

June 28, 2019

Evaluation Results of the Board of Directors' Effectiveness

Kobe Steel, Ltd. (the "Company") evaluated the effectiveness of the Board of Directors in fiscal 2018. A summary of the results is as follows.

[Contents of implementation regarding the Evaluation of the Board of Directors]

[Target]	All 15 Directors
[Implementation Method]	Conducting a questionnaire targeting all directors and holding interviews with each of them by the Audit & Supervisory Committee
[Evaluation Items]	(1) Structure of the Board of Directors, (2) Agenda of the Board of Directors, (3) Management of the Board of Directors, (4) Documents for the Board of Directors, (5) Monitoring and Supervising Directors, (6) Provision of information to Independent Directors
[Evaluation Method]	Based on the aggregated results of the questionnaire and interviews, the Audit & Supervisory Committee submitted to the Board of Directors an initial evaluation and recommendations for improvements in the future. The Board of Directors then reviewed the evaluation results and analyzed current issues and deliberated future initiatives for improving effectiveness.

[Summary of Evaluation Results]

In light of the measures taken in fiscal 2018 to improve effectiveness, it was confirmed that the Company's Board of Directors functions appropriately overall and maintains its effectiveness in terms of the structure, agenda, and management of the Board of Directors; the contents of documents; monitoring and supervising the Directors; and the provision of information to the Independent Directors.

In response to the misconduct concerning the quality of the Company's products

discovered in fiscal 2017, the Board of Directors receives reports on a regular basis on the progress of measures to prevent recurrence and activities of the Independent Quality Supervision Committee. Based on these facts, we judge that the information necessary for monitoring has been properly shared with the Board of Directors.

For the above reasons, we evaluate that the Board of Directors generally functions well, and the effectiveness of the Board of Directors has steadily improved.

The evaluation results indicated that there is room for improvement from a management aspect mainly in relation to the points below, and the Company has shared these points as future tasks.

- (1) Management of the Board of Directors: Initiatives aimed at strengthening monitoring functions
- (2) Agenda of the Board of Directors:
 - (i) Following up on matters submitted to the Board of Directors
 - (ii) Narrowing down the agenda of the meetings of the Board of Directors to secure adequate time to discuss the items.
- (3) Documents for the Board of Directors: Optimizing structure, content, and volume

Responding to these issues, the Company will continue to improve its effectiveness in this regard.

End