

In a highly uncertain era where answers are elusive, we will strive to deepen discussions within a diverse Board of Directors to support the sustainable improvement of corporate value

Takeshi Kawai Representative Director, Chairman of the Board

Deriving the optimal solution instead of the compromise solution

Effective FY2026, coinciding with the renewal of our management structure, I will serve as Chairman of the Board of Directors. Under the leadership of former Chairman Shinichi Odo, the Niterra Group's Board of Directors has continuously worked to strengthen its governance system. As a result, Independent Outside Directors with diverse careers now make up the majority of the Board, and I believe we have steadily established a foundation for frank exchanges of opinion while maintaining a balance between expertise and a managerial perspective. Objective and multifaceted insights from Outside Directors are crucial elements that deepen discussions from perspectives different from those of the execution side, thereby enhancing the effectiveness of the Board of Directors.

On the other hand, as our corporate scale expands, the number of Group companies grows, and the need for business portfolio transformation increases, the role required of the Board of Directors is becoming even more sophisticated. That is why it is necessary to further leverage external perspectives and specialized expertise to ensure appropriate supervision of execution and improve the quality and speed of management.

In today's era where answers are elusive, what is required of the Board of Directors is not mere approval, nor a compromise solution that simply averages out various opinions. First, as Chairman, I will focus on drawing out diverse opinions from both internal and Outside Directors to deepen discussions. Furthermore, based on multifaceted considerations, I am determined to ensure that the Board functions not just as a place for expressing opinions but as a forum for deriving an optimal solution decisively as a company.

Key Themes: "Group governance," "risk response," and "selection and concentration"

Along with the changes surrounding us, one of the themes that requires urgent and deeper discussion is the nature of "Group governance." As we expand our corporate scale through business growth and M&A, while also increasing our reach across business domains and regions, we have entered a phase where conventional governance is no longer sufficient. What is important is not just establishing regulations, but sharing a sense of purpose and making them actually function. We must ensure effectiveness in the system for detecting anomalies early and linking them to necessary decisions and responses as our businesses and regions expand. To achieve this, I believe it is essential to foster an organizational culture that avoids silos and develops human resources who can propose and make decisions with their own will, rather than leaving everything to a few leaders.

The second theme is the response to "risks that could affect the business." Amid increasing uncertainty and complicating risk factors, we are required to prepare by assuming multiple scenarios in advance and considering options for risks such as raw material procurement associated with geopolitical risks. The Board of Directors should not only review proposals from the execution side but also engage in discussions that go deeper, assessing whether necessary options have been sufficiently considered and whether decisions to take risks are appropriate.

Third, as a theme for mid- to long-term growth, I highlight "selection and concentration." We will carefully examine the differences in profitability between businesses to determine whether unprofitable businesses should be restructured or divested. In cases of divestiture, I intend to lead broad discussions, including what seeds for growth we should sow next.

Facing complex management challenges with a clear company-wide commitment

There are no clear answers to these three themes. That is precisely why the Board of Directors is required not only to review proposals from the execution side but also to deepen discussions from diverse perspectives and lead them toward decisions that embody the collective will of the company. In doing so, it is important to use our philosophy system, the Niterra Way, as a touchstone while multifacetedly considering the business environment, risks, and impact on corporate value. By utilizing executive retreats and off-site meetings, I will increase opportunities for both internal and Outside Directors to discuss mid- to long-term management issues frankly, further enhancing the effectiveness of our supervisory functions.

Amidst various challenges, as Chairman, I intend to lead the Board of Directors to balance appropriate supervision with the promotion of management, fulfilling our corporate accountability with transparency.

PROLOGUE
01 Value Creation Story
02 Growth Strategy
03 Capital for Improving Corporate Value
04 Corporate Governance
Corporate Governance
Outside Directors' Roundtable Discussion
Message from Audit and Supervisory Committee Members
Message from Newly Appointed Outside Director
Message from the Chairman of the Board
Executive Officers
Risk Management
Compliance
Information Security
05 Data