

Evaluation Results of the Effectiveness of the Board of Directors

June 1, 2023
SMK Corporation

To enhance the effectiveness of our Board of Directors, our company evaluated its performance in FY 2022.

1. Evaluation method

The evaluation areas were determined through deliberations within the Board of Directors. All directors (4 internal directors and 2 outside directors) and auditors (3 outside auditors) participated in the evaluation by responding to the questionnaires on the composition of the Board of Directors, its operations, deliberations, and the level of cooperation and support provided to directors and auditors. The members of the Board of Directors discussed the evaluation results and reached a final assessment.

2. Progress on issues identified in the FY2021 evaluation

We have worked to address the following two points identified in the FY2021 evaluation:

- (1) Enhance opportunities for discussing social and environmental initiatives and medium- and long-term management strategies.
 - We discussed the progress of our medium-term business plan and the disclosure policy of the TCFD at the Board of Directors meeting.
- (2) Establish a forum for discussions exclusively for independent outside directors and auditors.
 - We organized a forum exclusively for independent outside directors and auditors in January 2023. We have decided to continue holding it regularly in the future.

3. Result of the evaluation in FY2022

Based on the evaluation conducted in FY2022, we determined that the Board of Directors operated at an appropriate level of effectiveness without significant dysfunctions or deficiencies, in accordance with the Companies Act and Corporate Governance Code.

Although improvement efforts were undertaken to address the issues identified in FY2021, it was recognized that further improvements are required for discussions on corporate strategy from a medium- to long-term perspective and for the management of meetings to ensure sufficient discussions.

4. Initiatives for further improvement of effectiveness

Based on the results of the FY2022 evaluation, the Board of Directors will focus on the following actions:

- (1) Allot sufficient time to discuss the follow-up measures related to the medium-term business plan and strive to enhance corporate strategy.
- (2) Ensure adequate discussion of management strategies, a thorough review of proposals to be discussed at the Board of Directors, and reassessment of the number of the Board of Directors meetings.

To further improve the effectiveness of the Board of Directors and strengthen corporate governance, we will conduct the evaluation annually and strive to improve based on the evaluation results.

End