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(Securities Code 7242)
June 6, 2022

To Shareholders with Voting Rights:

Masao Ono
Representative Director,
President Executive Officer
KYB Corporation
2-4-1, Hamamatsu-cho,
Minato-ku, Tokyo

**NOTICE OF
THE 100TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

We would like to express our appreciation for your continued support and patronage.

We are pleased to inform you that the 100th Ordinary General Meeting of Shareholders of KYB Corporation (the “Company”) will be held for the purposes as described below.

With a view to preventing the spread of COVID-19, we kindly request shareholders to consider refraining from attending the meeting in person and choose instead to exercise their voting rights in advance in writing or via the Internet, etc.

Please exercise your voting rights by 5:15 p.m. on Wednesday, June 22, 2022 (Japan time), after taking the time to consult the attached reference documents for the General Meeting of Shareholders.

Moreover, video recording of the shareholder’s meeting will be uploaded via the Internet at a later date.

- 1. Date and Time:** Thursday, June 23, 2022 at 10:00 a.m. (Reception starts at 9:00 a.m.) (Japan time)
- 2. Place:** Hamamatsucho Convention Hall, 5th Floor Main Hall
Nippon Life Hamamatsucho Crea Tower, 2-3-1, Hamamatsu-cho, Minato-ku, Tokyo
- 3. Meeting Agenda:**
 - Matters to be reported:**
 1. The Business Report, Consolidated Financial Statements for the Company’s 100th Fiscal Year (April 1, 2021 - March 31, 2022) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 100th Fiscal Year (April 1, 2021 - March 31, 2022)

Proposals to be resolved:

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Partial Amendments to the Articles of Incorporation
- Proposal 3:** Election of Ten (10) Members of the Board of Directors
- Proposal 4:** Election of Two (2) Audit & Supervisory Board Members
- Proposal 5:** Election of an Accounting Auditor
- Proposal 6:** Revision of the Remuneration System and Amount of Remuneration for Members of the Board of Directors (Excluding Members of the Board of Directors (Outside))
- Proposal 7:** Revision of the Amount of Remuneration for Audit & Supervisory Board Members
- Proposal 8:** Renewal of Countermeasures to Large-Scale Purchase of the Company’s Shares (Takeover Defense Measures)

4. Exercise of voting rights:

If you vote both in writing on the Voting Rights Exercise Form and via the Internet, only your vote placed via the Internet will be counted.

If you vote multiple times via the Internet, only the last vote will be counted.

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- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. For the purpose of saving resources, please bring this NOTICE OF THE 100TH ORDINARY GENERAL MEETING OF SHAREHOLDERS to the meeting.

We do not prepare gifts for shareholders attending the meeting. We appreciate your understanding.

- The following items, which are available only in Japanese, have been posted on the Company's website (<https://www.kyb.co.jp/>) in accordance with laws and regulations and the provisions of Article 15 of the Articles of Incorporation of the Company and are accordingly not included in this NOTICE OF THE 100TH ORDINARY GENERAL MEETING OF SHAREHOLDERS.

- Consolidated Statements of Changes in Equity; Notes to the Consolidated Financial Statements
- Statements of Changes in Equity; Notes to the Non-consolidated Financial Statements

The Consolidated Financial Statements and the Non-consolidated Financial Statements included in this NOTICE OF THE 100TH ORDINARY GENERAL MEETING OF SHAREHOLDERS are part of the Consolidated Financial Statements and the Non-consolidated Financial Statements audited by the Accounting Auditor and the Audit & Supervisory Board Members for the preparation of the Accounting Audit Report and Audit & Supervisory Board's Report.

- Any revisions to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, or the Non-consolidated Financial Statements will be posted on the Company's website (<https://www.kyb.co.jp/>).
- Please note that persons who are not shareholders, such as non-shareholder proxies or persons accompanying shareholders, are not allowed to attend the meeting.

Reference Documents for the General Meeting of Shareholders

Proposal 1: Appropriation of Surplus

Appropriate shareholder return is an important management policy of the Company. In accordance with the Company's basic policy and in consideration of business performance for the fiscal year ended March 31, 2022, future capital investment, and other factors, the Company proposes the payment of a year-end dividend of 60 yen per share of common stock for the fiscal year under review. For class A preferred shares, the Company proposes the payment of a dividend calculated as designated at issuance.

Matters concerning year-ended dividends:

1. Type of dividend property
Cash
2. Allocation of dividend property and total amount thereof
60 yen per share of common stock of the Company Total amount: 1,532,524,800 yen
3,739,726 yen per class A preferred share of the Company Total amount: 467,465,750 yen
3. Effective date of appropriation of surplus
June 24, 2022

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the proposal

- (1) The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022. Accordingly, in order to prepare for the introduction of a system for electronic provision of materials for general meetings of shareholders, the Articles of Incorporation of the Company will be amended as follows.
 - 1) The proposed Article 15, Paragraph 1 provides that information contained in the reference materials for the general meeting of shareholders, etc. will be provided electronically.
 - 2) The purpose of the proposed Article 15, Paragraph 2 is to establish a provision to limit the matters to be included in the paper copy to be sent to shareholders who have requested it to the scope prescribed under the Ordinance of the Ministry of Justice.
 - 3) The provisions related to the internet disclosure and deemed provision of the reference materials for the general meeting of shareholders, etc. (Article 15 of the current Articles of Incorporation) will become unnecessary due to the introduction of a system for electronic provision of materials for general meetings of shareholders, and will therefore be deleted.
 - 4) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. will be established. These supplementary provisions will be deleted after the lapse of a period designated under the supplementary provisions.
- (2) The maximum number of Audit & Supervisory Board Members under Article 28 of the current Articles of Incorporation will be changed from four (4) to five (5), with the aim of enhancing the audit and supervisory structure.

2. Content of the amendments

The content of the amendments is as follows:

(Underlined sections are amended.)

| Current Articles of Incorporation | Proposed amendments |
|---|---|
| <p>(Disclosure via the Internet of reference documents for the general meeting of shareholders, etc., and deemed provision thereof) Article 15 By disclosing information relating to the matters that shall be described or stated in any reference documents for the general meeting of shareholders, business reports, financial statements and consolidated financial statements upon convening a general meeting of shareholders through a method utilizing the Internet as provided for in the Ordinance of the Ministry of Justice of Japan, the Company may be deemed to have provided such information to the shareholders. (Newly established)</p> <p>(Number of Audit & Supervisory Board Members) Article 28 The Company shall have no more than <u>four (4)</u> Audit & Supervisory Board Members.</p> | <p>(Deleted)</p> <p>(Measures for electronic provision, etc.) Article 15 The Company shall, when convening a general meeting of shareholders, provide information contained in the reference materials for the general meeting of shareholders, etc. electronically. (2) Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</p> <p>(Number of Audit & Supervisory Board Members) Article 28 The Company shall have no more than <u>five (5)</u> Audit & Supervisory Board Members.</p> |

| Current Articles of Incorporation | Proposed amendments |
|-----------------------------------|--|
| (Newly established) | <p><u>Supplementary provisions</u></p> <p><u>1. The deletion of Article 15 (Disclosure via the Internet of reference documents for the general meeting of shareholders, etc., and deemed provision thereof) of the Articles of Incorporation prior to amendment and the establishment of amended Article 15 (Measures for electronic provision, etc.) shall come into effect on September 1, 2022 (the “Effective Date”), which is the date of enforcement of the amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019).</u></p> <p><u>2. Notwithstanding the provisions of the preceding paragraph, Article 15 (Disclosure via the Internet of reference documents for the general meeting of shareholders, etc., and deemed provision thereof) of the Articles of Incorporation prior to amendment shall remain in force with respect to a general meeting of shareholders to be held on a date within six months from the Effective Date.</u></p> <p><u>3. These supplementary provisions shall be deleted after the lapse of six months from the Effective Date or the lapse of three months from the date of the general meeting of shareholders set forth in the preceding paragraph, whichever is later.</u></p> |

Proposal 3: Election of Ten (10) Members of the Board of Directors

The terms of office of all the seven (7) Members of the Board of Directors will expire at the conclusion of this General Meeting of Shareholders. Therefore, we propose election of ten (10) Members of the Board of Directors, increasing the number of Members of the Board of Directors by three (3), with the aim of ensuring management transparency and further strengthening corporate governance.

The candidates for the Members of the Board of Directors are as follows:

List of candidates for Members of the Board of Directors

| No. | Name | Attributes | Current positions in the Company | Attendance of the meetings of the Board of Directors | |
|-----|-------------------|-------------------|--|--|--------------|
| 1 | Yasusuke Nakajima | (Reappointment) | Member of the Board of Directors, Chairman | 100% (19/19) | |
| 2 | Masao Ono | (Reappointment) | Representative Director, President Executive Officer | 100% (19/19) | |
| 3 | Takaaki Kato | (Reappointment) | Representative Director, Executive Vice President Executive Officer | 100% (19/19) | |
| 4 | Keisuke Saito | (Reappointment) | Member of the Board of Directors, Executive Vice President Executive Officer | 100% (19/19) | |
| 5 | Hajime Sato | (New appointment) | Executive Vice President Executive Officer | - | |
| 6 | Masahiro Kawase | (New appointment) | Senior Managing Executive Officer | - | |
| 7 | Rokurou Tsuruta | (Reappointment) | (Candidate for Member of the Board of Directors (Outside)) (Independent Officer) | Member of the Board of Directors (Outside) | 100% (19/19) |
| 8 | Shuhei Shiozawa | (Reappointment) | (Candidate for Member of the Board of Directors (Outside)) (Independent Officer) | Member of the Board of Directors (Outside) | 100% (19/19) |
| 9 | Masakazu Sakata | (Reappointment) | (Candidate for Member of the Board of Directors (Outside)) (Independent Officer) | Member of the Board of Directors (Outside) | 100% (19/19) |
| 10 | Akemi Sunaga | (New appointment) | (Candidate for Member of the Board of Directors (Outside)) (Independent Officer) | - | - |

| No. | Name (Date of birth) | Career summary, positions, and responsibilities at the Company | Number of shares of the Company held |
|-----|---|--|--|
| 1 | <p data-bbox="191 846 406 936">Yasusuke Nakajima (November 2, 1955) (Reappointment)</p> <p data-bbox="191 969 406 1059">Term of office as a Member of the Board of Directors: 17 years</p> <p data-bbox="191 1093 406 1182">Attendance of the meetings of the Board of Directors: (19/19)</p> | <p data-bbox="422 275 542 297">April 1979</p> <p data-bbox="422 309 542 331">April 2005</p> <p data-bbox="422 365 542 387">June 2005</p> <p data-bbox="422 454 542 477">April 2007</p> <p data-bbox="422 544 542 566">June 2009</p> <p data-bbox="422 611 542 633">June 2010</p> <p data-bbox="422 678 542 701">June 2011</p> <p data-bbox="422 768 542 790">April 2012</p> <p data-bbox="422 857 542 880">April 2014</p> <p data-bbox="422 947 542 969">June 2015</p> <p data-bbox="422 992 542 1014">June 2018</p> <p data-bbox="422 1048 542 1070">January 2019</p> <p data-bbox="422 1137 542 1160">April 2019</p> <p data-bbox="422 1205 542 1227">June 2019</p> <p data-bbox="422 1272 542 1294">April 2022</p> <p data-bbox="422 1328 1284 1641">[Reasons for proposing him as a candidate for Member of the Board of Directors] He has strived to enable the Group to recover trust, focusing on the swift resolution of nonconforming acts in the inspection process for seismic isolation/mitigation oil dampers for buildings. With the resolution of the issue of seismic isolation/mitigation oil dampers in sight, we consider that he can demonstrate leadership to further enhance the corporate value of the Group, based on his deep industry insight and abundant management experience. We also consider that he will leverage his many years of industry experience to contribute to initiatives to address various issues in the industry, and to its future development. Consequently, we reappoint him as a candidate for Member of the Board of Directors.</p> <p data-bbox="422 1664 766 1731">[Significant concurrent positions] None</p> | <p data-bbox="1300 981 1468 1048">6,200 (common stock)</p> |

| No. | Name (Date of birth) | Career summary, positions, and responsibilities at the Company | Number of shares of the Company held |
|-----|--|---|---|
| 2 | <p data-bbox="191 801 410 896">Masao Ono (November 7, 1956) (Reappointment)</p> <p data-bbox="191 927 410 1021">Term of office as a Member of the Board of Directors: 5 years</p> <p data-bbox="191 1052 410 1146">Attendance of the meetings of the Board of Directors: (19/19)</p> | <p data-bbox="426 271 1292 1153"> April 1979 Joined the Company January 2004 General Manager, Operations Planning Dept., Automotive Devices Business Div. April 2005 General Manager, Operations Planning Dept., Automotive Components Operations June 2006 General Manager, Purchasing Dept. June 2008 General Manager, Purchasing Div. April 2012 Executive Officer, General Manager, Purchasing Div. April 2014 Managing Executive Officer, General Manager, Purchasing Div. April 2016 Senior Managing Executive Officer, in charge of purchasing, in charge of CSR, General Manager, Corporate Planning Div. April 2017 Senior Managing Executive Officer, in charge of purchasing, in charge of audit, General Manager, Corporate Planning Div. June 2017 Member of the Board of Directors, Senior Managing Executive Officer, in charge of purchasing, in charge of audit, General Manager, Corporate Planning Div. April 2018 Member of the Board of Directors, Senior Managing Executive Officer, in charge of purchasing, General Manager, Corporate Planning Div. June 2018 Member of the Board of Directors, Executive Vice President Executive Officer, in charge of Special Purpose Vehicles Div., domestic affiliate companies and purchasing, General Manager, Corporate Planning Div. January 2019 Member of the Board of Directors, Executive Vice President Executive Officer, in charge of global business strategy, Aircraft Components Div., domestic affiliate companies and purchasing, General Manager, Corporate Planning Div. April 2019 Representative Director, President Executive Officer (current position) </p> <p data-bbox="426 1189 1292 1552"> [Reasons for proposing him as a candidate for Member of the Board of Directors] He has strongly promoted the accomplishment of important tasks of the Company, including reinforcement of the business base, thorough implementation of recurrence prevention measures for the incidents such as nonconforming of seismic isolation/mitigation oil dampers for buildings, and reform of the corporate culture, with a wealth of knowledge and experience in the business and operation of the Company. With the resolution of the issue of seismic isolation/mitigation oil dampers in sight, we consider that the strong leadership he has demonstrated as leader of the Company's management will be indispensable to continue to build trust in the Group as a whole and focus on addressing key management issues, to achieve the further enhancement of corporate value. Consequently, we reappoint him as a candidate for Member of the Board of Directors. </p> <p data-bbox="426 1588 770 1641"> [Significant concurrent positions] None </p> | <p data-bbox="1308 943 1468 996">3,500 (common stock)</p> |

| No. | Name (Date of birth) | Career summary, positions, and responsibilities at the Company | Number of shares of the Company held |
|-----|---|---|--|
| 3 | <p>Takaaki Kato (June 12, 1957) (Reappointment)</p> <p>Term of office as a Member of the Board of Directors: 7 years</p> <p>Attendance of the meetings of the Board of Directors: (19/19)</p> | <p>April 1980 Joined The Fuji Bank, Limited (present Mizuho Bank, Ltd.)</p> <p>March 2005 General Manager, Hong Kong Branch, Mizuho Corporate Bank, Ltd. (present Mizuho Bank, Ltd.)</p> <p>April 2008 Executive Officer, Mizuho Securities Co., Ltd.</p> <p>April 2009 Managing Executive Officer, Mizuho Securities Co., Ltd.</p> <p>April 2011 Managing Executive Officer, Mizuho Securities Co., Ltd. and Chairman, Mizuho Securities Asia Limited</p> <p>April 2013 Joined the Company, Managing Executive Officer, Deputy General Manager, Finance & Accounting Div.</p> <p>June 2014 Managing Executive Officer, General Manager, Finance & Accounting Div.</p> <p>April 2015 Senior Managing Executive Officer, General Manager, Finance & Accounting Div.</p> <p>June 2015 Member of the Board of Directors, Senior Managing Executive Officer, in charge of audit, in charge of CSR, General Manager, Finance & Accounting Div., General Manager, Corporate Planning Div., and CFO</p> <p>April 2016 Member of the Board of Directors, Senior Managing Executive Officer, and CFO</p> <p>April 2017 Member of the Board of Directors, Senior Managing Executive Officer, and CFO</p> <p>June 2017 Representative Director, Executive Vice President Executive Officer, and CFO (current position)</p> <p>[Reasons for proposing him as a candidate for Member of the Board of Directors] He has deep knowledge of finance, accounting, and IR, and has actively addressed financial challenges due to the problem of seismic isolation/mitigation oil dampers for buildings, and contributed to the recovery of the Company's performance and improving corporate value based on a wealth of international experience and insight he has acquired and cultivated while working in financial institutions. Moreover, he has initiated repeated dialogue with investors through IR activities in an effort to restore public trust and we expect that he will be indispensable for increasing the corporate value for medium and long terms. Consequently, we reappoint him as a candidate for Member of the Board of Directors.</p> <p>[Significant concurrent positions] None</p> | <p>3,000 (common stock)</p> |

| No. | Name (Date of birth) | Career summary, positions, and responsibilities at the Company | Number of shares of the Company held |
|-----|--|---|---|
| 4 | <p data-bbox="204 958 395 1048">Keisuke Saito (August 18, 1959) (Reappointment)</p> <p data-bbox="204 1077 411 1167">Term of office as a Member of the Board of Directors: 11 years</p> <p data-bbox="204 1205 411 1294">Attendance of the meetings of the Board of Directors: (19/19)</p> | <p data-bbox="432 271 1284 327">April 1983 Joined the Ministry of International Trade and Industry (present Ministry of Economy, Trade and Industry)</p> <p data-bbox="432 333 1220 389">August 2002 General Manager, Beijing Office, Japan-China Economic Association</p> <p data-bbox="432 396 1230 486">September 2005 Director, Industrial Revitalization Division, Economic and Industrial Policy Bureau, Ministry of Economy, Trade and Industry</p> <p data-bbox="432 492 1246 571">July 2007 Director, Industrial Science and Technology Policy Division, Industrial Science and Technology Policy and Environment Bureau, Ministry of Economy, Trade and Industry</p> <p data-bbox="432 577 1268 633">July 2008 Director, Finance Division, Minister’s Secretariat, Ministry of Economy, Trade and Industry</p> <p data-bbox="432 640 1284 730">July 2009 Director-General for Energy Conservation and Renewable Energy Department, Agency for Natural Resources and Energy, Ministry of Economy, Trade and Industry</p> <p data-bbox="432 736 965 763">September 2010 Special Adviser of the Company</p> <p data-bbox="432 770 1278 848">June 2011 Member of the Board of Directors, Senior Managing Executive Officer, General Manager, Engineering Div. and General Manager, Corporate Planning Div.</p> <p data-bbox="432 855 1278 945">April 2014 Member of the Board of Directors, Senior Managing Executive Officer, in charge of legal affairs and information technology administration, General Manager, Engineering Div.</p> <p data-bbox="432 952 1284 1064">January 2016 Member of the Board of Directors, Senior Managing Executive Officer, in charge of Information Technology Administration, in charge of Aircraft Components Div., General Manager, Engineering Div.</p> <p data-bbox="432 1070 1278 1160">April 2017 Member of the Board of Directors, Senior Managing Executive Officer, in charge of Aircraft Components Div., General Manager, Hydraulic Components Operations</p> <p data-bbox="432 1167 1278 1245">April 2018 Member of the Board of Directors, Senior Managing Executive Officer, General Manager, Hydraulic Components Operations and General Manager, Aircraft Components Div.</p> <p data-bbox="432 1252 1278 1341">January 2019 Member of the Board of Directors, Senior Managing Executive Officer, General Manager, Seismic Isolation/Mitigation Correspondence Operations</p> <p data-bbox="432 1348 1252 1438">June 2019 Member of the Board of Directors, Executive Vice President Executive Officer, General Manager, Seismic Isolation/Mitigation Correspondence Operations</p> <p data-bbox="432 1444 1252 1534">April 2022 Member of the Board of Directors, Executive Vice President Executive Officer, in charge of Seismic Isolation/Mitigation Correspondence (current position)</p> <p data-bbox="427 1563 1294 1861">[Reasons for proposing him as a candidate for Member of the Board of Directors] He has diverse experience and a rich human network gained while working in the Ministry of Economy, Trade and Industry and deep knowledge cultivated in the Company in the areas of engineering, research and development. He has demonstrated strong leadership in carrying out conformation and made achievements based on his good judgment and ability to deliver as a person responsible for settling issues with seismic isolation/mitigation oil dampers for buildings. We expect that he is a qualified person to accomplish the conformation of the dampers and able to address management issues to fulfill the society’s expectations Consequently, we reappoint him as a candidate for Member of the Board of Directors.</p> <p data-bbox="427 1890 767 1951">[Significant concurrent positions] None</p> | <p data-bbox="1310 1099 1460 1155">4,000 (common stock)</p> |

| No. | Name (Date of birth) | Career summary, positions, and responsibilities at the Company | Number of shares of the Company held |
|-----|---|---|--|
| 5 | Hajime Sato (January 1, 1957) (New appointment) | <p>April 1981 Joined the Company</p> <p>November 2005 Managing Director, KYB Europe GmbH</p> <p>October 2011 General Manager, Aftermarket Business Headquarters, Automotive Components Operations</p> <p>April 2016 Executive Officer, General Manager, Aftermarket Business Headquarters, Automotive Components Operations</p> <p>May 2016 Executive Officer President, KYB (Thailand) Co., Ltd.</p> <p>June 2018 Managing Executive Officer, Deputy General Manager, Automotive Components Operations and General Manager, Motorcycle Headquarters</p> <p>January 2020 Managing Executive Officer, General Manager, Automotive Components Operations and General Manager, Motorcycle Headquarters</p> <p>April 2020 Senior Managing Executive Officer, General Manager, Automotive Components Operations and General Manager, Motorcycle Headquarters</p> <p>January 2021 Senior Managing Executive Officer, General Manager, Sales Div., General Manager, Automotive Components Operations and General Manager, Motorcycle Headquarters</p> <p>April 2021 Senior Managing Executive Officer, General Manager, Sales Div.</p> <p>April 2022 Executive Vice President Executive Officer, General Manager, Sales Div. and General Manager, Special Purpose Vehicles Div. (current position)</p> <p>[Reasons for proposing him as a candidate for Member of the Board of Directors] He has knowledge and the capacity to act, developed through his business experience in the Company's sales divisions over many years, and also has management experience in the Americas and Europe. He has engaged in contributing to improving the Company's performance based on the rich international experience and management knowledge he has acquired. We consider that he will be indispensable for carrying out sales activities based on the Company's growth strategy. Consequently, we appoint him as a new candidate for Member of the Board of Directors.</p> <p>[Significant concurrent positions] None</p> | 3,000 (common stock) |

| No. | Name (Date of birth) | Career summary, positions, and responsibilities at the Company | Number of shares of the Company held |
|-----|--|--|--|
| 6 | Masahiro Kawase (December 3, 1962) (New appointment) | <p>April 1985 Joined the Company</p> <p>January 2010 General Manager, Suspension Engineering Dept., Automotive Components Operations</p> <p>April 2013 Deputy General Manager, Engineering Headquarters and General Manager, Suspension Engineering Dept., Engineering Headquarters, Automotive Components Operations</p> <p>May 2014 General Manager, Market & Product Planning Dept. and Deputy General Manager, Engineering Headquarters, Automotive Components Operations</p> <p>May 2014 General Manager, Engineering Headquarters, Automotive Components Operations</p> <p>January 2016 General Manager, Engineering Headquarters and General Manager, Developmental Experiment Center, Automotive Components Operations</p> <p>January 2017 Deputy General Manager, Gifu North Plant, Automotive Components Operations</p> <p>April 2017 Executive Officer, General Manager, Steering Headquarters, Automotive Components Operations</p> <p>April 2019 Managing Executive Officer, General Manager, Steering Headquarters, Automotive Components Operations</p> <p>April 2020 Managing Executive Officer, General Manager, Suspension Headquarters and General Manager, Steering Headquarters, Automotive Components Operations</p> <p>April 2021 Managing Executive Officer, General Manager, Automotive Components Operations and General Manager, Suspension Headquarters, Automotive Components Operations</p> <p>January 2022 Managing Executive Officer, General Manager, Automotive Components Operations</p> <p>April 2022 Senior Managing Executive Officer, General Manager, Automotive Components Operations and General Manager, Engineering Div. (current position)</p> <p>[Reasons for proposing him as a candidate for Member of the Board of Directors] As the head of Automotive Components Operations, he has engaged in optimizing engineering and production systems at domestic and overseas facilities, and is promoting a range of reforms based on the abundant knowledge and experience he has gained during his career. We consider that he is an appropriate person to execute new product development and overall management duties, from the perspective of utilizing his insight and achievements in the management of the Company's engineering operations. Consequently, we appoint him as a new candidate for Member of the Board of Directors.</p> <p>[Significant concurrent positions] None</p> | 1,200 (common stock) |

| No. | Name (Date of birth) | Career summary, positions, and responsibilities at the Company | Number of shares of the Company held |
|-----|---|---|--|
| 7 | <p>Rokurou Tsuruta (June 16, 1943) (Reappointment) (Candidate for Member of the Board of Directors (Outside)) (Candidate for Independent Officer)</p> <p>Term of office as a Member of the Board of Directors (Outside): 7 years</p> <p>Attendance of the meetings of the Board of Directors: (19/19)</p> | <p>April 1970 Prosecutor, Tokyo District Public Prosecutors Office April 2005 Superintending Prosecutor, Nagoya High Public Prosecutors Office July 2006 Registered as an attorney (Daini Tokyo Bar Association) June 2007 Outside Director, TEIKOKU PISTON RING CO., LTD. (present TPR Co., Ltd.) September 2007 Outside Audit & Supervisory Board Member, J. FRONT RETAILING Co., Ltd. June 2012 Outside Corporate Auditor, Sumitomo Mitsui Financial Group, Inc. June 2015 Member of the Board of Directors (Outside) of the Company (current position) May 2017 Outside Director, J. FRONT RETAILING Co., Ltd. June 2017 Outside Corporate Auditor, Sumitomo Mitsui Banking Corporation</p> <p>[Reasons for proposing him as a candidate for Member of the Board of Directors (Outside) and overview of expected roles] Since assuming office as Member of the Board of Directors (Outside) of the Company in 2015, he has properly performed supervisory functions for business execution in regard to strengthening of the internal control, compliance, etc. of the Company based on his expertise and experience as an attorney, on various occasions such as the Board of Directors' meetings. We expect him to continue giving us useful advice. Consequently, we reappoint him as a candidate for Member of the Board of Directors (Outside). Although he has not participated in corporate management other than as an outside director or outside audit & supervisory board member, we judge that he will duly perform his duties as a Member of the Board of Directors (Outside) for the above-mentioned reasons.</p> <p>[Significant concurrent positions] Attorney and representative, Tsuruta Rokurou Law Office</p> | <p>1,100 (common stock)</p> |

| No. | Name (Date of birth) | Career summary, positions, and responsibilities at the Company | Number of shares of the Company held |
|-----|--|---|--|
| 8 | <p>Shuhei Shiozawa (September 19, 1955) (Reappointment) (Candidate for Member of the Board of Directors (Outside)) (Candidate for Independent Officer)</p> <p>Term of office as a Member of the Board of Directors (Outside): 6 years</p> <p>Attendance of the meetings of the Board of Directors: (19/19)</p> | <p>April 1981 Assistant, Faculty of Economics, Keio University April 1987 Associate Professor, Faculty of Economics, Keio University April 1991 Visiting researcher, Institut d'Etudes Politiques de Paris April 1994 Professor, Faculty of Economics, Keio University January 2001 Director for International Economic Affairs, Cabinet Office October 2005 Dean, Faculty of Economics, Keio University March 2012 Member of the Board of Directors (Outside), Kenedix, Inc. June 2016 Member of the Board of Directors (Outside) of the Company (current position) June 2017 Independent Director (Audit & Supervisory Committee member), Ahresty Corporation (current position) April 2019 Professor Emeritus, Keio University (current position) April 2019 President, Tokyo International University April 2022 Professor, Faculty of Economics, Tokyo International University (current position)</p> <p>[Reasons for proposing him as a candidate for Member of the Board of Directors (Outside) and overview of expected roles] Since assuming office as Member of the Board of Directors (Outside) of the Company in 2016, he has properly performed supervisory function in regard to business execution on various occasions such as the Board of Directors' meetings, such as giving us useful opinions and recommendations on finance and CSR of the Company based on a wealth of knowledge and insight as a specialist in economics. We expect him to continue giving us useful advice. Consequently, we reappoint him as a candidate for Member of the Board of Directors (Outside). Although he has not participated in corporate management other than as an outside director, we judge that he will duly perform his duties as a Member of the Board of Directors (Outside) for the above-mentioned reasons.</p> <p>[Significant concurrent positions] Independent Director (Audit & Supervisory Committee member), Ahresty Corporation Professor Emeritus, Keio University Professor, Faculty of Economics, Tokyo International University</p> | <p>900 (common stock)</p> |

| No. | Name (Date of birth) | Career summary, positions, and responsibilities at the Company | Number of shares of the Company held |
|-----|--|--|--|
| 9 | <p>Masakazu Sakata (August 2, 1959) (Reappointment) (Candidate for Member of the Board of Directors (Outside)) (Candidate for Independent Officer)</p> <p>Term of office as a Member of the Board of Directors (Outside): 2 years</p> <p>Attendance of the meetings of the Board of Directors: (19/19)</p> | <p>April 1983 Joined Fuji Xerox Co., Ltd. April 2007 General Manager, Public Relations and Advertisement Dept., Fuji Xerox Co., Ltd. April 2010 Senior Vice President, Fuji Xerox Advanced Technology Co., Ltd. June 2011 Senior Vice President and Director, Fuji Xerox Advanced Technology Co., Ltd. June 2015 Executive Vice President, Fuji Xerox Information Systems Co., Ltd. June 2017 President and Representative Director, Fuji Xerox Advanced Technology Co., Ltd. April 2019 Senior Adviser, Fuji Xerox Co., Ltd. June 2020 Member of the Board of Directors (Outside) of the Company (current position) June 2020 Outside Audit & Supervisory Board Member, ULS Group, Inc. October 2020 Outside Director, PLANET, INC. (current position) January 2021 Outside Director (Audit & Supervisory Committee Member), ULS Group, Inc. (current position)</p> <p>[Reasons for proposing him as a candidate for Member of the Board of Directors (Outside) and overview of expected roles] Since assuming office as Member of the Board of Directors (Outside) in 2020, he has properly performed supervisory functions in regard to business execution in areas of business renovation such as work style reforms that prioritize diversity in the Company, the promotion of IT efficiency, and productivity improvements in back- office operations based on broad knowledge and experience cultivated at Fuji Xerox Co., Ltd. We expect him to give us useful advice and guidance. Consequently, we appoint him as a candidate for Member of the Board of Directors (Outside).</p> <p>[Significant concurrent positions] Outside Director, PLANET, INC. Outside Director (Audit & Supervisory Committee Member), ULS Group, Inc.</p> | <p>300 (common stock)</p> |

| No. | Name (Date of birth) | Career summary, positions, and responsibilities at the Company | Number of shares of the Company held |
|-----|---|---|--|
| 10 | Akemi Sunaga (August 14, 1961) (New appointment) (Candidate for Member of the Board of Directors (Outside)) (Candidate for Independent Officer) | <p>October 1989 Joined Auditing Department, Aoyama Audit Corporation (now PricewaterhouseCoopers Aarata LLC)</p> <p>February 1991 Joined Auditing Department, Chuo Audit Corporation</p> <p>November 1994 Established Sunaga CPA Firm</p> <p>November 1996 Established Marunouchi Business Consulting Ltd.; Representative Director and President (current position)</p> <p>January 2012 Established Marunouchi Business Consulting Tax Co.; Representative Partner (current position)</p> <p>June 2016 Outside Corporate Auditor, Matsumotokiyoishi Holdings Co., Ltd.</p> <p>June 2017 Established Marunouchi Audit Corporation; Representative Partner (current position)</p> <p>March 2019 Alternate Audit & Supervisory Board Member, Lion Corporation</p> <p>June 2020 Outside Director (Audit & Supervisory Committee Member), USHIO INC. (current position)</p> <p>June 2020 Outside Director (Audit and Supervisory Committee Member), YOMEISHU SEIZO CO., LTD. (current position)</p> <p>June 2021 Outside Corporate Auditor, Prima Meat Packers, Ltd. (current position)</p> <p>[Reasons for proposing her as a candidate for Member of the Board of Directors (Outside) and overview of expected roles] She possesses expert knowledge and a wealth of experience as a CPA and tax accountant, and serves as an outside director and outside director who is an audit & supervisory committee member at other companies. We therefore consider her able to appropriately perform her supervisory duties at the Company, and expect her to provide useful opinions and remarks on the management of the Company. Consequently, we appoint her as a new candidate for Member of the Board of Directors (Outside).</p> <p>[Significant concurrent positions] Representative, Sunaga CPA Firm Representative Director and President, Marunouchi Business Consulting Ltd. Representative Partner, Marunouchi Business Consulting Tax Co. Representative Partner, Marunouchi Audit Corporation Outside Director (Audit & Supervisory Committee Member), USHIO INC. Outside Director (Audit and Supervisory Committee Member), YOMEISHU SEIZO CO., LTD. Outside Corporate Auditor, Prima Meat Packers, Ltd.</p> | 0 (common stock) |

(Note 1) No conflict of interests exists between any of the above candidates and the Company.

(Note 2) The Company has designated Mr. Rokuro Tsuruta, Mr. Shuhei Shiozawa and Mr. Masakazu Sakata, candidates, as independent officers under the rules of the Tokyo Stock Exchange and filed the designations with the Tokyo Stock Exchange. If the reappointment of Mr. Rokuro Tsuruta, Mr. Shuhei Shiozawa and Mr. Masakazu Sakata is approved, the Company will continue to designate them as independent officers.

(Note 3) If the appointment of Ms. Akemi Sunaga is approved, the Company will designate her as an independent officer under the rules of the Tokyo Stock Exchange and file the designation with the Tokyo Stock Exchange.

(Note 4) Liability limitation agreement with Members of the Board of Directors (Outside):

Mr. Rokuro Tsuruta, Mr. Shuhei Shiozawa and Mr. Masakazu Sakata, candidates, have each entered into a liability limitation agreement with the Company. If the reappointment of Mr. Rokuro Tsuruta, Mr. Shuhei Shiozawa and Mr. Masakazu Sakata is approved, the Company will continue the agreement with each of them. If the appointment of Ms. Akemi Sunaga is approved, the Company shall enter into a liability limitation agreement with her. The outline of the liability limitation agreement is as follows:

If Mr. Rokuro Tsuruta/Mr. Shuhei Shiozawa/Mr. Masakazu Sakata/Ms. Akemi Sunaga becomes liable to the Company for failure to perform his/her duties as a Member of the Board of Directors (Outside) after the conclusion of the liability limitation agreement, the maximum amount of his/her liability shall be twice the value of the annual property benefits that he/she has received or should receive from the Company as consideration for the execution of his/her duties during his/her term of office as calculated by the method provided in Article 113 of the Ordinance for Enforcement of the Companies Act, and any amount in excess of the maximum amount shall be exempted from the liability, provided that

he/she has conducted his/her duties in good faith and without gross negligence.

(Note 5) The Company has entered into a directors and officers liability insurance contract to insure its Members of the Board of Directors, Audit & Supervisory Board Members, and Executive Officers. The insurance contract covers liability of insured arising in the performance of their duties and damage claims received pertaining to the pursuit of said liability. However, there are certain exclusions, such as no coverage for liability arising from actions taken with the knowledge that they were in violation of laws and regulations. The Company bears the entire premium for all the insured parties. If the candidates assume office, they will become insured persons under said insurance policy. The Company renews said insurance policy in May every year.

Proposal 4: Election of Two (2) Audit & Supervisory Board Members

Mr. Eiji Hisada will resign from his position as an Audit & Supervisory Board Member at the conclusion of this General Meeting of Shareholders. We propose election of two (2) Audit & Supervisory Board Members, increasing the number by one (1) to further strengthen governance, subject to the approval and passing of Proposal 2, Partial Amendments to the Articles of Incorporation.

The Audit & Supervisory Board has given its consent to this proposal in advance.

The candidates for Audit & Supervisory Board Member are as follows.

Mr. Osamu Kunihara is a candidate for Audit & Supervisory Board Member to replace Mr. Eiji Hisada. If Mr. Osamu Kunihara is appointed, his term of office will expire on the expiry of the term of office of the retiring Audit & Supervisory Board Member in accordance with the Company's Articles of Incorporation. The term of Ms. Junko Watanabe, a candidate for Audit & Supervisory Board Member, will expire at the conclusion of the Ordinary General Meeting of Shareholders to be held for the final fiscal year ending within four (4) years after her appointment.

| Name (Date of birth) | Career summary and positions at the Company | Number of shares of the Company held |
|---|--|--|
| Osamu Kunihara (November 1, 1958) (New appointment) | <p>April 1983 Joined the Company</p> <p>May 2009 General Manager, Accounting Dept., Finance & Accounting Div.</p> <p>April 2012 President, KYB (Thailand) Co. Ltd.</p> <p>April 2013 General Manager, Finance Dept., Finance & Accounting Div.</p> <p>April 2014 Executive Officer, General Manager, Finance Dept., Finance & Accounting Div.</p> <p>June 2015 Executive Officer, Deputy General Manager, Finance & Accounting Div. and General Manager, Finance Dept., Finance & Accounting Div.</p> <p>April 2017 Managing Executive Officer, General Manager, Human Resources Div.</p> <p>April 2018 Managing Executive Officer, in charge of audit, General Manager, Human Resources Div.</p> <p>January 2019 Managing Executive Officer, Deputy General Manager, Finance & Accounting Div.</p> <p>February 2019 Managing Executive Officer, General Manager, Finance & Accounting Div. (current position)</p> <p>[Reasons for proposing him as a candidate for Audit & Supervisory Board Member] He has considerable knowledge of finance and accounting based on his experience in finance and accounting. We expect that he will give us useful opinions and recommendations. Consequently, we appoint him as a candidate for Audit & Supervisory Board Member.</p> <p>[Significant concurrent positions] None</p> | 4,200 (common stock) |

| Name (Date of birth) | Career summary and positions at the Company | Number of shares of the Company held | |
|---|---|--|---|
| Junko Watanabe (May 26, 1957) (New Appointment) (Candidate for Audit & Supervisory Board Member (Outside)) (Candidate for Independent Officer) | April 1980 | 0 (common stock) | |
| | April 1999 | | Joined The Fuji Bank, Limited (present Mizuho Bank, Ltd.) General Manager, Hachioji-Minamiguchi Branch, The Fuji Bank, Limited (present Mizuho Bank, Ltd.) |
| | November 2000 | | General Manager, em-town Branch, The Fuji Bank, Limited (present Mizuho Bank, Ltd.) |
| | March 2003 | | General Manager, Hiyoshi Branch, Mizuho Bank, Ltd. |
| | March 2006 | | General Manager, Oji Branch, Mizuho Bank, Ltd. |
| | April 2008 | | General Manager, Diversity Promotion Office, Human Resources Dept., Mizuho Bank, Ltd. |
| | May 2010 | | Executive Officer and Deputy General Manager, Membership Development Dept., Mizuho Research Institute Ltd. |
| | May 2011 | | Senior Executive Officer and General Manager, Membership Development Dept., Mizuho Research Institute Ltd. |
| | April 2014 | | Executive Officer and Deputy General Manager, Leisure Resort Business Div. and General Manager, Sales Dept., Joban Kosan Co., Ltd. |
| | July 2015 | | Director and Executive Officer, and General Manager, Leisure Resort Business Div., Joban Kosan Co., Ltd. |
| | July 2018 | | Director and Executive Officer in charge of Business Strategy Div. and Workstyle Reforms, Joban Kosan Co., Ltd. |
| | July 2019 | | Director and Executive Officer in charge of Corporate Div. and Business Strategy Div. and Workstyle Reforms, Joban Kosan Co., Ltd. |
| | March 2020 | | Audit & Supervisory Board Member (Outside), JUKI CORPORATION (current position) |
| July 2020 | Managing Director in charge of Spa Resort Hawaiians Headquarters, in charge of Business Development Div. and KA PILINA TOWER project, Joban Kosan Co., Ltd. (current position) | | |
| | [Reasons for proposing her as a candidate for Audit & Supervisory Board Member (Outside)] | | |
| | We expect that she will give us useful opinions and recommendations to secure soundness of the auditing and corporate management of the Company based on her experiences not only in financial institutions, but also in sales and business strategy. Consequently, we appoint her as a candidate for Audit & Supervisory Board Member (Outside). | | |
| | [Significant concurrent positions] | | |
| | Audit & Supervisory Board Member (Outside), JUKI CORPORATION Managing Director, Joban Kosan Co., Ltd. | | |

(Note 1) No conflict of interests exists between Mr. Osamu Kunihara or Ms. Junko Watanabe, candidates, and the Company.

(Note 2) Ms. Junko Watanabe, a candidate, once served as an Executive of Mizuho Bank, Ltd., a Specified Associated Service Provider of the Company. However, it has been over ten years since she retired Mizuho Bank, Ltd.

(Note 3) If the appointment of Ms. Junko Watanabe is approved, the Company will designate her as an independent officer under the rules of the Tokyo Stock Exchange and file the designation with the Tokyo Stock Exchange.

(Note 4) Liability limitation agreement with Audit & Supervisory Board Members:

If the appointment of Mr. Osamu Kunihara and Ms. Junko Watanabe, candidates, is approved, the Company will enter into a liability limitation agreement with them. The outline of the liability limitation agreement is as follows.

If Mr. Osamu Kunihara/Ms. Junko Watanabe becomes liable to the Company for failure to perform his/her duties as an Audit & Supervisory Board Member after the conclusion of the liability limitation agreement, the maximum amount of his/her liability shall be twice the total value of the annual property benefits that he/she has received or should receive from the Company as consideration for the execution of his/her duties during his/her term of office as calculated by the method provided in Article 113 of the Ordinance for Enforcement of the Companies Act, and any amount in excess of the maximum amount shall be exempted from the liability, provided that he/she has conducted his/her duties in good faith and without gross negligence.

(Note 5) The Company has entered into a directors and officers liability insurance contract to insure its Members of the Board of Directors, Audit & Supervisory Board Members, and Executive Officers. The insurance contract covers liability of insured arising in the performance of their duties and damage claims received pertaining to the pursuit of said liability. However, there are certain exclusions, such as no coverage for liability arising from actions taken with the knowledge

that they were in violation of laws and regulations. The Company bears the entire premium for all the insured parties. If Mr. Osamu Kunihara and Ms. Junko Watanabe assume office as Audit & Supervisory Board Members, they will become insured persons under said insurance policy. The Company renews said insurance policy in May every year.

Proposal 5: Election of an Accounting Auditor

The term of office of the Company’s Accounting Auditor, KPMG AZSA LLC, will expire at the conclusion of this General Meeting of Shareholders, and it will leave the Company’s service. Therefore, we propose the election of a new Accounting Auditor.

This proposal is based on the decision of the Audit & Supervisory Board.

KPMG AZSA LLC has served as the Company’s Accounting Auditor for many years. In view of the length of this continuous auditing period, at 53 years, as well as other factors such as an anticipated increase in audit fees, we have recently engaged in a comparative consideration of several audit corporations, including the need to change audit corporation. As a result of comprehensive consideration of factors including the possession of the necessary expertise, independence, quality control systems and global auditing systems and a level of audit fees appropriate to the Company’s business scale, as well as the expectation of a new auditing perspective, we consider that Grant Thornton Taiyo LLC is suitable for the Company’s Accounting Auditor.

The candidate for Accounting Auditor is as follows.

(As of March 31, 2022)

| | | |
|------------------------|--|--|
| Name | Grant Thornton Taiyo LLC | |
| Main place of business | Akasaka K-tower 19F, 1-2-7 Motoakasaka, Minato-ku, Tokyo | |
| History | September 1971 Taiyo Audit Corporation was established October 1994 Joined Grant Thornton International January 2006 Merged with ASG Audit Corporation and changed name to Grant Thornton Taiyo ASG Audit Corporation July 2008 Became a limited liability audit corporation and changed name to Grant Thornton Taiyo ASG LLC July 2012 Merged with Eisho Audit Corporation October 2013 Merged with Kasumigaseki Audit Corporation October 2014 Changed company name to Grant Thornton Taiyo LLC July 2018 Merged with YUSEI Audit & Co. | |
| Overview | Members Representative partners and partners: 88 Specified partners: 4 Certified public accountants: 304 Staff who have passed the certified public accountant exam or similar: 246 Other specialists: 181 Administrative staff: 89 Contractual staff: 224 Total 1,136 Number of audit clients 1,035 companies | |

Proposal 6: Revision of the Remuneration System and Amount of Remuneration for Members of the Board of Directors (Excluding Members of the Board of Directors (Outside))

A maximum amount of fixed remuneration for Members of the Board of Directors of the Company of 30,000 thousand yen per month (excluding remuneration received in the capacity of employee) was approved by the 75th Ordinary General Meeting of Shareholders held on June 27, 1997. With the aim of providing an incentive for Members of the Board of Directors to strive to enhance the Group's corporate value and promote the further value-sharing with shareholders, as part of our review of the officers' remuneration system, we now propose, in addition to and separately from the current amount of monetary remuneration, (1)(i) to newly introduce a performance-linked stock remuneration plan with delayed delivery (performance share unit plan; hereinafter, referred to as the "Plan"), and to grant performance-linked stock with delayed delivery as stock remuneration, linked to performance from the 101st fiscal year (April 1, 2022 to March 31, 2023) onward, to Members of the Board of Directors of the Company (excluding Members of the Board of Directors (Outside); hereinafter, referred to as "Eligible Directors"); and (ii) as transitional measures for the introduction of the Plan (hereinafter, the "Transitional Measures"), to grant restricted stock as stock remuneration, linked to performance for the 100th fiscal year (April 1, 2021 to March 31, 2022; hereinafter, "this fiscal year") to the four Eligible Directors who will be reappointed if Proposal 3 is approved and passed as proposed (hereinafter, the "Reappointed Directors"). Furthermore, (2) regarding monetary performance-linked bonuses, which was previously submitted to the Ordinary General Meeting of Shareholders each year for approval, we propose to establish a remuneration limit for the portion of performance-linked bonuses that constitutes monetary remuneration (hereinafter, the "Remuneration Limit").

The Company has established a policy for determining the remuneration of each Member of the Board of Directors, the outline of which is described in the Business Report. If this proposal is approved, the Company intends to amend such policy. The outline of the amended policy is described below. The Company believes that the contents of this proposal are necessary and appropriate to determine the content of remuneration for each Member of the Board of Directors in accordance with the amended policy. The maximum number of shares of performance-linked stock with delayed delivery to be granted under the Plan (20,000 shares per annum) and the maximum number of shares of restricted stock to be granted under the Transition Measures (10,000 shares) represent approximately 0.08% and 0.04%, respectively, of the Company's total number of issued shares of common stock as of March 31, 2022 (25,748,431 shares). As they result in an insignificant dilution ratio, we consider that the grant of shares of performance-linked stock with delayed delivery under the Plan and the grant of shares of restricted stock under the Transition Measures are appropriate. In addition, the Remuneration Limit (up to 200,000 thousand yen per annum) does not exceed the current maximum annualized amount of monetary remuneration (fixed remuneration) for Members of the Board (360,000 thousand yen per annum), and we also consider it appropriate from the perspective of providing an appropriate incentive and preventing excessive risk-taking. Moreover, the Remuneration Committee, a non-statutory body consisting of the Representative Directors and the Members of the Board of Directors (Outside), has given the opinion that the contents of this proposal are appropriate.

The Company currently has seven (7) Members of the Board of Directors, including three (3) Members of the Board of Directors (Outside). If Proposal 3 is approved and passed as originally proposed, then the Company will have ten (10) Members of the Board of Directors, including four (4) Members of the Board of Directors (Outside). The number of Members of the Board of Directors subject to the provisions of the Plan and the Remuneration Limit (Eligible Directors) is six (6). The number of Members of the Board of Directors subject to the provisions of the Transitional Measures (Reappointed Directors) is four (4).

I. Introduction of the Plan

Item 1. Performance-linked stock remuneration plan

1. Overview of the Plan

The Plan is a performance-linked remuneration plan under which a number of shares of common stock of the Company, calculated in accordance with factors such as the degree of achievement of the single-year consolidated performance forecasts (hereinafter, the "Performance Targets") stated in the *kessan tanshin* (financial results report) on the settlement of accounts for the end of the previous fiscal year (hereinafter, the "Evaluation Period") shall be granted to Eligible Directors as remuneration, etc. The initial Evaluation Period shall comprise the fiscal year from April 1, 2022 to March 31, 2023. Under the Plan, shares of the Company's common stock shall be delivered in accordance with factors such as the degree of achievement of the Performance Targets. Whether or not shares are delivered, and the number and amount of any such shares, are undecided at the time when the Plan is introduced.

When the Company issues or disposes of the shares of common stock of the Company to Eligible Directors under the Plan, the Company shall conclude a stock allotment agreement (hereinafter, the "Allotment Agreement") that includes the content summarized below, with each Eligible Director. (However, this shall only

apply to Eligible Directors currently serving as Members of the Board of Directors or in another office designated by the Company’s Board of Directors as of the date of the resolution to deliver the aforementioned shares.)

- (1) An Eligible Director must not transfer, pledge or otherwise dispose of any shares of common stock of the Company allotted under the Allotment Agreement (hereinafter the “Allotted Shares”) from the day when the shares were allotted until the time immediately after the Eligible Director ceases to occupy the office of Member of the Board of Directors or other office designated by the Company’s Board of Directors (hereinafter, the “Transfer Restriction Period;” however, if the Eligible Director ceases to occupy said office within three months after the fiscal year in which the Allotted Shares were allotted, and the Company’s Board of Directors has separately designated a date within six months after the end of that fiscal year, the Transfer Restriction Period shall terminate on the date designated by the Board of Directors). These restrictions are hereinafter referred to as the “Transfer Restrictions.”
- (2) The Company may acquire all or part of the Allotted Shares for no consideration, in cases where there is cause deemed appropriate by the Company’s Board of Directors, due to the violation by an Eligible Director of laws, regulations, internal rules, or the Allotment Agreement, or for other reasons.
- (3) Where a merger agreement with the Company as the non-surviving company, a share exchange agreement where the Company becomes a wholly-owned subsidiary, a share transfer plan or another matter concerning an organizational restructuring etc. is approved by the Company’s General Meeting of Shareholders (or the Company’s Board of Directors, for organizational restructuring etc. that does not require the approval of the General Meeting of Shareholders) during the Transfer Restriction Period, the Transfer Restrictions pertaining to all the Allotted Shares may be removed before the effective date of the organizational restructuring etc. by resolution of the Board of Directors.

2. Details of remuneration, etc. under the Plan

(1) Method used to calculate remuneration, etc. under the Plan

Under the Plan, the Company shall determine the number of shares to be allotted to each Eligible Director as the product of (i) the standard number of shares to be delivered based on each Eligible Director’s position multiplied by (ii) the degree of achievement of the Performance Targets determined by the Company’s Board of Directors, and (iii) service period ratio. Each Eligible Director shall receive a number of shares of the Company’s common stock calculated in accordance with the following formula, for no consideration, based on a resolution of the Company’s Board of Directors.

[Formula]

$$\text{Number of shares allotted} = (\text{i) standard number of shares to be delivered} \times (\text{ii) degree of achievement of Performance Targets} \times (\text{iii) service period ratio}$$

- (i) “Standard number of shares to be delivered” shall be determined by the Company’s Board of Directors in accordance with each Eligible Director’s position. It is anticipated that the initial standard number of shares to be delivered shall not exceed 20,000 shares in total.
- (ii) “Degree of achievement of Performance Targets” shall be determined by the Company’s Board of Directors within a range from 20% to 100%, based on the proportion of achievement of the Performance Targets for each fiscal year in the Evaluation Period (achievement refers to the evaluation measures exceeding the Performance Targets for the Evaluation Period). The evaluation measures for the initial Evaluation Period shall comprise four measures: amount of consolidated segment profit, ratio of consolidated segment profit, amount of profit attributable to owners of parent, and ratio of profit attributable to owners of parent. (The Performance Targets corresponding to each of these measures for the initial Evaluation Period are presented in the *kessan tanshin* (financial results report) dated May 13, 2022.) It is anticipated that the degree of achievement of Performance Targets will be calculated as shown below.

| Achievement of evaluation measures | Degree of achievement of Performance Targets |
|------------------------------------|--|
| 4 measures achieved | 100% |
| 3 measures achieved | 80% |
| 2 measures achieved | 60% |
| 1 measure achieved | 40% |
| No measures achieved | 20% |

- (iii) “Service period ratio” is the ratio of the number of months in office to the number of months in the Evaluation Period.

(2) Maximum amount of remuneration, etc. under the Plan

The total number of shares of the Company's common stock to be issued or disposed of to Eligible Directors under the Plan shall not exceed 20,000 shares per annum. (However, this limit may be adjusted within a reasonable range in the event that the Company's common stock undergo a stock split, including a gratis allotment of shares (the same applies hereinafter), or a consolidation of shares or other unavoidable cause.)

The total value of shares of common stock of the Company issued or disposed of to Eligible Directors under the Plan shall not exceed 75,000 thousand yen per annum. (The shares shall be granted through issuance or disposal of such shares as remuneration, etc. for Members of the Board of Directors of the Company, and do not require the payment of an amount for subscribed shares. However, the amount of remuneration per share granted to Eligible Directors shall be calculated based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the last business day before the date of the resolution of the Board of Directors, or, if trading is not effected on that date, the closing price on the last trading day of the Company's common stock preceding the resolution.)

Remuneration limits under the Plan shall be established separately from the current amounts of monetary remuneration for Members of the Board of Directors of the Company, from stock remuneration under the Transitional Measures, and from the Remuneration Limit.

(3) Cause for forfeiture of right to receive remuneration under the Plan

Eligible Directors shall forfeit the right to receive some or all remuneration, etc. under the Plan if they engage in illegal acts determined by the Company's Board of Directors, or leave office for certain reasons determined by the Company's Board of Directors.

(4) Adjustment due to stock consolidations, stock splits, etc.

If the total number of issued shares of the Company should increase or decrease due to a stock consolidation or stock split prior to the delivery of shares under the Plan, the number of shares calculated under the Plan shall be adjusted in accordance with the ratio of the stock consolidation or stock split.

(5) Other matters

In the event that an Eligible Director ceases to occupy the office of Member of the Board of Directors of the Company, or other office designated by the Company's Board of Directors, due to death or other cause deemed proper by the Company's Board of Directors, or is newly appointed as a Member of the Board of Directors of the Company, or where a proposal for a merger agreement with the Company as the non-surviving company, a share transfer plan or another matter concerning an organizational restructuring etc. is approved by the Company's General Meeting of Shareholders (or the Company's Board of Directors, for organizational restructuring etc. that does not require the approval of the General Meeting of Shareholders), or for other cause deemed proper by the Company's Board of Directors, the Company may deliver a reasonably adjusted number of shares, or pay an equivalent amount of money reasonably calculated by the Company's Board of Directors (within 75,000 thousand yen per annum, including total value of shares of the Company's common stock to be issued or disposed of to Eligible Directors under the Plan) in lieu of the delivery of shares, as necessary, at a time reasonably determined by the Company's Board of Directors.

Item 2. Transitional Measures

1. Overview of the Transitional Measures

As stated above, the initial Evaluation Period under the Plan shall be the single fiscal year from April 1, 2022 to March 31, 2023. The timing of the issuance or disposal of shares of the Company's common stock to Eligible Directors shall be in or after the Company's 102nd fiscal year (April 1, 2023 to March 31, 2024).

Transitional Measures shall consist of the issuance or disposal of a number of shares of restricted stock, calculated with this fiscal year as the Evaluation Period, to Eligible Directors as performance-linked remuneration under the Plan for this fiscal year, based on a resolution of the Company's Board of Directors, to swiftly achieve value-sharing between Members of the Board of Directors and shareholders: one of the aims of introducing the Plan. The Company shall conclude the Allotment Agreement with Reappointed Directors when issuing or disposing of these shares.

2. Details of remuneration, etc. under the Transitional Measures

(1) Method used to calculate remuneration, etc. under the Transitional Measures

Under the Transitional Measures, each Reappointed Director shall receive a number of shares of the Company's common stock through issuance or disposal of shares, for no consideration, calculated in accordance with the Plan, with this fiscal year as the Evaluation Period, based on a resolution of the Company's Board of Directors. The Performance Targets for each evaluation measure (amount of

consolidated segment profit, ratio of consolidated segment profit, amount of profit attributable to owners of parent, and ratio of profit attributable to owners of parent) for this fiscal year shall be as presented in the *kessan tanshin* (financial results report) dated May 13, 2022. The degree of achievement of performance Targets for this fiscal year shall be as shown below.

| Achievement of evaluation measures | Degree of achievement of Performance Targets |
|------------------------------------|--|
| 4 measures achieved | 100% |

(2) Maximum amount of remuneration, etc. under the Transitional Measures

The total number of shares of the Company's common stock to be issued or disposed of to Reappointed Directors under the Transitional Measures shall not exceed 10,000 shares. (However, this limit may be adjusted within a reasonable range in the event that the Company's common stock undergo a stock split or a consolidation of shares or other unavoidable cause.)

The total value of shares of common stock of the Company issued or disposed of to Reappointed Directors under the Transitional Measures shall not exceed 37,500 thousand yen. (The shares shall be granted through issue or disposal of such shares as remuneration, etc. for Members of the Board of Directors of the Company, and do not require the payment of an amount for subscribed shares. However, the amount of remuneration per share granted to Reappointed Directors shall be calculated based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the last business day before the date of the resolution of the Board of Directors, or, if trading is not effected on that date, the closing price on the last trading day of the Company's stock preceding the resolution.)

Remuneration limits under the Transitional Measures shall be established separately from the current amounts of monetary remuneration for Members of the Board of Directors of the Company, from stock remuneration under the Plan, and from the Remuneration Limit. They shall only apply to performance-linked stock remuneration for this fiscal year.

II. Establishment of the Remuneration Limit

1. Overview of the Remuneration Limit

The Company has adopted a system of performance-linked bonuses (hereinafter, the "Bonus System") for the payment of bonuses to Eligible Directors, with the objective of increasing the correlation between the remuneration of each Member of the Board of Directors and business performance, to increase motivation to improve business performance via appropriate corporate management, and further promoting value-sharing with shareholders. Each year, the Company has requested the approval of the General Meeting of Shareholders to the payment of an amount of bonuses calculated based on performance in the previous fiscal year.

We now propose to establish a remuneration limit of 200,000 thousand yen per annum from this fiscal year onward, for the portion of performance-linked remuneration that is monetary remuneration under the Bonus System.

We intend to calculate the portion of performance-linked remuneration that is monetary remuneration under the Bonus System based on the amended policy for determining the remuneration of each Member of the Board of Directors, the outline of which is described below.

The Remuneration Limit shall be established separately from the current amounts of monetary remuneration for Members of the Board of Directors of the Company, from stock remuneration under the Plan, and from stock remuneration under the Transitional Measures.

<Reference> Overview of the policy for determining the remuneration of each Member of the Board of Directors

Remuneration for Members of the Board of Directors shall comprise fixed remuneration (basic remuneration), paid monthly in a fixed amount, and performance-linked remuneration (bonuses) linked to the Company's performance. Compensation for Members of the Board of Directors (Outside) shall consist only of fixed remuneration, and no performance-based remuneration shall be paid, in view of their roles and independence.

The amount of fixed remuneration shall be based on position and duties, within the limit on the total amount of remuneration established by resolution of the General Meeting of Shareholders. It shall be decided by a resolution of the Board of Directors upon consultation with the Remuneration Committee, a non-statutory body consisting of the Representative Directors and the Members of the Board of Directors (Outside), and paid to each Member of the Board of Directors monthly.

Performance-linked remuneration shall comprise monetary remuneration and stock remuneration. The amount of monetary remuneration shall be decided by resolution of the Board of Directors upon consultation with the Remuneration Committee, within the limit on the total amount of remuneration established by resolution of the General Meeting of Shareholders. It shall not exceed 1.0% of the profit attributable to owners of parent in the fiscal year preceding the fiscal year in which the performance-linked remuneration is paid (the Evaluation Period), or 40% of the sum of basic remuneration for Members of the Board of Directors (excluding Members of the Board of Directors (Outside)) and the monetary portion of performance-linked remuneration. The amount of monetary remuneration to be paid to each Member of the Board of Directors shall be decided by resolution of the Board of Directors upon consultation with the Remuneration Committee. This amount shall be paid to each Member of the Board of Directors simultaneously after the end of the Evaluation Period, based on the proportional weight preassigned to the position held by each.

Stock remuneration shall be by resolution of the Board of Directors upon consultation with the Remuneration Committee, and delivered to each Member of the Board of Directors simultaneously after the end of the Evaluation Period. The number of shares shall be based on the proportional weight preassigned to the position held by each Member of the Board of Directors, and depend on the degree of achievement of the measures that form the basis for calculating performance-linked remuneration for the Evaluation Period, within the limits on the number of shares and the total amount of remuneration established by resolution of the General Meeting of Shareholders.

The measures that form the basis for calculating performance-linked remuneration shall comprise four calculation measures for the Evaluation Period (amount of consolidated segment profit, ratio of consolidated segment profit, amount of profit (loss) attributable to owners of parent, and ratio of profit (loss) attributable to owners of parent), and the amount or number of performance-linked remuneration shall be calculated based on the degree to which the consolidated forecasts for these calculation measures have been achieved. Performance-linked remuneration shall not be paid if the Company records a loss attributable to owners of parent.

The approximate ratio of the amounts of each class of remuneration for Member of the Board of Directors (excluding Member of the Board of Directors (Outside)) in the case of 100% achievement of performance measures shall be as follows: 6:3:1, being the ratio of fixed remuneration to performance-linked monetary remuneration to performance-linked stock remuneration, respectively.

It is the Company's policy to calculate and determine the amounts of fixed remuneration and performance-linked remuneration for each Member of the Board of Directors based on a validation of the appropriateness of said remuneration by the Remuneration Committee, and the content of the Remuneration Committee's report to the Board of Directors stating that said remuneration is appropriate.

Proposal 7: Revision of the Amount of Remuneration for Audit & Supervisory Board Members

The amount of remuneration for Audit & Supervisory Board Members of the Company of 8,000 thousand yen or less per month was approved by the 89th Ordinary General Meeting of Shareholders held on June 24, 2011, and it has been applied to this date. However, in order to increase the number of members to enhance governance and in consideration of other circumstances, the Company proposes to change the amount of remuneration for Audit & Supervisory Board Members to 10,000 thousand yen or less per month.

The number of Audit & Supervisory Board Members is currently four (4). If Proposals 2 and 4 are approved as originally proposed, the number of Audit & Supervisory Board Members will be five (5).

Proposal 8: Renewal of Countermeasures to Large-Scale Purchase of the Company's Shares (Takeover Defense Measures)

The Company introduced Countermeasures to Large-Scale Purchase of the Company's Shares ("Takeover Defense Measures") with the approval of the shareholders of the Company at the 85th Ordinary General Meeting of Shareholders held on June 26, 2007, and the most recent renewal of the Takeover Defense Measures took place pursuant to a resolution at the 97th Ordinary General Meeting of Shareholders held on June 25, 2019 (hereinafter, the "Present Plan"). However, the effective period of the Present Plan will expire at the conclusion of this General Meeting of Shareholders. In an effort to ensure and enhance the Company's corporate value and ultimately shareholders' common interests for the medium and long terms, the Company has continued to review the approach to the Takeover Defense Measures since the renewal of the Present Plan, including the pros and cons of its continuation, in view of the changes of the social and economic situations, the various trends of takeover defense measures and the development of diverse discussions.

As a result, the Company decided at the Board of Directors' meeting held on May 23, 2022 to renew the Present Plan (hereinafter, the plan after the renewal is referred to as the "Plan") subject to the approval of the shareholders at this General Meeting of Shareholders, with regard to the framework to avoid control over the Company's financial and business policy decisions by inappropriate entities in light of the Company's basic policy for entities who control the financial and business policy decisions of the Company, in accordance with Article 118, Item 3 of the Ordinance for Enforcement of the Companies Act. We request the approval of the shareholders on this proposal.

For details on the Plan, please refer to the attached document (the timely disclosure document announced as "Renewal of Countermeasures to Large-scale Purchase of the Company's Shares (Takeover Defense Measures)" dated May 23, 2022).

END

PRESS RELEASE

Company name: KYB Corporation
Representative: Masao Ono
Representative Director,
President Executive Officer
(Securities code: 7242, TSE (Prime
Market))
Contact: Minoru Ishikawa
Managing Executive Officer,
General Manager, CSR & Safety
Control Div.
(Tel: +81-3-3435-6460)

**Renewal of Countermeasures to Large-Scale Purchase of the Company's Shares
(Takeover Defense Measures)**

KYB Corporation (the "Company") introduced Countermeasures to Large-Scale Purchase of the Company's Shares (Takeover Defense Measures) with the approval of the shareholders of the Company at the 85th Ordinary General Meeting of Shareholders held on June 26, 2007, and the most recent renewal of the Takeover Defense Measures took place pursuant to a resolution at the 97th Ordinary General Meeting of Shareholders held on June 25, 2019 (hereinafter, the "Present Plan"). However, the effective period of the Present Plan will expire at the conclusion of the 100th Ordinary General Meeting of Shareholders of the Company to be held in June 2022 (hereinafter, this "Shareholders' Meeting"). In an effort to ensure and enhance the Company's corporate value and ultimately shareholders' common interests for the medium and long terms, the Company has continued to review the approach to the Takeover Defense Measures since the renewal of the Present Plan, including the pros and cons of its continuation, in view of the changes of the social and economic situations, the various trends of takeover defense measures and the development of diverse discussions.

As a result, the Company decided at the Board of Directors' meeting held today to renew the Present Plan (hereinafter, the plan after the renewal is referred to as the "Plan") subject to the approval of the shareholders at this Shareholders' Meeting with regard to the framework to avoid control over the Company's financial and business policy decisions by inappropriate entities in light of the Company's basic policy for entities who control the financial and business policy decisions of the Company (hereinafter, "the Basic Policy on the Control of the Company"), in accordance with Article 118, Item 3 of the Ordinance for Enforcement of the Companies Act.

All of the Audit & Supervisory Board Members attended the Board of Directors' meeting that determined the Plan, and none of them expressed objections to the Plan.

The status of the Company's shares as of March 31, 2022 is as per Exhibit 1. For your information, no approach or proposal for a large-scale purchase of the Company's shares has been made as of today.

I. Basic Policy on the Control of the Company

As a listed company, we consider that the shares of the Company are to be freely traded by shareholders and investors, and that any proposal for a large-scale purchase of the Company's shares or similar actions shall not be denied out of hand and shall ultimately be judged by the free opinions of shareholders.

However, the Japanese capital market once showed a trend of large-scale purchases of shares or similar actions being forced on target corporations unilaterally without the consent of the management of the target corporations. We cannot deny that such actions may possibly be forced on the Company in the future. Specifically, the Company has been responding to the nonconforming acts in the inspection process, etc. for seismic isolation/mitigation oil dampers disclosed in 2018, and the excessive posting of man-hours in the Aircraft Components business disclosed in 2019. The share price is recovering as a result, but still appears to be undervalued, partly due to the impact of COVID-19 and other factors in the external environment. The Group is continuing to restructure to improve capital.

We believe that a person who controls the financial and business policy decisions of the Company should be a person who fully understands the management principles, the various sources of the corporate value of the Company, and the Company's relationship of trust with the stakeholders supporting the Company, and works to ensure and enhance the Company's corporate value and shareholders' common interests for the medium and long terms. To this end, such a person needs to amass the power of the Group by exercising strong leadership with the trust of the officers and employees of the Group. Therefore, we consider that any person who may impair the Company's corporate value and shareholders' common interests by an inappropriate proposal for a large-scale purchase or similar actions is inappropriate as an entity that controls the financial and business policy decisions of the Company.

II. Effective Use of the Company's Assets, Formation of an Appropriate Business Group, and Other Special Efforts to Contribute to the Realization of the Basic Policy

The Company implements the following measures in an effort to ensure and enhance the Company's corporate value and shareholders' common interests for the medium and long terms, in order to have many investors continually invest in the Company for the long term. We believe that this effort will contribute to the realization of the Basic Policy on the Control of the Company described in I. above.

1. Efforts to enhance corporate value under the "Key Initiatives for the Medium Term"

Fiscal 2022, ending March 2023, is the final year of the 2020 medium-term management plan. Under the slogan "recovering trust and pride," we have promoted the transition to a high-profit structure while positioning recurrence prevention measures against nonconforming acts related to seismic isolation/mitigation oil dampers, etc., corporate culture reform, respect for social norms and thorough compliance at the core of our management. Our progress was significantly hampered by the spread of COVID-19 in fiscal 2020, but in fiscal 2021 we made up for the delay, in spite of headwinds such as soaring raw material prices and semiconductor shortages.

Fiscal 2022 marks the culmination of the current medium-term management plan. We will strive to develop new products for sustainable growth and implement production innovations and cost reductions by building next-generation innovative plants to strengthen profitability, focusing management resources on the three businesses that will form the pillars of growth in the future: automotive components, hydraulic components, and special-purpose vehicles. We will promote ESG management to complete the current medium-term management plan and link our efforts to the next medium-term management plan.

(1) Management

Respect for social norms and thorough compliance, Human resources development and health and productivity management, Safety First and Quality Management, High-profit structure

We have responded to stakeholder expectations and fulfill our corporate social responsibility to contribute to society by achieving sustainable growth and enhancing corporate value, while endeavoring to strengthen corporate governance.

Firstly, the conformance of seismic isolation/mitigation oil dampers products, the prerequisite for regaining trust, reached 97% by the end of fiscal 2021. We will continue to position Respect for social norms and thorough compliance at the core of our management, embed a corporate culture that respects social norms, continue activities to prevent recurrence across the Group, and endeavor to strengthen governance. Moreover, from the perspectives of ESG and the SDGs, social requirements, we will establish a sustainability committee, which will act as the headquarters for achieving carbon-neutral status and promoting ESG management.

Regarding workstyle reforms, we will thoroughly implement health and productivity management,

including measures to prevent disease, clarify our emphasis on human rights and our intolerance of any form of harassment, implement the optimal allocation of human resources after Group restructuring, promote DX by securing and training digital human resources, and engage in creating open workplaces with good communication.

Regarding safety and quality, we will thoroughly prevent workplace accidents and fires, reform employee awareness based on quality training, and promote the achievement and maintenance of zero quality issues. We will also strengthen cyber-security against the threats that have rapidly becoming an issue for corporate management in recent years.

In order to achieve a high-profit structure, we will revise our business portfolio strategy, optimize management resources by reducing total costs globally and optimizing our global production system, and complete the implementation of improvement plans for unprofitable businesses, operating bases, and products.

In terms of growth strategy, we will capture trends such as MaaS and CASE, formulate strategies for new markets and products that will become next-generation revenue sources, seek entry into EV and emerging manufacturers, and actively invest management resources in growth fields.

(2) Progress on Recurrence Prevention Measures and Response to Nonconforming Acts Related to Seismic Isolation/Mitigation Oil Dampers for Buildings

Since July 5, 2019, we have regularly disclosed the state of progress on recurrence prevention measures and response to this issue on the Company's website. Please refer to the webpages shown below.

As of March 31, 2022, all 67 specific recurrence prevention measures are "completed," and we are continuing measures to ensure that they are maintained and embedded.

Progress on recurrence prevention measures (Japanese version only)

<https://www.kyb.co.jp/company/progress/prevent.html>

Progress on response (Japanese version only)

https://www.kyb.co.jp/company/progress/exchange_progress.html

(3) Global COVID-19 Pandemic

Business results have been impacted by the measures, such as restrictions on outings and movement, imposed by national and local governments in each country, and production cuts by the Group's major customers due to the COVID-19 pandemic. Even in regions where the pandemic has been brought under control, the emergence of new variance has led to renewed spread on several occasions, and the outlook remains uncertain. Each Group company will comply with the restrictions and guidelines implemented by national and local governments in each country, and endeavor to prevent the spread of infection through measures such as thorough implementation of hygiene management, restrictions on business travel within Japan and overseas, and the active introduction of teleworking and online meetings.

(4) Automotive Components Operations

Unlock potential with strengthening, evolution and new initiative

Under the 2020 medium-term management plan, we are strengthening and evolving existing businesses while pursuing new opportunities as a growth strategy, to unlock the potential of our Automotive Components Operations. Fiscal 2022 is the culminating year of the current medium-term management plan, and we are continuing the fixed cost reductions, securing profit at individual locations by executing various reorganization plans, enhancing mechanisms and systems for business controls, conducting profit-oriented management by securing cost competitiveness, developing new markets and products and cultivating new customers through technological development that will make us the chosen supplier for our customers, such as the electrification of vehicles and environmental response, and implementing structural reforms in the aftermarket business with cooperation among production, marketing and technology development operations.

(5) Hydraulic Components Operations

Continue to be a first-choice global manufacturer that customers trust, by swiftly responding to market change and anticipating demand

Our basic policy under the 2020 medium-term management plan has been to enhance long-term profitability through selection and focus. Fiscal 2022 is the culminating year of the current medium-term management plan, and we are promoting strategies to enhance profitability for each product group, reduce costs and promote local sourcing, exit unprofitable businesses and products, and complete the enhancement of production systems. In addition, we are optimizing and strengthening the function of Hydraulic Components Operations overall by reorganizing sales departments and improving the productivity of back-office operation. We will also proceed with the development and mass-production of electronic, electrified,

systematized next-generation electronic hydraulic equipment, centered on our regional strategy, shift our focus to earning-power, and link this to the next medium-term management plan.

(6) Special-Purpose Vehicles Division

Develop high value-added products that meet market needs to strengthen the profit structure, Promote new products that can contribute to a decarbonized society and the research and development of next-generation products through collaboration with other businesses

Our basic strategy is to achieve sustainable growth through businesses that are friendly to the earth and humanity, and that our employees can feel proud of. In Japan, we will develop high value-added products that meet market needs to strengthen the profit structure, promote the development of new products that can contribute to a decarbonized society and the research and development of next-generation products through collaboration with other businesses. Overseas, we will proceed to establish the foundations for global systems through the formulation of a new overseas business plan.

(7) Aircraft Components Division

Rebuild production systems, Prepare a total exit scenario

Since the time of the Company's founding, we have engaged in operations concerning hydraulic equipment for aircraft, but as a result of a total reconsideration of our business portfolio, we have decided on a basic policy of exiting the aircraft components business, which we announced on February 9, 2022, in order to strengthen our corporate competitiveness through the selection and focus of management resources.

Looking ahead, we plan a complete, staged termination of Aircraft Components Division, including repairs. We will formulate an exit plan that our customers can accept, while reorganizing production systems based on a safety-first, quality management approach.

(8) Technology and Product Development

Produce innovation through the utilization and fusion of digital technologies

Our basic policy under the 2020 medium-term management plan has been to develop technologies and products, and we have strived to curb costs at the development stage, obtain superior patents, and enhance development efficiency by spreading model-based development (MBD) companywide and testing IP landscaping, to achieve the efficient development of technologies and products and create high-profit products. We have also enhanced our technology roadmap from a medium-term perspective and proceeded with the creation of new value and new technologies, while utilizing external organizations, to promote research and development activities that will link to the achievement of carbon-neutral status and ESG management. In fiscal 2022, we will create new products combining technologies such as vibration control, power control, and electronics, around our core hydraulic technologies. We will also contribute to achieving the SDGs and carbon neutral status, which are social requirements. Moreover, we will proceed with our overall DX promotion system, utilizing it not only in everyday business activities, but also in the Ship's 30 activities aimed at achieving new, innovative self-sufficient plants by 2030, and in our research and development activities.

(9) Human Resources Development

Creating healthy and rewarding workplaces, Developing human resources who can help put our Corporate Spirit into practice, Improving productivity of back-office operations

We regard the health of our employees and their families as a vital management resource, and the source of our corporate activities. We are engaged in creating rewarding workplaces that are healthy for the mind and body of each employee. As one initiative to promote health management, we have acquired certification as a Health & Productivity Management Organization for three consecutive years, and aim for White 500 certification in 2024. We are fostering awareness of compliance in order to regain trust, creating open workplaces free from harassment, and promoting diversification of human resources, while also building mechanisms to recruit DX human resources. We are also training operating base managers globally, while increasing the value-added productivity of back-office operations, mainly with robotic process automation (RPA), which will lead to lower fixed costs.

(10) *Monozukuri* (manufacturing expertise)

From possible improvements to necessary improvements: improving points, lines and surfaces, Achieve innovative *monozukuri* that tracks changes in volumes

We have promoted production innovation activities to achieve optimal, innovative *monozukuri* in each fiscal year, and continually produce stable profits. In fiscal 2021, we launched the Ship's 30 activities to achieve innovative, self-sufficient plants with completely synchronized processing and assembly by 2030 at our Gifu North Plant and Gifu South Plant, for Automotive Components Operations and Hydraulic

Components Operations, respectively. We will expand this initiative to our main operating bases in fiscal 2022. We will endeavor to leverage the IoT to improve productivity, revive TPM equipment maintenance activities, and aim to develop the capability to apply more sophisticated maintenance and management for innovative production lines in the future. To this end, we have established the Production Innovation Promotion Dept. and TPM Promotion Sect., which will proceed with their activities. Through these activities, we will promote production and logistics reforms, cost improvements through inventory reductions, production equipment to achieve innovative *monozukuri*, and the development of product assessment technologies, as well as enhance the effectiveness of investment in equipment and develop human resources to drive these improvements.

KYB Group will make efforts to reform the corporate structure focused on making itself lean and strong, while steadily implementing the above key initiatives toward a restoration of trust.

2. Basic Concept for Corporate Governance

In order to fulfill the corporate social responsibility as to contribution to the society as well as to meet shareholders' expectations through realization of sustainable and stable growth and the increase of corporate value, we (mainly the Board of Directors) pursue a speedy and efficient management structure, a highly fair and transparent management supervisory function, and continuous efforts to strengthen and enhance our corporate governance based on the following management principles and basic policies.

<Management Principles>

"By serving technologies and products that make people's life safe and comfortable, KYB Group dedicates to the society."

1. We shall follow all rules and face all issues with honesty.
2. We shall build a corporate culture full of vitality, and hold high goals.
3. We shall value sincerity, cherish nature, care for the environment.
4. We shall constantly pursue creativity, contribute to the prosperity of customers, shareholders, suppliers and society.

<Basic Policies>

1. We shall respect the rights of shareholders, and ensure the equal and fair treatment of all shareholders.
2. We shall take the benefits of stakeholders into consideration and endeavor to appropriately cooperate with those stakeholders.
3. We shall disclose not only the information in compliance with the relevant laws and regulations, but also actively provide the important and/or useful information to stakeholders for their well-informed decision making.
4. The Board of Directors shall be cognizant of its fiduciary responsibility and accountability to shareholders, and shall appropriately fulfill its roles and responsibilities in order to promote sustainable and stable corporate growth and increase corporate value, profitability, and capital efficiency.
5. We shall engage in constructive dialogue with shareholders, and make efforts to obtain shareholders' support regarding the Company's Business Policies and also reflect shareholders' opinions and concerns in the improvement of management.

III. Contents of the Plan (Efforts to avoid Control over Financial and Business Policy Decisions by Inappropriate Entities in Light of the Basic Policy on the Control of the Company)

1. Purpose of Introduction of the Plan

For the management of the Company, aiming to enhance or ensure corporate value and shareholders' common interests for the medium and long terms, a wide range of know-how, a wealth of experience, and a full understanding of the relationships constructed with stakeholders such as customers, employees and clients etc. are indispensable. Without a full understanding of the business characteristics of the Company, shareholders will not be able to appropriately judge the shareholder value which may be realized in the future. Upon a sudden execution of a large-scale purchase, shareholders are obliged to promptly and appropriately judge whether the purchase price offered by those conducting the large-scale purchase is reasonable in comparison with the Company's corporate value and shareholders' common interests. For this judgment, it is essential for shareholders to be provided necessary and sufficient information from both the Board of Directors of the Company and the large-scale purchaser. The concept of the management policy and business plan which the large-scale purchaser may pursue when joining the management of the Company is an important piece of

information for shareholders to study when they intend to continue holding the shares of the Company. The opinions of the Board of Directors of the Company about the said large-scale purchase will be similarly important for shareholders.

Considering the above, the Board of Directors of the Company reached the conclusion that, upon a large-scale purchase, the large-scale purchaser should provide necessary and sufficient information on the large-scale purchase in advance to allow shareholders to appropriately judge the large-scale purchase. After this information is provided, the Board of Directors of the Company will announce its opinion on the large-scale purchase based on careful examinations and the advice of external experts (financial advisors, certified public accountants, lawyers, consultants and other experts) as necessary. The Board of Directors will negotiate for improvement of conditions for the large-scale purchase and propose an alternative plan to shareholders as necessary. Through this process, shareholders will be able to examine both the proposal of the large-scale purchaser and an alternative plan proposed by the Board of Directors of the Company, if any, by referring to the opinions of the Board of Directors of the Company. Thus, the shareholders will be given the necessary information and opportunity to make a final decision.

Accordingly, the Board of Directors of the Company considers that a large-scale purchase conducted based on a certain rational guideline will be conducive to the Company's aim to enhance or ensure the Company's corporate value and shareholders' common interests over the medium and long terms. The Company decided to establish a guideline on the information to be provided in the case of a large-scale purchase, as described below (hereinafter, the "Large-scale Purchase Rule"), and to renew the Plan (please see the flow chart in Exhibit 2), subject to the approval of the shareholders at this Shareholders' Meeting, as Takeover Defense Measures including the Company's policy toward large-scale purchases, in an effort to avoid control over financial and business policy decisions by inappropriate entities who attempt a large-scale purchase, in light of the Basic Policy on the Control of the Company described in I. above.

2. Purchase of the Company's Shares Subject to the Plan

"Purchase of the Company's Shares subject to the Plan" shall mean an act, with the intention of bringing the specified shareholder group's (Note 1) proportion of voting rights (Note 2) to 20% or more, of purchasing share certificates, etc. of the Company (Note 3), or the act of purchasing share certificates, etc. of the Company resulting in the specified shareholder group's proportion of voting rights of 20% or more (regardless of specific purchase methods such as market transaction or tender offer, and excluding a purchase previously approved by the Board of Directors, in both acts; hereinafter, such a purchase is referred to as a "large-scale purchase" and a person who conducts such a purchase is referred to as a "Large-scale Purchaser.")

Note 1: Specified shareholder group means:

- (i) Holders (meaning those who are included among the holders based on Article 27-23, Paragraph 3 of the Financial Instruments and Exchange Act (including those recognized to apply by the Board of Directors of the Company); hereinafter the same shall apply.) of the share certificates, etc. (share certificates, etc. provided in Article 27-23, Paragraph 1 of the same Act) of the Company and joint holders (joint holders provided in Article 27-23, Paragraph 5 of the same Act and including those deemed as joint holders based on Paragraph 6 of the same Article; hereinafter the same shall apply) thereof or,
- (ii) those who conduct purchase, etc. (purchase, etc. provided in Article 27-2, Paragraph 1 of the same Act and including transactions in the Financial Instruments Exchange Markets) of share certificates, etc. (including share certificates, etc. provided in Article 27-2, Paragraph 1 of the same Act) of the Company and persons in special relationships (persons in special relationships provided in Article 27-2, Paragraph 7 of the same Act; hereinafter the same shall apply).

Note 2: Proportion of voting rights means:

- (i) If the specified shareholder group corresponds to (i) of Note 1, the holding ratio of the share certificates, etc. (the holding ratio of the share certificates, etc. provided in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act. In this case, the number of share certificates, etc. held by the joint holders of such holders (the number of share certificates, etc. provided in the same Paragraph) shall be added. In the calculation of such holding ratio of share certificates, etc., persons in special relationships defined in Article 27-2, Paragraph 7 of the same Act, financial institutions who have concluded financial advisor contracts with the Large-scale Purchasers such as investment banks and securities firms, and agents of tender offeror and brokerage lead managers of the Large-scale Purchasers shall be deemed to be joint holders of the Large-scale Purchasers) of such holders or,
- (ii) if the specified shareholder group corresponds to (ii) of Note 1, the total of the holding ratio of the share certificates, etc. of such purchasers and persons in special relationships (the holding ratio of share certificates, etc. provided in Article 27-2, Paragraph 8 of the same Act).

In calculating the proportion of voting rights, the total amount of voting rights and outstanding shares stated in the most recently submitted annual securities report, semi-annual securities report, or share buyback report may be used.

Note 3: Share certificates, etc. shall correspond to either share certificates, etc. provided in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act or share certificates, etc. provided in Article 27-2, Paragraph 1 of the same Act.

3. Establishment of Independent Panel

The Board of Directors of the Company will make the final judgment on whether or not a series of procedures has been taken according to the Large-scale Purchase Rule, or, even if the Large-scale Purchase Rule is observed, whether or not countermeasures against the large-scale purchase should be taken because the said large-scale purchase is expected to severely undermine the Company's corporate value and shareholders' common interests. In order to implement the Plan appropriately and prevent an arbitrary decision by the Board of Directors of the Company, so as to secure objectivity and rationality of the decision, we will establish an Independent Panel similar to the Present Plan (for an overview of the Independent Panel Regulations, please see Exhibit 3).

The number of panel members of the Independent Panel shall be three (3) or greater, and in order to enable fair and neutral judgment, the panel members shall be elected from among Member of the Board of Directors (Outside) and Audit & Supervisory Board Member (Outside) of the Company who are independent from the management responsible for business execution. The Independent Panel currently consists of two Members of the Board of Directors (Outside) and one Audit & Supervisory Board Member (Outside). After the conclusion of this Shareholders' Meeting, three Members of the Board of Directors (Outside) will take office under the Plan. With regard to the names and brief career histories of the members of the Independent Panel who are to assume office after the conclusion of this Shareholders' Meeting, please see Exhibit 4.

Before implementing the countermeasures, the Board of Directors of the Company shall consult with the Independent Panel on whether or not to do so. The Independent Panel shall recommend to the Board of Directors of the Company whether or not the situation allows the Board of Directors of the Company to implement the countermeasures, after careful evaluation and examination of the large-scale purchase from the viewpoint of ensuring and enhancing the Company's corporate value and shareholders' common interests for the medium and long terms. The Board of Directors of the Company shall decide on the implementation of the countermeasures with utmost respect to the recommendations of the Independent Panel. An outline of the recommendations of the Independent Panel shall be announced as needed.

In order to ensure that the judgment of the Independent Panel will contribute to the Company's corporate value and shareholders' common interests, the Independent Panel may obtain advice from independent third-party experts (financial advisors, certified public accountants, lawyers, consultants, and other experts) at the expense of the Company, as needed.

4. Overview of the Large-scale Purchase Rule

(1) Submission of the Letter of Intent by the Large-scale Purchaser to the Company in advance

Prior to conducting a large-scale purchase or the proposal of a large-scale purchase, Large-scale Purchasers who intend to conduct the large-scale purchase must first submit to the Representative Director of the Company a pledge on observance with the Large-scale Purchase Rule, along with a Letter of Intent written in Japanese language, including the following information:

- (i) Name and address of the Large-scale Purchaser
- (ii) Governing law for incorporation
- (iii) Name of the representative
- (iv) Contact in Japan
- (v) Outline of the large-scale purchase to be proposed and such

In case of receipt of the Letter of Intent from a Large-scale Purchaser, the Board of Directors of the Company shall promptly announce its receipt and, if deemed necessary, its contents.

(2) Provision of Necessary Information by the Large-scale Purchaser

Within ten (10) business days from the day following the day of receipt of a complete Letter of Intent (including all of items (i) through (v) of (1) above), the Board of Directors of the Company shall issue to the Large-scale Purchaser a written document describing the documentation required to be submitted to the Board of Directors of the Company as information on the large-scale purchase, and, in accordance with this written document, the Large-scale Purchaser must submit to the Board of Directors of the Company the required

information in writing on the large-scale purchase (hereinafter, “the Necessary Information”). Further, provision of the Necessary Information based on the Large-scale Purchase Rule and other notices or communication to the Company, Japanese should be the only language to be used.

The Necessary Information usually includes the items below. Specific contents of the Necessary Information may differ according to the attributes of the Large-scale Purchaser and purpose and contents of the large-scale purchase. In any case, the Necessary Information must be limited to a range necessary and sufficient to allow the shareholders to form judgments and allow the Board of Directors of the Company to construct opinions.

- (i) Details (specific name, investment ratio, contents of business, career or corporate history, capital composition, financial status, total number of outstanding shares, existence of any legal violations over the past 10 year period (if any, an outline), number of the Company’s shares held, history of buying and selling the Company’s shares; name, brief history, number of shares held, and existence of any legal violations in the past (if any, an outline), number(s) of the Company’s shares held and history of buying and selling the Company’s shares with regard to officers) of the Large-scale Purchaser and its group (including major shareholders or investors, principal subsidiaries and affiliates, joint holders, and persons in special relationships; and, in a case where the Large-scale Purchaser is a fund or entity invested by funds, its principal partners, investors (whether direct or indirect), other constituent members, executive partners, and persons who continually provide advice on investment; hereinafter, the same shall apply).
- (ii) Specific contents of the internal control system of the Large-scale Purchaser and its group and the effectiveness and status thereof.
- (iii) Purpose (specific contents of the purpose disclosed in the Letter of Intent), method and contents (including the price and class of consideration (in a case where securities, etc. are used as consideration, the class and exchange rate of the said securities, etc.; in a case where securities, etc. and money are used as consideration, the class and exchange rate of the said securities, etc. and amount of money), timing of the purchase, structure of related transactions, legality of the method of the large-scale purchase, feasibility of the large-scale purchase and related transactions, and, in a case where the Company’s shares will be delisted after the completion of the large-scale purchase, the extent and the reason thereof; to be submitted together with the written opinion of a qualified lawyer on the legality of the method of the large-scale purchase).
- (iv) Basis for calculating the price of the large-scale purchase (the basis for calculation includes: the specific calculation base; in a case where the money for consideration differs from the market price and/or from the price of the transaction conducted recently by the Large-scale Purchaser, the amount of difference, the calculation method, the specific contents of basis for conversion in case of any difference in purchase price according to class of shares, numerical information used for the calculation, the details of synergy expected to arise through the series of transactions regarding the purchase, etc., and the dis-synergy amount and basis for calculating the same; and in a case where an opinion is obtained from a third party for calculation, the name of the said third party and an outline of the opinion and specific circumstances in which the price was determined based on the said opinion).
- (v) Existence of any communication of intent with a third party on the large-scale purchase (including communication of intent to act of making important decision, etc. (“Act of Making Important Decision” provided in Article 27-26, Paragraph 1 of the Financial Instruments and Exchange Act) to the Company) and, if such communication of intent exists, the specific situation and contents of the communication of intent.
- (vi) Source of funds for the Large-scale Purchase (balance of a deposit by class of deposit in the case of a deposit, the specific name and type of business of the fund provider (including the substantial fund provider (whether direct or indirect)), the procurement method, the amount to be procured, the existence of any conditions pertaining to the execution of the funding, the existence of any collateral and pledge after the provision of the funding, the contents of the collateral and pledge, if any, and the contents of related transactions.).
- (vii) If there are any existing lease agreements, collateral agreements, reselling agreements, agreements to purchase with a promise, or other significant contracts or agreements regarding the Company’s shares already held by the Large-scale Purchaser (hereinafter, the “collateral agreements, etc.”), the specific contents of the collateral agreements, etc., such as the types of agreement, the counterparties of the agreements, and the quantities, etc. of shares subject to the agreements.
- (viii) In a case where the Large-scale Purchaser plans to conclude collateral agreements, etc. or other agreements with third parties regarding the Company’s shares that the Large-scale Purchaser plans to obtain in the large-scale purchase, the specific contents of the collateral agreements, etc. or other agreements with third parties, including the types of agreement, the counterparties of the agreements, and the quantities of shares subject to the agreements.
- (ix) Candidates for officers (including information about their experience in the same kind of business as that

- of the Company and the Group), management policy, business plan, financial plan, cash plan, investment plan, capital policy, and dividend policy of the Company and the Group (including plans for organization restructuring, reorganization of the business group, dissolution, selling of the assets of the Company, provision of collateral and other disposition, expected after the completion of the large-scale purchase).
- (x) Whether or not there will be any changes after completion of the large-scale purchase, in the relationships with the customers, clients, employees, officers, or local public organizations in the locations where the Company's laboratories, factories, or other facilities are located, or the relationships with other interested parties related to the Company and the Group, and if so, the contents of the changes.
 - (xi) In a case where the large-scale purchase is conducted for the purpose of pure investment or investment for other purpose than profits, the shareholding policy, purchase and sale policy, and policy of exercising voting rights after the large-scale purchase and the reasons for those policies, and in a case where the large-scale purchase is conducted as non-pure investment for the purpose of long-term capital tie-up, the necessity thereof.
 - (xii) In a case where the purpose of the large-scale purchase is to conduct an Act of Making Important Decision or a case where an Act of Making Important Decision may possibly be made after the large-scale purchase, information on the purpose, contents, necessity, and timing of the Act of Making Important Decision and on the specific case or cases where the Acts of Important Decision will be made.
 - (xiii) In a case where an additional purchase of the Company's shares is intended after the large-scale purchase, the reasons and contents thereof.
 - (xiv) Regulatory items that will possibly apply to the large-scale purchase based on laws and regulations in Japan and abroad, and the probability of obtaining approvals, permissions or authorizations required from the relevant governments in Japan and abroad or from third parties based on the anti-monopoly law and other laws and regulations (to be submitted together with a written opinion of a qualified lawyer on these matters).
 - (xv) The probability that permissions and authorizations necessary in Japan and abroad for the management of the Company group will be maintained, and the probability that the various relevant laws and regulations in Japan and abroad will be observed after the completion of the large-scale purchase.
 - (xvi) Existence of any relationship (whether direct or indirect) with anti-social forces or terrorism-related organizations, and, if any, the details of such relationship and any existing policy to deal with them.
 - (xvii) Other matters deemed to be reasonably necessary by the Board of Directors of the Company or the Independent Panel.

The Board of Directors of the Company may establish a time-limit on the provision of information by the Large-scale Purchaser, as needed, from the viewpoint of prompt implementation of the Large-scale Purchase Rule. If, however the Large-scale Purchaser requests an extension based on rational grounds, the Board of Directors of the Company may extend it.

If the information provided initially is considered to be insufficient after careful examination, the Board of Directors of the Company may continue to request the Large-scale Purchaser additional information until the Necessary Information is collected, within a reasonable time-limit, if needed.

If the Board of Directors of the Company considers that all of the Necessary Information has been provided by the Large-scale Purchaser, the Board of Directors of the Company shall notify the Large-scale Purchaser to that effect, provide the Necessary Information to the Independent Panel, and announce the same.

If, despite the request by the Board of Directors of the Company for additional provision of the Necessary Information, the Large-scale Purchaser reasonably explains any difficulty entailed in providing a portion of the additional information, the Board of Directors of the Company may start the evaluation and examination as described in (3) hereinafter, even though the Necessary Information requested by the Board of Directors of the Company has not been fully collected.

The Necessary Information provided to the Board of Directors of the Company shall be provided to the Independent Panel, and, if it is deemed necessary for shareholders to make judgment, the Necessary Information shall be announced in full or in part at the point the Board of Directors of the Company considers it appropriate.

(3) Evaluation and examination, etc. by the Board of Directors

In accordance with the difficulty of evaluation, etc. of the large-scale purchase, the Board of Directors of the Company will establish a time span for the evaluation, examination, negotiations, formation of opinions, and preparation of an alternative plan by the Board of Directors of the Company (hereinafter, the "BOD's Evaluation Period"), of up to a maximum of 60 days in the case of a purchase of all of the Company's shares by tender offer with only cash (JPY currency) as consideration, or a maximum of 90 days in other cases of large-scale purchase, after the Large-scale Purchaser has provided all of the Necessary Information to the Board of Directors of the Company. Therefore, the large-scale purchase shall start only after the elapse of the BOD's Evaluation Period.

During the BOD's Evaluation Period, the Board of Directors of the Company will carefully form an opinion of the Board of Directors of the Company, paying utmost respect to the recommendations of the Independent Panel, after fully evaluating and examining the Necessary Information and receiving any necessary advice from independent external experts (financial advisors, certified public accountants, lawyers, consultants and other specialists), and announce such opinion. The Board of Directors of the Company may also negotiate with the Large-scale Purchaser for improvement of the conditions of the large-scale purchase and propose an alternative plan to the shareholders, as needed.

5. Policy toward Large-scale Purchase

(1) Case where the Large-scale Purchaser Observes the Large-scale Purchase Rule

If the Large-scale Purchaser observes the Large-scale Purchase Rule, the Board of Directors of the Company will limit its attempts to persuade the shareholders by presenting objections against the proposed large-scale purchase and the proposal of an alternative plan, and, in principle, will not take countermeasures against the large-scale purchase. The shareholders will judge whether or not to accept the Large-scale Purchaser's proposal by considering the proposal of the large-scale purchase, opinions on the proposal and the alternative plan submitted by the Company, if any.

Even in the case where the Large-scale Purchase Rule is observed, the Board of Directors of the Company may exceptionally take countermeasures that can be legitimately taken under the provisions of the Companies Act or other laws or the Articles of Incorporation of the Company, such as the allotment of share options without contribution, in compliance with duty of due care of prudent manager, if the Board of Directors of the Company decides that the said large-scale purchase corresponds to any of the cases (i) to (ix) below, for example, and would result in a serious impairment of the Company's corporate value and shareholders' common interests, such as an irreparable damage to the Company.

Such specific method to be taken shall be one that the Board of Directors of the Company judges as most appropriate at such time. Exhibit 5 presents an outline of the allotment of share options without contribution that the Board of Directors of the Company may, for example, select as a countermeasure. If an allotment of share options without contribution is actually conducted, conditions may be established in consideration of the effectiveness of the allotment as a countermeasure, such as the addition of a condition for the exercise of share option whereby those who exercise share option should not belong to the specified shareholder group including the Large-scale Purchaser, or a condition for acquisition whereby the Company will acquire share option from those entitled to receive share option in exchange for the Company's shares.

- (i) The share purchase conducted without any real intention to join the management of the Company, but rather to require the parties concerned with the Company to purchase the share certificates at an inflated price (so-called "green mailer" case).
- (ii) The share purchase conducted for the purpose of so-called "scorched earth management," whereby the intellectual property rights, know-how, confidential corporate information, principal clients and customers necessary for business management of the Company are transferred to the Large-scale Purchaser and its group companies through a temporary gain of control of the management of the Company.
- (iii) The share purchase conducted for the expected appropriation of the assets of the Company as collateral for the debt of the Large-scale Purchaser and its group companies and resource for liquidation after the Large-scale Purchaser takes control of the management of the Company.
- (iv) The share purchase conducted for the purpose of gaining temporary control of the management of the Company in order to sell or dispose of high-value assets such as real estate and securities with no immediate relation to the business of the Company and to pay a one-time high dividend with the proceeds from such disposals, or to sell the Company's shares at a high price by taking advantage of the sharp rise in the share price due to such a one-time high dividend.
- (v) The method proposed by the Large-scale Purchaser for the purchase of the Company's shares is deemed to restrict the shareholders' opportunity or discretion to judge, as in the case of a so-called "Coercive Two-Tiered Takeovers" (the Large-scale Purchaser initially effects a tender offer or another method of purchase by not targeting all of the Company's shares and setting conditions for a second tiered purchase that are unfavorable or equivocal for shareholders), and practically coerce shareholders to sell their Company's shares.
- (vi) The conditions of purchase of the Company's shares proposed by the Large-scale Purchaser (including but not limited to the class and amount of consideration, the basis for calculating such amount, any other specific details of the conditions, any illegality, and feasibility) are considered to be remarkably insufficient or inappropriate in light of the Company's corporate value, by which the Company's corporate value and shareholders' common interests will be severely undermined.

- (vii) The acquisition of control by the Large-scale Purchaser is considered to destroy the Company's relationships with customers, employees, local society, or other parties of interest, by which the Company's corporate value and shareholders' common interests will be severely undermined.
- (viii) The corporate value of the Company in a case where the Large-scale Purchaser acquires control is considered to be obviously inferior to that in a case where the said Large-scale Purchaser does not acquire control on a medium and long-term basis, by which the Company's corporate value and shareholders' common interests will be severely undermined.
- (ix) The Large-scale Purchaser is considered to be inappropriate as a controlling shareholder of the Company from the viewpoint of public order and good morals in such a case where the management, principal shareholders, or investors of the Large-scale Purchaser include persons related with anti-social forces or terrorism-related organizations, by which the Company's corporate value and shareholders' common interests will be severely undermined.

If the countermeasures are judged to be implemented exceptionally as above, the Board of Directors of the Company shall consult with the Independent Panel on whether or not to implement the countermeasures in advance, and the Independent Panel shall make recommendations within the BOD's Evaluation Period of 4. (3) above after full examination of the necessity and reasonableness of its implementation, in order to secure the objectivity and rationality of the judgment.

In respect of implementing countermeasures, the Board of Directors of the Company may undertake procedures to confirm the will of the shareholders if the Independent Panel recommends to the Board of Directors of the Company that the will of the shareholders be confirmed, or, even in a case where no such recommendation is made, if the Board of Directors of the Company considers it appropriate to confirm the will of shareholders.

The Board of Directors of the Company shall decide whether or not to implement the countermeasures with the utmost respect to the recommendations of the Independent Panel and intent of the shareholders.

(2) Case where the Large-scale Purchaser Does Not Observe the Large-scale Purchase Rule

If the Large-scale Purchaser does not observe the Large-scale Purchase Rule, the Board of Directors of the Company may act against the large-scale purchase by taking the countermeasures mentioned in (1) above for the purpose of protecting the Company's corporate value and shareholders' common interests, irrespective of the specific method of purchase. Upon deciding the implementation of countermeasures, the Board of Directors of the Company shall judge whether or not to implement the countermeasures with the utmost respect to the recommendations of the Independent Panel, after full examination of the necessity and reasonableness of the countermeasures.

(3) Suspension, etc. of Implementation of the Countermeasures

If the Board of Directors of the Company considers that the implementation of the countermeasures is inappropriate in cases such as where the said Large-scale Purchaser revokes or changes the large-scale purchase after the Board of Directors of the Company decides to implement the countermeasures in cases (1) or (2) above, the said countermeasures may be suspended with due consideration of the opinion or recommendation of the Independent Panel. If the Board of Directors of the Company considers that the implementation of the countermeasures is inappropriate in response to the revocation or changes of the large-scale purchase by the Large-scale Purchaser after the shareholders entitled to the share option in the case of an allotment of share option without contribution is fixed, for example, the implementation of the countermeasures may be suspended at the recommendation of the Independent Panel, by cancelling the said allotment of share option without contribution during the period until the day preceding the effective date of the allotment. After the allotment of share option without contribution, the Company shall acquire without compensation the said share option during the period until the day preceding the commencement of the exercise period of the said share option (the shareholders will lose the share option due to the acquisition of the share option by the Company).

Such suspension of the implementation of the countermeasures will be disclosed in a timely and appropriate manner together with the matters that the Independent Panel considers to be necessary, in accordance with laws, regulations and the regulations of the financial instruments exchange on which the Company is listed.

6. Impact, etc. of the Plan on Shareholders and Investors

(1) Impact, etc. of the Large-scale Purchase Rule on Shareholders and Investors

The Large-scale Purchase Rule in the Plan aims to ensure opportunities to provide the shareholders with information and the opinions of the Board of Directors of the Company, the body actually responsible for the management of the Company, as necessary to enable shareholders to judge whether or not to accept the large-scale purchase and to enable the Board of Directors of the Company to submit an alternative plan to the

shareholders. Accordingly, the shareholders will be able to appropriately judge whether or not to accept the large-scale purchase based on sufficient information, which in turn will protect the Company's corporate value and shareholders' common interests. The establishment of the Large-scale Purchase Rule is a premise for shareholders and investors to make appropriate judgments on investment, and contributes to their benefit.

As mentioned in 5. above, the policy of the Company toward the large-scale purchase differs subject to whether or not the Large-scale Purchaser observes the Large-scale Purchase Rule. Shareholders and investors are requested to watch the trend of Large-scale Purchasers.

(2) Impact on Shareholders and Investors upon Implementation of Countermeasures

The decision by the Board of Directors of the Company on taking specific countermeasures as described in 5. above for the purpose of protecting the Company's corporate value and shareholders' common interests shall be disclosed in a timely and appropriate manner in accordance with laws, regulations and the regulations of the financial instruments exchange on which the Company is listed.

A situation where the shareholders other than the Specified shareholder group including a Large-scale Purchaser suffer any special loss in their legal right or economic aspects is not assumed at the time of implementation of countermeasures. In a case where the allotment of share option without contribution is conducted as a countermeasure, for example, shareholders as of the allotment date will be allotted the share option without contribution according to the number of shares held. If the Company afterwards takes procedures to acquire the share option with the acquisition provision attached, shareholders other than the specified shareholder group including the Large-scale Purchaser will not be specially prejudiced, because they will receive the Company's shares as consideration for acquisition of the said share option by the Company.

In a case where the Company cancels the issue of the said share option or acquires without compensation the share option issued according to the decision of the Board of Directors of the Company following the recommendations of the Independent Panel (the shareholders will lose the share option due to the purchase of share option without contribution by the Company), shareholders or investors who have conducted transactions on the assumption that the value of the Company's shares would be diluted may possibly suffer a corresponding loss due to the change of the share price.

The specified shareholder group including the Large-scale Purchaser may possibly be prejudiced in their legal right or economic aspects as a result of the implementation of countermeasures in a case where they do not observe the Large-scale Purchase Rule or even in a case where they observe the Large-scale Purchase Rule but the said large-scale purchase is nonetheless considered to severely undermine the Company's corporate value and shareholders' common interests. The Plan is announced in order to promote awareness in advance so that a Large-scale Purchaser will not violate the Large-scale Purchase Rule.

(3) Procedures Required for Shareholders on the Implementation of Countermeasures

In a case where allotment of share option without contribution, for example, is conducted, shareholders as of the allotment date receive the said allotment of the share option without applying for acceptance of such option, and in a case where the Company takes procedures to acquire the share option with the acquisition provision, shareholders will receive the Company's shares as consideration for the acquisition of the share option by the Company without paying an amount corresponding to the exercise price of the share option. Therefore, no procedures of application or payment with respect to the share option are required. In this case, however, the Company may separately request the shareholders who will receive the allotment of the share option to submit a written document in the form designated by the Company, pledging that the shareholders do not belong to the specified shareholder group including the Large-scale Purchaser.

Details of these procedures shall be disclosed in a timely and appropriate manner in accordance with the laws, regulations and the regulations of the financial instruments exchange on which the Company is listed, when the allotment of share option without contribution is actually conducted.

7. Commencement, Effective Period, Renewal, and Abolition of the Plan

The Plan takes effect from the day when it is approved at this Shareholders' Meeting and shall remain in effect from the conclusion of this Shareholders' Meeting until the conclusion of the 103rd Ordinary General Meeting of Shareholders to be held in June 2025.

In cases (i) where the shareholders' meeting resolves the abolition of the Plan and (ii) where the Board of Directors of the Company consisting of Directors elected at the shareholders' meeting of the Company resolves the abolition of the Plan, the Plan shall be abolished at that time, even after renewal of the Plan takes effect based on the approval at this Shareholders' Meeting.

During the effective period of the Plan, the Board of Directors of the Company may change the Plan with approval at the shareholders' meeting, according to a review made as needed from the viewpoint to ensure and enhance the Company's corporate value and shareholders' common interests for the medium and long terms.

The contents of the decisions made by the Board of Directors of the Company on renewal, change, abolition, etc. of the Plan shall be promptly disclosed.

During the effective period of the Plan, the Board of Directors of the Company may amend or change the Plan with the approval of the Independent Panel, as needed, in a case where an establishment, change or abolition is implemented of the laws, regulations and the regulations of the financial instruments exchange on which the Company is listed, etc. and it is necessary to reflect them, and in a case where amendment of wording is considered to be appropriate for reasons of errors, omissions, etc., provided that such amendment will not prejudice shareholders.

IV. That the Plan is in Accordance with the Basic Policy on the Control of the Company, Consistent with the Company's Corporate Value and Shareholders' Common Interests, and Not for the Purpose of Maintaining the Position of the Corporate Officers of the Company

(1) Satisfying Requirements of the Guidelines with Regard to the Takeover Countermeasures

The Plan satisfies the three principles stipulated in the "Guidelines Regarding Takeover Defense for the Purpose of Protection and Enhancement of Corporate Value and Shareholder's Common Interests," published by the Ministry of Economy and Ministry of Justice on May 27, 2005 (i.e. the principle of protecting and enhancing corporate value and the interests of shareholders as a whole, the principle of prior disclosure and shareholders' will and the principle of ensuring the necessity and reasonableness).

The Plan is also based on the contents of the report, "Takeover Defense Measures in Light of Recent Environmental Changes" published on June 30, 2008 by the Corporate Value Study Group established in the Ministry of Economy, Trade and Industry and the "Principle 1.5 Anti-Takeover Measures" of the "Corporate Governance Code" announced publicly by the Tokyo Stock Exchange on June 1, 2015 (amended on June 11, 2021).

(2) Introduction for the Purpose of Ensuring and Enhancing Shareholders' Common Interests

As described in III 1. above, "Purpose of Introduction of the Plan," the Plan is introduced for the purpose of ensuring and enhancing the Company's corporate value and shareholders' common interests for the medium and long terms, in the case of a large-scale purchase of the Company's shares, by making it possible for the shareholders to judge whether or not to accept the said large-scale purchase and by ensuring that the Board of Directors of the Company has the necessary information and time to submit an alternative plan and negotiate with the Large-scale Purchaser, etc. on behalf of the shareholders.

(3) Emphasis on the Judgment of Highly Independent Outsiders and Disclosure of Information

The substantial judgment on the implementation of the countermeasures shall be made by consulting with the Independent Panel consisting only of highly independent outsiders, and by the utmost respect to the recommendations of the Independent Panel. Thus, a scheme for the transparent implementation of the Plan in a manner appropriate for the Company's corporate value and shareholders' common interests is ensured.

(4) The Plan Valuing the Will of Shareholders

The Plan takes effect from the day when it is approved at this Shareholders' Meeting upon inquiring the will of the shareholders with regard to the Plan. Thus, the will of the shareholders will be reflected.

In a case where a change or abolition of the Plan is resolved at the shareholders' meeting, the Plan will be changed or abolished at that time, even before the expiry of the effective period after the renewal of the Plan. Thus, such change or abolition is based on the reasonable will of shareholders.

(5) Neither a Dead-Hand Type Takeover Defense Measure nor a Slow-Hand Type Takeover Defense Measure

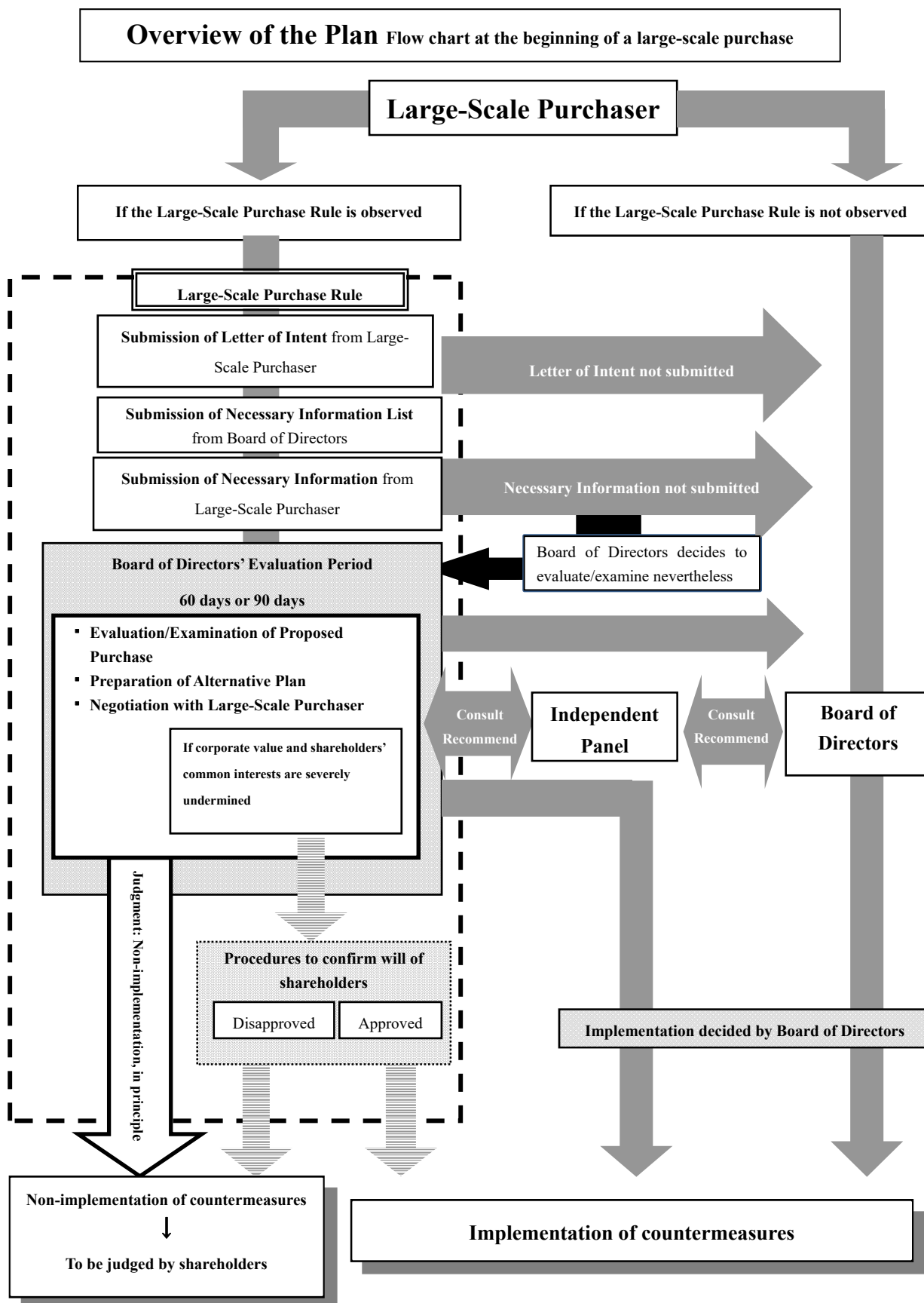
As stated in III 7. above, "Commencement, Effective Period, Renewal, and Abolition of the Plan," the Plan may be abolished by the Board of Directors of the Company, a body consisting of the Directors elected at the shareholders' meeting of the Company. Thus, it is possible for a person who purchases a large amount of the Company's shares to have Directors appointed at the shareholders' meeting of the Company and then to have the Plan abolished by the Board of Directors of the Company consisting of such Directors. Therefore, the Plan is not a dead-hand type takeover defense measure (a takeover defense measure whose implementation cannot be avoided even after a majority of the constituent members of the Board of Directors are replaced). Moreover, as the Company has not adopted a system of staggered terms of office, the Plan is not a slow-hand type takeover defense measure (a takeover defense measure whose implementation cannot be avoided until sufficient time has elapsed, as it is impossible to replace the constituent members of the Board of Directors in one round).

The status of the Company's shares (as of March 31, 2022)

1. Total Number of Authorized Shares 57,300,000 shares
2. Common Stock Issued 25,748,431 shares
Class A Preferred Shares Issued 125 shares
3. Number of Shareholders of Common Stock 14,555
Number of Shareholders of Class A Preferred Shares 8
4. Major Shareholders (Top 10)

| Shareholders' Name | Status of shareholding | |
|--|------------------------------|------------------------|
| | Number of shares held | Shareholding ratio (%) |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | Common stock: 3,088,200 | 12.1 |
| Toyota Motor Corporation | Common stock: 1,965,417 | 7.7 |
| Custody Bank of Japan, Ltd. (Trust Account) | Common stock: 1,139,300 | 4.5 |
| Meiji Yasuda Life Insurance Company | Common stock: 1,004,650 | 3.9 |
| KYB suppliers' stock ownership | Class A preferred shares: 15 | |
| Hitachi Construction Machinery Co., Ltd. | Common stock: 923,400 | 3.6 |
| Custody Bank of Japan, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd. | Common stock: 892,000 | 3.5 |
| The Ogaki Kyoritsu Bank, Ltd. | Common stock: 611,500 | 2.4 |
| Mizuho Bank, Ltd. | Common stock: 591,433 | 2.3 |
| | Class A preferred shares: 10 | |
| | Common stock: 490,519 | 1.9 |
| KYB employees' stock ownership | Class A preferred shares: 35 | |
| | Common stock: 430,565 | 1.7 |

(Note) Shareholding ratio is calculated after the deduction of shares of treasury stock (206,351 shares)



(Note) This chart describes the flow of typical procedures to facilitate understanding of the Plan and does not always show the entire procedure. For details, please read the main text.

Overview of the Independent Panel Regulations

- The Independent Panel shall be established by the resolution of the Board of Directors of the Company.
- The number of members of the Independent Panel shall be three (3) or greater. In order to enable fair and neutral judgment, Panel members shall be elected by the Board of Directors of the Company from among Member of the Board of Directors (Outside) and Audit & Supervisory Board Member (Outside) of the Company who are independent from the management responsible for business execution.
- The Independent Panel shall recommend to the Board of Directors of the Company the contents of determination by the Independent Panel with respect to the matters consulted upon by the Board of Directors of the Company, together with the reasons and bases for the same, in principle. Each member of the Independent Panel shall make such determination with a view to contributing to the Company's corporate value and common interests of shareholders.
- The Independent Panel may obtain advice from investment banks, securities firms, lawyers, and other external experts at the expense of the Company.
- Resolutions of the Independent Panel shall be adopted by a majority of the members present at a meeting where a majority of the members are present.

Brief Career Histories of the Independent Panel Members

The following three (3) persons are planned to be members of the Independent Panel after the renewal of the Plan:

Rokuro Tsuruta

Date of Birth:

June 16, 1943

(History)

| | |
|----------------|--|
| April 1970 | Prosecutor, Tokyo District Public Prosecutors Office |
| April 2005 | Superintending Prosecutor, Nagoya High Public Prosecutors Office |
| July 2006 | Registered as an attorney (Daini Tokyo Bar Association) |
| June 2007 | Outside Director, TEIKOKU PISTON RING CO., LTD. (present TPR Co., Ltd.) |
| September 2007 | Outside Audit & Supervisory Board Member, J. FRONT RETAILING Co., Ltd. |
| June 2012 | Outside Corporate Auditor, Sumitomo Mitsui Financial Group, Inc. |
| June 2015 | Member of the Board of Directors (Outside) of the Company (current position) |
| May 2017 | Outside Director, J. FRONT RETAILING Co., Ltd. |
| June 2017 | Outside Corporate Auditor, Sumitomo Mitsui Banking Corporation |

Shuhei Shiozawa

Date of Birth:

September 19, 1955

(History)

| | |
|--------------|---|
| April 1981 | Assistant, Faculty of Economics, Keio University |
| April 1987 | Associate Professor, Faculty of Economics, Keio University |
| April 1991 | Visiting researcher, Institut d'Etudes Politiques de Paris |
| April 1994 | Professor, Faculty of Economics, Keio University |
| January 2001 | Director for International Economic Affairs, Cabinet Office |
| October 2005 | Dean, Faculty of Economics, Keio University |
| March 2012 | Member of the Board of Directors (Outside), Kenedix, Inc. |
| June 2016 | Member of the Board of Directors (Outside) of the Company (current position) |
| June 2017 | Independent Director (Audit & Supervisory Committee member), Ahresty Corporation (current position) |
| April 2019 | Professor Emeritus, Keio University (current position) |
| April 2019 | President, Tokyo International University |
| April 2022 | Professor, Faculty of Economics, Tokyo International University (current position) |

Masakazu Sakata

Date of Birth:

August 2, 1959

(History)

| | |
|------------|---|
| April 1983 | Joined Fuji Xerox Co., Ltd. |
| April 2007 | General Manager, Public Relations and Advertisement Dept., Fuji Xerox Co., Ltd. |
| April 2010 | Senior Vice President, Fuji Xerox Advanced Technology Co., Ltd. |
| June 2011 | Senior Vice President and Director, Fuji Xerox Advanced Technology Co., Ltd. |
| June 2015 | Executive Vice President, Fuji Xerox Information Systems Co., Ltd. |
| June 2017 | President and Representative Director, Fuji Xerox Advanced Technology Co., Ltd. |
| April 2019 | Senior Adviser, Fuji Xerox Co., Ltd. |
| June 2020 | Member of the Board of Directors (Outside) of the Company (current position) |

position)
June 2020 Outside Audit & Supervisory Board Member, ULS Group, Inc.
October 2020 Outside Director, PLANET, INC. (current position)
January 2021 Outside Director (Audit & Supervisory Committee Member), ULS
Group, Inc. (current position)

No conflict of interests exists between the above Independent Panel members and the Company.

Outline of Allotment of Share Options Without Contribution

1. Shareholders entitled to the allotment of Share Options without contribution, and issuance conditions

One Share Options will be allotted for each share of common stock of the Company (excluding the shares of common stock of the Company held by the Company) held by shareholders recorded in the latest shareholders' register as of the record date determined by the Board of Directors of the Company, without additional payment by the shareholders.

2. Class and number of shares to be issued upon the exercise of the Share Options

The Class of shares to be issued upon the exercise of the Share Options shall be shares of the common stock of the Company. The total number of shares to be issued at maximum shall be the number of shares obtained by deducting the number of issued shares of common stock of the Company (excluding the shares of common stock of the Company held by the Company) from the total number of authorized shares of the Company as of the record date determined by the Board of Directors of the Company. The number of shares to be issued for one Share Options shall be separately decided by the Board of Directors of the Company. In case the Company conducts a share split or a share consolidation, however, necessary adjustments shall be made.

3. Total number of Share Options to be issued

The total number of Share Options to be issued shall be the number determined separately by the Board of Directors of the Company. The Board of Directors of the Company may conduct allotments of Share Options multiple times.

4. Price for investment upon the exercise of the Share Options (amount to be paid)

The price for investment upon the exercise of the Share Options (amount to be paid) shall be no less than JPY 1 and shall be determined by the Board of Directors of the Company. In any case where the Board of Directors of the Company decides to acquire the Share Options, shareholders may be granted new shares as a consideration for their Share Options by the Company without paying the amount corresponding to the exercise price.

5. Restriction on transfer of the Share Options

Acquisition of the Share Options by transfer of the said Share Options requires the approval of the Board of Directors of the Company.

6. Exercise conditions for the Share Options

The exercise conditions for the Share Options shall include a condition whereby those who receive Share Options should not belong to the specified shareholder group including the Large-scale Purchaser (excluding those previously approved by the Board of Directors of the Company). Details shall be separately determined by the Board of Directors of the Company.

7. Exercise period for the Share Options

The date on which the allotment of the Share Options becomes effective, exercise period, acquisition provisions, and other necessary matters with respect to the Share Options shall be separately determined by the Board of Directors of the Company. The acquisition provisions may stipulate that the Company may acquire the Share Options held by persons other than persons who are not permitted to exercise the Share Options due to the exercise conditions of 6. above and issue the shares of common stock of the Company in the number of shares per Share Options separately determined by the Board of Directors of the Company, and that the Company may acquire the Share Options without consideration and without issuing the Company's shares for the Share Options.