

The responsibility of an outside director is to revitalize the Board of Directors

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Governance of the Yamato Group

Governance is the system that a company establishes to secure the realization of sustained growth. The objective of governance should be not only continuity but also growth of business.

Corporate value represents the accumulation of trust that a company has built up with its shareholders, in addition to all other stakeholders. I consider corporate governance to be a mechanism to raise the value of each stakeholder to the Company, and to amplify this accumulation of trust. As an outside director at Yamato Group, I volunteer various opinions to the Board of Directors based on this way of thinking. I believe the responsibility of an outside director extends beyond simply supervising management to revitalizing the Board of Directors. I think this responsibility encompasses the discussion of bills that are introduced, as well as active discourse on the direction of the Group in regard to sustained growth and the appropriateness of its strategies. I am also engaged as an outside director at other companies, and I feel that the coordination of the Board of Directors and the awareness of each individual director at the Yamato Group compares very favorably in contrast.

Given that the objective of corporate governance is the realization of sustained corporate growth and the maximization of corporate value, governance must consider company growth while, at the same time, continuously seeking improvement. I consider the satisfaction that a company is already functioning well enough under its current system of governance to be rather presumptuous.

Toward the Future Growth of the Yamato Group

I previously stated that the responsibility of an outside director is to revitalize the Board of Directors. However, each division has various ideas and opinions about future direction and growth strategies. I would like to see more people in these divisions refine their ideas and opinions into proposals to present to the Board of Directors, which, in turn, would lead to further revitalization of the Board of Directors.

I would like to consider our global strategy, which represents a significant management theme. I doubt there is a single employee within the Company who believes that our domestic success to date naturally extrapolates to success overseas. However, the issue of leveraging the know-how that we have nurtured domestically to build international business models adapted to local culture and regional differences is an important one. I anticipate a dynamic process where global strategies, such as our Asia strategy, are assessed based on information and data that has been obtained through careful investigation. Discussions will then be held by the Board of Directors to determine whether any problems exist with strategy direction and concrete, high-quality proposals will be introduced to the Board of Directors at the next step. The adoption of swift, powerful processes and proposals in this way will lead to further revitalization of the Board of Directors and the Company as a whole.

On the other hand, I feel that further reinforcement of our planning capabilities and strategy formulation expertise is going to be essential in ensuring the Company's sustained growth into the future. More specifically, we need to focus on refining our planning capabilities as a global corporation.

Moreover, although the cultivation of global human resources is important, the most pressing issue for us is how we need to change the attitude of our employees to promote globalization. In particular, it is important for head office, including upper management, and management and staff based at overseas locations to share strategies and problems that need to be addressed. Globalization does not simply denote the expansion of business overseas, and it is globalization at the head office that is most important. It takes five to ten years for businesses overseas to gain a foothold, and we have only just set out on our journey. At Yamato, strategies to support the success of globalization are directly linked to our growth strategy at once. I hope to see the Company work tenaciously toward its goals by formulating various proposals, discussing them and, on deciding a direction, working as a united whole to accomplish them.

Recognizing the importance of evaluating managerial practices from an objective perspective

Masakatsu Mori

Outside Director

Governance of the Yamato Group

The most important role of the Board of Directors is to reflect sound governance in the execution of corporate management. Governance is the process of building and operating frameworks to ensure sustained corporate growth while carefully evaluating whether management strategies are being executed correctly from the perspective of stakeholders outside the Company. In this respect, I feel that the governance of the Yamato Group is top class, even among Japanese corporations. For example, on the appointment of a new president, the most suitable candidate is elected following discussions, which highlight the expertise required to lead the Yamato Group forward, with sufficient information about each candidate. The process is extremely transparent and straightforward.

I believe my responsibility as an outside director extends beyond simply supervising management to actively offering advice based on my personal experiences. When giving advice, I appreciate that those most knowledgeable of managerial operations are the executive officers themselves. For this reason, I endeavor to abstain from commenting on small matters and instead try to consider matters from a long-term perspective, for example, by judging whether an investment decision fits in with the direction of business strategies. Furthermore, I recognize the importance of evaluating matters, such as whether executive officers engaged in management are suitable for their role, whether performance is being effectively improved, and whether

information is being disclosed to shareholders, investors, and other stakeholders, with transparency from an objective perspective.

As we push forward with globalization, the management risks that surround the Company naturally increase. The corporate governance framework at the Yamato Group is of a higher level than at other companies; however, to further reinforce this governance, a keen sense of urgency among the Board of Directors and the executive officers that serve it, coupled with the enhancement of our compliance structure, is going to be essential. Along with the Audit & Supervisory Board members, we, as outside directors, aspire to strengthen the oversight of management going forward.

Toward the Future Growth of the Yamato Group

I feel the cultivation of global leaders is a crucial factor for the Yamato Group to achieve sustainable growth. It goes without saying that prestigious human resources are an invaluable asset to businesses engaged in the provision of services, and an expansion of business will not be possible if we are unable to secure a sufficient supply of these resources. So how can we nurture human resources that understand the Yamato philosophy and who can expand our business at their respective locations? When employing human resources to support the future of Yamato, we should consider their education as a strategic investment, rather than as a human resource cost. I believe the Yamato Group possesses the elements required to achieve growth overseas. If Yamato is able to build a foundation that expands across the globe by fully leveraging its world-class strengths, such as its employee education system and customer-oriented services, corporate spirit, and culture, it should be able to achieve continued growth on a global stage.

To assist the Yamato Group in realizing corporate growth through the cultivation of global leaders, I intend to contribute to the improvement of human resource strategy frameworks by assessing whether they are constructed and managed effectively in the same way that I would assess capital investments. Going forward, I aspire to support the Board of Directors in making timely, accurate management decisions while urging its members to consider growth strategies and human resource strategies as inseparable facets.

