

April 30, 2021

Company name: Shinwa Co., Ltd.
 Representative: Hiroshi Yamada
 President and Representative Director
 Stock exchange listing: First Section of Tokyo Stock Exchange and
 Nagoya Stock Exchange (Code number: 3447)
 Contact: Mitsuyoshi Hirasawa
 Executive Officer and General Manager of
 Administration Headquarters
 (Tel: +81-584-66-4436)

Summary of the Evaluation Results Regarding the Effectiveness of the Board of Directors

As part of its efforts to strengthen corporate governance with the aim of achieving sustained growth and enhancing medium- to long-term corporate value, Shinwa Co., Ltd. (the “Company”) ensures that the effectiveness of its Board of Directors as a whole and other relevant matters are analyzed and evaluated for each fiscal year, and that measures for improving such effectiveness are implemented on an ongoing basis.

Below is a summary of the results of the evaluation of the effectiveness of the Board of Directors for the fiscal year ended March 2021:

1. Evaluation Process

A survey on the effectiveness of the Board of Directors was conducted primarily by an external firm. Based on the aggregate results of the survey, the Board of Directors implemented an analysis and evaluation of the effectiveness of the Board of Directors and other relevant matters and agreed on improvement measures.

2. Evaluation Method

(1) Questionnaire survey

In order to recognize the Company’s positioning objectively from a third-party point of view, a questionnaire survey was conducted covering the following items. It involved directors who are members of the Board of Directors, including those who are also Audit and Supervisory Committee members. An external firm was contracted to design the questionnaire survey (in which respondents are asked to assign a score to each question and provide opinions in additional comment fields), aggregate the results of the survey, and prepare a report that comprehensively analyzed the aggregate results.

Respondents	Directors
Response method	Direct and anonymous responses to an external firm
Items to respond to	-The Board of Directors’ composition, operation, discussions, and monitoring functions -Performance of internal and external directors -Support system for directors -Training -Dialogues with shareholders (investors) -Individual efforts, etc.

Aggregation of the results	An external firm aggregated the results of the questionnaire survey, based on which the Board of Directors analyzed and evaluated its effectiveness and other relevant matters.
----------------------------	---

(2) Discussions and decisions on initiatives for improvement at meetings of the Board of Directors

Based on the results of the questionnaire survey, the secretariat of the Board of Directors summarized points evaluated as being highly effective and points where efforts for improvement and enhancement are expected, regarding the operation of the Board of Directors. The secretariat then submitted the summary to the Board of Directors for discussion.

The Board of Directors deliberated on the submitted summary, identified issues to be addressed in order to further strengthen its functions and enhance its effectiveness, and agreed on initiatives for improvement and enhancement of the Board of Directors.

3. Summary of Effectiveness Evaluation Results for Fiscal Year Ended in March 2021

The results of the questionnaire survey show that the Board of Directors as a whole is operated in a “generally appropriate” manner and that “its effectiveness is ensured.”

On the other hand, there were comments that continuous improvement would be required for the matters described in Section 4 below, and that further improvement would be expected for the matters described in Section 5 below, which are constructive opinions.

4. Issues and Efforts in Fiscal Year Ended in March 2021

In this fiscal year ended in March 2021, the Board of Directors has addressed the following issues that were recognized in the evaluation for the previous fiscal year.

(1) Improvement regarding the time of distributing materials submitted to meetings the Board of Directors and content thereof

It is confirmed that the Board of Directors’ deliberations have been becoming more productive and efficient due to the active use of online meetings to prevent COVID-19 infections and the prior discussions on selection of agenda items, summarization of issues to be discussed, and time allocation for each of the meetings. With regard to the time of distributing materials, in response to a request for swifter distribution of materials, the Board of Directors will continue to make improvements.

(2) In-depth discussions on the medium-term management plan, appropriate risk-taking, and the risk management system

During this fiscal year, the Board of Directors proceeded with concrete discussions on risk-taking through considering M&A projects and the risk management system in light of the COVID-19 pandemic. However, further discussions will be required on the medium-term management plan.

(3) Further enhancement of reporting and discussions regarding management issues

The Board of Directors managed to increase opportunities to discuss management issues from medium- to long-term perspectives and identify issues for discussions on management strategies to achieve sustained growth. However, a common understanding was confirmed that the Board of Directors must engage in further discussions on medium-term management objectives and strategies, business streamlining, and profitability improvement in consideration of capital costs. The Board of Directors will continue to make improvement in this regard.

5. Next Step

The Board of Directors will implement initiatives necessary to further enhance its effectiveness, and thus it will make improvement regarding the following issues recognized in the evaluation of its effectiveness.

- (1) Earlier distribution of materials submitted to meetings of the Board of Directors
- (2) Deliberations on management strategy and plans in consideration of profitability, capital efficiency, and the like, and discussions on their alignment with sustained growth and corporate value creation
- (3) Thorough discussions on initiatives and disclosure for improving sustainability, such as ESG and SDGs

The Company will continue to evaluate the effectiveness of its Board of Directors and consider further improvement of the relevant evaluation framework and method going forward.