UT Group
Upward Together

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Notice Regarding the Results of the Evaluation of the Effectiveness of the Board of Directors of the Company

In accordance with the Corporate Governance Code stipulated by the Tokyo Stock Exchange, UT Group Co., Ltd. conducted an analysis and evaluation of the effectiveness of the Board of Directors in order to improve its functions. The results are summarized below.

1. Method of analysis and evaluation

This is the fourth time to do the analysis and evaluation of the effectiveness of the Board of Directors following the first one in FY3/2022.

(1) Evaluation period: February – March 2025

(2) Subjects of evaluation: All directors and all audit & supervisory board members, 5 in total

(3) Method of evaluation: Self-evaluation through a Web questionnaire, and the compilation and analysis of evaluation results by an external organization

(4) Evaluation Items: 5 major items (31 questions in total)

1) Organization and management of the Board of Directors
2) Management strategy and business strategy
3) Corporate ethics and risk management
4) Performance monitoring, and evaluation and compensation of management
5) Dialogue with shareholders, etc.

(5) Answer method: 5-level evaluation and free comments and requests for each major item

2. Summary of the results of the analysis and evaluation

In the above questionnaire, we confirmed that most of the respondents answered "5: Appropriate" or "4: Generally appropriate" on a five-point scale for all five main items, that the Board of Directors is functioning appropriately based on the evaluation contents of each item listed below, and that the effectiveness of the Board of Directors is generally ensured. Even in the free comments, nothing pointed out any significant deficiencies.

(1) Management and organization of the Board of Directors

The highest evaluation was given to the fact that the Board of Directors is composed of members based on roles and functions, and that measures are taken to address issues identified in the selection of agendas at the Board of Directors and the evaluation of effectiveness.

At the same time, some expressed the view that it would be necessary to spend more time for preliminary discussions, exchange of opinions, and deliberations on the matters to be resolved, and that, in addition to providing specific explanations on investments and M&A deals, the position of projects based on solid investment strategies and management policies should be indicated.

(2) Management strategy and business strategy

The highest evaluation was given to the fact that the Board of Directors is working to optimize the balance sheet after appropriately assessing the balance between financial soundness and capital efficiency and the state of response to business risks, and that the Board is making efforts to enhance corporate value sustainably in light of changes in the external environment, such as growing uncertainty in the business environment and rising social demands for sustainability.

On the other hand, in constructive discussions on strategies, it was pointed out that market research, competitive analysis, and medium-term forecasts for new initiatives must be thoroughly conducted, and that risks and opportunities should be assessed from multiple angles.

In formulating a medium- to long-term strategy based on the vision, some expressed the view that it would necessary to establish opportunities to discuss long-term strategies and to confirm the consistency between the medium-term business plan and the long-term strategy.

(3) Corporate ethics and risk management

Continuing from last year, this major item received the highest evaluation result, with the highest evaluation factors being "the supervision of the construction and operation of the internal control system" and "the appropriate functions of the internal audit division."

It was confirmed that the Board’s risk management and assessment are appropriate, while the Board is sufficiently cooperating with the Internal Audit Division and other departments.

In addition, it was confirmed that it would be desirable to confirm and work on the establishment of a risk monitoring system, risk management and supervision of the entire value chain, and promotion of the establishment of a sustainable value chain.

(4) Performance monitoring, and management evaluation and compensation

The Board of Directors received the highest evaluation for the fact that the Board of Directors confirms through reporting from the Nomination and Compensation Committee that the Committee is appropriately designing compensation to provide appropriate incentives for the sustainable growth of the company.

At the same time, some expressed the view that it would be necessary to confirm the contingency plan, although it is secured to a certain extent under the current system, in the event of an unforeseen situation for the President and Representative Director.

Furthermore, with regard to the development of the next generation of management personnel, it was confirmed that the succession plan for important positions should be regularly monitored from a medium- to long-term perspective.

(5) Dialogue with shareholders, etc.

The Board of Directors received the highest evaluation for the fact that the Board has confirmed the Company's disclosure regarding its efforts to promote management with an awareness of capital costs and stock prices.

Meantime, with regard to the appropriate provision of non-financial information, it was confirmed that it would be necessary to strengthen the supervision of the disclosure process, confirm the disclosure plan for non-financial information, and consider promoting the enhancement of disclosure content.

3. Future responses based on the results of analysis and evaluation

Based on the results, the Board of Directors will focus on addressing the above-mentioned issues, continuously strive to ensure the effectiveness of the Board of Directors, and aim to further enhance corporate governance and continuously raise corporate value.

End