

Overview of evaluation results on the effectiveness of the Board of Directors

Earth Corporation's Board of Directors conducts a survey of directors and other members regarding the effectiveness of the Board of Directors, and analyzes and evaluates the survey results. Following is an outline of the evaluation results on the effectiveness of the Board of Directors for the fiscal year ended December 2021.

1. Evaluation guidelines

Subjects	Directors and Auditors as of December 2021
Implementation method	Survey of subjects, referring to advice from outside lawyers
Description of questions	Items related to preparations for meetings of the Board of Directors, discussions at meetings, maintaining an environment to ensure the effectiveness of the Board of Directors, and other relevant matters
Evaluation method	After tabulating and analyzing survey responses, confirm issues at meetings of the Board of Directors

2. Evaluation results

Upon analyzing the survey responses, the issues indicated below were identified. In this regard, we confirmed that in general, the effectiveness of Earth Corporation's Board of Directors has been secured, mainly with respect to the following points.

- ① Sharing discussion items in advance, the number of discussion items, criteria for items to be discussed, and the volume and content of materials
- ② Discussions regarding management strategies and management plans, supervision regarding the construction of internal controls, discussions and matters involving risks, active participation by outside directors, time spent in discussions, and allocation of time (to each discussion item)
- ③ Makeup of the Board of Directors, comments regarding management strategies and management plans, and opportunities for training

3. Issues and initiatives

(1) Issues identified in the previous evaluation

Based on the issues identified in previous evaluation, improvement initiatives were conducted, with the following results.

- ① Enhancement of follow-up verification regarding investments
Compared to the previous evaluation, there was an increase in responses

indicating an improvement in follow-up verification of impact from resolutions that bear risks. At the same time, there were also responses indicating that regular reporting is desirable. Regarding these items, the Board of Directors shall regularly conduct follow-up verification of investments subject to discussions and resolutions at meetings of the Board of Directors, and shall strive to identify potential future risks in advance.

② Enhancing the supervision of nomination decision processes

Compared to the previous evaluation, there was an increase in responses indicating that supervision by outside directors is functioning to some degree, but some members expressed the opinion that there are areas requiring improvements to further increase effectiveness.

Regarding these items, there are plans to establish a “Governance Council (tentative name)” during 2022. The intended roles of this Council will be to provide advice regarding the skills required of the Board of Directors, and to provide advice from the perspectives of coverage in the skill matrix when nominating director candidates and the diversity of gender, nationality, and other attributes.

(2) New issues

Based on the status of initiatives targeting previous issues and the survey response analysis results, the following items were identified as new issues.

- ① Strengthening processes related to resolutions involving risk (e.g., M&As, investments, and capital expenditures), ranging from studies of implementation to follow-up verification
- ② Further enhancing the supervision of nomination and compensation decision processes
- ③ Enhancing supervision of initiatives related to sustainability

Earth Corporation’s Board of Directors will work to resolve the issues outlined above, to further increase the effectiveness of the Board of Directors.