

Independent Directors' Round Table



Corporate Governance

With the goal of a company that creates unique added value and continues to grow, four Independent Directors candidly discussed Marubun's proactive governance, human capital, and future prospects from an objective perspective.

Yoshisaburo Mogi (left)
Independent Director and Audit and Supervisory
Committee Member

Koji Kakinuma (right)
Independent Director and Audit and Supervisory
Committee Member

Eiko Kisogawa (center left)
Independent Director and Audit and Supervisory
Committee Member

Katsuma Yagi (center right)
Independent Director and Audit and Supervisory
Committee Member

It has been one year since President Horikoshi assumed office. How do you evaluate the initiatives undertaken over the past year?

Mogi President Horikoshi is willing to listen even to uncomfortable information. In addition, the Nomination and Compensation Committee has been strengthened and a sense of direction for future executive personnel has emerged, which is also an improvement. Regarding the implementation of the first Medium-Term Business Plan since President Horikoshi's appointment, first-year performance appears somewhat lagging due to the external environment, but I am not greatly concerned.

Kakinuma In a time when society as a whole is

undergoing transformation, I feel that President Horikoshi, who is young and outward-looking, has a strong ability to grasp changes in society. On the other hand, because Marubun's human resources are finite, narrowing down what to focus on going forward is also a challenge.

Yagi It is also my first year in office, and I have been very impressed by how President Horikoshi makes swift management decisions from a logical and rational perspective, unbound by past customs or preconceptions, while sincerely listening to a wide range of opinions. I believe this attitude facilitates smooth communication between management and employees, leading to the creation of an organization with open communication. I hope he will pursue challenges that stay ahead of the

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times, keeping the next Medium-Term Business Plan in sight by backcasting from the Company's desired state for 2030.

Kisogawa I agree. What particularly surprised me was the speed with which he advanced the revision of the personnel system, which had remained untouched for many years. In addition, the transparency of the decision-making process has improved dramatically. Previously, much information could only be obtained by asking questions ourselves, but now the status of discussions at the Management Committee is shared with us in advance without omission for every matter.

What do you think is necessary to enhance the effectiveness of "Group synergy," a key theme of the Medium-Term Business Plan?

Kisogawa Marubun is not merely a trading company; enhancing the added value that accompanies products is important, and collaboration with subsidiaries that possess solid technical capabilities has great significance in this regard. The quickest and most effective measure for generating Group synergy is personnel exchange between Group companies, which should also lead to the cultivation of corporate culture at the companies.

Kakinuma In pursuing synergy, Marubun must proceed in a way that respects the independence of companies while ensuring that Marubun's intentions are reflected. The strengthening of Group governance is progressing through the appointment of personnel to key positions at companies, but Marubun needs to continue working as a company to advance to the next stage of fostering a sense of unity across the Group.

Yagi It is important that Marubun links its sales functions with the engineering and maintenance functions of Group companies. Changes in customer issues and market needs are first perceived and gathered in the field, so this information and

these functions must be organically linked. By reflecting this in management strategy, competitiveness and uniqueness will surely increase.

Mogi Thanks to the establishment of the Marubun Group Collaboration Forum, a venue has been created for sales managers across the Group to gather once a month. However, the Company needs to go one step further and create opportunities for exchange at the younger employee level. If a venue is created for younger employees to gather under themes such as the creation of new businesses, I believe that barriers between business divisions will break down and synergy will become a matter of concrete action rather than a mere slogan.

Human capital management, including personnel system reforms, is moving forward. How do you view the current situation and future challenges?

Kisogawa As I mentioned earlier, since President Horikoshi assumed office, various reforms have been set in motion. For example, the unification of the general and core position categories under the "Comprehensive Employee" category is

expected to help remove constraints on the promotion of women's empowerment. However, the current situation is that the ratio of female managers has not risen as desired. The shortage of promotable talent is due to insufficient development in the past. I believe the Company should accelerate development by assigning work equally regardless of gender from the time employees join, and actively entrusting employees with leadership roles in important projects.

Kakinuma I feel that President Horikoshi is a president who directly confronts issues related to human capital. However, to respond to the changing times, personnel measures that entail some degree of side effects will also be necessary in areas where progress has been delayed. I hope human capital management will be promoted in a balanced manner, with consideration of impacts on existing employees.

Yagi Whether every employee truly feels growth opportunities and fulfillment is vital. Only when systems take root in the field and lead to changes in behavior and organizational culture can they lead to the enhancement of corporate value. I hope the Company can quickly move to that phase.



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Mogi I hope the Human Capital Committee will be developed into a venue for discussions from even broader perspectives. What kind of talent will be needed at Marubun in the future, and how will the Company develop management talent, specialized talent, and global talent? While advancing such essential discussions, I believe the Company should also consider securing financial resources for implementation.

Please share a message with stakeholders on progress in strengthening governance and on the future of the Marubun Group.

Kakinuma On the topic of governance, the Company is sincere and does not hide things, so the flow of information is very good. However, there is an issue in whether the Company has sufficiently prepared risk response measures for when negative information becomes public. It is necessary to establish a proactive crisis management system that makes unambiguous judgments and takes swift and strict action based on the facts when an incident occurs. In addition, there is a need to discuss changes to the role of internal audit functions to go beyond J-SOX compliance and better prepare for fraud.

Kisogawa It is important to shift from defensive governance to proactive governance. Going forward, Independent Directors will also actively participate in strategies such as business portfolio management and M&A, engaging in decision-making that enhances corporate value while taking risks. We will also continue to closely monitor the cultivation of compliance awareness across the entire Group.

Mogi I also recognize that giving concrete form to proactive governance is a challenge. The president himself has recognized and begun acting on the importance of his own succession plan and the development of next-generation man-

agement talent, which we had raised as issues, and I expect further progress.

Yagi Governance that encompasses the entire Group requires effective risk management with an understanding of the nature of a wide variety of businesses. I look forward to the creation of new businesses in growth areas such as aerospace, defence, and medical, through strategic and aggressive resource allocation that leverages the Company's strengths in technology, maintenance, and engineering.

Kisogawa For the dramatic growth of new businesses, enhanced information-gathering capabilities and decisive resource allocation are essential. At the same time, through measures such as a restricted stock incentive program for employees, I hope the Company can foster a company-wide awareness of the need to enhance market value and a sense of fulfillment among employees.

Kakinuma Even if the Company tries to expand existing businesses to increase profits, it will eventually hit limits and will have to supplement actions with external management resources through M&A and alliances. However, unless the Company itself changes, it will not be able to leverage the resources as its own strengths. It's most important that the Company continually transforms itself in response to changes in the environment and continues to grow.

Mogi I want the Company to continue as a sustainable company, one that society chooses and where employees feel a sense of fulfillment. I believe it has the ability to organically connect information, technology, and services to create new businesses. The key to doing so lies in the exchange and challenges of the younger generation who will carry the future with their flexible thinking. Beyond the accumulation of such daily efforts lies the realization of the vision of the Marubun Group.

To support that, I would like to continue actively making recommendations as an independent director.

Message

Toward Further Growth Through Proactive Governance

I would like to express my sincere gratitude for the many candid and insightful opinions shared during this roundtable discussion. The opinions shared today overlap with issues that I myself recognize as challenges. We will seriously address the development of concrete succession plans and the launch of new businesses as important management issues, and will take the lead in promoting the practice of proactive governance. Our human capital management is also entering a stage of further progress.

Together with the independent directors, we will jointly assess the risks associated with the above challenges. We will invite them to rigorously question us as necessary, will more closely share the content of discussions by the Management Committee, and will continue to value our relationship centered on candid dialogue. We will engage in repeated discussions involving high-level decisions such as strengthening Group governance and optimizing the business portfolio, and will together create the next phase of growth for the Marubun Group.

Hiroshi Horikoshi

President and
Representative
Director,
Chief Executive
Officer (CEO)

