

## Reference Documents for the General Meeting of Shareholders

### Proposals and References

#### Item 1 Amendments to the Articles of Incorporation

##### 1. Reason for Proposal

- (1) The Company will transition its corporate governance structure to that of a “company with an audit and supervisory committee” in order to improve transparency. We therefore propose adding to the Articles of Incorporation provisions about an audit and supervisory committee and its members and removing from it the provisions about the present Audit & Supervisory Board and its members.
- (2) The Company wishes to amend Article 25 of the Articles of Incorporation (Person Authorized to Convene the Meeting and Act as Chairman) to ensure that the Board of Directors can operate dynamically and in alignment with the new corporate structure.
- (3) The Company wishes to amend Article 28 of the Articles of Incorporation (Delegating Major Executive Decisions) to ensure that the Board of Directors can enable faster management in the future.
- (4) The Company also wishes to make other amendments (adding to or amending provisions and adding new provisions).

##### 2. Proposed Amendments

The proposed amendments are shown below. If approved, these amendments will become effective at the close of the General Meeting of Shareholders.

The text to be amended is underlined.

Articles of Incorporation before amendment	Articles of Incorporation after amendment
<p style="text-align: center;">CHAPTER I. GENERAL PROVISIONS</p> <p>Article 4 (Organs)</p> <p>The Company shall establish the following organs in addition to the General Meeting of Shareholders and Directors:</p> <ol style="list-style-type: none"> <li>1. Board of Directors;</li> <li>2. <u>Audit &amp; Supervisory Board Members;</u></li> <li>3. <u>Audit &amp; Supervisory Board; and</u></li> <li>4. <u>Accounting Auditor.</u></li> </ol> <p style="text-align: center;">CHAPTER IV. DIRECTORS AND BOARD OF DIRECTORS</p> <p>Article 18 (Number of Directors)</p> <p>The number of Directors of the Company shall not exceed twelve (12).</p> <p><i>Additional text on right</i></p> <p>Article 19 (Method for the Election of Directors)</p> <p>Directors of the Company shall be elected at a General Meeting of Shareholders.</p> <p><i>Additional text on right</i></p>	<p style="text-align: center;">CHAPTER I. GENERAL PROVISIONS</p> <p>Article 4 (Organs)</p> <p>The Company shall establish the following organs in addition to the General Meeting of Shareholders and Directors:</p> <ol style="list-style-type: none"> <li>1. Board of Directors;</li> <li>2. <u>Audit and Supervisory Committee; and</u></li> <li>3. <u>Accounting Auditor.</u></li> <li><u><i>Text on left removed</i></u></li> </ol> <p style="text-align: center;">CHAPTER IV. DIRECTORS AND BOARD OF DIRECTORS</p> <p>Article 18 (Number of Directors)</p> <p>The number of Directors who do not serve on the Audit and Supervisory Committee of the Company shall not exceed eight (8).</p> <p>The number of Directors serving on the Audit and Supervisory Committee shall not exceed four (4).</p> <p>Article 19 (Method for the Election of Directors)</p> <p>Directors of the Company shall be elected at a General Meeting of Shareholders.</p> <p><u>However, Directors serving on the Audit and Supervisory Committee shall be elected separately from the other Directors.</u></p>

Articles of Incorporation before amendment	Articles of Incorporation after amendment
<p>Article 20 (Election of Representative Directors and Executive Directors) The Board of Directors shall, by resolution, elect Representative Directors from among the Directors.</p> <p>Article 22 (Term of Office of Directors) The term of office of a Director shall expire upon conclusion of the Ordinary General Meeting of Shareholders held with respect to the last business year ending within one (1) year from his/her election.</p> <p><i><u>New paragraph on right</u></i></p> <p><i><u>New paragraph on right</u></i></p> <p>Article 23 (Remuneration, etc. of Directors) Remunerations, bonuses, and other economic benefits the Company provides to Directors for the execution of their duties (hereinafter referred to as "remuneration, etc.") shall be determined by resolution of the General Meeting of Shareholders.</p> <p>Article 24 (Notice of Convocation of the Board of Directors Meeting) 1. A notice of convocation of a Board of Directors meeting shall be issued to each Director and Audit &amp; Supervisory Board Member at least three (3) days before the meeting; provided, however, that such period may be shortened in the event of urgency. 2. When the consent of <u>all Directors and Audit &amp; Supervisory Board Members</u> is obtained in advance, a Board of Directors meeting may be held without following the procedures for convening a meeting.</p> <p>Article 25 (Person Authorized to Convene the Meeting and Act as Chairman) 1. Except as otherwise provided by laws and regulations, <u>the President and CEO</u> shall convene and chair the Board of Directors meeting. 2. If <u>the President and CEO</u> is unable to convene and chair the Board of Directors meeting, another Director, determined in accordance with an order of priority resolved in advance by the Board of Directors, shall convene and chair the Board of Directors meeting.</p>	<p>Article 20 (Election of Representative Directors and Executive Directors) The Board of Directors shall, by resolution, elect Representative Directors from among the Directors who do not serve on the Audit and Supervisory Committee.</p> <p>Article 22 (Term of Office of Directors) 1. The term of office of Directors who do not serve on the Audit and Supervisory Committee shall expire upon conclusion of the Ordinary General Meeting of Shareholders held with respect to the last business year ending within one (1) year from his/her election. 2. <u>The term of office of Directors serving on the Audit and Supervisory Committee shall expire upon the conclusion of the Ordinary General Meeting of Shareholders held with respect to the last business year ending within two (2) years from his/her election.</u> 3. <u>The term of office of a person who has assumed a vacated post of a Directors serving on the Audit and Supervisory Committee shall expire upon the expiration of the term of the vacated office.</u></p> <p>Article 23 (Remuneration, etc. of Directors) Remunerations, bonuses, and other economic benefits the Company provides to Directors for the execution of their duties shall be determined by resolution of the General Meeting of Shareholders, with remuneration for <u>Directors serving on the Audit and Supervisory Committee</u> having a separate arrangement from that of remuneration for other Directors.</p> <p>Article 24 (Notice of Convocation of the Board of Directors Meeting) 1. A notice of convocation of a Board of Directors meeting shall be issued to each member of the Audit and Supervisory Committee at least three (3) days before the meeting; provided, however, that such period may be shortened in the event of urgency. 2. When the consent of <u>all Directors</u> is obtained in advance, a Board of Directors meeting may be held without following the procedures for convening a meeting.</p> <p>Article 25 (Person Authorized to Convene the Meeting and Act as Chairman) 1. Except as otherwise provided by laws and regulations, <u>a Director designated in advance by the Board of Directors</u> shall convene and chair the Board of Directors meeting. 2. If <u>said Director</u> is unable to convene and chair the Board of Directors meeting, another Director, determined in accordance with an order of priority resolved in advance by the Board of Directors, shall convene and chair the Board of Directors meeting.</p>

Articles of Incorporation before amendment	Articles of Incorporation after amendment
<p>Article 26 (Method for Adopting Resolutions of the Board of Directors)</p> <p>Resolutions of the Board of Directors shall be adopted by a majority of the Directors in attendance who constitute a majority of the total number of Directors.</p>	<p>Article 26 (Method for Adopting Resolutions of the Board of Directors)</p> <p>Resolutions of the Board of Directors shall be adopted by a majority of the Directors in attendance <u>who are entitled to vote on the resolution</u> and who constitute a majority of the total number of Directors.</p>
<p>Article 27 (Omission of the Procedure for Adopting Resolutions of the Board of Directors)</p> <p>The Company shall, if all Directors express their consent in writing or by electromagnetic means to a matter to be resolved by the Board of Directors, deem that the matter has been approved and resolved by the Board of Directors; <u>provided, however, that this shall not apply if the Audit &amp; Supervisory Board Member expresses any objection thereto.</u></p>	<p>Article 27 (Omission of the Procedure for Adopting Resolutions of the Board of Directors)</p> <p>The Company shall, if all Directors express their consent in writing or by electromagnetic means to a matter to be resolved by the Board of Directors, deem that the matter has been approved and resolved by the Board of Directors;</p>
<p><i>New article on right</i></p>	<p><u>Article 28 (Delegating Major Executive Decisions)</u>  <u>As permitted under Article 399, Paragraph 13.6, of the Companies Act, major executive decisions (other than those listed in Article 399, Paragraph 13.5) may be delegated in whole or in part to a Director by resolution of the Board of Directors.</u></p>
<p>Article 28 [Omitted]</p>	<p>Article 29 [No change]</p>
<p><del>CHAPTER V. AUDIT &amp; SUPERVISORY BOARD MEMBERS AND AUDIT &amp; SUPERVISORY BOARD</del></p>	<p><i>Text on left removed</i></p>
<p><del>Article 29 (Number of Audit &amp; Supervisory Board Members)</del>  <del>The number of Audit &amp; Supervisory Board Members of the Company shall not exceed five (5).</del></p>	<p><i>Text on left removed</i></p>
<p><del>Article 30 (Method for the Election of Audit &amp; Supervisory Board Members)</del></p> <ol style="list-style-type: none"> <li><del>1. Audit &amp; Supervisory Board Members of the Company shall be elected at a General Meeting of Shareholders.</del></li> <li><del>2. A resolution for the election of Audit &amp; Supervisory Board Members shall be adopted by a majority vote of the shareholders in attendance who hold one third (1/3) or more of the voting rights of shareholders entitled to exercise voting rights.</del></li> </ol>	<p><i>Text on left removed</i></p>
<p><del>Article 31 (Term of Office of Audit &amp; Supervisory Board Members)</del></p> <ol style="list-style-type: none"> <li><del>1. The term of office of an Audit &amp; Supervisory Board Member shall expire upon conclusion of the Ordinary General Meeting of Shareholders held with respect to the last business year ending within four (4) years from his/her election.</del></li> <li><del>2. The term of office of an Audit &amp; Supervisory Board Member elected to fill a vacancy caused by the retirement of an Audit &amp; Supervisory Board Member prior to the expiry of his/her term of office shall be the same as the remaining term of office of the retired Audit &amp; Supervisory Board Member.</del></li> </ol>	<p><i>Text on left removed</i></p>
<p><del>Article 32 (Standing Audit &amp; Supervisory Board Members)</del></p>	<p><i>Text on left removed</i></p>

Articles of Incorporation before amendment	Articles of Incorporation after amendment
<p>The Audit &amp; Supervisory Board shall, by resolution, elect Standing Audit &amp; Supervisory Board Members.</p>	
<p><del>Article 33 (Remuneration, etc. of Audit &amp; Supervisory Board Members)</del></p>	<p><i><u>Text on left removed</u></i></p>
<p><del>The remuneration, etc. of Audit &amp; Supervisory Board Members shall be determined by resolution of the General Meeting of Shareholders.</del></p>	
<p><del>Article 34 (Notice of Convocation of the Audit &amp; Supervisory Board Meeting)</del></p>	<p><i><u>Text on left removed</u></i></p>
<p><del>1. A notice of convocation of an Audit &amp; Supervisory Board meeting shall be issued to each Audit &amp; Supervisory Board Member at least three (3) days before the meeting; provided, however, that such period may be shortened in the event of urgency.</del></p>	
<p><del>2. When the consent of all Audit &amp; Supervisory Board Members is obtained in advance, an Audit &amp; Supervisory Board meeting may be held without following the procedures for convening a meeting.</del></p>	
<p><del>Article 35 (Method for Adopting Resolutions of the Audit &amp; Supervisory Board)</del></p>	<p><i><u>Text on left removed</u></i></p>
<p><del>Except as otherwise provided by laws and regulations, resolutions of the Audit &amp; Supervisory Board shall be adopted by a majority of Audit &amp; Supervisory Board Members.</del></p>	
<p><del>Article 36 (Exemption of the Liabilities of Audit &amp; Supervisory Board Members)</del></p>	<p><i><u>Text on left removed</u></i></p>
<p><del>1. Pursuant to the provisions of Article 426, Paragraph 1, of the Companies Act, the Company may, by resolution of the Board of Directors, exempt Audit &amp; Supervisory Board Members (including former Audit &amp; Supervisory Board Members) from liability for damages arising from negligence in the performance of their duties, to the extent permitted by laws and regulations.</del></p>	
<p><del>2. Pursuant to the provisions of Article 427, Paragraph 1, of the Companies Act, the Company may enter into an agreement with each of the Audit &amp; Supervisory Board Members to limit the liability of such Audit &amp; Supervisory Board Member for damages arising from negligence in the performance of his/her duties; provided, however, that the limit of the liability under the agreement shall be the minimum liability amount set by laws and regulations.</del></p>	
<p><i><u>New article on right</u></i></p>	<p><u>CHAPTER V. AUDIT AND SUPERVISORY COMMITTEE</u></p>
<p><i><u>New article on right</u></i></p>	<p><u>Article 30 (Notice of Convocation of the Audit and Supervisory Committee)</u></p>
<p></p>	<p><u>A notice of convocation of an Audit and Supervisory Committee meeting shall be issued to each committee member at least three (3) days before the meeting; provided, however, that such period may be shortened in the event of urgency.</u></p>
<p><i><u>New article on right</u></i></p>	<p><u>Article 31 (Method for Adopting Resolutions of the Audit and Supervisory Committee)</u></p>
<p></p>	<p><u>Resolutions of the Audit and Supervisory Committee shall be adopted by a majority of the committee members voting on</u></p>



Articles of Incorporation before amendment	Articles of Incorporation after amendment
<p><i><u>New article on right</u></i></p> <p style="text-align: center;">CHAPTER VI. ACCOUNTS</p> <p>Article 37</p> <p>Article 41 [Omitted]</p> <p><i><u>New article on right</u></i></p>	<p><u>the resolution.</u></p> <p><u>Article 32 (Standing Audit and Supervisory Committee Members)</u>  <u>The Audit and Supervisory Committee shall, by resolution, elect standing committee members.</u></p> <p style="text-align: center;">CHAPTER VI. ACCOUNTS</p> <p>Article 33 - Article 37 [No change]</p> <p><u>Supplementary Provisions</u>  <u>Transitional Measures Regarding the Exemption of the Liabilities of Audit &amp; Supervisory Board Members</u></p> <p><u>1. The Company may, by resolution of the Board of Directors, exempt persons who were serving or had previously served as a Supervisory Board Member (as defined in Article 423, Paragraph 1, of the Companies Act) as of the time just before the conclusion of the 106th Ordinary General Meeting of Shareholders from liability for damages arising from negligence in the performance of their duties to the extent permitted by laws and regulations.</u></p> <p><u>2. Article 36, Paragraph 2, of the Articles of Incorporation prior to the amendments that were approved by the 106th Ordinary General Meeting of Shareholders shall apply to any agreements that the Company has entered into with persons who were serving or had previously served as a Supervisory Board Member as of the time just before the conclusion of the 106th Ordinary General Meeting of Shareholders to limit their liability for negligence described in Article 423, Paragraph 1, of the Companies Act.</u></p>


**Item 2** Election of Six (6) Directors Who Do Not Serve on the Audit and Supervisory Committee  
 If Item 1 (amendments to the Articles of Incorporation) is approved as proposed, the Company will transition its corporate governance structure to that of a “company with an audit and supervisory committee” and the terms of all six (6) incumbent directors will expire.

We therefore propose the election of six directors who do not serve on the Audit and Supervisory Committee.

If adopted, the resolution will take effect provided that the amendments proposed in Item 1 take effect.


The 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 New appointment	Hironobu Takashita December 21, 1966 	April 1990 October 2012 April 2017 April 2019 June 2021 September 2023 January 2024 April 2024	<p>Joined the Company            Head of Copper Products Department of the Nonferrous Metals Division            Head of Engineered Materials and Raw Materials Department of the Nonferrous Metals Division            Manager of West Japan Nonferrous Metals Department of the Nonferrous Metals Division            Executive Officer / Deputy General Manager of the Nonferrous Metals Division            Executive Officer / President's Special Missions (medium-term planning) / responsible for the Personnel Department / operational supporter of Nonferrous Metals Division            Executive Officer / President's Special Missions (medium-term planning) / responsible for the Finance &amp; Accounting Department and Personnel Department / Head of the Finance &amp; Accounting Department / operational supporter of the Nonferrous Metals Division            Executive Officer / President's Special Missions (medium-term planning) / responsible for the Finance &amp; Accounting Department and the Personnel Department / Head of Finance &amp; Accounting Department</p> <p style="text-align: right;">(incumbent)</p>	1,000
<p>Reasons for nomination: After joining the Company, Hironobu Takashita served a secondment at Kobe Steel from 1992 to 1995 and a secondment at Shinko Shoji Singapore from 1996 to 2002.            He became head of the Copper Products Department of the Company's Nonferrous Metals Division in October 2012, head of the division's Engineered and Raw Materials Department in April 2017, and head of the division's West Japan Nonferrous Metals Department in April 2019. In June 2021, he became an executive officer and deputy general manager of the Nonferrous Metals Division.            As part of his current executive officer portfolio, he handles special assignments (related to medium-term planning) for the president of the Company and oversees the Company's Finance &amp; Accounting Department and Personnel Department. With his long track record in the nonferrous metals operations of the Company's corporate group, Takashita has demonstrated extensive expertise in manufacturing and overseas secondments. Takashita has engaged in medium-term planning in his responsibility for handling special assignments for the president. In this and in other duties, he has demonstrated executive acumen and wide-ranging awareness about the Company's operations.            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	Masahito Adachi December 5, 1961 	April 1986 April 2007 April 2008 April 2014 June 2016 June 2019	<p>Joined the Company            Head of Aluminum Products Department of the Nonferrous Metals Division            Head of Aluminum Products Department II of the Nonferrous Metals Division            Head of Engineered Materials and Raw Materials Department of the Nonferrous Metals Division            Executive Officer / Deputy General Manager of the Nonferrous Metals Division            Managing Executive Officer / Deputy General Manager of the Nonferrous Metals Division</p>	6,900

		<p>June 2022</p> <p>June 2023</p> <p>April 2024</p>	<p>Director / Senior Executive Officer / General Manager of the Nonferrous Metals Division / supervisor of the Iron &amp; Steel Division / President of Suzhou Shinko-Shoji Material Co., Ltd. / President of Kobelco Precision Parts (Suzhou) Co., Ltd.</p> <p>Representative Director / Senior Executive Officer General Manager of the Nonferrous Metals Division / supervisor of the Iron &amp; Steel Division / President of Suzhou Shinko-Shoji Material Co., Ltd./ President of Kobelco Precision Parts (Suzhou) Co., Ltd.</p> <p>Representative Director / Senior Executive Officer / General Manager of the Metals Division and of the Aluminum and Copper Unit / President of Suzhou Shinko-Shoji Material Co., Ltd. / President of Kobelco Precision Parts (Suzhou) Co., Ltd.</p> <p style="text-align: right;">(incumbent)</p>	
<p>Reasons for nomination: After joining the Company, Masahito Adachi became head of the Nonferrous Metals Division in April 2007, head of the division's Aluminum Products Department II in April 2008, and head of the division's Engineered Materials and Raw Materials Department in April 2014. In June 2016, he became an executive officer.</p> <p>Today, he serves the Company as a representative director and senior executive officer, holding the posts of General Manager of the Metals Division and Supervisor of the Aluminum and Copper Unit. He also serves as president of overseas group companies. With his long track record in the nonferrous metals operations of the Company's corporate group, Adachi has demonstrated extensive expertise in such operations.</p> <p>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>				
<p>3 New appointment</p>	<p>Satoshi Nishimura March 21, 1962</p> 	<p>April 1986</p> <p>April 2010</p> <p>May 2010</p> <p>April 2014</p> <p>April 2016</p> <p>April 2018</p> <p>April 2019</p> <p>June 2019</p> <p>June 2020</p> <p>June 2022</p> <p>April 2024</p>	<p>Joined Kobe Steel, Ltd.</p> <p>Assistant Manager (treated as equivalent to General Manager) of Kobe Steel's Iron and Steel Businesses / Representative Director of Kobe CH Wire (Thailand) Co., Ltd.</p> <p>General Manager of Kobe Steel's Iron and Steel Businesses</p> <p>General Manager of Kobe Steel's Plate Products Sales Division</p> <p>Executive Officer of Kobe Steel, Ltd.</p> <p>Managing Executive Officer of Kobe Steel Ltd.</p> <p>Adviser at Kobe Steel / Adviser at the Company</p> <p>Managing Executive Officer of the Company / Deputy General Manager of the Iron &amp; Steel Division / responsible for the China region</p> <p>Managing Executive Officer of the Company / responsible for North America and Europe regions</p> <p>Deputy General Manager of the Company's Iron &amp; Steel Division</p> <p>Senior Executive Officer of the Company / Deputy General Manager of the Iron &amp; Steel Division / responsible for North America and Europe</p> <p>Senior Executive Officer of the Company / responsible for the Iron &amp; Steel Unit of the Metals Division and for North America &amp; Europe region</p> <p style="text-align: right;">(incumbent)</p>	<p>3,800</p>
<p>Reasons for nomination: Satoshi Nishimura has served executive roles at Kobe Steel (becoming an executive officer in April 2016 and a managing executive officer in April 2018) and at the Company (becoming a managing executive officer in June 2019 and a senior executive officer in 2022). As part of his current executive profile, he is responsible for the Iron &amp; Steel Unit of the Company's Metals Division and for the Company's operations in North America and Europe.</p> <p>With his long track record in iron and steel, Nishimura has demonstrated extensive expertise in such operations. 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>				

<p>4 New appointment</p>	<p>Shinji Urade October 1, 1963</p> 	<p>April 1986 April 2010 June 2010 October 2011 April 2012 October 2015 June 2018 June 2019 June 2020 June 2021 June 2023 April 2024</p>	<p>Joined the Company Head of the Market Development Unit of the Company's Machinery &amp; Electronics Division Head of the Market Development Unit of the Machinery &amp; Electronics Division Head of the Market Development Unit and Energy Systems Department of the Machinery &amp; Electronics Division Head of the Energy Systems Department of the Machinery &amp; Electronics Division Head of the West Japan Machinery Department of the Machinery &amp; Electronics Division Assistant General Manager of the Machinery &amp; Electronics Division and head of the division's West Japan Machinery Department Executive Officer / Deputy General manager of the Machinery &amp; Electronics Division and head of the division's West Japan Machinery Department / Responsible for Kyushu Branch Office Executive Officer / Deputy General manager of the Machinery &amp; Electronics Division / responsible for Kyushu Branch Office Executive Officer / Deputy General manager of the Machinery &amp; Electronics Division Managing Executive Officer / Deputy General manager of the Machinery &amp; Electronics Division Managing Executive Officer / Responsible for the Machinery Unit of the Machinery &amp; Welding Division (incumbent)</p>	<p>3,200</p>
<p>Reasons for nomination: After joining the Company, Shinji Urade became head of the West Japan Machinery Department of the Machinery &amp; Electronics Division in October 2015. In June 2019, he became an executive officer and deputy manager of the Machinery &amp; Electronics Division. In June 2023, he became a managing executive officer and deputy manager of the same division. In his role as managing executive officer, he has been responsible, since April 2024, for the Machinery Unit of the Machinery &amp; Welding Division. With his long track record in iron and steel, Nishimura has demonstrated extensive expertise in such operations. 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>				
<p>5 New appointment</p>	<p>Jun Takahashi June 14, 1967</p> 	<p>April 1991 January 2017 June 2020 June 2022 June 2023 April 2024</p>	<p>Joined the Company Head of the Business Planning Office of the Nonferrous Metals Division Head of the Corporate Planning Department Executive Officer / Supervisor of the Corporate Planning Department and Branches &amp; Offices / Head of the Corporate Planning Department Executive Officer / Responsible for the Corporate Planning Department, Branches &amp; Offices, and for the ASEAN, Indian, and Middle East regions / Head of the Corporate Planning Department Executive Officer / Responsible for the Corporate Planning Department, the New Business Promotion Department, and for the ASEAN, Indian, and Middle East regions / Head of the Corporate Planning Department / Head of the New Business Promotion Dept. (incumbent)</p>	<p>6,639</p>
<p>Reasons for nomination: After joining the Company, Jun Takahashi became head of the Business Planning Office of the Nonferrous Metals Division in January 2017 and head of the division's Corporate Planning Department in June 2020. In June 2022, he became an executive officer. He is currently responsible for the division's corporate planning and new business promotion and for the ASEAN, Indian, and Middle East regions. With his long track record in the nonferrous metals operations of the Company's corporate group, Adachi has demonstrated extensive expertise in such operations. With his long track record in the nonferrous metals operations of the Company's corporate group, Takahashi has demonstrated extensive expertise in such operations. He has also gained experience in strategic planning from his time in corporate planning. 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>				



6	<p>Yoshio Tano March 26, 1957</p> 	<p>April 1979 November 1984 January 2004</p> <p>April 2015</p> <p>April 2017 April 2022</p> <p>June 2022</p> <p>March 2023</p>	<p>Joined Yamaha Motor Co., Ltd. Joined IBM Japan, Ltd. Partner of IBM Japan, Ltd. ,Head of GBS manufacturing devices of Kobelco Systems Corporation Executive Director of Kobelco Systems Corporation</p> <p>President &amp; CEO of Kobelco Systems Corporation President of Assured Business Consulting (incumbent)</p> <p>Outside Director (part-time) (incumbent)</p> <p>Director (part-time) of N&amp;C IT Partners (incumbent)</p> <p><u>Significant concurrent positions</u> President of Assured Business Consulting Director (part-time) of N&amp;C IT Partners</p>	300
<p>Reasons for nomination: Yoshio Tano has demonstrated extensive knowledge and business acumen as leader of Kobelco Systems Corporation (a consolidated subsidiary of IBM Japan), justifying his reelection as an outside director. With his expertise in leveraging digital technologies and solutions in general manufacturing, he will help guide the Company's digital transformation and creation of long-term value.</p>				

Notes:

1. The Company has no special relationship with the candidates.
2. Yoshio Tano is a candidate for the office of outside director. The Company has designated him as an independent officer pursuant to the Tokyo Stock Exchange's Securities Listing Regulations. Yoshio Tano is an incumbent outside director of the Company. He will have served two years in this office by the close of the General Meeting of Shareholders.
3. Liability limitation agreements with an outside director:  
The Company has, pursuant to the Articles of Incorporation, entered into an agreement with Yoshio Tano limiting his liability under Article 423, Paragraph 1, of the Companies Act to the total amount prescribed by Article 425, Paragraph 1, of said Act, provided that he acted in good faith and without gross negligence. If Tano is re-elected, the Company will sign a new agreement with him containing the same terms as the existing agreement.
4. The Company has 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 or executive officer of the Company or of a subsidiary of the Company who is found liable for wrongful acts in the performance of his or her duties. If elected, the above candidate will be covered.
5. As permitted under Article 430-2, Paragraph 1, of the Companies Act, the Company has entered into indemnity agreements with Masahito Adachi and Yoshio Tano 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 the candidates are re-elected, the Company will continue these agreements. The Company will enter into such agreements with Hironobu Takashita, Satoshi Nishimura, Shinji Urade, and Jun Takahashi if they are elected.



**Item 3 Election of Three (3) Directors to Serve on the Audit and Supervisory Committee**


If Item 1 (amendments to the Articles of Incorporation) is approved as proposed, the Company will transition its corporate governance structure to that of a “company with an audit and supervisory committee.”

We therefore propose the election of three directors to serve on the Audit and Supervisory Committee.

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

The 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 New appointment	Yasuyuki Watanabe November 14, 1963 	April 1987 June 2018 June 2019 July 2020 June 2021 June 2022 April 2024	<p>Joined the Company Executive Officer / Head of the Corporate Planning Department</p> <p>Executive Officer / Head of the Corporate Planning Department / Responsible for the Finance Department</p> <p>Executive Officer / Responsible for the Corporate Planning Department, Business &amp; Risk Management Department, Personnel Department, and the Finance Department</p> <p>Director / Managing Executive Officer / Responsible for the Corporate Planning Department, Business &amp; Risk Management Department, and the Personnel, Audit and Finance Department / Supervises the General Affairs and Credit &amp; Legal Departments</p> <p>Director / Managing Executive Officer / Responsible for the Business &amp; Risk Management Department, Personnel Department, Auditing Department, and the Finance Department / Supervisor of the General Affairs Department, Credit and Legal Department, Welding Division, and Overseas Regions</p> <p>Director / Managing Executive Officer / Responsible for the Business &amp; Risk Management Department and the Auditing Department / Supervisor of the Finance &amp; Accounting Department, Personnel Department, and Overseas Regions (incumbent)</p>	6,800
<p>Reasons for nomination: After joining the Company and serving secondments in the USA and China, Yasuyuki Watanabe became head of accounts in the Corporate Planning Department in July 2011 and head of the division in June 2016. He became a managing executive officer in June 2018 and a director and managing executive officer in June 2021. As part of his current executive profile, he is responsible for business and risk management, auditing, personnel, and overseas regions. With his long track record in accounts, Watanabe has demonstrated extensive expertise in financial and accounting operations. He has also gained experience in strategic planning from his time in corporate planning. For these reasons, the Company believes that he has the sagacity and knowledge of the Company's operations required to audit and supervise the execution of business; therefore, it proposes his election as a director who serves on the Audit and Supervisory Committee.</p>				
2 New appointment	Hiroko Kaneko October 15, 1964 	April 1997 April 1998 March 2006 June 2019 June 2021	<p>Completed Judicial Training Courses, registered as an attorney at law (Daiichi Tokyo Bar Association) (incumbent)</p> <p>Entered Matsuo &amp; Kosugi (law firm) (incumbent)</p> <p>Registered as lawyer in the state of New York (incumbent)</p> <p>Outside member of the Company's Audit &amp; Supervisory Board (incumbent)</p> <p>Outside Director of Topy Industries, Ltd. (part-time) (incumbent)</p>	200

		June 2023	Independent Director of Kibun Foods Inc. (part time) <u>Significant concurrent positions</u> Matsuo & Kosugi (law firm) Outside Director of Topy Industries, Ltd. (part-time) Independent Director of Kibun Foods Inc.	
Reasons for nomination, expected service: With the wide-ranging insights into HR and labor matters she has gained in her legal career, Hiroko Kaneko will offer valuable advice from a globally minded, objective, and impartial perspective. Her experience will also aid her in her duties of monitoring and supervising the executive directors' execution of business. Although Kaneko has never been involved in corporate management other than as an outside director and outside member of the Audit & Supervisory Board, the Company nevertheless believes that she will duly perform her auditing and supervisory duties for the above reasons; therefore, it proposes her election as a director who will serve on the Audit and Supervisory Committee.				
3 New appointment	Miyuki Nakagawa January 15, 1970 	October 1995 April 1999 August 2018 September 2018  April 2019  June 2021  June 2022	Joined Asahi & Co. (now KPMG Azsa LLC) Registered as a certified public accountant Left KPMG Azsa LLC President of Nakagawa Miyuki CPA Office (incumbent)  Fellow of Mirai Accounting Research Institute LLC. (incumbent)  Outside Director (part time) of Nankai Tatsumura Construction Co., Ltd. (incumbent)  Outside Director (part-time) (incumbent)  <u>Significant concurrent positions</u> President of Nakagawa Miyuki CPA Office Fellow of Mirai Accounting Research Institute LLC. Outside Director (part time) of Nankai Tatsumura Construction Co.,Ltd.	200
Reasons for nomination: 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 aid her in her duties of monitoring and supervising the executive directors' execution of business. Although Kaneko has never been involved in corporate management other than as an outside director and outside member of the Audit & Supervisory Board, the Company nevertheless believes that she will duly perform her auditing and supervisory duties for the above reasons; therefore, it proposes her election as a director who will serve on the Audit and Supervisory Committee.				

Notes:

1. The Company has no special relationship with the candidates.
2. Hiroko Kaneko and Miyuki Nakagawa are candidates for the office of outside director. The Company has designated them an independent officers pursuant to the Tokyo Stock Exchange's Securities Listing Regulations.
3. Hiroko Kaneko is an incumbent outside member of the Audit & Supervisory Board. She will have served five years in this office by the close of the General Meeting of Shareholders.
4. Miyuki Nakagawa is an incumbent outside member of the Audit & Supervisory Board. She will have served two years in this office by the close of the General Meeting of Shareholders.
5. Liability limitation agreements with directors who serve on the Audit and Supervisory Committee: The Company has, pursuant to the Articles of Incorporation, entered into agreements with Hiroko Kaneko and Miyuki Nakagawa 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. If Kaneko and Nakagawa are re-elected, the Company will sign a new agreement with them containing the same terms as the existing agreement. If Watanabe is re-elected, the Company will enter into such an agreement with her.
6. The Company has 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 or executive officer of the Company or of a subsidiary of the Company who is found liable for wrongful acts in the performance of his or her duties. If elected, the above candidate will be covered.

7. If Yasuyuki Watanabe, Hiroko Kaneko and Miyuki Nakagawa's nominations are approved, the Company will, as permitted under Article 430-2, Paragraph 1, of the Companies Act, enter into indemnity agreements with them 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.

## Reference

### 1. Process for Appointing Directors

Directors who do not serve on the Audit and Supervisory Committee serve one-year terms while directors who serve on the Audit and Supervisory Committee serve two-year terms. Candidates for director or substitute director are nominated by resolution of the Board of Directors upon the approval of the Audit and Supervisory Committee, and are 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. Skills Matrix

The following table shows the areas of strategic and business management if Proposals 1 and 2 are approved at this Meeting.

Name	Position	Corporate management	Global business	Sales/ Marketing	Finance/ Accounting	Legal/ Compliance	Sustainability/ Governance
Hironobu Takashita	President and CEO	○		○	○	○	○
Masahito Adachi	Representative Director and Senior Executive Officer	○	○	○			○
Satoshi Nishimura	Representative Director and Senior Executive Officer	○	○	○			○
Shinji Urade	Director and Managing Executive Officer	○	○	○			○
Jun Takahashi	Director and Executive Officer	○		○	○		○
Yoshio Tano (Outside)	Director	○	○				○
Yasuyuki Watanabe	Director and Serve on the Audit and Supervisory	○	○		○		○
Hiroko Kaneko (Outside)	Director and Serve on the Audit and Supervisory		○			○	○
Miyuki Nakagawa (Outside)	Director and Serve on the Audit and Supervisory				○	○	○



her duties. Hisayuki Shimomura will be covered if this resolution is adopted as proposed and if Shimomura subsequently becomes an director who serves on the Audit and Supervisory Committee because a vacancy needed to be filled.

5. Under Article 430-2, Paragraph 1, of the Companies Act, the Company may enter into 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 resolution is adopted as proposed and if Shimomura subsequently becomes an outside director because a vacancy needed to be filled.

#### Reference

#### Independence Standards for Outside Officers

The Company will deem an outside director 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 <b>2%</b> of the Group's consolidated net sales in the immediately previous fiscal year	<ul style="list-style-type: none"> <li>• A person to whom any of the items on the left applied in <b>the past three (3) years</b></li> <li>• A relative <b>within second degree of kinship</b> of a person to whom any of the items on the left apply</li> </ul>
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 <b>2%</b> 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 <b>10%</b> 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-law who receives money or other financial benefit from the Group excluding remuneration for director (if a corporation or an association receives such financial benefit, a person who is affiliated with such organization)	A person who received financial benefit amounting to more than <b>10 million yen</b> from the Group, excluding director remuneration, 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 <b>10 million yen</b> 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 <b>10%</b> 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 <b>2%</b> 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 director, such as those that cause conflict of interests with the Company	-

**Item 5** Finalizing the Amounts and Categories of Remuneration for Directors Who Do Not Serve on the Audit and Supervisory Committee

If Item 1 (amendments to the Articles of Incorporation) is approved as proposed, the Company will transition its corporate governance structure to that of a “company with an audit and supervisory committee.”

Currently, the maximum amount of remuneration for directors is 352 million yen per year (29 million yen 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, in conjunction with the transition to becoming a “company with an audit and supervisory committee,” the Company intends to scrap the current system of director remuneration and set a new amount of remuneration for Directors who do not serve on the Audit and Supervisory Committee. Namely, the maximum amount of remuneration for Directors who do not serve on the Audit and Supervisory Committee will be 352 million yen a year for executive directors and 29 million yen a year for outside directors.

The Company’s current criteria for determining the amount of remuneration for each director is described on page 44 of this notice. The Company will use largely identical criteria to determine the amount of remuneration for each director in the case that the resolution is approved, but it will make some modifications to the criteria in view of the transition to being a “company with an audit and supervisory committee” and in view of the content of the resolution.

The Company believes that this proposal is reasonable because it is largely identical to the resolution approved at the 99th Ordinary General Meeting of Shareholders, held on June 28, 2017, and because, prior being approved by the Board of Directors which considered matters such as economic trends and the responsibilities to be discharged by Directors who do not serve on the Audit and Supervisory Committee. The Company currently has 6 directors, 2 of whom are outside directors. If Item 1 (amendments to the Articles of Incorporation) and Item 2 (election of six directors who do not serve on the Audit and Supervisory Committee) are approved as proposed, the Company will have 6 directors (1 of whom will be an outside director) who do not serve on the Audit and Supervisory Committee.

If adopted, the resolution will take effect provided that Item 1 (amendments to the Articles of Incorporation) is approved as proposed.



**Item 6** Finalizing the Amounts and Categories of Remuneration for Directors Serving on the Audit and Supervisory Committee

If Item 1 (amendments to the Articles of Incorporation) is approved as proposed, the Company will transition its corporate governance structure to that of a “company with an audit and supervisory committee.”

The Company therefore proposes introducing a system of remuneration for directors who serve on the Audit and Supervisory Committee in which the maximum amount of remuneration will be 75 million yen a year (33 million yen for outside directors who serve on the Audit and Supervisory Committee).

The Company believes that this proposal is reasonable because, prior being approved by the Board of Directors which considered matters such as economic trends and the responsibilities to be discharged by directors who serve on the Audit and Supervisory Committee.

If Item 1 (amendments to the Articles of Incorporation) and Item 3 (election of three directors to serve on the Audit and Supervisory Committee) are approved as proposed, the Company will have 3 directors (two of whom are outside directors) who serve on the Audit and Supervisory Committee.

If adopted, the resolution will take effect provided that Item 1 (amendments to the Articles of Incorporation) is approved as proposed.

## **Item 7 Setting Remuneration Pertaining to Stock Compensation Plan for Directors Who Do Not Serve on the Audit and Supervisory Committee**

### **1. Reason for Proposal and Why Proposal is Reasonable**

If Item 1 (amendments to the Articles of Incorporation) is approved as proposed, the Company will transition its corporate governance structure to that of a “company with an audit and supervisory committee.”

At the 104th Ordinary General Meeting of Shareholders, June 24, 2022, shareholders approved a stock compensation program in which the Company delivers stock compensation to persons who are an executive director (a director who is not an outside director) or executive officer of the Company and who reside in Japan. This stock compensation program was designed to incentivize the recipients to improve the Company’s performance in the medium and long term and build its value, and it remains in effect today. In view of the transition to being “a company with an audit and supervisory board,” the Company intends to scrap the current stock compensation program and replace it with a new stock compensation program described in 2 below. The new stock compensation program will deliver to persons who are an executive director (a director who is neither an outside director nor directors who serve on the Audit and Supervisory Committee director) or executive officer of the Company and who reside in Japan (such persons will be referred to as “executives”).

The Company proposes that the new stock compensation program will deliver stock compensation to executives separately from the compensation that the Company will deliver, as proposed in Item 5 (finalizing the amounts and categories of remuneration for directors who do not serve on the Audit and Supervisory Committee), to Directors who do not serve on the Audit and Supervisory Committee (such remuneration is capped at 352 million yen in the case of executive directors and at 29 million yen in the case of outside directors).

The proposed change is a procedural necessity for transitioning into “a company with an audit and supervisory committee”; the amounts and categories of remuneration will remain largely identical to system of compensation approved in the 104th Ordinary General Meeting of Shareholders.

The Company’s current criteria for determining the amount of remuneration for each director is described on page 44 of this notice. The Company will use largely identical criteria to determine the amount of remuneration for each director in the case that the resolution is approved, but it will make some modifications to the criteria in view of the transition to being a “company with an audit and supervisory committee” and in view of the content of the resolution.

The Company believes that this proposal is reasonable because it was approved by the Board of Directors. If adopted, the resolution will take effect provided that the amendments to the Articles of Incorporation proposed in Item 1 take effect.

If Item 2 (election of six directors who do not serve on the Audit and Supervisory Committee) is approved as proposed, 5 of the directors will be covered.

Although the stock compensation program covers executive officers as well as executive directors, and although executive officers will be among the recipients of compensation to be delivered under the program, no differentiation is made between executive officers and executive directors in the proposed amounts and categories of remuneration to be delivered under the stock compensation program, since the eligible executive officers are likely to become directors during the term of the stock compensation program.

### **2. Amounts and Categories of Remuneration to be Delivered Under the Stock Compensation Program**

#### **2.1 Outline of Stock Compensation Program**

Under the stock compensation program, the Company will hold shares in a trust fund for the benefit

of the eligible executives. From this trust fund, the Company will deliver to the eligible executives their allotted stock compensation (“stock compensation” means shares of the Company’s stock or a sum of cash equivalent to the conversion value of the shares).

Further details are disclosed in 2.2.

① Persons eligible for stock compensation under the stock compensation program	<ul style="list-style-type: none"> <li>• Persons who are an executive director (a director who is neither an outside director nor directors who serve on the Audit and Supervisory Committee) or executive officer of the Company and who reside in Japan (“executives”)</li> </ul>
② Impact of modified stock compensation plan on total number of issued shares	
Upper limit to the cash contribution by the Company (see 2.2)	<ul style="list-style-type: none"> <li>• 280 million yen over five fiscal years</li> </ul>
Upper limit on shares provided for eligible officers, method for acquiring the shares (see 2.2 and 2.3)	<ul style="list-style-type: none"> <li>• Upper limit on stock compensation for eligible executives over five fiscal years is 80,000 shares</li> <li>• In a given fiscal year, eligible executives 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, 2024).</li> <li>• The shares will be acquired from the stock market or from treasury stock.</li> </ul>
③ Time when the stock compensation is delivered to eligible executives (see 2.4)	<ul style="list-style-type: none"> <li>• Generally speaking, when the eligible executives retire.</li> </ul>

## 2.2 Upper limit to the cash contribution by the Company

The effective term of the stock compensation program (the period over which the program will remain in effect) is 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 yen as remuneration for eligible executives and hold this amount in a five-year trust fund for the benefit of eligible executives 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. Eligible executives 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 yen for every additional five-year term. Eligible executives 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 executives 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 yen. If the trust fund is discontinued and there remains at the time of discontinuance any eligible executives 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 executives during this extended period.

### 2.3 Upper limit on shares provided for eligible executives, method for acquiring the shares

The amount of stock compensation to be delivered to eligible executives 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 executives in any five-year term of the trust fund.

### 2.4 How and When the Stock Compensation will be Delivered to Eligible Executives

Eligible executives 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 executive 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 executive.

If an eligible executive 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 executive's cumulative points as of the time of relocation and deliver that cash amount to eligible executive.

If an eligible executive 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 executive's cumulative points as of the time of death and deliver that cash amount to the late eligible executive's heir.

### 2.5 Malus and Clawback

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

### 2.6 Voting Rights Pertaining to Shares Held in the Trust

Voting rights of the Company's shares held in the trust fund will remain un-exercisable during the trust period. This rule is necessary to ensure the impartiality of management decisions regarding the stocks.

#### 2.7 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 executives 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 executives have an interest.

#### 2.8 Other details of the stock compensation program

Other details of the stock compensation program will be determined by the Board of Directors following whenever a trust fund is established, the trust agreement is amended, or additional funds are contributed to the trust fund.