

**This document is an unofficial excerpt translation of Notice of the 141st Ordinary General Meeting of Shareholders of the Company in the Japanese language. The Company prepared this translation only for the reference and convenience of non-Japanese shareholders. Please note that in the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.**

Securities Code: 3405  
March 2, 2022

**To Our Shareholders:**

Hitoshi Kawahara  
President and Representative Director  
Kuraray Co., Ltd.  
1621, Sakazu, Kurashiki, Okayama, JAPAN  
(Head Office: 2-6-4 Otemachi, Chiyoda-ku,  
Tokyo, JAPAN)

### **Notice of Convocation of the 141st Ordinary General Meeting of Shareholders**

We are pleased to notify you that the 141st Ordinary General Meeting of Shareholders of Kuraray Co., Ltd. (the “Company,” together with its subsidiaries, the “Group”) will be held in accordance with the following schedule.

**You may exercise your voting rights either in writing or via the Internet, etc. in advance. Please review the attached Reference Documents for General Meeting of Shareholders and exercise your voting rights no later than 5:45 p.m. on Wednesday, March 23 2022.**

**1. Date and Time:** Thursday, March 24, 2022, at 10:00 a.m.

**2. Place:** “Orchard”, 2nd Floor, The Okura Prestige Tower, The Okura Tokyo, 2-10-4 Toranomom, Minato-ku, Tokyo, Japan

### **3. Purposes of the Meeting**

#### **Matters to be reported:**

- (1) Report on the business report, consolidated and non-consolidated financial statements for the 141st fiscal period (from January 1, 2021 to December 31, 2021)
- (2) Audit Report on consolidated financial statements by the Accounting Auditor and the Board of Corporate Auditors for the 141stfiscal period

#### **Matters to be resolved:**

- Proposal No. 1:** Appropriation of Surplus  
**Proposal No. 2:** Partial Amendments to the Articles of Incorporation  
**Proposal No. 3:** Election of Eleven (11) Directors  
**Proposal No. 4:** Election of One (1) Corporate Auditor

#### **4. Reminders in Convening the Meeting**

- 1) If a shareholder has exercised his/her voting rights more than once via the Internet, only the final execution shall be deemed as his/her effective exercise of voting rights. The exercise of voting rights by sending the Voting Card shall be treated similarly in case of reissuance thereof. However, only the exercise of voting rights via the Internet shall be deemed effective if a shareholder has exercised his/her voting rights both via the Internet and by sending the Voting Card.
- 2) If a shareholder hopes to split his/her voting rights on any of the proposed matters, such shareholder must inform the Company in writing of his/her intention to split his/her vote and the reason therefore at least three (3) days prior to the date of the meeting.

*[Descriptions on voting methods, reminders in attending the meeting and other descriptions not applicable to non-Japanese residents are omitted.]*

## Reference Documents for General Meeting of Shareholders

### Proposals and References

#### Proposal No. 1: Appropriation of Surplus

The distribution of profits to all shareholders is one of the Company's top management priorities. While following a basic policy of increasing the distribution of profits through sustainable improvement in business performance, we will aim for a total return ratio relative to net income attributable to owners of the parent of 35% or more and annual dividends per share of ¥40 or higher for fiscal 2021.

Under this policy, we hereby propose a year-end dividend payment for the fiscal year as follows.

If this Proposal is approved, the total amount of dividends for the fiscal year, aggregated with the interim dividend, will be ¥40 per share.

#### Year-end dividends:

- (1) Type of dividend property: Cash
- (2) The matter regarding the assignment of dividend property and total amount thereof:  
¥20 per share of the Company's common stock for a total of ¥6,880,106,800
- (3) Effective date of the dividends (payment commencement date): March 25, 2022

**Proposal No. 2: Partial Amendments to the Articles of Incorporation**

1. Reasons for the amendments

The revised provisions set forth in the proviso to Article 1 of the Supplementary Provisions to the Act Partially Amending the Companies Act (Act No. 70 of 2019) will take effect on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for general meetings of shareholders, the Company’s Articles of Incorporation shall be amended as follows:

- (1) The proposed Article 16, Paragraph 1 stipulates that information contained in the Reference Materials for the General Meeting of Shareholders, etc. shall be provided electronically.
- (2) The proposed Article 16, Paragraph 2 stipulates that matters in the Reference Documents for the General Meeting of Shareholders, etc. that have been subject to internet disclosure will not be required to be stated in the paper copies of documents delivered to shareholders who have requested it.
- (3) The provisions for the internet disclosure of Reference Documents for the General Meeting of Shareholders, etc. (current Article 16 of the Articles of Incorporation) will no longer be required and will be deleted.
- (4) Accompanying the new establishment and deletion of provisions as described above, a supplementary provision concerning the date of application of these amendments shall be established. Pursuant to this supplementary provision, the amendments described in (1) to (3) above will apply from the General Meeting of Shareholders held on or after March 1, 2023.

2. Details of the amendments

Details of the proposed amendments are as follows:

(The underlines portions are to be amended.)

Current Articles of Incorporation	Proposed amendments
<p style="text-align: center;">CHAPTER III. GENERAL MEETING OF SHAREHOLDERS</p> <p><u>Article 16. (Internet Disclosure of Reference Documents for General Meeting of Shareholders, etc.)</u></p> <p><u>The Company may disclose through the Internet the information relating to the matters that shall be described or indicated in the reference documents for the general meeting of shareholders, financial statements, consolidated financial statements and business report in accordance with the Ordinance of Ministry of Justice.</u></p> <p style="text-align: center;">(Newly established)</p>	<p style="text-align: center;">CHAPTER III. GENERAL MEETING OF SHAREHOLDERS</p> <p style="text-align: center;">&lt; Deleted &gt;</p> <p><u>Article 16. (Measures for Electronic Provision, Etc.)</u></p> <p><u>In convening a general meeting of shareholders, the Company shall provide information contained in the reference documents for the general meeting of shareholders, etc. electronically as set forth in Article 325-2 of the Companies Act.</u></p> <p><u>2. Among the matters to be provided electronically, the Company is not required to state all or part of the matters set forth in the Ordinance of Ministry of Justice in the paper copies it delivers to shareholders who have requested it by the record date for voting rights as set forth in Article 325-5 of the Companies Act.</u></p>

<p>(Newly established)</p>	<p><u>Supplementary Provision</u> <u>The deletion of the current Article 16 (Internet Disclosure of Reference Documents for General Meeting of Shareholders, etc.) and the establishment of the proposed Article 16 (Measures for Electronic Provision, Etc.) will apply from the general meeting of shareholders held on or after March 1, 2023.</u> <u>This supplementary provision will be deleted on February 28, 2023.</u></p>
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### Proposal No. 3: Election of Eleven (11) Directors

The term of office of all twelve (12) Directors will expire at the conclusion of this 141st Ordinary General Meeting of Shareholders. Accordingly, we hereby propose that eleven (11) Directors be elected.

The candidates for the Directors are as follows:

No.	Name		Current positions and responsibilities	Years served as Director	Attendance at meetings of Board of Directors
1	Hitoshi Kawahara	<u>Reappointed</u>	President and Representative Director	3 years	(100%) 15/15
2	Hiroaya Hayase	<u>Reappointed</u>	<ul style="list-style-type: none"> <li>● Representative Director and Senior Managing Executive Officer</li> <li>● Executive Supervisor of Vinyl Acetate Resin Company</li> <li>● Executive Supervisor of Vinyl Acetate Film Company</li> <li>● President of Vinyl Acetate Film Company</li> </ul>	7 years	(100%) 15/15
3	Masaaki Ito	<u>Reappointed</u>	Chairman and Director	7 years and 9 months	(100%) 15/15
4	Yoshimasa Sano	<u>Reappointed</u>	<ul style="list-style-type: none"> <li>● Director and Senior Managing Executive Officer</li> <li>● President of Fibers and Textiles Company</li> <li>● Officer Responsible for Osaka Office</li> </ul>	6 years	(100%) 15/15
5	Keiji Taga	<u>Reappointed</u>	<ul style="list-style-type: none"> <li>● Director and Managing Executive Officer</li> <li>● Officer Responsible for Corporate Management Planning Office</li> <li>● Officer Responsible for Corporate Sustainability Division</li> <li>● Officer Responsible for Global Digital Transformation Office</li> <li>● Officer Responsible for Accounting and Finance Division</li> </ul>	3 years	(100%) 15/15
6	Matthias Gutweiler	<u>Reappointed</u>	<ul style="list-style-type: none"> <li>● Director and Managing Executive Officer</li> <li>● President, Kuraray Europe GmbH</li> </ul>	2 years	(80%) 12/15
7	Nobuhiko Takai	<u>Reappointed</u>	<ul style="list-style-type: none"> <li>● Director and Managing Executive Officer</li> <li>● President of Functional Materials Company</li> </ul>	2 years	(100%) 15/15
8	Jun Hamano	<u>Reappointed</u> <u>Outside Director</u> <u>Independent Director</u>	Director	6 years	(100%) 15/15
9	Keiko Murata	<u>Reappointed</u> <u>Outside Director</u> <u>Independent Director</u>	Director	2 years	(100%) 15/15
10	Satoshi Tanaka	<u>Reappointed</u> <u>Outside Director</u> <u>Independent Director</u>	Director	2 years	(100%) 15/15
11	Kiyoto Ido	<u>Reappointed</u> <u>Outside Director</u> <u>Independent Director</u>	Director	1 year	(100%) 11/11

No.	Name (Date of Birth)	Brief personal history, positions and areas of responsibility		Number of Company shares held
1	Hitoshi Kawahara (March 12, 1962)  <u>Reappointed</u>  Attendance at meetings of Board of Directors: (100%) 15/15	April 1984 April 2014  January 2016 March 2016 January 2018 March 2018 March 2019 January 2021	Joined Kuraray Co., Ltd. General Manager of Poval Film Division, Vinyl Acetate Company, Kuraray Co., Ltd. Vice President of Vinyl Acetate Film Company, Kuraray Co., Ltd. Executive Officer, Kuraray Co., Ltd. President of Vinyl Acetate Resin Company, Kuraray Co., Ltd. Managing Executive Officer, Kuraray Co., Ltd. Director and Managing Executive Officer, Kuraray Co., Ltd. President and Representative Director, Kuraray Co., Ltd. (Current position)	19,500
Reasons for nomination as the candidate for Director Mr. Hitoshi Kawahara was appointed Executive Officer in 2016 followed by the post of Managing Executive Officer, before becoming Director in 2019. In addition to achievements in contributing to the expansion of business performance playing a central role in global Group management and a wealth of experience, he has demonstrated strong leadership to develop a sustainable and solid foundation for Kuraray's growth and drives future development since being appointed as President in January 2021. Therefore, the Company may expect his continued contribution to its management.				
2	Hiroaya Hayase (February 28, 1956)  <u>Reappointed</u>  Attendance at meetings of Board of Directors: (100%) 15/15	April 1980 April 2012  June 2012 April 2013  June 2014 January 2015 March 2015 January 2016 March 2016  March 2020  January 2021  January 2022	Joined Kuraray Co., Ltd. General Manager of Poval Resin Division, Resin Company, Kuraray Co., Ltd. Executive Officer, Kuraray Co., Ltd. General Manager of Poval Resin Division and General Manager of Production and Technology Management Division, Vinyl Acetate Company, Kuraray Co., Ltd. Managing Executive Officer, Kuraray Co., Ltd. President of Vinyl Acetate Film Company, Kuraray Co., Ltd. Director and Managing Executive Officer, Kuraray Co., Ltd. President of Vinyl Acetate Resin Company, Kuraray Co., Ltd. Director and Senior Managing Executive Officer, Kuraray Co., Ltd. Representative Director and Senior Managing Executive Officer, Kuraray Co., Ltd. (Current position) Executive Supervisor of Vinyl Acetate Resin Company (Current position) and Executive Supervisor of Vinyl Acetate Film Company (Current position), Kuraray Co., Ltd. President of Vinyl Acetate Film Company, Kuraray Co., Ltd. (Current position)	18,300
Reasons for nomination as the candidate for Director Mr. Hiroaya Hayase has a wealth of experience in the production technology field and vinyl acetate business, etc., and since being appointed as Director in March 2015, he has also been playing an important role in the Kuraray Group's management. Therefore, the Company may expect his continued contribution to its management.				
3	Masaaki Ito (June 23, 1957)  <u>Reappointed</u>  Attendance at meetings of Board of Directors: (100%) 15/15	April 1980 April 2010  June 2012 April 2013  June 2013 April 2014  June 2014 January 2015 January 2021 April 2021	Joined Kuraray Co., Ltd. General Manager of Methacrylate Division, Chemicals Company, Kuraray Co., Ltd. Executive Officer, Kuraray Co., Ltd. Vice President of Functional Materials Company, Kuraray Co., Ltd. Managing Executive Officer, Kuraray Co., Ltd. Officer Responsible for Corporate Management Planning Division and Officer Responsible for CSR Division, Kuraray Co., Ltd. Director and Managing Executive Officer, Kuraray Co., Ltd. President and Representative Director, Kuraray Co., Ltd. Chairman and Director, Kuraray Co., Ltd. (Current position) Chairperson, Saijo Central Hospital (Current position) (Important Positions Concurrently Held at Other Entities) Chairperson, Saijo Central Hospital	52,400
Reasons for nomination as the candidate for Director Mr. Masaaki Ito has a wealth of experience and expertise gained through leading the management of Kuraray Co., Ltd. as President for six years. In addition, since being appointed as Chairman in January 2021, he has also promoted the improvement of Kuraray's corporate governance system to ensure effective and fair management. Therefore, the Company may expect his continued contribution to its management.				

No.	Name (Date of Birth)	Brief personal history, positions and areas of responsibility		Number of Company shares held
4	Yoshimasa Sano (April 12, 1956)  <u>Reappointed</u>  Attendance at meetings of Board of Directors: (100%) 15/15	April 1980 April 2010 June 2012 April 2014 January 2016 March 2016 January 2017 January 2018 January 2020 March 2020	Joined Kuraray Co., Ltd. General Manager of Elastomer Division, Chemicals Company, Kuraray Co., Ltd. Executive Officer, Kuraray Co., Ltd. General Manager of Methacrylate Division, Functional Materials Company, Kuraray Co., Ltd. Vice President of Functional Materials Company, Kuraray Co., Ltd. Director and Managing Executive Officer, Kuraray Co., Ltd. General Manager of Carbon Materials Division, Functional Materials Company, Kuraray Co., Ltd. President of Functional Materials Company, Kuraray Co., Ltd. President of Fibers and Textiles Company (Current position) and Officer Responsible for Osaka Office (Current position), Kuraray Co., Ltd. Director and Senior Managing Executive Officer, Kuraray Co., Ltd. (Current position)	19,200
Reasons for nomination as the candidate for Director Mr. Yoshimasa Sano has a wealth of experience in the vinyl acetate business and chemicals business, etc., and since being appointed as Director in March 2016, he has also been playing an important role in the Kuraray Group's management. Therefore, the Company may expect his continued contribution to its management.				
5	Keiji Taga (October 16, 1961)  <u>Reappointed</u>  Attendance at meetings of Board of Directors: (100%) 15/15	April 1984 April 2014 March 2017 January 2018 March 2018 March 2019 January 2020 January 2022	Joined Kuraray Co., Ltd. General Manager of Medical Division, Functional Materials Company, Kuraray Co., Ltd. Executive Officer, Kuraray Co., Ltd. Officer Responsible for Corporate Management Planning Office (Current position) and Officer Responsible for CSR Division, Kuraray Co., Ltd. Managing Executive Officer, Kuraray Co., Ltd. Director and Managing Executive Officer, Kuraray Co., Ltd. (Current position) Officer Responsible for Administrative Unit, Kuraray Co., Ltd. Officer Responsible for Corporate Sustainability Division (Current position), Officer Responsible for Global Digital Transformation Office (Current position) and Officer Responsible for Accounting and Finance Division (Current position), Kuraray Co., Ltd.	19,300
Reasons for nomination as the candidate for Director Mr. Keiji Taga has a wealth of experience, including overseas assignment, in the fibers and textiles business, medical business, and corporate management planning, and since being appointed as Director in March 2019, he has also been playing an important role in the Kuraray Group's management. In addition, as he has served in positions including the chairman of the Risk Compliance Committee, the Company may expect his continued contribution to its management also from the perspective of the Kuraray Group's risk management and reinforcement of compliance.				
6	Matthias Gutweiler (March 11, 1958)  <u>Reappointed</u>  Attendance at meetings of Board of Directors: (80%) 12/15	March 1988 June 1996 December 2001 January 2009 April 2013 March 2018 March 2020	Joined Hoechst AG Plant Manager of Mowiol, Hoechst AG Joined Kuraray Specialities Europe GmbH Executive Officer, Kuraray Co., Ltd. President, Kuraray Europe GmbH (Current position) General Manager of PVB Division, Vinyl Acetate Company, Kuraray Co., Ltd. Managing Executive Officer, Kuraray Co., Ltd. Director and Managing Executive Officer, Kuraray Co., Ltd. (Current position) (Important Positions Concurrently Held at Other Entities) President, Kuraray Europe GmbH	0
Reasons for nomination as the candidate for Director Dr. Matthias Gutweiler has track records in R&D and plant management at a world-leading chemical company, and a wealth of experience as President of our major European company, and since being appointed as Director in March 2020, he has been playing a central role in the management of the Kuraray Group. In addition, as he serves as the chairman of the Regional Compliance Committee comprising our European group companies, the Company may expect his continued contribution to its management also from the perspective of global risk management.				



No.	Name (Date of Birth)	Brief personal history, positions and areas of responsibility		Number of Company shares held
7	Nobuhiko Takai (May 5, 1960)  <u>Reappointed</u>  Attendance at meetings of Board of Directors: (100%) 15/15	April 1984 April 2014 March 2016 January 2019 March 2019 January 2020 March 2020	Joined Kuraray Co., Ltd. General Manager of Genestar Division, Isoprene Company, Kuraray Co., Ltd. Executive Officer, Kuraray Co., Ltd. Vice President of Functional Materials Company and General Manager of Carbon Materials Division, Kuraray Co., Ltd. Managing Executive Officer, Kuraray Co., Ltd. President of Functional Materials Company, Kuraray Co., Ltd. (Current position) Director and Managing Executive Officer, Kuraray Co., Ltd. (Current position)	8,500
Reasons for nomination as the candidate for Director Mr. Nobuhiko Takai has a wealth of experience in the vinyl acetate business, Genestar business and carbon materials business, etc., and since being appointed as Director in March 2020, he has also been playing a central role in the management of the Kuraray Group. Therefore, the Company may expect his continued contribution to its management.				
8	Jun Hamano (February 27, 1951)  <u>Reappointed</u> <u>Outside Director</u> <u>Independent Director</u>  Attendance at meetings of Board of Directors: (100%) 15/15	April 1974 July 1999 July 2004 July 2006 July 2008 July 2009 January 2012 April 2013 June 2015  March 2016 June 2021  (Important Positions Concurrently Held at Other Entities) President, The Ohara Memorial Institute for Science of Labour Representative Director and Chairperson, Ohara HealthCare Foundation	Joined Economic Planning Agency of Japan (EPA) Director, Minister's Secretariat Division, EPA Director General for Economic and Fiscal Management, Cabinet Office Vice-Minister for Policy Coordination, Cabinet Office Deputy Vice-Minister, Cabinet Office Vice-Minister, Cabinet Office Advisor, Cabinet Office Executive Advisor, Dentsu Inc. (currently, Dentsu Group Inc.) President, Institute for Science of Labour (currently, The Ohara Memorial Institute for Science of Labour) (Current position) Director, Kuraray Co., Ltd. (Current position) Representative Director and Chairperson, Ohara HealthCare Foundation (Current position)	4,800
Reasons for nomination as the candidate for Outside Director and expected roles Mr. Jun Hamano is nominated as the candidate for Outside Director because he has a wealth of experience and broad insight gained through economic administration and other roles at the Economic Planning Agency of Japan and the Cabinet Office to provide valuable opinions and suggestions to the Company's management from an objective viewpoint. Though he has never been directly engaged in corporate management, he is well prepared for properly executing his duties as Outside Director such as giving accurate guidance on the management of the Company because of the reasons mentioned above. There are no special interests between the Company and Ohara HealthCare Foundation. As part of social contribution activities, the Company pays a membership fee to assist The Ohara Memorial Institute for Science of Labour. However, the annual amount of such membership fee is less than ¥1 million per year. Mr. Jun Hamano is thus deemed to be sufficiently independent as Outside Director.				

No.	Name (Date of Birth)	Brief personal history, positions and areas of responsibility	Number of Company shares held
9	<p>Keiko Murata (February 25, 1962)</p> <p><u>Reappointed</u></p> <p><u>Outside Director</u></p> <p><u>Independent Director</u></p> <p>Attendance at meetings of Board of Directors: (100%) 15/15</p>	<p>April 1986      Joined Economic Planning Agency of Japan (EPA)</p> <p>August 2005    Director for Overseas Economies, Directorate General for Economic Research, Cabinet Office</p> <p>August 2006    Director for International Affairs, Secretariat of the Science Council of Japan, Cabinet Office</p> <p>July 2008        Professor, Graduate School of Social Science, Tokyo Metropolitan University</p> <p>May 2015        Advisor to the President, Tokyo Metropolitan University</p> <p>July 2017        Trustee, Nippon Life Insurance Company (Current position)</p> <p>April 2018       Professor, Graduate School of Management, Tokyo Metropolitan University (Current position)</p> <p>March 2020     Director, Kuraray Co., Ltd. (Current position)</p> <p>(Important Positions Concurrently Held at Other Entities)</p> <p>Professor, Graduate School of Management, Tokyo Metropolitan University</p>	1,800
<p>Reasons for nomination as the candidate for Outside Director and expected roles</p> <p>Ms. Keiko Murata is nominated as the candidate for Outside Director because she has experience in economic administration and professional analysis of Japan and overseas at the Cabinet Office and deep insight as a professor of Graduate School of Tokyo Metropolitan University to provide valuable opinions and suggestions for the Company's management and improving corporate value from an independent viewpoint. Though she has never been directly engaged in corporate management, she is well prepared for properly executing her duties as Outside Director such as giving accurate guidance on the management of the Company because of the reasons mentioned above. There are no special interests between the Company and Tokyo Metropolitan University. Ms. Keiko Murata is thus deemed to be sufficiently independent as Outside Director.</p>			
10	<p>Satoshi Tanaka (February 27, 1958)</p> <p><u>Reappointed</u></p> <p><u>Outside Director</u></p> <p><u>Independent Director</u></p> <p>Attendance at meetings of Board of Directors: (100%) 15/15</p>	<p>April 1981      Joined Mitsui &amp; Co., Ltd.</p> <p>April 2007      General Manager of Corporate Planning &amp; Strategy Division, Mitsui &amp; Co., Ltd.</p> <p>April 2011      Managing Officer, Mitsui &amp; Co., Ltd.</p> <p>April 2013      Executive Managing Officer, Mitsui &amp; Co., Ltd.</p> <p>April 2015      Senior Executive Managing Officer, COO of Asia Pacific Business Unit, Mitsui &amp; Co., Ltd.</p> <p>April 2017      Executive Vice President and CAO (Chief Administrative Officer); CIO (Chief Information Officer); CPO (Chief Privacy Officer), Mitsui &amp; Co., Ltd.</p> <p>June 2017      Representative Director and Executive Vice President, Mitsui &amp; Co., Ltd.</p> <p>April 2019      Director, Mitsui &amp; Co., Ltd.</p> <p>June 2019      Counselor, Mitsui &amp; Co., Ltd.</p> <p>March 2020     Director, Kuraray Co., Ltd. (Current position)</p> <p>April 2020      Outside Director, Sekisui House, Ltd.</p> <p>January 2021   Independent Director, IHH Healthcare Berhad (Current position)</p> <p>April 2021      Representative Director, Executive Vice President &amp; Executive Officer, Sekisui House, Ltd. (Current position)</p> <p>(Important Positions Concurrently Held at Other Entities)</p> <p>Representative Director, Executive Vice President &amp; Executive Officer, Sekisui House, Ltd.</p> <p>Independent Director, IHH Healthcare Berhad</p>	3,600
<p>Reasons for nomination as the candidate for Outside Director and expected roles</p> <p>Mr. Satoshi Tanaka is nominated as the candidate for Outside Director because he has a wealth of experience and broad insight, which were developed through his service as Director responsible for the Corporate Staff Unit and Representative Director of Mitsui &amp; Co., Ltd. to provide valuable opinions and suggestions to the Company's management. There are no special interests between the Company and Sekisui House, Ltd. or IHH Healthcare Berhad. Mr. Satoshi Tanaka is thus deemed to be sufficiently independent as Outside Director.</p>			

No.	Name (Date of Birth)	Brief personal history, positions and areas of responsibility	Number of Company shares held
11	<p>Kiyoto Ido (October 30, 1950)</p> <p><u>Reappointed</u></p> <p><u>Outside Director</u></p> <p><u>Independent Director</u></p> <p>Attendance at meetings of Board of Directors: (100%) 11/11</p>	<p>April 1973      Joined the Ministry of Finance (MOF)</p> <p>March 1980      Consul, Consulate-General of Japan, Frankfurt in Germany</p> <p>July 1989      Deputy General Manager, Finance Dept., Inter-American Development Bank, Washington, D.C.</p> <p>July 1998      Deputy Vice Minister of Finance for International Affairs, MOF Deputy Director-General, International Bureau, MOF</p> <p>June 1999      Minister, Embassy of Japan, Washington, D.C.</p> <p>July 2002      Deputy Director-General, International Bureau, MOF</p> <p>July 2004      Director-General, International Bureau, MOF</p> <p>August 2006      Executive Director, Bank of Japan</p> <p>April 2011      Vice Chairman, Institute for International Economic Studies</p> <p>March 2021      Director, Kuraray Co., Ltd. (Current position) Director (Outside), Japan Investment Adviser Co., Ltd. (Current position)</p> <p>(Important Positions Concurrently Held at Other Entities) Director (Outside), Japan Investment Adviser Co., Ltd.</p>	1,100
<p>Reasons for nomination as the candidate for Outside Director and expected roles</p> <p>Mr. Kiyoto Ido is nominated as the candidate for Outside Director because he has a wealth of experience in economic administration gained at the Ministry of Finance of Japan, etc., and broad insight which were developed through international experiences at the Ministry of Foreign Affairs and other professional research institutions to provide valuable opinions and suggestions for the Company's management and improving corporate value from an independent viewpoint. Though he has never been directly engaged in corporate management, he is well prepared for properly executing his duties as Outside Director such as giving accurate guidance on the management of the Company because of the reasons mentioned above. There are no special interests between the Company and Japan Investment Adviser Co., Ltd. Mr. Kiyoto Ido is thus deemed to be sufficiently independent as Outside Director.</p>			

(Note) 1. No special interests exist between the Company and any of the above candidates.

(Note) 2. Mr. Jun Hamano, Ms. Keiko Murata, Mr. Satoshi Tanaka and Mr. Kiyoto Ido are candidates for Outside Directors.

(Note) 3. Liability Limitation Agreement

The Company has entered into an agreement with Mr. Jun Hamano, Ms. Keiko Murata, Mr. Satoshi Tanaka and Mr. Kiyoto Ido for limitation of liability to the effect that their liabilities for damages under Article 423, Paragraph 1 of the Companies Act shall be limited to the minimum liability amount prescribed in applicable laws and regulations, and if their reelection is approved, such contract is planned to be continued.

(Note) 4. Term of office of Outside Officer

- (1) Mr. Jun Hamano is currently Outside Director of the Company and his term of office will be six (6) years at the conclusion of this 141st Ordinary General Meeting of Shareholders.
- (2) Ms. Keiko Murata is currently Outside Director of the Company and her term of office will be two (2) years at the conclusion of this 141st Ordinary General Meeting of Shareholders.
- (3) Mr. Satoshi Tanaka is currently Outside Director of the Company and his term of office will be two (2) years at the conclusion of this 141st Ordinary General Meeting of Shareholders.
- (4) Mr. Kiyoto Ido is currently Outside Director of the Company and his term of office will be one (1) year at the conclusion of this 141st Ordinary General Meeting of Shareholders.

(Note) 5. Registration as Independent Director

The Company has registered each of Mr. Jun Hamano, Ms. Keiko Murata, Mr. Satoshi Tanaka and Mr. Kiyoto Ido as Independent Director prescribed by the Tokyo Stock Exchange as each of them satisfies the criteria for independence for Outside Directors/Auditors set forth by the Tokyo Stock Exchange and the criteria for independence set forth by the Company. The Company plans to continue registering them as Independent Director if their reelection is approved.

(Note) 6. Directors and Officers Liability Insurance Contract

The Company has concluded a directors and officers liability insurance contract provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to cover compensation for damages and legal expenses in the event that a claim for damages is made against the insured due to an act committed by the insured based on his/her position. Each candidate will be insured under the insurance contract. The Company plans to renew the insurance contract with the same contents at maturity.

#### Proposal No. 4: Election of One (1) Corporate Auditor

The term of office of Corporate Auditor Mitsuhiro Nagahama will expire at the conclusion of this 141st Ordinary General Meeting of Shareholders. Accordingly, we hereby propose that one (1) Corporate Auditor be elected. The Board of Corporate Auditors has given prior consent to this Proposal.

The candidate for the Corporate Auditor is as follows.

Name (Date of Birth)	Brief personal history, positions in the Company	Number of Company shares held
<p>Mitsuhiro Nagahama (October 24, 1953)</p> <p style="text-align: center;">Reappointed Outside Corporate Auditor Independent Auditor</p> <p>Attendance at meetings of Board of Directors: (100%) 15/15</p> <p>Attendance at meetings of Board of Corporate Auditors: (100%) 13/13</p>	<p>April 1976      Joined The Fuji Bank Limited (currently, Mizuho Bank, Ltd.)</p> <p>April 2002      General Manager, Americas Non-Japanese Corporate Banking Division No. 2, Mizuho Corporate Bank, Ltd. (currently, Mizuho Bank, Ltd.)</p> <p>March 2003      Executive Officer and General Manager, Otemachi Corporate Banking Division No. 6 and No. 7, Mizuho Corporate Bank, Ltd.</p> <p>April 2005      Managing Executive Officer in charge of corporate banking, Mizuho Corporate Bank, Ltd.</p> <p>March 2006      Managing Executive Officer, Head of the Americas, Mizuho Corporate Bank, Ltd.</p> <p>April 2010      Deputy President, Head of the Americas, Mizuho Corporate Bank, Ltd.</p> <p>April 2013      Chairman of the Board, Mizuho Securities Co., Ltd. Chairman of the Board, Mizuho Securities USA Inc.</p> <p>April 2015      Senior Advisor, Mizuho Securities Co., Ltd.</p> <p>June 2015      Outside Audit &amp; Supervisory Board Member, Azbil Corporation</p> <p>March 2018      Corporate Auditor, Kuraray Co., Ltd. (Current position)</p> <p>March 2019      Outside Director, Tokyo Tatemono Co., Ltd.</p> <p>June 2019      Outside Director, Azbil Corporation (Current position)</p> <p>June 2020      Outside Director, NSK Ltd. (Current position)</p> <p>(Important Positions Concurrently Held at Other Entities)</p> <p>Outside Director, Azbil Corporation</p> <p>Outside Director, NSK Ltd.</p>	<p style="text-align: center;">0</p>
<p>Reasons for nomination as the candidate for Outside Corporate Auditor</p> <p>Mr. Mitsuhiro Nagahama is nominated as the candidate for Outside Corporate Auditor because he has a wealth of experience and broad insight at financial institutions as well as a track record at other companies as outside director/auditor, and the Company believes that he is appropriate as its Outside Corporate Auditor. There are no special interests between the Company and Azbil Corporation or NSK Ltd. Mr. Mitsuhiro Nagahama is thus deemed to be sufficiently independent as Outside Corporate Auditor.</p>		

- (Note) 1. No special interests exist between the Company and Mr. Mitsuhiro Nagahama.
- (Note) 2. Mr. Mitsuhiro Nagahama is a candidate for Outside Corporate Auditor.
- (Note) 3. The Company has entered into an agreement with Mr. Mitsuhiro Nagahama for limitation of liability to the effect that his liabilities for damages under Article 423, Paragraph 1 of the Companies Act shall be limited to the minimum liability amount prescribed in applicable laws and regulations, and if his reelection is approved, such contract is planned to be continued.
- (Note) 4. Mr. Mitsuhiro Nagahama is currently Outside Corporate Auditor of the Company and his term of office will be four (4) years at the conclusion of this 141st Ordinary General Meeting of Shareholders.
- (Note) 5. The Company has registered Mr. Mitsuhiro Nagahama as Independent Director/Auditor prescribed by the Tokyo Stock Exchange as he satisfies the criteria for independence for Outside Directors/Auditors set forth by the Tokyo Stock Exchange and the criteria for independence set forth by the Company. The Company plans to continue registering him as Independent Auditor if his reelection is approved.
- (Note) 6. The Company has concluded a directors and officers liability insurance contract provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to cover compensation for damages and legal expenses in the event that a claim for damages is made against the insured due to an act committed by the insured based on his/her position. Mr. Mitsuhiro Nagahama will be insured under the insurance contract. The Company plans to renew the insurance contract with the same contents at maturity.
- (Note) 7. In November 2019, while Mr. Mitsuhiro Nagahama was in office as Outside Corporate Auditor, the Company received a cease and desist order and a penalty payment order from the Japan Fair Trade Commission over violations of the Antimonopoly Act in the manufacture and sale of certain activated carbon used in some water purification, waste incineration, and other facilities in the East Japan and Kinki regions. While Mr. Mitsuhiro Nagahama was not aware the fact in advance, he had been regularly calling attention to the importance of compliance with laws and regulations. After the fact came to light, he confirmed the details of countermeasures at the meetings of the Board of Directors and other meetings, made suggestions for preventing recurrence, and took other actions required of an Outside Corporate Auditor.

**[Reference] Independence Standards for Outside Officers**

1. The Company judges that its Outside Officers and the candidates for the Outside Officers are fully independent from the Company if they do not fall under any of the following items:
  - (1) A business executive of the Kuraray Group
  - (2) A counterparty which has transactions principally with the Kuraray Group, or its business executive thereof
  - (3) A major business partner of the Kuraray Group, or its business executive thereof
  - (4) A major lender of the Kuraray Group, or its business executive thereof
  - (5) A counterparty that receives a large amount of donations from the Kuraray Group, or its business executive thereof
  - (6) A major shareholder of the Company (who possesses 10% or more of the total voting right either directly or indirectly), or its business executive thereof
  - (7) A business executive of the party whose major investor (who possesses 10% or more of the total voting right either directly or indirectly) is the Kuraray Group
  - (8) A consultant, certified public accountant or other accounting professional, attorney or other legal professional who receives a large amount of monetary or other assets from the Kuraray Group other than the executive remunerations (in case of a legal entity, association or other organization, a person belonging thereto)
  - (9) A person who belongs to an accounting firm that conducts the statutory audit of the Company
  - (10) A person who has fallen under the above criteria (1) in the past ten years
  - (11) A person who has fallen under any of the above criteria (2) through (9) in the past three years
  - (12) A person whose position constitutes him/her as having an Outside Officer's interlocking relationship with the Kuraray Group
  - (13) A relative of the persons listed in the above criteria (1) through (11)
2. Even in cases where a person falls under any of the above items, if the person is deemed to be appropriate for the post of an independent Outside Officer in light of his/her personality, knowledge and other qualities, the Company may appoint him/her as independent Outside Officer on the condition that the reasons why the person is deemed appropriate for the post are explained to the public.

**[Reference] Skills Matrix for Directors/Corporate Auditors**

If Proposals No. 3 and No. 4 are approved as proposed, the composition of Directors and Corporate Auditors of the Company and their knowledge and experience will be primarily as follows:

	Name		Knowledge/Experience of Directors/Corporate Auditors								
			Corporate Management	Global	Sales and Marketing	Production and Equipment Technology	R&D	Legal Affairs and Risk Management	Finance and Accounting	Environment and Society	Human Resources and Labor Management
Directors		Hitoshi Kawahara	○	○	○						
		Hiroaya Hayase	○	○		○	○				
		Masaaki Ito	○	○		○	○				
		Yoshimasa Sano		○	○						
		Keiji Taga		○	○			○	○		
		Matthias Gutweiler	○	○		○	○				
		Nobuhiko Takai		○	○						
		Jun Hamano	Outside Independent							○	○
		Keiko Murata	Outside Independent		○				○	○	
		Satoshi Tanaka	Outside Independent	○	○	○					○
	Kiyoto Ido	Outside Independent		○				○	○		
Corporate Auditors		Kazuhiro Nakayama		○		○	○			○	
		Naoya Uehara		○				○			
		Mitsuhiro Nagahama	Outside Independent	○	○				○		○
		Tomomi Yatsu	Outside Independent					○	○		
		Kenji Komatsu	Outside Independent	○	○	○					

(Note) The above table shows up to 4 knowledge or experience possessed by Directors or Corporate Auditors. The above table does not represent all knowledge or experience possessed by Directors and Corporate Auditors.

## Documents Attached to the Notice of Convocation of the Ordinary General Meeting of Shareholders

### Business Report (From January 1, 2021 to December 31, 2021)

#### 1. Current Situation of the Kuraray Group

##### (1) Progress and Results of Operations

##### General Situation

In the fiscal year ended December 31, 2021 (“fiscal 2021”), the world economy continued to recover overall as economic activities have been invigorated with the easing of restrictions due to rising COVID-19 vaccination rates. However, new COVID-19 infection numbers continued to rise due to the emergence of new variants, raw material and fuel prices remaining high, and the semiconductor shortage and logistics disruptions grew more serious. Consequently, consolidated operating results for fiscal 2021 are as follows: net sales rose ¥87,573 million, or 16.2%, compared with the previous fiscal year to ¥629,370 million; operating income increased ¥27,914 million, or 63.0%, to ¥72,256 million; ordinary income increased ¥29,024 million, or 73.0%, to ¥68,765 million; and net income attributable to owners of the parent increased ¥34,691 million, or 1,349.5%, to ¥37,262 million.

In fiscal 2021, the Company recorded an extraordinary loss comprising a loss on litigation of ¥4,296 million in connection with a fire in May 2018 at a Group subsidiary in the United States, etc. and a disaster loss of ¥3,284 million caused by a suspension of production at some facilities operated by a Group subsidiary in the United States due to a cold wave that swept across the southern United States in February 2021.

##### **[Reference]**

(Unit: Billions of yen, rounded off to the nearest hundred million)

	Fiscal 2020	Fiscal 2021	Change (%)
Net sales	541.8	629.4	16.2%
Operating income	44.3	72.3	63.0%
Ordinary income	39.7	68.8	73.0%
Net income attributable to owners of the parent	2.6	37.3	1,349.5%

### Results by Business Segment

Results by business segment are as follows.

#### **Vinyl Acetate**

Major Business Lines: Manufacture and sale of PVA resin and film, PVB resin and film, and EVOH resin and film
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Sales in this segment increased 18.5% year on year to ¥304,690 million, and segment income rose 41.6% year on year to ¥57,726 million.

- (i) Although performance was impacted by high raw material and fuel prices, sales of PVA resin increased for a wide range of applications as global demand has been recovering. Sales of optical-use poval film were brisk against a backdrop of robust demand for LCD panels continuing from the second half of the previous fiscal year. The sales volume of PVB film rose year on year but were affected by a decrease in the production of automobiles caused by a shortage of semiconductors from the third quarter. Sales of water-soluble PVA film steadily expanded for use in unit dose detergent packets, including for laundry and dish detergents.
- (ii) The sales volume of EVAL™ ethylene vinyl alcohol copolymer (EVOH resin) increased due to a recovery in demand for gas tank applications and solid demand for food packaging applications but were affected by high raw material and fuel prices from the beginning of the year and a decrease in the production of automobiles from the third quarter.

#### **Isoprene**

Major Business Lines: Manufacture and sale of isoprene chemical products and polyamide resin
--

Sales in this segment increased 22.9% year on year to ¥61,940 million, and segment income rose 49.5% year on year to ¥5,694 million.

- (i) The sales volume of isoprene chemicals and SEPTON™ thermoplastic elastomer increased due to a recovery in demand.
- (ii) Sales of GENESTAR™ heat-resistant polyamide resin expanded as demand for electric and electronic device applications and automotive applications increased, despite the impact of rising costs associated with raw materials, fuel and logistics.

#### **Functional Materials**

Major Business Lines: Manufacture and sale of methacrylic resin, medical products, and activated carbon
---

Sales in this segment increased 11.3% year on year to ¥139,078 million, and segment income rose 173.4% year on year to ¥8,189 million.

- (i) In the methacrylate business, sales for spatter-blocking barrier panels and displays applications remained steady, and market conditions stayed strong.
- (ii) In the medical business, demand for new Kuraray products was strong in the dental materials business, especially in Europe and the United States, and sales expanded.
- (iii) In the environmental solutions business, demand increased, especially for water treatment applications in Europe and the United States, and sales of activated carbon remained steady.



## Fibers and Textiles

Major Business Lines: Manufacture and sale of man-made leather, PVA fiber, non-woven fabrics, hook and loop fasteners, and polyester fiber

Sales in this segment rose 12.3% year on year to ¥61,082 million, and segment income increased 146.1% year on year to ¥5,302 million.

- (i) Sales of CLARINO™ man-made leather remained steady, especially for use in shoes.
- (ii) In fibers and industrial materials, the demand for KURALON™ and VECTRAN™ expanded, and sales volume increased.
- (iii) In consumer goods and materials, demand for KURAFLEX™ in the restaurant industry was weak.

## Trading

Major Business Lines: Exportation, importation, and wholesale of textile goods, resins and chemicals

Sales in this segment increased 15.7% year on year to ¥144,027 million, and segment income rose 34.6% year on year to ¥4,852 million.

- (i) In fiber-related businesses, sales of sports wear and CLARINO™ man-made leather were brisk.
- (ii) Sales of resins and chemicals expanded in line with higher demand, mainly in the Chinese market.

## Other Business

Major Business Lines: Manufacture and sale of high-performance membranes and system for water treatment; Engineering

In other business, domestic affiliates saw sales recover, resulting in an increase in segment sales of 14.2% year on year to ¥47,615 million and segment income rising 324.0% year on year to ¥908 million.

## [Reference] Net Sales and Operating Income by Business Segment

(Unit: Billions of yen, rounded to the nearest hundred million)

	Net sales			Operating income		
	Fiscal 2020	Fiscal 2021	Change (%)	Fiscal 2020	Fiscal 2021	Change (%)
Vinyl Acetate	257.1	304.7	18.5%	40.8	57.7	41.6%
Isoprene	50.4	61.9	22.9%	3.8	5.7	49.5%
Functional Materials	125.0	139.1	11.3%	3.0	8.2	173.4%
Fibers and Textiles	54.4	61.1	12.3%	2.2	5.3	146.1%
Trading	124.4	144.0	15.7%	3.6	4.9	34.6%
Other Business	41.7	47.6	14.2%	0.2	0.9	324.0%
Elimination & Corporate	(111.2)	(129.1)	—	(9.2)	(10.4)	—
Total	541.8	629.4	16.2%	44.3	72.3	63.0%

(2) Capital Expenditures

Major capital expenditures invested during fiscal 2021 were as follows:

- (i) Major facilities completed during the year  
None applicable
- (ii) Ongoing establishment, expansion and reinforcement of major facilities during the year
  - Kuraray Co., Ltd.  
Installation of power facilities (Vinyl Acetate Business and Fibers and Textiles Business)
  - Kuraray GC Advanced Materials Co., Ltd. and Kuraray Advanced Chemicals (Thailand) Co., Ltd.  
Construction of new plant for chemical production (Isoprene Business)
  - Calgon Carbon Corporation  
Expansion of activated carbon production facilities (Functional Materials Business)

(3) Transfer, Divestiture or Spin-off of Businesses

In July 2021, the Company divested the UV and ballast-related operations of its U.S. subsidiary, Calgon Carbon Corporation, to De Nora Water Technologies, LLC.

(4) Transfer of Business from Other Companies

None applicable

(5) Succession of Rights and/or Liabilities regarding Businesses of Other Corporations via Absorption or Divestiture

None applicable

(6) Acquisition or Disposition of Equity or Share Purchase Warrants of Other Corporations

Nothing important to mention

(7) Financing

In order to meet funding needs during fiscal 2021, we raised funds mainly by bank borrowings.

(8) Challenge for the Kuraray Group

Kuraray's mission is: "For people and the planet—to achieve what no one else can." Based on this, in 2017 the Company established the Kuraray Vision 2026, which we aim to realize by 2026, the centennial of the Company's founding. When formulating the new medium-term management plan "PASSION 2026," which starts from 2022, we partially revised this vision, adding the message "contributing to customers, society, and the planet" to clarify that we give back to a wide range of stakeholders. The new Kuraray Vision 2026 outlines the aim of being a: "Specialty Chemical Company contributing to customers, society and the planet and growing sustainably by incorporating new innovation platforms into its own technologies."

We have formulated a sustainability long-term vision to promote sustainability as a united group.

Sustainability Long-term Vision

"As a Sustainability leader, Kuraray will develop innovative solutions with unique products and cleaner technologies to improve the natural environment and enhance quality of life for people everywhere."

In addition, to respond to sustainability issues that are getting more and more important, we reorganized the CSR Committee and established the Sustainability Committee, chaired by the President, in January 2022. Under the new organization, we will promote initiatives aiming to reduce Scopes 1 and 2 GHG emissions by 30% from 2019 levels by 2030 to achieve net zero carbon emission in 2050.

In line with “PASSION 2026,” the Group set three challenges to tackle listed below to realize the Kuraray Vision 2026.

1) Sustainability as an opportunity

In order to realize our sustainability long-term vision, we have formulated a sustainability medium-term plan. We have defined the direction of our effort to tackle materiality issues using the three Ps, Planet, Product and People. Particularly in the initiative for Product, we adopt Portfolio Sustainability Assessment (PSA), an objective product portfolio assessment index established by the World Business Council for Sustainable Development (WBCSD) that is being steadily introduced by chemical manufacturers in Europe. Using PSA, we aim to shift to a business portfolio that emphasizes social and environmental value.

2) Innovation starting from networking

In January 2022, we established the Innovation Networking Center in order to accelerate the creation of innovation through cross-organizational collaboration with each division within the Company and close collaboration with customers and partner companies. We will expand existing businesses and create new businesses with an eye to M&As and alliances with other companies.

3) Transformation of people and organizations

In order to promote digital transformation (DX) throughout the Company, we newly established the Global Digital Transformation (GDX) Office in January 2022. The GDX Office plays a central role in advancing process transformations using digital technology, aiming to realize the Kuraray Group DX Vision.

DX Vision

“Improve Competitiveness, continuously evolve and contribute to the world as a Digitally savvy company”

We try to improve digital literacy and aim to become an organization that makes decisions based on data. In addition, we will use digital technology to make our operations more efficient and improve productivity. We will also work on simulations of research and development and production technologies, which will lead to reforms in customer experiences and the creation of new business models.

We aim to become a company that grows sustainably through the implementation of concrete measures against these three challenges.

As regards to the economic environment over fiscal 2022, despite some resurgence of COVID-19, it is expected that vaccinations and other measures will limit the pandemic’s effects on economic activities. On the other hand, rising geopolitical risks in some regions, soaring prices of raw materials and fuels, prolonged stagnation in logistics and continuing high logistics costs may become a source of concern for our business performance. Under such circumstances, by steadily carrying out management strategies outlined in the medium-term management plan “PASSION 2026” rolled out in the fiscal year, the Group aims to achieve net sales of ¥750.0 billion and operating income of ¥100.0 billion in fiscal 2026—the centennial of Kuraray’s founding. During the period of “PASSION 2026,” we will ensure capital investment, such as in the Thai Isoprene base, the Polish water-soluble PVA film production base, and the Calgon Carbon Corporation new facility leads to accomplishments. We will also focus resource allocation on businesses that aim for growth, such as EVAL™ ethylene vinyl alcohol copolymer, GENESTAR™ heat-resistant polyamide resin, VECSTAR™ liquid crystalline polymer film, dental materials, and optical use poval film. In this way, we will strive to create a more upgraded business portfolio. The Group will continue taking on these challenges as a sustainably growing specialty chemical company toward the centennial in 2026.

The Company positions the distribution of profits to all shareholders as a priority management issue. In fiscal 2021, our basic policy was to ensure a total return ratio of at least 35% as a proportion of net income attributable to owners of the parent and an annual dividend per share of ¥40. Under this policy, the interim dividend in fiscal 2021 was ¥20 per share, and the year-end dividend is expected to amount ¥20, for a total annual dividend of ¥40 per share.

In the medium-term management plan “PASSION 2026,” which started in fiscal 2022, our basic policy is to ensure a total return ratio of at least 35% as a proportion of net income attributable to owners of the parent, and an annual dividend of at least ¥40 per share. We will strive to enhance shareholder returns through the expansion of profit. We therefore plan to pay out an annual dividend per share of ¥42 comprising an interim dividend of ¥21 and a year-end dividend of ¥21, having set a prerequisite of recording ¥43.0 billion in net income attributable to owners of the parent. In fiscal 2022, the Company will execute share buybacks of up to either 11 million shares or ¥10 billion.

In addition, there was a fire that resulted in injuries of outside contract workers at a U.S. subsidiary in May 2018, and civil lawsuits were filed seeking damages. Only some of the plaintiffs’ lawsuits are still active. To ensure a similar fire does not occur again, safety inspections have been conducted at our main overseas chemical plants since 2019 under the coordination of the Kuraray headquarters in an effort to revise and strengthen safety measures. From fiscal 2022, we will establish a new Global Process Safety Management Audit Team and strengthen safety audits for chemical and activated carbon plants.

Furthermore, in October 2021, the Company confirmed that its servers were hacked and some of its data was leaked. Through a subsequent investigation, we determined that some of the data that may have leaked included personal data, such as the names and company contact information of business partners and Group employees. We have taken the necessary measures, including contacting the relevant parties. With the help of an external specialist organization, we will work to further strengthen our data security and ensure our data management system is much stricter.

(9) Changes in Financial Position and Income Summary

	Fiscal 2018	Fiscal 2019	Fiscal 2020	<b>Fiscal 2021</b>
Net sales (Millions of yen)	602,996	575,807	541,797	<b>629,370</b>
Operating income (Millions of yen)	65,794	54,173	44,341	<b>72,256</b>
Ordinary income (Millions of yen)	61,167	48,271	39,740	<b>68,765</b>
Net income (loss) attributable to owners of the parent (Millions of yen)	33,560	(1,956)	2,570	<b>37,262</b>
Net income (loss) per share (Yen)	96.05	(5.66)	7.48	<b>108.32</b>
Total assets (Millions of yen)	947,095	991,149	1,051,584	<b>1,091,014</b>
Net assets (Millions of yen)	567,033	538,545	515,481	<b>579,602</b>

(10) Major Subsidiaries

Company Name	Capital	The Company's Equity Position (%) <sup>1</sup>	Major Business Lines
Kuraray Trading Co., Ltd.	2,200 (Millions of yen)	100.00	Exportation, importation and wholesale of textile goods, resins and chemicals
Kuraray Noritake Dental Inc.	300 (Millions of yen)	66.70	Manufacture and sale of dental materials
Kuraray Plastics Co., Ltd.	180 (Millions of yen)	100.00	Manufacture and sale of molded rubber and chemicals, resin compounds and laminated products
Kuraray Engineering Co., Ltd.	150 (Millions of yen)	100.00	Plant design and construction
Kuraray Techno Co., Ltd.	100 (Millions of yen)	100.00	Entrusted services for operations pertaining to production and logistics and manpower dispatching/recruiting business
Kuraray Kuraflex Co., Ltd.	100 (Millions of yen)	100.00	Manufacture, processing and sale of non-woven fabric products
Kuraray Fastening Co., Ltd.	100 (Millions of yen)	70.00	Manufacture and sale of hook and loop fasteners and related goods
Kuraray Holdings U.S.A., Inc.	865,031 (Thousands of U.S. dollars)	100.00	Holding company and controlling function of U.S. subsidiaries
Kuraray America, Inc. <sup>2</sup>	10,101 (Thousands of U.S. dollars)	100.00 (100.00)	Importation, exportation and sale of textile goods, resins and chemicals, manufacture and sale of PVA resin, PVB resin and film, EVOH resin and thermoplastic elastomer
MonoSol, LLC <sup>3</sup>	59,050 (Thousands of U.S. dollars)	100.00 (100.00)	Manufacture and sale of PVA film for industrial purposes
Calgon Carbon Corporation <sup>2</sup>	618 (Thousands of U.S. dollars)	100.00 (100.00)	Manufacture and sale of activated carbon and water treatment equipment
Kuraray Europe GmbH	31,188 (Thousands of euros)	100.00	Importation, exportation and sale of textile goods and chemicals, as well as manufacture and sale of PVA resin and PVB resin and film
EVAL Europe N.V. <sup>4</sup>	29,747 (Thousands of euros)	100.00 (100.00)	Manufacture and sale of EVOH resin
Kuraray Asia Pacific Pte. Ltd.	29,775 (Thousands of U.S. dollars)	100.00	Manufacture and sale of PVA resin
Kuraray (Shanghai) Co., Ltd.	8,000 (Thousands of U.S. dollars)	100.00	Importation and sale of resins and chemicals
Kuraray China Co., Ltd.	3,000 (Thousands of U.S. dollars)	100.00	Provision of financing/indirect support functions to Group companies in China, and assistance to the Kuraray Group in expanding businesses in China and considering market entry into China
Kuraray Methacrylate (Zhang Jia Gang) Co., Ltd.	15,280 (Thousands of U.S. dollars)	100.00	Manufacture and sale of acrylic sheets
Kuraray Hong Kong Co., Ltd.	4,650 (Thousands of Hong Kong dollars)	100.00	Sale of man-made leather
Kuraray Korea Ltd.	2,107 (Millions of Korean won)	100.00	Manufacture and sale of PVB film
Plantic Technologies Limited	131,511 (Thousands of AUS dollars)	100.00	Manufacture and sale of biomass-derived PLANTIC™ film
Kuraray Specialities (Thailand) Co., Ltd.	5,569 (Millions of Thai baht)	100.00	Importation and sale of resins and chemicals

Notes:

1. The figures in bracket in "The Company's Equity Position" refer to the indirect holding ratio.
2. Kuraray America, Inc. and Calgon Carbon Corporation are wholly-owned subsidiaries of Kuraray Holdings U.S.A., Inc.
3. MonoSol, LLC is a wholly-owned subsidiary of MonoSol Holdings, Inc., which is a wholly-owned subsidiary of Kuraray Holdings U.S.A., Inc.
4. EVAL Europe N.V. is a wholly-owned subsidiary of Kuraray Europe GmbH.
5. The Kurashiki Kokusai Hotel, Ltd. was excluded from the list above.

(11) Major Offices, Plants and Research Centers

[Offices in Japan]

	Name	Location
Kuraray Co., Ltd.	Head Office	Chiyoda-ku, Tokyo
	Osaka Office	Osaka-city, Osaka
	Kurashiki Plant	Kurashiki-city, Okayama
	Saijo Plant	Saijo-city, Ehime
	Okayama Plant	Okayama-city, Okayama
	Niigata Plant	Tainai-city, Niigata
	Kashima Plant	Kamisu-city, Ibaraki
	Tsurumi Plant	Bizen-city, Okayama
	Kurashiki Research Center	Kurashiki-city, Okayama
	Tsukuba Research Center	Tsukuba-city, Ibaraki
Kuraray Group Companies	Kuraray Trading Co., Ltd.	Osaka-city, Osaka
	Kuraray Noritake Dental Inc.	Chiyoda-ku, Tokyo
	Kuraray Plastics Co., Ltd.	Osaka-city, Osaka
	Kuraray Engineering Co., Ltd.	Osaka-city, Osaka
	Kuraray Techno Co., Ltd.	Osaka-city, Osaka
	Kuraray Kuraflex Co., Ltd.	Osaka-city, Osaka
	Kuraray Fastening Co., Ltd.	Osaka-city, Osaka

[Offices outside Japan]

Name	Location
Kuraray America, Inc.	United States
KAI Corporate R&D	United States
MonoSol, LLC	United States, United Kingdom
Calgon Carbon Corporation	United States, United Kingdom, Italy, Belgium, France, China
Kuraray Europe GmbH	Germany
EVAL Europe N.V.	Belgium
OOO TROSIFOL	Russia
Kuraray Asia Pacific Pte. Ltd.	Singapore
Kuraray China Co., Ltd.	China
Kuraray (Shanghai) Co., Ltd.	China
Kuraray Methacrylate (Zhang Jia Gang) Co., Ltd.	China
Kuraray Hong Kong Co., Ltd.	Hong Kong
Kuraray Korea Ltd.	South Korea
Kuraray (Thailand) Co., Ltd.	Thailand
Kuraray India Private Limited	India
Plantic Technologies Limited	Australia
Kuraray South America Ltda.	Brazil

(12) Employees

Business Segment	Number of Employees	Year-on-year Increase (Decrease)
Vinyl Acetate	4,190	45
Isoprene	1,091	156
Functional Materials	2,921	(94)
Fibers and Textiles	1,398	(20)
Trading	372	21
Other Business	1,135	7
Corporate (Shared)	223	(4)
Total	11,330	111

(13) Major Lenders

(Millions of yen)

Lender	Borrowing balance
MUFG Bank, Ltd.	26,615
Mizuho Bank, Ltd.	19,214
The Chugoku Bank, Ltd.	17,715
Development Bank of Japan Inc.	16,000
Nippon Life Insurance Company	15,500

Notes:

1. Borrowing balance mentioned above includes borrowings from overseas subsidiaries of lenders.
2. In addition to the above, there are ¥85,000 million of borrowings via syndicated loans.

(14) Other Significant Matters of the Kuraray Group

Nothing important to mention

**2. Shares of the Company**

- (1) Total Number of Shares Authorized to be Issued: 1,000,000,000 shares  
 (2) Total Number of Shares Issued: 354,863,603 shares  
 (Including 10,858,263 shares of treasury shares)
- (3) Number of Shareholders as of December 31, 2021: 98,126
- (4) Major Shareholders

Shareholder's name	Number of shares held (Thousands)	Ratio of capital contribution (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	60,336	17.54
Custody Bank of Japan, Ltd. (Trust account)	21,887	6.36
National Mutual Insurance Federation of Agricultural Co-operatives	10,882	3.16
Nippon Life Insurance Company	10,448	3.04
Japan Securities Finance Co., Ltd.	6,772	1.97
SMBC Nikko Securities Inc.	6,036	1.75
Meiji Yasuda Life Insurance Company	5,969	1.74
Kuraray Employee Stock Ownership Plan	5,550	1.61
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	4,999	1.45
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	4,992	1.45

Note: In calculation of "Ratio of capital contribution," the treasury shares of the Company (10,858,263 shares) are excluded from the total number of shares issued.

(5) Shares Issued to Directors and Corporate Auditors as Consideration for Execution of Duties during the Subject Fiscal Year

The details of stock-based remuneration issued during fiscal 2021 are as follows.

Category	Number of eligible persons	Number of shares
Directors (excluding Outside Directors)	7	25,500 shares

Note: Details of the Company's stock-based remuneration are provided in "(4) Total Amounts of Remuneration, etc., Paid to Directors and Corporate Auditors" on Page 28.

### 3. Share Purchase Warrants, etc., of the Company

(1) Details of Share Purchase Warrants Held by Directors and Corporate Auditors of the Company as of December 31, 2021

- (i) Share purchase warrants  
443 units
- (ii) Kind and number of shares  
Common shares: 221,500 shares (500 shares for each share purchase warrant)
- (iii) Number of share purchase warrants held by Directors of the Company

	Designation of share purchase warrants	Exercise period	Issue price per share	Number of share purchase warrants	Number of holders
			Exercise price per share		
Directors (excluding Outside Directors)	Share Purchase Warrants issued in May 2013 (Stock Options for a Stock Linked Compensation)	May 15, 2013 – May 14, 2028	¥1,482	12 units	4
			¥1		
	Share Purchase Warrants issued in May 2014 (Stock Options for a Stock Linked Compensation)	May 15, 2014 – May 14, 2029	¥1,119	14 units	4
			¥1		
	Share Purchase Warrants issued in February 2015 (Stock Options for a Stock Linked Compensation)	February 17, 2015 – February 16, 2030	¥1,352	18 units	4
			¥1		
	Share Purchase Warrants issued in February 2016 (Stock Options for a Stock Linked Compensation)	February 10, 2016 – February 9, 2031	¥1,200	34 units	4
			¥1		
	Share Purchase Warrants issued in February 2017 (Stock Options for a Stock Linked Compensation)	February 9, 2017 – February 8, 2032	¥1,538	53 units	6
			¥1		
Share Purchase Warrants issued in February 2018 (Stock Options for a Stock Linked Compensation)	February 15, 2018 – February 14, 2033	¥1,761	37 units	7	
		¥1			
Share Purchase Warrants issued in February 2019 (Stock Options for a Stock Linked Compensation)	February 14, 2019 – February 13, 2034	¥1,466	64 units	7	
		¥1			
Share Purchase Warrants issued in February 2020 (Stock Options for a Stock Linked Compensation)	February 14, 2020 – February 13, 2035	¥1,314	84 units	7	
		¥1			
Share Purchase Warrants issued in February 2021 (Stock Options for a Stock Linked Compensation)	February 12, 2021 – February 11, 2036	¥1,174	113 units	7	
		¥1			



	Designation of share purchase warrants	Exercise period	Issue price per share	Number of share purchase warrants	Number of holders
			Exercise price per share		
Outside Directors	Share Purchase Warrants issued in February 2017 (Stock Options for a Stock Linked Compensation)	February 9, 2017 – February 8, 2032	¥1,538	2 units	1
			¥1		
	Share Purchase Warrants issued in February 2018 (Stock Options for a Stock Linked Compensation)	February 15, 2018 – February 14, 2033	¥1,761	2 units	1
			¥1		
	Share Purchase Warrants issued in February 2019 (Stock Options for a Stock Linked Compensation)	February 14, 2019 – February 13, 2034	¥1,466	2 units	1
			¥1		
	Share Purchase Warrants issued in February 2020 (Stock Options for a Stock Linked Compensation)	February 14, 2020 – February 13, 2035	¥1,314	2 units	1
			¥1		
	Share Purchase Warrants issued in February 2021 (Stock Options for a Stock Linked Compensation)	February 12, 2021 – February 11, 2036	¥1,174	6 units	3
			¥1		

Notes:

1. The “Issue price per share” and “Exercise price per share” show the amount per share.
2. In the issuance of the stock options for a stock linked compensation, the debit based on the above “Issue price per share” was set off by the credit of remuneration to the Company and there was no payment of money.
3. The above share purchase warrants (stock options for a stock linked compensation) include those granted to Directors concurrently serving as Executive Officers of the Company as compensation to serve as Executive Officers.
4. The Corporate Auditors hold no share purchase warrants.

(2) Outline of the Share Purchase Warrants Issued to Any Employees of the Company, and Directors, Corporate Auditors and Employees of Any Subsidiaries during the Subject Fiscal Year

- (i) Number of share purchase warrants issued  
76 units
- (ii) Kind and number of shares  
Common shares: 38,000 shares (500 shares for each Share Purchase Warrant)
- (iii) Share purchase warrants issued to employees and others of the Company

	Designation of share purchase warrants	Exercise period	Issue price per share	Number of share purchase warrants	Number of holders
			Exercise price per share		
Executive Officers of the Company	Share Purchase Warrants issued in February 2021 (Stock Options for a Stock Linked Compensation)	February 12, 2021 – February 11, 2036	¥1,174	76 units	13
			¥1		

Notes:

1. The “Issue price per share” and “Exercise price per share” show the amount per share.
2. When the share purchase warrants issued in February 2021 were issued, the debit based on the above “Issue price per share” was set off by the credit of remuneration to the Company and there was no payment of money.
3. The above does not include share purchase warrants issued to persons concurrently serving as Directors of the Company.

#### 4. Directors and Corporate Auditors of the Company

##### (1) Directors and Corporate Auditors

Position	Name	Assignments in the Company or Important Positions Concurrently Held at Other Entities, if any
President and Representative Director	Hitoshi Kawahara	
Representative Director and Senior Managing Executive Officer	Hiroaya Hayase	Executive Supervisor of Vinyl Acetate Resin Company and Executive Supervisor of Vinyl Acetate Film Company, Kuraray Co., Ltd.
Chairman and Director	Masaaki Ito	Chairperson, Saijo Central Hospital
Director and Senior Managing Executive Officer	Yoshimasa Sano	President of Fibers and Textiles Company and Officer Responsible for Osaka Office, Kuraray Co., Ltd.
Director and Managing Executive Officer	Kenichi Abe	President of Isoprene Company, Kuraray Co., Ltd.
Director and Managing Executive Officer	Keiji Taga	Officer Responsible for Corporate Management Planning Office, Officer Responsible for CSR Division, Officer Responsible for Administrative Unit and General Manager of Corporate Management Planning Office, Kuraray Co., Ltd.
Director and Managing Executive Officer	Matthias Gutweiler	President, Kuraray Europe GmbH
Director and Managing Executive Officer	Nobuhiko Takai	President of Functional Materials Company, Kuraray Co., Ltd.
Director	Jun Hamano	President, The Ohara Memorial Institute for Science of Labour Representative Director and Chairperson, Ohara HealthCare Foundation
Director	Keiko Murata	Professor, Graduate School of Management, Tokyo Metropolitan University
Director	Satoshi Tanaka	Representative Director, Executive Vice President & Executive Officer, Sekisui House, Ltd. Independent Director, IHH Healthcare Berhad
Director	Kiyoto Ido	Director (Outside), Japan Investment Adviser Co., Ltd.
Full-time Corporate Auditor	Kazuhiro Nakayama	
Full-time Corporate Auditor	Naoya Uehara	
Corporate Auditor	Mitsuhiro Nagahama	Outside Director, Azbil Corporation Outside Director, NSK Ltd.
Corporate Auditor	Tomomi Yatsu	Attorney and Partner, TMI Associates Outside Executive Director, SMBC Nikko Securities Inc. Outside Corporate Auditor, Kyowa Kirin Co., Ltd.
Corporate Auditor	Kenji Komatsu	Executive Vice President, Fujitsu Component Limited

##### Notes:

- Directors Jun Hamano, Keiko Murata, Satoshi Tanaka and Kiyoto Ido are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act.
- Corporate Auditors Mitsuhiro Nagahama, Tomomi Yatsu and Kenji Komatsu are Outside Corporate Auditors as stipulated in Article 2, Item 16 of the Companies Act.
- Corporate Auditor Mitsuhiro Nagahama has been engaged in financial securities business for many years, and therefore has considerable expertise in finance and accounting. Corporate Auditor Tomomi Yatsu is a certified public accountant, and therefore has considerable expertise in finance and accounting.
- The Company has registered Directors Jun Hamano, Keiko Murata, Satoshi Tanaka and Kiyoto Ido and Corporate Auditors Mitsuhiro Nagahama, Tomomi Yatsu and Kenji Komatsu as Independent Directors/Auditors prescribed by Tokyo Stock Exchange.
- There are no special interests between the Company and Ohara HealthCare Foundation. As part of its social contribution activities, the Company pays a membership fee to assist the research activities of The Ohara Memorial Institute for Science of Labour. However, the annual amount of such membership fee is less than ¥1 million per year. Mr. Jun Hamano is thus deemed to be sufficiently independent as Outside Director.
- There are no special interests between the Company and Tokyo Metropolitan University. Ms. Keiko Murata is thus deemed to be sufficiently independent as Outside Director.
- There are no special interests between the Company and Sekisui House, Ltd. or IHH Healthcare Berhad. Mr. Satoshi Tanaka is thus deemed to be sufficiently independent as Outside Director.

8. There are no special interests between the Company and Japan Investment Adviser Co., Ltd. Mr. Kiyoto Ido is thus deemed to be sufficiently independent as Outside Director.
9. There are no special interests between the Company and Azbil Corporation or NSK Ltd. Mr. Mitsuhiro Nagahama is thus deemed to be sufficiently independent as Outside Corporate Auditor.
10. There are no special interests between the Company and TMI Associates, SMBC Nikko Securities Inc. or Kyowa Kirin Co., Ltd. Ms. Tomomi Yatsu is thus deemed to be sufficiently independent as Outside Corporate Auditor.
11. There are no special interests between the Company and Fujitsu Component Limited. Mr. Kenji Komatsu is thus deemed to be sufficiently independent as Outside Corporate Auditor.
12. Full-time Corporate Auditor Yukinori Yamane resigned from his position at the conclusion of the 140th Ordinary General Meeting of Shareholders held on March 25, 2021.

## (2) Liability Limitation Agreements with Directors and Corporate Auditors

Pursuant to the Articles of Incorporation, the Company has concluded liability limitation agreements with all the Outside Directors and Corporate Auditors. An outline of the agreements is as follows:

“After the execution of this agreement, the Outside Director and Corporate Auditor shall assume the liability for damages with regard to the liability stipulated in Article 423, Paragraph 1 of the Companies Act, within the limitation of the minimum liability amount set forth in Article 425, Paragraph 1 of the Companies Act; provided that the Outside Director or Corporate Auditor has executed its duties in good faith without committing gross negligence.”

## (3) Directors and Officers Liability Insurance Contract

The Company has entered into a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act to cover compensation for damages and legal expenses in the event that a claim for damages is made against the insured due to an act committed by the insured based on his/her position. The insurance contract insures officers, Executive Officers, and employees in management and supervisory positions at the Company and its subsidiaries, and insurance premiums for all of them are fully paid by the Company.

So as not to impede on the roles expected of the insured, the Company has established coverage limits and exemptions.

(4) Total Amounts of Remuneration, etc., Paid to Directors and Corporate Auditors

(Unit: Millions of yen, rounded down to the nearest million)

Category	Amount paid	Amount paid by type					Number of persons paid (persons)
		Monetary remuneration			Stock-based remuneration		
		Fixed remuneration	Performance-linked remuneration <sup>3</sup>	Others <sup>4</sup>	Restricted stock compensation <sup>5</sup>	Stock options <sup>6</sup>	
Directors	510	343	98	0	25	42	13
[of which Outside Directors]	[61]	[56]	[-]	[-]	[-]	[4]	[5]
Corporate Auditors	92	92	-	-	-	-	6
[of which Outside Corporate Auditors]	[35]	[35]	-	-	-	-	[3]

Notes:

1. The annual remunerations to Directors and Corporate Auditors of the Company were resolved as follows.

		Date of resolution by the General Meeting of Shareholders	Number of persons subject to resolution
1) Amount of monetary remuneration to Directors	¥800 million or less per year (including ¥100 million or less per year to Outside Directors)	131st Ordinary General Meeting of Shareholders (June 22, 2012)	10 (including 2 Outside Directors)
2) Amount of restricted stock-based remuneration to Directors (aside from 1) above)	¥90 million or less per year and 60,000 shares or less per year	140th Ordinary General Meeting of Shareholders (March 25, 2021)	8
3) Amount of remuneration to Corporate Auditors	¥100 million or less per year	125th Ordinary General Meeting of Shareholders (June 28, 2006)	5

2. The amounts of remuneration, etc. listed above are determined upon multifaceted reviews by the Corporate Advisory Committee including consistency with the determination policy described on the following pages, and after sufficient consideration by the Board of Directors. Therefore, the amounts are judged to be in line with the determination policy described on the following pages.
3. The details, reasons for selecting the indicator, and calculation method of the performance-linked remuneration are as described in the determination policy on the following pages. Net income attributable to owners of the parent, the index for calculation for the subject fiscal year, is given in “(9) Changes in Financial Position and Income Summary” on page 20.
4. One (1) Director who is not a resident of Japan received monetary compensation linked to stock price (“phantom stock”) instead of restricted stock compensation within the range of the monetary remuneration limit.
5. ¥25 million of restricted stock compensation was given to seven (7) Directors and another ¥14 million of the same to five (5) Directors concurrently serving as Executive Officers of the Company as compensation to serve as Executive Officers as resolved at the meeting of the Board of Directors held on March 25, 2021.
6. ¥42 million (including ¥4 million to four (4) Outside Directors) of share purchase warrants as stock options for a stock linked compensation was given to eleven (11) Directors and another ¥28 million of the same to six (6) Directors concurrently serving as Executive Officers of the Company as compensation to serve as Executive Officers as resolved at the meeting of Board of Directors held on January 20, 2021. Details of these share purchase warrants are described in “3. Share Purchase Warrants, etc., of the Company” on pages 24 to 25. These stock options for a stock linked compensation was discontinued due to the adoption of restricted stock compensation at the 140th Ordinary General Meeting of Shareholders held on March 25, 2021. The total amount of stock options for a stock linked compensation (Resolved at the 125th Ordinary General Meeting of Shareholders) was ¥90 million or less per year.
7. The “Number of persons paid” mentioned above includes one (1) Director and one (1) Corporate Auditor who retired at the conclusion of the 140th Ordinary General Meeting of Shareholders held on March 25, 2021.
8. The amounts of remuneration, etc. mentioned above are the book values of expensed amounts.

(5) Policy for Determining Compensation, etc. for Each Director

1. Basic Policy for Determining Compensation, etc. for Directors

Kuraray's basic policy for the compensation, etc. of its Directors is to have a competitive level and system of compensation that can secure and retain competent Directors fit for their positions and responsibilities to achieve long-term and sustainable improvements in corporate performance and corporate value. Compensation comprises three parts: (1) fixed compensation as basic compensation in accordance with job responsibilities, (2) performance-linked compensation as an incentive to achieve yearly business results, and (3) stock compensation designed to enhance corporate value over medium to long term and sharing value with shareholders through appropriate corporate management, provided compensation for Outside Directors shall solely comprise fixed compensation without performance-linked or stock compensation as their role is to supervise management from an independent.

The specific level and system of compensation will be verified and deliberated by the Corporate Advisory Committee, mainly comprising outside officers and outside experts, on whether the level and system of compensation are appropriate, based on the results of a survey by a specialized external research institution on executive compensation covering companies such as those listed on the First Section of the Tokyo Stock Exchange. The Board of Directors receives reports on the results from the Committee and gives it due consideration to determine the level and system of compensation.

2. Timing of granting compensation, etc.

Compensation, etc. described in 1. above shall be granted in the following timing:

Type of compensation, etc.	Timing of granting compensation
Fixed compensation (monetary compensation)	Paid as fixed monthly compensation
Performance-linked compensation (monetary compensation)	Paid once a year at a certain time as a bonus
Restricted stock compensation *1, *2 (stock compensation)	Paid once a year at a certain time

\*1 Kuraray adopted a new restricted stock compensation in lieu of the existing stock options at the 140th ordinary general meeting of shareholders held in March 25, 2021.

\*2 A Director who is not a resident of Japan shall receive monetary compensation linked to stock price ("phantom stock") instead of restricted stock compensation and receive payment of monetary compensation at retirement in an amount linked to stock price at the time of retirement.

3. Method for determining compensation, etc.

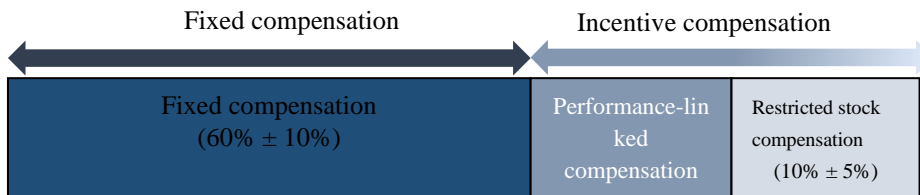
i. Upper limit of total amount of compensation, etc. for Directors

The total amount of compensation, etc. for Kuraray's Directors shall be paid in the scope shown below:

	Type of compensation, etc.	Limit of total amount	Resolution
(1)	Fixed compensation and performance-linked compensation	¥800 million or less per year	131st Ordinary General Meeting of Shareholders
(2)	Restricted stock compensation (separate from (1))	¥90 million or less per year and 60 thousand shares or less per year	140th Ordinary General Meeting of Shareholders

ii. Composition of compensation, etc.

The allocation by type of compensation, etc. for each Director shall be based on the following ratio. (Assuming the goal set at the beginning of the year is achieved)



iii. Method for determining the amount of compensation, etc.

Kuraray takes the policy in the table below to determine the amount of compensation, etc. for each Director. The amounts of fixed compensation and performance-linked compensation calculated based on each formula are evaluated by the Corporate Advisory Committee, mainly comprising outside officers and outside experts, from an objective standpoint. The Board of Directors receives reports on the results from the Committee and gives it due consideration to determine the amount of compensation for each Director.

Restricted stock compensation is calculated based on the formula and the Board of Directors determines by resolution the number of shares to be granted to each Director.

Type of compensation, etc.	Determination method, etc.								
Fixed compensation (monetary compensation)	<p>[President] The fixed monthly compensation of the President is approximately six times the regular monthly salary of the managers of the highest level.</p> <p>[Directors excluding the President] Obtained by multiplying the fixed compensation for the President by the compensation index determined for each position.</p> <p>&lt;Compensation index for Directors by position&gt;</p> <table border="1"> <thead> <tr> <th>President</th> <th>Chairman</th> <th>Senior Managing Executive Officer</th> <th>Managing Executive Officer</th> </tr> </thead> <tbody> <tr> <td>100</td> <td>90</td> <td>65</td> <td>55</td> </tr> </tbody> </table> <p>+5 points will be added to Representative Directors other than the President.</p> <p>The compensation for Outside Directors will be determined by referring to the levels of compensation for outside directors of companies such as those listed on the First Section of the Tokyo Stock Exchange.</p>	President	Chairman	Senior Managing Executive Officer	Managing Executive Officer	100	90	65	55
President	Chairman	Senior Managing Executive Officer	Managing Executive Officer						
100	90	65	55						
Performance-linked compensation (monetary compensation)	<p>[President] “Net income attributable to owners of the parent” is the index for calculating the performance-linked compensation (bonus) as it is a clear indicator of the results of business operations and corporate management. The payment amount is obtained by the following formula.</p> <p>Bonus = Actual net income attributable to owners of the parent × 0.75/1000 × Company performance reflection rate: 100%</p> <p>[Directors excluding the President] The payment amount is obtained by multiplying the President’s performance-linked compensation (bonus) amount by the same compensation index by position as the one used for fixed compensation, provided Directors in charge of business units shall receive payment with 80% company performance reflection rate as an incentive to maximize business performance with an additional rate within the range of +0% to +40% to reflect the performance of the relevant business unit.</p>								

	<p>Calculation formula for performance-linked compensation (bonus)</p> <table border="1"> <thead> <tr> <th data-bbox="512 253 794 286">Target</th> <th data-bbox="799 253 1423 286">Formula</th> </tr> </thead> <tbody> <tr> <td data-bbox="512 293 794 383">Directors in charge of corporate units</td> <td data-bbox="799 293 1423 383">Bonus = Net income × 0.75/1000 × Compensation index by position<sup>*1</sup>/100 × Company performance reflection rate: 100%</td> </tr> <tr> <td data-bbox="512 389 794 479">Directors in charge of business units</td> <td data-bbox="799 389 1423 479">Bonus = Net income × 0.75/1000 × Compensation index by position /100 × (Company performance reflection rate: 80% + Business performance addition rate<sup>*2</sup>: 0% to 40%)</td> </tr> </tbody> </table> <p>*1 Compensation index by position is the same as that used for fixed compensation.</p> <p>*2 Business performance addition rate is obtained by evaluating the performance of the relevant business segment, i.e. the rate of achieving net sales and operating income targets, the degree of year-on-year change in operating income, etc.</p>	Target	Formula	Directors in charge of corporate units	Bonus = Net income × 0.75/1000 × Compensation index by position <sup>*1</sup> /100 × Company performance reflection rate: 100%	Directors in charge of business units	Bonus = Net income × 0.75/1000 × Compensation index by position /100 × (Company performance reflection rate: 80% + Business performance addition rate <sup>*2</sup> : 0% to 40%)
Target	Formula						
Directors in charge of corporate units	Bonus = Net income × 0.75/1000 × Compensation index by position <sup>*1</sup> /100 × Company performance reflection rate: 100%						
Directors in charge of business units	Bonus = Net income × 0.75/1000 × Compensation index by position /100 × (Company performance reflection rate: 80% + Business performance addition rate <sup>*2</sup> : 0% to 40%)						
<p>Restricted stock compensation<sup>*Note</sup> (stock compensation)</p>	<p>[President] A number of shares shall be allotted in consideration of the responsibilities of the President and the level of compensation at other companies.</p> <p>[Directors excluding the President] A designated number of shares shall be allotted by position. To facilitate the sharing of value with shareholders, those in higher positions receive more allotment of shares.</p> <p>Restriction on transfer is to be lifted at the time of retirement.</p>						

Note: Kuraray shall allot a number of points equivalent to the number of restricted stock per position to Directors who do not reside in Japan who are to receive phantom stock, and pay monetary compensation at retirement in an amount linked to stock price at the time of retirement, as stated in in “2. Timing of granting compensation, etc.”

(6) Outside Directors and Outside Corporate Auditors of the Company

(i) Activities of Outside Directors and Outside Corporate Auditors:

	Attendance at meetings of Board of Directors and meetings of Board of Corporate Auditors	Activities and duties performed by Outside Directors regarding their expected roles
Director Jun Hamano	Meetings of Board of Directors 100% (15/15 meetings)	He expressed his opinions as necessary about the management of the Company primarily based on his deep insight gained at the Economic Planning Agency, Cabinet Office, etc.
Director Keiko Murata	Meetings of Board of Directors 100% (15/15 meetings)	She expressed her opinions as necessary about the management of the Company primarily based on her deep insight gained at the Cabinet Office and graduate schools, etc.
Director Satoshi Tanaka	Meetings of Board of Directors 100% (15/15 meetings)	He expressed his opinions as necessary about the management of the Company primarily based on his experience and achievements gained by being deeply engaged in global business management.
Director Kiyoto Ido	Meetings of Board of Directors 100% (11/11 meetings)	He expressed his opinions as necessary about the management of the Company primarily based on his deep insight gained at the Ministry of Finance, Ministry of Foreign Affairs, etc.
Corporate Auditor Mitsuhiro Nagahama	Meetings of Board of Directors 100% (15/15 meetings) Meetings of Board of Corporate Auditors 100% (13/13 meetings)	He made remarks from an expert's perspective primarily based on his abundant experience in financial institutions and his track record as outside officer of other companies.
Corporate Auditor Tomomi Yatsu	Meetings of Board of Directors 100% (15/15 meetings) Meetings of Board of Corporate Auditors 100% (13/13 meetings)	She made remarks from an expert's perspective primarily based on her experience as a certified public accountant and an attorney and her track record as outside officer of other companies.
Corporate Auditor Kenji Komatsu	Meetings of Board of Directors 100% (15/15 meetings) Meetings of Board of Corporate Auditors 100% (13/13 meetings)	He made remarks from an expert's perspective primarily based on his experience and track record of participating in management of many companies in and outside Japan.

Note: Information for Director Kiyoto Ido applies only to the meetings of Board of Directors held after his appointment on March 25, 2021.

(ii) Other matters to be stated:

There is no matter other than the above to be stated regarding the Outside Directors and Outside Corporate Auditors of the Company in accordance with Article 124 of the Regulation for Enforcement of the Companies Act.



## 5. Accounting Auditor

### (1) Accounting Auditor as of the close of the subject Fiscal Year

PricewaterhouseCoopers Aarata LLC

### (2) Amounts of Remunerations, etc., to be Paid to the Accounting Auditor

Remuneration, etc., to be paid to the Accounting Auditor (PricewaterhouseCoopers Aarata LLC) pertaining to the subject fiscal year is as follows:

- (i) Remuneration in compensation for audit pertaining to the Company's business as set forth in Article 2, Paragraph 1 of the Certified Public Accountant Law: ¥103 million
- (ii) Sum of money and other financial profits to be paid by the Company and its subsidiaries: ¥129 million

Notes:

- 1. The Board of Corporate Auditors has given consent to the remuneration, etc., to be paid to the Accounting Auditor as stipulated in Article 399, Paragraph 1 of the Companies Act, as a result of examining the validity in the content, auditing time, quotation for auditing, etc. with regard to the auditing schedule for fiscal 2021 given by the Accounting Auditor.
- 2. The audit agreement entered into between the Accounting Auditor and the Company does not clearly distinguish the amount being derived from the audit under the Companies Act and that being derived from the audit under the Financial Instruments and Exchange Act. Therefore, the amount being derived from the audit under the Financial Instruments and Exchange Act is included in the amount in (i) above.

### (3) Accounting Auditor of Certain Subsidiaries

Eleven (11) of the Company's major subsidiaries undergo audits (limited to those specified by Japan's Companies Act or the Financial Instruments and Exchange Act or foreign laws and regulations equivalent to such laws) by audit firms other than the Accounting Auditor of the Company (including those certified with equivalent qualifications from another country).

### (4) Policy on Decisions of Dismissal or Non-Reappointment of the Accounting Auditor

The Board of Corporate Auditors shall dismiss the Accounting Auditor of the Company with a unanimous resolution if all Corporate Auditors judge that the Accounting Auditor falls under any of the Items set forth in Article 340, Paragraph 1 of the Companies Act, thereby making them difficult to execute appropriate audits. In addition, the Board of Corporate Auditors shall decide on the dismissal or non-reappointment of the Accounting Auditor as a proposal to be submitted to an Ordinary General Meeting of Shareholders, should there be a case where it is deemed necessary to appoint an Accounting Auditor who could be expected to perform more appropriate audits upon evaluation based on their independency, integrity, or efficiency as the Accounting Auditor, other than the existence of a fact that may fall under any statutory causes for dismissal.

### (5) Other Matters to Be Stated

There is no matter other than the above to be stated regarding the Accounting Auditor of the Company in accordance with Article 126 of the Regulation for Enforcement of the Companies Act.

## 6. Systems to Ensure the Propriety of Business Operations

### (1) Systems to Ensure Compliance of the Directors' Execution of Duties with Laws, Regulations and the Articles of Incorporation and Other Systems to Ensure the Propriety of Business Operations

The Board of Directors of the Company has resolved as follows concerning the Basic Policy for Establishment of Internal Control System to ensure the propriety of business operations of the Kuraray Group.

- (i) Systems to ensure compliance of execution of duties of Directors and employees with laws, regulations and the Articles of Incorporation
  - a. The Board of Directors, based on the Articles of Incorporation, Regulations of Board of Directors, and other internal regulations, will make decisions concerning important management items of the Kuraray Group, in addition to supervising the execution of duties by Directors and Executive Officers. To strengthen the supervisory functions of the Board of Directors, at least one-third of the Directors elected shall be independent Outside Directors.
  - b. To promote transparent, fair and objective decision-making concerning important management items such as nomination and compensation of Directors, a "Corporate Advisory Committee" mainly comprised of outside Directors & Corporate Auditors and outside experts will be established as an advisory body to the Board of Directors.
  - c. To promote corporate activities from the standpoint of sustainability, a Sustainability Committee will be established, which reports to the Board of Directors.
  - d. Policies regarding compliance with laws and regulations will be defined as The Kuraray Group Code of Conduct. In order to conduct systematic development and operation of a compliance structure as the Kuraray Group, a Risk Compliance Committee will be established, which reports directly to the President.
  - e. As an internal reporting point for discovering unfair and illegal actions and unethical actions within the Kuraray Group at an early stage and aiming for independent resolution, a Kuraray Group Employee Counseling Room and a Global Compliance Hotline will be established. In addition, a Corporate Auditor Hotline will be established as an internal reporting point independent from the management.
  - f. As a prevention measure against the violation of the Antimonopoly Act, regular education and training will be held for executives and employees from each Kuraray Group company, raising awareness of the internal guidelines regarding the Antimonopoly Act and conducting regular monitoring of the compliance status.
  - g. The Corporate Auditing Division, in compliance with the Internal Audit Regulations, will audit the conditions of business execution within the Kuraray Group.
  - h. Based on the Financial Instruments and Exchange Act, an internal control system will be established to ensure propriety of financial reporting, and will be operated appropriately.
  - i. The Kuraray Group Code of Conduct will prescribe that the Kuraray Group will deal with Anti-social forces and groups in a firm manner, and will not have any association with such forces and groups, thoroughly disseminating the rules throughout the Kuraray Group.
- (ii) Systems concerning storage and management of information regarding execution of duties of Directors

Records regarding execution of duties of Directors such as approval documents, request documents, etc., and minutes and materials of General Meetings of Shareholders, Meetings of Board of Directors, and other main meetings will be stored and managed appropriately in accordance with laws and regulations and internal regulations.
- (iii) Regulations and other systems regarding management of risk of loss
  - a. Based on the Kuraray Group Risk Management Regulations, systematic risk management will be conducted throughout the Kuraray Group.
  - b. Based on the Company Emergency Headquarters Operational Regulations, in the event of a significant crisis regarding the business activities of the Kuraray Group, the Company

- Emergency Headquarters will be established headed by the President to deal with the issue.
- c. Assuming a significant crisis such as a large-scale natural disaster, etc., a business continuity plan (BCP) will be defined on a per-division basis to minimize any interruption of business, and the BCP will be reviewed regularly.
- (iv) Systems to ensure efficient execution of duties by Directors
- a. For decisions made by the President or requests of approvals by the Board of Directors regarding significant management items of the Kuraray Group, preemptive deliberations will be held by the Executive Committee and various committees, aiming for swift management decision-making and efficient business execution.
  - b. Authority to operate businesses as managers of Companies, Divisions, and key organizations will be delegated to Executive Officers, etc., appointed by the Board of Directors, and execution of business at each organization will be made in an appropriate and efficient manner.
- (v) Systems to ensure the propriety of business operations at the corporate group, composed of the Company and subsidiaries
- a. Business operation of each Kuraray Group company will be conducted according to the management policies of the Kuraray Group as a whole, as defined in the medium term management plan and annual management plan. Based on the Domestic Affiliated Companies Management Standards and the Overseas Affiliated Companies Management Standards, each Kuraray Group company will seek approval and report to the Board of Directors or Executive Committee of the Company concerning important items.
  - b. Decision-making standards will be defined for each Kuraray Group company within the Domestic Affiliated Companies Management Standards and the Overseas Affiliated Companies Management Standards, and will be managed appropriately and efficiently. Additionally, to promote unified operations through aiming for communication of views within the Kuraray Group, a liaison meeting will be held as required between the President of the Company and the Presidents of each Kuraray Group company.
  - c. Based on The Kuraray Group Code of Conduct, the system will be put in place to enable appropriate execution of duties by Directors and employees of each Kuraray Group company. In addition, officers will be seconded from the Company to each Kuraray Group company, to supervise business execution by Directors and employees of each company, and the Corporate Auditing Division will conduct internal audits in accordance with the Internal Audit Regulations.
- (vi) Independence from Directors of employees assisting the duties of Corporate Auditors and items regarding ensuring the effectiveness of instructions given to these employees
- Staff for Corporate Auditor will be assigned to assist the duties of Corporate Auditors. Staff for Corporate Auditor will receive direction and orders from Corporate Auditors, and concerning personnel affairs and salary of Staff for Corporate Auditor, decisions will be made after deliberations between the Director supervising personnel affairs and the Corporate Auditor.
- (vii) Systems regarding reporting to Corporate Auditors of the Company and systems to ensure persons who make reports do not receive detrimental treatment as a result of making a report
- a. Corporate Auditors will attend Meetings of Board of Directors and receive reports concerning conditions of business execution at the Company and each Kuraray Group company through liaison meetings, etc., with Presidents of significant subsidiaries.
  - b. The Corporate Auditing Division will periodically report to the Board of Corporate Auditors concerning conditions of internal audits at the Company and each Kuraray Group company.
  - c. Upon discovering important issues regarding significant violations of laws and regulations or other compliance issues, Directors and officers of the Company and each Kuraray Group company will swiftly report to Corporate Auditors. Corporate Auditors may request reports regarding these items as required from employees of the Company and the Kuraray Group.
  - d. Employees of the Company and each Group company can notify Corporate Auditors of these matters using the Corporate Auditor Hotline.

- e. Regarding persons who make the above reports and notifications, internal regulations will stipulate that persons who make reports and notifications do not receive detrimental treatment on the grounds of making the report.

(viii) Items regarding prepayment of expenses, procedures for reimbursement, and policies regarding processing of other expenses and liabilities arising from execution of duties by Corporate Auditors  
When Corporate Auditors request prepayment or reimbursement, etc., for expenses arising during the course of execution of duties, unless the contents are especially unreasonable, payment will be processed without delay.

(ix) Other systems to ensure that audits by Corporate Auditors are made effectively  
In order to exchange opinions regarding challenges facing the Company, important audit issues, etc., Corporate Auditors will periodically meet with the Representative Directors, and implement interviews with Directors, Executive Officers, and important employees.

## (2) Summary of operations of the systems

The Company develops and operates an internal control system based on the above basic policy. A summary of key developments and operations during fiscal 2021 is as follows.

### (i) Initiatives relating to compliance

- a. To work toward improving compliance awareness, workshop-style online seminars on harassment were implemented for Section Managers (including Group Leaders) or higher at domestic Group companies, and each Manager or Section Manager subsequently implemented training for employees in their respective divisions.
- b. To establish an effective Antimonopoly Act compliance system, the Company has developed the Kuraray Group Antitrust Compliance Program and is implementing it across the entire Group. In fiscal 2021, the Company continued to monitor the compliance system in high-risk businesses and areas and took various measures such as education and training for officers and employees, as well as annual audits of divisions that participate in bidding.
- c. The Internal Auditors Office (currently the Corporate Auditing Division) implemented an assessment on the development and operation status of an internal control system (J-SOX) to ensure propriety of financial reporting of the Company and the Kuraray Group. Results of the assessment was audited by PricewaterhouseCoopers Aarata LLC, and was reported to the Board of Directors.

### (ii) Initiatives relating to risk management

- a. Self-assessment of risks was implemented at each domestic and overseas organization based on the Kuraray Group Risk Management Regulations. Following discussions at the Risk Compliance Committee, the President specified significant business risks and appointed supervisors in charge of each risk in order to implement measures to avoid and reduce such risks. In December 2021, we identified the following items as priority issues in the Kuraray Group risk management for fiscal 2022.
  - i. Take immediate measures to prevent recurrence of leaks of confidential information.
  - ii. To mitigate risks of occupational incidents, an in-house team of experts shall conduct an audit to objectively evaluate the implementation status of measures to address issues identified in the overall inspection especially of overseas plants from administrative aspects (operational management, facility management) including not only safety design but also human resources development, thus leading to steady improvement.
  - iii. To address the supply risk of raw material, fuels and secondary materials, reinspect all items including general-use products from a supply chain perspective and devise a more comprehensive BCP.
  - iv. Continue to ensure that the Company is well prepared for the COVID-19 pandemic.

- b. In response to the global outbreak of COVID-19, the response team set up in January 2020 continues to collect information on infection cases in Group companies in Japan and overseas, plan and implement infection prevention measures, and disclose infection cases, if any, to internal and external parties. In addition, as a measure against the risk of large-scale natural disasters (earthquakes, floods), a safety confirmation drill was held, attended by all employees working at the Head Office and Osaka Office. Additionally, to enable prompt action against production downtime expected in the event of a disaster at each business site, the BCP updating procedure was revised.

(iii) Initiatives relating to internal control of the corporate group

- a. The “Corporate Advisory Committee,” comprised of one (1) internal director, five (5) outside officers and two (2) outside experts, was met twice during the year. As an advisory body to the Board of Directors, the Committee deliberated on Director candidates and executive compensation, etc. and made recommendations and reports on the outcome to the Board of Directors.
- b. In fiscal 2021, all businesses were operated according to the management policies of the Kuraray Group as a whole as defined in the annual management plan, and we worked to establish a medium-term management plan that began in fiscal 2022. Based on the Domestic Affiliated Companies Management Standards and the Overseas Affiliated Companies Management Standards, each Kuraray Group company has sought approval and reported to the Board of Directors or Executive Committee of the Company as needed concerning their respective important items.

(iv) Initiatives relating to audit systems of Corporate Auditors

Corporate Auditors meet with Representative Directors to exchange opinions regarding challenges the Company faces, important audit issues, etc., while implementing interviews with each Executive Director, Executive Officer, and other important employees.