

Effectiveness Evaluation of the Board of Directors for Fiscal 2018 and Future
Measures

With the aim of increasing corporate value through enhancing the effectiveness and transparency of the board of directors, Inabata & Co., Ltd. (“the Company”) has implemented the evaluation (self-evaluation) of the board of directors for fiscal 2018. The Company hereby announces the summary and future measures.

1. Target: All current 9 directors and 4 audit & supervisory board members as of March 31, 2019
2. Evaluation methodology
 - ✓ Each item in the questionnaire was decided by the director in charge (*1) and a working group for the evaluation of the board of directors (*2) in collaboration with an outside consultant in charge of collection based on the questionnaire of fiscal 2017 (third-party evaluation) and the results of its evaluation and analysis.
 - ✓ The questionnaire (*3) determined in the above was distributed to directors and audit & supervisory board members, and responses were obtained from all of them.
 - ✓ After the outside consultant collected the responses, the working group for the evaluation of the board of directors carried out a simplified analysis and compilation, and the director in charge reported to the board of directors.
 - ✓ After sufficient verification by the board of directors of the content of the report, the direction of future measures was decided, as described in 4. below.

3. Regarding the analysis and evaluation

According to the results of the analysis and evaluation, composition and the operational status of the board of directors of the Company and the support system for outside directors was highly rated overall. The results also confirmed that in general the board of directors of the Company executes its functions appropriately while maintaining effectiveness.

Furthermore, the results confirmed that composition and the operational status of the Nominating and Remuneration Committee were generally appropriate.

The contributions to discussion by outside directors and audit & supervisory board

members were highly rated. The results also confirmed that there was a sufficient structure of cooperation between outside directors and audit & supervisory board members, and that the communication had improved and was being conducted generally well.

Sufficient discussions and improvements were seen in the system for identifying and managing risks, one issue identified last fiscal year.

However, the results confirmed that the following issues should be considered in the future.

- Regarding succession planning, while the Company has begun considering measures, it must continue to promote initiatives for long-term personnel development, in particular development of top management
- Continue to strengthen the global risk management system
- There is room for improvement for promoting diversity inside the Company

4. Future measures

The Company will strive to further enhance the effectiveness of the board of directors by executing the following initiatives to deal with the issues recognized from the results of the above-mentioned analysis and evaluation.

- Regarding succession planning, the Company will continue to consider issues and deepen the discussions.
- The Company will continue to strengthen the risk management system, which is an important infrastructure that bolsters global management.
- The Company will continue to execute initiatives regarding promotion of diversity.
- The Company will continue to evaluate the effectiveness of the board of directors as the content of discussions of the board of directors will change along with changes in management and business stages.

In fiscal 2019, an evaluation (self-evaluation) of the board of directors is scheduled to be implemented.

(*1) Director in charge of Financial Management and Investor Relations

(*2) Financial Management Office

(*3) Major items from the board of directors evaluation questionnaire

1. Operational status of the board of directors

2. Function and role of the board of directors
3. Composition of the board of directors
4. Composition and role of the Nominating and Remuneration Committee
5. Operational status of the Nominating and Remuneration Committee
6. Support system for outside directors
7. Role of and expectations toward audit & supervisory board members
8. Relationship with investors and shareholders