

## Evaluation Results of the Board of Directors' Effectiveness (FY2020)

Kobe Steel, Ltd. evaluated the effectiveness of the Board of Directors in fiscal 2020. A summary of the evaluation results is as follows

### Overview of the Effectiveness Evaluation of the Board of Directors

Target	All 16 Directors
Implementation process	Conducting a questionnaire targeting all directors and holding interviews with each of them by the Corporate Governance Committee
Evaluation items	<ol style="list-style-type: none"> <li>(1) Structure of the Board of Director</li> <li>(2) Agenda of the Board of Directors</li> <li>(3) Documents for the Board of Directors</li> <li>(4) Management of the Board of Directors</li> <li>(5) Provision of information to Independent Directors</li> <li>(6) Monitoring and supervision of Directors</li> <li>(7) Other items (status of measures to prevent recurrence of the quality misconduct, formulation of the Medium-Term Management Plan, etc.)</li> </ol>
Evaluation Method	<ul style="list-style-type: none"> <li>• Based on the results of the questionnaire and interviews, the Corporate Governance Committee submitted to the Board of Directors the results of the effectiveness evaluation and proposed the future direction for improving the effectiveness.</li> <li>• The Board of Directors reviewed the evaluation results and identified current issues. Based on these, the Board of Directors deliberated future initiatives for improving effectiveness and passed resolutions on future measures.</li> </ul>

### Summary of the Evaluation Results

In fiscal 2020, the Board of Directors and the Meetings of Independent Directors held discussions on several occasions in order to examine the direction of management strategies from a medium- to long-term perspective, the promotion of sustainability management, and the optimal management system. Based on the results of discussions, the Board of Directors formulated the framework of the Medium-Term Management Plan for fiscal 2021 to 2023. Besides, focusing on the areas for improvement identified in the effectiveness evaluation in fiscal 2019, the Board of Directors drastically revised the composition of its membership and the

criteria for submission of proposals to the Board of Directors in order to further strengthen its monitoring functions. In addition, Guidelines for the Preparation of Materials for the Board of Directors have been drawn up by the secretariat and distributed to people concerned to make continuous improvements in the preparation of appropriate documents.

Considering the above, the Company deems that the effectiveness of the Board of Directors has been steadily improved based on the previous effectiveness evaluation results. In addition, the Company recognizes that it is a future issue to further improve the effectiveness of the Board of Directors by promoting management focusing on management strategies and risk management to enhance corporate value along with changes in the composition of the Board of Directors and the criteria for submission of proposals.

### **Future Initiatives for Improving Effectiveness**

In particular, with regard to communication with the executive side to strengthen monitoring functions, specific measures will be considered and implemented focusing on the following points.

1. Selection of matters to be discussed by the Board of Directors
2. Method of cooperation with committees that have companywide functions, which support the Executive Council as auxiliary bodies.
3. Review of the business execution status report (reporter, contents, etc.)
4. Establishment of a system to provide feedback on the results of discussions at the Board of Directors to the executive side

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