

This is an English translation of the Japanese original for reference purposes only.
Some of the documents referred herein may be provided in Japanese.

Securities code: 7003

June 7, 2023

Takeyuki Takahashi

President and Representative Director

MITSUI E&S Co., Ltd.

6-4, Tsukiji 5-chome, Chuo-Ku, Tokyo, Japan

To Our Shareholders:

**NOTICE OF THE 120TH ORDINARY GENERAL
MEETING OF SHAREHOLDERS**

You are hereby notified of the 120th Ordinary General Meeting of Shareholders of MITSUI E&S Co., Ltd. (the “Meeting”) to be held on Wednesday, June 28, 2023, as described below.

In convening the Meeting, the information included in the Reference Documents for the General Meeting of Shareholders (Electronically Provided Action Items) is provided electronically and published as “Notice of the 120th Ordinary General Meeting of Shareholders” on the websites below, so please access either of the websites and confirm the information.

Company’s website: <https://www.mes.co.jp/investor/stock/meeting.html> (in Japanese)

Website where the informational materials for the Meeting are published: <https://d.sokai.jp/7003/teiji/> (in Japanese)

In addition to the above websites, the Electronically Provided Action Items are also published on the Tokyo Stock Exchange (TSE) website, which can be viewed as described below.

Tokyo Stock Exchange website (Listed Company Search)

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

(Please access the above TSE website, and then enter either “Mitsui E&S” in the “Issue name (company name)” field or “7003” (the Company’s securities code) in the “Code” field to conduct a search. Next, select “Basic information” followed by “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” you can view documents in the “Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting” field.)

In addition, if you cannot attend on the day of the Meeting, please review the Reference Documents for the General Meeting of Shareholders and then vote in writing or on the Internet by **5:00 P.M. on Tuesday, June 27, 2023**, according to “INFORMATION ON EXERCISING VOTING RIGHTS” on p. 7-10.

1. Date and Time: Wednesday, June 28, 2023, at 10:00 A.M.

2. Place: 2nd Floor, Hamarikyu-Mitsui Building,
6-4, Tsukiji 5-chome, Chuo-Ku, Tokyo, Japan

3. Objectives

(a) Matters to be reported

- (1) Business Report and Consolidated Financial Statements for the 120th Business Term from April 1, 2022, to March 31, 2023 (the “Term”) as well as the Accounting Auditor’s Report and Board of Corporate Auditors’ Report on the Consolidated Financial Statements
- (2) Financial Statements for the Term

(b) Matters to be resolved

- Agenda Item No. 1: Appropriation of surplus
- Agenda Item No. 2: Partial amendments to the Articles of Incorporation
- Agenda Item No. 3: Election of four (4) Directors (excluding Audit and Supervisory Committee Members)
- Agenda Item No. 4: Election of three (3) Directors who are Audit and Supervisory Committee Members
- Agenda Item No. 5: Election of two (2) Directors who are alternate Audit and Supervisory Committee Members
- Agenda Item No. 6: Setting the compensation amounts of Directors (excluding Audit and Supervisory Committee Members)
- Agenda Item No. 7: Setting the compensation amounts of Directors who are Audit and Supervisory Committee Members

Please note:

- If amendments are made to the Electronically Provided Action Items, the pre-amendment and post-amendment items will be published on each of the aforementioned websites.
- Written documents containing the Electronically Provided Action Items will be sent to shareholders who requested delivery of documents. Under laws and regulations as well as Article 16 of the Company’s Articles of Incorporation, these documents will not contain the following items:
 - a) “Subscription Rights to Shares” in the Business Report;

b) “Consolidated Statements of Changes in Net Assets” and “NOTES TO CONSOLIDATED FINANCIAL STATEMENTS” in the Consolidated Financial Statements; and

c) “Statements of Changes in Net Assets” and “NOTES TO FINANCIAL STATEMENTS” in the Financial Statements.

Therefore, the Business Report, Consolidated Financial Statements, and Financial Statements included in the above documents are part of the documents that were audited when the Accounting Auditor prepared the Accounting Auditor’s Report and Corporate Auditors prepared the Board of Corporate Auditors’ Report.

Please note that the aforementioned omitted matters are posted on the Company’s website as “Notice of the 120th Ordinary General Meeting of Shareholders (Matters Omitted From Delivered Documents)” (in Japanese).

- After the Meeting, the Meeting’s resolutions will be published on the Company’s website and the TSE website instead of sending notifications of them via postal mail.

No souvenirs will be provided to the shareholders attending the Meeting.

We would appreciate your understanding.

The Company’s Website: <https://www.mes.co.jp/>

Dear shareholders

I would like to express my gratitude for your continued and exceptional support.

On April 1 of this year, the Company transitioned to a business holding company and made a fresh start with a new company name, MITSUI E&S Co., Ltd. By integrating our operation and management, we will aim to speed up the development and execution of the strategies of the overall Group and quickly evolve so as to adapt to the new environment.

In FY 2022, we were able to complete “Mitsui E&S Group Business Revival Plan,” which sets out measures such as liquidation of unprofitable businesses and reinforcement of our financial position. In light of the changes in the environment surrounding the Company, we also initiated Mid-Term Business Plan 2023 a year ahead of schedule, and we revised our management philosophy to one focused mainly on engineering and services. We will expand our business model to peripherals of products, our strength, thus generating stable income on a sustainable basis.

The E&S in MITSUI E&S stands for “Engineering & Services for Evolution & Sustainability.” It signifies that we will contribute to the evolution and sustainability of society with our engineering and services.

We would deeply appreciate your continued support in the future.

June 2023

Takeyuki Takahashi

President, Representative Director, and CEO

Topic

New Group Strategic Goals

Reconsider the Meaning of Our Existence and Redefine Our Group Strategic Goals

Mid-term Business Plan 2023 redefined the Mitsui E&S Group's Strategic Goals (Company Philosophy, Vision, Management Policy, Standards of Conduct), in accordance with the quick shift to a sustainable society, environmental change and the transformation of the Group. All employees share anew the meaning of the Mitsui E&S Group's existence and work together to move forward.

Our mission

We build trust and contribute to society through our engineering and services

The mission conveys the meaning of our existence (purpose), namely expanding our operations beyond the scope of conventional manufacturing, and contributing to the achievement of a sustainable society through our engineering and services.

Vision in 2030

In the marine domain, we create a carbon-free society and resolve challenges induced by depopulation

Regarding our strengths in the marine domain that is the core of our operations, we will implement resolute management.

Management Policy

Create new value together with customers

Business development

(Commitment to customers and suppliers)

Conduct business through needs-oriented marketing and innovation in relevant technologies

Seek a sound financial structure and steady profit

Financial & Corporate Planning

(Commitment to shareholders and financial institutions)

Manage and operate our group through the timely evaluation of marginal profit and fixed costs

Accelerate the resolution of sustainability issues

Personnel and general affairs

(Commitment to employees and society)

Address climate change, population decline and diversity in consideration of employees' health and safety

Standards of Conduct

Endeavor to provide simple, unique and practical products and services

We always focus on customer-centric products and services that fulfill three kinds of value, develop healthy businesses and bring them into the world to serve society

INFORMATION ON EXERCISING VOTING RIGHTS

Exercise of voting rights in the General Meeting of Shareholders is an important right of our shareholders. You are requested to consider the accompanying Reference Documents for the General Meeting of Shareholders and exercise your voting rights.

There are three methods for exercising your voting rights as follows:

If you attend the Meeting

Present at the Reception Desk

When attending the Meeting, please present the enclosed voting form at the reception desk.

In addition, in order to conserve paper resources, please bring this Notice.

Date and Time of the Meeting

**Wednesday, June 28, 2023
10:00 A.M.**

If you do not attend the Meeting

Submit by Postal Mail

Please indicate your vote for each proposal on the voting form and post it.

Exercise Deadline

**Any form arriving by
5:00 P.M. on Tuesday,
June 27, 2023 is
valid.
(See Instruction (A))**

Enter on the Internet

Please access the website designated for voting by the Company and enter your vote for each proposal in accordance with the instructions on the screen.

**The website designated
for voting**

<https://www.web54.net>

**Please refer to the next
page for detail.**

Exercise Deadline

**Any vote entered by
5:00 P.M. on Tuesday,
June 27, 2023 is valid.
(See Instruction (B))**

Instruction (A):

How to fill in the voting form

Please fill in your vote for each proposed agenda item on the voting form.

[Agenda Items No. 1, No. 2, No. 6, and No. 7]

If you are in favor of the agenda item, place a circle mark in **the upper box, which indicates “Yes.”**

If you are against the agenda item, place a circle mark in **the lower box, which indicates “No.”**

[Agenda Items No. 3 to No. 5]

If you are in favor of all the candidates, place a circle mark in **the upper box, which indicates “Yes.”**

If you are against all the candidates, place a circle mark in **the lower box, which indicates “No.”**

If you are against one or some of the candidates, please place a circle mark in the upper box and fill in the number(s) of the candidate(s) with which you disagree.

* The QR code necessary for Smart Voting is provided here. The “voting code” and the “password,” which are necessary for exercising your voting rights on the website, are written on the other side of the voting form.

- (1) In case that no indication of yeas or nays is made for each proposal, the Company will regard such a proposal as to be voted in favor.
- (2) For the votes cast twice or more by the Internet, etc. by the same shareholder, the one received at the latest shall prevail.
- (3) For the overlapped votes received both by a voting form and by the Internet, etc. from the same shareholder, the vote received at the latest shall prevail, and for the votes by a voting form and by the Internet received on the same day, the vote on the Internet shall prevail.

Instruction (B)

Information on Exercising Voting Rights on the Internet

If you exercise your voting right on the Internet, you are asked to access the website designated for voting by the Company by a personal computer or a smart phone and to exercise your voting rights in accordance with the instructions on the screen.

A dedicated website for a mobile phone is not established. We would appreciate your understanding.

The website designated for voting by the Company: <https://www.web54.net>

Deadline for voting: 5:00 P.M., Tuesday, June 27, 2023

The first method: Scanning QR Code (“Smart Voting”)

You can log in to the website designated for voting without entering a voting code and password.

- | | | |
|--|----------|--|
| <p>1. Scan the QR Code indicated on the lower right of your voting form</p> | <p>→</p> | <p>2. In the following pages, please enter your vote in accordance with the instructions on the screen.</p> |
|--|----------|--|

Note: Voting by “Smart Voting” is available only once.

To change the content of your voting, please access the website for personal computer and enter the “voting code” and “password” written on the other side of your voting form and vote again.

If you scan the QR Code again, you will access the website for personal computer.

The second method: Entering Voting Code and Passwords

- | | | | | |
|--|----------|--|----------|---|
| <p>1. Access the website designated for voting
<u>http://www.web54.net</u>
Click the button (which means “proceed to the next page”).</p> | <p>→</p> | <p>2. Log in</p> <p>Enter the “voting code” written on the other side of your voting form and click the left button (which means “log in”).</p> <p>*In case it is the first time to “log in,” you will proceed to the page for changing password.</p> | <p>→</p> | <p>3. Enter the password</p> <p>Enter the “password” written on the other side of your voting form and click the button (which means “proceed to the next page”).</p> <p><u>In the following pages, please enter your vote in accordance with the instructions on the screen.</u></p> |
|--|----------|--|----------|---|
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<Security of password and voting code>

- (1) A password is important information by which a voting person is confirmed as a shareholder. Please keep your password confidential as you would do with your bank pin code or seal.
- (2) Please note that if an incorrect password is entered more than a specified number of times, you will be unable to access the main screen. In a case you wish to obtain a new password, please follow the instructions on the screen.
- (3) The password written on the other side of your voting form is effective only for this General Meeting of Shareholders.

<Contact Information for Inquiries>

In case that the operation method for exercising your voting right through the Internet, etc. is unclear, please contact the securities support described below.

Sumitomo Mitsui Trust Bank, Limited

Dedicated line for Stock Transfer Agency web support

Phone: **0120 (652) 031** (Toll free only in Japan)
(9:00 a.m. to 9:00 p.m.)

Use of the Platform for Electronic Exercise of Voting Rights

It is also possible for institutional investors to exercise their voting rights by electronic method from the “Platform for Electronic Exercise of Voting Rights” of ICJ Ltd.

REFERENCE DOCUMENTS FOR GENERAL MEETING OF SHAREHOLDERS

For Agenda Item No. 1: Appropriation of surplus

The Company considers it an important management issue to enhance returns to shareholders while making a comprehensive assessment of capital investment for business development, R&D investment, and enhancement of shareholders' equity to strengthen the Company's financial base.

Although we have regrettably been without dividends for the past five fiscal years due to the severe business performance to date, we have strongly promoted and completed the "Mitsui E&S Group Business Revival Plan" ("Business Revival Plan") by dramatically reducing the risk of pending construction projects in Indonesia and strengthening our financial and profit structure.

Regarding the year-end dividend on common share for the current fiscal year, we have determined that we are well-positioned to realize stable dividends based on our business performance for the current fiscal year as well as future business development, and we propose to resume dividend payments, albeit in a small amount, as shown below. We will continue to focus on the implementation of the growth strategy of the "Mid-term Business Plan 2023" with a view to increasing dividends in the future.

Regarding the Class A Preferred Shares issued through third-party allotment in June 2022, the Company will pay dividends in the prescribed amount in accordance with the Class A Preferred Shares issuance guidelines and the Company's Articles of Incorporation as stipulated at the time of issuance.

Matters concerning year-ended dividends:

(1) Type of dividend property

Cash

(2) Allocation of dividend property and total amount thereof

- Common share: 3.00 yen per share

Total amount of dividends of common share: 262,531,293 yen

- Class A preferred share: 29.384 yen per share

Total amount of dividends of class A preferred share: 528,912,000 yen

(3) Effective date of appropriation of surplus

June 29, 2023

For Agenda Item No. 2: Partial amendments to the Articles of Incorporation

1. Reasons for amendments

(1) Amendments related to the transition to a company with an audit and supervisory committee

In order to shift to a compact management structure in line with organizational consolidation and reorganization and to create an environment for in-depth discussions on business strategies and risky issues with the aim of continuously improving the corporate value of the MITSUI E&S Group, the Company has decided to shift from a company with a board of corporate auditors to a company with an audit and supervisory committee as well as to reduce the number of officers.

Accordingly, the Articles of Incorporation will be partially amended as follows.

- Establishment of new provisions regarding Audit and Supervisory Committee Members and the Audit and Supervisory Committee, and deletion of provisions regarding Corporate Auditors and the Board of Corporate Auditors, necessary for the transition to a company with an audit and supervisory committee.
- Establishment of new provisions regarding the transfer of authority to executive directors in order to increase management efficiency and enable flexible decision-making.
- Amendments to relevant provisions in relation to the transition to a company with an audit and supervisory committee, etc.

(2) Amendment of business objectives

We propose to partially amend Article 2 (Object) of the Articles of Incorporation in order to align our business objectives with our company philosophy, “to contribute to society trusted by individual through engineering and services we offer,” and to clarify the relationships among our business objectives.

(3) Other general amendments

We propose to make other necessary amendments, such as amendments to the number of articles in accordance with the addition and deletion of articles.

2. Details of amendments

The details of the amendments are as follows.

The amendments to the Articles of Incorporation in this agenda item will become effective at the conclusion of this General Meeting of Shareholders.

(Underlined parts are amended.)

Current Articles of Incorporation	Proposed amendments
<p style="text-align: center;">Chapter I General Provisions</p> <p>Article 1 (Text omitted)</p> <p>Article 2 (Object)</p> <p>1. The Company shall have as its object operating following lines of business, while controlling and managing business activities of business companies and so on (including companies overseas), associations (including equivalent entities overseas), and other comparable organizations which have following lines of business, by means of holding their shares or equities.</p> <p>(1) to (29) (Text omitted)</p> <p>(30) Business concerning consulting, engineering, operating, and maintenance for listed items in each of the foregoing items (1) through (29).</p> <p>(31) <u>Sales and purchase, sales of used products, export and import, and lease of listed items in the foregoing items (1) through (30), as well as related or incidental business.</u></p> <p>2. <u>The Company shall be able to run all business listed in each of the foregoing paragraphs as well as related or incidental business.</u></p> <p>Article 3 (Text omitted)</p> <p>Article 4 (Corporate Organ)</p> <p>In addition to General Meeting of Shareholders and Directors, the Company shall have following organs:</p> <ol style="list-style-type: none"> 1. Board of Directors 2. <u>Corporate Auditors</u> 3. <u>Board of Corporate Auditors</u> 4. Accounting Auditors <p>Articles 5 to 19-2 (Text omitted)</p>	<p style="text-align: center;">Chapter I General Provisions</p> <p>Article 1 (Unchanged)</p> <p>Article 2 (Object)</p> <p>The Company shall have as its object operating following lines of business, while controlling and managing business activities of business companies and so on (including companies overseas), associations (including equivalent entities overseas), and other comparable organizations which have following lines of business, by means of holding their shares or equities.</p> <p>(1) to (29) (Unchanged)</p> <p>(30) Business concerning consulting and engineering, and <u>services</u> concerning operating and maintenance, <u>etc.</u> for listed items in each of the foregoing items (1) through (29).</p> <p>(31) <u>All business related or incidental to the foregoing items (1) through (30)</u></p> <p>(Deleted)</p> <p>Article 3 (Unchanged)</p> <p>Article 4 (Corporate Organ)</p> <p>In addition to General Meeting of Shareholders and Directors, the Company shall have following organs:</p> <ol style="list-style-type: none"> 1. Board of Directors (Deleted) 2. <u>Audit and Supervisory Committee</u> 3. Accounting Auditors <p>Articles 5 to 19-2 (Unchanged)</p>

Current Articles of Incorporation	Proposed amendments
<p style="text-align: center;">Chapter IV</p> <p style="text-align: center;">Directors and Board of Directors and so forth</p> <p>Article 20 (Number of Directors)</p> <p>The number of Directors of the Company shall be <u>not more than twenty (20)</u>.</p> <p>Article 21 (Election of Directors)</p> <p style="text-align: center;">(Newly established)</p> <p>Resolutions for election of Directors shall be adopted by a majority of votes of shareholders holding not less than one-third of the numbers of unit of the voting rights of all the shareholders entitled to exercise their voting rights and are present at the General Meeting of Shareholders.</p> <p>The election of the Directors shall not be conducted by cumulative voting.</p> <p>Article 22 (Term of Office of Directors)</p> <p>The term of the office of Directors shall expire at the close of the Ordinary General Meeting of Shareholders concerning the last business year ending within one year after their election.</p> <p style="text-align: center;">(Newly established)</p> <p style="text-align: center;">(Newly established)</p>	<p style="text-align: center;">Chapter IV</p> <p style="text-align: center;">Directors and Board of Directors and so forth</p> <p>Article 20 (Number of Directors)</p> <p>The number of Directors of the Company shall be <u>not more than ten (10) (excluding Directors who are Audit and Supervisory Committee Members) and not more than five (5) Directors who are Audit and Supervisory Committee Members.</u></p> <p>Article 21 (Election of Directors)</p> <p><u>Directors shall be elected by a resolution of the General Meeting of Shareholders, distinguishing between those who are the Audit and Supervisory Committee Members and those who are not.</u></p> <p>2. Resolutions for election of Directors shall be adopted by a majority of votes of shareholders holding not less than one-third of the numbers of unit of the voting rights of all the shareholders entitled to exercise their voting rights and are present at the General Meeting of Shareholders.</p> <p>3. The election of the Directors shall not be conducted by cumulative voting.</p> <p>Article 22 (Term of Office of Directors)</p> <p>The term of the office of Directors <u>(excluding Directors who are the Audit and Supervisory Committee Members)</u> shall expire at the close of the Ordinary General Meeting of Shareholders concerning the last business year ending within one year after their election.</p> <p>2. <u>The term of office of Directors who are Audit and Supervisory Committee Members shall expire at the conclusion of the Ordinary General Meeting of Shareholders relating to the last fiscal year ending within two years after their election.</u></p> <p>3. <u>The term of office of a Substitute Director who is an Audit and Supervisory Committee Member elected to fill a vacancy of a Director who retires before the expiration of his/her term of office shall expire when the term of office of the retiring Director who is an Audit and Supervisory Committee Member expires.</u></p>

Current Articles of Incorporation	Proposed amendments
<p>(Newly established)</p> <p>Article 23 (Representative Directors and <u>Officers</u>, etc. in Managerial Position)</p> <p>The Board of Directors shall, by resolution, elect from among Directors one or more Representative Directors.</p> <p>The Board of Directors may by resolution designate <u>Officers</u>, etc. in Managerial Position (including Chairman, President and Vice Presidents).</p> <p>Article 24 (Text omitted)</p> <p>Article 25 (Convocation of Board of Directors Meeting)</p> <p>Notice of the meeting of the Board of Directors shall be given to each Director <u>and Corporate Auditor</u>, three days prior to the date of such meeting. However, this notice period may be shortened in case of urgency.</p> <p>Article 26 (Text omitted)</p> <p>(Newly established)</p> <p>Articles <u>27</u> to <u>28</u> (Text omitted)</p> <p>Chapter V <u>Corporate Auditors and Board of Corporate Auditors</u></p> <p>Article 29 (Number of Corporate Auditors)</p>	<p><u>4. The effective term of the resolution for the election of a substitute Director who is an Audit and Supervisory Committee Member shall expire at the beginning of the Ordinary General Meeting of Shareholders relating to the last fiscal year ending within two years after their election.</u></p> <p>Article 23 (Representative Directors and <u>Directors</u>, etc. in Managerial Position)</p> <p>The Board of Directors shall, by resolution, elect from among Directors <u>(excluding Directors who are Audit and Supervisory Committee Members)</u> one or more Representative Directors.</p> <p><u>2.</u> The Board of Directors may by resolution designate <u>Directors</u>, etc. in Managerial Position (including Chairman, President and Vice Presidents) <u>among Directors (excluding Directors who are Audit and Supervisory Committee Members)</u>.</p> <p>Article 24 (Unchanged)</p> <p>Article 25 (Convocation of Board of Directors Meeting)</p> <p>Notice of the meeting of the Board of Directors shall be given to each Director, <u>by</u> three days prior to the date of such meeting. However, this notice period may be shortened in case of urgency.</p> <p>Article 26 (Unchanged)</p> <p><u>Article 27 (Delegation of Decisions on Important Business Execution)</u></p> <p><u>Pursuant to Article 399-13, paragraph (6) of the Companies Act, the Company may, by a resolution of the Board of Directors, delegate all or part of the decisions on important business execution (excluding the matters listed in each item of paragraph (5) of the same Article) to the Directors.</u></p> <p>Articles <u>28</u> to <u>29</u> (Unchanged)</p> <p>Chapter V <u>Audit and Supervisory Committee</u></p> <p>(Deleted)</p>

Current Articles of Incorporation	Proposed amendments
<p><u>The number of Corporate Auditors of the Company shall be not more than five (5).</u></p> <p><u>Article 30 (Election of Corporate Auditors)</u></p> <p><u>Resolution for election of the Corporate Auditors shall be adopted by a majority of votes of shareholders holding not less than one-third of the numbers of unit of the voting rights of all the shareholders entitled to exercise their voting rights and are present at the General Meeting of Shareholders.</u></p> <p><u>Article 31 (Validity of Resolution of Election of Substitute Corporate Auditor)</u></p> <p><u>The resolution of election of a Substitute Corporate Auditor according to Article 329, paragraph (3) of Companies Act remains valid until the start of the General Shareholders' Meetings for the last business term which ends within 4 years after such resolution.</u></p> <p><u>Article 32 (Term of Office of Corporate Auditors)</u></p> <p><u>The term of the office of Corporate Auditors shall expire at the close of the Ordinary General Meeting of Shareholders concerning the last business year of the Company ending within four years from the time of their election.</u> <u>The term of the office of Corporate Auditors elected to fill vacancies shall be up to the time when the term of the office of other incumbent Corporate Auditors expires.</u></p> <p><u>Article 33 (Full-time Corporate Auditors)</u></p> <p><u>The Board of Corporate Auditors shall by resolution designate full-time Corporate Auditors from among themselves.</u></p> <p><u>Article 34 (Convocation of the Board of Corporate Auditors)</u></p> <p><u>Notice of the meeting of the Board of Corporate Auditors shall be given to each Corporate Auditor, three days prior to the date of such meeting. However, this notice period may be shortened in case of urgency.</u></p>	<p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>Article 30 (Full-time <u>Audit and Supervisory Committee Member</u>)</p> <p><u>The Audit and Supervisory Committee may by resolution designate full-time Audit and Supervisory Committee Members from among themselves.</u></p> <p>Article 31 (Convocation of the <u>Audit and Supervisory Committee</u>)</p> <p><u>Notice of the meeting of the Audit and Supervisory Committee shall be given to each Audit and Supervisory Committee Member, by three days prior to the date of such meeting. However, this notice period may be shortened in case of urgency.</u></p>

Current Articles of Incorporation	Proposed amendments
<p>Article <u>35</u> (<u>Resolutions at the meeting of the Board of Corporate Auditors</u>)</p> <p>Resolutions at the meeting of the <u>Board of Corporate Auditors</u> shall be made by a majority of votes of the <u>Corporate Auditors</u>, unless otherwise stipulated by laws or regulations, and, in such cases, resolutions shall be made in accordance with the provisions of such laws or regulations.</p> <p>Article <u>36</u> (<u>Regulation of the Board of Corporate Auditors</u>)</p> <p>All matters concerning the <u>Board of Corporate Auditors</u> shall, besides the provisions of laws, regulations or these Articles, be governed by the Regulation of the <u>Board of Corporate Auditors</u> adopted at the meeting of the <u>Board of Corporate Auditors</u>.</p> <p>Article <u>37</u> (<u>Liability Limitation Agreement with Outside Corporate Auditor</u>)</p> <p><u>The Company may enter into a Liability Limitation Agreement with Outside Corporate Auditors, which shall limit the maximum amount of their liabilities provided for in the Corporation Law Article 423, paragraph (1), in case they have conducted business in good faith and without gross negligence, to the amount to be agreed prior to entering into the Agreement, which is not less than 10,000,000 Yen or the amounts provided for in laws and ordinance, whichever is the higher.</u></p> <p>CHAPTER 6. Accounts</p> <p>Articles <u>38</u> to <u>41</u> (Text omitted)</p> <p>(Newly established)</p>	<p>Article <u>32</u> (<u>Resolutions at the meeting of the Audit and Supervisory Committee</u>)</p> <p>Resolutions of the <u>Audit and Supervisory Committee</u> shall be made by a majority of <u>the Audit and Supervisory Committee Members at a meeting where a majority of the Audit and Supervisory Committee Members who are entitled to participate in the voting are present</u>, unless otherwise stipulated by laws or regulations, and, in such cases, resolutions shall be made in accordance with the provisions of such laws or regulations.</p> <p>Article <u>33</u> (<u>Regulation of the Audit and Supervisory Committee</u>)</p> <p>All matters concerning the <u>Audit and Supervisory Committee</u> shall, besides the provisions of laws, regulations or these Articles, be governed by the Regulation of the <u>Audit and Supervisory Committee</u> adopted at the meeting of the <u>Audit and Supervisory Committee</u>.</p> <p>(Deleted)</p> <p>CHAPTER 6. Accounts</p> <p>Articles <u>34</u> to <u>37</u> (Unchanged)</p> <p>Supplementary Provisions</p> <p>Article 1 (<u>Transitional Measures with Respect to Liability Limitation Agreements for Outside Corporate Auditors</u>)</p>

Current Articles of Incorporation	Proposed amendments
	<p><u>With respect to the agreement that limits the amount of their liability for damages under Article 423, paragraph (1) of the Companies Act in connection with the acts of Outside Corporate Auditors (including those who were previously Outside Corporate Auditors) prior to the conclusion of the 120th Ordinary General Meeting of Shareholders, the provisions of Article 37 of the Articles of Incorporation prior to the amendment by the resolution of the said Ordinary General Meeting of Shareholders shall apply.</u></p>

For Agenda Item No. 3: Election of four (4) Directors (excluding Directors who are Audit and Supervisory Committee Members)

Subject to the approval of Agenda Item No. 2: “Partial Amendments to the Articles of Incorporation,” the Company will transition to a company with an audit and supervisory committee. The terms of office of all seven (7) current Directors are to expire at the conclusion of this Ordinary General Meeting of Shareholders due to the provisions of Article 22 of the Articles of Incorporation and the transition to a company with an audit and supervisory committee.

Accordingly, we propose to elect four (4) members of the Board of Directors (excluding Directors who are Audit and Supervisory Committee Members; the same applies hereinafter in this agenda item). This agenda item shall become effective on the condition that the amendments to the Articles of Incorporation in Agenda Item No. 2: “Partial Amendments to the Articles of Incorporation,” come into effect.

The candidates are as follows:

Career summary of candidates for Directors

1. Takeyuki Takahashi (October 9, 1964 / 5,500 shares of common share) Reappointment

Term of office as Director: 3 years

Frequency of attendance at the Board of Directors meetings: 19 out of 19 (100%)

[Candidate's career summary, position and area of responsibility in the Company]

April	1987	Joined the Company
October	2007	General Manager of Cranes & Systems Sales Dept., Steel Structure & Logistic Systems Hq.
June	2012	General Manager of Cranes & Systems Sales Dept., Machinery & Systems Hq.
September	2015	Manager of Corporate Planning Dept.
October	2015	General Manager of Global Strategy Sect., Corporate Planning Dept.
October	2016	General Manager of Strategic Planning Sect., Corporate Planning Dept., Corporate Planning Hq.
February	2018	Assistant to General Manger of Machinery & Systems Hq.
April	2018	Executive Officer of Mitsui E&S Machinery Co., Ltd.
April	2019	President and Representative Director of Mitsui E&S Machinery Co., Ltd.
June	2019	Director of the Company
June	2020	Retired from Director
March	2021	Director of MODEC, Inc.
April	2021	General Manager of Growth Business Promoting Dept. and Human Resources & General Affairs Dept., the Company
June	2021	Director, CCO and in charge of Auditing & Legal Dept. (to date) In charge of Human Resources & General Affairs Dept.
November	2021	Outside Director of MODEC, Inc.
April	2022	President, Representative Director, CEO and in charge of General Control (to date), in charge of Growth Business Promoting Dept., the Company
April	2023	In charge of Business Div. (to date)

[The reason he was selected as a candidate for a Director]

Mr. Takeyuki Takahashi has excellent marketing abilities acquired through international sales experience and outstanding management abilities acquired through his experience as President and Representative Director of Mitsui E&S Machinery Co., Ltd. We successively selected him as a candidate for Director, considering that his experience and insights are necessary for us to execute growth strategies.

2. Taketsune Matsumura (May 25, 1967 / 2,900 shares of common share) Reappointment

Term of office as Director: 3 years

Frequency of attendance at the Board of Directors meetings: 19 out of 19 (100%)

[Candidate's career summary, position and area of responsibility in the Company]

April	1991	Joined the Company
April	2015	General Manager of Basic Design Dept., Ship & Ocean Project Hq.
February	2018	General Manager of Strategic Planning Sect. of Corporate Planning Dept., Corporate Planning Hq.
March	2018	Director of MODEC, Inc.
March	2019	General Manager of Corporate Planning Dept., the Company
June	2020	Director (to date), CISO and in charge of Corporate Planning Dept.
April	2022	Vice President, Representative Director and Assistant to President (to date), CSO and in charge of Engineering Business Management Dept. and Human Resources & General Affairs Dept.
April	2023	CFO, CIO and in charge of Corporate Services Div. and Procurement Dept. (to date)

[The reason he was selected as a candidate for a Director]

Mr. Taketsune Matsumura is leading from the preparation and completion of the Business Revitalization Plan of the Company Group as an executive in charge of the Corporate Services Div. and playing a central role for promoting the Mid-term Business Plan 2023. We successively selected him as a candidate for Director, considering that his experience and insights are necessary for us to reform our management foundations.

3. Ichiro Tanaka (November 25, 1961 / 4,000 shares of common share) New candidate

[Candidate's career summary, position and area of responsibility in the Company]

April	1986	Joined the Company
January	2011	General Manager of Technology Support & Development Dept., Machinery Factory, Machinery & Systems Hq.
November	2013	General Manager of Diesel Design Dept., Machinery Factory, Machinery & Systems Hq.
April	2016	Associate Executive Officer, General Manager of Planning & Administration Dept., Machinery & Systems Hq.
April	2018	Director and Executive Officer, General Manager of Diesel Engine Dept. and General Manager of Strategic Planning Dept. of Mitsui E&S Machinery Co., Ltd.
April	2019	Director and Executive Officer, CTO, General Manager of Diesel Engine Dept. of Mitsui E&S Machinery Co., Ltd.
April	2021	President and Representative Director, CEO, CTO of Mitsui E&S Machinery Co., Ltd.
April	2023	Executive Officer and General Manager of New Business Development Div., the Company (to date)

[The reason he was selected as a candidate for a Director]

Mr. Ichiro Tanaka has outstanding insight in the marine propulsion system business and excellent management skills developed through his experience as President and Representative Director of Mitsui E&S Machinery Co., Ltd. We newly selected him as a candidate for Director, considering that his experience and insights are necessary for us to further develop our core business.

4. Haruyuki Nagata (February 20, 1963 / 1,000 shares of common share)

Candidate for reappointment as an independent, Outside Director

Term of office as Director: 1 year

Frequency of attendance at the Board of Directors meetings: 14 out of 14 (100%)

[Candidate's career summary, position and area of responsibility in the Company]

April	1985	Joined Mitsui Bank
April	2011	General Manager of Financial Accounting Dept., Sumitomo Mitsui Financial Group, Inc.
April	2013	Executive Officer of Sumitomo Mitsui Banking Corporation
April	2015	Managing Executive Officer of Sumitomo Mitsui Banking Corporation
April	2016	Managing Executive Officer of Sumitomo Mitsui Financial Group, Inc.
March	2018	Director and Managing Executive Officer of Sumitomo Mitsui Banking Corporation
April	2018	Director and Senior Managing Executive Officer of Sumitomo Mitsui Banking Corporation
April	2019	Senior Managing Corporate Executive Officer of Sumitomo Mitsui Financial Group, Inc.
June	2019	Director Senior Managing Executive Officer of Sumitomo Mitsui Financial Group, Inc.
April	2021	Retired from Director Senior Managing Executive Officer of Sumitomo Mitsui Financial Group, Inc. Retired from Director of Sumitomo Mitsui Banking Corporation Retired from Senior Managing Executive Officer of Sumitomo Mitsui Banking Corporation
June	2021	President and Representative Director of Muromachi Co., Ltd. (to date) President and Representative Director of Muromachi Building Co., Ltd. (to date)
June	2022	Outside Director, the Company (to date)

[The reason he was selected as a candidate for an Outside Director and overview of expected roles]

Mr. Haruyuki Nagata has been engaged in finance, risk management, internal audit and other operations at a major financial institution group for a long period, and possesses sufficient and overall experience and knowledge as an executive. Accordingly, we expect him to advise the overall management of the Company Group with a broad perspective and to oversee and supervise management of the Company from an independent position. Considering those described above, we successively selected him as a candidate for Outside Director.

[Important concurrent position outside the Company]

President and Representative Director of Muromachi Co., Ltd.

President and Representative Director of Muromachi Building Co., Ltd.

[Matters concerning independence]

Mr. Haruyuki Nagata satisfies the conditions of “The Independence Criteria” provided by Tokyo Stock Exchange, and “The Independence Criteria of Outside Directors and Outside Corporate Auditors,” which the Company determines (hereinafter collectively referred to as “The Independence Criteria, etc.”). When this agenda item is approved, the Company intends to continue assigning him as independent Director.

- (1) Mr. Haruyuki Nagata was an executive at Sumitomo Mitsui Banking Corporation (hereinafter the “Bank”) and its parent Sumitomo Mitsui Financial Group, Inc. until April 2021. As of March 31, 2023, the Company borrows 56,460 million yen from the Bank, which holds a portion of shares of the Company. However, the Company’s degree of dependency on borrowings from the Bank and the Bank’s shareholding ratio in the Company are not remarkably high compared with other companies, while more than one year has passed since he retired from the Bank’s executive. Therefore, he is not deemed to conflict with the “The Independence Criteria, etc.,” and this connection has no importance as to influence his independence as Outside Director.

In the meantime, the Company has issued class A preferred stock through a third-party allotment having SMBCCP Investment Limited Partnership 1, which is a fund operated by its managing partner SMBC Capital Partners Co., Ltd. (a wholly-owned subsidiary of Sumitomo Mitsui Banking Corporation), as the allottee. In addition, the Company, based on the resolution at the Board of Directors meeting held on March 31, 2022, issued 1st stock acquisition rights with an exercise price amendment clause through a third-party allotment having SMBC Nikko Securities Inc. (a wholly-owned subsidiary of Sumitomo Mitsui Financial Group, Inc.) as the allottee. The Company has also concluded a facility agreement (with a suspension of exercise designation clause and a target price clause) with said company with regard to the exercise of such stock acquisition rights.

- (2) Mr. Haruyuki Nagata is now an executive of Muromachi Co., Ltd. and Muromachi Building Co., Ltd. While the Company holds shares of Muromachi Co., Ltd., its shareholding ratio is 5% of the total number of issued shares. Therefore, the business connection has no importance as to influence his independence as Outside Director.

(Notes)

1. There is no special interest between each candidate and the Company.
2. The Company has entered into a Liability Limitation Agreement with Mr. Haruyuki Nagata that limits the amount of his liability as set forth in Article 423, paragraph (1) of the Companies Act, based on the provision of Article 427, paragraph (1) of said Act. The limit on liability for damages under the agreement is ten (10) million yen or the minimum liability amount provided by laws and regulations, whichever is higher. In addition, when this agenda item is approved, the Company intends to continue said agreement that has been entered into with him.
3. The Company has entered into a directors and officers liability insurance agreement provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The insurance agreement covers damages to be borne by the insured that may arise when they assume liability for the execution of their duties or receives a claim related to the pursuit of such liability. If each of the candidates is reappointed or selected, they will be insured under the insurance agreement. During their terms of office, said insurance agreement is to be renewed.

For Agenda Item No.4: Election of three (3) Directors who are Audit and Supervisory Committee Members

Subject to the approval of Agenda Item No. 2: “Partial Amendments to the Articles of Incorporation,” the Company will transition to a company with an audit and supervisory committee.

Accordingly, we propose to elect three (3) members of the Board of Directors who are Audit and Supervisory Committee Members. This agenda item shall become effective on the condition that the amendments to the Articles of Incorporation in Agenda Item No. 2: “Partial Amendments to the Articles of Incorporation,” come into effect.

As for proposing this agenda item, we already obtained consent of the Board of Corporate Auditors.

The candidates are as follows:

Career summary of candidates for Directors

1. Yuuichi Shiomi (October 20, 1958 / 3,600 shares) New candidate

Term of office as Corporate Auditor: 3 years

Frequency of attendance at the Board of Corporate Auditors meetings: 13 out of 13 (100%)

[Candidate's career summary, position and area of responsibility in the Company]

April	1982	Joined the Company
April	2010	General Manager of Accounting Dept., Tamano Works
May	2013	Manager of Finance & Accounting Dept. and Export Control Dept.
April	2014	Associate Executive Officer and General Manager of Financial Affairs & Accounting Dept.
April	2015	Executive Officer
April	2017	Managing Executive Officer, CFO and in charge of IR Dept.
June	2017	Director
June	2019	President and Representative Director of Mitsui E&S Business Service Co., Ltd.
April	2020	Director of Mitsui E&S Business Service Co., Ltd.
June	2020	Full-time Corporate Auditor, the Company (to date)

[The reason he was selected as a candidate for a Director who is an Audit and Supervisory Committee Member]

Mr. Yuuichi Shiomi has outstanding insight into finance and accounting division, and is familiar with the Company's actual situation through his experience and performance as a Corporate Auditor of the Company. In addition, he has sufficient knowledge of finance and accounting acquired through his work for finance and accounting for a long period. Therefore, we judged him capable of carrying out audit properly and we newly selected him as a candidate for a Director who is an Audit and Supervisory Committee Member.

2. Koichi Tanaka (October 21, 1955 / 4,700 shares of common share)

New candidate for appointment as an independent, Outside Director

Term of office as Corporate Auditor: 7 years

Frequency of attendance at the Board of Corporate Auditors meetings: 13 out of 13 (100%)

[Candidate's career summary, position and area of responsibility in the Company]

April	1980	Joined Mitsui & Co., Ltd.
October	2003	General Manager of Finance Division of Mitsui & Co., Ltd.
April	2006	General Manager of General Funding Division of Mitsui & Co., Ltd.
April	2009	General Manager of Segment Controller Division of Mitsui & Co., Ltd.
April	2010	Managing Officer and General Manager of Segment Controller Division of Mitsui & Co., Ltd.
April	2011	Managing Officer, Deputy CFO and General Manager of Segment Controller Division of Mitsui & Co., Ltd.
April	2012	Executive Managing Officer and CCO of Mitsui & Co., Ltd.
June	2012	Representative Director, Executive Managing Officer and CCO of Mitsui & Co., Ltd.
April	2014	Representative Director, Senior Executive Managing Officer and CCO of Mitsui & Co., Ltd.
April	2015	Director of Mitsui & Co., Ltd.
June	2015	Counselor of Mitsui & Co., Ltd. Outside Director of AIG Japan Holdings KK
June	2016	Outside Corporate Auditor (to date)
June	2018	Outside Corporate Auditor of Honda Trading Corporation (to date)
June	2021	Retired from Outside Director of AIG Japan Holdings KK

[The reason he was selected as a candidate for an Outside Director who is an Audit and Supervisory Committee Member and overview of expected roles]

Mr. Koichi Tanaka has extensive insight into business activities and general management based mainly on his experience as management at a general trading company, as well as a proven track record as a Corporate Auditor of the Company. In addition, he has sufficient knowledge of finance and accounting acquired through his work for finance and accounting for a long period. Therefore, we expect him to carry out audit properly based on an objective point of view and successively selected him as a candidate for an Outside Director who is an Audit and Supervisory Committee Member.

[Important concurrent position outside the Company]

Outside Corporate Auditor of Honda Trading Corporation

[Matters concerning independence]

Mr. Koichi Tanaka satisfies the conditions of “The Independence Criteria” provided by Tokyo Stock Exchange, and “The Independence Criteria of Outside Directors and Outside Corporate Auditors,” which the Company determines. When this agenda item is approved, the Company intends to continue assigning him as independent Director.

There is a business connection with respect to sales and purchase of equipment, etc. between the Company and Mitsui & Co., Ltd., where Mr. Koichi Tanaka was an executive in the past. However, the business connection is not at a level of importance that would influence his independence as an Outside Director, as there were no sales from the Company Group to the said company in the most recent fiscal year. In addition, the share of the net sales of the said company from the Company Group is less than 0.1% of the revenue of the said company’s group for the Term.

Although Mitsui & Co., Ltd. holds a portion of shares of the Company, its shareholding ratio in the Company is not remarkably high compared with other companies.

3. Koichi Kawasaki (April 20, 1957 / 0 shares)

New candidate for appointment as an independent, Outside Director

[Candidate's career summary, position and area of responsibility in the Company]

April	1983	Joined Japan Synthetic Rubber Co., Ltd.
June	2003	Head of the First Manufacture and Technology Center of JSR Corporation
June	2005	Officer, General Manager of Manufacturing & Technology Division of JSR Corporation
June	2007	Director and Senior Officer, General Manager of Manufacturing & Technology Division of JSR Corporation
June	2008	Director and Senior Officer, General Manager of Elastomer Business Division of JSR Corporation
June	2011	Managing Officer, General Manager of Petrochemical Products Division of JSR Corporation
June	2014	Executive Managing Officer, General Manager of Petrochemical Products Division of JSR Corporation
June	2016	Representative Director and Executive Managing Officer, General Manager of Manufacturing & Technology Group of JSR Corporation
April	2018	Representative Director and Executive Managing Officer, and General Manager of Manufacturing & Technology Group of JSR Corporation Director and President of Japan Butyl Co., Ltd.
June	2019	Representative Director and Executive Managing Officer of JSR Corporation Director and President of Japan Butyl Co., Ltd.
June	2021	Retired from Director and President of Japan Butyl Co., Ltd.
June	2022	Retired from Representative Director and Executive Managing Officer of JSR Corporation

[The reason he was selected as a candidate for an Outside Director who is an Audit and Supervisory Committee Member and overview of expected roles]

Mr. Koichi Kawasaki has long been engaged in operations in the technical divisions of manufacturing and production at a major chemical company, and has extensive insight into business activities and overall management based on his experience in management. Considering those described above, we expect him to carry out audit properly based on an objective point of view and newly selected him as a candidate for an Outside Director who is an Audit and Supervisory Committee Member.

[Matters concerning independence]

Mr. Koichi Kawasaki satisfies the conditions of “The Independence Criteria” provided by Tokyo Stock Exchange, and “The Independence Criteria of Outside Directors and Outside Corporate Auditors,” which the Company determines. When this agenda item is approved, the Company intends to report him as independent Director to Tokyo Stock Exchange.

There is no business connection between the Company and JSR Corporation, where Mr. Koichi Kawasaki was an executive in the past. There is a business connection with respect to sales of component, etc. between the Company and Japan Butyl Co. Ltd., where Mr. Koichi Kawasaki was an executive in the past. However, the business connection is not at a level of importance that would influence his independence as an Outside Director, as there were no sales from the said company to the Company Group in the most recent fiscal year. In addition, the share of the net sales of the Company Group from the said company is less than 1% of the total consolidated net sales of the Company for the Term.

(Notes)

1. There is no special interest between the candidate and the Company.
2. The Company has entered into a Liability Limitation Agreement with Mr. Koichi Tanaka that limits the amount of his liability as set forth in Article 423, paragraph (1) of the Companies Act, based on the provision of Article 427, paragraph (1) of said Act. The limit on liability for damages under the agreement is ten (10) million yen or the minimum liability amount provided by laws and regulations, whichever is higher. In addition, when this agenda item is approved, the Company intends to newly enter into the equivalent agreement with Mr. Koichi Tanaka and Mr. Koichi Kawasaki.
3. The Company has entered into a directors and officers liability insurance agreement provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The insurance agreement covers damages to be borne by the insured that may arise when they assume liability for the execution of their duties or receives a claim related to the pursuit of such liability. If each of the candidates is reappointed or selected, they will be insured under the insurance agreement. During their terms of office, said insurance agreement is to be renewed.

(Reference) Skills and areas of expertise specifically expected from respective candidates for Directors

In selecting and determining candidates for Directors, the Company is striving to ensure a certain number of inside Directors familiar with the business and management control of the Company Group. At the same time, with a view to meeting the demand of the era of diversity, the Company is working to ensure a balance between knowledge, experience and capability, as well as diversity within the Board of Directors as a whole, by inviting Outside Directors with abundant experience in other industries.

The Company classifies the skills and areas of expertise specifically expected from Directors into the following six categories:

- (1) Corporate management (2) International experience (3) Finance/M&A
 (4) Legal affairs/auditing (5) Marketing (6) Technologies/IT

Skill matrix illustrating the skills and areas of expertise specifically expected from each candidate for Directors is as follows:

No.	Name	Current position and area of responsibility in the Company	Classification	Frequency of attendance at the Board of Directors meetings (during the Term)
1	Takeyuki Takahashi	President Representative Director CEO, CCO and in charge of General Control and Auditing & Legal Dept.	Reappointment	19 out of 19 (100%)
2	Taketsune Matsumura	Vice President Representative Director Assistant to President, CFO, CIO and in charge of Corporate Services Div.	Reappointment	19 out of 19 (100%)
3	Ichiro Tanaka	Assistant to President, COO and in charge of Business Div. and Procurement Dept. General Manager of New Business Development Div.	New candidate	
4	Haruyuki Nagata	Outside Director	Reappointment Outside Independent	14 out of 14 (100%) *
5	Yuuichi Shiomi	Full-time Corporate Auditor	New candidate	19 out of 19 (100%)
6	Koichi Tanaka	Outside Corporate Auditor	New candidate Outside Independent	19 out of 19 (100%)
7	Koichi Kawasaki		New candidate Outside Independent	

(Notes)

1. New candidate: a candidate for a new Director
2. Reappointment: a candidate for reappointment as a Director
3. Outside: a candidate for an Outside Director
4. Independent: a candidate for an independent Director

* Frequency of attendance is calculated based on the number of the meetings held after the candidate was appointed to Director.

No.	Name	<i>Corporate management</i>	<i>International experience</i>	<i>Finance/ M&A</i>	<i>Legal affairs/ auditing</i>	<i>Marketing</i>	<i>Technologies/ IT</i>
1	Takeyuki Takahashi	•	•		•	•	
2	Taketsune Matsumura	•	•	•			•
3	Ichiro Tanaka	•	•			•	•
4	Haruyuki Nagata	•		•	•		
5	Yuuichi Shiomi	•		•	•		
6	Koichi Tanaka	•	•	•	•		
7	Koichi Kawasaki	•	•				•

For Agenda Item No. 5: Election of two (2) Directors who are Substitute Audit and Supervisory Committee Members

Subject to the approval of Agenda Item No. 2: “Partial Amendments to the Articles of Incorporation,” the Company will transition to a company with an audit and supervisory committee.

Accordingly, in case we lack proper number of Directors who are Audit and Supervisory Committee Members which is provided by laws and regulations, we propose to elect two (2) Directors who are Substitute Audit and Supervisory Committee Members. This agenda item shall become effective on the condition that the amendments to the Articles of Incorporation in Agenda Item No. 2: “Partial Amendments to the Articles of Incorporation,” come into effect.

The candidates for Substitute Directors who are Audit and Supervisory Committee Members are as follows, and Mr. Shoichi Taguchi is a candidate for a Substitute Director for Mr. Yuuichi Shiomi if Agenda Item No. 4 is approved as proposed, and Mr. Akira Takenouchi is a candidate for a Substitute Outside Director for Mr. Koichi Tanaka and Mr. Koichi Kawasaki if Agenda Item No. 4 is also approved as proposed. If both candidates take office as Directors who are Audit and Supervisory Committee Members, their term of office will be for the remaining term of their predecessors.

As for proposing this agenda item, we already obtained consent of the Board of Corporate Auditors.

Career summary of candidates for Directors

1. Shoichi Taguchi (April 9, 1958 / 12,900 shares of common share) New candidate

Term of office as Corporate Auditor: 2 years

[Candidate's career summary, position and area of responsibility in the Company]

April	1985	Joined the Company
June	2013	General Manager of Machinery Factory, Machinery & Systems Hq.
April	2014	Associate Executive Officer
April	2015	Executive Officer
April	2016	Managing Executive Officer, General Manager of Tamano Works and Special Mission by President (in charge of manufacturing)
October	2017	General Manager of General Affairs Dept., Tamamo Works
March	2018	President and Representative Director of Mitsui E&S Business Service Co., Ltd.
December	2018	General Manager of Tamano General Office, Human Resources & General Affairs Dept., the Company
June	2019	Director, CISO, CCO, and in charge of Corporate Planning Dept., Human Resources & General Affairs Dept. and Legal Dept. In charge of Technical Co-ordination Dept.
March	2020	Director of MODEC, Inc.
April	2020	President and Representative Director of Mitsui E&S Business Service Co., Ltd.
June	2021	Full-time Corporate Auditor, the Company (to date)

[The reason he was selected as a candidate for a Director who is a Substitute Audit and Supervisory Committee Member]

Mr. Shoichi Taguchi has distinguished knowledge of manufacturing and management and deeply understands the status of the Company Group management through sufficient business experience as an Executive Officer, Director and Corporate Auditor of the Company and achievements as President and Representative Director of Mitsui E&S Business Service Co., Ltd. Considering his experience and knowledge, we judged him capable of carrying out audit properly and we newly selected him as a candidate for a Director who is a Substitute Audit and Supervisory Committee Member.

2. Akira Takenouchi (May 26, 1947 / 0 shares)

New candidate for appointment as an independent, Outside Director

[Candidate's career summary, position and area of responsibility in the Company]

April	1979	Registered at Tokyo Bar Association, joined Tsuji Makoto law firm (to date)
June	2002	Outside Corporate Auditor of Alps Electric Co., Ltd., Outside Corporate Auditor of Alps Logistics Co., Ltd.
April	2011	President of Tokyo Bar Association, Vice President of Japan Federation of Bar Associations
June	2014	Outside Corporate Auditor of Amada Co., Ltd. (to date)
June	2015	Auditor of Yoshida Scholarship Foundation (to date)

[The reason he was selected as a candidate for an Outside Director who is a Substitute Audit and Supervisory Committee Member and overview of expected roles]

Mr. Akira Takenouchi has sufficient, experience and specialty as a lawyer for a long period. In addition, he has served as an outside corporate auditor of listed companies after successively holding posts such as Vice President of Japan Federation of Bar Associations, and has substantial discernment for overall corporate management. Therefore, we expect him to carry out audit properly from an objective point of view and newly selected him as a candidate for an Outside Director who is a Substitute Audit and Supervisory Committee Member. Although Mr. Akira Takenouchi does not have an experience of directly being responsible for corporate management in the past, he is conversant with corporate legal work as a lawyer. In addition, he has served as an Outside Corporate Auditor of a listed company and has sufficient knowledge of overall corporate management. Therefore, we judge him capable of carrying out duties of an Outside Director who is an Audit and Supervisory Committee Member properly.

[Important concurrent position outside the Company]

Partner, Tsuji Makoto law firm
Outside Corporate Auditor of Amada Co., Ltd.
Auditor of Yoshida Scholarship Foundation

[Matters concerning independence]

Mr. Akira Takenouchi satisfies the conditions of "The Independence Criteria" provided by Tokyo Stock Exchange, and "The Independence Criteria of Outside Directors and Outside Corporate Auditors," which the Company determines. If he takes office as the Company's Outside Director who is an Audit and Supervisory Committee Member, the Company intends to report him as independent Director to Tokyo Stock Exchange.

(Notes)

1. There is no special interest between each candidate and the Company.
2. Mr. Akira Takenouchi is a substitutable candidate for a candidate for a Director who is an Audit and Supervisory Committee Member.
3. When this agenda item is approved, and Mr. Akira Takenouchi takes office as the Company's Outside Director who is an Audit and Supervisory Committee Member, the Company intends to enter into a Liability Limitation Agreement with him that limits the amount of their liability as set forth in Article 423, paragraph (1) of the Companies Act, based on the provision of Article 427, paragraph (1) of said Act. The limit on liability for damages under the agreement is ten (10) million yen or the minimum liability amount provided by laws and regulations, whichever is higher.
4. The Company has entered into a directors and officers liability insurance agreement provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The insurance agreement covers damages to be borne by the insured that may arise when they assume liability for the execution of their duties or receives a claim related to the pursuit of such liability. If the candidate is selected, he will be insured under the insurance agreement.

<For reference 1> Policy on Designation of the Company’s Executives, etc.

In electing candidates for Directors, the Company has established a voluntary Nomination Committee which, at the request of the Board of Directors, deliberates and reports on the selection criteria for Directors and proposed candidates. The Committee also confirms whether candidates for Directors who are Audit and Supervisory Committee Members satisfy the conditions required of Audit and Supervisory Committee Members. After the reports and confirmation described above, the President submitted a proposal for electing candidates for Directors (excluding Directors who are Audit and Supervisory Committee Members) to the Board of Directors and the President submitted a proposal for electing candidates for Audit and Supervisory Committee Members with prior consent of the Audit and Supervisory Committee (If Agenda Item No. 2: “Partial amendments to the Articles of Incorporation,” is approved at this General Meeting of Shareholders as proposed, from the next fiscal year the proposal for electing candidates for Directors who are Audit and Supervisory Committee Members will be submitted to the Board of Directors with prior consent of the Audit and Supervisory Committee). The Nomination Committee consists of four members in total: two independent Outside Directors appointed by the Board of Directors, the President, and one Director, and is chaired by one independent Outside Director designated by the Board of Directors.

<For reference 2> Independence of Outside Directors and Outside Corporate Auditors

The Company will not judge a person to be independent if he/she conflicts with “The Independence Criteria” provided by Tokyo Stock Exchange, or if he/she corresponds to any of the conditions of “The Independence Criteria of Outside Directors and Outside Corporate Auditors” described below, as a general rule.

The Independence Criteria of Outside Directors and Outside Corporate Auditors (established on October 30, 2015)

The Company judges whether an Outside Director and an Outside Corporate Auditor is independent by considering the conditions described below as well as considering “The Independence Criteria” provided by Tokyo Stock Exchange.

- a. A person or an entity to whom/which the Company or its consolidated subsidiaries (hereinafter referred to as “the Company Group”) is a main customer (*1), or a person who executes business in an entity to which the Company Group is a main customer

- b. A main customer of the Company Group (*2), or a person who executes business in an entity that is a main customer of the Company Group
- c. A large creditor of the Company (*3), or a person who executes business in a large creditor of the Company
- d. A main shareholder of the Company (*4), or a person who executes business in a main shareholder of the Company
- e. A person who belongs to an auditor which conducts statutory auditing of the Company Group
- f. A consultant, an accounting specialist, or a legal specialist who received money or other monetary benefits amounting to ten (10) million yen or more, separate from Officers' remuneration from the Company Group during the last fiscal year (if an entity such as a corporation or an association received the monetary benefit described above from the Company Group, a person who belongs to such an entity.)
- g. A person or an entity who/which corresponds to any of the conditions of "a" to "f" described above during the last fiscal year
- h. A close relative (*5) of a person (except for a person who does not have importance to the Company Group) who corresponds to any of the conditions of "a" to "g" described above

*1. A person or an entity to whom/ which the Company Group is a main customer:

A person or an entity whose transaction amount of the last fiscal year with the Company Group is higher than 2% of his/her/its total consolidated net sales for the last fiscal year

*2. A main customer of the Company Group:

A person or an entity with whom/which the Company Group transacted business during the last fiscal year with a transaction amount that is higher than 2% of the total consolidated net sales for the last fiscal year of the Company Group

*3. A large creditor of the Company:

A financial institution or another creditor which/who is essential and cannot be substituted for fundraising of the Company

*4. A main shareholder of the Company:

A shareholder which/who holds shares of the Company and whose proportion of voting rights held is 10% or above

*5. A close relative:

A spouse or a relative within the second degree

For Agenda Item No. 6: Establishment of amount of compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members)

At the 107th Ordinary General Meeting of Shareholders held on June 25, 2010, it was resolved to limit the amount of compensation for Directors to 630 million yen per year (excluding employee salaries for Directors).

Subject to the approval of Agenda Item No. 2: “Partial Amendments to the Articles of Incorporation,” the Company will transition to a company with an audit and supervisory committee, and we therefore request approval of the new maximum amount of compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members; the same applies hereinafter in this agenda item). Taking into consideration various circumstances, including the decrease in the number of Directors following our shift to a more compact management structure conducted in line with our business reorganization and centralization, we propose that the maximum amount of compensation shall be no more than 320 million yen per year.

The basic policy for the determination by the Company of the content of individual compensation, etc. of Directors is as stated in 3.2-b “Policy for Determining Amounts of Compensation, etc. of the Company’s Officers, etc.” of the Business Report (in Japanese). The Company plans to set a policy with the same content for full-time Directors and Outside Directors also after the transition to a company with audit and supervisory committee.

This agenda item was decided upon after deliberation by the Compensation Advisory Committee, while comprehensively considering the scale of the Company’s business, the compensation level, compensation levels of other companies, the number of eligible Directors, and future trends etc., and it has been judged to be appropriate.

As has previously been the case, the aforementioned amount of compensation does not include the employee portion salaries for Directors who concurrently serve as employees.

There are seven (7) Directors (including three (3) Outside Directors), but if Agenda Items No. 2: “Partial Amendments to the Articles of Incorporation,” and No. 3: “Election of four (4) Directors (excluding Directors who are Audit and Supervisory Committee Members),” are approved as proposed, there will be four (4) eligible Directors (including one (1) Outside Director).

This agenda item shall become effective on the condition that the amendments to the Articles of Incorporation in Agenda Item No. 2: “Partial Amendments to the Articles of Incorporation,” come into effect.

For Agenda Item No. 7: Establishment of amount of compensation for Directors who are Audit and Supervisory Committee Members

Subject to the approval of Agenda Item No. 2: “Partial Amendments to the Articles of Incorporation,” the Company will transition to a company with an audit and supervisory committee, and we therefore request approval of the new maximum amount of compensation for Directors who are Audit and Supervisory Committee Members. Taking into consideration the number of Directors who are Audit and Supervisory Committee Members, and their responsibilities, we propose that the maximum amount of compensation shall be no more than 50 million yen per year.

In addition, if this agenda item is approved, the Company plans to make partial changes regarding the determination of the content of compensation, etc. for individual Directors.

This agenda item was decided upon after deliberation by the Compensation Advisory Committee, while comprehensively considering the number of Directors who are Audit and Supervisory Committee Members and their responsibilities, the compensation level of the current Corporate Auditors, the fixed compensation level of Directors (excluding Directors who are Audit and Supervisory Committee Members) of the Company, compensation levels of other companies, etc., and it has been judged to be appropriate.

If Agenda Items No. 2: “Partial Amendments to the Articles of Incorporation,” and No. 4: “Election of three (3) Directors who are Audit and Supervisory Committee Members” are approved as proposed, there will be three (3) eligible Directors who are Audit and Supervisory Committee Members (including two (2) Outside Directors).

This agenda item shall become effective on the condition that the amendments to the Articles of Incorporation in Agenda Item No. 2: “Partial Amendments to the Articles of Incorporation,” come into effect.