



# MESSAGE

Accelerate growth to continuously increase corporate value ARATA aspires to be a company that remains of service to societ

**Hiroaki Suzuki**

Representative Director and President,  
General Manager of  
Corporate Strategy Planning

## Business Environment and Business Results

### Positive expansion of transactions and success in categories that we focused on led to record net sales for the eighth consecutive year

Positive expansion of transactions and success in categories that we focused on led to record net sales for the eighth consecutive year during the fiscal year ended March 31 2023, we experienced very drastic changes, including increasing demand for products related to COVID-19, increasing product prices and increasing heating and lighting expenses due to the situation in Ukraine and consumers becoming more conservative in their purchasing due to the increasing price of goods. In this market environment, we steadily continued sales activities to increase our in-store market share and increase our handling of exclusive items and preferential distribution items, chiefly in the categories of health and beauty and pet supplies. Thus, we again achieved record high net sales for the eighth straight fiscal year.

Net sales by category rose from the previous fiscal year in all categories. Net sales by business format indicate that drugstores achieved a huge growth of sales and that the performance of home centers and discount stores was healthy. Meanwhile, supermarkets and GMSs struggled. We see this as reflecting a reactionary fall following the special demand during the pandemic.

Profit temporarily fell below the planned target due to the reduction of the gross profit margin following our strategic step to increase the in-store market share. It returned to an upward trend in the second half.

## Review of Medium-Term Management Plan 2023

### Steady progress in Phase 1 of Long-Term Management Vision 2030

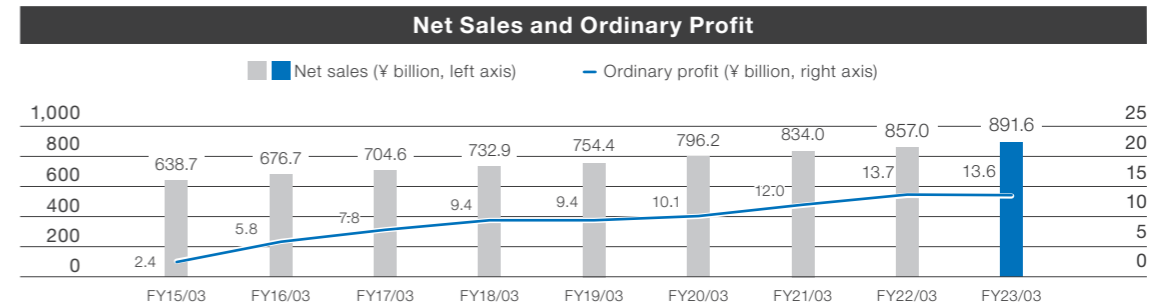
This three-year period of the vision was the most turbulent one in the two decades since ARATA's establishment. It started with the outbreak of COVID-19, which was followed by the conflict between Ukraine and Russia, soaring raw materials prices and the sharp depreciation of the Japanese yen. Lifestyles have also changed, as seen in home consumption and teleworking. I feel that we have moved into a new market

environment. The Ukrainian situation and rising energy prices hugely impacted purchase quantities and prices. However, we have been working to improve operations, streamline logistics and increase our financial stability since before these events, which allowed us to overcome the harsh conditions. When I look back, I feel that we carried out improvement efforts a little ahead of schedule to adapt to the changing market situation. Net sales grew ¥95.4 billion in the three-year period. Profit also rose steadily, although it fell slightly below the target. In my mind, our efforts in the three-year period, including cost control, can be very highly rated.

I believe that the greatest factor behind our positive performance was that we formulated Long-Term Management Vision 2030 and shared it with all our employees. We made clear what we wanted to be like 10 years from that time, the things that we had to strengthen and the preparations we had to make under what structure to reach the state we aspired to achieve, the things we will do during the current medium-term management plan and during the next one in accordance with the milestones we set for the three medium-term management plans towards 2030. This allowed everyone to work intensively on measures determined by the management team.

Category strategies are a pillar of our growth strategy. We identified the categories we would strengthen and significantly changed our logistics structure and staffing accordingly. For example, we strengthened the health & beauty category through an absorption-type merger with Fashion Arata Corporation, which was a subsidiary dealing in cosmetics. We also strengthened the pet supplies category by transferring ARATA's pet supplies business to a subsidiary, Japell Co., Ltd. This coincided with the COVID-19 pandemic. Net sales increased 11.2% in the health & beauty category and 20.8% in the pet supplies category from their levels in the fiscal year ended March 31, 2020.

The share of sales that are exclusive items and preferential distribution items was less than 1% in the fiscal year ended March 31, 2020. It rose to more than 6% in the fiscal year ended March 31, 2023. Exclusive items and preferential distribution items are not merely highly profitable. When our merchandising is involved in sales promotion aspects, we can accumulate expertise regarding store production and business knowledge of ways to increase sales figures. In the end, this will lead to our customers profiting.



I feel that the overseas strategy has been delayed somewhat. In Japan, states of emergency were declared for specific regions and specific periods. In China and Vietnam, cities would be suddenly locked down, stopping business. In March 2023, the performance of our partner companies concerned with the overseas strategy slumped due to China's zero-COVID policy. We thus recorded an impairment loss on investment. However, we have had some unexpected discoveries. For example, we had prepared face masks to address PM 2.5. During the pandemic, their sales rose explosively. In Thailand, people did not habitually prepare meals themselves. However, when the night markets were closed, demand for gas stoves and cylinders expanded dramatically. These are just examples of the latent demand outside Japan. In the future, we will carefully develop strategies and strive to capture this demand.

Regarding the dividend policy, we used to have the basic stance of paying stable dividends. From the fiscal year ended March 31, 2022 onwards, we are also paying attention to the payout ratio. According to this policy, we paid a full-year dividend of ¥136 per share for the fiscal year ended March 31, 2023. For the fiscal year ending March 31, 2024, we forecast the payment of a full-year dividend of ¥166 per share with a payout ratio of over 30%.

**Medium-Term Management Plan 2026**

**Accelerating our activities aimed at continued growth in view of Long-Term Management Vision 2030**

We have recently formulated Medium-Term Management Plan 2026. It is positioned as the second milestone of Long-Term Vision 2030. While implementing measures conducted during the previous plan, we will carry out new measures in the three-year period, accelerating the growth strategies in growth businesses, the business foundations and human resources. Specifically, we will strive to achieve the net sales goal of ¥1 trillion in the fiscal year ending March 31, 2026. This goal was set in Long-Term Management

Vision 2030. We will also move the target payout ratio target of 30% forward, aiming to achieve it in the fiscal year ending March 31, 2024. In addition, we will pay attention to achieving a price book value ratio (PBR) greater than 1. We will allocate cash in consideration of measures for creating shareholder value while focusing on growth investments to increase corporate value. Regarding cash allocation, we are planning to invest approximately ¥15 billion in growth and the construction of our foundation during the three-year period, in addition to ordinary capital investment.

The outlook for the Japanese economy as a whole is uncertain and unstable, with the circumstances regarding Ukraine, rising raw material prices and the downward trend of the yen. In addition, the 2024 Problem as it is called in the logistics industry in Japan, which involves a decrease in transport capacity, is looming. Unknown issues will emerge in succession in the future. The ARATA Group will steadily prepare for the issues it can anticipate from a long-term perspective looking three and ten years into the future, rather than a perspective thinking only a year into the future. I feel that we will certainly be able to meet the goals we have set if we can achieve positive results through these preparations.

Before the establishment of Long-Term Management Vision 2030, we tended to focus on the current figures. Now we are thinking about the measures that should be taken during Medium-Term Management Plan 2029, the next medium-term management plan, while seeking to achieve the numerical targets set in Medium-Term Management Plan 2026. The practice of paying attention to the next steps while viewing the current situation is taking root in the company. If we create a spiral of looking toward the next ten years in Medium-Term Management Plan 2029, we will become a stronger company.

We are a wholesaler and we have no goods to sell and no selling space. Our wholesale function is important but there are no guarantees that it will continue to expand as it does today in 20 or 30 years in a business environment where the population will shrink and the market will contract. To ensure our business continuity, we need to actively use what we have cultivated

and expand our business into new areas. Under our private brand, addgood, we are working to develop original products. A subsidiary established in October 2021, D-nee Cosmetic Co., Ltd., has launched the new brand. We understand it is vital to continue increasing our knowledge and expertise by trying new things and expand our business quickly. To start, we will strive to improve our performance and invest in funds and human resources to enter new business domains.

**Growth Strategies and Strengthening the Business Foundation**

**Implementing a range of measures and transforming human capital management for the continued growth of the wholesale business and the increase of productivity**

We will pursue a growth strategy of maintaining the stable growth of the wholesale business, our main business. Specifically, we will continue category strategies to increase market share in the health & beauty category and in the pet supply category. Regarding market share and in-store market share, we will continue to focus on the Tokyo, Osaka and Nagoya areas and on future growth potential. We aspire to develop new products based on the information collected from manufacturers and retailers and deliver attractive products from unknown small and medium-sized manufacturers and overseas manufacturers to consumers. For this purpose, we will bolster our product procurement, planning and development functions to widen our lineup of exclusive items and preferential distribution items. In doing this, we will strengthen the ARATA Group's originality. We will work towards the goal of increasing the share of sales that are exclusive items and preferential distribution items to over 8% in the fiscal year ending March 31, 2026.

To strengthen our business foundation, we will reform logistics and IT and promote our digital transformation (DX) with a view toward increasing productivity. In April 2023, we separated the IT Innovation DX Promotion Department from

the IT Planning Department. It now works in collaboration with the Management Strategy Team Meeting. Specifically, we will begin operating many of the mechanisms for utilizing IT that we have developed during the previous medium-term management plan to streamline operations, reduce the labor required and achieve paperless operations. In terms of logistics, we will introduce state-of-the-art materials handling equipment to increase productivity. We will also use IT- and AI-based demand forecasting, workload forecasting and productivity management systems to optimize personnel. We will seek a total effect of more than ¥2.5 billion from these efforts in the fiscal year ending March 31, 2026. With this combination of IT utilization and Personnel strategy, we will optimally assign personnel and enter growth fields to support the growth of sales through these growth strategies.

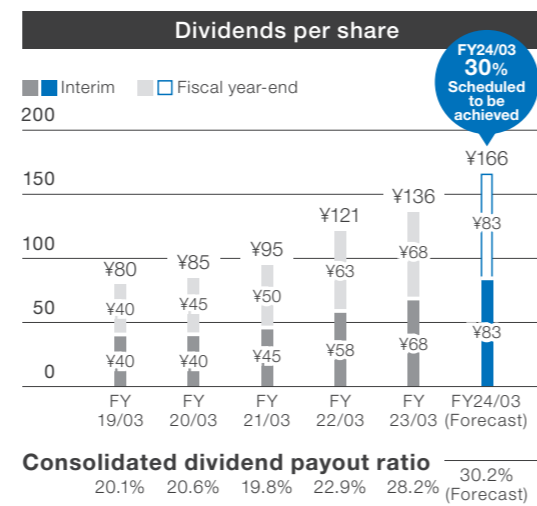
In connection with the Personnel strategy, in April 2023 we launched a new personnel system involving a nearly ¥1 billion per year investment as the first phase of the transformation of our human capital management. We have revised the salary system to increasing salaries an average of 10%. We will implement fair evaluations based on people's abilities and motivation irrespective of age or gender to increase employee motivation and satisfaction. We have revised the requirements for promotion. This has paved the way for earlier promotions. Instead of the seniority system, it facilitates younger personnel and female employees displaying their potential. Traditionally, people in career track positions who could not be transferred had no opportunity to become managers. Now, we have introduced the position of area managers, giving them the opportunity for promotion. In addition, we are endeavoring to introduce programs to stimulate the organization through job rotation and by opening paths for people with diverse lifestyles. We will also invest in staff training to build a framework that ensures that individual employees can exert their capabilities to the maximum extent possible. Thus, we will construct a strong organization through Personnel strategies that look to the future beyond 2030.

**Dividend policy**

ARATA considers enhancing corporate value and returning profits to shareholders to be important priorities for management and based on our basic dividend policy of stable, continuous payment of dividends, we have paid dividends based on comprehensive consideration of various factors, including our business results, financial condition and future business expansion.

We have now decided to change our shareholder return policy to be more aware of the dividend payout ratio while still taking stable dividends into consideration as before, and we will gradually increase the dividend payout ratio to a target of 30%.

Going forward, we will return profits to shareholders in accordance with this policy, whilst taking into consideration our business results for each period and investments in growing businesses.





**Sustainability Efforts**

**Response to climate change and implementation of highly transparent management**

In our efforts to enable sustainability, we are particularly focused on environmental contribution and the enhancement of our governance structure.

Regarding environmental contribution, we will accelerate our activities towards achieving the targets set in Medium-Term Management Plan 2023. Regarding our response to climate change, a top priority issue, we will collaborate with business partners as a wholesaler at the heart of the supply chain and accelerate the disclosure of information to reduce CO<sub>2</sub> emissions. We have set the target of reducing CO<sub>2</sub> emissions 30% by the fiscal year ending March 31, 2026 and 50% by the fiscal year ending March 31, 2030. Our goal is to achieve carbon neutrality by 2050 as required by the Japanese government. We will continue energy conservation measures which include the replacement of air conditioners and lighting with LEDs and increase our use of renewable energy through power purchase agreements (PPAs) in our efforts to meet these targets.

Regarding governance, we transitioned to being a company with an Audit and Supervisory Committee in June 2021. I realize that this has resulted in greater transparency and oversight. The Board of Directors and the Nomination and Remuneration Committee are creating succession plans to discover, cultivate and appoint personnel who will be the next generation of management. We will stimulate discussion and activities to increase diversity and increase the ratio

of female managers. In June 2023, two women became directors, which will bring more diversity to the deliberations of both the Board of Directors and the Nomination and Remuneration Committee.

**ARATA's Mission and Raison D'Être**

**Becoming a company capable of continuing to contribute to society in a wide variety of ways.**

Since our establishment, we have pursued our management philosophy of continuing to serve the world and working towards it's achievement. Daily necessities are a large proportion of the items we deal in. It is important that we continue to support consumers' lives by continuing to supplying these items. In addition, cosmetics and pets enrich people's lives. We feel that we have been playing these important roles. As our company grows, we can serve society in more diverse ways, including logistics, employment, tax payment and environmental conservation. We are aware that contributing to society in ways like these is a mission that we have to fulfill and we are proud that we can continue to contribute.

After the first three years of Long-Term Management Vision 2030, we feel that we have made steady progress. In the next three years, we will strive to unflinchingly achieve significant growth like no other company has before. We humbly ask our stakeholders for their continued support.

Please look forward to ARATA's future as we evolve to be robust, fair and fun company.

**Towards sustainable growth**

In face of dramatic changes in society and the environment, ARATA has established Long-Term Management Vision 2030, which takes a long-term perspective and sets out the direction for the next ten years, to clarify the fundamentals of management and enable all employees to approach activities in a unified manner. Going forward, we will work toward the realization of our long-term vision by setting milestones—in the form of Medium-Term Management Plans—and striving for further growth in our activities.

**Changes in Our Operating Environment (Risks and Opportunities)**

Pandemic	Climate Change Frequent occurrence of natural disasters	Decline in the Japanese population World population growth
Purchasing and lifestyle format changes	Globalization	Accelerated evolution of technology

**Long-Term Management Vision 2030**

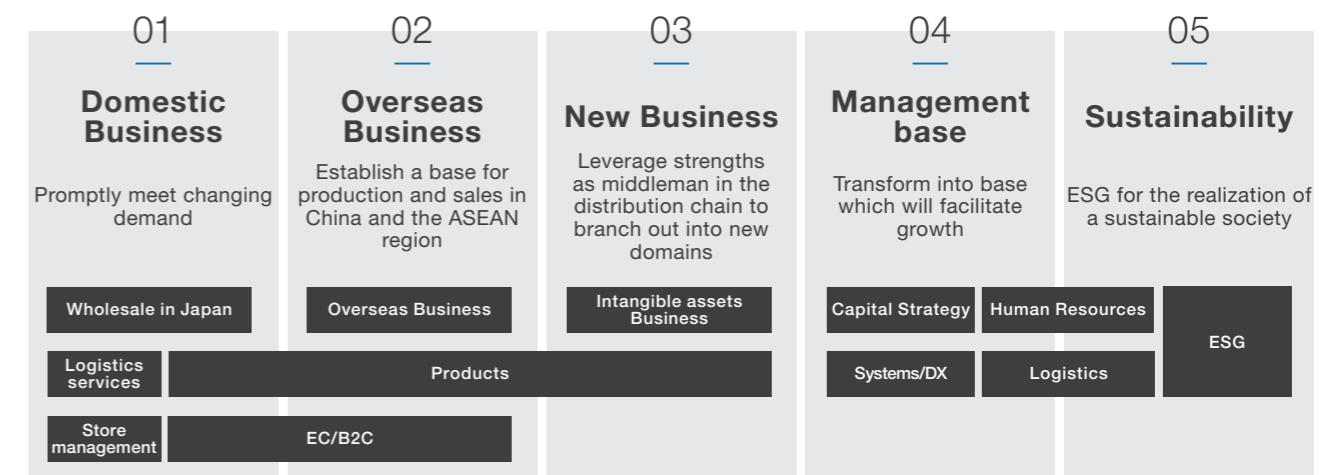
**To "continue to serve the world" in the midst of environmental change**  
**Realize your dreams.**  
**Change your daily lives.**

By enriching lives through our capabilities, we will realize the seemingly obvious, but one and only dream that people share of "spending enriching and comfortable time every day for many years to come."

Target	Material ESG issues				
<p><b>By FY30/03</b> Net sales exceeding <b>¥1 trillion</b></p> <p><b>This target has been moved forward by Medium-Term Management Plan 2026.</b></p> <p><b>By FY26/03</b> Net sales exceeding <b>¥1 trillion</b></p>	<table border="1"> <tr> <td> <b>Environment</b>                      Contributing to environment by creating a positive cycle in the supply chain                 </td> <td> <b>Human Resources</b>                      Being a great place to work                 </td> </tr> <tr> <td> <b>Local Communities</b>                      Making life richer and more comfortable for everyone                 </td> <td> <b>Governance</b>                      Robust governance framework to support sustainable growth                 </td> </tr> </table>	<b>Environment</b> Contributing to environment by creating a positive cycle in the supply chain	<b>Human Resources</b> Being a great place to work	<b>Local Communities</b> Making life richer and more comfortable for everyone	<b>Governance</b> Robust governance framework to support sustainable growth
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**SUSTAINABLE DEVELOPMENT GOALS**

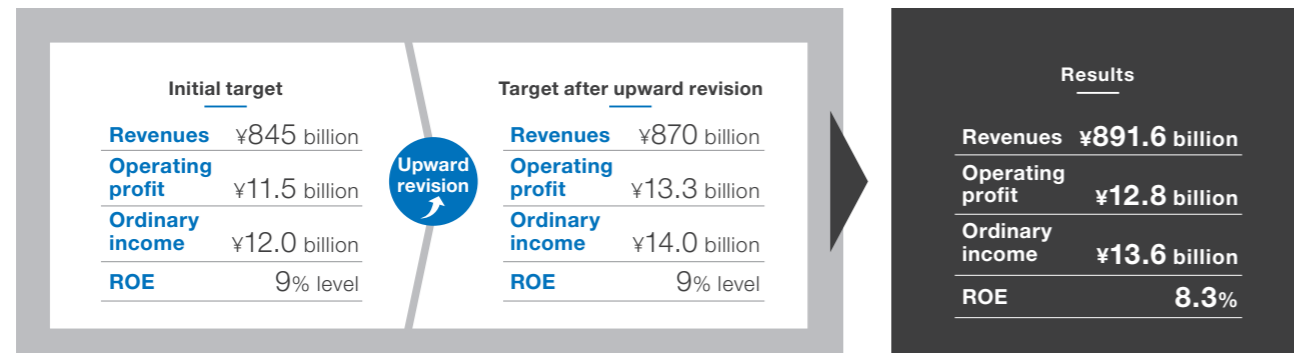
**Five Subject Headings** We have internally set and shared across the ARATA Group concrete strategies and specific targets under five subject headings, in order to realize Long-Term Management Vision 2030. The whole Group is working together on activities under these headings.



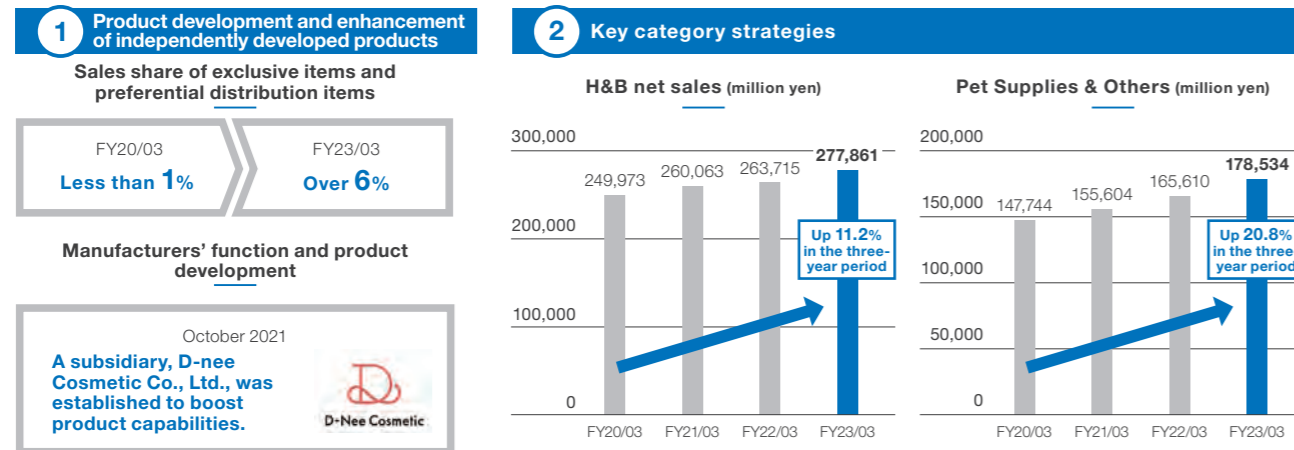
# Medium-Term Management Plan 2023 Review

ARATA formulates and implements three three-year-long medium-term management plans that serve as milestones towards achieving Long-Term Management Vision 2030. For Phase 1, we implemented Medium-Term Management Plan 2023 that was due to end in the fiscal year ended March 31, 2023.

## Medium-Term Management Plan 2023



### Details of initiatives



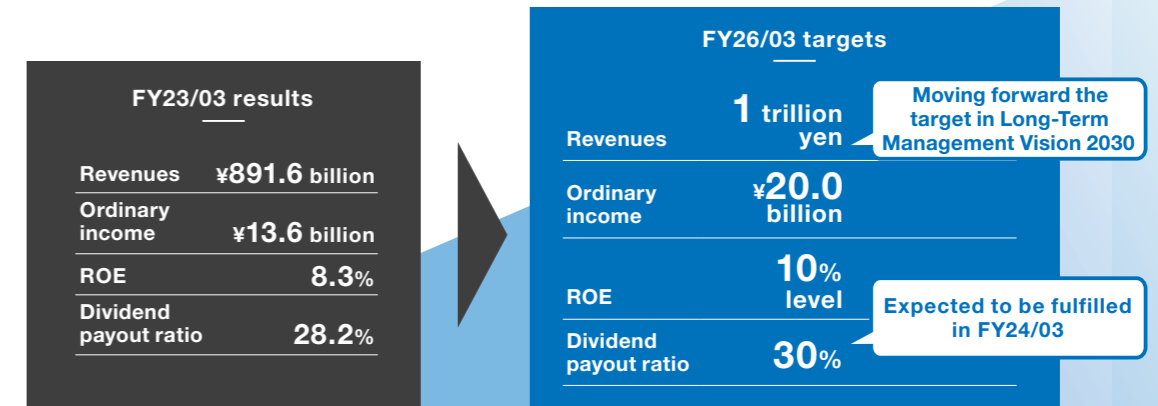
# Medium-Term Management Plan 2026

For Phase 2 towards Long-Term Management Vision 2030, we have formulated Medium-Term Management Plan 2026, which is due to finish in the fiscal year ending March 31, 2026. We define the three years under this plan as a period for achieving significant results from the measures taken in the previous medium-term management plan and as a period for pursuing new initiatives for further growth. We will thus speed up our growth.

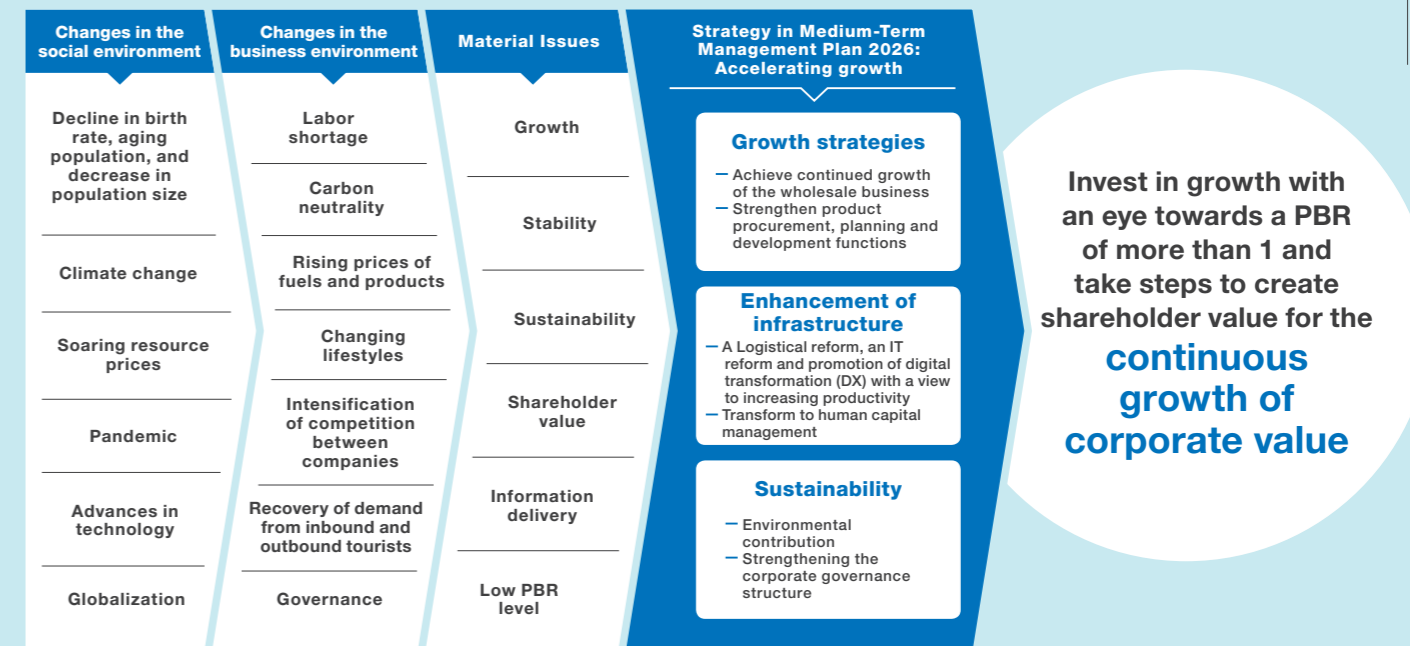
## Objective of Medium-Term Management Plan 2026

### Accelerating growth

Accelerate growth strategies in Growth Businesses, Business Foundations and Human Resources to achieve the net sales target in Long-Term Management Vision 2030 ahead of schedule. Demonstrate our presence in corporate growth with a view to the future beyond 2030 and further increase corporate value with an eye towards a PBR of more than 1



## Management environment and material issues in Medium-Term Management Plan 2026



# Financial Strategy

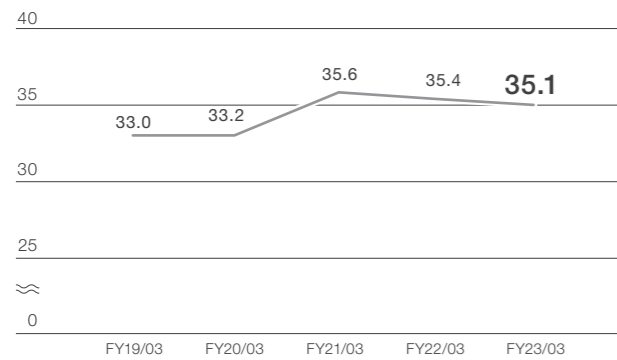
Serving as an engine of growth strategies and building an environment that constantly keeps the PBR level above 1

## The financial strategy means to allocate management resources

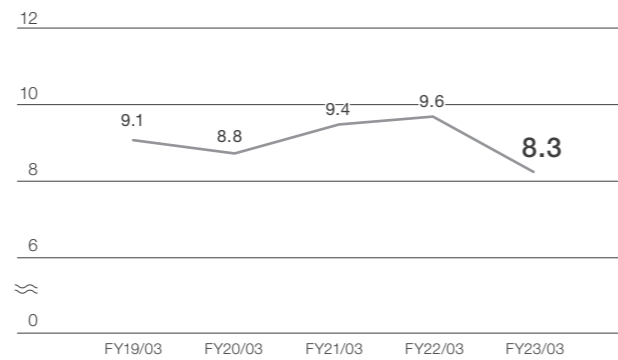
The financial strategy is defined as serving to allocate management resources for maximizing corporate value. It focuses on the three pillars of ROE management, investment decisions and the shareholder return policy. We aim to offer services (functions) that transcend customers' expectations to consistently generate profits over the long term, to win the trust of society and to continue communicating our growth strategies to stock markets in an effort to maximize our corporate value.

Long-Term Management Vision 2030 seeks a form of management in which its two aims, namely financial soundness and profitability, do not conflict with each other from a long-term perspective even though they appear to be in trade-off relationship in the short term. Instead of focusing on the statement of income for maximizing periodic profit, we value balancing it with the balance sheet by setting a target of maximizing return on equity (ROE).

Change in equity ratio (%)



Change in ROE (%)



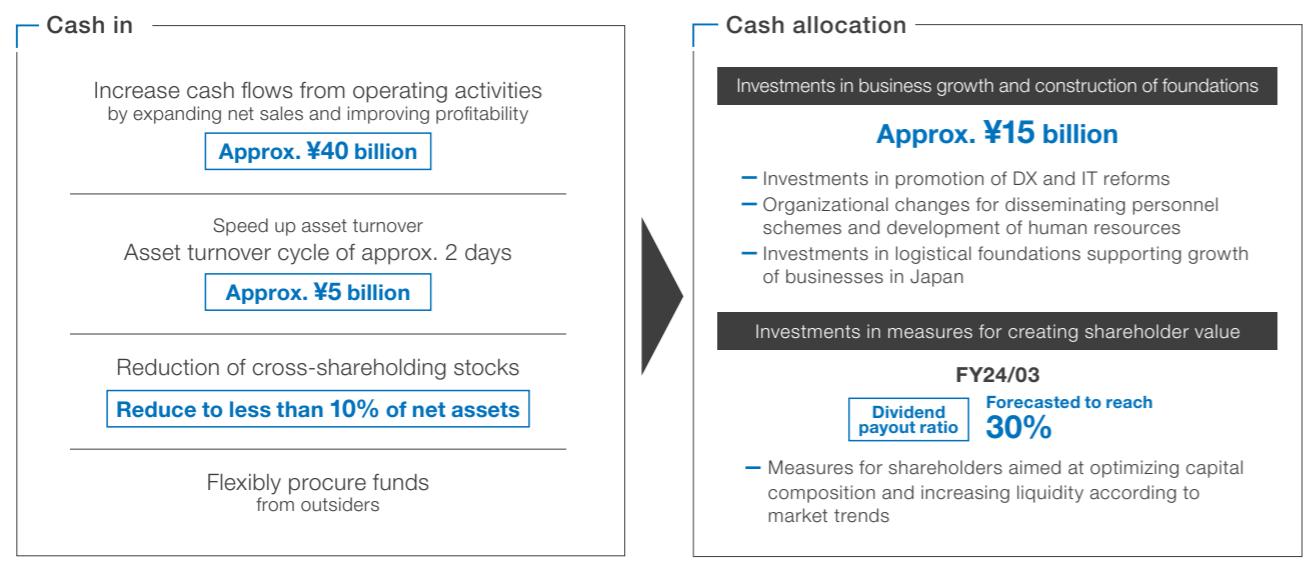
**Improve financial soundness and maintain profitability**

\* For the fiscal year ended March 31, 2023, ROE dropped after an extraordinary loss of approximately ¥0.8 billion (a loss on valuation of investment securities) was recorded. If this temporary loss was disregarded, ROE would have been around 9.2%.

## Medium-Term Management Plan 2026

— Enriching shareholder returns by investing mainly in business growth and construction of foundations

Medium-Term Management Plan 2026 ends with the fiscal year ending March 31, 2026. The plan is being implemented as follows.



\* Asset turnover cycle: Number of days of accounts receivable, inventory and accounts payable

## Proactive investment and optimal capital development

We will procure the funds needed for investment from outsiders who support our growth strategies under competitive conditions. We will inform outside stakeholders of our corporate appeal, such as our growth potential and robust management foundations. We will share with insiders what outsiders expect from us. On the basis of that, we will create actions plans to ensure

that our working-level staff will carry them out. This cycle allows us to procure funds more competitively.

Paying attention to achieving a proper balance between shareholders' equity and interest-bearing debt, we will work to minimize costs and establish optimal capital structure for maximizing corporate value.

## Aiming for a PBR of more than 1– Heightening ROE and PER

To achieve higher ratings from stock markets, we will strive to constantly create corporate value that exceeds the capital cost beyond an ROE of 10%. In tandem with that, we will focus on the price earnings ratio (PER). Setting a target of ¥1 trillion in net sales and a 2% ordinary profit margin, we will work to attain a huge increase in

profitability in the fiscal year ending March 2026. Instead of putting conservation of management resources first, we pay attention to total shareholder return (TSR). Our proposals based on appropriate financial analyses serve as an engine of our growth strategies. We will work to create an environment where the PBR value will stably remain above 1.

## Share price trend and actions (Jan. 2012 - Jun. 2023)



### Key measures

<b>a</b> 2012/03/19	Listing on the First Section of the Tokyo Stock Exchange and commemorative dividends announced	<b>j</b> 2019/08/02	Acquisition of treasury shares by market buying announced (up to ¥3 billion)
<b>b</b> 2014/05/13	Increase in dividends of surplus announced (Year-end dividend: ¥9 to ¥10)	<b>k</b> 2019/08/07	Acquisition of treasury shares through ToSTNeT-3 transactions announced (up to approx. ¥0.53 billion)
<b>c</b> 2015/05/27	Revision to dividend forecast and interim dividend payment announced following a five-for-one consolidation of shares (Interim dividend: ¥0 to ¥25, Year-end dividend: ¥10 to ¥25)	<b>l</b> 2020/08/04	Upward revision to dividend forecast announced (Interim dividend: ¥40 to ¥45)
<b>d</b> 2016/05/13	Increase in dividends of surplus announced (Year-end dividend: ¥25 to ¥30)	<b>m</b> 2021/05/10	Increase in dividends of surplus announced (Year-end dividend: ¥45 to ¥50)
<b>e</b> 2016/06/02	Convertible bonds issued (to procure ¥6 billion)	<b>n</b> 2021/11/04	Increase in dividends of surplus announced (Interim dividend: ¥50 to ¥58, Year-end dividend: ¥55 to ¥63 *including 20th anniversary commemorative dividend of ¥5)
<b>f</b> 2016/06/06	Acquisition of treasury shares through ToSTNeT-3 transactions announced (Up to ¥3 billion)		A policy of raising dividend payout ratio in steps to 30% announced
<b>g</b> 2016/11/02	Upward revision to dividend forecast announced (Year-end dividend: ¥30 to ¥35)	<b>o</b> 2022/04/04	Listing on the Prime Market following the Tokyo Stock Exchange's market restructuring
<b>h</b> 2018/02/05	Upward revision to dividend forecast announced (Year-end dividend: ¥35 to ¥40)	<b>p</b> 2022/04/13	JCR rating upgraded to A-
<b>i</b> 2018/07/04	Convertible bonds issued and public offering implemented (to procure a total of ¥10.6 billion)	<b>q</b> 2023/05/11	Medium-Term Management Plan 2026 announced (including dividend payout ratio forecast at 30% for FY24/03)

## Revision of personnel schemes

**Uryu** We revised our personnel scheme in April 2023 to make the company an organization where the personnel supporting fundamental businesses and growth strategies towards the achievement of Long-Term Management Vision 2030 are able to fully display their individual capabilities and where all personnel can keep working for the long term and have job satisfaction. I hope you will open up about what you feel and about changes of people around you.

**Sogawa** I am a sales person. I am very happy that base salaries and bonuses increased. People of my generation will likely be increasingly motivated by increased salaries. Other staff members who joined the same year that I did and later are also happy with the change.

**Koyano** My current duties are in logistics. When my superior explained to me how much salaries would change in a year, I was quite surprised. My colleagues sounded happy, saying that the significant change will change their motivation. I feel that their motivation increased.

**Sasa** I was transferred to Personnel Department this past April.

When I explained our personnel systems to the people receiving job offers, I myself felt strongly that pay would really increase. I feel that many will probably realize this for the first time when they see the amount of their bonus. However, an improvement in the evaluation will result in a rise in pay and a worsening of the evaluation results in a pay reduction. In my managerial position, I feel pressure as a person who evaluate others.

**Uryu** I agree. The recent revision included a change in the personnel evaluation scheme. It is not a mere change to an evaluation sheet. The point is to develop a fair and appropriate evaluation framework.

**Komine** I am working for the section in charge of training. My duties are training regarding goal setting and PDCA for second-year personnel and personnel evaluation training for newly appointed leaders. I explain the difference between equality and fairness through role playing. In staff education, I endeavor to ensure fair evaluations by ensuring the harmonization of supervisors' and subordinates' goals.

**Tsukahara** The requirements for promotion was revised to make it possible for us to work at higher levels earlier. That is a big change for young and middle-level employees. The new

personnel guidebook includes a diagram of the promotion system that gives employees clearer pictures of their future possible annual income and position. I feel that the new personnel systems help us picture our career in the future.

**Komine** Several people will be promoted early this July. It is a valuable opportunity to train newly appointed managers. Although they have different ages, genders and duties, they will gather in a single place for training. I think that is stimulating. I believe that the company will be stronger if it has a culture that motivates us to constantly improve. We, the training staff, aim to increase people's awareness that learning is fun.

**Uryu** Brilliant. The organization cannot become stronger if its members merely think about what they want it to be like. In the future, we will offer learning opportunities while understanding the weaknesses and deficiencies of the company.

**Sasa** What do the sales personnel think about the replacement of their fixed overtime allowance with an allowance system that pays for the overtime worked?

**Sogawa** When the overtime allowance was fixed, I sometimes opened my laptop after returning home and on weekends. After the change to the current allowance system, I try to finish my work on time or, if I have to apply to work overtime, finish it by a specific time. The difference between working and my personal time became more clear.

**Uryu** Interesting. Hearing about the actual situation through feedback like this is valuable. Do you have any problems, such as a hesitation to submit applications to work overtime?

**Sogawa** I have had no problems so far. In my office, we discuss with superiors why the overtime is necessary before

applying to work overtime.

**Uryu** The system changed on the condition that it would not hamper necessary overtime. I feel that a point we should consider is how to improve it to reduce the differences in the workloads of individuals on a team.

**Tsukahara** Determining whether or not overtime is necessary after understanding the workload of the team as a whole and of each member is a heavy burden on managers. The burdens leaders carry vary depending the number of subordinates they have and on other conditions.

**Sasa** Since managers are not paid overtime, there are concerns that the workload may concentrate on leaders, who are one rank below managers.

**Uryu** I feel that it is necessary to continue to change systems in an agile manner in consideration of problems like that.

## Career plans and life plans

**Uryu** Could you speak about your career plans and life plans?

**Komine** I have been engaged in training for three years. Just recently this job has become interesting and rewarding. I began to feel like becoming a manager to continue my personal development. Do young employees want to be managers?

**Sogawa** People have the impression that the work burdens on managers are heavy. I feel that many young people think it is better not to go any further than a high non-managerial position in their main career track in consideration of salary and workload.

# Special Feature

## Personnel Strategy

# DIALOGUE

### General Manager of Personnel Department Meets Staff Members in Roundtable Talk

## Development of personnel and an organization for the future

### Building a strong organization towards 2030

#### Tomoko Komine

Training, Personnel Department, Head Office

Currently assigned to Training and engaged in personnel training after gaining experience in sales

#### Shogo Sogawa

Kanagawa Office, Sales 3, Metropolitan Branch

Serving different corporate customers as a salesperson in his fourth year at the company he joined after graduation

#### Yukiko Sasa

Team Leader, Personnel Planning Team, Personnel Department

Engaging in new graduate recruitment as a team leader following promotion to this position and transfer to Personnel Department in April 2023 after working in sales



#### Yoshiro Uryu

Director and Senior Managing Executive Officer  
General Manager of Administration, General Manager of Personnel Department and Deputy General Manager of Corporate Strategy Planning

Extensive business experience and knowledge, currently responsible for the development of the personnel who will support the future of the company and for implementation of growth strategies

#### Keita Koyano

Saitama Center, Logistics Supervision, Metropolitan Branch

Engaged in shipping operations at a logistics center after joining the company mid-career

#### Yumi Tsukahara

Team Leader, Business Supervision, Metropolitan Branch

Transferred to Business Supervision at the branch in April 2023 following promotion to a team leader position in 2021 with experience in public relations, investor relations and ESG

## DIALOGUE

## General Manager of Personnel Department Meets Staff Members in Roundtable Talk

**Koyano** In reality, many logistics staff members think that it is easier to work when you are not a manager in consideration of the workload and responsibilities.

**Tsukahara** Another problem is that people's impression of managers is fixed. The fixed idea of management positions includes long working hours, strong motivation, high-level capabilities and an abundance of vigor. I suppose that fewer employees will hesitate to become managers if people from a wide variety of backgrounds are appointed to management positions. I believe diverse managers are a clue toward a solution.

**Sasa** Would you feel like becoming a manager if there were a manager close to you who finishes work on time every day?

**Sogawa** I want to be a manager like that. Shortening the service period required for promotion is attractive to me. I will aim to become a manager in the shortest possible period of time. To achieve this, I will accumulate experience and develop management and other capabilities in a small number of years.

**Uryu** Since the revision of the promotion requirements, everyone is now fairly evaluated irrespective of age for promotion purposes. I expect that managers will be younger in the future.

**Sasa** I have long had the goal of becoming a leader while working shorter hours as a salesperson. If I can become a leader this way, supervisors and junior workers will realize that being this new type of leader is possible, and their thinking will change. This fiscal year, I was transferred to Personnel Department when I was promoted to a leader position while working shortened working hours. As a result, my promotion was a bit different than what I had sought. I should continually update my role models according to the changes of the times.

**Koyano** I had a baby last year. I consulted with my boss and colleagues about childcare leave, and they warmly approved my taking leave. Time with my family is very important. I hope to be a leader who will be able to provide good training to subordinates and share information about tasks within the team so that all team members are able to work appropriate hours.

**Sasa** I have two children and I have taken maternity leave and childcare leave twice. I have realized that raising children is harder than I expected.

**Koyano** I took about three months of childcare leave. My wife was happy that I had access to the leave. I am grateful to the company and to my workplace colleagues.

**Uryu** The number of men that are taking long periods of childcare leave is still limited. I hope that it will be normal in the company someday. Is there anything the training team can do to provide support?

**Komine** Life plans differ from person to person. We would like to offer trainees opportunities to discover what they want to be. More staff members will take childcare leave if they think it will make them happy. In my case, my acquisition of a national career consultant qualification gave me the opportunity to think about my own career plan. Personally,

I want to set up a career consulting office and leverage my qualification to help people in the future.

**Sasa** I feel it is necessary to change not only people's personal career plans but also the atmosphere in workplaces.

**Uryu** In my view, we should stress the importance of personnel development in manager training and improve the capabilities of the organization. Then, the burdens on individuals will be dispersed and it will be easier to take childcare leave.

**Tsukahara** It is difficult to draw up plans independently. Interviews and training are important. At ARATA, the opportunities to interact beyond departmental boundaries are limited. I hope that the head office and branches, the branches themselves, and the department will interact more, capitalizing on job rotation and other strategies. This will increase the number of opportunities to learn about diverse workstyles, irrespective of age or gender.

**Sogawa** I suppose that if someone is the first to take leave, it may be easy for others to follow suit. I took 19 consecutive days off during Japan's Golden Week holiday this year for my honeymoon. Junior staff members told me that my example made it easier for them to take consecutive days off.

**Uryu** If this story is shared through our internal newsletter and other means, it may impact staff in other offices.

**Komine** When I was a salesperson, I had some tasks that I had to do personally. Even on non-working days, my phone continued to ring at times. If you believe that no other staff member can do your tasks, you will feel that you cannot take any days off. It is important to build relationships with team members to increase the visibility of tasks and share them.

**Tsukahara** Is it easy to share tasks in a shift system like the logistics team uses?

**Koyano** Well, there are four people on my team. When I was taking childcare leave, the remaining three people shared my tasks.

**Uryu** It is a question of the standardization of tasks. It is a significant issue connected to productivity. We will address it in tandem with digital transformation.

## Expectations for ARATA in the future

**Uryu** Do you have any wishes regarding programs, changes or other things, or any questions?

**Sogawa** The COVID-19 pandemic is coming to an end. What views does Personnel Department now have about the future of working from home?

**Uryu** The drawback of working from home that I am most concerned about is a decline in organizational capabilities due to lack of communication. In addition, ARATA has some tasks that cannot be fulfilled by working from home. I feel it is difficult to introduce a uniform rule. Our policy on working is that office work is the basic form of working for the purposes of forging a sense of unity within the organization

and maximizing performance. However, instead of returning to the pre-pandemic state, we are thinking of introducing many different styles of working depending on the job type in a step-by-step manner. So, we have developed guidelines for working from home and put them into provisional practice. We will study measures to correct problems that are identified and move to the next steps.

**Tsukahara** This fiscal year, the personnel evaluation sheet has more items than it did before. I hope to have an opportunity to hearing how I will be evaluated not only from my boss but also from colleagues, subordinates and staff in other departments.

**Uryu** I see. What is called the 360°evaluation has both advantages and disadvantages. We are thinking of using the results of the staff attitude survey and stress checks in managers' personnel evaluations. Managers are asked to examine the state of their workplace and to consider and carry out actions to improve it.

**Sasa** I believe that women-friendly workplaces essentially mean workplaces that are friendly to all employees irrespective of gender. Looking at the matters related to this, I most appreciate an environment that is compatible with the events in women's lives. Allowing men to take childcare leave or to work shortened working hours is very helpful to their families. I believe that more families would be happier if ARATA were to be a leader in the development of environments that enable men to easily take leave.

**Tsukahara** Few male employees work shortened working hours. This may be because they are worried about losing their position. The recent revision paves the way toward a

shift to deciding on shortened working hours in six-month increments. If it were possible to work shortened working hours in quarterly or monthly increments, more people would choose to work then.

**Sasa** I feel there are some differences in the thinking of different organizations. I understand that it may be somewhat inevitable because organizations are run by humans. However, I do not think it is desirable for something that is good in some workplaces to be bad in others. That should be corrected. In this sense, I hope that Personnel Department will be powerful or have a presence throughout the company.

**Komine** Those of us on the training team hope that trainees will receive training while they are creating their life and career plans. Hypothetically, if I established a career consulting office, it would help individual trainees develop life plans that are suited to them and help them take advantage of the personnel schemes. I estimate that the turnover rate might be reduced if there was a place where new employees and young staff members can consult people about the problems they face.

**Uryu** I imagine it is a tough role, but let's work together as Personnel Department to lead.

I hope that the recent revision of the system will gradually change the seniority system and transform the company so that its atmosphere is more open. This has been a very valuable opportunity to directly listen to your opinions. I will study them and I will be revising the scheme so that it is more flexible and able to change more quickly. We will endeavor to increase employee engagement and transform the company so that people want to continue working in its workplaces long term. Thank you very much.

