

March 22, 2024

MODEC, Inc.

## Summary of Board of Directors' Effectiveness Evaluation

Each year MODEC, Inc. ("MODEC")'s Board of Directors Meeting ("BOD") conducts an annual evaluation of the effectiveness of BOD. The evaluation and opinions expressed by each director and corporate auditor are compiled to verify whether the BOD as a whole functioning appropriately, and to continuously verify the status of improvement of issues identified, thereby aiming to continuously improve its effectiveness.

The outline of the evaluation results of the effectiveness for FY2023 is disclosed as follows.

### 1 Evaluation Method

(1) Distribute a questionnaire to each director and corporate auditor and obtain their anonymous responses (52 questions in total).

(2) Individual interviews with five independent external directors and two internal directors (about one hour each).

(3) Appointment of an external third-party organization for the implementation of (1) and (2) above

(4) Based on the results of the questionnaire and interviews, discussions by the BOD.

(5) Main contents of the questionnaire

- How BOD should be
- Composition of BOD
- Management of BOD
- Discussions of BOD
- Monitoring function of BOD
- Performance of external directors
- Performance of internal directors
- Support system for directors and corporate auditors
- Training
- Dialogue with shareholders (investors)
- Director and corporate auditors' own efforts
- Management of the Nomination and Remuneration Committee

### 2 Summary of analysis and evaluation results

In general, it is confirmed that BOD is functioning effectively. However, it is recognized that actions for improvement are required in the following aspects.

- Taking the transition to a company with an Audit and Supervisory Committee as an opportunity, MODEC should proceed with the review of the criteria for proposals to BOD step-by-step to further enhance the discussion on mid- to long-term strategies, and follow-up on the progress status of "Mid-term Business Plan 2024-2026" at BOD.
- Toward strengthening the effectiveness of MODEC Group governance, it is necessary to further

enhance subsidiary management at a global level and the internal audit system.

### 3 Future issues and responses taking into account analysis and evaluation

- In order to further improve BOD monitoring function, MODEC will proceed with strengthening the governance system and gradual delegation of authority to the business execution side, and will enhance the discussion of mid- to long-term strategies such as sustainability, etc. and follow-up on the progress status of "Mid-term Business Plan 2024-2026" at BOD.
- To enhance the effectiveness of MODEC Group governance, MODEC will proceed with strengthening of both organizational and human resources aspects of global subsidiary management.

(End)