



### Prevailing during times of crisis with bold action and technology built on a tradition of innovation

**Iwanami:** Mr. Komamura, you have worked for major trading companies for many years, and you have been involved in corporate management in Italy and elsewhere. You also gained management experience at a company in Osaka. As our Group continues to grow as a business entity pursuing further globalization, we believe we can provide our Company with appropriate advice and guidance based on your abundance of management experience and knowledge both inside and outside Japan. In fiscal 2020, you were appointed as an outside director. Now that one year has passed, what is your impression of our Group?

**Komamura:** When I was first appointed as an outside director of Nippon Pillar Packing, it was clear that the Company nurtured traditions and a sense of earnestness, something that is unique to a longstanding company that will soon celebrate its 100th anniversary. In addition, I felt that the Company had implemented a functional level of corporate governance, a process that has not yet penetrated many other Japanese companies.

**Iwanami:** Traditions should be cherished, of course, but if one remains comfortably entrenched in tradition, one is not open to the future. Today, the world is suffering from an unprecedented disaster in the form of the COVID-19 pandemic; Japanese society has also had to contend with other major crises in the past, such as the oil crises and the bursting of the economic bubble. We have prevailed during these difficult times through

technological innovation and by taking bold initiatives. So, one might say that “tradition” can also be rephrased as “innovation.”

**Komamura:** There are companies that have managed to achieve business growth despite COVID-19, so managers must determine whether their business in its current form can respond to this crisis. In short, one must calmly observe the business, look one, three, and five years ahead, and determine which aspects of the business must be nurtured.

### Acknowledging the need for ongoing course corrections as societal changes continue to accelerate dramatically

**Iwanami:** The fields of petrochemicals and petroleum refining and electric power have been growing, but we are facing a major turning point with the need to reduce our carbon dioxide emissions. As we look ahead and select and consolidate our businesses, it is essential that we provide society with better products, technologies, and services. We believe it is necessary to instill and thoroughly implement our Action Guidelines so that we can respond quickly to changes.

**Komamura:** The basis of corporate governance is thorough compliance.

**Iwanami:** I want our employees to understand the significance and role of Nippon Pillar Packing. However, it must be kept in mind that imposing strict rules may impair the creativity of our employees, a

resource that can be considered the source of our corporate growth.

**Komamura:** From my experience in corporate management in Italy and the UK, I learned that it can be difficult to implement uniform rules because temperaments and values typically differ from country to country. It is preferable to adopt a common set of basic rules and to later determine the rest according to the specific circumstances of the country and the locality. For example, when someone makes a mistake in his or her work, I suggest “showing a yellow card” and providing guidance for improvement. So even when a mistake is made, an opportunity is offered to make amends for the misstep.

**Iwanami:** We are not gods, so we cannot achieve everything we want. In particular, societal change has dramatically accelerated in recent years; moreover, the business climate has shifted to quite an extent. As the way of thinking in the market changes, we may be not permitted to continue doing the same things we have always done. Management decisions that we convinced are the best could even backfire eventually. Confusion has also prevailed around the world regarding the spread of the COVID-19 pandemic, so we simply cannot know what will happen.

**Komamura:** In order to respond quickly to changing situations, we should not fear constant revisions of our plans. However, as a manager, one must remain accountable. One must explain exactly why the instructions have been changed and what went wrong. When a problem arises, it is important to keep a good record of the circumstances and how to deal with them so that the situation does not get worse. It is also necessary for management to be prepared to “show a yellow card” to themselves.

**Iwanami:** I think it is essential for management to take the lead in responding to societal changes and tolerating failure. To deal with unprecedented approaches as typified by ESG/SDGs management principles, the president must take the initiative.

**Komamura:** In that respect, having a youthful upper management is a great benefit. Youth still have the advantage in responding



flexibly to ESG/SDGs management issues and to the requirements of the digital transformation. Those directors who provide assistance to upper management should assume the role of proactively offering advice, as the combination of both perspectives will reduce the chance of the company making a misstep.

### Providing the products that are in demand and responding to the expectations of society

**Iwanami:** Society comprises the young and the elderly as well as enterprises, with each of us playing our own role. As for us, we contribute to society through our business by using our expertise in seal technology and material technology to providing the products that society needs. From petroleum to hydrogen and other alternative forms of energy, and from internal combustion vehicles to electric vehicles, we provide the products that meet the changing needs of society. Our role, and our very reason for existence, is to repeat the above in a solid and sober manner. Our Group has the technology to achieve our potential.

**Komamura:** The changing needs of society also include the perspective of social contribution.

**Iwanami:** That’s right. In light of the significance of our Group’s reason for existence, which is to contribute to a cleaner society with products that stop fluid leakage and thus reduce environmental impacts, we offer products that are not only required by society but also contribute greatly to society at appropriate prices while earning reasonable profits. We sell our products and use the profits to develop new products. We consider this essential for the sustainable growth of our Group.

**Komamura:** We have the technology and expertise to develop products that contribute to the emergence of a society committed to sustainability. One could say that managing for sustainability and continuing to put this into practice is just what we talked about today.

**Iwanami:** As a Group, we will continue to focus on businesses that make a meaningful contribution to society, thereby ultimately benefiting our shareholders.

Thank you very much for your time today.