

March 23, 2026

**Summary of the Evaluation Results of the Effectiveness of the Company's Board of Directors
for the Fiscal Year Ended December 31, 2025**

Sumitomo Heavy Industries, Ltd.

The Company evaluates the effectiveness of the Board of Directors every year aiming to improve the function of the Board of Directors through the ongoing process to verify if the Board of Directors is functioning properly and take necessary measures to improve the issues and reinforce it based on the results.

As the evaluation for the fiscal year ended December 31, 2025 has been completed, the Company has released the following summary of the results.

I. Analysis and Evaluation Process for the Fiscal Year Ended December 31, 2025

- (1) With reference to advice from a third-party organization, the Company examined the evaluation perspectives and items regarding the effectiveness of the Board of Directors and prepared a draft questionnaire. Opinions on the draft questionnaire were then sought from the Outside Officers, and the questionnaire was finalized reflecting the feedback received.
- (2) In November 2025, a questionnaire survey based on the above was conducted for all eleven Directors and all five Corporate Auditors.
- (3) Based on the results of the questionnaire survey in (2), in order to further delve into awareness of issues regarding the Company's Board of Directors, interviews were conducted between January and February 2026 with a Specific Outside Director serving as the interviewer, for all eleven Directors and all five Corporate Auditors.
- (4) Based on the results of the questionnaire survey in (2) and the interviews in (3), discussions regarding the evaluation results of the effectiveness of the Company's Board of Directors for the fiscal year ended December 31, 2025 were held at the meeting of Outside Officers convened in March 2026.
- (5) Based on the discussions in (4), deliberations regarding the evaluation results were conducted among all Directors and all Corporate Auditors at the Board of Directors meeting held in March 2026, and the evaluation results for the fiscal year ended December 31, 2025 were finalized.

In this effectiveness evaluation, objectivity was ensured by establishing a process in which Outside Officers were broadly involved, including their participation in formulating the questionnaire, interviews of all members of the Board of Directors conducted by an Outside Director, and the finalization of the evaluation results based on discussions at the meeting of Outside Officers.

In the previous fiscal year, the Company appointed a third-party organization for the purpose of introducing an external perspective to identify issues that may not be recognized through self-evaluation alone and that are aligned with investor perceptions. Going forward, we intends to consider conducting effectiveness evaluations by a third-party organization at least once every few years.

<Questionnaire Survey Items>

The major items of the questionnaire survey for the fiscal year ended December 31, 2025 are as follows. In principle, responses are given based on a five-point evaluation scale for each question, and a space for free comments is provided for each major item.

- (i) Ideal state of the Board of Directors
- (ii) Composition of the Board of Directors
- (iii) Operation of the Board of Directors (number of items deliberated, explanations provided in advanced, Board of Directors meeting materials/explanations)
- (iv) Management strategy and management plans (deliberations with awareness of profitability and capital efficiency, follow-up on progress of management plans, KPI setting for achieving sustainable growth, determination and review of business portfolio policies)
- (v) Internal control and risk management
- (vi) Performance of Inside Directors
- (vii) Performance of Outside Directors
- (viii) Support structure for Directors/Corporate Auditors
- (ix) Training
- (x) Dialogue with shareholders (investors)
- (xi) Individual initiatives
- (xii) Summary

II. Initiatives for the Fiscal Year Ended December 31, 2025 Based on the Analysis and Evaluation Results for the Previous Fiscal Year

In the effectiveness evaluation of the previous fiscal year, it was confirmed that the Board of Directors should be oriented toward emphasizing its supervisory function; however, many opinions were expressed that further discussion was necessary to continue sharing awareness among Board members regarding the meaning and substance of emphasizing the supervisory function and to make it more concrete.

Accordingly, in the fiscal year ended December 31, 2025, the Company positioned the further deepening of discussions on the ideal form of the Board of Directors and on the operation and deliberations necessary to exercise the supervisory function as key issues, and primarily undertook the following initiatives.

1. Conduct of Group Discussions

In August 2025, group discussions were conducted under the theme of “What roles are expected of Inside and Outside Directors on the Company’s Board of Directors,” and in November 2025 under the theme of “The ideal form of the Board of Directors toward strengthening the supervisory function.” Board members were divided into small groups, shared their individual views, and worked toward enhancing mutual understanding.

2. Deliberation on Important Themes

With respect to the follow-up on the Medium-Term Management Plan and business portfolio reform, which were frequently cited in the previous year's effectiveness evaluation as themes requiring deeper discussion, the direction of discussion was first confirmed, after which deliberations were advanced. In addition, deliberations were conducted on highly important themes such as financial strategy, human capital, dialogue with shareholders, sustainability, and intellectual property.

3. Expansion of Delegation of Authority to Execution

In order for the Board of Directors to shift toward emphasizing its supervisory function, the criteria for matters to be submitted to the Board of Directors were substantially revised, and the scope of delegation of authority to execution was expanded. At the same time, in order to ensure the rationality and transparency of the execution-side decision-making process, a system was established under which materials and minutes of important internal meetings are disclosed to the Board of Directors.

4. Training on Governance Structure

In May 2025, a training session was held with an external expert under the theme of "A Comparison between Companies with a Board of Corporate Auditors and Companies with an Audit and Supervisory Committee," thereby deepening understanding of the characteristics of each governance structure and recent trends.

5. Dialogue Between Outside Directors and Institutional Investors and Feedback to the Board of Directors

Dialogue sessions were conducted between Outside Directors and institutional investors. By having Outside Directors feed back the content of such dialogue to the Board of Directors, efforts were made to reflect the voices of institutional investors in Board discussions.

III. Summary of the Analysis and Evaluation Results for the Fiscal Year Ended December 31, 2025

1. Conclusion

Based on the results of the effectiveness evaluation questionnaire survey, interviews, discussions at the meeting of Outside Officers, and deliberations by the Board of Directors, it was confirmed that the Board of Directors was effective and functioned effectively in the fiscal year ended December 31, 2025.

2. Evaluation

The overall average score for all questionnaire items exceeded the benchmark score, indicating that each Director and Corporate Auditor assessed the Board of Directors as functioning to a considerable extent. In particular, high evaluation scores were observed for "Diversity and skills of the Board of Directors," "Composition of the Board of Directors," "Support by the Board Secretariat," "Supervision of risk response and crisis management systems by the Board of

Directors,” “Performance of Outside Directors,” and “Support structure and training for Directors and Corporate Auditors.” Furthermore, in comparison with the previous fiscal year, improvements were observed in twelve out of twenty-three questions, and the Board was assessed as functioning effectively.

Interviews with Directors and Corporate Auditors revealed a shared recognition that the Company’s Board of Directors should shift toward emphasizing its supervisory function. Under this common recognition, a wide variety of opinions were expressed regarding the ideal form and composition of the Board, Board operation, deliberation themes, the structure of the execution side subject to supervision, and the sharing of dialogue with shareholders and the content of Board discussions with execution.

Based on the evaluation results, the Company organized eight key discussion points for the Board of Directors, and opinions were expressed for each point regarding matters for improvement and further consideration, as outlined below.

- (1) Ideal state of the Board of Directors
 - (i) While the necessity of strengthening the supervisory function was broadly shared, opinions were expressed that the authority, responsibility, and decision-making processes of execution subject to supervision should be clarified further, and that a common understanding of the scope of supervision by the Board should be established.
 - (ii) Opinions were also expressed that information provision from execution, presentation of execution-side awareness of issues, and clarification of execution roles were insufficient, posing challenges in developing a structure and foundation that would enable the Board to specialize in supervision.
 - (ii) Regarding potential changes to governance structure, opinions were expressed that such matters should be considered after further deepening the common understanding of the ideal form of the Board of Directors.
- (2) Composition of the Board of Directors
 - (i) Multiple opinions called for skills related to human resources, and while some emphasized the need for non-Japanese members from the perspective of international diversity, others noted challenges associated with appointing non-Japanese Directors.
 - (ii) While many opinions viewed the composition ratio of the new Board structure after this year’s General Meeting of Shareholders as appropriate, there were also opinions that reconsideration of the composition of Inside Directors (such as the balance between corporate and business-side Directors) and an increase in the number of Outside Directors should be considered.
- (3) Operation of the Board of Directors
 - (i) Opinions were expressed that the number of agenda items is large, making it difficult to secure sufficient time for discussion.
 - (ii) In order to further transition to a Board focused on supervisory functions, opinions pointed out challenges such as the need for presentations and materials that better contribute to supervision and the narrowing down of agenda items.

(4) Discussions at the Board of Directors

Opinions were expressed that, in order for the Board of Directors to exercise its supervisory function, KPIs linked to strategy and process KPIs should be further enhanced.

(5) Internal control and risk management

- (i) Opinions were expressed that clarifying the optimal overall structure of global governance under the segment-based organization remains an issue.
- (ii) In addition, opinions pointed to the need for monitoring competitive and business risks in China, discussions of risks linked to management strategy, and consideration of latent and investment risks.

(6) Support structure for Directors/Corporate Auditors

Many opinions indicated the necessity of training. While required knowledge may differ by individual, suggested themes included governance structures, IR and SR, DX, IT, human resources, and geopolitical risks.

(7) Dialogue with shareholders (investors)

- (i) Opinions were expressed that it is important to refine the value creation story based on investor feedback and to disseminate it externally.
- (ii) In addition, opinions emphasized that Inside Directors in charge of business operations should increase opportunities for dialogue with shareholders, and that the content of investor dialogue should be communicated to the execution frontline.

IV. Future Initiatives Based on the Analysis and Evaluation Results for the Fiscal Year Ended December 31, 2025

In the previous year, the Company revised the criteria for matters to be submitted to the Board of Directors, significantly expanded delegation of authority to execution, conducted multiple group discussions on the theme of the ideal form of the Board of Directors, and enhanced deliberations on important themes such as the follow-up on the Medium-Term Management Plan and business portfolio reform.

In the latest effectiveness evaluation as well, it was confirmed as a common recognition that the direction the Company's Board of Directors should aim for is "a Board of Directors focused on the supervisory function." At the same time, multiple opinions were expressed that it remains necessary to continue developing the organizational foundation and operational framework required to exercise the supervisory function, including the structure on the execution side.

Accordingly, in the current fiscal year, the Company will continue its efforts to strengthen the supervisory function of the Board of Directors, focusing on improving Board operations aimed at exercising the supervisory function and deepening shared understanding with the execution side regarding investor perspectives and the direction sought by the Board of Directors.