

## Results of the Effectiveness Evaluation for the Board of Directors and Measures for Implementation

At its meeting held on March 28, 2024, the Hokkan Holdings' Board of Directors carried out an evaluation of its effectiveness in FY2023. The information below outlines the results and measures being implemented based thereon.

### 1. Method of the Effectiveness Evaluation

A questionnaire was administered to the subjects and an evaluation was conducted by the Board of Directors based on the results of the analysis.

#### <<Outline of the Questionnaire>>

Subjects: Hokkan Holdings' nine (9) Directors and four (4) Audit & Supervisory Board Members (13 in total)

Method of Implementation: Self-evaluation using the questionnaire and interviews with Outside Directors

The questionnaire used a five-point descending scale from 5 ("Doing well") to 1 ("Not doing well at all"), in addition to 0 ("Not sure").

The questionnaire, interviews, and analyses thereof were outsourced to a third party.

Implementation period: January 30 to February 9, 2024

#### <<Questionnaire Topics and Questions>>

Topics	Questions (Outline)	Topics	Questions (Outline)
Framework and mechanism of governance	1. Delegation of authority 2. Internal Audit Department 3. Group-wide control	Activation of deliberation at Board meetings	18. Proceedings, statements, and remarks 19. Decision making
Roles and responsibilities of the Board	4. Awareness of roles and responsibilities 5. Discussions on the general directions 6. Discussions on the future impact 7. Response to environmental changes 8. Officers' roles and responsibilities 9. Officer training 10. Information sharing	Oversight of management and relationship with the management	20. Oversight of management by the Board 21. Management plan and important issues 22. Remuneration policy, determination process, and operation of the Remuneration Committee 23. Policy of electing/dismissing Board members and candidate screening process
Composition of the Board	11. Size 12. Composition and diversity	Risk identification	24. Verification of strategic shareholdings 25. Risk awareness 26. Risk management system 27. Reporting on risk management
Operation of the Board	13. Board meeting frequency and scope of agenda 14. Agenda themes 15. Response to priority agenda 16. Response to unexpected issues 17. Quantity and quality of reference materials	Relationships with stakeholders	28. Constructive dialogue with shareholders 29. Improvement of stakeholder value

#### <<Specific Themes (Free Description)>>

- (1) How the Board should be
- (2) How the sustainability strategies should be overseen
- (3) What we should do to establish capital cost- and share price-minded business management

## 2. Results of the Effectiveness Evaluation (Summary)

- (1) Most of the topics were rated high, as the average ratings ranged from 3.8 to 4.3 points, and the overall rating stood at 4.1 points. With regard to the specific questions, the ratings fell within the range from 3.4 to 4.4 points. Given the above, we evaluate that the Company’s Board of Directors as a whole is mostly operating effectively.
- (2) Looking at each topic, “Composition of the Board,” “Activation of deliberation at Board meetings,” and “Framework and mechanism of governance” were rated highly by the respondents, while “Roles and responsibilities of the Board” and “Relationships with stakeholders” were rated relatively low.
- (3) Looking at each question, “Delegation of authority to the management” (Question 1), “Verification of strategic shareholdings” (Question 24), “Size of the Board” (Question 11), “Composition and diversity of the Board” (Question 12), “Proceedings, statements, and remarks at Board meetings” (Question 18), “Decision making at Board meetings” (Question 19), and “Reporting on risk management” (Question 27) were rated high. Regarding the matters that had been identified as issues to address last year, all but “Discussions on the general directions” (Question 5) rated higher. On the other hand, 5 and 4 ratings made up less than 50 percent of the responses to “Risk awareness” (Question 25) only.

As issues to address, internal officers mostly chose “Response to environmental changes” (Question 7) and “Policy of electing/dismissing Board members and candidate screening process” (Question 23), and external officers “Discussions on the general directions” (Question 5) and “Discussions on the future impact” (Question 6).

## 3. Issues to Be Addressed

Based on the results of the questionnaire and the Board deliberation that took into consideration the interviews with Outside Directors, the following issues were defined as priorities we need to address. We are committed to implementing measures focusing on them.

#	Topics	Tasks to Be Done and Measures to Be Taken
1	Discussions on the general directions, future impact, and the response to environmental changes (Questions 5, 6, and 7)	<ul style="list-style-type: none"> <li>• Review of the business portfolio for sustainable growth</li> <li>• In-depth discussion about the directions of new businesses including new business development and M&amp;A policy</li> <li>• Exploration of strategic resource allocation across the Group, including overseas operations</li> </ul>
2	Risk information sharing Risk awareness, risk management system (Questions 25 and 26)	<ul style="list-style-type: none"> <li>• Sharing of highest risks that would affect sustainable management and discussion about what to do about those risks</li> <li>• Clarification and sharing of the overseas subsidiary management policy</li> </ul>
3	Officer training, information sharing (Questions 9 and 10)	<ul style="list-style-type: none"> <li>• Further understanding of competitors’ moves and acquisition of more in-depth industry information</li> <li>• Exploration of training themes according to trends and the Company’s circumstances (e.g., medium- to long-term strategies and new businesses; sustainable business management and human capital)</li> </ul>

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