

Note:

1. The following is an English translation of the original Japanese version, prepared only for the convenience of shareholders. In the case of any discrepancy between the translation and the Japanese original, the latter shall prevail. Information referred to herein may not have an English translation. The pages referred to are those in the original Japanese version.
2. This English translation reflects partial amendments to the original Japanese version.

(Securities code: 6448)  
June 1, 2022

15-1, Naeshiro-cho, Mizuho-ku, Nagoya  
**BROTHER INDUSTRIES, LTD.**  
Toshikazu Koike  
Representative Director & Chairman

## NOTICE OF THE 130TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders,

You are hereby notified that the 130th Ordinary General Meeting of Shareholders is to be held as stated below.

Given the recent status of infections of the novel coronavirus (COVID-19), we decided to take appropriate preventive measures in order to hold this General Meeting of Shareholders.

We would appreciate it if you could give due consideration to the status of the spread of infections as well as your health on the meeting date and determine whether or not you will attend the meeting in person.

If you do not attend the meeting, please review the attached “Reference Material for General Meeting of Shareholders” and exercise your voting right by 6:00 pm, Friday, June 17, 2022 (Japan Standard Time) by one of the methods described in “Exercising Your Voting Rights” on the following page.

### Meeting Details

1. **Date and time:** June 20, 2022 (Monday) at 10:00 am [Japan Standard Time]
2. **Place:** Brother Industries, Ltd. Mizuho Plant Hall  
1-1-1, Kawagishi, Mizuho-ku, Nagoya
3. **Agendas:**  
**Matters to be reported:**
  1. Report on the Business Report, Consolidated Financial Statements for the 130th fiscal term (from April 1, 2021 to March 31, 2022) and the result of the audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
  2. Report on the Financial Statements for the 130th fiscal term (from April 1, 2021 to March 31, 2022)

### Matters to be resolved:

- |                    |   |
|--------------------|---|
| <b>Proposal 1:</b> | Partial Amendments to the Articles of Incorporation                               |
| <b>Proposal 2:</b> | Election of 11 Directors  |
| <b>Proposal 3:</b> | Election of 2 Corporate Auditors  |
| <b>Proposal 4:</b> | Payment of Performance-Based Remuneration to Directors                            |
| <b>Proposal 5:</b> | Revision of Amount of Remuneration for Directors                                  |
| <b>Proposal 6:</b> | Introduction of the Performance-Based Stock Compensation Plan for Directors, etc. |

If you plan to attend the meeting, please present the voting rights exercise form enclosed herewith to the receptionist at the meeting.

## Exercising Your Voting Rights

If you are unable to attend the meeting, please vote by using one of the following methods.

### **[Voting by proxy]**

You can appoint another shareholder who has a voting right as your proxy to attend the meeting. Please note that your proxy will be requested to present written proof of the appointment.

### **[Voting by postal mail]**

Please indicate your approval or disapproval of the proposals in the voting rights exercise form enclosed herewith and return it to us.

Due Date for Exercising your Voting Rights:

To be received no later than 6:00 pm on Friday, June 17, 2022 (Japan Standard Time)

### **[Voting by the internet etc.]**

Please access the designated website for exercising voting rights (<https://evote.tr.mufg.jp/>) on your personal computer or smartphone with the “login ID” and the “temporary password” provided in the voting rights exercise form enclosed herewith. Please follow the instructions on the screen to enter your approval or disapproval of the proposals.

For details, please refer to the next page.

Due Date for Exercising your Voting Rights:

To be entered no later than 6:00 p.m. on Friday, June 17, 2022 (Japan Standard Time)

### **Handling of Voting Rights Exercised More Than Once**

If you exercise your voting right more than once by postal mail and by the internet, only the vote by the internet shall be valid and the vote by postal mail shall be void.

You can vote more than once (revote) through the internet. In this case, however, only the last vote shall be valid. Similarly, if a voting right is exercised more than once by personal computer and/or smartphone, only the last vote shall be valid. All prior votes shall be void.

### **Participation in the General Meeting of Shareholders via the internet**

We will live stream the meeting on the internet so that you will be able to view it at home, etc., on the meeting date. For the delivery date, the means of viewing and listening and other details, please refer to the enclosed information on the Engagement Portal, which is the online site for the General Meeting of Shareholders.

Please be noted that you cannot exercise your voting rights by watching the live stream, so please exercise your voting rights in advance by the above exercise due date.

### **Documents Disclosed on the internet**

- Of the documents that are required to be provided with this Notice of Ordinary General Meeting of Shareholders, the Business Report “Matters Concerning Stock Acquisition Rights and Matters Concerning the Company’s Structure and Policy,” the Consolidated Financial Statements “Consolidated Statement of Changes in Equity and Notes to the Consolidated Financial Statements” and the Non-consolidated Financial Statements “Statement of Changes in Equity and Notes to the Non-consolidated Financial Statements” are posted on Brother’s website in accordance with laws and regulations and Article 16 of our Articles of Incorporation, and are not included in this Notice of Ordinary General Meeting of Shareholders. In addition, the Business Report listed in the accompanying materials to this Notice of Ordinary General Meeting of Shareholders and the Business Report “Matters Concerning Stock Acquisition Rights and Matters Concerning the Company’s Structure and Policy” on Brother’s website have been audited by the Corporate Auditors. Consolidated Financial Statements and the Non-consolidated Financial Statements listed in the accompanying materials to this Notice of Ordinary General Meeting of Shareholders and the Consolidated Financial Statements “Consolidated Statement of Changes in Equity and Notes to the Consolidated Financial Statements” and the Non-consolidated Financial Statements “Statement of Changes in Equity and Notes to the Non-consolidated Financial Statements” on Brother’s website have been audited by the Corporate Auditors and Accounting Auditor.
- Any revisions to the reference materials for the General Meeting of Shareholders, the Business Report, or the Non-consolidated or Consolidated Financial Statements will be published on Brother’s website.
- Notice of Resolutions of the 130th Ordinary General Meeting of Shareholders will be published on Brother’s website and will not be sent in paper form by mail.

Brother’s Website : <https://global.brother/ja/investor/meeting/>

## Guide to Exercising Voting Rights by the internet

Due Date for Exercising your Voting Right by the internet:

To be entered no later than 6:00 pm on Friday, June 17, 2022[Japan Standard Time]

### How to Scan the QR Code

You can log into the Website for Exercising Voting Rights without entering the login ID and temporary password provided in the duplicate copy of the voting rights exercise form.

(1) Scan the QR code provided in the duplicate copy of the voting rights exercise form (on the right-hand side).

Note: The QR code is the registered trademark of Denso Wave Incorporated.

(2) Then, enter your approval or disapproval following the instructions on the screen.

It is only possible to login the Website by using the QR code once.

To re-exercise your voting right or exercise your voting right without using the QR code, please refer to “How to Enter Your Login ID and Temporary Password.”

### How to Enter Your Login ID and Temporary Password

Website for Exercising Voting Rights: <https://evote.tr.mufg.jp/>

(1) Access the Website for Exercising Voting Rights.

(2) Enter the login ID and temporary password provided in the duplicate copy of the voting rights exercise form (on the right-hand side) and click the button.

(3) Register a new password.

(4) Then, enter your approval or disapproval following the instructions on the screen.

### About the Electronic Voting Rights Exercise Platform

Nominal shareholder such as trust banks acting as administrators (including standing proxies) can use the Electronic Voting Rights Exercise Platform to exercise their voting rights for this General Meeting of Shareholders, if they apply in advance for the use of the Electronic Voting Rights Exercise Platform operated by ICJ, Inc.

### Attention

- You may be unable to use the Website depending on your internet environment, or the type of internet service or device you have.
- The Website will be closed between 2 am and 5 am [Japan Standard Time] every day.
- We will be asking you to change your “temporary password” on the Website, to prevent improper access (identity theft) and manipulation of voting data by third parties.
- The “login ID” and “temporary password” provided are only valid for this General Meeting of Shareholders.
- You shall be responsible for the internet connection fees payable to the providers and communication expenses payable to telecommunication carriers (including telephone and packet communication fees) to access the Website.

### Inquiries about the system

If you have any questions about the operation of your personal computer or smartphone, in relation to the exercise of your voting rights via the Website, please contact the number below.

Mitsubishi UFJ Trust and Banking Corporation,  
Stock Transfer Agency Department, Help Desk  
Telephone: 0120-173-027 (toll free, Japan only)  
Reception hours: 9:00–21:00 [Japan Standard Time]

# Reference Material for General Meeting of Shareholders

## Proposals and Reference Information

### Proposal 1: Partial Amendments to the Articles of Incorporation

#### 1. Reasons for amendments

(1) Amendments due to the introduction of a system for providing general shareholder meeting materials in an electronic format

Due to the enforcement of the amended provisions of the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) on September 1, 2022, the provision that electronic-provision measures shall be taken for information contained in reference materials etc. for a general meeting of shareholders and the provision that the scope of items to be stated in hard-copy documents delivered to shareholders who requested such a delivery of documents shall be limited to the scope stipulated in the Ministry of Justice Order will be newly established, the provisions on the provision of reference materials for meetings of shareholders and others using the internet as disclosure will be deleted, and supplementary provisions concerning the effect of the provisions will be established.

(2) Amendments concerning the positions of Directors

We decided to review the provisions related to the positions of Directors in line with the current situation of the business execution system centered on Executive Officers and to amend Article 24 (Executive Directors) of the current Articles of Incorporation.

#### 2. Details of amendments

The details of the amendments are as follows.

Current Articles of Incorporation	(Proposed amendments are underlined.) Proposed amendments
<p><u>(Provision of Reference Documents for Meetings of Shareholders and Others by Using the Internet as Disclosure)</u></p> <p><u>Article 16 The Company shall be deemed to provide the information relating to the items to be entered and indicated in shareholder meeting reference documents, business reports, financial reports, consolidated financial reports regarding convocation of meeting of shareholders to the shareholders by disclosing them using the internet as stipulated by Ministry of Justice.</u></p> <p style="text-align: center;">&lt;New establishment&gt;</p>	<p style="text-align: center;">&lt;Delated&gt;</p> <p style="text-align: center;"><u>(Electronic Provision Measures)</u></p> <p><u>Article 16 The Company shall take electronic-provision measures for information contained in the reference materials for the General Meeting of Shareholders regarding the convocation of the General Meeting of Shareholders.</u></p> <p><u>2. The Company shall not be required to enter all or part of the items stipulated in the Ministry of Justice Order for which electronic-provision measures are taken, in the hard-copy documents delivered to shareholders who requested such a delivery of documents by the record date for the determination of voting right holders.</u></p>

(Executive Directors)

Article 24 The Board of Directors may elect, by its resolution, the following Directors: a Chairman of the Board, a Director & Vice-chairman, a President, and one or more Executive Vice-presidents, Senior Managing Directors, or Managing Directors.

<New establishment>

(Executive Directors)

Article 24 The Board of Directors may elect, by its resolution, the following Directors: a Chairman of the Board or a Director & Vice-chairman.

(Supplementary Provisions)

(Transitional Measures concerning Electronic Provision of Reference Documents for Meetings of Shareholders)

Article 1 The deletion of Article 16 (Provision of Reference Documents for Meetings of Shareholders and Others by Using the Internet as Disclosure) of the current Articles of Incorporation and the new establishment of Article 16 (Electronic Provision Measures) of the Articles of Incorporation shall come into force as of September 1, 2022.

2. Notwithstanding the provisions of the preceding paragraph, Article 16 (Provision of Reference Documents for Meetings of Shareholders and Others by Using the Internet as Disclosure) of the current Articles of Incorporation shall remain in full force and effect for a meeting of shareholders held within six (6) months of September 1, 2022.
3. The provisions of this Article shall be deleted after the day on which six (6) months have elapsed from September 1, 2022, or the day on which three (3) months have elapsed from the date of the meeting of shareholders referred to in the preceding paragraph, whichever is the later.

## Proposal 2: Election of 11 Directors

The term of office of all 11 current Directors will expire at the end of this General Meeting of Shareholders. Therefore, it is proposed to elect or reelect 11 Directors. The candidates for Directors are as follows:

Candidate Number	Candidate Name	Responsibilities in Brother Industries, Ltd. (the “Company”)	Attendance Record for the Board of Directors’ Meeting (fiscal year 2021)
1	<b>Toshikazu Koike</b> (66 years old) Candidate for Reelection	Representative Director & Chairman	12 out of 12 times (100%)
2	<b>Ichiro Sasaki</b> (65 years old) Candidate for Reelection	Representative Director & President	12 out of 12 times (100%)
3	<b>Tadashi Ishiguro</b> (61 years old) Candidate for Reelection	Representative Director & Vice President  Responsible for: MIS Dept., New Business Development Dept.	12 out of 12 times (100%)
4	<b>Kazufumi Ikeda</b> (59 years old) Candidate for Reelection	Director & Managing Executive Officer  Responsible for: Human Resources Dept., CSR & Corporate Communication Dept.	10 out of 10 times (100%)
5	<b>Satoru Kuwabara</b> (59 years old) Candidate for Reelection	Director & Managing Executive Officer  Head of Printing & Solutions Business Division  Responsible for: Printing & Solutions Business Division LE Development Dept., LC Development Dept., IDS Development Dept., Printing Application Development Dept., Labeling & Mobile Solutions Development Dept., Production Dept., Quality Management Dept.	9 out of 10 times (90%)

Candidate Number	Candidate Name	Responsibilities in Brother Industries, Ltd. (the “Company”)	Attendance Record for the Board of Directors’ Meeting (fiscal year 2021)
6	<b>Taizo Murakami</b> (60 years old)  New Candidate	Managing Executive Officer  Head of Quality, Production & Engineering Center Responsible for: Production Strategy Planning Dept., Engineering Development Dept., Basic Engineering Technology Dept., Quality Innovation Dept., IJ Production Dept., Purchasing Dept.	—
7	<b>Keisuke Takeuchi</b> (74 years old)  Candidate for Reelection Outside Director Candidate Independent Director stipulated by Tokyo Stock Exchange, Inc.	Outside Director	12 out of 12 times (100%)
8	<b>Aya Shirai</b> (62 years old)  Candidate for Reelection Outside Director Candidate Independent Director stipulated by Tokyo Stock Exchange, Inc.	Outside Director	12 out of 12 times (100%)
9	<b>Kazunari Uchida</b> (70 years old)  Candidate for Reelection Outside Director Candidate Independent Director stipulated by Tokyo Stock Exchange, Inc.	Outside Director	12 out of 12 times (100%)
10	<b>Naoki Hidaka</b> (69 years old)  Candidate for Reelection Outside Director Candidate Independent Director stipulated by Tokyo Stock Exchange, Inc.	Outside Director	12 out of 12 times (100%)
11	<b>Masahiko Miyaki</b> (68 years old)  Candidate for Reelection Outside Director Candidate Independent Director stipulated by Tokyo Stock Exchange, Inc.	Outside Director	10 out of 10 times (100%)

(Note) Each candidate’s age indicates the age as of the date of this General Meeting of Shareholders.



Candidate number	Name (Date of birth)	Personal history, position, duties and important concurrent offices	Ownership of number of the Company's common shares
1	<p><b>Toshikazu Koike</b> (October 14, 1955)</p> <p>66 years old</p> <p>Candidate for Reelection</p>	<p>April 1979: Joined the Company</p> <p>August 1982: Brother International Corporation (U.S.A.)</p> <p>October 1992: Director of Brother International Corporation (U.S.A.)</p> <p>January 2000: Director &amp; President of Brother International Corporation (U.S.A.)</p> <p>June 2004: Director of the Company</p> <p>January 2005: Director &amp; Chairman of Brother International Corporation (U.S.A.)</p> <p>April 2005: Director &amp; Managing Executive Officer of the Company</p> <p>April 2006: Director &amp; Senior Managing Executive Officer of the Company</p> <p>June 2006: Representative Director &amp; Senior Managing Executive Officer of the Company</p> <p>June 2007: Representative Director &amp; President of the Company</p> <p>June 2018: <b>Representative Director &amp; Chairman of the Company (current position)</b></p>	29,300
<p>Reason for nomination as a director candidate: Toshikazu Koike has an excellent track record and demonstrated outstanding qualities as a senior executive. After having years of experience as the head of the Americas sales headquarters, he drove the growth of our primary printing business as the President of Information &amp; Document Company. As the President of the Company since 2007, he led the Company Group to steady growth towards achieving our long-term business vision. Further since 2018, he, as the Chairman of the Board of the Company, has shown his ability on promoting corporate governance for the Company Group. It is therefore considered that his skills are essential to the operation of the Company. For these reasons, the Company proposes the reelection of Toshikazu Koike.</p>			
<p>Important Concurrent Offices: Outside Director of Toyo Seikan Group Holdings, Ltd. Outside Director (member of the Audit and Supervisory Committee) of YASUKAWA Electric Corporation</p>			

Candidate number	Name (Date of birth)	Personal history, position, duties and important concurrent offices	Ownership of number of the Company's common shares
2	<p><b>Ichiro Sasaki</b> (April 30, 1957)</p> <p>65 years old</p> <p>Candidate for Reelection</p>	<p>April 1983: Joined the Company            January 2005: Managing Director of Brother U.K. Ltd.            April 2008: General Manager of NID Research &amp; Development Dept. of the Company            April 2009: Executive Officer of the Company            April 2013: Managing Executive Officer of the Company            June 2014: Director &amp; Managing Executive Officer of the Company            June 2016: Representative Director &amp; Managing Executive Officer of the Company            April 2017: Representative Director &amp; Senior Managing Executive Officer of the Company            June 2018: <b>Representative Director &amp; President of the Company (current position)</b></p>	42,680
<p>Reason for nomination as a director candidate:            As an engineer for product development, Ichiro Sasaki was one of the people who established the foundation of our laser printer technology. He possesses a broad range of knowledge based on his experience, which includes operations in the manufacturing field (such as product planning and quality assurance) and management of our U.K. sales company. He led the acquisition of the Domino business and its subsequent integration, and after taking the position of the President of the Company in 2018, he has demonstrated excellent leadership in various business fields of the Company. We believe his extensive knowledge, leadership and other qualities will help contribute to the growth of the Company Group's corporate value. For these reasons, the Company proposes the reelection of Ichiro Sasaki.</p>			
<p>Important Concurrent Offices: None</p>			

Candidate number	Name (Date of birth)	Personal history, position, duties and important concurrent offices	Ownership of number of the Company's common shares
3	<p><b>Tadashi Ishiguro</b> (June 21, 1960)</p> <p>61 years old</p> <p>Candidate for Reelection</p>	<p>April 1984: Joined the Company</p> <p>May 1987: Brother International Corporation (U.S.A.)</p> <p>January 2005: Director &amp; President of Brother International Corporation (U.S.A.)</p> <p>April 2011: Group Executive Officer of the Company</p> <p>April 2013: Group Managing Executive Officer of the Company</p> <p>April 2014: Director and Chairman of Brother International Corporation (U.S.A.)</p> <p>June 2014: Director &amp; Group Managing Executive Officer of the Company</p> <p>January 2015: Director &amp; Managing Executive Officer of the Company</p> <p>April 2017: Director &amp; Senior Managing Executive Officer of the Company</p> <p>June 2017: Representative Director &amp; Senior Managing Executive Officer of the Company</p> <p>April 2021: <b>Representative Director &amp; Vice President of the Company (current position)</b></p> <p>[Responsibilities in the Company]</p> <p>Responsible for: MIS Dept., New Business Development Dept.</p>	29,000
<p>Reason for nomination as a director candidate: With years of experience as the head of the Americas sales headquarters, Tadashi Ishiguro drove the growth of our business in the Americas. After returning to Japan, he formulated the Mid-Term Business Strategy as an executive responsible for corporate planning. Since fiscal year 2017, he has greatly contributed to the performance of Printing business as an executive responsible for the business. We believe his knowledge and experience will help contribute to the growth of the Company Group's corporate value. For these reasons, the Company proposes the reelection of Tadashi Ishiguro.</p>			
<p>Important Concurrent Offices: None</p>			

Candidate number	Name (Date of birth)	Personal history, position, duties and important concurrent offices	Ownership of number of the Company's common shares
4	<p><b>Kazufumi Ikeda</b> (August 29, 1962)  59 years old  Candidate for Reelection</p>	<p>April 1985: Joined the Company  April 2003: Director &amp; Executive Vice President of Brother International GmbH  April 2009: General Manager of Company Planning Dept. of the Company  April 2013: Director &amp; Executive Vice President of Brother International Corporation (U.S.A.)  April 2014: Director &amp; President of Brother International Corporation (U.S.A.)  April 2015: Group Executive Officer of the Company  Director &amp; President of Brother International Corporation (U.S.A.)  April 2019: Director &amp; Chairman of Brother International Corporation (U.S.A.)  April 2020: Managing Executive Officer of the Company  June 2021: <b>Director &amp; Managing Executive Officer of the Company (current position)</b></p> <p>[Responsibilities in the Company]</p> <p>Responsible for:  Human Resources Dept.,  CSR &amp; Corporate Communication Dept.</p>	7,200
	Reason for nomination as a director candidate: After joined this Company, Kazufumi Ikeda accumulated operational experience, including in product planning and sales, as well as experience in the management of a sales subsidiary in Germany. Thereafter, he formulated and showed his ability on promoting the Mid-Term Business Strategy as the responsible person in the Corporate Planning Dept. Most recently, he has been driving the development of our business in the Americas as the head of the Americas sales headquarters. We believe his knowledge and experience will contribute to the growth of the Company Group's corporate value. For these reasons, the Company proposes the reelection of Kazufumi Ikeda.		
	Important Concurrent Offices: None		

Candidate number	Name (Date of birth)	Personal history, position, duties and important concurrent offices	Ownership of number of the Company's common shares
5	<p><b>Satoru Kuwabara</b> (November 21, 1962) 59 years old</p> <p>Candidate for Reelection</p>	<p>April 1987: Joined the Company  October 2004: General Manager, Development Dept. 1 of Information &amp; Document Company of the Company  April 2008: General Manager, Development Dept. 1 of the Company  April 2009: General Manager, Development Planning Dept. of the Company  April 2010: CEO of Brother Technology (Shenzhen) Ltd.  April 2014: General Manager, Development Planning Dept. of the Company  October 2014: General Manager, LE Development Dept. of the Company  April 2015: Executive Officer of the Company  April 2019: Managing Executive Officer of the Company  June 2021: <b>Director &amp; Managing Executive Officer of the Company (current position)</b></p> <p>[Responsibilities in the Company]</p> <p>Head of Printing &amp; Solutions Business Division</p> <p>Responsible for:  Printing &amp; Solutions Business Division  LE Development Dept., LC Development Dept.,  IDS Development Dept., Printing Application Development Dept.,  Labeling &amp; Mobile Solutions Development Dept.,  Production Dept., Quality Management Dept.</p>	11,700
Reason for nomination as a director candidate: After joined this Company, Satoru Kuwabara was engaged in development design operations in our primary P&S business over several years, and he particularly demonstrated excellent leadership in the development of laser printer products. From 2010, he served as the operating officer of a manufacturing subsidiary in China as our main production base. Since fiscal year 2021, he has driven the growth of the P&S business as its head officer. We believe his knowledge and experience will contribute to the growth of the Company Group's corporate value. For these reasons, the Company proposes the reelection of Satoru Kuwabara.			
Important Concurrent Offices: None			

Candidate number	Name (Date of birth)	Personal history, position, duties and important concurrent offices	Ownership of number of the Company's common shares
6	<p><b>Taizo Murakami</b> (February 2, 1962) 60 years old  New Candidate</p>	<p>April 1984: Joined the Company  April 2007: General Manager, Production Technology Dept. of Printing &amp; Solutions Company  April 2008: General Manager, Production Technology Dept. of the Company  April 2009: General Manager, Parts Engineering Dept. of the Company  April 2010: Managing Director of Brother Industries Technology (Malaysia) Sdn. Bhd.  April 2013: General Manager, Prototype Engineering Dept. of the Company  April 2016: Executive Officer of the Company  April 2019: <b>Managing Executive Officer of the Company (current position)</b></p> <p>[Responsibilities in the Company]</p> <p>Head of Quality, Production &amp; Engineering Center</p> <p>Responsible for:  Production Strategy Planning Dept., Engineering Development Dept.,  Basic Engineering Technology Dept., Quality Innovation Dept.,  IJ Production Dept., Purchasing Dept.</p>	6,000
	<p>Reason for nomination as a director candidate:  Since Taizo Murakami joined this Company, he has been engaged for many years in the manufacturing technology field in the Company's main business, such as the sewing machine or printer business, and therefore he has extensive knowledge in the manufacturing and quality control fields of the Company Group from his work in positions including the head of the production base in the ASEAN area. Most recently, he has been demonstrating his abilities as the executive responsible for the Company's quality and manufacturing functions in promoting the manufacturing technology strategy and manufacturing base strategy, and in dealing with supply chain issues for business continuity. We believe his knowledge and experience will contribute to the growth of the Company Group's corporate value. For these reasons, the Company proposes the election of Taizo Murakami.</p>		
	<p>Important Concurrent Offices: None</p>		

Candidate number	Name (Date of birth)	Personal history, position, duties and important concurrent offices	Ownership of number of the Company's common shares
7	<p><b>Keisuke Takeuchi</b> (November 18, 1947)</p> <p>74 years old</p> <p>Candidate for Reelection</p> <p>Outside Director Candidate</p> <p>Independent Director stipulated by Tokyo Stock Exchange, Inc.</p>	<p>April 1970: Joined Japan Gasoline Co., Ltd. (now JGC Holdings Corporation)</p> <p>June 2000: Director of JGC Corporation (now JGC Holdings Corporation)</p> <p>June 2001: Managing Director of JGC Corporation</p> <p>June 2002: Senior Managing Director of JGC Corporation</p> <p>June 2006: Director and Vice President of JGC Corporation</p> <p>March 2007: President and Representative Director of JGC Corporation</p> <p>June 2009: Chairman and Representative Director of JGC Corporation</p> <p>June 2014: Principal Corporate Advisor of JGC Corporation</p> <p>June 2017: <b>Outside Director of the Company (current position)</b></p> <p>June 2019: <b>Outside Director of Japan Post Bank Co., Ltd. (current position)</b></p>	5,100
<p>Reason for nomination as an outside director candidate and role expected to be played as the elected outside director:</p> <p>Keisuke Takeuchi has been involved in the management of a global group of companies through his experience as Representative Director and President and Representative Director and Chairman of JGC Corporation. Through his extensive experience, insight, and achievements, he can provide advice regarding the Company Group's management, make important decisions and supervise the execution of business. For these reasons, the Company proposes the reelection of Keisuke Takeuchi.</p>			
<p>Important Concurrent Offices:</p> <p>Outside Director of Japan Post Bank Co., Ltd.</p>			

Candidate number	Name (Date of birth)	Personal history, position, duties and important concurrent offices	Ownership of number of the Company's common shares
8	<p><b>Aya Shirai</b> (May 23, 1960)</p> <p>62 years old</p> <p>Candidate for Reelection</p> <p>Outside Director Candidate</p> <p>Independent Director stipulated by Tokyo Stock Exchange, Inc.</p>	<p>April 1979:      Joined All Nippon Airways Co., Ltd.</p> <p>June 1993:      Member of Amagasaki City Council</p> <p>December 2002: The Mayor of Amagasaki City</p> <p>June 2011:      Outside Director of Gunze Limited</p> <p>April 2013:     Executive Operating Officer of the Osaka Pref. Gender Equality Promotion Foundation</p> <p>June 2015:      Outside Director of Pegasus Sewing Machine Mfg. Co., Ltd.</p> <p>                      Outside Director of Sumitomo Precision Products Co., Ltd.</p> <p>June 2018:      <b>Outside Director of Sanyo Chemical Industries, Ltd. (current position)</b></p> <p>June 2019:      <b>Outside Director of the Company (current position)</b></p>	2,900
Reason for nomination as an outside director candidate and role expected to be played as the elected outside director:			
<p>Aya Shirai has been engaged in the management of various manufacturing companies for years through her experience as an outside director. She has also engaged in the top management of local government and actively promoted the diversification of organizations. Through her extensive experience, insight, and achievements, she can provide advice regarding the Company Group's management, make important decisions and supervise the execution of business. For these reasons, the Company proposes the reelection of Aya Shirai. Although Aya Shirai was not previously involved in corporate management other than as an outside director, based on the above reasons, it was determined that Aya Shirai will be able to appropriately conduct the duties of Outside Director.</p>			
<p>Important Concurrent Offices: Outside Director of Sanyo Chemical Industries, Ltd.</p>			



Candidate number	Name (Date of birth)	Personal history, position, duties and important concurrent offices	Ownership of number of the Company's common shares
9	<p><b>Kazunari Uchida</b> (October 31, 1951)</p> <p>70 years old</p> <p>Candidate for Reelection</p> <p>Outside Director Candidate</p> <p>Independent Director stipulated by Tokyo Stock Exchange, Inc.</p>	<p>April 1974: Joined Japan Airlines Co., Ltd.</p> <p>January 1985: Joined Boston Consulting Group</p> <p>June 2000: Japan Representative of Boston Consulting Group</p> <p>April 2006: Professor of Faculty of Commerce at Waseda University</p> <p>February 2012: Outside Auditor of Kewpie Corporation</p> <p>June 2012: Outside Director of Lifenet Insurance Company Outside Director of Mitsui-Soko Co., Ltd. (now Mitsui-Soko Holdings Co., Ltd.)</p> <p>August 2012: Outside Director of Japan ERI Co., Ltd.</p> <p>December 2013: Outside Director of ERI Holdings Co., Ltd.</p> <p>June 2014: Independent Advisory Committee Member of the Company</p> <p>February 2015: Outside Director of Kewpie Corporation</p> <p>March 2016: <b>Outside Director of Lion Corporation (current position)</b></p> <p>June 2020: <b>Outside Director of the Company (current position)</b></p>	1,600
<p>Reason for nomination as an outside director candidate and role expected to be played as the elected outside director:</p> <p>Besides Kazunari Uchida has deep knowledge in the business management field as Japan Representative of Boston Consulting Group, he has been engaged in the management of various companies for years through his experience as an outside director and outside auditor. Through his extensive experience, insight, and achievements, he can provide advice regarding the Company Group's management, make important decisions and supervise the execution of business. For these reasons, the Company proposes the reelection of Kazunari Uchida.</p>			
<p>Important Concurrent Offices:</p> <p>Outside Director of Lion Corporation</p>			

Candidate number	Name (Date of birth)	Personal history, position, duties and important concurrent offices	Ownership of number of the Company's common shares
10	<p><b>Naoki Hidaka</b> (May 16, 1953)</p> <p>69 years old</p> <p>Candidate for Reelection</p> <p>Outside Director Candidate</p> <p>Independent Director stipulated by Tokyo Stock Exchange, Inc.</p>	<p>April 1976: Joined Sumitomo Corporation</p> <p>April 2001: General Manager of Chicago Office, Sumitomo Corporation of America</p> <p>April 2007: Executive Officer, General Manager of Metal Products for Automotive Industries Div. of Sumitomo Corporation</p> <p>April 2009: Managing Executive Officer, General Manager of Chubu Regional Business Unit of Sumitomo Corporation</p> <p>April 2012: Senior Managing Executive Officer, General Manager of Kansai Regional Business Unit of Sumitomo Corporation</p> <p>June 2013: Representative Director, Senior Managing Executive Officer, General Manager of Transportation &amp; Construction System Business Unit of Sumitomo Corporation</p> <p>April 2015: Representative Director, Executive Vice President, General Manager of Transportation &amp; Construction System Business Unit of Sumitomo Corporation</p> <p>June 2018: Special Advisor of Sumitomo Corporation</p> <p>June 2019: Advisor of Sumitomo Corporation</p> <p>June 2020: <b>Outside Director of the Company (current position)</b></p> <p>March 2021: <b>Outside Director of Nabtesco Corporation (current position)</b></p>	1,600
<p>Reason for nomination as an outside director candidate and role expected to be played as the elected outside director:</p> <p>Naoki Hidaka has been involved in the management of a global group of companies through his experience as Executive Vice President of Sumitomo Corporation and its overseas offices. Through his extensive experience, insight, and achievements, he can provide advice regarding the Company Group's management, make important decisions, and supervise the execution of business. For these reasons, the Company proposes the reelection of Naoki Hidaka.</p>			
<p>Important Concurrent Offices: Outside Director of Nabtesco Corporation</p>			

Candidate number	Name (Date of birth)	Personal history, position, duties and important concurrent offices	Ownership of number of the Company's common shares
11	<p><b>Masahiko Miyaki</b> (December 12, 1953)</p> <p>68 years old</p> <p>Candidate for Reelection</p> <p>Outside Director Candidate</p> <p>Independent Director stipulated by Tokyo Stock Exchange, Inc.</p>	<p>April 1977: Joined Nippondenso Co. Ltd. (now DENSO Corporation)</p> <p>June 2004: Managing Officer, Fuel Injection Engineering Dept. of DENSO Corporation</p> <p>June 2007: Managing Officer, Powertrain Control Systems Business Group of DENSO Corporation</p> <p>June 2010: Director &amp; Senior Executive Officer, Electric System Business Group of DENSO Corporation</p> <p>June 2011: Director of Toyota Boshoku Corporation</p> <p>January 2012: Director &amp; Senior Executive Officer, Powertrain Control Systems Business Group of DENSO Corporation</p> <p>June 2013: Representative Director &amp; Vice President, Overall R&amp;D, Engineering Research &amp; Development Center, China Region, of DENSO Corporation</p> <p>April 2015: Representative Director &amp; Vice President, Quality, Safety &amp; Environment Center, of DENSO Corporation</p> <p>April 2017: Director of DENSO Corporation</p> <p>June 2017: Advisor of DENSO Corporation</p> <p>June 2021: <b>Outside Director of the Company (current position)</b></p>	600
<p>Reason for nomination as an outside director candidate and role expected to be played as the elected outside director:</p> <p>Masahiko Miyaki has been involved in the management of a global group of companies in fields including technical development, quality and the environment through his experience as Executive Vice President of DENSO Corporation. Based on his extensive experience, insight and achievements, he can provide advice on the Company Group's management, make important decisions and supervise the execution of business. For these reasons, the Company proposes the reelection of Masahiko Miyaki.</p>			
Important Concurrent Offices: None			

Notes:

1. There is no special conflict of interest between each of these candidates and the Company.
2. Keisuke Takeuchi, Aya Shirai, Kazunari Uchida, Naoki Hidaka and Masahiko Miyaki are candidates for outside directors, and satisfy the requirements under the Independence Standards for Outside Officers adopted by the Company (refer to page 18 [page numbers are not consistent with this translation]). The Company has notified the Tokyo Stock Exchange, Inc. of designation of Keisuke Takeuchi, Aya Shirai, Kazunari Uchida, Naoki Hidaka and Masahiko Miyaki as independent directors as defined in the Security Listing Regulations Article 436-2 of Tokyo Stock Exchange, Inc.
3. Keisuke Takeuchi, Aya Shirai, Kazunari Uchida, Naoki Hidaka and Masahiko Miyaki are currently outside directors of the Company, and at the end of this General Meeting of Shareholders, will have served five years, three years, two years, two years and one year respectively as an outside director.
4. Keisuke Takeuchi, Aya Shirai, Kazunari Uchida, Naoki Hidaka and Masahiko Miyaki are currently outside directors of the Company. The Company has entered into agreements with each of them respectively for limiting their liability to the statutory limit for limiting their liability. The Company plans to enter into agreements with each of Keisuke Takeuchi, Aya Shirai, Kazunari Uchida and Naoki Hidaka and Masahiko Miyaki for limiting their liability to the statutory limit if each of them is reappointed.
5. The Company has concluded a directors and officers liability insurance agreement with an insurance company as provided for in Article 430-3, paragraph (1) of the Companies Act. The outline of the terms of the agreement is as stated in the Business Report, p. 52, “(4) Outline of Directors and Officers Liability Insurance Agreement.” When each candidate is elected as and takes the position of Director, the candidate will be the insured under the insurance agreement. It is planned that the insurance agreement will be renewed at the next renewal with the same terms and conditions.
6. Sumitomo Precision Products Co., Ltd., for which Aya Shirai served as Outside Director, found that it overcharged to the Department of Defense for its sale of defense equipment in January 2019 and voluntarily declared the fact to the Authority. While Aya Shirai had regularly alerted management executives to the importance of internal control at occasions such as meetings of the board of directors, she discharged her responsibilities including a suggestion that internal control and compliance-based management should be further ensured to further thoroughly investigate the cause and to prevent recurrence from time to time after such finding.
7. When the re-election of Toshikazu Koike is approved, it is planned that he will be appointed as the Chairman with no authority to represent the Company (Director & Chairman) at the meeting of the Board of Directors following this General Meeting of Shareholders.
8. Aya Shirai is expected to be elected as an outside director of The Royal Hotel, Limited in late June 2022.

### Proposal 3: Election of 2 Corporate Auditors

The term of office of Auditors Kazuyuki Ogawa and Akira Yamada will expire at the end of this General Meeting of Shareholders. It is proposed that two Auditors be elected. This Proposal has been agreed by the Audit & Supervisory Board.

The candidate for two Corporate Auditors are as follows:

Candidate Number	Candidate Name	Responsibilities in Brother Industries, Ltd. (the “Company”)
1	<b>Kazuyuki Ogawa</b> (62 years old)  Candidate for Reelection	Standing Corporate Auditor
2	<b>Akira Yamada</b> (69 years old)  Candidate for Reelection Outside Auditor Candidate Independent Auditor stipulated by Tokyo Stock Exchange, Inc.	Outside Auditor

(Note) Each candidate’s age indicates the age as of the date of this General Meeting of Shareholders.

Candidate number	Name (Date of birth)	Personal history, position, duties and important concurrent offices	Ownership of number of the Company’s common shares
1	<b>Kazuyuki Ogawa</b> (March 7, 1960)  62 years old  Candidate for Reelection	<p>April 1982: Joined the Company</p> <p>June 1993: Taiwan Brother Industries, Ltd.</p> <p>April 2003: Brother International Corporation</p> <p>June 2007: General Manager of Planning and General Affairs Division of Brother International Corporation</p> <p>May 2009: Director and General Manager of Management Control of Brother International Corporation</p> <p>April 2018: General Manager of Corporate Auditors’ Office of the Company</p> <p>June 2018: <b>Standing Corporate Auditor of the Company (current position)</b></p>	3,600
	Reason for nomination as a corporate auditor candidate: Kazuyuki Ogawa has been engaged in the administrative operations of the Company and group companies, mainly in accounting operations, for years after joining the Company. He also promoted business concerning governance in group companies, as a director or a corporate auditor of each of the companies in the Asian sales facilities of the Company. Based on such insight and experience, it is considered most appropriate for him to be appointed as an auditor of the Company. For these reasons, the Company proposes the reelection of Kazuyuki Ogawa as a Standing Corporate Auditor.		
	Important Concurrent Offices: None		

Candidate number	Name (Date of birth)	Personal history, position, duties and important concurrent offices	Ownership of number of the Company's common shares
2	<p><b>Akira Yamada</b> (May 16, 1953)</p> <p>69 years old</p> <p>Candidate for Reelection</p> <p>Outside Corporate Auditor Candidate</p> <p>Independent Auditor stipulated by Tokyo Stock Exchange, Inc.</p>	<p>April 1986: <b>Registered as an attorney (current position)</b> Joined Miyake, Hatasawa &amp; Yamazaki</p> <p>June 1991: <b>Registered as an attorney in New York (current position)</b></p> <p>January 1992: Partner of Miyake &amp; Yamazaki</p> <p>March 1994: Resident Partner of Bangkok Office of Miyake &amp; Yamazaki</p> <p>January 2015: Outside Director of Amifa Corporation</p> <p>June 2015: Outside Auditor of Denyo Corporation</p> <p>December 2015: <b>Representative of Three Fields L.L.C. (current position)</b></p> <p>December 2016: <b>Outside Director (member of the Audit and Supervisory Committee) of Amifa Corporation (current position)</b></p> <p>June 2018: <b>Outside Auditor of the Company (current position)</b></p> <p>June 2021: <b>Outside Director (member of the Audit and Supervisory Committee) of Denyo Corporation (current position)</b></p>	1,000
<p>Reason for nomination as an outside corporate auditor candidate: Akira Yamada has been involved in both domestic and international corporate legal affairs for years as an attorney at law. Through his extensive experience, insight, and achievements, he can provide auditing over the operation of the Company, independent of the managing executives. For these reasons, the Company proposes the reelection of Akira Yamada as an Outside Auditor.</p>			
<p>Important Concurrent Offices: Representative of Three Fields L.L.C. Outside Director (member of the Audit and Supervisory Committee) of Denyo Corporation Outside Director (member of the Audit and Supervisory Committee) of Amifa Corporation</p>			

Notes:

1. There is no special conflict of interest between each of these candidates and the Company.
2. Akira Yamada is a candidate for outside auditor and satisfy the requirements under the Independence Standards for Outside Officers adopted by the Company (refer to page 18). The Company has notified the Tokyo Stock Exchange, Inc. of designation of Akira Yamada as an independent auditor as defined in the Security Listing Regulations Article 436-2 of Tokyo Stock Exchange, Inc.
3. Akira Yamada is currently an outside auditor of the Company, and at the end of this General Meeting of Shareholders, will have served four years as outside auditor.
4. Akira Yamada is currently an outside auditor of the Company. The Company has entered into agreements with Akira Yamada for limiting his liability to the statutory limit for limiting their liability. The Company plans to enter into agreements with Akira Yamada for limiting their liability to the statutory limit if Akira Yamada is reappointed.
5. The Company has concluded a directors and officers liability insurance agreement with an insurance company as provided for in Article 430-3, paragraph (1) of the Companies Act. The outline of the terms of the agreement is as stated in the Business Report, p. 52, "(4) Outline of Directors and Officers Liability Insurance Agreement." When each candidate is elected as and takes the position of Auditor, the candidate will be the insured under the insurance agreement. It is planned that the insurance agreement will be renewed at the next renewal with the same terms and conditions.

## (Reference) Expected areas and skills of expertise for Directors and Corporate Auditors

Toward the realization of Brother Group Vision “At your side 2030”, we will proactively respond not only to each business strategy, including growth strategy in the industrial domain, but also to sustainability issues under the mid-term business strategy “CS B2024”. We especially expect the contribution by each of our directors and corporate auditors (including candidates) in the following areas:

		Management strategy	Develop ment Manu facturing	Sales marketing	IT DX	HR Develop ment	Inter nationality	Legal compliance	Finance accounting	ESG sustainability	Age	Gender	Indepen dency
Directors	Toshikazu Koike	●		●		●	●			●	66	Male	
	Ichiro Sasaki	●	●		●		●			●	65	Male	
	Tadashi Ishiguro	●		●	●		●				61	Male	
	Kazufumi Ikeda	●				●	●			●	59	Male	
	Satoru Kuwabara	●	●				●				59	Male	
	Taizo Murakami		●				●			●	60	Male	
	Keisuke Takeuchi	●	●				●				74	Male	○
	Aya Shirai	●				●				●	62	Female	○
	Kazunari Uchida	●			●	●	●				70	Male	○
	Naoki Hidaka	●		●			●				69	Male	○
Masahiko Miyaki	●	●							●	68	Male	○	
Corporate Auditors	Kazuyuki Ogawa						●		●		62	Male	
	Keizo Obayashi						●		●		59	Male	
	Akira Yamada						●	●			69	Male	○
	Masaaki Kanda							●		●	70	Male	○
	Kazuya Jono						●		●		67	Male	○

\*The above does not represent all the expertise of each director and corporate auditor.

## (Reference) Independence Standards for Outside Officers

Brother Industries, Ltd. determines that an individual who falls into one of the followings does not hold independence from the Company.

- (1)
  - i. An individual who is currently serving or served within the past 10 years as a director, executive officer, manager, or employee (including an executive officer) of Brother Industries, Ltd. and its subsidiaries (hereafter collectively referred to as Brother Industries, Ltd. etc.).
  - ii. An individual who had served as a director, executive officer, manager, or employee in a managerial position (including an executive officer) of Brother Industries, Ltd. etc., more than 10 years ago.
- (2) An individual who is currently serving or served within the past five years as a business executor<sup>\*1</sup> of a corporation or any other organization (hereafter referred to as a corporation, etc.) that applies to one of the followings.
  - A corporation, etc. which is the major shareholder<sup>\*2</sup> of Brother Industries, Ltd.
  - A corporation, etc. of which Brother Industries, Ltd. etc. is the major shareholder
  - A corporation, etc., which paid Brother Industries, Ltd., etc. the amount of money that is more than two percent of the consolidated net sales of Brother Industries, Ltd. during the business year concerned
  - A corporation, etc. which received either ten million yen of annual payment or a payment equals to two percent of the consolidated net sales of the said corporation, etc., whichever is larger, from Brother Industries, Ltd. etc. during the relevant business year
  - A corporation/organization, etc. which obtained more than ten million yen of annual payment, or a payment more than two percent of the gross income or recurring revenue of the said corporation/organization, etc., whichever is larger, from Brother Industries, Ltd. as a donation or grant during the relevant business year
- (3) An individual who currently serves or served within the past five years as a business executor of a company, at which an individual from Brother Industries, Ltd., etc. serves as its director.
- (4) A certified public accountant who currently serves or served within the past five years as an accounting auditor of Brother Industries, Ltd., etc., or currently belongs or belonged within the past five years to an auditing firm, which serves as the accounting auditor of Brother Industries, Ltd., etc.
- (5) A consultant, accounting specialist, or a legal expert who currently receives or received within the past five years either a payment of more than two percent of the net sales of the business year or ten million yen, whichever is higher, from Brother Industries, Ltd., etc. (excluding the remuneration of officers).  
(In the case of which the recipient of the said compensation is an organization, such as a corporation or guild, this applies to a consultant, accounting specialist or legal expert who belongs to the organization concerned.)
- (6) An individual who is currently a close relative<sup>\*3</sup> or was a close relative within the past five years of the individuals mentioned in (1) through (5) above respectively (excluding individuals who are not considered as important individuals<sup>\*4</sup>).

\*1: A business executor is a director in charge of executing a business operation or executive officer of a corporation or any other organization, an officer or employee in charge of executing a business operation of any other corporation, etc., those who fulfill the duty stipulated in the Article 598 (1) of the Japanese Companies Act or any other individual that has a similar responsibility, employee, director (excluding an outside director), a manager who has a similar responsibility, or those who execute tasks of employees, etc.

\*2: Refers to a shareholder who holds more than ten percent of voting rights.

\*3: As to (1) through (3) above, an important individual means a director, executive officer, or an employee who is a department manager or at a higher position (including an executive officer). As to (4) above, it refers to certified public accountants belonging to respective auditing firms. As for (5) above, it means a director, executive officer, an employee who is a department manager or at a higher position (including an executive officer), certified public accountants belonging to respective auditing firms, or attorneys belonging to respective law firms.

\*4: Refers to relatives within the second degree of kinship.



#### **Proposal 4: Payment of Performance-Based Remuneration to Directors**

The Company proposes that performance-based remuneration according to the business results in this term (130th) to be paid to six Directors (excluding outside directors): Toshikazu Koike, Ichiro Sasaki, Tadashi Ishiguro, Yuichi Tada, Kazufumi Ikeda and Satoru Kuwabara for a total amount of 147.68million yen. It is also proposed that the specific amount for each director be left to the discretion of the Board of Directors.

The purpose of the performance-based remuneration is to reflect the responsibilities of each recipient to achieve the Group's year-on-year business performance. Based on the target attainment level of the consolidate revenue on a Group-wide basis or segment revenue and consolidated profit for the year on a Group-wide basis or segment operating profit, the remuneration is calculated according to the method predetermined in the Director Remuneration Rules. The Company believes that the amounts are appropriate.

With respect to our officers' remuneration plans, including the performance-based remuneration, please refer to the Business Report, pp. 49-52, "(3) Matters Concerning Policy on and Method of Determining Remuneration for Officers."

## Proposal 5: Revision of Amount of Remuneration for Directors

Along with the formulation of the medium-term business strategy “CS B2024” for the realization of the Brother Group Vision “At your side 2030” towards 2030, the Company decided to revise compensation plans for Directors for the purpose of sustainably enhancing the Company’s corporate value by increasing incentives for Directors to achieve the Company’s short-term and medium- to long-term management targets. With respect to such revision, this Proposal and Proposal 6: Introduction of the Performance-Based Stock Compensation Plan for Directors, etc., are submitted.

With respect to the amount of monetary remuneration for the Company’s Directors, the maximum amount of basic remuneration of 400 million yen a year was approved at the 114th Ordinary General Meeting of Shareholders held on June 23, 2006, as fixed compensation. In this proposal, the maximum amount of basic remuneration as fixed compensation shall be 400 million yen a year as in the past, and the Company will pay a certain amount to each Director excluding Outside Directors in accordance with the position of the Director, and a predetermined fixed amount to each Outside Director in consideration of their duties in which they take part in supervising the performance of the Company’s executives.

On the other hand, payment to Directors excluding Outside Directors of an annual bonus that reflects the performance achieved in each fiscal year has been approved at the annual Ordinary General Meeting of Shareholders each time such payment is made (refer to Proposal 4).

To further clarify the connection with the performance results and to promote the sharing of interests with shareholders, the Company decided to revise the payment method for the annual bonus out of such remuneration from a method based on an assessment according to the achievement of sales revenue and profit targets, to a method of distributing a certain percentage of net income in each fiscal year to full-time Directors who concurrently serve as Executive Officers, depending on factors such as their positions, within the maximum amount stated below.

The Company proposes introducing the plan under which an annual bonus shall be paid only to full-time Directors who concurrently serve as Executive Officers and that the payment amount shall be based on a resolution of the Board of Directors within the maximum amount of remuneration approved at the General Meeting of Shareholders in advance and revising the maximum amount of the annual bonus (monetary remuneration) for full-time Directors who concurrently serve as Executive Officers, which will be paid in addition to the basic remuneration (fixed compensation), as follows:

Maximum amount of the annual bonus for full-time Directors who concurrently serve as Executive Officers (performance-based bonus)
Within 0.4% of the amount of net income attributable to the owners of the parent company in the relevant fiscal year

As in the past, the amount of remuneration for Directors shall not include the employee salary of an employee-director, and it is also proposed that the time of payment and distribution to each Director of remuneration shall be left to the discretion of the Board of Directors.

At the meeting of the Board of Directors on March 2, 2021, the Company established the policy to determine remuneration for each Director, the outline of which is stated in the Business Report, pp. 49-52. We plan to amend this policy as stated in the “(Reference) Matters Concerning Policy on and Method of Determining Remuneration etc., for Directors (subject to the approval of Proposal 5 and Proposal 6)” on pp. 25-28 of the Reference Material for the General Meeting of Shareholders upon the approval of this Proposal and Proposal 6. We believe that this Proposal is in accordance with the amended policy and that it is necessary and reasonable to provide each Director with such remuneration and thus appropriate.

The current number of Directors is 11 (of who, five are Outside Directors). Upon approval and adoption of Proposal 2: Election of 11 Directors as proposed, the number of Directors will become 11 (of who, five will be Outside Directors).

If it is revealed that a Director to whom an annual bonus is payable has committed a material act of dishonesty or breach, or has been involved in erroneous or improper accounting, the Company shall be entitled, based on a report of the Compensation Committee and a determination of the Board of Directors, to not pay the annual bonus to the Director or to demand that the Director return money equivalent to the amount of the annual bonus already paid to that Director (for further details, refer to paragraph 7 of the “(Reference) Matters Concerning Policy on and Method of Determining Remuneration etc., for Directors (subject to the approval of Proposal 5 and Proposal 6)” on p. 28).

## **Proposal 6: Introduction of the Performance-Based Stock Compensation Plan for Directors, etc.**

Remuneration for the Company's Directors consists of three components: basic remuneration, annual bonuses, and stock options for a stock-based compensation plan. Up to the present time, the maximum amount of basic remuneration was 400 million yen a year, which was approved at the 114th Ordinary General Meeting of Shareholders held on June 23, 2006. The payment of an annual bonus that reflects the performance achieved in each fiscal year has been approved at the annual Ordinary General Meeting of Shareholders each time such payment was made, while stock options for a stock-based compensation plan was approved at the 114th Ordinary General Meeting of Shareholders held on June 23, 2006, and the 129th Ordinary General Meeting of Shareholders held on June 23, 2021 (with respect to the revision of the amount of remuneration to Directors including annual bonuses, refer to Proposal 5).

This is a proposal that a new stock-based compensation plan using a trust structure (hereinafter referred to as the "Plan") for the Company's Directors and Executive Officers (excluding Outside Directors, part-time Directors, and Directors and Executive Officers who are non-residents of Japan; eligible Directors and Executive Officers are hereinafter collectively referred to as "Directors, etc.") be introduced in lieu of the former stock options for a stock-based compensation plan for the purpose of providing incentives to achieve the Company's targets, such as the management targets (financial and sustainability targets) set forth in the medium-term business strategy and to enhance corporate value over the medium to long term, including shareholder value.

This compensation will be paid in addition to the basic remuneration to be approved in Proposal 5 with the same terms and conditions as approved at the 114th Ordinary General Meeting of Shareholders held on June 23, 2006, and the annual bonuses to be newly approved in Proposal 5.

The Company plans to amend the policy to determine remuneration for each Director as stated in the "(Reference) Matters Concerning Policy on and Method of Determining Remuneration etc., for Directors (subject to the approval of Proposal 5 and Proposal 6)" on pp. 25-28 of the Reference Material for the General Meeting of Shareholders upon the approval and adoption of Proposal 5 and this Proposal as proposed. This Proposal should follow the amended policy and be deemed necessary and reasonable to provide each Director with such remuneration. The maximum number of the Company's shares, etc. (as defined in paragraph 1 (1) below) to be delivered, etc. (as defined in paragraph 1 (1) below) to Directors, etc., for each subject period (as defined in paragraph 1 (2) below) that the Company is entitled to determine is the number of shares equivalent to the number of points calculated by multiplying the number of the Company's shares equivalent to 110,000 points (equivalent to 110,000 shares) by the number of years of the subject period. It will be 330,000 points (equivalent to 330,000 shares) for the initial subject period, which is less than 0.15% of the total number of the Company's issued shares (as of March 31, 2022, after subtracting the number of treasury shares). The Company therefore believes that this Proposal is appropriate.

The number of Directors subject to this Proposal will be six upon the approval and adoption of Proposal 2: Election of 11 Directors as proposed. As stated above, the Company's Executive Officers are also eligible for the Plan (it is planned that the number of Executive Officers who do not concurrently serve as Directors eligible for the Plan will be 11 at the conclusion of this General Meeting of Shareholders). While compensation under the Plan includes remuneration for Executive Officers, the Company proposes the amount and details of such compensation as remuneration for Directors, etc., as a whole under the Plan in this Proposal, considering the possibility that those Executive Officers may become new Directors during the subject period.

Subject to the approval and adoption of this Proposal as proposed, new stock options for the stock-based compensation plan will not be allocated.

### **1. Amount and Specific Details of Remuneration etc. under the Plan**

#### **(1) Outline of the Plan**

The Plan is a stock-based compensation plan, under which a trust established by the Company (hereinafter referred to as the "Trust") will acquire the Company's shares using the amount of remuneration for Directors, etc., that the Company contributes, and in accordance with the Share Delivery Rules established by the Company, the Company's shares and cash equivalent to the liquidation value of the Company's shares (hereinafter referred to as the "Company's shares, etc.") will be delivered and provided (hereinafter referred to as "delivered, etc.") to Directors, etc., through the Trust (details are as stated

in (2) through (7) ).

(i) Persons eligible for the Company's shares, etc., to be delivered, etc., subject to this Proposal	<ul style="list-style-type: none"> <li>• The Company's Directors (excluding Outside Directors, part-time Directors and Directors who are non-residents of Japan)</li> <li>• The Company's Executive Officers (excluding Executive Officers who are non-residents of Japan)</li> </ul>
(ii) Impacts on the total number of issued shares by the Company's shares subject to this Proposal	
The maximum amount of money contributed by the Company (as stated in (2) below)	<ul style="list-style-type: none"> <li>• Amount calculated by multiplying 220,000,000 yen by the number of years of the subject period</li> <li>• The maximum amount for first subject period of the three fiscal years from the fiscal year ending on March 31, 2023, to the fiscal year ending on March 31, 2025, is 660,000,000 yen.</li> </ul>
The maximum number of the Company's shares that the Company is entitled to determine are to be delivered, etc., to Directors, etc., for each subject period, and the method of acquiring the Company's shares by the Trust (as stated in (2) and (3) below)	<ul style="list-style-type: none"> <li>• Number of shares equivalent to the number of points calculated by multiplying 110,000 points (equivalent to 110,000 shares) by the number of years of the subject period</li> <li>• The maximum number of points for the first subject period of the three fiscal years from the fiscal year ending on March 31, 2023, to the fiscal year ending on March 31, 2025, is 330,000 points (equivalent to 330,000 shares).</li> <li>• It is planned that the Trust will acquire the Company's shares from the Company (issuance of new shares or disposal of treasury shares) or on the stock market.</li> <li>• The number of shares equivalent to the maximum number of points granted to Directors, etc., per fiscal year should be less than 0.05% of the total number of issued shares (as of March 31, 2022, after subtracting the number of treasury shares).</li> </ul>
Details of the degree of achievement of targets (as stated in (3) below)	<ul style="list-style-type: none"> <li>• Points fluctuate depending on the degree of achievement of targets, such as those for the medium-term business strategy, etc., in the subject period.</li> <li>• For the first subject period of the three fiscal years from the fiscal year ending on March 31, 2023, to the fiscal year ending on March 31, 2025, points will fluctuate within a range of 0% to 150% depending on the degree of achievement of the targets for consolidated revenue, net income attributable to the owners of the parent company, CO<sub>2</sub> emissions reductions and TSR (Total Shareholder Return) in the final fiscal year.</li> <li>• The specific details of the degree of achievement of the targets in the subject period starting after the fiscal year ending on March 31, 2026 will be determined separately by the Board of Directors.</li> </ul>
Time of delivery, etc., of the Company's shares, etc. (as stated in (4) below)	<ul style="list-style-type: none"> <li>• When Directors, etc., leave the Company, in principle</li> </ul>

## (2) Maximum amount of money contributed by the Company

The period under the Plan is the period of fiscal years set for the Company's medium-term business strategy, etc., (hereinafter referred to as the "subject period"). The first subject period is the three fiscal years from the fiscal year ending on March 31, 2023, to the fiscal year ending on March 31, 2025 (hereinafter referred to as the "CS B2024 period").

The Company will establish the Trust whose trust period is equivalent to the subject period and beneficiaries are Directors, etc., who satisfy the beneficiary requirements, by contributing money of a maximum of the amount calculated by multiplying 220,000,000 yen by the number of years of the subject period (660,000,000 yen for the CS B2024 period).

The Trust will acquire the Company's shares from the Company (issuance of new shares or disposal of treasury shares) or on the stock market using money in trust as the resource in accordance with the instructions of the trust administrator.

During the trust period, the Company will grant points (as set forth in (3) below) to Directors, etc., and the Trust will make delivery, etc., of the Company's shares, etc., of the number corresponding to the cumulative value of points granted at a certain predetermined time.

At the expiration of the trust period of the Trust, the Trust may continue to exist by way of amendments to the trust agreement and additional entrustment in lieu of the establishment of a new trust. In that case, the planned period (consecutive period) for the medium-term business strategy, etc., the Company establishes at that time will be the new subject period, and the trust period of the Trust will be extended for the same period as the new subject period. The

Company will make additional contributions for each extended trust period within the amount calculated by multiplying 220,000,000 yen by the number of years of the new subject period, and continue to grant points to Directors, etc., during the extended trust period. However, in the event that such an additional contribution is made, if there are the Company's shares (excluding the Company's shares equivalent to the points granted to Directors, etc., which have not yet been delivered, etc.) and money remaining in the Trust's assets at the end of the trust period before the extension (hereinafter referred to as "residual shares, etc."), the total amount of residual shares, etc., and the additional trust fund to be contributed to will be within the amount calculated by multiplying 220,000,000 yen by the number of years of the new subject period.

If no amendment to the trust agreement or additional entrustment is made and there are Directors, etc., in office who may satisfy the beneficiary requirements at the expiration of the trust period, further points will not be granted to Directors, etc., thereafter, but the trust period may be extended by a maximum of 10 years until those Directors, etc., leave the Company and the Company's shares, etc., are completely delivered, etc., to those Directors, etc.

### **(3) Maximum number of the Company's shares, etc., to be delivered, etc., to Directors, etc., as the Company is entitled to determine**

The Company's shares etc., to be delivered, etc., to Directors, etc., will be determined by converting one point into one share of the Company's shares (rounded to the nearest whole number) according to the cumulative value of points granted to Directors, etc., for each fiscal year (hereinafter referred to as the "cumulative number of points") in accordance with the following point-granting rules.

If Directors, etc., become non-residents of Japan during the subject period, points under the Plan will not be granted to those Directors, etc., while they are non-residents of Japan, and in lieu of the Plan, cash equivalent to the amount of stock-based compensation under the Plan (Phantom Stocks) shall be calculated in accordance with the Plan and paid to the Directors, etc., when they leave the Company.

If the Company's shares are subject to a stock split, reverse stock split, etc., during the trust period, the number of the Company's shares per point will be adjusted in accordance with the split ratio, reverse stock split ratio, etc., of the Company's shares.

#### **[Point-granting rules]**

For each fiscal year, Directors, etc., are granted 50% as fixed points and 50% as performance-linked points out of the number obtained by dividing the base amount of stock-based compensation, which is set according to their position, by the base stock price\*1. Fixed points and performance-linked points are accumulated and added together.

Performance-linked points will fluctuate within a certain range\*3, are calculated by multiplying the cumulative value for each subject period by a performance-linked coefficient based on the degree of achievement of targets in the subject period\*2. For Directors, etc., who leave the Company, die or become non-residents of Japan in the middle of the subject period, those points are calculated by multiplying the cumulative value at the time of such event by the performance-linked coefficient based on the degree of achievement of performance targets, etc., at that time.

\*1 Average closing price (rounded to the nearest whole number) of the Company's shares on the Tokyo Stock Exchange in July 2022 (or, if the trust period is extended, the month prior to the time of extension)

\*2 For the CS B2024 period, the indicators to measure the degree of achievement of targets will be consolidated revenue, consolidated net income (net income attributable to the owners of the parent company), CO<sub>2</sub> emissions reductions and TSR (Total Shareholder Return) in the final fiscal year of the subject period (the final fiscal year of the planned period for the medium-term business strategy). The indicators for the subject period starting after the CS B2024 period will be determined separately by the Board of Directors.

\*3 For the CS B2024 period, points shall fluctuate within a range of 0% to 150%. The indicators for the subject period starting after the CS B2024 period will be determined separately by the Board of Directors.

The maximum number of the Company's shares that the Company is entitled to determine to be delivered to Directors, etc., for each trust period of the Trust is the number of shares equivalent to the number of points calculated by multiplying 110,000 points (equivalent to 110,000 shares) by the number of years of the subject period. Therefore, the maximum number of the Company's shares that the Company is entitled to determine to be delivered to Directors, etc., for the first subject period of the three fiscal years from the fiscal year ending on March 31, 2023, to the fiscal year ending on March 31, 2025, will be the number of shares equivalent to 330,000 points (equivalent to 330,000 shares).

This maximum number is set based on the maximum amount of money contributed by the Company as set forth in the above (2) with reference to the stock price, etc., at the time the Company's Board of Directors determines that this Proposal is to be submitted.

**(4) Time and method of delivery, etc., of the Company's shares, etc., to Directors, etc., and outline of the other terms of delivery of shares**

Directors, etc., who satisfy certain beneficiary requirements (such as Directors, etc., leaving the Company and non-involvement in illegal activities) will, after leaving the Company, receive the delivery of the Company's shares of a number corresponding to 70% of the number of accumulated points calculated in accordance with (3) above (rounding down any shares of less than one unit) and will be provided with cash equivalent to the liquidation value of the Company's shares corresponding to the number of remaining points after they are liquidated within the Trust.

If Directors, etc., who satisfy the beneficiary requirements die during the trust period, the Company's shares corresponding to the number of accumulated points held by the Directors, etc., at that time shall be liquidated within the Trust, and the heirs of the Directors, etc., shall receive a cash payment from the Trust of an amount equivalent to the liquidation value of the Company's shares.

If it is revealed that Directors, etc., eligible for the Plan have committed a material act of dishonesty or breach, or have been involved in erroneous or improper accounting, the Company shall be entitled, based on a report of the Compensation Committee and a determination of the Board of Directors, to not make a delivery, etc., of the Company's shares, etc., to those Directors, etc., under the Plan, or to demand that those Directors, etc., return money equivalent to the Company's shares, etc., already delivered, etc., to them or to compensate for damages by paying money equivalent to the amount of the Company's shares, etc. (for further details, refer to paragraph 7 of the "(Reference) Matters Concerning Policy on and Method of Determining Remuneration etc., for Directors (subject to the approval of Proposal 5 and Proposal 6)" on pp. 25-28).

**(5) Exercise of voting rights pertaining to the Company's shares in the Trust**

Voting rights on the Company's shares in the Trust (those that remain in the Trust before they are delivered, etc., to Directors, etc., in accordance with (4) above) shall not be exercised during the trust period to ensure neutrality with regards to the Company's management.

**(6) Handling of dividends on the Company's shares in the Trust**

Dividends pertaining to the Company's shares in the Trust will be received by the Trust and used to pay trust fees and other expenses incurred by the Trust.

**(7) Other details of the Plan**

Other details of the Plan will be determined by the Board of Directors each time that the Trust is established, the trust agreement is amended, or an additional contribution is made to the Trust.

(Reference) For further details of the Plan, please refer to the "Notice of Introduction of the Performance-Based Stock Compensation Plan for Directors, etc. of the Company" dated May 11, 2022 (URL : <https://download.brother.com/pub/jp/news/2022/20220511-001.pdf>).

## **(Reference) Matters Concerning Policy on and Method of Determining Remuneration etc., for Directors (subject to the approval of Proposal 5 and Proposal 6)**

At the meeting of the Board of Directors on March 2, 2021, the Company established the “Policy on Determining Remuneration for Directors, etc.”, the outline of which is stated in the Business Report (pp. 49-52). Subject to the approval of Proposal 5 and Proposal 6, this policy will be modified as follows:

### **1. Outline of the Officer Remuneration Plans**

The Company has determined an officer remuneration system that enables the Company to secure and maintain excellent internal and external management personnel who serve the purpose of sustainably enhancing corporate value, and it has adopted the policy of paying remuneration to them at levels appropriate to their duties and achievements.

Remuneration for the Company’s Directors consists of the following (i) through (iii):

- (i) Basic remuneration: Fixed monetary remuneration for all Directors
- (ii) Annual bonuses: Monetary remuneration based on performance in the relevant fiscal year only for full-time Directors who concurrently serve as Executive Officers
- (iii) Stock-based compensation: Stock-based compensation based on medium-term performance, etc., for Directors excluding Outside Directors and Part-time Directors (if an eligible Director is a non-resident of Japan, alternative monetary remuneration is paid)

Remuneration for full-time Directors who do not concurrently serve as Executive Officers consists of Basic remuneration and Stock-based compensation. Remuneration for will be paid to Outside Directors and part-time Directors consist of Basic remuneration only.

The amount of or method of calculating remuneration for all Directors is specified in the Company’s Director Remuneration Rules and Share Delivery Rules (hereinafter collectively referred to as the “Director Remuneration Rules, etc.”) in detail to ensure objectivity and transparency. Any revisions to the Director Remuneration Rules, etc., requires deliberation by the Compensation Committee and a resolution by the Board of Directors.

Remuneration for Corporate Auditors consist of Basic remuneration which is specified in the Company’s Corporate Auditors Remuneration Rules determined by the resolution of the Audit & Supervisory Board.

### **2. Policy on Determination of Amount and Time of Payment of Basic Remuneration etc., for Directors**

The basic remuneration for Directors is monetary remuneration whose amount is fixed annually and paid monthly. The amount will be determined depending on the position and the duties of each Director within the limit on remuneration approved at the General Meeting of Shareholders.

### **3. Policy on Details of Performance Indicators pertaining to the Annual Bonus, Method of Calculating Remuneration etc., and Determination of Time and Terms of Payment**

The annual bonus is variable monetary remuneration that reflects performance in each fiscal year. It will be paid at a certain time each year, in principle, based on a report of the Compensation Committee and a resolution of the Board of Directors.

The annual bonus will be calculated using the calculation method set forth below. However, the total amount of the annual bonuses paid in each fiscal year shall be a maximum of 0.4% of the amount of consolidated net income in that fiscal year, and if the total amount to be paid exceeds such maximum amount as a result of the calculation below, adjustments will be made so that the total amount is within the maximum amount.

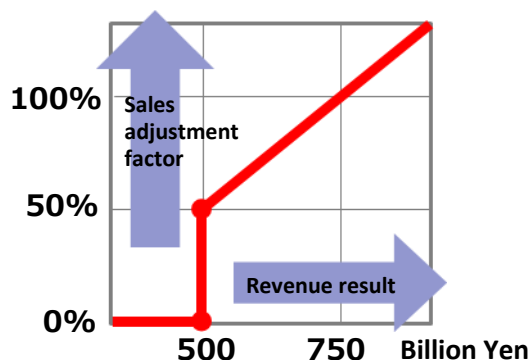
- (1) Determine the “allocation rate” based on the sum total of “base points” according to the position of the Director eligible for a payment, and the predetermined “base point unit rate,” “base revenue” and “base net income.”
- (2) Based on the “allocation rate” under (1), calculate the total resources for an annual bonus in the relevant fiscal year using the following formulae:

Total resource 1 = Consolidated net income × Allocation rate × 1/2

Total resource 2 = Consolidated net income × Allocation rate × 1/2 × Sales adjustment factor (as per the table below)

Total resources for a bonus = Total resource 1 + Total resource 2

(If consolidated revenue is less than 500 billion yen, the Total resource 2 is zero.)



- (3) Calculate the tentative amount to be distributed to each Director eligible for a payment by dividing the total resources for a bonus proportionally based on the base points according to the position of each Director eligible for a payment.
- (4) The Representative Director & President may propose that an extra amount be added to the tentative amount distributed to each Director eligible for a payment, except for him/herself, by a maximum of 10% of such tentative amount distributed.
- (5) The Compensation Committee will deliberate on the total of the tentative amount to be distributed to each Director eligible for a payment and the extra amount added thereto, as well as the total amount to be paid, and then submit to the Board of Directors the plan for payment of an annual bonus to each Director. The annual bonus will be paid to each Director eligible for a payment by a resolution of the Board of Directors.

Note: As used in this paragraph, the term “consolidated net income” refers to “net income attributable to the owners of the parent company”.

#### **4. Policy on Details of Stock-based Compensation, Details of Performance Indicators, Calculation Method, and Determination of Time and Terms of Payment**

Stock-based compensation is variable remuneration based on the degree of achievement of targets, such as those for the medium-term business strategy, and the degree of enhancement of shareholder value, for contribution to the enhancement of the Company’s medium- to long-term corporate value. As such stock-based compensation, shares, etc., will be delivered to Directors eligible to receive them through the Trust to which the Company contributes money by use of the Board Benefit Trust system.

The time of delivery of shares, etc., to a Director as stock-based compensation will be after the Director leaves the Company, in principle.

Shares, etc., delivered as stock-based compensation will be calculated according to the methods set forth below.

- (1) Each eligible Director is granted 50% as fixed points and 50% as performance-linked points out of the number obtained by dividing the base amount of stock-based compensation, which is predetermined according to the Director’s position, by the base stock price, for each fiscal year in the subject period for the medium-term business strategy, etc. (hereinafter simply referred to as the “subject period”). Fixed points and performance-linked points are accumulated and added together.



(2) After the expiration of the subject period, the number of points delivered will be calculated by multiplying the number of accumulated performance-linked points of each Director by each of the performance-linked coefficients according to the following indicators, weight and degree of achievement of targets.

Indicators	Revenue(25%)	Net Income(25%)
Definition of indicators	Degree of plan achievement in the final fiscal year of the subject period (medium-term business strategy)	
Target achievement rate/ Performance-linked coefficients		
Indicators	CO <sub>2</sub> emission reduction rate(25%)	TSR(25%)
Definition of indicators	Degree of achievement of the CO <sub>2</sub> emissions reductions target in the subject period	Rate of the Company's Total Shareholder Return (TSR) against TOPIX Outperform (OP) in the subject period
Target achievement rate/ Performance-linked coefficients		

Note 1: Performance-linked coefficients regarding revenue and net income shall be calculated based on the consolidated revenue and net income attributable to the owners of the parent company respectively -in the final fiscal year of the subject period.

Note 2: The Company's Total Shareholder's Return (TSR) refers to TSR together with capital gains and dividends in the subject period.

Note 3: For Directors who leave the Company due to the expiration of their term of office before the expiration of the subject period, increases or decreases will be calculated in accordance with the above.

(3) Directors who are qualified to be beneficiaries of stock-based compensation will, after leaving the Company, receive the delivery of the Company's shares of a number corresponding to 70% of the number of accumulated points granted in accordance with (1) and (2) above and will be provided with cash equivalent to the number of remaining points.

## 5. Policy on Determination of Composition Ratio of Remuneration etc. for Each Director by Type of Remuneration

The composition ratio of remuneration for each full-time Director who concurrently serves as an Executive Officer, of basic remuneration (fixed) : annual bonuses (performance-based) : stock-based compensation (performance-based), is generally 5:3:2 when the actual value meets the short-term performance target as an indicator for annual bonuses and the medium-term performance target as an indicator for stock-based compensation.

The composition ratio of remuneration for each full-time Director who does not concurrently serve as an Executive Officer (excluding Outside Directors), of basic remuneration (fixed) : stock-based compensation (performance-based), is generally 3:1 when the actual value meets the medium-term performance target as an indicator for stock-based compensation.

The Compensation Committee will regularly verify the validity of remuneration for Directors by position and by type and the level of payment of total remuneration, by referring to objective remuneration level data provided by an external research organization every year.

#### **6. Method of Determining Details of Remuneration etc. for Each Director**

- (1) The amount paid as basic remuneration to each Director shall be determined according to the Director's position in accordance with the Director Remuneration Rules established by the Board of Directors.
- (2) The amount paid as an annual bonus to each Director eligible for such payment shall be determined by the Board of Directors after the Compensation Committee has verified the correctness and validity of such amount calculated in accordance with the Director Remuneration Rules and the total amount to be paid.
- (3) The amount paid as stock-based compensation to each Director shall be determined in accordance with the Share Delivery Rules established by the Board of Directors after the Compensation Committee has validated the degree of achievement of the performance indicator targets.

#### **7. Other Important Matters Concerning the Determination of Details of Remuneration etc. for Each Director**

With respect to annual bonuses and stock-based compensation, if it is revealed that eligible Directors have been involved in illegal activities or accounting fraud, etc., the Company may demand that all or part of compensation already paid or granted be returned, based on a report of the Compensation Committee and a determination of the Board of Directors.

---End---