

Message from the Chairman

Enhancing Corporate Governance for Sustainable Management

In modern society, we are being continually exposed to rapid climate change, drastic geopolitical shifts, and the ever-evolving advancements in AI and other digital technologies. For companies facing these changes, sustainable management is required to enhance corporate value over the long term, which involves responding to global environmental and societal demands while balancing corporate value growth and contributing to the interests of various stakeholders. There is growing support for strengthening the role of the Board of Directors in pursuing ESG management—an essential non-financial objective—and in balancing achievements in medium-term SDGs with financial objectives such as performance and capital efficiency. In response to these trends, our Group has implemented various measures aimed at strengthening corporate governance, with the objective of steadily transitioning from a management board to a monitoring and advisory board.

In addition to enhancing the effectiveness of the Audit Committee system, we have streamlined the Board of Directors, increased the ratio of outside directors, utilized a skills matrix, and clarified accountability through the expansion of performance-linked ratio of the executive compensation system. This year, we have also strengthened diversity by increasing the number of female directors and enhanced supervisory functions by appointing a non-executive chairperson for the Board of Directors.

Currently, our company is implementing the management plan “Mission 2030”, targeting the fiscal year 2030. Under the leadership of the president, employees are working together to simultaneously respond to the deteriorating economic environment surrounding our business and to implement fundamental structural reforms with a long-term perspective. The Board of Directors will use our current measures to support appropriate and swift decision-making for execution aimed at achieving financial goals, while also keeping a close watch on progress towards non-financial objectives and fulfilling its supervisory and advisory roles. Going forward, we will continue to further revitalize the Board of Directors, contributing to the realization of sustainable management that balances the pursuit of non-financial goals aligned with societal demands and the long-term enhancement of corporate value.

Response to Key Management Priorities

Regarding the major safety accident and quality incidents that occurred last year, we established an external investigation committee and confirmed the progress and results of the investigation. The issues and corrective measures raised by this committee were regarded as top priority management issues by the Board of Directors, and through supervision and advice in detailed discussions, we encouraged secure and timely execution. Furthermore, the Board of Directors will continue to strengthen its oversight to prevent recurrence.

With regard to the business portfolio reform that is central to the management plan, following our withdrawal from the cement business, the Board of Directors is striving to make appropriate and swift decisions through in-depth discussions with the executive team on the large-scale business reorganization that is being planned.



Manabu Yamamoto Chairman and Director

■ Corporate Governance System

