

Summary of the Results of the Analysis and Evaluation of the Board of Directors' Effectiveness

The Company's Board of Directors has conducted an evaluation of its effectiveness in the fiscal year of 2022, with the aim of further enhancing the role and function of the Board of Directors. The overview of the results of the same is as follows:

(Evaluation Method)

At first, an assessment questionnaire to Directors and Corporate Auditors was conducted on the items described below. The said questionnaires took a form that allowed a four-level quantitative evaluation of each question and the free writing of comments. Additionally, to further understand in more depth the contents of the responses to the questionnaires, individual interviews of all of the Outside Directors and Outside Corporate Auditors were made; and based on the foregoing, the evaluation results were discussed at the meeting of the Board of Directors held in March 2023.

[Major Categories of the Questionnaire Items]

1. The operation and constitution of the Board of Directors
2. The managerial strategy and business strategy
3. Corporate ethics and risk control
4. The monitoring of achievements and evaluation-based remuneration for the executives
5. Conversations with shareholders and other stakeholders

Measures were taken to make qualitative progress in the evaluation by earning the support of third party organizations in the implementation and analysis of the evaluation of effectiveness.

In addition, the Company has separately implemented peer reviews in the Nominating Committee whereby all the Directors evaluated each other's performance.

(Summary of Results)

The Company's Board of Directors has assessed that its effectiveness was confirmed for the fiscal year of 2022. The reason therefor is that the overall average evaluation mark response was "mostly effective," and responses for each questionnaire item indicated "effective" and "mostly effective" at a high rate (approximately 80%). Among all the responses, the following items obtained a high evaluation in the questionnaire and the individual interviews:

- The Board of Directors is composed of Outside Officers that make up majority of both the Directors and Corporate Auditors, and constituted by human resources to be diverse.
- Independent Outside Directors can express their unfettered opinions openly under any circumstances, and fulfil their roles.

In the fiscal year of 2022, through the increase of the number of Independent Outside Directors, which constitutes a majority of the Directors, the Company aspired to achieve a higher-level of governance in both decision-making and the supervision of operations. We believe that the current evaluation is evidence of the fact that the structure and governance of the Board of Directors aspired by the Company have been achieved.

On the other hand, a sense of crisis was shared that enhancement of decisiveness to surely achieve business goal and the ability to organize are imperative in all aspects of the operations of the Company. The Board of Directors intends to direct and supervise the executives for the necessary improvements while clarifying its priorities. Concurrently therewith, the Board of Directors will make efforts to work with the executives in an integrated manner to achieve the benefits of such improvements.

(Initiatives Going Forward)

Based on the circumstances that the Company is facing, high-priority matters for enhancing decision-making at and the supervisory functions of the Board of Directors were discussed. Specific issues and an outline of the actions to be taken towards improvement were acknowledged as follows:

- Strengthen the monitoring of progress in material strategic matters as well as research and development matters

Based on the situation that, among the recent material strategic investments as well as research and development investments, there were some investments that have culminated with an outcome different from what was foreseen at the time these investments were determined, it was acknowledged that there is a need to enhance the capability of achieving results through a more careful assessment of the situation as well as timely and appropriate directions and recommendations by the Board of Directors. Based on the foregoing, the Board of Directors decided to make the following efforts:

- ✓ Enhance the degree of resolution of any progress status through upgrading and expanding the metrics and information used in monitoring the same
 - ✓ Timely report to the Board of Directors changes in the situation after the time an investment decision was made
 - ✓ Expand opportunities to directly view the situation and hear the voices of the business lines
- Strengthen systems for internal control and risk management
- Recognizing the increasing significance, in accordance with the diversification and globalization of human resources for executives, concerning the establishment of systems for internal control and risk management that underpin the stable and secure operation of the business, the Board of Directors decided to make the following efforts:
- ✓ Raise awareness about internal control and risk management by having messages delivered by top executives
 - ✓ Strengthen the nurturing of a common sense of values through internal control education that is shared globally
- Strengthen the cooperation between the Board of Directors and activities of voluntary committees

While the Board of Directors and voluntary committees have both been exerting efforts in close coordination with each other, the following efforts were decided to be made to further strengthen such cooperation, especially with regard to the Executive Compensation Committee in light of the increased number of committee members and the change in composition due to the increased number of Outside Directors:

- ✓ Share the particulars of the status of deliberations at the committees with the Board of Directors
- ✓ Upgrade and expand opportunities for clarification to newly appointed officers and the like concerning the executive compensation system.

In this fiscal year, the Company will focus on the three points above as key initiatives, and review and implement measures that contribute to enhancing the effectiveness of the Board of Directors. The Company believes that, for the continued enhancement of its corporate value as it addresses internal and external changes, it is crucial to improve the governance of the Board of Directors and other corporate organs. Based on these evaluation results, the Company endeavors to continuously improve the functions of the Board of Directors.