

# Governance That Drives Growth

Roundtable  
Discussion  
with  
External  
Directors

**No growth without challenge:  
Highlighting the dangers of complacency and  
working to maximize corporate value**



**Norikazu Sahashi**

Member of Audit and Supervisory Committee and Appointment and Compensation Committee  
External Director

**Ayako Suganuma**

Member of Audit and Supervisory Committee and Appointment and Compensation Committee  
External Director

**Masaki Maeda**

Chairperson of Audit and Supervisory Committee and Chairperson of Appointment and Compensation Committee  
External Director

**Mitsuru Okada**

Member of Appointment and Compensation Committee  
External Director

Please tell us about your background and your role as an external director.

**Okada:** I began my career as an engineer at a major non-ferrous metals manufacturer and have focused exclusively on the aluminum business. Starting in research, I gained experience in development, quality control, and the launch of overseas factories. Following corporate restructuring and integration within the business division, I became the first president of a newly established company. As president, I focused on strengthening the company's core capabilities and boosting profitability through product and technological innovation. In 2023, I joined Daiseki as an external director, where I apply my executive experience to offer strategic guidance.

**Maeda:** During my time at an audit firm, I was responsible for handling corporate listings and audits. I was appointed as an external director of Daiseki last fiscal year. As a certified public accountant, I strive to contribute to the Company's growth by leveraging my expertise in accounting standards, finance-driven M&A, and financial strategy.

**Suganuma:** I have long worked in the fields of education and welfare at the Aichi Prefectural Government. For Daiseki to gain

stronger shareholder support and continue growing as a publicly listed entity, the appointment of women to managerial positions will become increasingly important. Since I only joined last year, I plan to actively create opportunities for discussion with employees, including women, and offer management suggestions based on those insights. Having also been involved in environmental administration, I hope to contribute further to strengthening the Company's foundation of trust by promoting thorough compliance with environmental and legal regulations.

**Sahashi:** I have been active in the Nagoya City Council for over 20 years. During the 2005 World Exposition, Aichi, Japan, I served as the council chair and expanded my insights through exchanges with experts both from Japan and abroad. Since being appointed as an external director of Daiseki, I have consistently focused on ensuring employee compliance with safety and corporate governance. I am impressed by how the founder's DNA and values have permeated the company culture, alongside the governance framework that has been strengthened in step with business expansion.

What do you see as Daiseki's strengths, and which areas do you believe need further strengthening going forward?

**Maeda:** Without a doubt, Daiseki's greatest strengths lie in its track record and technical expertise in the environmental business, along with an unwavering commitment to legal compliance. The Company's core recycling business, which serves as the primary revenue driver, enjoys strong trust from government agencies and clients alike, leading to steady growth in both sales and profits. The ambitious goals set out in VISION 2030 cannot be achieved by simply extending existing businesses. It is therefore essential not to become complacent but to proactively anticipate changes in the external environment. From an investor's perspective, there is a clear demand to understand where the future growth drivers will come from. In addition to existing businesses, it is critical to determine how to leverage new technologies and advance market strategies to accelerate the next phase of growth. Building on strengths in technology and operational capabilities, the Company must simultaneously pursue forward-looking investments and proactive communication. Demonstrating a growth scenario that meets market expectations will help enhance corporate value.

**Okada:** One of Daiseki's major strengths is its community-focused business approach and the autonomy granted to each Works site. In particular, the strong trust built between the field operations and management—especially between the seven Works Managers nationwide and President Yamamoto, Vice President Ito, and other executives—is a distinctive advantage that sets the Company apart from others. While entrusting Works Managers as "masters of their own domains" fosters autonomy, it can also result in somewhat weaker horizontal collaboration between the sites. I attend the quarterly progress meetings for VISION 2030, and there is no doubt that the high level of motivation shared between the field and management supports sustained growth toward the ambitious goals. However, there are only five years left until the VISION 2030 deadline. Medium-



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Masaki Maeda

to long-term risks, such as the declining demand for cement recycling—one of the Company's current pillars of revenue—are becoming increasingly apparent. Although the Company has strong capabilities in generating profits from its existing businesses, I believe there is still room to improve in understanding and addressing client needs. Rather than relying solely on technology-driven services, the Company must establish new business models that proactively identify challenges clients themselves may not yet recognize and develop and offer solutions accordingly. Without dramatically enhancing its ability to generate revenue through such innovation, achieving VISION 2030 will not be possible.

**Suganuma:** Responding to changes in the external environment, such as the impact of Trump-era tariffs, requires more than simply extending existing businesses. The Company should continue to expand its client base beyond the manufacturing sector and actively consider M&A as a means to realize new business opportunities.

**Sahashi:** The founder's philosophy of valuing employees and their families has taken root within the Company, and I see the strong emphasis on safety and compliance as a key strength. There is a high level of awareness regarding safety and the environment, supported by a solid risk management framework. Daiseki has achieved growth through a cautious and deliberate approach—marked by a mindset of thoroughly assessing risks before taking action. However, as the shift toward a circular economy accelerates, long-term success will depend on the Company's willingness to embrace bold challenges. If the belief takes root that current success is reason enough to maintain the status quo, the organization risks missing early signals of change. Growth is not possible without challenge. To stay competitive, the Company needs to accelerate decision-making and actively pursue new business opportunities.



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Mitsuru Okada

## What is needed to maintain and build on the Company's strengths without settling for the status quo?

**Maeda:** Strengthening external communication is essential. Despite the Company's strong technical capabilities and initiatives, much of that value remains difficult for outsiders to see and fully appreciate. Through regular engagement with shareholders and investors, earnings briefings, and disclosures such as the integrated report, the Company should clearly communicate what its strengths are and where it is headed. Given the value it offers, it is a missed opportunity if people do not understand what the Company actually does. A more transparent communication framework is needed.

**Suganuma:** I pay close attention to ensuring that the pursuit of short-term growth does not come at the expense of safety, compliance, or employee well-being. Trust, which is one of the foundations supporting the Company's value creation, is extremely difficult to restore once lost. Simply chasing top-line growth risks turning true growth into unsustainable expansion, which must be avoided.

**Okada:** I consistently emphasize to management the critical importance of safety, which is the fundamental prerequisite for business continuity. I believe the key to embedding and sustaining important corporate priorities lies in fostering a strong sense of ownership among those responsible. Rather than leaving employees with only a vague awareness, it is essential to appoint accountable individuals at key points who take ownership, while also advancing systems to prevent human

error.

**Sahashi:** To bring speed and flexibility to management, it is necessary for us as external directors to actively provide suggestions and advice from outside the Company. I believe this is both our role and responsibility.

**Okada:** It is essential to maintain a constant sense of urgency about the current situation. Companies with well-established strengths often lack foresight, and those with strong existing businesses can become insensitive to change. If the Company becomes complacent with its existing portfolio and past successes, it will struggle to adapt to future market and societal shifts. Going forward, the Company's future depends on its ability to identify client challenges and solve them through new technologies and products—in other words, how well it embraces change and adapts. To drive Daiseki's growth, cultivating talent with strong problem-solving skills is vital. Just as with safety, providing opportunities on the ground that foster a genuine sense of ownership is key to nurturing this mindset.

## What key themes has the Board focused on this past year, and what topics should be prioritized going forward?

**Maeda:** A significant amount of time has been dedicated to health and safety. In particular, safety issues including not only



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Ayako Suganuma .....

actual incidents but also near misses are thoroughly shared and discussed. I am impressed by the corporate culture that goes beyond simply reporting, fostering in-depth discussions that lead to effective measures for preventing recurrence.

**Suganuma:** What left a strong impression on me was the amount of time dedicated to discussing how to ensure safety, particularly in the context of incident reports. At Board meetings, the heads of all seven regional sites come together to share updates and initiatives related to safety with us external directors. We have engaged in concrete discussions about what challenges exist at each location and how they can be addressed.

**Okada:** Over the three years since I joined, the range of topics addressed by the Board of Directors has expanded significantly. For proposals related to growth investments, such as acquisitions and land purchases, there is now a stronger framework for incorporating input from external directors. I have also seen a shift in the Board's focus toward medium- to long-term growth. Going forward, I believe we need to devote even more time to discussions on capital allocation to support future growth.

**Sahashi:** The most important priority is building an organization that can adapt flexibly to change, supported by strong talent

development and systems. Future growth will depend on how deeply a culture of embracing challenges can take root. Rather than shrinking back out of fear of failure, the entire organization should encourage proactive efforts to take on new challenges. In terms of talent development, the key issues are speed and scale. It is critical to accelerate the development of the next generation of leaders and to strengthen on-the-ground systems led by frontline teams.

**Maeda:** As Chair of the Appointment and Compensation Committee, I have been leading efforts to develop a succession plan. The core talent expected to drive the next generation of Daiseki are the current Works Managers, who hold key responsibilities on the front lines. Last fiscal year, the committee conducted study sessions incorporating external perspectives to examine the ideal framework for future leadership. While progress has been made, we are still in the early stages. I also believe it is essential to advance the development of core talent with a strong sense of urgency.

**Okada:** There is no doubt that talent development should be a key topic of discussion for the Board going forward. It is especially important to strengthen the pipeline of core talent who will drive the Company's next phase of growth, particularly at the division and department manager levels. We will continue discussions with the management team to ensure alignment



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between the Company's future business portfolio and the ideal talent portfolio, thereby enhancing the effectiveness of the succession plan.

## Finally, how will you use your experience and knowledge to help revitalize the Board and boost medium- to long-term corporate value?

**Maeda:** I will continue to leverage my expertise in finance and related fields to provide recommendations on capital efficiency and capital allocation. I am confident that supporting operational efficiency and further strengthening the Company's investor relations framework will enhance frontline capabilities. Going forward, a clearer decision-making process based on financial efficiency and investment rationality is needed for the use of available funds, including M&A and capital expenditures. Additionally, I aim to support the IT-driven streamlining and efficiency of administrative tasks such as expense reimbursements and monthly closings.

**Suganuma:** Promoting diversity and creating a workplace where women and people with disabilities want to work at Daiseki, as well as communicating this message clearly, are crucial. To become a leading company in realizing the circular economy, I will continue to advocate not only for the development of new technologies but also for advancing women's participation and emphasizing the importance of being a company where everyone can work comfortably.

**Sahashi:** A key challenge ahead is redefining the Daiseki brand and raising its public profile. I aim to contribute by strengthening governance and enhancing external communications to deepen understanding and support for Daiseki among investors, clients, employees, and other stakeholders, thereby building their confidence and expectations for growth while improving perceptions of the Company's value.

**Okada:** As a former executive, I have consistently used a sense

of urgency about performance to drive bold actions and create new initiatives. While the Company currently maintains solid results, it is essential to foster this sense of urgency now. Without a shared awareness of potential risks, achieving VISION 2030 and sustainable future growth will not be possible. It is crucial to recognize that maintaining the status quo means falling behind, and to consistently make forward-looking management decisions. I believe this organizational strength will genuinely enhance Daiseki's corporate value. Drawing on my experience, I will continue to provide candid—and at times tough—advice as an external director to deepen discussions aimed at improving the Company's medium- to long-term corporate value.