Summary of Board of Directors’ Effectiveness Evaluation

Each year MODEC, Inc. ("MODEC")'s Board of Directors Meeting ("BOD") evaluates the Board’s effectiveness, compiling evaluations and opinions from individual directors and corporate auditors to verify that the BOD is on the whole properly functioning. This evaluation seeks to verify on an ongoing basis the improvements made with regard to identified issues and to ensure sustained improvements to the Board’s effectiveness. Below is an overview of the findings of the effectiveness evaluation for fiscal year 2019.

1. Evaluation methods
   (1) Questionnaires (with a total of 50 questions) are distributed to directors and corporate auditors, who complete these questionnaires anonymously.
   (2) Individual interviews (lasting about one hour each) are conducted with three independent external executives, one external executive, and two executive directors.
   (3) Outside third-party institutions are hired to carry out (1) and (2) above.
   (4) The questionnaire and interview results are then used as the basis for a discussion by the BOD.
   (5) Principal questionnaire topics
       • Composition of BOD
       • Administration of BOD
       • Dialogue with shareholders (investors)
       • Training
       • Support structure for directors/corporate auditors
       • Self-evaluations by individual executives
       • The Nomination and Remuneration Committee

2. Summary of analysis/evaluation findings
   The evaluation confirmed that the BOD on the whole is performing effectively, but determined that action must be taken to make improvements from the following perspectives:
   • Ensure that deliberations are conducted over a sufficient number of occasions, bearing in mind earnings capacity, capital efficiency, etc., when deciding on corporate strategies and management plans.
   • Allocate sufficient time for deliberations by the BOD.
   • Utilize the functions of voluntary committees to put in place structures that will enhance the BOD’s efficiency.

3. Future issues/responses based on analyses and evaluation
   MODEC should strive for adequate discussions during decision-making processes for corporate
strategies and management plans, securing time and developing creative approaches for these

discussions. Listed companies need to tie business risks and other risks to their management
plans and analyze/disclose these risks, and MODEC will take steps to ensure more in-depth
discussions at BOD meetings.

An annual deliberation plan will be formulated to enable the Nomination and Remuneration
Committee to better perform its functions and to increase opportunities for discussing succession
planning and other such long-term issues.