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3-3. Governance (G) Initiatives

Comprehensive internal whistleblowing system that ensures confidentiality and anonymity

In order to disseminate and implement the Anti-Bribery and Anti-Corruption Policy, which is our basic anti-corruption policy, the Group introduced an internal whistleblowing system (including anonymous reports) and operates it in a manner that ensures the anonymity of all informants. Points of contact are established both inside and outside the Company, and they are open to receive reports from all Group employees (including contract employees, temporary employees, etc.) in accordance with the Whistleblower Protection Act. The person who received the report is obligated to strictly maintain confidentiality of any information received.

Communicating to all employees regarding the Company anti-corruption policy

At the Group, the Investment Management Department, which is the department in charge of compliance, takes the lead in holding a meeting twice a year to explain each of the rules related to anti-corruption to all employees in order to thoroughly inform them of anti-corruption measures.

Related regulations are disclosed on the intranet which is always available to officers and employees. In addition, the Anti-Bribery and Anti-Corruption Policy, which is our basic anti-corruption policy, is included in employee training to educate all employees, especially those working in departments with high risks of corruption.

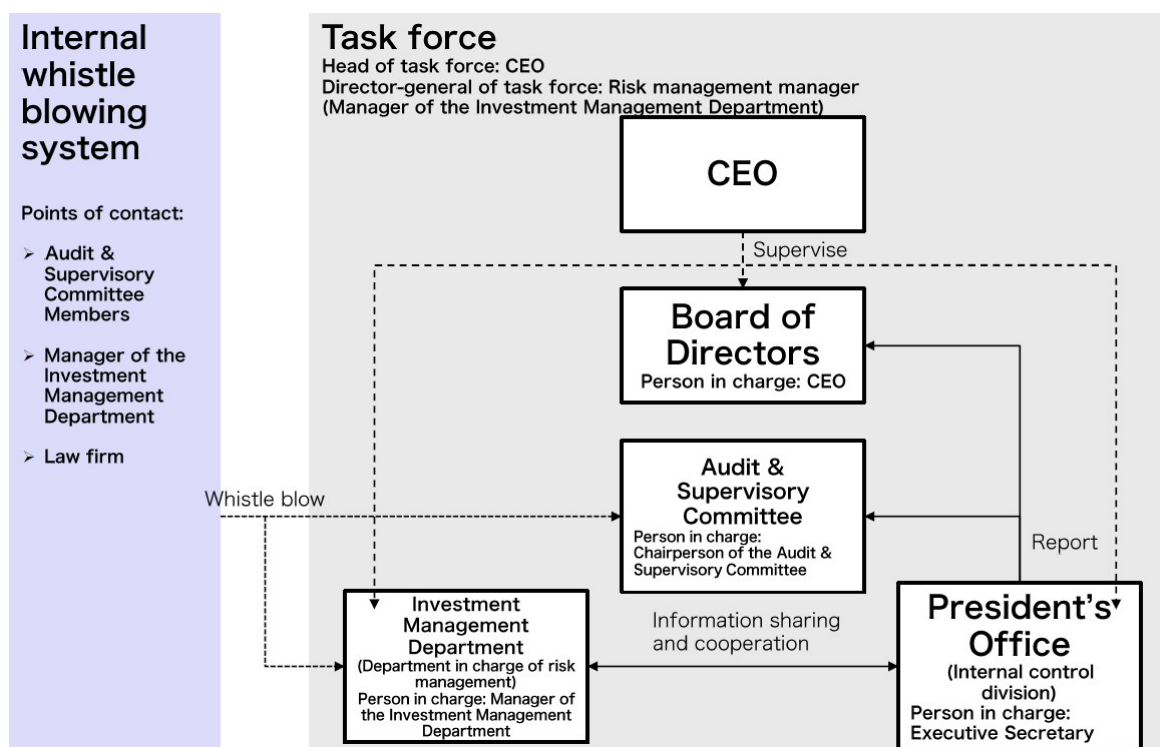
Supervising risk management and reviewing of the effectiveness of risk management processes by the Board of Directors, and risk responsibilities of senior management including directors and executive officers

The Group has established Risk Management Rules in order to identify and assess risks pertaining to the Group as a whole, and take appropriate measures from both qualitative and quantitative aspects as necessary, and implements comprehensive risk management. Events subject to risk management include those described as Risk Information in the Company's Annual Securities Reports and any other similar documents, deficiencies in internal controls over the preparation of financial reports included in the Annual Securities Reports, non-compliance with the stipulations in the Compliance Rules and any other material events that impede the execution of business.

The content of risk management is shared between the senior management responsible for the department in charge of risk management and the internal control division. The responsible person in the internal control division regularly reports to the Board of Directors and the Audit & Supervisory Committee. Each director is responsible for supervising and evaluating the effectiveness of risk management.

In the event that any of the aforementioned risks becomes apparent, a task force is established to take appropriate measures, with the President & CEO serving as the head and the risk management manager serving as the director-general of the task force. In addition, the effectiveness of risk management is constantly reviewed by regular verification and evaluation through the CEO.

The head of the department in charge of risk management is served by a different employee (manager) from the chairperson of the Audit & Supervisory Committee.



Review the following activities of the Company: Compliance with the Code of Conduct/Code of Ethics and identify violations and/or periodically review the effectiveness of the Code of Conduct/Code of Ethics

The Group's internal audit division independently evaluates and verifies the appropriateness and effectiveness of compliance and other management systems at 7 sites, including subsidiaries. For internal audits, they not only detect deficiencies, but also identify problems related to compliance at each site and provide proposals and guide them to make improvements.

When a compliance violation is detected, it is reported to the CEO, Audit & Supervisory Committee members, and the internal control division, as well as to the heads of the relevant divisions and the executive officers and directors who supervise the relevant businesses. Necessary corrective measures are taken as well as suggestions are provided to the relevant divisions in order to correct and improve problems. With regard to ESG risks, the Board of Directors meet once a month to monitor the operation status and effectiveness of Corporate Mission, action guidelines, Code of Ethics, etc.

Employee training on anti-corruption policy

The Group provides new graduate employees and mid-career employees with training on the significance of anti-corruption and matters that may pose a particularly significant risk as stipulated in the Anti-Bribery and Anti-Corruption Policy as part of the orientation they receive at the time of joining the Company. It also provides training twice a year at the weekly meeting for all employees to familiarize them with anti-corruption.

Risk assessment of corruption in business

The Group's Investment Management Department, which is responsible for compliance, takes the lead in assessing the risk of corruption in its business, collaborating with the President's Office, which is the internal control division, as necessary. The results of risk assessment, particularly those determined to be significant risks, are reported to the Audit & Supervisory Committee.

Disclosure of total amount of political contributions

The total amount of donations made by the Group to political fund organizations is as follows:

	FY22	FY23	FY24
Donations to political fund organizations	N/A	N/A	N/A

Number of actions taken against employees and dismissals resulting from violations of the anti-corruption policy

	FY22	FY23	FY24
Employee, etc. disciplined for violation of anti- corruption policy (number of persons)	-	-	-
Penalties related to corruption (JPY)	-	-	-
Penalties related to corruption (number of cases)	-	-	-

Disclosure of details by directors (expertise and experience as a director at other companies)

The following is a summary of the Company director's professional background and experience in serving as a director at other companies.

The expertise and concurrent positions of each director are described in the reference documents for the general meeting of shareholders and the Annual Securities Report.

Name	Expertise	Concurrent positions at other companies
Masashi Mizunaga	Corporate management, sales/ marketing, financial accounting/ finance, organizational personnel/ human resource development, sustainability	-
Kazuhiko Odaki	Financial accounting/ finance, legal affairs/ compliance, technology, sustainability	Professor, College of Economics, Nihon University Outside Director of AS ONE CORPORATION
Yasushi Yano	Corporate management, sales/ marketing, organizational personnel/ human resource development	Representative Director, Taisei CI Co. Ltd. Commissioned as a member of the Management Council of Nishinoda Technology Senior High School Director, Kansai Association of Corporate Executives
Tetsuo Wada	Sales/ marketing, financial accounting/ finance, legal affairs/ compliance	Professor, Faculty of Economics, Gakushuin University
Izumi Saegusa	Sales/ marketing, organizational personnel/ human resource development, sustainability	Auditor, Oya Eiko Office Ltd. Director, Oya Soichi Library Foundation

Number of directors, number of independent directors, and number of female directors

The Company is a company with an Audit & Supervisory Committee. We appoint one (1) director (excluding directors who are Audit & Supervisory Committee members) and four (4) directors who are Audit & Supervisory Committee members (of which four (4) are outside directors).

Of the four (4) directors who are Audit & Supervisory Committee members, all four (4) meet the independence standards set forth by the Tokyo Stock Exchange as well as the independence standards for independent officers set forth by the Company.

The number of female directors is one (1).

Supervision and deliberation of the following items by the Board of Directors (misuse in conflicts of interest and related party transactions)

The Group has determined that competitive transactions and transactions involving conflicts of interest by its directors shall be resolved by the Board of Directors, and these transactions shall be deliberated by the Board of Directors, including the independent directors, after disclosing material facts in advance. In addition, the Group regularly checks whether there are transactions between related parties and the Company. Should there be any transaction, it will be described appropriately in the disclosure documents as a related party transaction in accordance with related laws and regulations.

Regular evaluation of the effectiveness of the Board of Directors

The Company conducts an anonymous questionnaire every year to all directors including outside directors to evaluate the Board of Directors as a whole, and the results are confirmed at the Board of Directors.

Statements regarding the Board of Directors, the Audit & Supervisory Board, and each committee, their rules and regulations, or descriptions equivalent thereto, and the Audit & Supervisory Board consisting solely of outside auditors and the exercise of voting rights regarding the election and dismissal of directors

The structure of the Company meeting is as follows.

Board of Directors

The Board of Directors shall deliberate on important matters relating to the management of the Company, including management policies and strategies, and supervise the execution of duties by directors. The term of office of directors who are Audit & Supervisory Committee members is two (2) years, and the term of office of directors who are not Audit & Supervisory Committee members is one (1) year.

As of February 2025, the Board of Directors is composed of one (1) director who is not an Audit & Supervisory Committee member and four (4) directors (who are Audit & Supervisory Committee members), and each director is elected at the general meeting of shareholders.

Audit & Supervisory Committee

In principle, the meeting of the Audit & Supervisory Committee is held once a month. The Committee supervises the execution of business by directors, by attending meetings of the Board of Directors that ensures appropriate management activities as well as other important meetings, viewing related materials, and asking questions to department managers. Candidates are selected considering whether they are able to maintain independence from business executives, whether they are able to maintain a fair and impartial attitude, and whether they are able to conduct management evaluations, etc. Their term of office is two (2) years.

As of February 2025, the Audit & Supervisory Committee is composed of four (4) outside directors, and all four (4) meet the independence standards set forth by the Tokyo Stock Exchange as well as the independence standards for independent officers set forth by the Company.

Nomination & Remuneration Committee

A Nomination & Remuneration Committee meeting is held each time a proposal is submitted, and proposals of director candidates and director remuneration are deliberated, and recommendations of director candidates and opinions, etc. on director (excluding directors who are Audit & Supervisory Committee members) remuneration are reported to the Board of Directors, whereas opinions, etc. on director (who are Audit & Supervisory Committee members) remuneration are reported to the Audit & Supervisory Committee. The candidates for the Nomination & Remuneration Committee are selected by the Board of Directors from among the directors, including independent outside directors, and their term of office is one (1) year. Proposals of director candidates and director remuneration are deliberated at the Nomination & Remuneration Committee, and recommendations of director candidates and opinions, etc. on director (excluding directors who are Audit & Supervisory Committee members) remuneration are reported to the Board of Directors, whereas opinions, etc. on director (who are Audit & Supervisory Committee members) remuneration are reported to the Audit & Supervisory Committee.

As of February 2024, the Nomination & Remuneration Committee is composed of five (5) directors and chaired by an outside director.

Disclosure of number of annual meetings of the Board of Directors/director committee meetings

Disclosure of attendance rate of directors and committee members

The number of days the meetings were held and the attendance rate of each committee member for FY24 (from December 1, 2023 to November 30, 2024) are as follows:

	Masashi Mizunaga	Kazuhiko Odaki	Yasushi Yano	Tetsuo Wada	Izumi Saegusa
Board of Directors meeting (13 meetings in total)	13/13 (100%)	13/13 (100%)	13/13 (100%)	13/13 (100%)	10/10 (100%)
Audit & Supervisory Committee meeting (13 meetings in total)	-	13/13 (100%)	13/13 (100%)	13/13 (100%)	10/10 (100%)
Nomination & Remuneration Committee meeting (3 meetings in total)	3/3 (100%)	3/3 (100%)	3/3 (100%)	3/3 (100%)	1/1 (100%)

*The above does not include the seven (7) written resolutions that are deemed to have been adopted by the Board of Directors.

* Izumi Saegusa is a new director appointed at the 26th Ordinary General Meeting of Shareholders held on February 22, 2024. Her attendance at the Board of Directors meetings, Audit and Supervisory Committee meetings, and Nomination and Remuneration Committee held after her appointment is listed.

Disclosure of directors' remunerations

At the extraordinary general meeting of shareholders held on May 24, 2019, the Company resolved that the maximum amount of directors' remunerations (excluding directors who are Audit & Supervisory Committee members) shall not exceed JPY 300 mn per year (however, this excludes salaries of directors who concurrently serve as employees). Remuneration is deliberated and determined by the Board of Directors after thorough deliberation by the Nomination & Remuneration Committee, taking into consideration the qualities and capabilities of each director and their degree of contribution to performance of the Company. In addition, the Company introduced a restricted stock remuneration system in 2021, and the Company will provide eligible directors with remuneration for granting restricted stocks at an annual amount of up to JPY 200 mn (however, this excludes salaries of directors who concurrently serve as employees) as remuneration for the execution of duties for five (5) years from the 23rd Ordinary General Meeting of Shareholders held on February 24, 2021, within the current annual amount of monetary remuneration, etc. for directors of up to JPY 300 mn.

Disclosure of fixed and variable remuneration amounts

The directors' remunerations of the Company for FY24 were as follows: (Unit: JPY thousand)

Name	Position	Total amount of remuneration	Fixed remuneration	Non-monetary remuneration
Masashi Mizunaga	Director who is not an Audit & Supervisory Committee member	133,199	21,600	111,599
Kazuhiko Odaki	Director (Audit & Supervisory Committee member)	3,000	3,000	-
Yasushi Yano	Director (Audit & Supervisory Committee member)	3,000	3,000	-
Tetsuo Wada	Director (Audit & Supervisory Committee member)	3,000	3,000	-
Izumi Saegusa	Director (Audit & Supervisory Committee member)	2,250	2,250	-

Disclosure of compensation paid to audit firms

The amount of compensation paid to KPMG AZSA LLC, which audits the Group, is as follows:

	FY22		FY23		FY24	
	Fees for audit certification work	Fees for non-audit services	Fees for audit certification work	Fees for non-audit services	Fees for audit certification work	Fees for non-audit services
Company	20,506	-	24,967	-	24,975	-
Subsidiary	6,524	-	8,008	-	9,450	-
Total	27,030	-	32,975	-	34,425	-

Ordinary general meeting of shareholders: Number of days from the date of convocation notice to the date of the meeting

In order to facilitate the exercise of voting rights by shareholders, the Company issues convocation notices on its website and makes efforts to dispatch the notices earlier than the provision of Article 299 of the Companies Act (by two weeks prior to the general meeting of shareholders).

Exercise of voting rights concerning directors' remunerations

At the Company, the amount of directors' remunerations, etc. provided in Article 361 of the Companies Act is, in principle, determined by the Board of Directors within the limit approved at the general meeting of shareholders. As an advisory body to the Board of Directors, the Nomination & Remuneration Committee, which majority is made up of outside directors, including the chairperson, deliberates on the resolutions of the Board of Directors and reports their results to the Board of Directors in an effort to further enhance transparency and objectivity.

At the extraordinary general meeting of shareholders held on May 24, 2019, it was resolved that the maximum amount of directors' remunerations (excluding directors who are Audit & Supervisory Committee members) shall not exceed JPY 300 mn per year (however, this excludes salaries of directors who concurrently serve as employees) and that remuneration for directors who are Audit & Supervisory Committee members shall not exceed JPY 60 mn per year. At the 23rd Ordinary General Meeting of Shareholders held on February 24, 2021, as remuneration for the execution of duties for five (5) years from the general meeting, the remuneration for granting restricted stocks were granted at an annual amount of up to JPY 200 mn (however, this excludes salaries of directors who concurrently serve as director and employee) within the current annual amount of monetary remuneration, etc. for directors of up to JPY 300 mn.

The chairperson of the Nomination & Remuneration Committee (outside director) determines the granting of bonuses to officers and restricted stock remuneration upon interviews with each officer and reports the results to the Nomination & Remuneration Committee.

Remuneration, etc. for Audit & Supervisory Committee members is deliberated by the Nomination & Remuneration Committee, and individual remuneration within the limits approved by the general meeting of shareholders is determined through discussion by the Audit & Supervisory Committee.

Whether the principle of one voting right per share is applied to all corporate meeting resolutions

All of the Company's authorized shares are common shares with one (1) voting right for every hundred (100) shares.

Disclosure of exercise of voting results

The results of the exercise of voting rights at the ordinary general meeting of shareholders held on February 21, 2025 are as follows:

Proposal No.1: Election of one (1) director (excluding directors who are Audit and Supervisory Committee members)

Proposal to elect Masashi Mizunaga as a director (excluding directors who are Audit and Supervisory Committee members).

	Number of votes for proposal	Number of votes against proposal	Number of abstentions	Voting results and ratio of voting for proposal
Proposal: Masashi Mizunaga	253,071	9,228	0	96.48%

Proposal No.2: Election of three (3) directors who are Audit and Supervisory Committee members
 Proposal to elect Kazuhiko Odaki, Yasushi Yano and Tetsuo Wada as a director who are Audit & Supervisory Committee members.

	Number of votes for proposal	Number of votes against proposal	Number of abstentions	Voting results and ratio of voting for proposal
Proposal: Kazuhiko Odaki	258,201	4,098	0	98.43%
Proposal: Yasushi Yano	262,047	252	0	99.90%
Proposal: Tetsuo Wada	261,931	368	0	99.85%

Proposal No.3 Election of Financial Auditor
 Proposal to elect Grant Thornton Taiyo LLC as Financial Auditor.

	Number of votes for proposal	Number of votes against proposal	Number of abstentions	Voting results and ratio of voting for proposal
Proposal: Grant Thornton Taiyo LLC	246,045	16,254	0	93.80%

Percentage of female executive officers (or equivalent positions)

The Company has introduced an executive officer system from the perspective of separating management and execution. Executive officers execute the operations of each department in accordance with the Executive Officer Regulations.

At present, the ratio of female executive officers is 0%. However, as mentioned above, the ratio of female managers and employees in equivalent positions is currently about 20.8%, and we are promoting the appointment of female workers to important positions.

Reporting standards – company risk management system and transparency of reports with reference to external standards

In making our ESG disclosures, the Company refers to the framework described in the Engagement Guide (Home Builders industry) published by the Sustainability Accounting Standards Board (SASB).

Supervision of the following by the Board of Directors (Code of Conduct, Code of Ethics or any

other equivalent rules, ESG risks):

The Group has established a Charter of Corporate Behavior, which sets a Code of Conduct for officers and employees of the Group to act in compliance with laws and regulations and the Articles of Incorporation. The Board of Directors supervises the Code of Conduct. In addition, the Company monitors the ESG risks which are listed below and deliberates and determines improvement measures as necessary.

<p>1. Securing management personnel, and outflow of resources</p> <ul style="list-style-type: none">• Possibility that the operation of the Group would be greatly affected if management personnel who lead business innovation or personnel who will spontaneously grow and play an active role could not be secured, or if there is an outflow of such personnel from the Company.
<p>2. Renovation work</p> <ul style="list-style-type: none">• Possible effects on the Group's operating results and financial condition if complaints or other issues arise in the course of construction, or if a rise in materials prices or a distribution delay occurs due to domestic or overseas economic impact.• With the development of materials with a smaller environmental impact and a broader uptake of these technologies, there is a possibility that prices will be passed on to each material, which will increase renovation costs and become a factor that puts pressure on to the Company's profitability.• Possibility that our business partners will be unable to secure human resources for renovation work due to the impact of changes in the working population, etc.
<p>3. Intensification of global warming</p> <ul style="list-style-type: none">• Possibility that intense heat will reduce profitability due to a reduced operational efficiency of employees and the occurrence of occupational accidents.• Possibility of increase in utility costs from the increased use of heating at our offices, etc., leading to more usage of electricity and greenhouse gas emissions which may further increase our cost from carbon taxing.
<p>4. Legal regulations</p> <ul style="list-style-type: none">• Possibility that the business activities of the Group will be affected in the event that a part of the business is restricted due to new establishment, revision or abolishment of relevant laws and regulations, or additional expenses are required to respond thereto.• In particular, the possibility of affecting the Group's business activities due to administrative actions, fines, criminal penalties or loss of social credibility, etc. resulting from violations of environmental laws, which are expected to be strengthened in the future.
<p>5. Introduction of carbon tax</p> <ul style="list-style-type: none">• Possibility that the introduction of so-called carbon tax (tax based on greenhouse gas emissions) will increase costs such as procurement costs of renovation materials, etc., company vehicle fuel prices, and electricity prices, thereby affecting the Group's business activities.
<p>6. Increase in abnormal weather</p> <ul style="list-style-type: none">• Possibility of a decrease in the number of real estate units purchased and an increase in running costs of the Company-owned properties due to a longer renovation construction period and longer sales periods from delays in overall business activities caused by frequent occurrences of heavy rain, typhoons, etc.• Indirectly, there is a possibility that the appraisal value of the Company-owned properties may decrease due to the revision of laws and regulations related to disaster countermeasures or the expansion of hazard map regulations.

7. Transition to a decarbonized society

- As society as a whole makes its shift to a decarbonized society, the Company's response may be delayed, and the market competitiveness of its products (properties it offers, etc.) may decline.

8. Damage due to unforeseen accidents and natural disasters

- If an unforeseen accident or natural disaster occurs in an area where the Company's real estate holdings exists, there is a possibility that sudden repair costs due to loss, deterioration or damage of the real estate may occur and there may be a decline in future sales prices.
- Slow investment sentiment in the real estate investment market may have an impact on the Group's business development.

9. Business continuity in the event of a disaster or other emergency

- Possibilities of delays in resuming business activities due to a delay in restoring headquarters functions caused by insufficient Business Continuity Plan (BCP) measures.

*ESG risks include some risks that are not included in the "Risks in Conducting Business, etc." described in the Annual Securities Report.

Responses to the following matters in accordance with the Company's rules, regulations/charter/policies and any other equivalent rule:

The Group has established Risk Management Rules and has built a risk management system by organizing a department and person in charge of risk management which will periodically report the status of risk management to the Board of Directors and the Audit & Supervisory Committee. In the event of an unforeseen situation, the Company will set up a task force headed by the CEO and establish a system to promptly respond to the situation upon receiving advice from experts.

In particular, the Group regards assurance of compliance as one of the most important matters in risk management. In addition to the Risk Management Rules, the Group has established the Compliance Rules and appointed a department and person in charge of compliance to comprehensively supervise compliance activities across the Group as a whole.

Company-wide approach to non-compliance

The Group has established an internal whistleblowing system based on the Whistleblower Protection Act as a means to prevent compliance violations. It will receive information on management risks from employees who have knowledge of internal corporate problems as soon as they arise. It will then promptly identify and correct such problems while thoroughly protecting the informant.

In addition, the Group established multiple internal whistleblowing channels, which lets employees to anonymously (if necessary) report internal matters to either corporate counsel, Audit & Supervisory Committee members (outside directors) or compliance officers. When an internal whistleblowing is received, such report will be shared amongst the CEO, Audit & Supervisory Committee members (outside director) and compliance officer who are engaged in handling internal whistleblowing. The compliance officer shall investigate the facts and consider and formulate measures to prevent recurrence in cooperation with legal counsels, etc. as necessary, and make report to the Audit & Supervisory Committee and the Board of Directors.

The operation performance of the internal whistleblowing system over the past three (3) years are as follows:

	FY22	FY23	FY24
Number of internal whistleblowing	0	0	0

In addition to the internal whistleblowing system, the Compliance Rules require employees to anonymously (if necessary) report to the compliance officer when they become aware of violations of laws and regulations (including acts suspected of violating laws and regulations) committed by other employees. The compliance officer shall cooperate with the internal audit division as necessary and promptly report to the Board of Directors and the Audit & Supervisory Committee, and shall consider strict punishments and/or formulate measures to prevent recurrence.

The status of the violation of the Compliance Rules and actions taken against such violation over the last three (3) years throughout the Company are as follows:

Fiscal Year	Number of internal whistleblowing or reports to the compliance officer	Among those reported in the left, number of cases found to be in violation of the Compliance Rules	Among those found to be in violation of the Compliance Rules, the number of cases for which actions were imposed	Details of actions taken against the violation
FY22	0	0	0	
FY23	1	1	1	Disciplinary action against a full-time employee (equivalent to demotion)
FY24	0	0	0	

Supervision of health and safety by the Board of Directors

The Group has established a Health Committee to maintain and improve the health of its employees. The Health Committee consists of four (4) members, including one (1) chairperson (the manager of Human Resources and General Affairs Department), one (1) occupational physician, and two (2) representatives of employees, with the CEO serving as the supervisor. The meeting is held every month. Specific items to be discussed are as follows.

- (1) Basic measures to prevent health impairment of its employee
- (2) Basic measures to maintain and promote employees' physical health
- (3) Basic measures to maintain and promote employees' mental health
- (4) Necessary measures to be taken based on the opinion of the doctor after the medical examination
- (5) Other matters related to hygiene

The content of deliberations by the Health Committee is shared by the CEO at the meeting of the Board of Directors as necessary.