

FY2023 Evaluation Approach

Since the fiscal year ended March 31, 2016, MC has evaluated the effectiveness of the Board of Directors every year. Since the fiscal year ended March 31, 2019, this has been carried out through a self-evaluation process led by Independent Directors and Independent Audit & Supervisory Board Members.

In the fiscal year ended March 31, 2024, an independent third-party expert, Board Advisors Japan, Inc., conducted an evaluation with the aim of further enhancing the effectiveness of the Board of Directors, in anticipation of the transition into a Company with an Audit & Supervisory Committee. From a neutral perspective of the third-party, the effectiveness of MC's Board of Directors was confirmed and MC also received recommendations for the future operations, leading MC to consider how the Board of Directors should develop the deliberation in the fiscal year ending March 31, 2025 and the process for formulating the next Midterm Corporate Strategy.

FY2023 Third-Party Evaluation Process

STEP 1 The Governance, Nomination, and Compensation Committee discussed the evaluation's implementation methods and process, then confirmed to conduct Third-Party Evaluation.

STEP 2 A third-party expert formulated survey and interview items based on the operation and deliberation status of the Company's Board of Directors and past evaluations. The third-party expert conducted surveys (multiple-choice and written) for Directors and Audit & Supervisory Board Members, interviewed them using the survey results as a basis, and analyzed and evaluated the results.

STEP 3 The third-party expert reported the results of the evaluation to the Governance, Nomination and Compensation Committee. Using the evaluation results as a basis, the Board of Directors then deliberated.

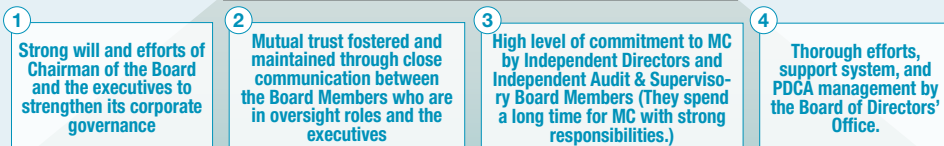
FY2023 Questionnaire

- ✓ Monitoring progress of major items of Midterm Corporate Strategy 2024
- ✓ Overall evaluation, agenda, size and composition of the Board of Directors; roles and functions of Directors and Audit & Supervisory Board Members; composition and operation of the Governance, Nomination and Compensation Committee; composition and operations of the Meetings of Independent Directors; other measures such as dialogue with stakeholders, the management and the executive teams and employees and operations; the expectations for the Board of Directors after the transition into a Company with an Audit & Supervisory Committee etc.
- ✓ Gap analysis of the perception of "the level of importance" and "the level of fulfillment of the discussion" for each agenda item

Third-Party Evaluation Results for FY2023

- It is confirmed that **the Board of Directors has an extremely high level of effectiveness**, underpinned by MC's characteristics and strengths.

Four Strengths Underpinning MC's Board Effectiveness



Factors Underpinning the Four Strengths

- A board culture that sincerely pursues the best way of being for the Company while taking the external environment into account
- "People-related elements" such as mutual trust between the Board Members who are in oversight roles and the executives and among Directors, and their commitment

- In order to maintain a high level of effectiveness and further evolve as a monitoring board, it is desirable to continuously review **the expected roles and responsibilities of the Board of Directors and its monitoring function** as well as **its composition**.

Third-Party Evaluation
Overall Summary

Quantitative
Evaluation Results

- In the multiple-choice questions of quantitative evaluation, the overall average for all question items was 4.0 or higher out of 5 points, an extremely high self-rating. Of these, 32 out of 48 questions had a particularly high rating of 4.5 or higher.
- The perception of the level of importance and the level of fulfillment of the discussion on each agenda item is rated on a 10-point scale. The gap between the perception of the level of importance and the level of fulfillment was small, less than 1.0 for all items discussed.