

Evaluation of the Board of Directors' Effectiveness

May 16, 2025

Nippon Sanso Holdings Corporation

Nippon Sanso Holdings Corporation's Principles of Corporate Governance, approved at the Board of Directors meeting on October 15, 2015, provides that the Board will carry out an annual analysis and evaluation of the overall effectiveness of the Board, based on each director's self-evaluation, and will make a summary of the results public in a timely and appropriate manner. The Board implemented the first analysis and evaluation of its effectiveness in the fiscal year ended March 2016, and has since continued efforts to improve its effectiveness. The following is a summary of the results of the analysis and evaluation of the effectiveness of the Board of Directors during the fiscal year ended March 2025 (hereinafter, "the term").

1. Evaluation process

- (1) Evaluated officers: Board Directors (9)
- (2) Evaluation method: Each director was asked to fill out a questionnaire in which evaluation items were listed and submit it to the Secretariat of the Board of Directors after entering his/her evaluations. The Secretariat compiled and anonymized the evaluations of the directors in a report and distributed the report to all directors. The Board met to discuss the evaluations and decided on matters to be improved during the term.
- (3) Evaluation items (overview):
 - (i) What the Board was or was not able to discuss effectively regarding the following points identified as the challenges of the term based on the results of the Board effectiveness evaluation conducted the previous term (fiscal year ended March 2024)
 - (a) The Company's role as a holding company
 - (b) How the Company can contribute to customers and society through its businesses regarding the realization of carbon neutrality
 - (c) Promotion of women's active participation, and advancement of diversity in human resources including exchange of human resources among Group Companies
 - (d) Verification of progress made thus far on the medium-term management plan in anticipation of the next medium-term management plan
 - (ii) Areas where the Board was or was not able to effectively function during the term, regarding its four responsibilities* laid out in the Principles of Corporate Governance
 - (iii) Status of discussions on human capital management
 - (iv) What the Board should discuss and monitor on a priority basis in the current term (fiscal year ending March 2026)
 - (v) Activities of the Advisory Committee on Appointments and Remuneration
 - (vi) Composition of the Board of Directors
 - (vii) Dialogue with shareholders and investors
 - (viii) Criteria for the matters to be resolved and reported at the Board of Directors

- (ix) Operation of the Board meetings, support for outside directors, and training for directors

*Four responsibilities of the Board: 1) Supervise the overall business and its management, 2) Establish and maintain a system of internal control, 3) Choose, appoint, and dismiss the CEO and other management personnel, evaluate them, and decide their level of remuneration, 4) Decide business strategy and take on important executive decisions

(4) Schedule

- (i) The Secretariat briefs the directors on the method, items, and schedule of Board effectiveness evaluation for the term (January 17, 2025)
- (ii) Directors submit their evaluation results to the Secretariat (Deadline: February 12, 2025)
- (iii) The Secretariat distributes the report of evaluation results to the directors (March 28, 2025)
- (iv) The Board discusses the evaluations (April 24, 2025)
- (v) Based on the above discussions, the Board decides an annual schedule, including details of what is to be discussed on a priority basis by the current-term Board (May 12, 2025)

2. Evaluation results

- (1) Below are the evaluation results regarding the points that had been identified as the term's challenges.

- (i) The Company's role as a holding company

Although the "role as a holding company" was not discussed as an individual agenda, discussions on this topic were conducted through deliberations and reporting on issues.

As we enter the fifth year since transitioning to a holding company structure, there was opinion that the time is ripe to examine making a change, from the concept up to now of leaving the business to each individual operating company in the region and keeping the holding company as simple an organization as possible, to one of more involvement by the holding company in operating companies in the regions.

Since April 2025, the Group has implemented a structure to closely examine business risks for large-scale projects planned by operating companies, for the holding company to become involved in planning at an earlier stage than before.

- (ii) How the Company can contribute to customers and society toward the realization of carbon neutrality

Carbon neutrality is still in its early stages, and as with any other low maturity market, there is constant risk exposure for uncertainty in terms of direction and timing. Thus, a strategy that is well thought out and a high degree of flexibility is required. Opinion was offered that since the Company has a good understanding of

opportunities and risks, it will be possible to set clear goals for the next medium-term management plan.

Since July 2024, reduction in the amount of GHG emissions through eco-friendly products has been added as a KPI in compensation linked to non-financial KPIs for executive officers and directors excluding outside directors.

(iii) Promotion of women's active participation, and advancement of diversity in human resources, including exchange of human resources among Group Companies

The Advisory Committee on Appointments and Remuneration discussed in a specific and focused manner solutions for issues hindering successful promotion of women's active participation. Opinion was made that activities need to be boosted in Japan and the United States, where this issue is slow in being addressed. Exchange of human resources among Group Companies was not adequately discussed at Board meetings.

(iv) Verification of progress made thus far on the medium-term management plan in anticipation of the next medium-term management plan

Progress made thus far was verified for the term, which was the third year of the four-year medium-term plan. The verification of progress confirmed to us that financial KPIs were exceeding the plan, but opinion was expressed that an overall evaluation of progress for the entire medium-term plan that included non-financial performance indicators did not sufficiently take place. We shall apply what we learned with this verification process in formulating the next medium-term plan.

(2) Areas where the Board effectively functioned

The Board considered that it had fulfilled the roles that were expected of it during the term. In addition, some members highly evaluated the Board's activities during the term on the following points.

- (i) The diverse background and experience of the Board members allowed for a comprehensive review of all agendas.
- (ii) Formulation of new rules for the review and approval process with regard to large-scale projects can be considered progress.

(3) Points that needed improvement for the Board to more effectively function (excluding those already mentioned in 2. (1) above)

As points that needed improvement for the Board to more effectively function, opinions including the following were presented.

- (i) More time should be devoted to issues requiring greater strategy, such as the level of resources we commit to carbon neutrality, evaluation of the Group's competitiveness in the electronics field, measures to improve our performance, and resource allocation for specific growth industries and geographies.
- (ii) From the perspective of ensuring gender and international diversity, the ratio of women and foreign members on the Board should be further increased.

An Outside Directors Opinion Exchange Meeting is being conducted, time permitting, after prior explanation to outside directors regarding the monthly Board meeting. Outside Directors Opinion Exchange Meetings include business explanations by the president, etc. of Group Companies and views exchanged among outside directors on various topics. Furthermore, a luncheon is held after the Board meeting to approve quarterly financial results, and inside and outside directors exchange opinions there. Outside directors and audit & supervisory board members have opportunities twice a year after Board meetings to exchange opinions.

(4) Future challenges

The Group will be formulating the next medium-term management plan in the current term. Division of roles among the holding company and operating companies, business strategy of the Group for carbon neutrality, electronics, etc., will be discussed at Board meetings over the course of formulating the medium-term management plan. In addition, enhancing human capital, such as with the promotion of women's active participation and the advancement of diversity in human resources, including the exchange of human resources among Group Companies, for which initiatives are slow, will continue to be discussed at Board meetings.

Based on the results of the latest evaluation, the Board will continue striving to realize efficient and effective corporate governance and, through such efforts, achieve our Group's sustained growth and improvement in corporate value.

End