

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 FY2021 is disclosed as follows.

1 Evaluation Method

- (1) Distribute a questionnaire to each director and corporate auditor and obtain their anonymous responses (40 questions in total).
- (2) Individual interviews with five independent external directors and the representative director (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

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| • Composition of BOD | • Support system for directors and corporate auditors |
| • Management of BOD | • Management strategy |
| • Discussions of BOD | • Dialogue with shareholders (investors) |
| • Monitoring function of BOD | • Internal control and risk management |
| • Criteria for submitting proposals to BOD | • Review of human resource development strategy;
Succession plan |

2 Summary of analysis and evaluation results

In general, I confirmed that BOD is functioning effectively, but determined that actions for improvement are needed in the following aspects.

- Follow up on the progress of the management plan and sufficiently discuss medium- and long-term management strategies, including responses to ESG, SDGs, etc.
- Supervise and monitor the status of the operation of internal control systems based on the basic policy for the internal control systems for the entire Group, including subsidiaries.
- Review the criteria for submitting proposals and making reports to BOD, and review the operation of BOD to deepen discussions at the BOD meetings.

3 Future issues and responses taking into account analysis and evaluation

- Follow up on the progress of the management plan at the BOD meetings on a regular basis, and increase opportunities to discuss medium- to long-term management strategies, including responses to ESG, SDGs, etc., which are among the important pillars of the management plan.
- In order to strengthen supervision and monitoring of the status of the establishment and operation of internal controls for the entire Group, rebuild and strengthen the management system for the FPSO business as a whole, and establish an appropriate and robust internal control system.
- In order to further deepen discussions at the BOD meetings, continue to review the operation of BOD, including issues, risks and responses, by improving and restructuring its systems and business processes to ensure appropriate and prompt sharing of risk information.