

Outside Directors' Dialogue



SKY Perfect JSAT Holdings Inc. is a corporate group providing highly public services—broadcasting and communications. In this capacity, the Company is working to build a highly transparent governance structure that can adapt quickly to changes in the business environment. Outside directors Mr. Fujiwara and Ms. Ohga sat down to discuss the Company's governance situation and the challenges that lie ahead.

The Current Governance Situation

Fujiwara Three years have passed since I became an outside director. A major change during this time was that the Board of Directors has become more balanced. In the past, many of the Company's Board members tended to come from the broadcasting industry.

This changed especially after Mr. Yonekura, the current president, came on board. Partly because he himself is not from the broadcasting industry and because he is aggressively pursuing new endeavors, we have begun to see people from a wide range of fields join the Board and hold active exchanges of opinions.

Ohga It has been two years since I was appointed. The Board of Directors discusses very openly about business strategies, including withdrawal from and launches of businesses. I think this is good. The various reports, not only those related to business strategy, are based on numerical figures, are organized logically and compactly, and are easy to understand even for outside directors and corporate auditors. The Company does an excellent job preparing the materials.

My request is that there be more opportunities to learn about what is happening on the frontlines. The COVID-19 pandemic since last year has made it difficult to visit work sites and hold hearings during the past year. So that is my request for when the situation improves. In addition, I ask that the Company resumes the discussion forums with the members of the Board of Corporate Auditors.

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Regarding the Members of the Board of Directors

Fujiwara For the Board of Directors to be effective, the question of who is involved in the discussions is as important as what is being discussed and how. The members comprising the Board of Directors need to have a balanced set of skills which are useful for improving the Company's corporate value. My own skills are based on my background in technology, particularly information technology. Based on my background in overall digital information technology, I hope to make proposals on how the Company can adapt to changes in society and lifestyles caused by technological changes, especially how SKY Perfect JSAT should respond to the changes in technological trends from a corporate management perspective. In particular, adapting to digital transformation (DX) is an urgent issue for any company today. I hope that I can be of assistance in discussing how technology trends, such as DX, should be incorporated into management.

Ohga At NTT, I was involved in the development of services and communications equipment for many years. I will leverage this experience to fulfill my role as an outside director. In short, I will draw on my reflections and knowledge of what a company should do when traditional technologies are about to be replaced by new technologies. The GAFAs companies that currently dominate the world emerged or revived in the second half of the 1990s and achieved phenomenal growth in around 20 years. Such rapid changes in the field of information technology are expected to continue in the future, and it is critical that companies identify these changes as quickly as possible.

Fujiwara If I were to give a skill sought from the current Board members, it would be M&A experience. GAFAs, which you mentioned, used M&As as a source of their growth. Japanese companies think it is OK to steadily develop their own businesses. But, looking ahead to future growth, I think the Company needs to broaden its vision a little more to include M&As. It may be good to have people who specialize in M&As.

Effectiveness of the Board of Directors

Ohga As we have said, people with various skills are holding active discussions, and this has made the Board of Directors highly effective. Two years ago, there was a scandal at a subsidiary. The scandal, which by no means should have happened, gave impetus for the Group to thoroughly review and rebuild its corporate governance. As a result, the supervisory functions were strengthened, including those of outside directors and outside corporate auditors, and progress was made in enhancing the internal controls. The scandal gave an opportunity to review the corporate governance system, and I think things have changed for the better.

Fujiwara I do think there is now an atmosphere that supports the sharing of opinions. There is a highly effective Board of Directors where outside directors can also exercise their supervisory function when necessary. If I could ask for a little more, it is that effort be made to close the somewhat large distance between the frontlines and management, especially between the outside directors and the frontlines. I would also like to see the Company actively address the gender gap issue.

Ohga It is becoming standard practice for all companies to include female directors and corporate auditors, whether they are inside or outside the company. I have served as a corporate auditor and a member of the audit committee at other companies. Appointing women will be effective in having diverse viewpoints and performing the supervisory function in auditing work.

Nomination & Remuneration Committee

Fujiwara To strengthen corporate governance, it is especially important that the remuneration system is optimally designed to provide the right incentives to executive directors.

The Company's remuneration system added stock-based remuneration to the existing cash-based remuneration. This deserves praise. I think the executives before were serious-minded and worked hard on their own businesses, so much so that they did not give much thought to what was best for the entire company. But as executives become more aware of the stock price, they are forced to think about the whole company, and in turn, they start to consider the growth of the entire Group.

Ohga I agree it was a great idea to introduce stock-based remuneration. I also commend the Company for expanding stock-based remuneration to executive officers of the subsidiaries. The Company was founded as a collection of business entities, and so the entire Group was not really on the minds of the executives. I hope that the latest change will prompt company-wide transformations by encouraging general managers to not just focus on their own department but view circumstances from a higher vantage point.



Expectations for the Future of SKY Perfect JSAT

Fujiwara We have been talking about governance, but governance is only a means to achieving an end. The end is the future that the Company will shape. As the new slogan, "Space Business Company," implies, the Company is attempting to enter a range of space-related businesses. I hope that it will realize these businesses and contribute to the future society. Specifically, there are projects like monitoring global warming using satellites. I expect the Company will make contributions that only a Japanese company can make, including disposal of space debris.

Ohga Companies are being called upon to take further actions against global environmental issues. In such times, I would like the Company to continue to provide applications that only SKY Perfect JSAT can provide with its space-related technologies. This may be real-time meteorological information useful for predicting and coping with disasters, solar power generation sensing, and so forth. I look forward to Japan's data-driven solutions for the global environment being implemented across the world.

Fujiwara Communication skills are another skill that is essential for the realization of both business and otherwise. Until now, the Company has been a leading company in space but has remained behind the scenes. From now on, it should express itself more to build cooperative relationships with a variety of stakeholders and open up the future.