

Disclosure for the year ending March 31, 2017

(Evaluation of effectiveness of the Board of Directors)

Each year, the Board of Directors analyzes and evaluates its effectiveness, taking into consideration relevant matters, including self-evaluations of each Director, and discloses a summary of the results.

The methods and results of the evaluation of effectiveness of the Board of Directors for the year ending March 31, 2017 are summarized as follows:

<Evaluation method>

In January 2017, questionnaires pertaining to matters such as the composition of the Board of Directors, its operational status, and individual responsibilities were distributed to fourteen Directors and five Audit & Supervisory Board Members (hereinafter referred to as the “2017 questionnaire”), who all subsequently completed and returned the questionnaires. In its meeting held in February 2017, the Governance Committee engaged in discussions on the basis of the aggregate results of those questionnaires, and then the Board of Directors, after discussing such matters while taking the committee’s report into account, decided on the matter of evaluating its effectiveness in its meeting held in March 2017.

<Questionnaire items>

Major categories of questionnaire items of the 2017 questionnaire are listed below. The 2017 questionnaire contains fields for comments related to such categories, and has been evaluated using methodology that involves assigning one of five grades to each question in the major categories. Furthermore, evaluation also encompasses the extent to which effectiveness of the Board of Directors has improved in comparison with the previous year, in order to gain an understanding of progress achieved in that regard.

- I. Matters relating to composition of the Board of Directors
- II. Matters relating to the operational status of the Board of Directors
- III. Matters relating to deliberations of the Board of Directors
- IV. Matters relating to roles and duties of the Board of Directors
- V. Matters relating to the advisory committees to the Board of Directors
- VI. Matters relating to execution of duties of the Directors and Audit & Supervisory Board Members themselves
- VII. Matters relating to support, etc. for Directors and Audit & Supervisory Board Members
- VIII. Overall comments

<Initiatives in the year ending March 31, 2017 geared to achieving greater effectiveness>

During the year ending March 31, 2017, the Board of Directors and the Board of Directors Secretariat have engaged in initiatives taking into account results of the questionnaire relating to effectiveness of the Board of Directors implemented in the previous year, as follows:

- Ensuring time for Directors and Audit & Supervisory Board Members to review agendas

The Board of Directors Secretariat had been distributing materials for meetings of the Board of Directors to all Directors and Audit & Supervisory Board Members prior to such meetings and has been holding preliminary briefings for all External Directors and External Audit & Supervisory Board Members. Meanwhile, during the year ending March 31, 2017, the Board of Directors Secretariat provided personal computers (hereinafter referred to as the “officer PCs”) to all External Directors and External Audit & Supervisory Board Members (hereinafter referred to as the “external members”) in order to better ensure that they have sufficient time to review agendas, and began to distribute materials for meetings of the Board of Directors in a timely manner via e-mail.

More than half of those responding to the 2017 questionnaire (also more than half of external members) have indicated that they feel the situation has improved in comparison with the previous year in terms of the timing of distributing materials for meetings of the Board of Directors.

- Making improvements with respect to information for making a decision provided to External Directors

During the year ending March 31, 2017, the Company has been taking steps to ensure that External Directors sufficiently understand Board of Directors meeting proposals so that they can make even more appropriate decisions in that regard. To that end, the Board of Directors Secretariat has been setting up a Board of Directors’ database for use in storing information such as minutes and other materials from past meetings of the Board of Directors, and has been maintaining a platform that enables access to such database from the officer PCs. In addition to materials for meetings of the Board of Directors, the Company also started to provide materials prepared for internal decision-making purposes and the results of internal decisions. Since before the year ending March 31, 2017, the Company has been engaging in initiatives that involve sharing summaries of Corporate Management Committee

discussions with the Board of Directors, and during the year ending March 31, 2017, the Company has been further promoting such initiatives, and has been more specifically explaining and sharing information on matters such as risks that have been identified and discussed by the Corporate Management Committee.

A significant majority of the external members responding to the 2017 questionnaire favorably assessed the matter of providing information in addition to materials for meetings of the Board of Directors, and more than half of the respondents feel the situation has improved in comparison with the previous year.

- Enhancing coordination between External Directors and External Audit & Supervisory Board Members, and Independent Auditors and the Internal Auditing Division

The Company has been taking steps to ensure that External Directors and External Audit & Supervisory Board Members are able to gain a more precise understanding of risks relevant to the Company's business and issues with respect to internal controls. To that end, during the year ending March 31, 2017, meetings consisting of all External Directors and External Audit & Supervisory Board Members (hereinafter referred to as the "external member meetings") have been used as a forum for exchanging opinions with the Independent Auditor and Internal Auditing Division. The Company plans to hold the external member meetings for the same purpose on a regular basis going forward.

Multiple external members responding to the 2017 questionnaire conveyed views favorably assessing the establishment of such opportunities, and feel the situation has improved in comparison with the previous year.

- Making improvements with respect to deliberations regarding the overall direction the Company is taking in terms of its business plan, management policy, etc.

To better apply knowledge of the External Directors to management of the Company thereby improving its corporate value, during the year ending March 31, 2017, the Company has endeavored to facilitate discussions on its overall direction through individual business opportunities. This has involved revamping briefing materials on individual business opportunities intended for meetings of the Board of Directors so that in addition to providing details specifically geared to a particular opportunity, such materials also include details on how the opportunity is positioned with respect to the Company's overall strategy and asset portfolio. Moreover, in the external member meetings, the management openly discussed business plans and the

Medium-term Management Plan with the External Directors.

Multiple external members responding to the 2017 questionnaire conveyed views favorably assessing the open discussions relating to discussions held in meetings of the Board of Directors on overall direction, and feel the situation has improved in comparison with the previous year.

<Summary of evaluation results>

Taking the aforementioned initiatives into account, the Company has reviewed the results of the 2017 questionnaire, and outcomes of deliberations of the Governance Committee and deliberations of the Board of Directors. Accordingly, with respect to effectiveness of the Board of Directors during the year ending March 31, 2017, the findings made by the Board of Directors are as follows:

- The Board of Directors has a wealth of diversity, and has prepared a structure to secure effective management oversight.
- Meetings of the Board of Directors have been operating smoothly, underpinned by adequate support of the Board of Directors Secretariat in areas such as preparing materials for meetings of the Board of Directors, providing information, and scheduling.
- The Board of Directors has been securing sufficient time for deliberations and engaging in constructive discussions and exchanges of opinion.
- At meetings of the Board of Directors, reports are given on results of risk analysis from Company-wide and multiple angles, based on which the Board of Directors discusses and reviews such risks drawing on knowledge furnished by respective Directors and Audit & Supervisory Board Members.
- The respective Directors and Audit & Supervisory Board Members, upon understanding the Board of Directors' duty to carry out oversight and auditing of the management, have all been devoting sufficient time and effort in fulfilling their responsibilities as Directors or Audit & Supervisory Board Members from an objective standpoint separate from business execution.
- The Company adequately ensures the availability of opportunities and funds for enabling Directors and Audit & Supervisory Board Members to acquire knowledge necessary to fulfill their roles and duties, and also on the whole the Company has ensured availability of frameworks for collaboration involving external members, the management, the Independent Auditor, and the Internal Auditing Division.

Based on the details summarized above, the Company's Board of Directors concludes that it has adequately maintained its effectiveness during the year ending March 31, 2017.

<Future Initiatives geared to achieving greater effectiveness>

- Topics for the Board of Directors to discuss

With respect to topics for the Board of Directors to discuss, some commented that more opportunities should be arranged for discussing the Company's overall direction on matters such as corporate strategy and the Medium-term Management Plan.

The Company's Board of Directors will continue to review options with respect to adequately establishing agendas for the Board of Directors to discuss, from the perspective of enabling the Board of Directors to bring greater added value in terms of managing the Company.

- Composition of the Board of Directors

With respect to composition of the Board of Directors, there was a diverse range of comments on matters such as numbers of board members, the proportion of external members, and striking a balance in terms of abilities, knowledge, etc., of Directors for optimum composition.

Taking such opinions into account, the Company's Board of Directors will ceaselessly review options with respect to a membership composition that is adequately suited to how the Board of Directors is positioned within the governance framework chosen by the Company.

- Review of operations of the Board of Directors

With respect to operations of the Board of Directors, some commented that they would like to see greater clarification with respect to points to be deliberated on by the Board of Directors, which includes content of materials for meetings of the Board of Directors.

Taking such opinions into account, the Company's Board of Directors will forge ahead in reviewing methods for operating the Board of Directors, such as in terms of endeavoring to improve meeting materials, proceedings and other operational aspects, clarifying points for deliberation in terms of respective proposals, and ensuring that more time is devoted to deliberations on priority matters for deliberation.

The Company's Board of Directors will aim to sustainably increase corporate value by engaging in ongoing initiatives geared to maintaining and enhancing the effectiveness of the Board of Directors including those initiatives involving the aforementioned points, and ensuring adequate oversight with respect to management by the Board of Directors.

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