

A Three-Way Conversation among Outside Directors: DEI (Diversity, Equity, and Inclusion)



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Q What are your views on diversity within the TOMY Group?

Mimura I became an outside director of TOMY in 2018. I feel that there has been significant progress in diversity since that time. I was the only woman on the Board of Directors then. There were only 10 female managers in the Company, if I remember correctly. I was occasionally a little hesitant to discuss women at Board meetings. In 2020, Ms. Iyoku and Ms. Yasue became outside directors, increasing the number of women outside directors to three. This led to a dramatic change in the atmosphere. As the percentage of women on the Board increased, discussions about diversity naturally became more prevalent. I believe the Board's views on diversity have changed.

Sato I agree. Recently, women have been actively speaking out, which has led to more dynamic Board of Directors meetings.

Mimura I believe that change is occurring throughout the Company. As I can tell from talking to them, women employees have diverse and fascinating ideas. I have been consciously speaking to them to help them maximize their opportunities to impact the Company. Lately, I have seen employees from diverse backgrounds actively participating in the Company. They have been able to do so regardless of gender.

Iyoku The number of young members of the Board of Directors has increased. I believe we are achieving a gender balance and a generational balance. In the future, if the Board of Directors includes members who have many different nationalities, who are of many different ethnicities, and who are empathetic and attentive to social issues, I believe it will result in decisions that are better aligned with market needs.



Sato When I became an outside director, Director Mimura and I were the youngest members. Now, I am the oldest. As Director Iyoku mentioned, the challenge we face is to develop a system that enables us to have a Board of Directors whose members have many different nationalities.

Q **What are your thoughts on the challenges of diversity and the human resources needed to create medium- to long-term corporate value?**

Mimura As is often said, if an organization consists solely of people who think alike, change will not likely occur. A company can innovate and grow only in an environment where the values and ideas of people from diverse backgrounds are respected. Considering this, I feel that Japanese companies, including TOMY, have yet to create an adequate environment within themselves. We should promote diversity in various aspects, not only gender diversity.

Sato Society itself is becoming more diverse, isn't it? The environment surrounding TOMY, including the asobi experience, the experience of playing with toys, and the environment within which children play with toys, are becoming increasingly diverse. Unlike when I was a child, children today usually interact and play with peers of different nationalities and ethnicities even in kindergarten and elementary school. School education is also changing to embrace greater diversity. If TOMY fails to fully understand these social trends, its business might be left behind society.

Iyoku You are both right. It is said that we are in an age of VUCA.* We no longer live in a society where we are expected to do the same thing as others. What actions do we need to take? As Director Mimura mentioned, I believe we need to innovate and form new connections. We should break old connections and explore new relationships. In addition to being diverse, we need to consider how to advance beyond diversity. To promote diversity, it is crucial to include individuals who have diverse backgrounds in decision-making rather than merely increasing the diversity of our human resources.

* An acronym for volatility, uncertainty, complexity, and ambiguity, which describes the complex social and business conditions that render future prospects uncertain and unpredictable

Mimura If I had to name the type of human resources that TOMY needs, I would say that they are the kind of people who have the will to do what Director Iyoku has just mentioned. Each individual will have to make agile decisions based on the situation rather than waiting for instructions. Considering this, I feel that one of TOMY's challenges is the presence of many passive employees. The new president represents a younger generation, and a new wind is blowing. We need to provide them with opportunities to participate in decision-making without fear of failure and cultivate a corporate culture that encourages them to do so.

Sato To make decisions autonomously, it is important to first think for yourself, rather than leaving it up to others. You do not need a person who just accepts and sells information pulled from the Internet or other sources. TOMY is a company that creates new and exciting asobi, and I would like the Company to cultivate individuals who can think for themselves and embrace challenges.

Iyoku We believe that "crossing borders" is also an important key phrase related to human resources. For example, we can hire individuals who have had different experiences in other industries. Or we can transfer employees to external organizations to help them gain knowledge in different fields. A side job is also an example of "crossing boundaries." I think of taking childcare or nursing care leave as a parallel experience. I would like to see an organization that is not siloed and that can easily create new relationships by enabling each employee to have many different experiences.

Sato I believe that global initiatives will also be a challenge that we face in the future. When we joined the Board of Directors, it seemed to me that discussions at board meetings were focused solely on the domestic



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market. Recently, however, business has rapidly become globalized, leading to an increase in the proportion of overseas sales. Given this, it is important to always have a more global perspective. There are many unique toy companies around the world. I believe that to promote diversity it is crucial to consider how TOMY compares with these global competitors.

Mimura I agree. The TOMY Group’s companies in Asia are familiar to the domestic companies. However, it seems to me that there is a lack of a connection between the domestic companies and the companies in Europe and the United States. If we increase the number of opportunities to communicate, such as visits to Group companies overseas, I believe this will foster an attitude of learning from each other and help revitalize the entire Group.

Q Lastly, what are your expectations for the new President and the future of the TOMY Group?

Mimura In June 2024, Mr. Akio Tomiyama became the President. After thorough discussion, the Nominating Committee, which I chair, concluded that he is irreplaceable and selected him as President. With extensive global field experience, I believe that President Tomiyama is the only one capable of leading the Group, which has celebrated its 100th anniversary, with strong determination. He has created the purpose and vision and provided a direction for us to follow. He has conveyed a message encouraging us to embrace challenges without fearing failure. I sense that enthusiasm is growing within the Company. I am very excited to see how the TOMY Group will grow in the future.

Iyoku Many Japanese companies’ boards of directors often focus on short-term issues. However, President Tomiyama appears to be looking ahead to around 2040 and considering what the world and Japan will be like. He uses the term “asobi” instead of “toys.” I believe this indicates his intention to discuss the future. In the coming age, it will be important to have the ability to share what you have noticed, rather than keeping it to yourself, and I feel the President is a deeply empathetic person. Going forward, I hope that the Board of Directors will engage in lively discussions from a higher perspective, for example, discussions about the future of the TOMY Group. I hope that the Company will continue to be chosen by many stakeholders, leveraging the creativity that arises from new connections formed through diversity.

Sato When selecting a new President, there were external opinions about whether we should appoint someone from within the Company or from outside it. TOMY has a history of choosing presidents from outside the Company. We had the option to invite someone from outside the Company into the Company. However, after a thorough evaluation of President Tomiyama’s domestic and international experience, judgment, and communication skills, I believe that he is the right person for the position. The Company’s new purpose and vision are communicated in multiple languages, and senior management’s thoughts are shared globally. A message has been conveyed that the Company will transition from being a manufacturer to being an asobi company. I think this is significant. The toy industry is significantly affected by the external environment, so market performance is susceptible to fluctuation. Irrespective of this, our stock price has been increasing recently, and I feel that the expectations of shareholders and investors are also rising. I believe that the TOMY Group can grow and live up to these expectations even in today’s rapidly changing environment.

