

Effectiveness Evaluation of the Board of Directors for Fiscal 2019 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 2019. 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, 2020

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 2018 (self-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, the operational status of the board of directors of the Company was highly rated overall for its open and lively discussions as well as its composition. Also, the contributions to discussions by outside directors and audit & supervisory board members were highly rated. The results also confirmed that in general the board of directors of the Company executes its functions appropriately while maintaining effectiveness.

Furthermore, the results also confirmed that composition, the role, as well as the operational status of the Nominating and Remuneration Committee were generally

appropriate.

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

- There is need to further advance discussions on medium- to long-term issues
- While progress has been made in the succession planning for top management, there is room for consideration in the succession planning for outside officers
- There is need for further consideration regarding sustainability issues and promoting diversity
- Enhancement is expected for the following three points, even though improvement has been confirmed and they are considered to be generally appropriate
 - (1) Risk management
 - (2) Communication between outside directors and audit & supervisory board members
 - (3) Communicating information to capital markets

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.

- Further advance discussions on medium- to long-term issues
- Consider the succession planning for outside officers
- Tackle sustainability issues and continue promoting diversity
- Further strengthen the global risk management system
- Further enrich communication between outside directors and audit & supervisory board members
- Further enrich communicating information to capital markets

In fiscal 2020, an evaluation (third-party 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