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(Securities Code: 6197 TSE PRIME)

Summary of Evaluation of Effectiveness of Board of Directors

Solasto Corporation (TSE: 6197, “Solasto”) has evaluated the effectiveness of its Board of Directors. The following is a summary of this evaluation.

1. Methods used to evaluate the effectiveness of the Board of Directors

A questionnaire on the effectiveness of the Board of Directors was distributed to and completed by all of the Directors and Corporate Auditors. Based on the results of this questionnaire, the Corporate Governance Committee (“CG Committee”) and the Board of Directors analyzed and verified the effectiveness of the Board of Directors and constructively discussed issues to be addressed in the future.

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| (1) Evaluator: | All of the Directors and Corporate Auditors
(10 members) |
| (2) Evaluation method: | Web-based questionnaire survey
(Anonymous form) |
| (3) Survey period: | January 2024 |
| (4) Answer method: | 5-point scale and open-ended comment fields |
| (5) Outline of evaluation items: | |
| | (i) Composition of the Board of Directors |
| | (ii) Operation of the Board of Directors |
| | (iii) Culture the Board of Directors |
| | (iv) Supervision and governance by the Board of Directors |
| | (v) Discussion of management strategy/other topics |

2. Summary of the evaluation of the effectiveness of the Board of Directors

The Board of Directors confirmed that, in terms of its composition and operations, an adequate system has been established for making important management decisions and supervising the execution of business operations. In addition, the Board confirmed that active discussions take place, including discussions with Outside Directors with diverse experience and expertise.

On the other hand, the following issues to be addressed to further improve the effectiveness of the Board of Directors were commented upon.

- Further enhance the effectiveness of the Board of Directors' monitoring of risks related to the company's business activities
- Continuous training of the next generation of management candidates

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3. Improvements based on the evaluation of the effectiveness of the Board of Directors
Based on the results of the evaluation, the CG Committee and the Board of Directors discussed the ideal corporate governance of the Group and confirmed that the following initiatives should be promoted.

- Further strengthen reporting to the Board of Directors regarding the execution of business (standardize and increase the depth of the content of reports)
- Strengthen the process for developing the next generation of management candidates, such as general managers, and oversee over the development process.
- Further improve the process for selecting corporate officers (sharing of detailed information about the candidates)

By promoting these initiatives along with other measures, Solasto will continue to improve the effectiveness of the Board of Directors and strengthen corporate governance.

4. References: Improvement measures implemented based on the results of the previous evaluation

Due to the results of the previous evaluation (January 2023) and subsequent discussions, the need to strengthen the risk management system, deepen discussions of long-term issues and cultivate the next generation of management personnel were identified.

Based on the results of this assessment, Solasto has taken the following actions.

- The Risk & Compliance Committee meets quarterly to increase the number of opportunities to report incidents and confirm the implementation status of corrective measures and to report them to the Board of Directors. In addition, in view of the importance of each incident, the Risk & Compliance Committee leads the cross-functional working teams that it establishes for each incident, and it has established a system to enable various team members to discuss issues ranging from the investigation into the cause of the incident to measures to prevent its recurrence.
- Through the discussion of on medium- to long-term business strategies during Board of Directors meetings, we have restructured our business promotion system to enhance corporate value.
- Outside Directors interview corporate officers on an ongoing basis to develop the next generation of management personnel and properly evaluate them as successors to the current generation of management personnel.

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