

May 10, 2019

Results Summary for Evaluation of the Effectiveness of our Board of Directors

SATO Holdings Corporation

The company regularly conducts surveys to analyze and evaluate the effectiveness of our board of directors to check our corporate governance and take appropriate measures to sustainably increase corporate value.

Results from our latest evaluation of the board's performance are summarized as follows.

1. Evaluation methodology

At the board meeting in March 2019, we had our board secretariat explain the purpose and details of the fiscal 2018 evaluation survey before distributing it to eleven directors and four Audit & Supervisory Board members for their completion.

With the survey responses that were collected anonymously, directors and Audit & Supervisory Board members exchanged opinions regarding the evaluation at the pre-working session in April, and went on to finalize the results at the board meeting held today after reviewing the appropriateness of the evaluation approach/process and discussing the necessary areas for improvement/action.

2. Survey themes

Designed to identify progress in improving the board's effectiveness, the survey consisted of eleven questions covering the following six topics that are based on the previous year, with reference to the Corporate Governance Code (hereinafter "CGC").

- Topics evaluated (corresponding CGC principles in parentheses)
 - (1) Composition of the board (4.8, 4.11)
 - (2) Operations of the board (4.12)
 - (3) Roles/responsibilities of the board (4.1, 4.2, 4.3)
 - (4) System to support the board (4.8, 4.10, 4.13)
 - (5) Relationship with shareholders (5-1)
 - (6) Other matters pertaining to overall effectiveness (write-in question)

3. Summary of results and areas for improvement

Directors and Audit & Supervisory Board members generally rated the board highly on its performance in making improvements from the previous year, with results reassuring us that it is adequate in effectiveness. At the same time, the evaluation brought up areas for improvement which we will seek to address as follows with speed to enhance the board's effectiveness.

(1) Composition of the board

The board comprised in majority of external directors is functioning highly effectively in the oversight of senior management. Diversity is important, and we will strive to

maintain and strengthen diversity in external directors while continuing to tackle our challenges to including more internationals and females as internal directors.

(2) Operations of the board

More open and constructive discussions are taking place at our board meetings than before. We aim to take this to the next level by enforcing the thorough use of templates that help improve the quality of meeting materials. Through the board secretariat, we will also work to better manage progress in preparing meeting agendas to allow sufficient time for board members to read them in advance.

(3) Roles/responsibilities of the board

A comprehensive list of matters requiring board discussion has been put together to guide and improve the submission of agendas to the board. We will make efforts to submit proposed policies/plans for business strategies in a timely manner to link these board meeting agendas more closely to deliberations at executive management meetings. We will also establish clear decision-making processes for evaluating, appointing/dismissing, and remunerating senior management to maintain effectiveness of board oversight.

(4) System to support the board

Board members can readily seek clarifications and receive additional information via available channels, and make important management decisions based on analyses and evaluations conducted in advance by the Business Risk Committee. To facilitate information sharing with external directors and Audit & Supervisory Board members, we will continue to conduct pre-working sessions (before board meetings) and joint meetings for non-executive officers. We will also conduct regular opinion exchange/discussion sessions for external officers.

(5) Relationship with shareholders

We have been gathering shareholder feedback every six months via IR activities, and will continue to ensure that we receive even the most specific and critical of feedbacks.

(6) Other matters pertaining to overall effectiveness

There is room for improvement in how we deliberate/discuss important matters of business execution, particularly those related to our business operations outside Japan. We will get our executives to submit and provide explanation for necessary agendas in a timely manner to enable stronger board oversight.

In view of the evaluation results and improvement areas summarized above, we will work to enhance our board's effectiveness to help us achieve stronger corporate governance and greater corporate value on a sustainable basis.