

Messages from Outside Directors and an Outside Corporate Auditor

Proper management based on risk analysis



Ikuo Otani
Outside Director

Following discussions in the Nomination and Compensation Committee, which was newly established in fiscal 2019, it was decided to increase the number of outside directors. From fiscal 2020, therefore, outside directors have come to account for more than one-third of all directors. Furthermore, following a suggestion regarding governance in the Group's core operating company, a swift response was made. For example, GS Yuasa's management term has been changed from the end of June to April with the aim of clarifying responsibilities for fiscal year results. Since opportunities have increased not only in the Board of Directors but also through meetings with the president and internal directors and auditors, inspections of business sites, and

so on, questions and comments from outside directors that are useful for understanding business have become lively. I sense that the president and other directors are sincerely confronting issues toward the strengthening of governance.

One thing that I feel is an ongoing issue is risk management. Regarding overseas Group companies, GS Yuasa's control on the business management side is not thorough enough, and I wonder whether problems are arising in terms of business development. In addition, automotive lithium-ion batteries are an important domain for future business growth, but I wonder whether in-depth discussions are being conducted regarding market changes and outlook. I think it is necessary to assess the impact on business performance by clarifying anticipated risks, as well as business targets, as far as possible and to deepen discussions. GS Yuasa needs to endeavor to strengthen monitoring functions by, for example, creating opportunities for individual interviews with important subsidiaries. I believe that properly instilling rotation of the PDCA (plan-do-check-act) cycle throughout the entire Group will polish the Group's strengths and lead to enhanced competitiveness.

Example of improvement in response to comment made in FY2019 message

Comment

Cases can be seen in which confirmation in the Board of Directors of a project's position in medium- to long-term business strategy and discussions of coordination with future medium- to long-term strategy are inadequate.

Improvement

Improvement can be seen in the content of materials and reports submitted at meetings of the Board of Directors, such as progress made by each business unit in the medium-term management plan and future responses.

Support for strengthening constitution toward further business development



Takayoshi Matsunaga
Outside Director

I hope to utilize my diverse experience of business management and other matters, acquired as president of the High Performance Plastics Company, Sekisui Chemical Co., Ltd., to fulfill my role in supporting the enhancement of GS Yuasa's corporate value.

GS Yuasa is engaged in global business development centering on the automotive and industrial uses of two core pillars—lead-acid batteries, which have a 100-year history, and lithium-ion batteries, a state-of-the-art field. Further business development requires the strengthening of GS Yuasa's corporate constitution in various ways, including the enhancement of business management through the fortification of governance,

strengthening of the competitiveness of projects and products, and the development of human resources capable of being active internationally. To this end, reforms and steady improvements are necessary. I think one means of moving forward is to formulate a roadmap in the medium-term management plan and rotate the PDCA cycle in fiscal year plans and term plans.

In addition, it is desirable to verify the viability of some projects, especially those overseas, and to raise the accuracy of project plans, including procedures. To accelerate the speed of decision making and enable swift responses, we should promote the delegation of authority and a slimmer organizational structure.

Monthly business performance management, information disclosure, and the speeding up of investor relations are necessary for globalization, and they are important for stakeholders as well. The early understanding of actual conditions and the building of a management system embracing our overseas operations are going to be issues from now on too. As an outside director, I will be focusing my attention on progress made from these perspectives.

Contributing to the enhancement of GS Yuasa's corporate value from the perspectives of globalism and marketing



Yoshiko Nonogaki
Outside Director

At Sony Corporation I oversaw the electronics business from a wide range of angles, including overseas site management and global marketing from the head office in Japan. Going out into the market together with engineers and earnestly confronting the needs of customers head-on, I endeavored to expand business scale and create profits.

In the process, in my younger years, I was appointed as head of an affiliate in Poland that had been newly established as a step toward tapping the East European market. My experience there in building a setup for management and business operations from scratch and significantly raising our presence in the market proved to be a precious asset for me.

GS Yuasa is engaged in global business development, and there are a wide range of business companies within the Group. To get a proper understanding of the whole picture, I feel that high-level monitoring functions are necessary. Capitalizing on my own experience of managing an overseas site, I hope I can contribute to the solution of these issues. And I also hope I can offer some useful advice toward the optimization of GS Yuasa's medium-term business portfolio.

The diversity of directors is an effective approach to enlivening the Board of Directors through frank questions and discussions from a variety of perspectives. I look forward to fulfilling a positive role in this capacity too. In addition, utilizing my own experience, I hope to foster a corporate climate that enables young employees and women also to actively challenge responsible work.

By promoting in-depth discussions on such issues as whether we are falling into in-house logic and whether prospects are based on rational grounds, I will help enhance corporate value so that GS Yuasa is evaluated highly by customers, society, employees, and shareholders and other stakeholders.

Proper and flexible governance to raise corporate value



Tsukasa Fujii
Outside Corporate Auditor (Part-time)

On the basis of my many years of experience as a lawyer, in addition to checking whether there are any violations of laws, ordinances, and articles of incorporation, I audit the execution of duties by directors, taking care that management decisions are not blatantly improper. At the same time, though, I am aware that at times when risks must be actively taken, auditors should not interfere too much in the substance of corporate management. Adopting this basic stance, I endeavor to ensure that discussions in the Board of Directors take place on the basis of appropriate facts by checking that materials and so on providing that factual basis are adequate. I myself make

statements when necessary. I think it is important that an outside corporate auditor does not simply go along with the crowd.

GS Yuasa's governance has already passed the stage of simply formal compliance with the Corporate Governance Code and has, I believe, reached a certain higher level. From now on, I think it is necessary to further strengthen governance as a Group. Regarding the management of overseas related companies in particular, clarification of responsible persons and the chain of command in the Group is desirable.

In an age in which the speed of change is extremely fast, another major issue is the formulation of a scenario for the medium- to long-term improvement of value. As a result of the novel coronavirus pandemic, it has become increasingly difficult to forecast social change. The need to verify the degree of achievement of the medium-term management plan cannot be denied, but I think it is also important to respond flexibly to the everchanging conditions, without adhering strictly to initial scenarios.