

Outside Directors Round-table Discussion

We held discussions on expectations for future growth and corporate governance at the YUASA TRADING Group.



Shinzo Maeda
Outside Director

Yoshiro Hirai
Outside Director

Miki Mitsunari
Outside Director

How Can We Connect Our Cultivated Networks?

Maeda: Of course, I think it's important to have an overseas strategy for achieving the aims in our medium-term management plan "Growing Together 2026."

At present, overseas billings account for only about 5% (¥28.1 billion in the fiscal year ended March 31, 2023) of total company turnover (¥526.5 billion in the fiscal year ended March 31, 2023), but as this percentage increases further, the way people inside and outside the company view our business will change. In order to increase the presence of our overseas business and foster a sense of YUASA's global expansion, I feel that further growth in our performance is essential.

The key to achieving ¥65 billion in overseas turnover for the fiscal year ending March 31, 2026 is to expand our strengths overseas, such as the YUASA way of doing business with its corporate philosophy of "integrity and trust", for example, making high value-added proposals face to face, which aim for mutual benefit with our suppliers and sales partners. These strengths are on full display at the Grand Fair, and I hope that the success of the Thailand Grand Fair scheduled for February 2025 will be the starting point for new overseas promotions, including expansion to other regions, such as India.

Hirai: I was blown away by the Grand Fair. There are many expos in the world, but not so many that can generate such concrete business. I feel that the energy generated by connecting our network of approximately 6,000 major suppliers and 20,000 major sales partners is one of YUASA's greatest strengths.

The key is how to make the most of this network, and how to create new ways of connecting and completely new connections, among the infinite number of possible combinations. I think that's why people are so important. I believe that the challenge for YUASA in the future lies in the ability of each individual to think and act independently, and how the company and organization can create the climate and environment for this to happen.

Mitsunari: To accelerate the creation of these connections, you are also promoting DX, including maintenance of a database of clients, so we would very much like to see this happen.

The "Shosha" business model is unique to Japan and includes trading of goods, as well as a wide range of other business models, such as procurement, related services, and investment. I believe that sales are not YUASA's only strength; we are also able to make high value-added proposals that connect all kinds of solutions, including plant formation and after-sales support. I hope that you will continue to promote an open culture proposing cross-functional solutions and the creation of a framework that includes DX.

As We Approach the 360th Anniversary of the Company's Founding, Let's Look to a Future Where We All Embody the "YUASA Brand"

Hirai: Following on from the importance of people and developing human resources, I think it's important to increase personnel who think and act independently, so they enjoy doing a job that allows them to think for themselves.

Workers are often left to their own devices, when actually they are not sure what to do. Alternatively, they think that work is something they are "given", so to speak, where a boss or senior colleague tells them to do their utmost to meet a client's demands. While that is important, it is also a "challenge" to think and try things by yourself, rather than just passively taking on a job where you've already been told what form it should take. I think you only get that job satisfaction when you've accomplished a task like that for yourself.

To continue 400 to 500 years on from our 360th anniversary in 2026, as a company, I think we need to increase personnel who can learn from our history to always think and take on new challenges, and create an environment that produces that kind of people.

Mitsunari: When I talked with people on-site, I felt that YUASA has a vibrant working culture, with people fully engaged with and valuing the "YUASA brand" cultivated over the company's history.

Maeda: I believe that a brand personifies absolute trust and reassurance. The YUASA brand, which we've cultivated over many years, is felt not only by our customers but also by the employees who work at YUASA. To take Mr. Hirai's point about developing human resources, I feel this is the foundation on which a strong brand is built.

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Mitsunari: During our long history, the company has transformed itself continuously to meet the needs of the times. In recent years, women's working patterns have become more diverse as lifestyles change. I hope that you will progress with systemic changes, including construction of a new facility, to enhance our ability to offer quality solutions and promote commercialization, while leveraging YUASA's strengths. I also anticipate an increase in women employees taking on leadership roles.

Hirai: In terms of human resources and with increased employment mobility, I think we also need to consider how to promote YUASA as a place to work from a branding perspective. Simply retaining staff is not enough, it's also about offering opportunities, about how they can use them in their career, and whether they see a long-term future working for the company.

As a specialized trading company of composite materials, owning various business segments, there is a lot of collaboration and communication across divisions. One of our strengths is having an environment where you can think out of the box, and create various combinations and business models. "I can develop my career so much if I join YUASA!" If people think like that, they'll work here long-term and this will be part of the YUASA Brand. It would be great if that's how things go.

A Corporate Culture That Fosters Challenge Is Only Possible with a Strong Governance Structure

Maeda: As Chairman of the Governance Advisory Committee, I am responsible for reviewing and making recommendations regarding the management of Board of Directors meetings and governance structures. Governance styles vary between companies, and the fact that YUASA has been able to manage its business successfully despite various challenges to date is evidence that our corporate governance is functioning well.

Governance also plays the role of a "brake" in corporate

management, but trust in the brake is what allows for speed and peace of mind. In terms of management, a strong governance structure is a prerequisite for stepping on the gas pedal to take on brave challenges and boldly promote business, and I feel that the balance is now firmly in place.

Hirai: Before each Board of Directors or Governance Advisory Committee meeting, we, the outside directors, are given a briefing on the items on the agenda, which I think is well organized and convincing.

Mitsunari: As Mr. Hirai said, my impression is that Board of Directors meetings are formal, or rather, agenda items are proposed in a well-organized manner.

I have been a director of YUASA for less than a year, but when I previously worked on projects with people on-site, I felt that company discussions were animated and frank. Now, we have the chance to exchange ideas and communicate outside of board meetings. This has allowed us to better understand the business and strategic direction of the company, for which I am very grateful.

Maeda: In that context, there was an opportunity for free discussion among the outside directors when formulating the current medium-term management plan. I hope that we'll have opportunities to actively communicate like this in the future.

Hirai: I think it is important to have opportunities to discuss medium- to long-term themes, such as medium-term management plans and human resource strategies, like the free discussions just mentioned by Mr. Maeda. This links to what governance means in its broadest sense.

Maeda: Regarding human resources, the Governance Advisory Committee also discusses nominations and compensation. With the recent trend of extending workers' retirement age, a hot topic these days, there are many themes to be discussed in human resource strategies, such as the retirement age for executives. With our current sound business performance, I would like to continue to deepen the discussion as we prepare for the future.

Message

Message from the Newly Appointed Outside Directors

I am very grateful to be appointed to the valuable role of Outside Director. I will work with those reappointed to perform my role to the utmost of my ability.

I have had a relationship with YUASA TRADING through my specialization in labor law support. Through my communication with those involved in practical operations, I've noticed the speed in which YUASA has adopted changes. I think that the company could weave a history of nearly 360 years because it understood and continues to understand the importance of change for keeping up with the times. I believe that open discussion is possible because we embody the corporate philosophy of "enterprise and creativity" and have a culture of approaching new things quickly and flexibly.

With major changes recently in the quality and governance systems required of listed companies, we outside directors are expected to play a role and contribute to increasing both financial and non-financial aspects of corporate value. I am committed to helping through active communication at Board of Director and Governance Advisory Committee meetings, etc.



Yukiko Machida
Outside Director