

Reference Documents for the General Meeting of Shareholders

Proposals and References

Item 1 Amendment to the Articles of Incorporation

1. Reason for Amendments

The Company proposes amending its Articles of Incorporation as follows, in order to prepare for the introduction of a system for providing general shareholder meeting materials in electronic format, in line with the enforcement on September 1, 2022 of the amended provisions in the proviso of Article 1 of the Supplementary Provisions to the Act Partially Amending the Companies Act (Act No. 70 of 2019).

- (1) Article 15 (1) of the proposed amendment stipulates that information contained within the reference documents and other documents for general meetings of shareholders shall be provided by electronic means.
- (2) Article 15 (2) of the proposed amendment establishes the provision to limit the scope of documents to be delivered to shareholders who have requested hardcopies of documents.
- (3) The provision on Disclosure on Internet and Deemed Provision of Reference Documents for General Meetings of Shareholders and Related Documents (Article 15 of the current Articles of Incorporation) will become unnecessary and shall be deleted.
- (4) The Company proposes establishing new supplementary provisions relating to the effective date due to the aforementioned establishment of new provisions and the deletion of the current provisions.

2. Proposed Amendments

The planned amendments are as follows.

The text to be amended is underlined.

Current Articles of Incorporation	Planned Amendments
<p><u>(Disclosure on Internet and Deemed Provision of Reference Documents for General Meetings of Shareholders and Related Documents)</u></p> <p>Article 15 <u>As for the convocation notice of the general meeting of shareholders, the Company is considered to have provided the information to be stated or indicated in the reference documents for the general meeting of shareholders, business reports, financial statements and consolidated financial statements to the shareholders by disclosing such information via the internet in accordance with the Ordinance of the Ministry of Justice.</u></p>	<p>(Deleted)</p>

Current Articles of Incorporation	Planned Amendments
(Newly established)	<p data-bbox="804 241 1369 304">(Measures to Provide Information in Electronic Format)</p> <p data-bbox="804 315 1394 510"><u>Article 15</u> The Company shall electronically provide information contained in reference documents and other documents for the general meeting of shareholders in convening the general meeting of shareholders.</p> <p data-bbox="911 521 1394 860">2 Among information to be provided electronically, the Company reserves the right to exclude, in whole or in part, any or all of the information set forth by the Ordinance of the Ministry of Justice in the documents to be delivered to shareholders who have requested delivery of hardcopies of documents by the record date for voting rights.</p>
(Newly established)	<p data-bbox="804 871 1394 1010">Supplementary Provisions (Transitional Measure for Electronically Providing Documents for the General Meeting of Shareholders)</p> <p data-bbox="804 1021 1394 1518"><u>Article 1</u> The deletion of the Article 15 (Disclosure on Internet and Deemed Provision of Reference Documents for General Meetings of Shareholders and Related Documents) in the pre-amended Articles of Incorporation and the establishment of the new Article 15 (Measures to Provide Information in Electronic Format) shall take effect from the date of the enforcement (Enforcement Date) stipulated in the Article 1 proviso of the supplementary provisions to the Act Partially Amending the Companies Act (Act No. 70 of 2019).</p> <p data-bbox="911 1529 1394 1861">2 Notwithstanding the provisions in the preceding paragraph, the Article 15 (Disclosure on Internet and Deemed Provision of Reference Documents for General Meetings of Shareholders and Related Documents) shall have effect for a General Meeting of Shareholders held within six months of the Enforcement Date.</p> <p data-bbox="911 1872 1394 2036">3 These provisions shall be deleted after whichever comes later of the date on which six months have passed since the Enforcement Date or the date on which three months have</p>

	<p><u>passed since the date on which the General Meeting of Shareholders in the preceding paragraph is held.</u></p>
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Item 2 Election of six (6) directors

The terms of office of all six (6) directors will expire at the conclusion of this Ordinary General Meeting of Shareholders. The Company proposes to newly elect six (6) directors.

The six candidates are described below.

Candidate No.	Name Date of birth	Career summary, position and responsibilities in the Company, and significant concurrent positions	Number of the Company's shares owned
1	Takafumi Morichi October 15, 1958	<p>April 1981 Joined Kobe Steel, Ltd.</p> <p>April 2011 Executive Officer of Kobe Steel, Ltd.</p> <p>April 2013 Managing Executive Officer</p> <p>April 2015 Senior Managing Executive Officer</p> <p>June 2017 President and CEO of the Company (incumbent)</p>	10,500 shares
	<p>Reasons for nomination: Takafumi Morichi has served Kobe Steel, Ltd., in a number of roles; he became an executive officer in April 2011, a managing executive officer in April 2013, a senior managing executive officer in April 2015, and since June 2017, he has served as President and CEO of the Company. Morichi has abundant experience and formidable insight in Kobe Steel Group's operations in general, coupled with wide ranging managerial experience. As President and CEO, he has demonstrated effective leadership and has played no small part in expanding Shinsho Group and strengthening corporate governance. For these reasons, the Company believes that he can contribute toward the sustainable enhancement of corporate value; therefore, it proposes his reelection as a director.</p>		
2	Yasuyuki Watanabe November 14, 1963	<p>April 1987 Joined the Company</p> <p>June 2018 Officer / Head of the Corporate Planning Department</p> <p>June 2019 Officer / Head of the Corporate Planning Department Responsible for the Finance Department</p> <p>July 2020 Officer / Responsible for the Corporate Planning Department, the Business & Risk Management Department, the Personnel Department, and the Finance Department</p> <p>June 2021 Director / Managing Executive Officer (responsible for the Corporate Planning, Business & Risk Management, Personnel, Audit and Finance Departments; supervises the General Affairs and Credit & Legal Departments) (incumbent)</p>	6,200 shares

	<p>Reasons for nomination: After joining the Company, Yasuyuki Watanabe spent some years in overseas posts, in the US and China. He became senior manager of accounting in July 2011 and head of the Corporate Planning Department in June 2016. Watanabe became an officer in June 2018 and he now serves as a director and managing executive officer with responsibilities for the Corporate Planning, Business & Risk Management, Personnel, Audit and Finance Departments, and with authority over General Affairs and Credit & Legal Departments. He has abundant experience and formidable insight in accounting, finance, and a wide range of sectors of administrative headquarters, and has engaged in senior management. For these reasons, the Company believes that he can contribute toward the sustainable enhancement of corporate value; therefore, it proposes his reelection as a director.</p>		
3	<p>Masahito Adachi December 5, 1961</p>	<p>April 1986 Joined the Company April 2007 Head of Aluminum Products Department of the Nonferrous Metals Division April 2008 Head of Aluminum Products Department II of the Nonferrous Metals Division April 2014 Head of Engineered Materials and Raw Materials Department of the Nonferrous Metals Division June 2016 Officer Deputy General Manager of the Nonferrous Metals Division June 2019 Managing Executive Officer Deputy General Manager of the Nonferrous Metals Division (incumbent)</p>	<p>6,200 shares</p>
	<p>Reasons for nomination: Since joining the Company, Masahito Adachi has managed the Company's nonferrous metals operations and has gained extensive experience in such. In April 2007, he became the head of Aluminum Products Department of the Nonferrous Metals Division; in April 2008, head of the division's Aluminum Products Department II; in April 2014, head of the division's Engineered Materials and Raw Materials Department; in June 2016, Officer and Deputy General Manager of the Nonferrous Metals Division; in June 2019, Managing Executive Officer and Deputy General Manager of the Nonferrous Metals Division. For these reasons, the Company believes that he can contribute toward the sustainable enhancement of corporate value; therefore, it proposes his election as a director.</p>		
4	<p>Shinya Yoshida April 16, 1962</p>	<p>April 1986 Joined the Company January 2009 Head of the Electronics Department of the Machinery & Electronics Division July 2012 Head of the Industrial Machinery & Information Equipment Department of the Machinery & Electronics Division June 2018 Officer / Deputy General Manager of the Machinery & Electronics Division</p>	<p>4,900 shares</p>

		June 2020	Director and Executive Officer / General Manager of the Machinery & Electronics Division	
		June 2021	Executive Officer / General Manager of the Machinery & Electronics Division (incumbent)	
Reasons for nomination: Since joining the Company, Shinya Yoshida has managed the Company's machinery and information operations and has gained extensive experience in such. In 2012, he became head of the Industrial Machinery & Information Equipment Department (within the Machinery & Information Division); in June 2018, Officer and Deputy General Manager of the Machinery & Information Division; in June 2021, Executive Officer and General Manager of the Machinery & Information Division. He also offers experience in strategic management, having served as a director from June 2020 to June 2021. For these reasons, the Company believes that he can contribute toward the sustainable enhancement of corporate value; therefore, it proposes his election as a director.				
5	Yoshio Tano March 26, 1957	April 1979	Joined Yamaha Motor Co., Ltd.	0 shares
		November 1984	Joined IBM Japan, Ltd.	
		January 2014	Officer of Kobelco Systems Corporation	
		April 2015	Executive Officer	
		April 2017	President	
		April 2022	President of assured Business Consulting (incumbent)	
[Significant concurrent positions] President of assured Business Consulting				
Reason for nomination and expectation: Yoshio Tano has demonstrated extensive knowledge and business acumen as leader of Kobelco Systems Corporation. His experience will contribute toward the management of the Company and help the Company implement a digital transformation, which in turn will help build its enterprise value.				
6	Miyuki Nakagawa January 15, 1970	October 1995	Joined Asahi & Co. (now KPMG AZSA LLC)	0 shares
		April 1999	Registered as a certified public accountant	
		August 2018	Left KPMG AZSA LLC	
		September 2018	President of Nakagawa Miyuki CPA Office (incumbent)	
		April 2019	Fellow of Mirai Accounting Research Institute LLC. (incumbent)	
		June 2021	Outside Director (part time) of Nankai Tatsumura Construction Co.,Ltd. (incumbent)	
[Significant concurrent positions]				

		President of Nakagawa Miyuki CPA Office Fellow of Mirai Accounting Research Institute LLC. Outside Director (part time) of Nankai Tatsumura Construction Co.,Ltd.	
Reason for nomination and expected role: Miyuki Nakagawa has extensive accounting experience, having built a career as a certified public accountant. She has also been active in other areas, including serving on the panel of a public-sector body. Her wide-ranging experience will prove useful in helping the Company build new value. Miyuki Nakagawa has never been involved in corporate management other than in the capacity of an outside director, the Company nevertheless believes that she will duly perform her duties as an outside director for the above reasons.			

- (Notes)
1. The Company does not have any special relationship with the candidates.
 2. Yoshio Tano and Miyuki Nakagawa are candidates for the position of outside director as provided for in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. The Company has designated them as independent officers pursuant to Article 436, Paragraph 2 of the TSE Securities Listing Regulations.
 3. Liability limitation agreements with outside directors
 If Yoshio Tano and Miyuki Nakagawa's nominations are approved, the Company will, pursuant to Article 28, Paragraph 2 of the Articles of Incorporation, enter into agreements with them limiting their liability under Article 423, Paragraph 1 of the Companies Act to the total amount prescribed by Article 425, Paragraph 1 of the said Act, provided that they acted in good faith and without gross negligence.
 4. We have taken out insurance specified in Article 430-3, Paragraph 1 of the Companies Act with the insurance company. The insurance covers the costs (including the legal costs) of damages claims awarded, during the coverage period, against any director, member of the Audit & Supervisory Board, or executive officer of our company or of our subsidiaries, who is found liable for wrongful acts in the performance of his or her duties. If elected, the above candidates will be covered.
 5. As permitted under Article 430-2, Paragraph 1, of the Companies Act, the Company has entered indemnity agreements with Takafumi Morichi and Yasuyuki Watanabe in which it may indemnify their defense costs (as defined in Item 1 of the paragraph) and losses (as defined in Item 2 of the paragraph) to the extent permitted by law. If Morichi and Watanabe are re-elected, the Company will continue these agreements. The Company will enter such agreements with Masahito Adachi, Shinya Yoshida, Yoshio Tano, and Miyuki Nakagawa if they are elected.

Item 3 Election of one (1) substitute Audit & Supervisory Board member

Hisayuki Shimomura was elected as substitute Audit & Supervisory Board member at the 103rd Ordinary General Meeting of Shareholders held on June 25, 2021. However, the effectiveness of his election is due to expire. Accordingly, the Company proposes to reelect one (1) substitute Audit & Supervisory Board member.

The Audit & Supervisory Board has already consented to the submission of this agenda item.

The candidate is described below.

Name Date of birth	Career summary, position in the Company, and significant concurrent positions	Number of the Company's shares owned
Hisayuki Shimomura May 5, 1957	August 1989 Registered as a certified public accountant September 1989 Established Certified Public Accountants Shimomura Office (incumbent) July 2014 Representative Partner of Kyobashi & Co. (incumbent) November 2018 Representative Partner of GMA TAX Accountant Corporation (incumbent) [Significant concurrent positions] Representative Partner of GMA TAX Accountant Corporation Representative Partner of Kyobashi & Co.	0 shares
Reasons for nomination: As a certified public accountant, Hisayuki Shimomura has abundant experience and wide ranging knowledge about finance and accounting. He has accrued many years of work at an auditing firm and has been closely involved in corporate management as a tax accountant. The Company has nominated him as a substitute outside Audit & Supervisory Board member believing that his expertise will enable him to both audit and supervise effectively and offer valuable advice from an objective and impartial perspective.		

- (Notes)
1. The Company does not have any special relationship with the candidate.
 2. Hisayuki Shimomura is a candidate for the office of substitute outside Audit & Supervisory Board member as provided for under Article 2, Paragraph 3, item 8, of the Ordinance for the Enforcement of the Companies Act.
 3. Independence from the Company, liability limitation:
Hisayuki Shimomura satisfies Tokyo Stock Exchange's requirements of an independent officer. If this proposal is approved and if he becomes an outside Audit & Supervisory Board member following a vacancy on the board, the Company will, pursuant to Article 36, Paragraph 2 of the Articles of Incorporation, enter into an agreement with him limiting his liability under Article 423, Paragraph 1 of the Companies Act to the total amount prescribed by Article 425, Paragraph 1 of the said Act, provided that he acted in good faith and without gross negligence
 4. We have taken out insurance specified in Article 430-3, Paragraph 1 of the Companies Act. The insurance covers the costs (including the legal costs) of damages claims awarded, during the coverage period, against any director, member of the Audit & Supervisory Board, or executive officer of our company or of our subsidiaries, who is found liable for wrongful acts in the performance of his or her duties. Hisayuki

Shimomura will be covered if this proposal is approved and if he becomes an outside Audit & Supervisory Board member following a vacancy on the board.

5. Under Article 430-2, Paragraph 1, of the Companies Act, the Company may enter an indemnity agreement in which it may indemnify defense costs (as defined in Item 1 of the paragraph) and losses (as defined in Item 2 of the paragraph) to the extent permitted by law.

The Company will enter such an agreement with Hisayuki Shimomura if this proposal is approved and if he becomes an outside Audit & Supervisory Board member following a vacancy on the board.

(Reference)

1. Process for Appointing Directors and Audit & Supervisory Board Members

All candidates for the office of director are nominated with one year terms of office by resolution of the Board of Directors, and then appointed by resolution of the Ordinary General Meeting of Shareholders. Candidates for the position of Audit & Supervisory Board member or supplementary Audit & Supervisory Board member are nominated by the Board of Directors upon the approval of the Audit & Supervisory Board, and then appointed by resolution of the Ordinary General Meeting of Shareholders. To ensure that the Board of Directors' decision making process for nominations is transparent and fair, the Board of Directors first seeks the opinion of the Advisory Committee on Appointments, in which Outside Officers (persons who hold the position of outside director or outside Audit & Supervisory Board member) make up the majority.

2. Independence Standards for Outside Officers

The Company will deem an Outside Officer to be independent if they do not fall under any of the following items.

	Item	Standards	Requirements concerning past years Requirements concerning relatives
1	A major business partner of the Group or an executor of business thereof	A business partner whose amount of transactions accounted for more than <u>2%</u> of the Group's consolidated net sales in the immediately previous fiscal year	<ul style="list-style-type: none"> • A person to whom any of the items on the left applied in the past three years • A relative within the second degree of kinship of a person to whom any of the items on the left applies
2	A person whose major business partner is the Group or an executor of business thereof	A person whose amount of transactions to the Group accounted for more than <u>2%</u> of the person's consolidated net sales or total revenue in the previous fiscal year	
3	A principal shareholder of the Company or an executor of business thereof in the case that such shareholder is a corporation	A person who, directly or indirectly, owns <u>10%</u> or more of all the voting rights of the Company	
4	A consultant, accounting professional such as a certified public accountant or legal professional such as an attorney-at-	A person who received financial benefit amounting to more than <u>10 million yen</u> from the Group, excluding remuneration for director/audit &	

	law who receives money or other financial benefit from the Group excluding remuneration for director/audit & supervisory board member. (If a corporation or an association, etc. receives such financial benefit, a person who is affiliated with such organization)	supervisory board member in the previous fiscal year	
5	A person who receives a large amount of donations from the Group or an executor of business thereof	A person who received financial benefit amounting to more than <u>10 million yen</u> from the Group in the previous fiscal year	
6	An executor of business of a company of which the Group is a principal shareholder	A person of which <u>10%</u> or more of all the voting rights is owned by the Group	
7	A financial institution that is a principal lender to the Group or an executor of business of the parent or a subsidiary of such financial institution	A financial institution from which borrowings at the end of the previous fiscal year accounted for more than <u>2%</u> of the Company's consolidated total assets	
8	Other	A person with special reasons that prevent him/her from fulfilling duties as an Independent Outside Officer, such as those that cause conflict of interests with the Company	—

Item 4 Finalizing the Amounts and Categories of Remuneration for Eligible Officers

1. Reasons for the proposal and reasons to deem the remuneration to be appropriate

Currently, the maximum amount of remuneration for directors is ¥352 million per year (¥29 a year for outside directors), this being the amount determined by a resolution of the 99th Ordinary General Meeting of Shareholders, held on June 28, 2017. However, the Company intends to supplement this system of remuneration by introducing a stock compensation plan for “eligible officers,” meaning inside directors and executive officers (shikkō-yakuin: officers who exercise executive authority but have no legally established fiduciary duties) who reside in Japan.

The Company believes that introducing this plan is justified in that the system will increase eligible officers' motivation to improve the Company's performance and enterprise value over the medium to long term.

The stock compensation plan will cover the six director candidates if their nominations are approved as proposed in Item 2.

Eligibility for stock compensation extends to executive officers. In view of the possibility that eligible executive officers may become directors during the period of the system, the Company proposes the following amounts and categories of remuneration in connection with the stock compensation system.

2. Amounts and Categories of Remuneration Pertaining to Stock Compensation Plan

(1) Outline of Stock Compensation Plan

Under the proposed stock compensation plan, the Company will hold the provided shares in a trust fund for the benefit of the eligible officers. From this trust fund, the Company will deliver to the eligible officers their allotted stock compensation (meaning shares of the Company's stock or a sum of cash equivalent to the conversion value of the shares).

(Further details are disclosed in (2) Upper limit to the cash contribution by the Company.)

1) Those eligible to receive stock compensation provided under the stock compensation plan	<ul style="list-style-type: none">• Directors and executive officers of the Company (excluding outside directors and persons not residing in Japan)
2) Impact of proposed stock compensation plan on total number of shares outstanding	
Upper limit to the cash contribution by the Company (See (2) below)	<ul style="list-style-type: none">• ¥280 million over five fiscal years
Upper limit on shares provided for eligible officers, method for acquiring the shares * See (2) and (3) below	<ul style="list-style-type: none">• Upper limit on shares provided for eligible officers over five fiscal years is 80,000 shares• In a given fiscal year, eligible officers earn a maximum of 16,000 points. Each point is worth 1 share of the Company's common stock, equivalent to 0.18% of the Company's total outstanding shares (as of March 31, 2022).• The shares will be acquired from the stock market or from treasury stock. The trust fund to be opened in 2022 (see [2] below) will acquire shares from the stock market, so no share dilution will occur.
3) Time when the stock compensation is delivered to eligible officers (See (4) below)	<ul style="list-style-type: none">• Generally speaking, when the eligible officers retire.

(2) Upper limit to the cash contribution by the Company

The effective term of the proposed stock compensation plan (the period over which the plan will remain in effect) will be five consecutive fiscal years, from FYE March 31, 2023, to FYE March 31, 2027. The effective term may be extended for another five fiscal years if the term of the trust fund is extended (see below).

During the effective period, the Company will provide a maximum total of ¥280 million as remuneration for eligible officers and hold this amount in a five-year trust fund for the benefit of eligible officers who satisfy the conditions for receiving their allotted stock compensation.

Under the fund administrator's instructions, the trust fund will acquire shares of the Company's stock from the stock market or from the Company's treasury stock (the trust fund to be opened in 2022 will acquire the shares from the stock market). Eligible officers will be pre-allocated a number of points commensurate with their status. Upon their retirement, the trust fund will deliver to them an amount of stock compensation equivalent to their cumulative points (the total points they have accumulated as of that time).

When the term (period) of the trust fund has expired, instead of establishing another trust fund, the existing trust fund may be extended by amending its terms and conditions or by opening an additional trust fund. In such case, the new term will last as long as the old one did (five fiscal years). The Company will provide an additional fund of up to ¥280 million for every additional

five-year term. Eligible directors will continue to receive points and stock compensation for as long as the term of the trust fund continues to be extended.

If at the time the Company provides an additional fund the trust fund has a surplus, meaning surplus shares of the Company's stock (other than those that are due to be delivered to eligible officers in an amount commensurate with their allocated points) or surplus cash, then the sum of the monetary amount of the surplus and the additional fund to be provided will be within ¥280 million.

If the trust fund is discontinued and there remains at the time of discontinuance any eligible officers who potentially satisfy the conditions for receiving stock compensation, then the term of the trust fund will be extended until such persons retire and receive their allotted stock compensation. However, no points will be awarded to eligible officers during this extended period.

(3) Formula for Determining Amount of Stock Compensation, Upper Limit

The amount of stock compensation to be delivered to eligible officers will be based on the cumulative points awarded to them annually in a manner commensurate with their status and in accordance with the Share Issuance Rules.

Each point is worth one share of the Company's common stock. If a corporate action (such as a stock split or reverse stock split) occurs during the effective term of the trust fund, the shares to be delivered will be adjusted to reflect impact of the corporate action upon the Company's stock.

However, regardless of the impact of the corporate action, no more than 16,000 points will be awarded to eligible officers in any fiscal year. This means that no more than 80,000 shares will be delivered as stock compensation to eligible officers in any five-year term of the trust fund.

(4) How and When the Stock Compensation will be Delivered to Eligible Officers

Eligible officers who satisfy the conditions for receiving the stock compensation will, after undertaking the designated paperwork, receive the stock compensation from the trust fund in an amount equivalent to their cumulative points as of time they retired.

Of the stock compensation to be delivered to an eligible officer in an amount equivalent to that individual's cumulative points, a portion will be delivered in the form of shares (rounding up any fractional shares). The trust will convert the remaining portion of shares into cash and deliver that cash amount to the eligible officer.

If an eligible officer who satisfies the conditions for receiving stock compensation moves to another country following an overseas posting or secondment, the trust fund will convert into cash the total number of shares equivalent to the eligible officer's cumulative points as of the time of relocation and deliver that cash amount to eligible officer.

If an eligible officer dies during the effective term of the trust fund, the trust fund will convert into cash the total number of shares equivalent to the eligible officer's cumulative points as of the time of death and deliver that cash amount to the late eligible officer's heir.

(5) Malus and Clawback Clauses

The stock compensation plan includes a malus clause; eligible officers who commit grave malpractice will forfeit their eligibility to receive stock compensation under the plan. The plan also includes a clawback clause; eligible officers who commit grave malpractice will be required to return stock compensation delivered to them.

(6) Voting Rights Pertaining to Shares Held in the Trust

Voting rights of the Company's shares held in the Trust shall not be exercised during the trust period, in order to ensure neutrality of the Trust in relation to the management of the Company.

(7) Provision for Surplus at the end of the Effective Term of the Trust Fund

If the trust fund has a surplus when its effective term (or any extended term) has expired because the number of eligible officers has decreased, the trust fund will transfer the surplus shares to the Company for no consideration. The Company will then cancel the shares with the approval of the Board of Directors.

When the effective term of the trust fund has expired, any surplus of shares will be used to purchase shares if the trust fund is to be continued. If the trust fund is to be discontinued, any surplus in excess of the trust fund's reserve fund will be donated to an organization in which neither the Company nor any eligible officers have an interest.

(8) Other details of the Trust Plan

Other details of the Trust Plan shall be determined by the Board of Directors following deliberations by the Nomination & Remuneration Advisory Committee whenever the Trust is established, the trust agreement is amended, or additional funds are contributed to the Trust.

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