



Nobuko Takagi

Outside Director

Director Profile

Nobuko Takagi worked in corporate auditing as a certified accountant before taking the lead on M&A projects at M&A advisory and business firms. She currently serves as an advisor on new business development and investment decisionmaking matters. Ms. Takagi possesses extensive experience and expert knowledge in finance, accounting, M&As, and new business development.

Yoshiko Sasao

Outside Director

Director Profile

Yoshiko Sasao helped launch a variety of new businesses at Recruit Co., Ltd. before working on the corporate restructuring of Tepco Partners Co., Inc. through unique human resource development programs. She has broad knowledge on various corporate matters, such as diversity promotion, empowering women in the workplace, work-style reforms, and human resource development.

Shinji Honda

Outside Director

Director Profile

Shinji Honda mainly took charge of strategies and overseas businesses at the Takeda Pharmaceutical Company Limited centered upon group management, corporate strategies, and management planning. He also led its transformations into a global company. Mr. Honda even oversaw all overseas businesses and put together company-wide management plans as well as medium to long-term growth and environmental strategies for Nisshin Foods Holdings Co., Ltd.

Support to help drive sustainable growth will contribute to greater corporate value.

USS strives to strengthen corporate governance while actively incorporating advice and feedback from its outside directors. Three outside directors have continued to provide a broad range of guidance through Board of Directors and other meetings. This roundtable looks back at the accomplishments made through this guidance and discusses on the future prospects of USS.

Recommendations and success of growth strategies

Strategies for the auto auction business to capture a 50% market share

Takagi We outlined the growth strategies for the auto auction business to capture 50% of the market share in the fiscal year ended March 31, 2024. I can sense the great significance in rolling out a policy that intends to make ¥20 billion in growth investments over the next three years (for more information, see pp. 21–22 and pp. 27–29). USS does have ample capital. However, the Company does not have a business model that requires large investments, which led to ongoing considerations about how to use that capital. USS has now rolled out a specific policy though.

Myself and the other outside directors have been advising USS on the necessity to disclose these medium- to long-term strategies, which the Company has now taken the first steps to do. As an organization that already holds 40% of the market share, typical efforts would have difficulty in expanding that market share, especially aiming to do so without pursuing acquisition or other such strategies. I look forward to keeping close track of the progress of these growth strategies.

Honda Today, every company is struggling with succession dilemmas. Once the management who has provided strong leadership leaves a company, the next-generation of management will struggle to continue to run the organization in the same way as their predecessors. One priority subject for USS is also how to nurture these successors. To tackle this issue, USS has positioned training opportunities for the next generation of management as part of its project that considers measures for medium- to long-term strategies (for more information, see pp. 17–18). I feel the assignment of managers and general managers of each headquarters to act as members of this project will surely contribute to the USS succession plan.

In the future, all of us as outside directors will share our thoughts on interim reports from these members so that USS may execute specific measures based on those findings. We will continue to monitor the progress and provide the appropriate advice from an outside perspective.

Sasao To cultivate the next generation of management, it is important for USS to not only offer management literacy training but also provide up-and-coming leaders opportunities to gain experience as management through a cycle of opportunity for them to join with core management in tackling management issues. If these efforts go as planned, I believe the entire organization will completely change. During the fiscal year ended March 31, 2024, the outside directors had a chance to meet individually with core management, which has already sparked a lot of great ideas that I am excited about.

The USS Group has typically left much discretion about most areas up to each Group company. Recently though, we have put in place some systems for ARBIZ Co. Ltd. and SMART Inc. to share business plans as recycling ventures with the Board of Directors, which we can then monitor.

Recycling businesses come with great market opportunities. This segment tends to make it easy to find partners and launch new ventures fast that can relatively quickly take on new challenges. Conversely, auto auctions are a stable business that have prioritized efforts to offer consistent daily auctions. To realize tremendous growth going forward though, I feel core management candidates in each business need to change their way of thinking.



Recommendations and success of cash allocation

Living up to market expectations will realize an 80% total payout ratio.

Takagi USS has established a new three-year cash allocation policy running from the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2027. This policy clearly plans ¥20 billion in growth investments over three years with surplus funds going toward shareholder returns.

The policy on shareholder returns must fully consider the opinions and feedback of shareholders and institutional investors. When I reviewed the policy draft from this investor-oriented perspective, I could see how the target set by USS to achieve an 80% total payout ratio fully responds to these market expectations.

Recommendations and success of ESG strategies

USS will strengthen human capital and build an environment empowering diverse human resources.

Sasao The ESG initiatives prioritize strengthening human capital above everything else. As I felt the need to raise internal awareness, USS held training on ESG, DE&I*, and training to promote the active participation of women three times with focus on auto auction site and other management in the fiscal year ended March 31, 2024. Once this training is complete, auto auction site managers have female employees take part in management meetings, expand the scope of jobs, and assign highly difficult work. These are only some of the accomplishments at auto auction sites for the necessary support of human resource development.

In April 2024, USS promoted two highly motivated female employees to management. I can see the Company gradually becoming more inclusive from a workplace that lacked any women in management. USS has also begun efforts to cultivate junior employees through a program to more quickly certify vehicle inspectors. These and other such training programs should help foster growth throughout the entire company.

Takagi It is important for DE&I to incorporate diverse ways of thinking into the Company. As an organization that has amassed significant knowledge and expertise through its existing businesses, USS will have trouble bringing in new ideas unless management keeps this need in mind. That is why it is necessary to build an environment where women, youths and a diverse range of other human resources can thrive.

* Diversity, equity and inclusion refers to efforts to both accept and treat a wide range of human resources with different genders, ages, roots, and values fairly as well as build an environment where each and every person can reach their full potential.



Recommendations for active climate-related initiatives

Honda USS has visualized and made great progress on climate-related initiatives over the last two years. I have emphasized the importance of climate-related initiatives at Board of Directors meetings based on my experience formulating environmental and other medium- to long-term growth strategies. The speed with which the USS secretariat absorbs knowledge is tremendous. It has taken each step to drive forward initiatives with us from support for the Task Force on Climate-Related Financial Disclosure and the acquisition of the SBT certification.

As society at large aims to mitigate the average temperature rise worldwide to 1.5 °C while adapting to climate change, the work done by USS from a medium- to long-term perspective is extremely significant. These climate-related initiatives have risen the external evaluation ranking of the Company and contributed to a higher reputation worldwide and greater corporate value.



Further recommendations to enhance corporate value

Support for the success of each initiative helps foster sustainable growth.

Honda I believe it is important to formulate clear medium- to long-term growth strategies with specific and objectively persuasive strategy stories and measures, even from an external standpoint. Thorough execution of these strategies must bear fruit and contribute to customers, employees, shareholders and all other stakeholders.

I hope to help contribute to higher corporate value and sustainable growth by supporting each of these efforts in finding success.

Sasao USS has many employees who want to make it a better company, which is one of its major strengths. I also feel continually making proposals at Board of Directors meetings will most definitely change the Company for the better. For example, I often review the minutes of auto auction manager meetings. Most of the efforts proposed at these meetings begin to take shape after about six months to year.

Takagi One question is how to actively utilize human resources who have a wide range of ideas on site. Another is what kind of career plan to use when training human resources who have a management perspective. I think these are the most important management issues. We need to help increase the driving force of these efforts as a team of independent officers. Our role as independent officers is to lead recommendations and monitor initiatives to tackle these challenges, which I hope will contribute to long-term corporate value.