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(Securities Code: 6486)

June 3, 2022

To our shareholders:

Tetsuji Tsuru
Representative Director and President
Eagle Industry Co., Ltd.
(Location of the Head Office)
1-12-15 Shiba-Daimon, Minato-ku, Tokyo
(Location of the Headquarters)
14F, Shiba-Park Bldg.-B, 2-4-1, Shiba-koen, Minato-ku,
Tokyo

NOTICE OF THE FY2021 ORDINARY GENERAL MEETING OF SHAREHOLDERS

The FY2021 Ordinary General Meeting of Shareholders of Eagle Industry Co., Ltd. (the “Company”) will be held as described below.

In light of the spread of the novel coronavirus disease (COVID-19), this year we would like to ask that you exercise your voting rights in writing or via the Internet prior to the meeting rather than attending in person if possible. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights no later than 5:15 p.m., Wednesday, June 22, 2022 (JST).

1. Date and Time: Thursday, June 23, 2022 at 10:00 a.m. (JST) (Reception will open at 9:00 a.m.)

2. Venue: Conference Room, 2F, Head Office, NOK CORPORATION
1-12-15 Shiba-Daimon, Minato-ku, Tokyo

* The venue may not be available due to the impact of the COVID-19. If the venue is changed, information will be provided on the Company’s website. (<https://www.ekkeagle.com/jp/>)

3. Purposes:

Items to be reported:

1. Business Report and Consolidated Financial Statements for the FY2021 (from April 1, 2021 to March 31, 2022), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
2. Non-Consolidated Financial Statements for the FY2021 (from April 1, 2021 to March 31, 2022)

Items to be resolved:

- Proposal 1:** Appropriation of surplus
Proposal 2: Amendment to the Articles of Incorporation
Proposal 3: Election of eight (8) Directors
Proposal 4: Election of one (1) Audit & Supervisory Board Member
Proposal 5: Introduction of Performance-linked Stock Compensation Plan for Directors, etc.

Reference Documents for the General Meeting of Shareholders

Proposal 1: Appropriation of surplus

The Company would like to propose to appropriate surplus for the fiscal year under review as described below:

Matters related to year-end dividends

For FY2021, the Company proposes to pay a year-end dividend of 25 yen per share by taking into account the business performance of the current fiscal year, future business development, etc.

As 25 yen per share was paid as an interim dividend, total dividends per share for the fiscal year will be 50 yen.

1. Type of dividend property
Cash
2. Allocation of dividend property and total amount thereof
25 yen per common share of the Company
Total amount of dividends: 1,228,081,425 yen
3. Effective date of distribution of dividends of surplus
June 24, 2022

Proposal 2: Amendment to the Articles of Incorporation

1. Reasons for the Proposal

In line with the enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) on September 1, 2022, the Company will introduce the system for providing informational materials for the general meeting of shareholders in electronic format, and therefore proposes to make the following changes to the Articles of Incorporation.

- (1) As the Company will be obliged to stipulate that it shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format, Article 14 (Measures, etc. for Providing Information in Electronic Format), paragraph 1 in the Proposed amendments will be newly established.
- (2) Article 14 (Measures, etc. for Providing Information in Electronic Format), paragraph 2 in the Proposed amendments will be newly established in order to limit the scope of the items to be stated in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents, to the scope designated by the Ministry of Justice Order.
- (3) Since with the introduction of the system for providing informational materials for the general meeting of shareholders in electronic format, the provisions in Article 14 of the current Articles of Incorporation (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) will no longer be required, they will be deleted.
- (4) Supplementary provisions regarding the coming into effect, etc. of the aforementioned provisions to be newly established and provisions to be deleted, will be established. These supplementary provisions shall be deleted after the term elapses.

2. Content of Amendments

Details of the proposed amendments are as follows:

(Underlining denotes change)

Current Articles of Incorporation	Proposed amendments
<p><u>(Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.)</u> <u>Article 14</u> <u>When the Company convenes a general meeting of shareholders, if it discloses information that is to be stated or presented in the reference documents for the general meeting of shareholders, business report, non-consolidated financial statements and consolidated financial statements through the internet in accordance with the provisions prescribed by the Ministry of Justice Order, it may be deemed that the Company has provided this information to shareholders.</u></p> <p>(Newly established)</p> <p>(Newly established)</p>	<p>(Deleted)</p> <p><u>(Measures, etc. for Providing Information in Electronic Format)</u> <u>Article 14</u> <u>1. When the Company convenes a general meeting of shareholders, it shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.</u> <u>2. Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p> <p><u>(Supplementary Provisions)</u> <u>(Transitional Measures for Providing Informational Materials for the General Meeting of Shareholders in Electronic Format)</u></p>

Current Articles of Incorporation	Proposed amendments
(Newly established)	<p><u>Article 1</u></p> <ol style="list-style-type: none"> <li data-bbox="821 230 1441 481">1. <u>The deletion of Article 14 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) in the pre-amended Articles of Incorporation and the establishment of the new Article 14 (Measures, etc. for Providing Information in Electronic Format) in the amended Articles of Incorporation shall be effective from September 1, 2022.</u> <li data-bbox="821 488 1441 705">2. <u>Notwithstanding the provisions of the preceding paragraph, Article 14 in the current Articles of Incorporation (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) shall remain effective regarding any general meeting of shareholders held on a date within six months from September 1, 2022.</u> <li data-bbox="821 712 1441 862">3. <u>The provisions of this article shall be deleted on the date when six months have elapsed from September 1, 2022 or three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u>

Proposal 3: Election of eight (8) Directors

The terms of office of all six (6) Directors will expire at the conclusion of this Meeting. Therefore, the Company proposes the election of eight (8) Directors, increasing the number of Directors by two (2) in order to further strengthen the management system.

The candidates for Directors are as follows:

No.	Name (Date of birth)	Career summary, position and responsibilities	Number of the Company's shares owned
1	Tetsuji Tsuru (August 16, 1949) Reelection Board meeting attendance 13/13 meetings	Apr. 1972 Joined NOK CORPORATION June 1977 Director and Vice President, NOK Inc. June 1979 Director, the Company June 1981 MBA, Sloan School of Management, Massachusetts Institute of Technology Jan. 1982 Managing Director, the Company Apr. 1984 Senior Managing Director, the Company June 1985 Representative Director and Vice President, the Company June 1989 Representative Director and President, the Company June 2006 Director, NOK CORPORATION June 2018 Representative Director, Chairman of the Board and President, the Company (incumbent) [Significant concurrent positions outside the Company] Representative Director and Chairman, EagleBurgmann Japan Co., Ltd.	143,233
		Reasons for nomination as a candidate for Director Tetsuji Tsuru has worked as the Company's Representative Director and President for many years and, based on his plentiful knowledge and experience from that business management activity, we have made him a candidate for Director and ask for his reelection.	
2	Masaki Nakao (April 9, 1955) Reelection Board meeting attendance 13/13 meetings	Apr. 1980 Joined the Company June 2005 Director, the Company June 2009 Operating Officer, the Company Jan. 2011 Senior Operating Officer and General Manager, Corporate Strategic Planning Office, the Company June 2018 Senior Managing Director and General Manager, Corporate Strategic Planning Office, the Company Oct. 2020 Representative Director and Vice President and General Manager Corporate Strategic Planning Office, the Company (incumbent)	18,600
		Reasons for nomination as a candidate for Director Masaki Nakao has plentiful experience and results related to conducting the Group's overseas business and corporate planning, and we have made him a candidate for Director and ask for his reelection.	

No.	Name (Date of birth)	Career summary, position and responsibilities		Number of the Company's shares owned
3	Shinji Abe (January 14, 1959) Reelection Board meeting attendance 13/13 meetings	Apr. 1981	Joined NOK CORPORATION	38,900
		Oct. 2004	Branch Manager, Anjo Branch I, Corporate Sales & Marketing Division, NOK CORPORATION	
		June 2007	Director, the Company	
		June 2008	Managing Director, the Company	
		June 2009	Senior Operating Officer, the Company	
		June 2010	Senior Managing Director and General Manager, Corporate Sales & Marketing Division, the Company	
		Apr. 2020	Senior Managing Director and General Manager, Global Quality and Environmental Control Office (currently General Manager, Safety, Environmental and Quality Control Office), the Company (incumbent)	
Reasons for nomination as a candidate for Director Shinji Abe has plentiful experience and results in business and sales activities of our Group's products. Taking advantage of his knowledge in these areas, we have made him a candidate for Director and ask for his reelection to further promote quality control of our Group's products and services and health, safety and environmental management activities.				
4	Norio Uemura (February 24, 1959) Reelection Board meeting attendance 13/13 meetings	Mar. 1989	Joined NOK CORPORATION	19,200
		June 2010	Operating Officer, the Company	
		Jan. 2014	Senior Operating Officer, the Company	
		June 2014	Senior Managing Director and General Manager, Engineering Division, the Company (incumbent)	
		Mar. 2016	Doctor of Engineering	
Reasons for nomination as a candidate for Director Norio Uemura has plentiful experience and results with our Group's products and service technology and has deep insight as a Doctor of Engineering. Therefore, we have made him a candidate for Director and ask for his reelection.				
5	Masahide Shimada (March 19, 1966) New election Board meeting attendance —	Apr. 1988	Joined the Company	12,300
		Apr. 2011	Department Manager, Manufacturing Engineering Department, AI·CI Division, the Company	
		July 2016	Deputy General Manager, AI·CI Division, the Company	
		June 2018	Operating Officer and Deputy General Manager, AI·CI Division, the Company	
		June 2019	Operating Officer and General Manager, AI·CI Division, the Company	
		Apr. 2020	Senior Operating Officer and General Manager, AI·CI Division, the Company (incumbent)	
Reasons for nomination as a candidate for Director Masahide Shimada has plentiful experience and results in supervising production technology and other aspects of the Company's businesses in the automotive and construction machinery industries. Therefore, we have made him a new candidate for Director.				

No.	Name (Date of birth)	Career summary, position and responsibilities	Number of the Company's shares owned
6	<p>Kensaku Hogen (August 2, 1941) Reelection Outside Director Board meeting attendance 13/13 meetings</p>	<p>Apr. 1964 Joined the Ministry of Foreign Affairs Mar. 1998 Under-Secretary-General, the United Nations Apr. 2001 Ambassador of Japan to Canada Jan. 2005 Retired from the Ministry of Foreign Affairs June 2015 Outside Director, the Company (incumbent) Outside Director, NOK CORPORATION (incumbent) [Significant concurrent positions outside the Company] Outside Director, NOK CORPORATION</p>	3,300
<p>Reasons for nomination as a candidate for Outside Director and overview of expected roles Kensaku Hogen is expected to provide supervision and counsel on the execution of duties by the Company's Directors from an objective, broad and advanced perspective based on his vast amount of experience in foreign policy and high principles, and we have made him a candidate for Outside Director and ask for his reelection. Also, he is not involved in corporate management other than as an Outside Officer so we believe he can appropriately carry out the duties of an Outside Director. If reelected, he will continue to be involved in selection of candidates for officer positions and determination of officer compensation from an objective and neutral standpoint as a member of the Nomination and Compensation Committee.</p>			
7	<p>Makoto Fujioka (March 27, 1950) Reelection Outside Director Board meeting attendance 13/13 meetings</p>	<p>Apr. 1972 Joined the Ministry of International Trade and Industry (currently the Ministry of Economy, Trade and Industry) June 1977 MBA, Harvard Business School, Harvard University June 1987 Head of the Energy Efficiency Division, IEA (International Energy Agency), (France) June 1996 Deputy Director-General, Trade & Economic Affairs, the Ministry of International Trade and Industry Feb. 2001 Ambassador of Japan to the United Arab Emirates Sept. 2003 Retired from the Ministry of Economy, Trade and Industry June 2004 Director and Executive Officer, Nippon Light Metal Company, Ltd. June 2007 Director and Senior Executive Officer, Nippon Light Metal Company, Ltd. June 2013 Director and Executive Vice President, Nippon Light Metal Company, Ltd. July 2015 Director General, Japan Association for Chemical Innovation June 2016 Outside Director, the Company (incumbent) Outside Director, NOK CORPORATION (incumbent) Outside Director, Nippon Paper Industries Co., Ltd. (incumbent) [Significant concurrent positions outside the Company] Outside Director, NOK CORPORATION Outside Director, Nippon Paper Industries Co., Ltd.</p>	3,800
<p>Reasons for nomination as a candidate for Outside Director and overview of expected roles Makoto Fujioka has a track record of corporate management based on his vast amount of experience in industrial and foreign policy and high principles. We expect him to continue providing supervision and counsel on the execution of duties by the Company's Directors from an objective, broad and advanced perspective and so have made him a candidate for Outside Director and ask for his reelection. If reelected, he will continue to be involved in selection of candidates for officer positions and determination of officer compensation from an objective and neutral standpoint as a member of the Nomination and Compensation Committee.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities	Number of the Company's shares owned
8	Naoki Shimada (November 23, 1968) New election Outside Director Board meeting attendance —	<p>Apr. 1993 Joined Apple Computer, Inc.</p> <p>June 1998 MBA, Sloan School of Management, Massachusetts Institute of Technology</p> <p>Oct. 1998 Joined Boston Consulting Group</p> <p>Sept. 2001 CEO, P&E Directions, Inc. (incumbent)</p> <p>Sept. 2005 Outside Director, ACMOS INC.</p> <p>June 2008 External board member, Nihon M&A Center Inc.</p> <p>Mar. 2013 External Audit & Supervisory Board Member, Fundely Co., Ltd. (incumbent)</p> <p>June 2015 Outside Director, SUGITA ACE CO.,LTD (incumbent)</p> <p>June 2021 External Director, RENOVA, Inc. (incumbent)</p> <p>[Significant concurrent positions outside the Company] CEO, P&E Directions, Inc., External Audit & Supervisory Board Member, Fundely Co., Ltd.(*) Outside Director, SUGITA ACE CO.,LTD, External Director, RENOVA, Inc.</p> <p>* He is scheduled to retire from said company upon the conclusion of the ordinary general meeting of shareholders planned to be held in June 2022.</p>	—
<p>Reasons for nomination as a candidate for Outside Director and overview of expected roles</p> <p>Naoki Shimada has a track record of corporate management based on his vast amount of experience in operating companies and corporate management consulting, as well as high principles. We expect him to provide supervision and counsel on the execution of duties by the Company's Directors from an objective, broad and advanced perspective and so have made him a candidate for Outside Director. If elected, he will be involved in selection of candidates for officer positions and determination of officer compensation from an objective and neutral standpoint as a member of the Nomination and Compensation Committee.</p>			

- (Notes)
1. Candidate Tetsuji Tsuru also serves as Representative Director and Chairman of EagleBurgmann Japan Co., Ltd., and the Company has a business relationship, selling and purchasing products, etc., with this company.
 2. Kensaku Hogen, Makoto Fujioka, and Naoki Shimada are candidates for Outside Director.
 3. Kensaku Hogen and Makoto Fujioka are concurrently Outside Directors of NOK CORPORATION, and the Company has a business relationship, selling and purchasing products, etc., with this company.
 4. Kensaku Hogen is currently an Outside Director of the Company and at the conclusion of this Meeting, he will have been a Director for seven years.
 5. Makoto Fujioka is currently an Outside Director of the Company and at the conclusion of this Meeting, he will have been a Director for six years.
 6. The Company has entered into a liability insurance agreement for officers, etc. with all directors as insured as set forth in Article 430-3, Paragraph 1 of the Companies Act. It covers damages that may arise from insured directors being liable in relation to the execution of their duties or being subjected to claims pursuing such liability. It excludes damages arising from unlawful acts on the part of the insured or actions taken while recognizing that they violate the law. If the candidates assume office, they will become insured under the agreement, and the agreement will be renewed as long as they serve as director.
 7. The following is an overview of the contents of the limited liability agreements with Outside Directors.
The Company has concluded agreements with Kensaku Hogen and Makoto Fujioka under the provision of Article 427, paragraph 1 of the Companies Act to limit liability for damages as provided for in Article 423, paragraph 1 of the Act. The limit of liability as provided for in the agreements is the amount specified by laws and regulations and if their reelection is approved, the Company plans to renew the aforementioned agreements with them. In addition, if the election of Naoki Shimada is approved, the Company plans to conclude such an agreement with him.
 8. The Company has registered Kensaku Hogen and Makoto Fujioka as Independent Directors according to the regulations of the Tokyo Stock Exchange, Inc. If these candidates are reelected, the Company plans for them to continue to be Independent Directors. In addition, Naoki Shimada satisfies the criteria for an Independent Director according to the regulations of the Tokyo Stock Exchange, Inc., and if his election is approved, the Company plans to register him as an Independent Director.
 9. There are no special interests between the other candidates and the Company.

Proposal 4: Election of one (1) Audit & Supervisory Board Member

The term of office of current Audit & Supervisory Board Member, Atsushi Kajitani will expire at the conclusion of this Meeting. Therefore, the Company proposes the election of one (1) Audit & Supervisory Board Member. The Audit & Supervisory Board has already given its consent to this proposal.

The candidate for Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Career summary and position	Number of the Company's shares owned
<p>Atsushi Kajitani (July 1, 1968) Reelection Outside Director Board meeting attendance 13/13 meetings Audit & Supervisory Board meeting attendance 13/13 meetings</p>	<p>Apr. 2000 Registered as attorney June 2015 Outside Director, DMS Inc. (incumbent) June 2016 Outside Corporate Auditor, NOK CORPORATION (incumbent) Mar. 2017 Doctor of Medicine June 2018 Outside Audit & Supervisory Board Member, the Company (incumbent) July 2018 Specially-Appointed Professor, Shinshu-University Research Center for Social Systems (incumbent) [Significant concurrent positions outside the Company] Outside Director, DMS Inc., Outside Corporate Auditor, NOK CORPORATION, Specially-Appointed Professor, Shinshu-University Research Center for Social Systems</p>	<p>1,000</p>
<p>Reasons for nomination as a candidate for Outside Audit & Supervisory Board Member Based on Atsushi Kajitani's plentiful experience and wide-ranging insight related to corporate legal affairs as an attorney, in order to have these qualities reflected in audits of all aspects of the Company's management, the Company proposes his continued election as an Outside Audit & Supervisory Board Member. Also, he is not involved in corporate management other than as an Outside Officer so we believe he can appropriately carry out the duties of an Outside Audit & Supervisory Board Member.</p>		

- (Notes)
- There are no special interests between Atsushi Kajitani and the Company.
 - Atsushi Kajitani is a candidate for Outside Audit & Supervisory Board Member. In addition, he satisfies the criteria for an Independent Auditor according to the regulations of the Tokyo Stock Exchange, Inc., and the Company has registered him as an Independent Auditor. If his reelection is approved, the Company plans to propose his continued election as an Independent Auditor.
 - Atsushi Kajitani is currently an Outside Audit & Supervisory Board Member of the Company and at the conclusion of this Meeting, he will have been an Audit & Supervisory Board Member for four years.
 - Atsushi Kajitani has been appointed Outside Director of DMS Inc., but in October 2019, DMS Inc. received an inspection from the Japan Fair Trade Commission based on suspicion of having violated Article 3 of the Antimonopoly Act with respect to bidding on services related to the creation and preparations for sending of forms ordered by the Japan Pension Service. Subsequently, in March 2022, DMS Inc. received a cease-and-desist order and order for payment of surcharge from the Japan Fair Trade Commission. He was not aware of these matters in advance, but he provided direction concerning thorough investigations and measures to prevent recurrence, etc., at meetings of the Board of Directors, etc., after the situation came to light.
 - Atsushi Kajitani is concurrently an Outside Auditor of NOK CORPORATION, and the Company has a business relationship, selling and purchasing products, etc., with this company.
 - The following is an overview of the contents of the limited liability agreement with the Audit & Supervisory Board Members.
If the election of Atsushi Kajitani is approved, the Company will conclude an agreement with him under the provision of Article 427, paragraph 1 of the Companies Act to limit liability for damages as provided for in Article 423, paragraph 1 of the Act. The limit of liability as provided for in this agreement is the amount specified by laws and regulations. If the reelection of Atsushi Kajitani is approved, the Company plans to renew a limited liability agreement with the same content with him.
 - The Company has entered into a liability insurance agreement for officers, etc. with an insurance company as set forth in Article 430-3, Paragraph 1 of the Companies Act. It covers damages that may arise from insured Audit & Supervisory Board Members being liable in relation to the execution of their duties or being subjected to claims pursuing such liability. It excludes damages arising from unlawful acts on the part of the insured or actions taken while recognizing that they violate the law. If Atsushi Kajitani's reelection as an Audit & Supervisory Board Member is approved, he will become insured under the agreement, and the agreement will be renewed as long as he serves as Audit & Supervisory Board Member.

(Reference) Areas where the Company has Particular Expectations of Directors and Audit & Supervisory Board Members

(Management Structure after the Approval of Proposal 3 and Proposal 4 (Planned))

		Corporate management	Business strategy	Business sales	Finance and accounting	Technological R&D	Internationality	ESG
Directors	Tetsuji Tsuru	○	○		○		○	
	Masaki Nakao	○	○				○	
	Shinji Abe			○				○
	Norio Uemura			○		○		
	Masahide Shimada		○				○	
	Kensaku Hogen	○					○	
	Makoto Fujioka	○						○
	Naoki Shimada	○					○	
Audit & Supervisory Board Members	Hiroyasu Hayashi			○	○			
	Hideo Satake		○				○	
	Nozomu Machara			○				○
	Hideki Watanabe				○		○	
	Atsushi Kajitani	○				○		

(Note) The above table presents skills that the Company particularly expects from individuals, and it does not represent the entirety of each individual's knowledge and experience.

Proposal 5: Introduction of Performance-linked Stock Compensation Plan for Directors, etc.

1. Reason for proposal and grounds for the compensation, etc.

This proposal is to request shareholder approval for introducing a new performance-linked stock compensation plan (hereinafter referred to as “the Plan”) for the Company’s Directors (excluding Outside Directors; the same applies hereinafter) and Operating Officers (excluding those not residing in Japan; hereinafter referred to as “Directors, etc.”). This stock compensation is paid to Directors, etc. and is separate from the amount of compensation, etc. (up to 360 million yen per year) for base pay and bonuses for the Company’s Directors approved at the 55th Ordinary General Meeting of Shareholders (held on June 24, 2009).

The purpose of the Plan is to increase awareness among Directors, etc. of contributing to improving the medium-term performance of the Company and increasing corporate value while sharing common interests with our shareholders. Further, by linking the number of shares issued to the degree of achievement, etc. of performance targets in the medium-term management plan, it will increase motivation to achieve those performance targets.

At the meeting of the Board of Directors held in May 2022, the Company decided on a new “Policy for Determining Officer Compensation, etc.” conditional upon approval of this proposal. An overview is provided on page 18. The Company believes that the proposal is appropriate as it is necessary and reasonable for providing individual compensation, etc. to Directors, etc. in line with the policy. In order to ensure transparency and objectivity in the process for determining compensation, the introduction of the Plan has undergone deliberation by the Nomination and Compensation Committee.

If Proposal 3 “Election of eight (8) Directors” is approved as submitted, there will be five (5) Directors eligible for the Plan. As stated above, the Plan also applies to Operating Officers (at the conclusion of this Meeting, 21 Operating Officers will be eligible for the Plan). Compensation based on the Plan includes compensation for Operating Officers, but based on the possibility of an Operating Officer being newly appointed as Director during the relevant period in question, in this proposal, the Company proposes the amount and content of total compensation based on the Plan as compensation, etc. for Directors, etc.

2. Amount, content, etc. of compensation under the Plan

(1) Overview of the Plan

The Plan is a stock compensation plan for Directors, etc. The Company will contribute an amount corresponding to the compensation for Directors, etc. to a trust, and these funds will be used to purchase shares of the Company through the trust. Shares of the Company and share exchange price at disposal of the Company (hereinafter referred to as “the Company’s shares, etc.”) are issued and paid (hereinafter referred to as “issuance, etc.”) as Officer Compensation according to position and the degree of achievement, etc. of the performance targets (details of the Plan are described in (2) below and thereafter).

1. Eligibility for issuance, etc. of the Company’s shares, etc. under this proposal	<ul style="list-style-type: none"> • The Company’s Directors (excluding Outside Directors and those not residing in Japan) • The Company’s Operating Officers (excluding those not residing in Japan)
2. Impact of the Company’s shares subject to this proposal on the total number of outstanding shares	
Maximum amount to be contributed by the Company (As set forth in (2) below)	<ul style="list-style-type: none"> • 300 million yen multiplied by the number of fiscal years in the relevant period • The first relevant period will be four fiscal years for a total of 1,200 million yen (the first relevant period is the four fiscal years from the fiscal year ending March 31, 2023 to the fiscal year ending March 31, 2026)

<p>Maximum number of the Company's shares to be issued, etc. to Directors, etc. and method of purchasing the Company's shares, etc. (As set forth in (2) and (3) below)</p>	<ul style="list-style-type: none"> • 400,000 shares multiplied by the number of fiscal years in the relevant period • The first relevant period will be four fiscal years for a total of 1.6 million shares • The above number of shares per fiscal year (400,000 shares) accounts for approximately 0.8% of the Company's total number of outstanding shares (as of March 31, 2022, after deduction of treasury shares) • The Company's shares are to be acquired from the stock market or the Company (treasury share disposal) (the Company's shares for the first relevant period are to be acquired from the stock market, so there will be no dilution)
<p>3. Performance achievement conditions (As set forth in (3) below)</p>	<ul style="list-style-type: none"> • Varies between 0 and 200% according to the degree of achievement, etc. of important indicators for achieving performance targets in the medium-term management plan and other indicators established by the Board of Directors (in the first relevant period, the degree of achievement of ROIC and FTSE Russell ESG score)
<p>4. Timing of issuance, etc. of the Company's shares, etc. to Directors (As set forth in (4) below)</p>	<ul style="list-style-type: none"> • After the end of the relevant period

(2) Maximum amount, etc. to be contributed by the Company

The period covered by the Plan (hereinafter referred to as “the relevant period”) shall, in principle, be the fiscal years covered by the medium-term management plan established by the Company. The first relevant period will be the four fiscal years from the fiscal year ending March 31, 2023 to the fiscal year ending March 31, 2026.

The maximum trust funds to be contributed by the Company in each relevant period as compensation for Directors, etc. shall be 300 million yen multiplied by the number of fiscal years in the relevant period (a total of 1,200 million yen for the four fiscal years in the first relevant period), and a trust will be established for the period corresponding to the relevant period with Directors, etc. satisfying the beneficiary requirements as beneficiaries (hereinafter referred to as “the Trust”). The Trust will purchase the Company's shares on the stock market or the Company (treasury share disposal) using the trust funds following the instructions of the trust administrator (in the first relevant period, the Company's shares will be purchased on the stock market). During the relevant period, the Company grants points to Directors, etc. as set forth in (3) below and issues, etc. the Company's shares, etc. according to the number of points granted at the established time from the Trust.

In addition at the maturity of the trust period, the Company may continue the Trust by changing the trust agreement and adding a trust rather than establishing a new Trust. In such a case, the fiscal years covered by the medium-term management plan established by the Company at that time shall, in principle, be the new relevant period, and the trust period of the Trust shall be extended for the same period as the new relevant period. The Company shall then make an additional contribution within the total maximum amount of trust funds to be contributed to the Trust approved at the Meeting, and the granting of points to Directors, etc. and issuance, etc. of the Company's shares, etc. shall continue for the new relevant period. However, when making the additional contribution, if there are any remaining shares of the Company (excluding shares not yet issued, etc. corresponding to points granted to Directors, etc.) or cash (hereinafter referred to as “remaining shares, etc.”) in the trust assets on the last day of the previous trust period prior to extension, the total amount of the remaining shares, etc. and additional trust funds to be contributed shall be equal to or less than 300 million yen multiplied by the number of fiscal years in the relevant period.

The trust period may be extended more than once in like manner thereafter.

(3) Method of calculating the number of the Company's shares, etc. to be issued, etc. to Directors, etc. and maximum number, etc.

The number of the Company's shares, etc. to be issued, etc. to Directors, etc. is determined by the number of “share issuance points.” One share of the Company shall be issued for each share issuance point, and any fractions less than a point shall be discarded. However, if a stock split or reverse stock split, etc. is

carried out on the Company's shares during the trust period, the maximum number of shares of per share issuance point and the number of the Company's shares, etc. issued, etc. to Directors, etc. shall be adjusted according to the stock split or reverse stock split ratio, etc.

1. Performance-linked portion

The share issuance points of performance-linked portion for directors, etc. are calculated by multiplying the cumulative total number of points corresponding to 50% of the standard points granted in each fiscal year of the relevant period by a performance-linked coefficient after the end of the relevant period.

The performance-linked coefficient varies between 0 and 200% according to the degree of achievement, etc. of the performance targets. The indicators for degree of achievement, etc. of performance targets are the important indicators for achieving performance targets in the medium-term management plan and other indicators established by the Board of Directors. In the first relevant period, they are ROIC and the FTSE Russell ESG score.

2. Non-performance-linked portion

The share issuance points of non-performance-linked portion for directors, etc. are 50% of the cumulative standard points granted in each fiscal year of the relevant period.

For Directors, etc. who retire, die, or are assigned overseas in the middle of the fiscal year during the relevant period, the share issuance points calculated as described above shall be granted without delay, setting the performance-linked coefficient to 100%.

The maximum number of the Company's shares, etc. to be issued, etc. to Directors, etc. (number of points to be granted to Directors, etc.) during the relevant period of the Trust shall be 400,000 shares multiplied by the number of fiscal years in the relevant period (a total of 1.6 million shares in the four fiscal years of the first relevant period). The maximum number of the Company's shares, etc. to be issued, etc. to the Company's Directors, etc. is set referencing the most recent stock price, etc. based on the above maximum amount contributed by the Company.

(4) Method and timing of issuance, etc. of the Company's shares, etc. to Directors, etc.

After the end of the relevant period, in principle, Directors, etc. who satisfy the beneficiary requirements will, after carrying out certain necessary procedures to confirm beneficiary rights, receive a number of the Company's shares corresponding to 50% of the number of share issuance points (fractions of shares less than one discarded). The Company's shares corresponding to the remaining share issuance points shall be converted into cash within the Trust and then paid in the share exchange price at disposal.

If a Director, etc. satisfying the beneficiary requirements dies during the relevant period, all the Company's shares corresponding to the number of share issuance points at that time shall be converted into cash within the Trust, and the share exchange price at disposal shall be paid in cash to the heirs of the Director, etc.

(5) Voting rights related to the Company's shares within the Trust

In order to ensure neutrality with respect to management, voting rights shall not be exercised on the Company's shares (the Company's shares prior to issuance, etc. to Directors, etc.) within the Trust during the trust period.

(6) Handling of dividends for the Company's shares within the Trust

Dividends for the Company's shares within the Trust are received by the Trust and applied to fees and expenses for the Trust. If there is ultimately a balance of dividends when the Trust is terminated after they have been applied to fees and expenses, it will be returned to the Company within the scope of the trust expense reserves, deducting the share purchase funds from the trust funds, and the Company plans to donate any amount in excess of the reserves for trust expenses to an organization that has no interests in the Company or the Directors, etc.

(7) Other details of the Plan

Other details of the Plan shall be determined by the Board of Directors when establishing the Trust, changing the trust agreement, and making additional contributions to the Trust.

(Reference) "Policy for Determining Officer Compensation, etc."

The Company has established the policy below for determining compensation for Directors and Audit & Supervisory Board Members. Director compensation is determined by the Board of Directors, and Audit & Supervisory Board Member compensation, etc. is determined via through discussions with Audit & Supervisory Board Members within the total amount decided at the General Meeting of Shareholders based on this policy.

The Company has established a Nomination and Compensation Committee, which is comprised of the Chairman of the Board of Directors and Outside Directors, as an advisory body to the Board of Directors in order to improve the objectiveness and transparency of the nomination and compensation of officers. The committee regularly checks on particularly important matters such as nomination of officers and compensation for Directors and provides appropriate advice to the Board of Directors.

The Company's policy for determining compensation, etc. for Directors and Audit & Supervisory Board Members is provided below.

- **Method of determining policy**

The Policy on Director Compensation is determined by the Board of Directors, taking into account the advice of the Nomination and Compensation Committee. The Policy on Audit & Supervisory Board Member Compensation is determined through discussions with Audit & Supervisory Board Members.

- **Basic policy**

The Group seeks to grow stronger and more highly profitable by making unique and socially useful products backed by technology at a low cost around the world and providing them at reasonable prices. We believe that pursuing this policy from a medium- to long-term perspective will contribute to improving the Group's medium- to long-term corporate value and increase stakeholder satisfaction.

In carrying out this policy, we believe that it is necessary for us to promote the motivation of the management team, including the Directors of the Company, to achieve performance targets and stakeholder satisfaction from the standpoint of compensation. For that reason, we have decided to introduce new treasury stock compensation for the Company's management that varies to a certain extent according to the degree of achievement of KPIs related to the priority measures in the Group's medium-term plan. Balancing this with monetary compensation that varies according to the degree of achievement of performance targets for each fiscal year, we aim to improve corporate value and stakeholder satisfaction over the medium to long term.

- **Policy for determining amount of individual compensation, etc. and method of calculation**

Considering their responsibilities in improving performance in each fiscal year and increasing corporate value over the medium to long term, Director compensation is broken down into three categories. These are base pay (monetary), short-term performance-linked compensation (monetary), and medium- to long-term performance-linked compensation (stock), comprised of fixed compensation, expectations for short-term results, and expectations for long-term results. On the other hand, Outside Directors are expected to provide objective opinions and suggestions from an outside perspective that is independent from business execution, so in light of this, they are only paid base pay (monetary). In addition, compensation for Audit & Supervisory Board Members is base pay (monetary) only according to position as they are responsible for auditing the execution of duties for the Group as a whole. Compensation may be temporarily reduced or not paid at all in the event of a sudden worsening of performance or damage to corporate value.

The compensation system for the Company's Directors is set up in such a way that compensation differs according to the responsibilities of the position (chairman, president, vice president, managing director, etc.). The difference currently applied is where managing directors are 1, the chairman and president are about 1.6 when the short-term/long-term results portion is the standard amount.

- **Policy for determining performance indicators, etc. related to performance-linked compensation, etc. and the method of calculating the amount or number**

Performance-linked compensation is paid in a range between 0 and 200% according to the degree of achievement of evaluation items.

When determining short-term performance-linked compensation, it is the Company's judgment that maintaining and improving the profit level is the most appropriate indicator of corporate performance. As such, the degree of achievement of the initial operating profit plan, dividend amount, employee bonus amount, and other matters impacting performance (natural disasters, extraordinary gains/losses, etc.) are considered.

The indicators of medium- to long-term performance-linked compensation are ROIC (financial indicator) and the FTSE Russell ESG score (non-financial indicator) to increase overall profitability of the Group and promote ESG management. The weight given to these items is 90% and 10%, respectively.

- **Policy for determining the content, amount, number or method of calculating non-monetary compensation, etc.**

For medium- to long-term performance-linked compensation, we utilize the officer compensation BIP (Board Incentive Plan) trust system in order to increase the motivation of Directors to contribute to improving the Group's medium- to long-term performance and increasing corporate value. This plan is a system for issuing and paying the shares of the Company and share exchange price at disposal of the Company (hereinafter referred to as "the Company's shares, etc.") in a number corresponding to points calculated according to position/length of service and the degree of achievement, etc. of medium-term targets to eligible Directors (excluding Outside Directors) and Executive Officers following the Rules for Issuance of Shares approved by the Board of Directors.

- **Policy for determining the ratio (percentage) of each type of individual compensation, etc.**

The Company's business domain is the manufacture and sale of mechanical seals, special valves, etc., and other mechanical parts in industries that include automobiles, construction equipment, general industrial machinery, semiconductors, ships, and aerospace. Considering that business performance is easily affected by trends in these industries, the percentages of short-term performance-linked compensation and medium- to long-term performance-linked compensation for Directors are 10% and 20% of total compensation, respectively.

- **Policy for determining the timing of and conditions for compensation, etc.**

Monthly base pay is determined by the Board of Directors after the Ordinary General Meeting of Shareholders for one year beginning from the following month and is paid in a fixed amount on a fixed day every month. Short-term performance-linked compensation is determined by the Board of Directors based on the year-end financial results in accordance with the above-mentioned "Policy for determining performance indicators, etc. related to performance-linked compensation, etc. and the method of calculating the amount or number." It is paid by the time of the Ordinary General Meeting of Shareholders for the financial results in question. As for medium- to long-term performance-linked compensation, following the Rules for Issuance of Shares approved by the Board of Directors, a fixed number of points calculated according to position and length of service and performance-linked points designed to incentivize achievement of the medium-term management plan, etc. are granted at a certain time every year. In principle, when the medium-term management plan ends, a number of the Company's shares, etc. corresponding to the cumulative number of fixed points and a number of the shares, etc. corresponding to the cumulative number of performance-linked points multiplied by a performance-linked coefficient according to the degree of achievement of medium-term targets are issued and paid.

- **Method of determining individual compensation, etc.**

The Chairman of the Board of Directors, who is the chair of meetings of the Board of Directors, submits an executive compensation plan to the Board of Directors where the amount of compensation, etc. for individual directors and the method of calculation thereof are determined, taking into account the advice of the Nomination and Compensation Committee.

The proposal for payment of compensation to Audit & Supervisory Board Members is determined by the Audit & Supervisory Board through discussions with Audit & Supervisory Board Members.