liability agreements if their re-election is approved.
4. Directors' Liability Insurance Contracts
The Company has a directors' liability insurance contract stipulated in Article 430-3, (1) of the Companies Act with the insurance company which covers liability for damages and litigation costs of an insured person that arises from compensation claims to the insured person for damages due to the insured person's acts in the use of his or her position during the insurance period. Each candidate will become an insured person of the said contract upon the appointment as Director, and the said contract will be renewed in the midst of his or her term of office.
5. Candidates for Directors
Decisions have been made by the Board of Directors after receiving reports from the Appointments and Remunerations Committee, which is chaired by the leading Independent External Director and the majority of whose members are Independent External Directors.

[Reference: Policy on the Appointment of Candidates for Director and Audit & Supervisory Board Members]

The Company determines candidates for Director and Audit & Supervisory Board members based on the results of past fiscal years, the state of execution of duties, etc., in consideration gender, age, skills and the diversity of composition of the Board of Directors. In addition, the Company has established the following eight items as the skills required for the promotion of the medium-term management plan aimed at the achievement of the Company's vision, "VISION2030," and determines candidates on the Board of Directors with the advice of the Appointments and Remunerations Committee, which is chaired by the leading Independent External Director, in consideration of the balance of these skills.

Name	Corporate Management	Knowledge of the Industry	Laws and Compliance	Finance and Accounting	Development of Human Resources	International Mindset	Digital Innovation	Sustainability and ESG
Directors								
Mitsuhiro Terada	*	*				*		*
Masatoshi Shimizu	*	*	*	*	*			*
Setsu Hamana	*	*		*	*			*
Isao Onda External Independent	*			*		*		*
Kahori Yoshida External Independent		*	*					*
Kunihiro Koshizuka External Independent	*					*	*	*
Tsutomu Tsunashima External Independent	*			*		*		*
Yoshihiko Suwa	*	*			*			*
Tomoya Masuda		*					*	*
Yoshihiro Akada		*				*		*
Audit & Supervisory Board Members								
Satoshi Hashimoto		*	*					*
Masashi Ochiai		*		*				*
Youichi Saito External Independent			*					*
Yoshikazu Kato External Independent			*				*	*
Kazuo Kitamura External Independent	*			*				*

Reason for selection of each item of the skills matrix

Item	Reason for selection
Corporate management	The Company thinks that knowledge and expertise of corporate management as the director, etc., of an operating company is required for the promotion of long-term management plans and the sustainable improvement of corporate value.
Knowledge of the industry	The construction industry is the Company's core industry and the Company thinks that having detailed knowledge of the construction industry and being experienced in the formulation and execution of business strategies, etc., is required for the sustainable improvement of corporate value.
Laws and compliance	The Company thinks that knowledge and experience of the law and compliance is required for improvement of the effectiveness of management supervision on the Board of Directors.
Finance and accounting	The Company thinks that knowledge and experience of finance and accounting is required for the building of strong financial foundations and the sustainable improvement of corporate value.
Development of human resources	The Company thinks that knowledge and experience of human resource development, diversity, human resource management, etc., is required because it positions human resources as one of the sources of competitive superiority in the basic policy for its long-term management plan.

International mindset	The Company thinks that experience of international business, etc., and knowledge of international affairs are required because it positions and focuses on international business as strategic business in its long-term management plan.
Digital innovation	The Company thinks that knowledge and experience of digital technology, the creation of new business, etc., is required because it positions digital technology as one of the sources of competitive superiority and focuses on the new business as strategic business in the basic policy for its long-term management plan.
Sustainability and ESG	The Company thinks that knowledge and experience of ESG (environment, society and governance) is required because it has raised the practice of sustainable management that creates resolutions to social issues and economic value in VISION2030.

[Reference: Standard for Independence of External Directors and Audit & Supervisory Board Members]

The Company determines External Officers (External Directors and Audit & Supervisory Board Members) who satisfy with the following requirements as independent officers (Independent External Directors and Independent Audit & Supervisory Board Members) without any risk of conflict of interest with general shareholders.

1. External Officers do not fall into the following category:

- 1) Executive persons¹ of the Company and its subsidiaries (hereinafter, referred to as the “Group”);
- 2) A counterparty which has transactions principally with the Group², or its executive persons;
- 3) Major counterparty³ of the Group or its executives;
- 4) A consultant, accounting professional or legal professional who has been paid a large amount of money or other assets⁴ in addition to the External Director’s remunerations (in the event that such person is a corporation or other association such as union, a person who belongs to such association);
- 5) An accounting auditor of the Group or a certified public accountant who belongs to an audit corporation that is an accounting auditor of the Group;
- 6) A person who receives donations or subsidies exceeding certain amount⁵ from the Group (in the event that a person who receives such donation or subsidy is a corporation or other association such as union, executive persons of such association);
- 7) A major financial institution⁶ from which the Group has borrowed or executive persons of its parent company or subsidiary;
- 8) A major shareholder⁷ of the Group or in the event that such shareholder is a corporation, executive persons of such corporation;
- 9) Executive persons in a company which the Group is a major shareholder;
- 10) A company which Director (regardless of full-time or part-time) is sent from the Group or executive persons of its parent company or subsidiary; or
- 11) Persons who have recently fallen into the category of any of (1) to (10) above.

2. External officers are not close relative, etc.⁹ of persons who fall into the category of (1) to (11) in 1 above (limited to those who have important positions⁸).

3. Even though an External Officer satisfies the requirements of 1 and 2 above, if he/she is not considered to be independent due to other reasons, the Company shall not deem him/her as an independent officer.

Notes:

1. Executive persons mean executives stipulated by Item 6 in Paragraph 3 of Article 2 of the Ordinance for Enforcement of the Companies Act and include executive Directors and employees, but not Audit & Supervisory Board Members and Auditors.
2. A counterparty which has transactions principally with the Group means a counterparty which received payments from the Company, which accounted for more than 2% of its annual consolidated sales in any year of the most recent three fiscal years.
3. A major counterparty of the Group is a counterparty whose payments to the Company accounted for more than 2% of the Company’s annual consolidated sales in any year of the most recent three fiscal years.
4. A large amount of money or other assets means money or other assets other than Director’s remuneration exceeding ¥10 million per year in either year in the most recent three fiscal years.
5. Donation or subsidy exceeding certain amount means donation or subsidy exceeding ¥10 million per year in any year of the most recent three fiscal years.
6. A major financial institution is a financial institution in which the Company has year-end loan balance of more than 2% of its consolidated total assets in any year of the most recent three fiscal years.
7. A major shareholder means a shareholder who has 10% or more of total voting rights (including both direct and indirect holding).
8. Those who have important positions include Directors (excluding External Directors), executive officers, corporate officers and employees who are at the senior management level of manager or higher, certified public accountants who belong to an audit corporation or accounting office, attorneys who belong to a law office, councilors who belong to an incorporated foundation, incorporated association, educational corporation, or other corporation, administrators such as Directors, or other persons who are objectively and reasonably deemed to have similar importance.
9. Close relative, etc. means spouse or relative within the second degree.

[Reference: Policy on the holding of cross-shareholdings]

The Company acquires and holds shares issued by its business partners aimed at contributing to the improvement of the corporate value of the Company by strengthening transaction relationships and maintaining good relationships.

On the other hand, the Company scrutinizes individual listed shares every year using the results indicators for the most recent fiscal year to see whether we have been able to obtain sufficient benefits in relation to capital costs, and whether there are any risks that would see the value of those shares decline. In addition, we use results indicators for the past few years and forecast indicators for the next few years to scrutinize whether we are able to gain sufficient benefits in relation to capital costs to carry out quantitative verification. Moreover, we also carry out qualitative verification of the Company's future relationships with the issuing companies. Based on the results of these verifications, we consider matters such as economic rationality and future prospects comprehensively, and confirm every year on the Board of Directors whether or not the significance of holding shares was recognized. In principle, the Company promotes the sale of shares that have stopped fulfilling the purpose for their holding and shares whose significance of holding is no longer recognized taking into consideration the situation of the issuing companies, market trends, etc., and strives to reduce them.

