

Evaluation of the Board of Directors' Effectiveness

May 15, 2026

Nippon Sanso Holdings Corporation

Nippon Sanso Holdings Corporation's Principles of Corporate Governance, approved by the Board on October 15, 2015, provides that the Board will carry out an annual analysis and evaluation of the overall effectiveness of the Board, based on each director's self-evaluation, and disclose a summary of the results in a timely and appropriate manner. The Board conducted Board effectiveness analysis and evaluation for the first time in the fiscal year ended March 2016, and has since continued efforts to improve its effectiveness. The following is a summary of the results of Board effectiveness analysis and evaluation for FYE2026 (the fiscal year ended March 2026).

1. Evaluation process

(1) Evaluators: Directors (nine persons)

(2) Evaluation method: A questionnaire containing evaluation items was distributed to each director. Each director entered his or her evaluations on the items and returned the completed questionnaire to the Board Secretariat. The Board Secretariat compiled the directors' evaluations into a report in an anonymized form and distributed the report to the directors. Based on the materials distributed, the Board discussed the evaluation results and determined what needs to be improved in FYE2027 (the fiscal year ended March 2027).

(3) Evaluation items (overview):

- (i) Matters that the Board was able or unable to discuss effectively regarding the entire process of developing a new medium-term management plan ("MTP") (Next Innovation 2030) during FYE2026; and views about the schedule, time for discussion, methodology, etc.
- (ii) Matters that the Board was able or unable to discuss effectively regarding individual themes relating to the new MTP (Next Innovation 2030)
- (iii) Areas where the Board was able or unable to effectively function in FYE2026 regarding its four responsibilities* laid out in the Principles of Corporate Governance
- (iv) Matters that the Board was able or unable to discuss effectively regarding the Company's investment in human capital, human resource strategies, etc., including the promotion of diversity in human resources (such as the promotion of women's active participation and exchange of human resources among Group Companies)
- (v) Matters that the Board should focus on or assess through a creative approach when monitoring the new MTP (Next Innovation 2030)
- (vi) Themes that the Board should discuss and monitor as priorities in FYE2027
- (vii) Activities of the Advisory Committee on Appointments and Remuneration, and its reports to the Board
- (viii) Composition of the Board (its appropriateness in terms of the number of directors, the percentage of independent outside directors, the balance of experience and skills)

- among the directors, and diversity in gender, age, nationality and other attributes)
- (ix) Dialogue with shareholders and investors (which aspects of dialogue with shareholders, investors, and other stakeholders are effectively working or need to be improved)
- (x) Support for outside directors, management of Board meetings, and training for directors
- (xi) Method for evaluating Board effectiveness
- (xii) Other matters

* Four responsibilities of the Board: (1) Supervise business management in general, (2) establish and maintain an internal control system, (3) select, appoint and remove the President (CEO) and other management personnel, evaluate their performance, and determine their remuneration, and (4) develop management strategies and make important executive decisions.

(4) Schedule

- (i) The Board Secretariat briefs the directors on Board effectiveness evaluation for FYE2026, including the evaluation method and items, and the schedule (January 16, 2026).
- (ii) The directors submit their evaluation results to the Board Secretariat (deadline: February 12, 2026).
- (iii) The Board Secretariat distributes an evaluation results report to the directors (March 30, 2026).
- (iv) The Board discusses the evaluation results (April 27, 2026).
- (v) Based on the above discussions, the Board determines an annual schedule for FYE2027, including priority topics for discussion at Board meetings (May 11, 2026).

2. Evaluation results

(1) Development of the new MTP (Next Innovation 2030)

There was a view that the Board successfully developed a new MTP with clear commitment to the execution of strategies. There was also a view that the new MTP provides greater clarity on the connection between the business activities of each operating company and the MTP content than the current one and the Board should be rated high for this because an MTP defines the entire Nippon Sanso Group's medium-term business direction. In the meantime, there was also a view that the Board was slow in presenting the policies and strategies of the Company as a holding company and aligning them with those of each operating company.

Regarding individual strategies, there was a view that specific strategies and action plans are yet to be formulated and need to be clarified in the first year of the new MTP.

(2) Areas where the Board was able or unable to effectively function

The Board considered that it had fulfilled the roles expected of it in FYE2026.

(3) Investment in human capital, human resource strategies, etc.

There was a view that focused discussions on this theme have been conducted at the

Advisory Committee on Appointments and Remuneration and on other occasions and considers, with the participation of human resources personnel, and that certain good results have been produced; however, the MTP target for the percentage of female employees and managers was not achieved. There was a view that the Board needs to hold focused discussions toward workplace diversity promotion, including the promotion of women's active participation, with the participation of the top management of operating companies.

(4) Themes that the Board should discuss and monitor as priorities in FYE2027

Regarding MTP monitoring, there was a view that it is the responsibility of the executive team to review individual business strategies in response to environmental changes, so the Board should focus on monitoring financial and sustainability KPI performance. There was also a view that deviation from MTP targets and the corrective actions to be taken should be discussed regularly.

Regarding themes other than the MTP, there was a view that the Board should discuss how the Group can use AI effectively to enhance its performance and ensure impartiality in its human resource system, while maintaining its core values and policy of respecting human resources (People Excellence).

(5) Activities of the Advisory Committee on Appointments and Remuneration, and its reports to the Board

There was a view that the Advisory Committee on Appointments and Remuneration set agenda items systematically and gave appropriate activity reports to the Board. In FYE2026, the committee spent a lot of time on discussing the promotion of diversity in human resources, as well as the appointment of next CEOs for the Company and its important subsidiaries, and the introduction of a share-based remuneration system for directors.

(6) Composition of the Board

There was a view that the composition of the Board is appropriate, while there was also a view that the Board should consider raising the percentages of women and foreign nationals on the Board.

(7) Dialogue with shareholders and investors

Regarding dialogue between outside directors and investors, there was a view that time has come for the Board to discuss the necessity, method, medium, etc. of such dialogue.

(8) Support for outside directors, management of Board meetings, and training for directors

Regarding the management of Board meetings, there was a request that reference materials should be distributed at the earliest possible time; they were not always distributed sufficiently in advance.

(9) Method for evaluating Board effectiveness

There was a view that the evaluation method is appropriate, while there was also a view that the evaluation results and themes for the next term should be discussed more.

As a side note, outside directors were briefed on agenda items prior to each monthly Board meeting, as in the previous fiscal year. On the occasion of this advance briefing, an Outside Directors Opinion Exchange Meeting was held for the outside directors to receive business explanations from Group Company presidents etc. and exchange views among the outside

directors on various topics. Furthermore, following each Board meeting for approving quarterly financial results, all directors attended a luncheon to exchange views on various topics, including the business environment in each region. Outside directors and audit & supervisory board members also had opportunities twice a year, after Board meetings, to exchange opinions.

3. Themes for FYE2027

The Group announced the new MTP (Next Innovation 2030) in March. The Board will perform checks to ensure that concrete measures will be developed and implemented under the MTP in FYE2027. The Board will also receive updates on progress against MTP financial and sustainability KPI targets and discuss issues if any. Furthermore, the Board will monitor the impact of increasing uncertainty in the economic environment on the progress and profitability of large-scale projects.

While the economic outlook is becoming increasingly uncertain, the Board will, based on the evaluation results reported in this paper, continue striving to realize efficient and effective corporate governance and thereby achieve the Group's sustainable growth and enhance its corporate value.

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