

July 1, 2020

## Evaluation Results of the Board of Directors' Effectiveness

Kobe Steel, Ltd. (the "Company") evaluated the effectiveness of the Board of Directors in fiscal 2019. A summary of the results is as follows.

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

[Target]	All 16 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, (7) Other items (status of measures to prevent a recurrence of the quality misconduct, sustainability management, etc.)
[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. After that, the board of directors resolved on future measures.

### [Summary of Evaluation Results]

- In fiscal 2019, it was confirmed that steady progress was being made in the implementation of improvement measures with regard to important topics pertaining to the effectiveness of the Board of Directors, namely strengthening mutual supervision functions among Directors; improving reporting on the status of business execution; and enhancing follow-up on items discussed at

meetings of the Board of Directors to reinforce overall monitoring functions.

- 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 a recurrence and activities of the Independent Quality Management Committee. The Board of Directors has concluded that the information necessary for monitoring has been properly shared.
- For the above reasons, the Company has determined that the effectiveness of the Board of Directors has steadily improved.

**[Future Initiatives for Improving Effectiveness]**

- To facilitate the formulation of the next medium-term management plan, opportunities for discussion on medium- to long-term management issues and sustainability management will be increased.
- Training and study sessions, including those for discussion between Directors, as well as forums for exchange of opinion between Independent Directors and Executive Officers will be arranged to foster mutual understanding among Independent Directors and other officers.
- Guidelines for preparing documents pertaining to meetings of the Board of Directors will be compiled by the secretariat and awareness regarding the guidelines will be promoted to improve the effectiveness of the documents.

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