

Governance

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Securing Sufficient Time for Discussion to Make Appropriate Business Decisions

In the first year of my appointment as an Outside Director, I worked to recover from a slump in business performance in the previous fiscal year. Still, from the beginning of the year, we experienced the impact of the COVID-19 pandemic. I have supervised and provided opinions from an external perspective on implementing important measures from a medium- to long-term perspective without delay while promptly addressing downside risks. In particular, strengthening compliance based on our reflection of the Antimonopoly Act's violations, safety measures, and recurrence prevention measures following the fire incident at a subsidiary in the United States.



Keiko Murata
Outside Director

I think we have sufficient time to discuss each agenda item at the Board of Directors' meetings. For example, when we decided to upgrade the production facilities of Calgon Carbon Corporation in the United States, active discussions were held on market trends, production and profit plans, and the basis for these plans. I am a specialist in economics. Based on my expert knowledge, I agreed with the decision based on the idea that there had been sufficient discussion, including concerning future risks, and that investment in growth businesses was the right direction from the perspective of increasing corporate value. With regard to ESG, while working at a government office, I was involved in the formulation of recommendations from an academic perspective for the G8 Summit on climate change. Since then, I have continuously considered the importance of ESG. I appreciate that management made decisions contributing to the realization of sustainable growth over the past year, such as endorsing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and signing the United Nations Global Compact.

At the time of the launch of the new management team, the Corporate Advisory Committee, of which I am a member, played a nomination function to advise the Board of Directors on the selection of the President. New President Kawahara was judged to be the right person for the top position because of his experience in handling a wide range of

business divisions, including overseas, and his young age and potential. As a leader who can respond to changes in the global economy and grow and nurture new possibilities for future development, New President Kawahara is expected to show the path to progress with strong determination and lead Kuraray's evolution.

In fiscal 2020, the Board further strengthened governance and diversity. Outside Directors now account for one-third of the Board of Directors, and a foreign national was elected as Director. As Kuraray continues to expand globally, it will be necessary to continue considering the optimal governance system to increase overseas earnings further. From the perspective of our stakeholders, including shareholders and investors, I will participate in meetings of the Board of Directors, and contribute to the enhancement of Kuraray's corporate value through appropriate discussions.

Ensuring the Transparency of Group Management and Expanding Governance

Based on my experience at a general trading company, I have been involved in corporate management in Japan and overseas, including chemical manufacturing. Taking advantage of this background, I believe that my role is to supervise a wide range of management themes. These themes include safety, quality assurance, corporate governance, and corporate social responsibility, including environmental responses, from a broad perspective. From an external viewpoint, I'm working to understand what challenges the Kuraray Group faces and whether it's addressing these problems appropriately.



Kenji Komatsu
Outside Corporate Auditor

In fiscal 2020, the impact of the COVID-19 pandemic spread in the first quarter, and we were pressed to respond to it. At the same time, we grasped the importance of the fire incident in the United States and the violations of the Antimonopoly Act. We talked about them solemnly and seriously and discussed them without compromise. I was conscious of supervising from the standpoint of an Outside Corporate Auditor regarding whether the discussed solutions would work effectively for the Kuraray Group and lead to increased corporate value and whether the solutions would gain the understanding and consent of stakeholders. Meetings of Kuraray's Board of Directors are based on open, free, and lively discussions, and I believe that these opinions may sometimes sound harsh to the board members. Still, I feel that we have an environment where we can sufficiently fulfill our role as Outside Corporate Auditors.

To achieve global growth, the Kuraray Group has accelerated its overseas business by promoting corporate acquisitions parallel with its business development. It is important to bring together companies with a culture and a sense of governance that were not included in the Kuraray Group in the past and share the safety and quality foundations that should be maintained as members of the Kuraray Group, as well as the philosophy that the Kuraray Group places importance on, while retaining and harnessing the best elements.

We, the Corporate Auditors, can see the content of companies that newly joined the Group through audits conducted by visiting domestic and overseas bases. We will ensure the Kuraray Group's management transparency and perform audit functions that strengthen governance by holding interviews with management and ascertaining control over important management items.

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