

The Eastern Company

Capital Allocation and Investment Committee Charter

The Board of Directors (the “Board”) of The Eastern Company (the “Company”) shall appoint from its members a Capital Allocation and Investment Committee (the “Committee”). This Charter of the Capital Allocation and Investment Committee (this “Charter”) defines the composition, duties and responsibilities and authority of the Committee as follows:

Composition of the Committee

The members of the Committee shall be appointed by the Board. The Committee will be composed of three or more members of the Board, a majority of whom shall be nonemployee directors. The Board shall affirmatively determine that a majority of the members of the Committee are “independent” in accordance with applicable law, including the rules and regulations of the Securities and Exchange Commission and the rules of The Nasdaq Stock Market. Unless a Chair is appointed by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee. Members of the Committee shall serve until their successors are duly elected and qualified or their earlier resignation or removal. The Board may replace any member of the Committee.

Duties and Responsibilities

The Committee, considering and in accordance with applicable law, regulations and Company policy:

- Shall provide oversight of strategic efforts of the Company, including ongoing review of the Company’s assets, capital allocation and potential transactions to enhance shareholder value.
- Shall consider prospective acquisitions and refer qualified opportunities to the Board.
- Shall review and recommend to the Board investment opportunities in undervalued public companies where the Committee believes value can be created through active engagement with management teams and boards of directors, with the objective of driving change and encouraging the implementation of initiatives designed to enhance long-term value.
- Shall perform such other functions that the Board requests in accordance with applicable law and the Company’s certificate of incorporation and bylaws.

Resources and Authority of the Committee

The Committee shall be given the resources and authority to appropriately discharge its responsibilities, including authority to retain counsel and other experts and consultants (each, a “Capital Allocation and Investment Committee Advisor”). The Company shall provide appropriate funding, as determined by the Committee, for payment of reasonable fees to any Capital Allocation and Investment Committee Advisor retained by the Committee.

Operations

The Committee shall meet as often as it deems appropriate to perform its duties. Special meetings may be called by the Chair of the Committee. A majority of the members of the Committee shall constitute a quorum. Concurrence of a majority of the quorum (or, in case a quorum at the time consists of two members of the Committee, both members present) shall be required to take formal action of the Committee. Written minutes shall be kept for all formal meetings of the Committee. The Committee may request or permit any officer of the Company or any advisor, consultant or counsel to the Company to attend a meeting of the Committee.

As permitted by Section 33-749 and Section 33-753(d) of the Connecticut General Statutes, the Committee may act by unanimous written consent, and as permitted by Section 33-748 and Section 33-753(d) of the Connecticut General Statutes, the Committee may conduct meetings via any means of communication by which all directors participating may simultaneously hear each other during the meeting, including, without limitation, via telephone conference or video conference.

Members of the Committee may meet informally with officers or employees of the Company and its subsidiaries and may conduct informal inquiries and studies without the necessity of formal meetings. The Committee may delegate to its Chair or to one or more of its members the responsibility for performing routine functions, provided that any such delegation complies with applicable law.

The Committee shall report regularly to the Board of Directors. Any action of the Committee shall be subject to approval of the Board.

Amendments

This Charter may be amended with the approval of the Board.