

The Eastern Company

Corporate Policy Manual

Item: 102 – Related Party Transactions Policy
Issue Date: February 2026

Page 1 of 3

RELATED PARTY TRANSACTIONS POLICY

A. Statement of Policy

It is the policy of the Board of Directors (the “Board”) of The Eastern Company (the “Company”) that all Related Party Transactions (as defined below) shall be subject to review and approval or, if applicable, ratification by the Audit Committee of the Board (the “Committee”) in accordance with this Related Party Transactions Policy (this “Policy”).

This Policy is intended to supplement, and not to supersede, the Company’s other policies that may be applicable to or involve Related Party Transactions, such as the Company’s policies for determining director independence, the Code of Business Conduct and Ethics, and the Code of Ethics for Financial Employees.

B. Transactions Covered by this Policy

A “Related Party Transaction” under this Policy is any transaction or proposed transaction (including, but not limited to, any financial transaction, arrangement or relationship, including any indebtedness or guarantee of indebtedness, or any series of similar transactions, arrangements or relationships), in which the aggregate amount involved will or may be expected to exceed \$120,000, involving the Company or any of its subsidiaries in which a Related Party has or will have a direct or indirect material interest.

For purposes of this Policy, the following definitions apply:

“Related Party” means:

- (a) a person who is, or was since the beginning of the last fiscal year for which the Company has filed a Form 10-K, even if they do not presently serve in that role, an executive officer, director, or nominee for election as a director of the Company;
- (b) a beneficial owner of greater than 5% of the outstanding common stock of the Company or of any other class of voting securities of the Company; or
- (c) an Immediate Family Member of any of the foregoing.

“Immediate Family Member” means a child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, or any person sharing the household (other than a tenant or employee).

C. Committee Review and Approval or Ratification of Related Party Transactions

The Committee shall review the material facts of all proposed Related Party Transactions and either approve or disapprove of the entry into the Related Party Transaction, subject to the exceptions described below. If advance Committee approval of a proposed Related Party Transaction is not feasible, then the Related Party Transaction shall be considered and, if the Committee determines it to be appropriate, ratified at the Committee’s next meeting.

In reviewing a Related Party Transaction or a proposed Related Party Transaction, the Committee shall consider all relevant facts and circumstances including, without limitation:

The Eastern Company

Corporate Policy Manual

Item: 102 – Related Party Transactions Policy
Issue Date: February 2026

Page 2 of 3

- the commercial reasonableness of the terms;
- the benefit and perceived benefit, or lack thereof, to the Company;
- opportunity costs of alternative transactions;
- whether the Related Party Transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances;
- the materiality and character of the Related Party’s direct or indirect interest;
- whether the Related Party Transaction would impair the independence of a director or director nominee who would otherwise be considered independent under the listing rules of The Nasdaq Stock Market; and
- the actual or apparent conflict of interest of the Related Party.

The Committee shall not approve or ratify a Related Party Transaction unless it shall have determined that, upon consideration of all relevant information, the Related Party Transaction is in the best interests of the Company and its shareholders. If an approved Related Party Transaction is expected to be ongoing, the Committee may establish guidelines for the Company’s management to follow in its ongoing dealings with the Related Party. Thereafter, the Committee, on at least an annual basis, shall review and assess ongoing relationships with the Related Party to confirm that they are in compliance with the Committee’s guidelines and that the Related Party Transaction remains appropriate.

No director shall participate in any discussion or approval of a Related Party Transaction in which such director or an Immediate Family Member of such director has a direct or indirect interest, except that the director shall provide all relevant information concerning the Related Party Transaction to the Committee.

If after the review described above, the Committee determines not to approve a Related Party Transaction (whether such Related Party Transaction is being reviewed for the first time or has previously been approved and is being re-reviewed), the Related Party Transaction will not be entered into or continued or may be modified as the Committee shall direct. If the Committee determines not to ratify a Related Party Transaction that has been commenced without prior approval, the Committee may direct additional actions be taken including, but not limited to, immediate discontinuation or rescission of the Related Party Transaction, or modification of the Related Party Transaction to make it acceptable for ratification.

D. Standing Pre-Approval for Certain Transactions

The following categories of Related Party Transactions are deemed to be pre-approved by the Committee and do not require approval or ratification under this Policy because the Committee does not believe they create or involve a material interest on the part of the Related Party:

- transactions in which the Related Party’s interest derives solely from:
 - service as a director of another corporation or organization that is a party to the transaction in the ordinary course of business;

The Eastern Company

Corporate Policy Manual

Item: 102 – Related Party Transactions Policy
Issue Date: February 2026

Page 3 of 3

- ownership of less than five percent of the equity interest in another person (other than a partnership) which is a party to the transaction; or
- both such service and such ownership;
- transactions in which the Related Party’s interest derives solely from ownership of a class of equity securities of the Company and all holders of that class of equity securities received the same benefit on a pro rata basis (e.g., dividends);
- compensation arrangements of (i) any executive officer if such arrangements have been or will be reported pursuant to Item 402 of Regulation S-K, or (ii) any executive officer who is not an Immediate Family Member of a Related Party where such arrangements would have been so reported but for the fact the executive officer was not a “named executive officer” during the relevant reporting period and such compensation was approved, or recommended to the Board for approval, by the Compensation Committee of the Board;
- recovery of erroneously awarded compensation computed as provided in Securities and Exchange Commission Rule 10D-1(b)(1)(ii) and applicable listing rules of The Nasdaq Stock Market, if such recovery has been or will be reported pursuant to Item 402(w) of Regulation S-K;
- director compensation arrangements, if such arrangements have been or will be reported pursuant to Item 402 of Regulation S-K;
- transactions in which the rates or charges involved in the transaction are determined by competitive bids in the ordinary course of business, or the transaction involves the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority; and
- transactions involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture or similar services on terms no less favorable than those available to unaffiliated third parties.

Notwithstanding the foregoing, the Committee may review any Related Party Transaction it determines to be appropriate.

This Policy will be reviewed periodically and may be amended from time to time.