

Outside Director Interview

2023 was an important year for Aichi Steel, with the appointment of a new president for the first time in 12 years. At this juncture, we interviewed Koichi Yasui and Yuko Arai, two people with extensive experience and deep insight who continue to serve as outside directors, for their honest thoughts on issues related to improving corporate value and expectations for the future.



Koichi Yasui
Outside Director

Interview

Role of Outside Directors, and Expectations for New President Naohide Goto, in Achieving Sustainable Improvement of Corporate Value



Yuko Arai
Outside Director

Evaluation and issues for improving corporate value

- Arai:** Investing in sustainability issues, such as decarbonization, human capital, and intellectual capital, will become even more important going forward, and Aichi Steel has already built a solid financial foundation for this purpose. What is important now is how to specifically refine our methods for using this foundation.
- Yasui:** That is my belief, too. We have to figure out how to effectively use the capital we have and maximize our earning power. Two ways are structural reform of earnings for our core businesses of steel materials and forged products, which we are already implementing, and expansion of high-performance products, such as stainless steel and electronic components, in growth markets. And what is important is whether we can incorporate these initiatives into a concrete annual plan, and implement them with a sense of urgency.
- Arai:** Another issue is appropriate communication of information to shareholders and investors. We have to carefully explain our current situation and management strategies, engage in constructive dialogue, and expand their understanding of the industry and Aichi Steel. At the same time, we need to increase the number of Aichi Steel fans through a range of activities, including branding strategy and measures to improve brand recognition.

The role of outside directors

- Arai:** With the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange formulating, publishing, and distributing a series of documents on the responsibilities and role of outside directors*, the importance of outside directors has been greater than ever. We have to fulfill our responsibilities properly as well.
- Yasui:** Collaboration between a business-savvy management team and outside Directors like us, who can offer different perspectives, is essential for achieving sustainable growth in a rapidly changing world. Of course, I provide management oversight and ensure objectivity, but I am also personally focused on discussion based on accumulated knowledge and diverse outside perspectives without influence from internal company norms. I intend to contribute more actively than ever to the issue of energy and the environment, which is a particular priority issue for us, through discussion and decision-making in meetings of the Board of Directors.

- Arai:** Social issues are becoming more and more complex these days, so we are limited to what we can achieve as a company working alone. In that respect, I also hope to contribute in areas like always keeping an eye out for social trends and needs, searching for potential new business ties between Aichi Steel and other lines of business, and providing internal feedback.

Expectations for new President Naohide Goto

- Arai:** Looking at the company to date, I see the gradual development of a culture of boldly taking on challenges without fear of unfavorable conditions. I expect President Goto to lead our employees by building on this culture to accelerate growth of not only our core businesses, but smart business and other new businesses as well, with the superior technical capabilities of a materials manufacturer, and in doing so to show them our future beyond 2030.
- Yasui:** It is extremely difficult to steer management in this period of transition, with moves toward a decarbonized society and revolutionary change within the automotive industry. For this reason, we need fresh sensibilities and leadership to guide us through this wild current so that we can continue contributing to industrial and social development and to the global environment. On our part, we will also fulfill our management supervisory function while supporting President Goto in improving corporate value for Aichi Steel.

*Practical Guidelines for Independent Directors (June 2020)
Eight Points on Utilizing Training for Outside Directors (June 2023)
Case Studies for Outside Directors (June 2023)