

Board of Director Effectiveness Evaluation: Summary

June 25, 2019

To enhance the effectiveness of its Board of Directors and undertake to further strengthen its functioning, the company has been evaluating the overall Board's effectiveness since fiscal 2016. The following summarizes the results of the fiscal 2018 evaluation.

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1. Evaluation method

The survey relating to the board's effectiveness is distributed to each board member, and each responds anonymously.

Based on the content of the responses, each board member is interviewed by a chief evaluator (representative of the Board Secretariat). The Board then analyzes and evaluates its effectiveness.

Subjects: All Board members (11 directors)

Respondents: 11 directors (4 external)

Evaluation term: March–April 2019

Main survey categories were as follows.

- (1) Board composition
- (2) Board management
- (3) Board agenda
- (4) Board support systems
- (5) Response to shareholders and stakeholders

2. Results of the analysis and evaluation of the Board's effectiveness

Fiscal 2018 was the Board's third effectiveness evaluation. Challenges were identified using results from the previous two years and opinions recently received from the directors. In addition, with the launch of the Audit and Supervisory Committee structure in June 2018, the effectiveness of the Audit and Supervisory Committee was also being evaluated. After discussing the self-evaluation results, the Board of Directors concluded that it was functioning effectively.

3. Future action based on the evaluation results

Compared to the previous term, evaluations from the external directors have improved, both overall and with respect to most major evaluation criteria. At the same time, a wide range of opinions were received regarding future challenges for the Board of Directors, and the Board is currently progressing its discussion of how to approach these challenges.

Based on the results of the analysis and evaluation of its effectiveness, and opinions received from its members, the Board will endeavor to further enhance its effectiveness by addressing the challenges identified, and building an even more fully realized corporate governance structure.