Efforts to evaluate effectiveness

In order to improve the effectiveness of the Board of Directors, an evaluation of all directors except the CEO has been conducted using a questionnaire method every year since FY2016.

Since FY2022, a third-party organization has conducted the questionnaire survey and analyzed the responses. The results of their evaluation are reported to the Board of Directors, whose members share the issues identified and continuously strive to make improvements.

The FY2023 evaluation found that the board's effectiveness had improved over the previous year with respect to discussion of the business portfolio, director involvement in remuneration system design and the successor training plan, and dialogue with shareholders, among other areas. On the whole, the board was judged to function effectively, but several issues were identified. The following actions are being taken to address the key issues.

Outline of the effectiveness evaluation in FY2023

Target members	All directors except the CEO		
Evaluation method	Anonymous questionnaire		
Survey period	Response period: February to March 2023		
Questionnaire compilation	Compiled by an external organization		
Response status	All targets answered		

Issues identified in FY2023	Actions taken in FY2023	Challenges identified in FY2023 effectiveness evaluation	Actions to be taken
Further enhancement of Board of Directors discussions Improvement of outside directors' performance	 Exchange of opinions on formulation of the medium-term management plan with respect to capital efficiency Holding of individual meetings with outside directors to share initiative updates and exchange opinions on ESG Semiannual reports on CSR Committee initiatives at the Board of Directors Holding of outside directors' exchange sessions and other opportunities for opinion exchange among the directors 	 Discussion of business outlook with respect to capital efficiency Discussion of thinking on how to ensure diversity of core talent and policies for human resource development and internal environment development Discussion by the Board of Directors concerning basic policy on sustainability (ESG, SDGs, etc.), measures for improvement, and disclosures, and reflection of those discussions in management strategy 	 Have progress updates on the medium-term management plan include analysis of capital efficiency and discussion of measures Continue holding individual meetings that tap into the specialized expertise of each outside director to share updates on initiatives, and include opportunities for discussion of management strategy Increase opportunities for ESG challenges to be reported to the Board of Directors, and create opportunities for exchange of opinions and information at outside directors' exchange sessions, etc., so as to increase the entire Board of Directors' awareness and invigorate discussion
Improve the monitoring function of the Board of Directors	Group-wide discussion and reporting on business updates, plans, outlooks, etc	Development of internal control systems, and strengthening of monitoring of their operation	 Actively share information on the situation and challenges of Group companies, and respond through internal audits, the Audit & Supervisory Committee, and coordination by the Board of Directors
Communication with shareholders and investors	Timely sharing of questions raised at financial results briefing and investor/shareholder relations activities	Enhancement of discussions based on dialogue with shareholders and investors	 Carry out shareholder relations activities using the Integrated Report, and report to the Board of Directors regarding investors' comments on institutional investor briefings and other investor relations activities
Formulation of succession plans and remuneration system	 Running of Nominating Committee and implementation of next-generation executive training plan Establishment of Remuneration Committee 	Ensuring of effectiveness with respect to adequate sharing of content of committee discussions with the Board of Directors	 Report committee activity updates and content of committee discussions to the entire Board of Directors Carry out successor training and firmly implant operation of remuneration systems