

Messages from Outside Officers

Reasons for appointments

Tomoko Murakami Outside Director

With advanced specialist knowledge of law as an attorney-at-law and abundant specialist expertise based on her many years of experience in corporate legal affairs, she has provided useful opinions on the Company's management from an independent standpoint. Based on this experience, the Company appointed her because it judges that further enhancement of corporate governance can be expected from her external and objective perspectives.

Kazumasa Murai Outside Director (Audit & Supervisory Committee Member)

With a wealth of specialized knowledge in finance, accounting, and tax affairs as a certified public accountant and licensed tax accountant, he has provided useful opinions on the Company's management from an independent standpoint as an Outside Director of the Company. Based on these extensive experiences, knowledge, and independence, the Company appointed him because it judges that the further enhancement of audit and supervision of the Company can be expected from his independent perspective.

Noriko Kitajima Outside Director (Audit & Supervisory Committee Member)

In addition to her deep specialized knowledge of corporate legal affairs as an attorney-at-law, she has assumed roles of outside audit & supervisory board members and outside director who is an audit and supervisory committee member at listed companies, and has been striving to enhance our corporate governance through auditing of overall business execution from an independent perspective as an Outside Director of the Company. Based on this track record, the Company appointed her because it judges that further enhancement of audit and supervision of the overall management of the Company can be expected from her independent perspective.

Pursuing business safety and environmental sustainability while increasing recognition of the importance of the Daiei Kankyo Group

Tomoko Murakami Outside Director



During the fiscal year ended March 31, 2024, I was able to participate in discussions with a thorough understanding of the background of the proposals and the operations of Group companies through prior briefing sessions and site visits prior to the Board of Directors' meetings. In terms of ensuring workplace safety, which has been a key focus since the fiscal year ended March 31, 2023, I have made efforts to reconfirm the current system. For example, I have asked questions and tried to understand the responses to concerns and preventative measures. Moving forward, I believe we need measures that will motivate us to continue our efforts. As for legal compliance, I requested records of reports made to designated contact points to gain a detailed understanding of the response. While no organizational or structural issues are evident from the reports at this point in time, I will continue to scrutinize and monitor management at each site closely.

In the fiscal year ending March 31, 2025, Outside Directors will have voting rights due to the Company's transition to the structure of a company with an audit and supervisory committee. This change will maintain the supervisory function of the Board of Directors, even when a Director is replaced, and will further strengthen governance. It has been pointed out that detailed provisions need to be established for the transition to ensure that the authority of the Audit & Supervisory Committee Members is not diminished compared to the former Audit & Supervisory Board system, and so careful attention will be needed to address this matter.

In order for the Group to further increase its corporate value, it is crucial to continue analysis and response based on the Task Force on Climate-related Financial Disclosures (TCFD). The medium- to long-term strategy includes the following: 1) creating an opportunity for growth by promoting energy conservation in response to concerns about falling revenues due to the impact of carbon tax from tighter regulations on greenhouse gas emissions; and 2) in response to the increasing demands for digital transformation (DX), leveraging traceability and automation to gain a competitive advantage, thereby creating opportunities for increased sales. I hope that the importance of the Group will be recognized as we strive to pursue business safety and environmental sustainability.

Expectations to expand business into the Tokyo metropolitan area by incorporating municipal business through active M&A



Kazumasa Murai

Outside Director (Audit & Supervisory Committee Member)

As the chair of the Nomination & Compensation Advisory Committee, I focused on the development of successor training in the fiscal year ended March 31, 2024. This included establishing criteria for a training plan called the Succession Plan, which emphasizes leadership and decision-making skills. The challenge for the future will be to clarify the group of successor candidates and the timing for applying these criteria.

The Board of Directors has considered the pros and cons of M&A and appropriate acquisition prices. Going forward, we will focus more on the synergies companies bring when they join the Group. The M&A of INAC Football Club Co., Ltd. received extensive media coverage and had the effect of improving the image of the Group. Becoming the owner of a famous women's soccer team is something that employees' families can easily understand, and I believe it has played a big part in boosting employees' motivation. Furthermore, during a site visit to Kyodoh Doboku Co., Ltd., which was also acquired through M&A, I sensed that there was good communication between our Directors (employees of the Company) and their middle management. To foster a high level of awareness on compliance issues and a corporate culture that values local communities within the Group, it is vital that we integrate talent from acquired companies into the Group and allow them to experience what the Group stands for firsthand.

Moving forward, it is crucial to expand our business into the Tokyo metropolitan area by incorporating municipal waste management services. To achieve this, we must actively pursue M&A to leverage synergies, working together as one Group to build relationships of trust with the local community.

The importance of developing managers with an awareness of the skills matrix and cultivating frontline employees with focus on diversity



Noriko Kitajima

Outside Director (Audit & Supervisory Committee Member)

Over the past year, to enhance the effectiveness of governance, I have requested reports on the key points of discussions during the Nomination & Compensation Advisory Committee's recommendations to the Board of Directors. As an Audit & Supervisory Committee Member, I have also consciously sought to obtain as much information as possible about the Company to help form a basis for our judgments. I have also made efforts to share information with the Full-time Audit & Supervisory Committee Member and the Audit Office, share awareness of issues with the auditing firm, and work to collaborate and exchange opinions with outside officers. In the fiscal year ending March 31, 2025, with the transition to a company with an audit and supervisory committee, I hope to strengthen our supervisory functions by exercising our voting rights and right to be heard.

One of the challenges for the Group is to develop and appoint personnel with diverse backgrounds, both inside and outside the Company, with an awareness of the skills matrix. For instance, currently, all employees in the Company at the level of Executive Officer and above are male, and there are few female managers who could be candidates for Executive Officer positions. We must therefore establish a system where talented and diverse personnel are appointed regardless of gender or any other characteristic. On this point, the Company is also conscious of the need to promote talented mid-level and young employees, and a higher level of awareness in these employees themselves, so I am hopeful that the environment will improve in the future. Moreover, I would like to suggest that the Company consider appointing individuals with management experience as Outside Directors. For frontline employees as well, it is important to create a workplace environment where all employees can work comfortably, regardless of age, gender, or nationality, and to build a company that attracts diverse talent. In order for the Company to improve its corporate value, I believe it needs to develop businesses and nurture talent at a faster pace, and have the awareness to elevate Japan's level of environmental innovation as a leading company, while not losing the sincere and honest corporate culture it has had since its founding.