

This document is an unofficial excerpt translation of Notice of Convocation of the 144th 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 5, 2025

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 144th Ordinary General Meeting of Shareholders

We are pleased to notify you that the 144th 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.

For the convocation of this 144th Ordinary General Meeting of Shareholders, the Company has undertaken measures for the electronic provision of the information contained in the Reference Documents for General Meeting of Shareholders (the “Matters for Electronic Provision”), and has posted it on the Company’s website on the Internet. Please access the website at the following link to confirm those matters.

Company website: <https://www.kuraray.com/ir/stock/meeting>

In addition to the Company’s website, the Matters for Electronic Provision are also disclosed on the website of the Tokyo Stock Exchange (TSE). Please access the TSE website at the following link, enter the issue name (company name) or securities code and click on Search. Select “Basic information” and “Documents for public inspection/PR information” to confirm the posted information.

TSE website: <https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

If not attending the meeting on the day, 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 26, 2025.

1. Date and Time: Thursday, March 27, 2025, at 10:00 a.m.

2. Place: “Orchard”, 2nd Floor, The Okura Prestige Tower, The Okura Tokyo
2-10-4 Toranomon, 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 144th fiscal period (from January 1, 2024 to December 31, 2024)
- (2) Audit Report on the consolidated financial statements by the Accounting Auditor and the Audit & Supervisory Board for the 144th fiscal period

Matters to be resolved:

Proposal No. 1: Appropriation of Surplus

Proposal No. 2: Reduction in Amount of Legal Capital Surplus

Proposal No. 3: Election of Eleven (11) Directors

Proposal No. 4: Election of One (1) Member of Audit & Supervisory Board

Proposal No. 5: Revision of the Maximum Amount of Compensation for Granting Restricted Stock to Directors (Excluding Outside Directors)

Note

- In the event of revisions to the Matters for Electronic Provision, the revised contents will be posted on the Company's website and the TSE website.
- 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.
- If a shareholder hopes to split his/her voting rights on any of the proposed matters, such shareholder must inform the Company in writing or by electronic measures 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. 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.

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 ¥54 per share.

Year-end dividends

- (1) Type of dividend property: Cash
- (2) The matter regarding the assignment of dividend property and total amount thereof:
¥27 per share of the Company's common stock for a total of ¥8,744,420,286
- (3) Effective date of the dividends (payment commencement date): March 28, 2025

Proposal No. 2: Reduction in Amount of Legal Capital Surplus

To ensure the agility and flexibility of future capital policies, based on the provisions of Article 448, Paragraph 1 of the Companies Act, the Company asks for approval to reduce the amount of legal capital surplus be decreased and to transfer the total amount of that decrease to other capital surplus.

Details of reduction in amount of legal capital surplus

- (1) Outline of decrease in amount of legal capital surplus
The Company proposes to reduce legal capital surplus by its full amount of ¥87,098,929,423 and transfer the same amount to other capital surplus.
- (2) Effective date of reduction of amount in legal capital surplus
June 30, 2025

Proposal No. 3: Election of Eleven (11) Directors

The term of office of all eleven (11) Directors will expire at the conclusion of this 144th Ordinary General Meeting of Shareholders. Accordingly, we hereby propose that eleven (11) Directors be elected.

The candidates for the Director are as follows:

No.	Name		Current positions and responsibilities	Years served as Director	Attendance at meetings of Board of Directors:
1	Hitoshi Kawahara	Reappointed	President and Representative Director	6 years	100% (15/15)
2	Keiji Taga	Reappointed	<ul style="list-style-type: none"> ● Representative Director and Senior Managing Executive Officer ● Officer Responsible for Corporate Sustainability Division ● Officer Responsible for General Affairs and HR Division ● Officer Responsible for Purchasing and Logistics Division 	6 years	100% (15/15)
3	Masaaki Ito	Reappointed	Chairman and Director	10 years and 9 months	100% (15/15)
4	Matthias Gutweiler	Reappointed	<ul style="list-style-type: none"> ● Director and Managing Executive Officer ● President, Kuraray Europe GmbH 	5 years	100% (15/15)
5	Nobuhiko Takai	Reappointed	<ul style="list-style-type: none"> ● Director and Managing Executive Officer ● President of Functional Materials Company 	5 years	100% (15/15)
6	Tomoyuki Watanabe	Reappointed	<ul style="list-style-type: none"> ● Director and Managing Executive Officer ● President of Vinyl Acetate Resin Company ● President of Vinyl Acetate Film Company ● Officer Responsible for Electronics Materials Promotion Division 	1 year	100% (11/11)
7	Yoji Ikemori	Newly appointed	<ul style="list-style-type: none"> ● Managing Executive Officer ● President of Isoprene Company ● General Manager of Genestar Division, Isoprene Company 	—	—
8	Keiko Murata	Reappointed Outside Director Independent Director	Director	5 years	100% (15/15)
9	Satoshi Tanaka	Reappointed Outside Director Independent Director	Director	5 years	100% (15/15)
10	Naoko Mikami	Reappointed Outside Director Independent Director	Director	1 year	100% (11/11)
11	Toshifumi Mikayama	Newly appointed Outside Director Independent Director	—	—	—

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% (15/15meetings)	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)	63,500
<u>Reasons for nomination as the candidate for Director</u> 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 the Company'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	Keiji Taga (October 16, 1961) <u>Reappointed</u> Attendance at meetings of Board of Directors: 100% (15/15meetings)	April 1984 April 2014 March 2017 January 2018 March 2018 March 2019 January 2020 January 2022 January 2023 January 2024 January 2025	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 and Officer Responsible for CSR Division, Kuraray Co., Ltd. Managing Executive Officer, Kuraray Co., Ltd. Director and Managing Executive Officer, Kuraray Co., Ltd. Officer Responsible for Administrative Unit, Kuraray Co., Ltd. Officer Responsible for Corporate Sustainability Division (Current position), Officer Responsible for Global Digital Transformation Office and Officer Responsible for Accounting and Finance Division, Kuraray Co., Ltd. Officer Responsible for DX-IT Division, Kuraray Co., Ltd. Representative Director and Senior Managing Executive Officer, Kuraray Co., Ltd. (Current position) Officer Responsible for General Affairs and HR Division (Current position), Officer Responsible for Purchasing and Logistics Division (Current position)	34,500
<u>Reasons for nomination as the candidate for Director</u> 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 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 Group's risk management and reinforcement of compliance.				

3	Masaaki Ito (June 23, 1957) <div>Reappointed</div> Attendance at meetings of Board of Directors: 100% (15/15meetings)	April 1980 April 2010 June 2012 April 2013 June 2013 April 2014 June 2014 January 2015 January 2021 April 2021 June 2024	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) Outside Director, Hitachi Construction Machinery Co., Ltd. (Current position)	93,500
		(Important Positions Concurrently Held at Other Entities) Chairperson, Saijo Central Hospital Outside Director, Hitachi Construction Machinery Co., Ltd.		

Reasons for nomination as the candidate for Director

Mr. Masaaki Ito has a wealth of experience and expertise gained through leading the management of the Company as President for six years. In addition, since being appointed as Chairman in January 2021, he has also promoted the improvement of the Company’s corporate governance system to ensure effective and fair management. Therefore, the Company may expect his continued contribution to its management.

4	<p>Matthias Gutweiler (March 11, 1958)</p> <p><u>Reappointed</u></p> <p>Attendance at meetings of Board of Directors: 100% (15/15meetings)</p>	<p>March 1988 Joined Hoechst AG</p> <p>June 1996 Plant Manager of Mowiol, Hoechst AG</p> <p>December 2001 Joined Kuraray Specialities Europe GmbH</p> <p>January 2009 Executive Officer, Kuraray Co., Ltd. President, Kuraray Europe GmbH (Current position)</p> <p>April 2013 General Manager of PVB Division, Vinyl Acetate Company, Kuraray Co., Ltd.</p> <p>March 2018 Managing Executive Officer, Kuraray Co., Ltd.</p> <p>March 2020 Director and Managing Executive Officer, Kuraray Co., Ltd. (Current position)</p> <p>(Important Positions Concurrently Held at Other Entities)</p> <p>President, Kuraray Europe GmbH</p>	0
<p><u>Reasons for nomination as the candidate for Director</u></p> <p>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 an important role in the management of the 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.</p>			
5	<p>Nobuhiko Takai (May 5, 1960)</p> <p><u>Reappointed</u></p> <p>Attendance at meetings of Board of Directors: 100% (15/15 meetings)</p>	<p>April 1984 Joined Kuraray Co., Ltd.</p> <p>April 2014 General Manager of Genestar Division, Isoprene Company, Kuraray Co., Ltd.</p> <p>March 2016 Executive Officer, Kuraray Co., Ltd.</p> <p>January 2019 Vice President of Functional Materials Company and General Manager of Carbon Materials Division, Kuraray Co., Ltd.</p> <p>March 2019 Managing Executive Officer, Kuraray Co., Ltd.</p> <p>January 2020 President of Functional Materials Company, Kuraray Co., Ltd. (Current position)</p> <p>March 2020 Director and Managing Executive Officer, Kuraray Co., Ltd. (Current position)</p>	20,400
<p><u>Reasons for nomination as the candidate for Director</u></p> <p>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 an important role in the management of the Group. Therefore, the Company may expect his continued contribution to its management.</p>			
6	<p>Tomoyuki Watanabe (July 15, 1963)</p> <p><u>Reappointed</u></p> <p>Attendance at meetings of Board of Directors: 100% (11/11 meetings)</p>	<p>April 1988 Joined Kuraray Co., Ltd.</p> <p>January 2015 General Manager of Poval Resin Division and International Business Planning Division, Vinyl Acetate Resin Company, Kuraray Co., Ltd.</p> <p>January 2016 Vice President of Vinyl Acetate Resin Company, Kuraray Co., Ltd.</p> <p>March 2018 Executive Officer, Kuraray Co., Ltd.</p> <p>January 2021 President of Vinyl Acetate Resin Company, Kuraray Co., Ltd. (Current position)</p> <p>January 2023 Officer Responsible for Electronics Materials Promotion Division, Kuraray Co., Ltd. (Current position)</p> <p>March 2023 Managing Executive Officer, Kuraray Co., Ltd.</p> <p>January 2024 President of Vinyl Acetate Film Company, Kuraray Co., Ltd. (Current position)</p> <p>March 2024 Director and Managing Executive Officer, Kuraray Co., Ltd. (Current position)</p>	22,242
<p><u>Reasons for nomination as the candidate for Director</u></p> <p>Mr. Tomoyuki Watanabe has a wealth of experience in R&D, the production technology field, and vinyl acetate business, etc., and since being appointed as Director in March 2024, he has also been playing an important role in the management of Group. Therefore, the Company may expect his continued contribution to its management.</p>			

7	<p>Yoji Ikemori (September 18, 1963)</p> <p>Newly appointed</p>	<p>April 1986 January 2017 January 2019 March 2019 January 2024 March 2024</p> <p>Joined Kuraray Co., Ltd. General Manager of Methacrylate Division, Functional Materials Company, Kuraray Co., Ltd. General Manager of Genestar Division, Isoprene Company, Kuraray Co., Ltd. (Current position) Executive Officer, Kuraray Co., Ltd. President of Isoprene Company, Kuraray Co., Ltd. (Current position) Managing Executive Officer, Kuraray Co., Ltd. (Current position)</p>	15,300
<p><u>Reasons for nomination as the candidate for Director</u></p> <p>Mr. Yoji Ikemori has a wealth of experience in the Genestar business, isoprene chemicals business, and methacrylate business, etc., and since March 2019, he has also contributed to the Group's advancement as Executive Officer. Therefore, the Company newly nominated him as a candidate for Director as the Company may expect his further contribution to its management.</p>			
8	<p>Keiko Murata (February 25, 1962)</p> <p>Reappointed</p> <p>Outside Director</p> <p>Independent Director</p> <p>Attendance at meetings of Board of Directors: 100% (15/15 meetings)</p>	<p>April 1986 August 2005 August 2006 July 2008 May 2015 July 2017 April 2018 March 2020 April 2022</p> <p>Joined Economic Planning Agency of Japan (EPA) Director for Overseas Economies, Directorate General for Economic Research, Cabinet Office Director for International Affairs, Secretariat of the Science Council of Japan, Cabinet Office Professor, Graduate School of Social Science, Tokyo Metropolitan University Advisor to the President, Tokyo Metropolitan University Trustee, Nippon Life Insurance Company (Current position) Professor, Graduate School of Management, Tokyo Metropolitan University Director, Kuraray Co., Ltd. (Current position) Professor Emeritus, Tokyo Metropolitan University (Current position) Professor, Graduate School of Economics, Ritssho University (Current position)</p> <p>(Important Positions Concurrently Held at Other Entities) Professor Emeritus, Tokyo Metropolitan University Professor, Graduate School of Economics, Ritssho University</p>	4,400
<p><u>Reasons for nomination as the candidate for Outside Director and expected roles</u></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 at a university and graduate school 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 or Ritssho University. Ms. Keiko Murata is thus deemed to be sufficiently independent as Outside Director.</p>			

9	Satoshi Tanaka (February 27, 1958) <div>Reappointed</div> <div>Outside Director</div> <div>Independent</div> <div>Director</div> Attendance at meetings of Board of Directors: 100% (15/15 meetings)	April 1981	Joined Mitsui & Co., Ltd.	8,900
		April 2007	General Manager of Corporate Planning & Strategy Division, Mitsui & Co., Ltd.	
		April 2011	Managing Officer, Mitsui & Co., Ltd.	
		April 2013	Executive Managing Officer, Mitsui & Co., Ltd.	
		April 2015	Senior Executive Managing Officer, COO of Asia Pacific Business Unit, Mitsui & Co., Ltd.	
		April 2017	Executive Vice President and CAO (Chief Administrative Officer); CIO (Chief Information Officer); CPO (Chief Privacy Officer), Mitsui & Co., Ltd.	
		June 2017	Representative Director and Executive Vice President, Mitsui & Co., Ltd.	
		April 2019	Director, Mitsui & Co., Ltd.	
		June 2019	Counselor, Mitsui & Co., Ltd.	
		March 2020	Director, Kuraray Co., Ltd. (Current position)	
10	Naoko Mikami (March 12, 1961) <div>Reappointed</div> <div>Outside Director</div> <div>Independent</div> <div>Director</div> Attendance at meetings of Board of Directors: 100% (11/11 meetings)	April 2020	Outside Director, Sekisui House, Ltd.	400
		January 2021	Independent Director, IHH Healthcare Berhad (Current position)	
		April 2021	Representative Director, Executive Vice President & Executive Officer, Sekisui House, Ltd. (Current position)	
		(Important Positions Concurrently Held at Other Entities)		
Reasons for nomination as the candidate for Outside Director and expected roles				
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 & 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.				
10	Naoko Mikami (March 12, 1961) <div>Reappointed</div> <div>Outside Director</div> <div>Independent</div> <div>Director</div> Attendance at meetings of Board of Directors: 100% (11/11 meetings)	April 1983	Joined Ajinomoto Co., Inc.	400
		April 2007	Visiting Professor, Musashino University	
		January 2010	Joined C’BON COSMETICS Co., Ltd.	
		April 2010	Plant Manager of Tochigi Plant, C’BON COSMETICS Co., Ltd.	
		June 2011	Executive Officer in charge of Production Dept, C’BON COSMETICS Co., Ltd.	
		June 2012	Board Director in charge of Production Dept, C’BON COSMETICS Co., Ltd.	
		June 2017	Managing Board Director and Executive Officer, C’BON COSMETICS Co., Ltd.	
		June 2019	Representative Director and Vice President, Executive Officer, C’BON COSMETICS Co., Ltd.	
		June 2021	Outside Director, Showa Sangyo Co., Ltd. (Current position)	
		March 2022	Outside Director, Earth Corporation (Current position)	
10	Naoko Mikami (March 12, 1961) <div>Reappointed</div> <div>Outside Director</div> <div>Independent</div> <div>Director</div> Attendance at meetings of Board of Directors: 100% (11/11 meetings)	March 2024	Director, Kuraray Co., Ltd. (Current position)	400
		(Important Positions Concurrently Held at Other Entities)		
		Outside Director, Earth Corporation		
Reasons for nomination as the candidate for Outside Director and expected roles				
Ms. Naoko Mikami is nominated as the candidate for Outside Director because she has a wealth of experience and broad insight gained through her involvement in corporate management in Japan and production technology field to provide valuable opinions and suggestions to the Company’s management. There are no special interests between the Company and Showa Sangyo Co., Ltd. or Earth Corporation. Ms. Naoko Mikami is thus deemed to be sufficiently independent as Outside Director.				

11	Toshifumi Mikayama (July 18, 1957) Newly appointed Outside Director Independent Director	April 1983	Joined Kirin Brewery Co., Ltd. (currently Kirin Holdings Company, Limited)	0
		September 2002	General Manager of Pharmaceutical Research Laboratory, Pharmaceutical Division, Kirin Brewery Co., Ltd.	
		March 2004	General Manager of Planning Division, Pharmaceuticals Division, Kirin Brewery Co., Ltd.	
		July 2007	Director, Executive Officer, and Head of Research Division, Kirin Pharma Co., Ltd.	
		October 2008	Executive Officer, Head of Research Division, Kyowa Hakko Kirin Co., Ltd. (currently Kyowa Kirin Co., Ltd.)	
		April 2010	Executive Officer, Director of Corporate Strategy & Planning Department, Kyowa Hakko Kirin Co., Ltd.	
		March 2012	Managing Executive Officer, Director of Overseas Business Department, Kyowa Hakko Kirin Co., Ltd.	
		March 2014	Director of the Board, Managing Executive Officer, Director of Overseas Business Department, Kyowa Hakko Kirin Co., Ltd.	
		March 2018	Director of the Board, Senior Managing Executive Officer Supervising Overseas Business, Kyowa Hakko Kirin Co., Ltd.	
		March 2021	Director of the Board, Executive Vice President Supervising Overseas Business, Kyowa Kirin Co., Ltd.	
		June 2023	Outside Corporate Auditor, Central Glass Co., Ltd. (Current position)	
June 2023	Chairman of Kato Memorial Bioscience Foundation (Current position)			
July 2024	Board member, WinHealth International Company Limited (Current position)			
(Important Positions Concurrently Held at Other Entities)				
Outside Corporate Auditor, Central Glass Co., Ltd.				
Chairman of Kato Memorial Bioscience Foundation				
Board member, WinHealth International Company Limited				
<u>Reasons for nomination as the candidate for Outside Director and expected roles</u>				
Mr. Toshifumi Mikayama is nominated as the candidate for Outside Director because he has a wealth of experience and broad insight gained through his many years of involvement in corporate management, R&D and overseas business promotion to provide valuable opinions and suggestions to the Company’s management. There are no special interests between the Company and Central Glass Co., Ltd., Kato Memorial Bioscience Foundation, or WinHealth International Company Limited. Mr. Toshifumi Mikayama is thus deemed to be sufficiently independent as Outside Director.				

Notes:

- Mr. Masaaki Ito is Chairperson of Saijo Central Hospital, to which the Company makes donations. No special interests exist between the Company and any of the other above candidates.
- Ms. Keiko Murata, Mr. Satoshi Tanaka, Ms. Naoko Mikami, and Mr. Toshifumi Mikayama are candidates for Outside Directors.
- Liability Limitation Agreement
 - The Company has entered into agreements with Ms. Keiko Murata, Mr. Satoshi Tanaka, and Ms. Naoko Mikami 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 agreement is planned to be continued.
 - If Mr. Toshifumi Mikayama is newly appointed, the Company will newly enter into an agreement with him 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.
- Term of office of Outside Officer
 - Ms. Keiko Murata is currently Outside Director of the Company, and her term of office will be five (5) years at the conclusion of this 144th Ordinary General Meeting of Shareholders.
 - Mr. Satoshi Tanaka is currently Outside Director of the Company, and his term of office will be five (5) years at the conclusion of this 144th Ordinary General Meeting of Shareholders.
 - Ms. Naoko Mikami is currently Outside Director of the Company, and her term of office will be one (1) year at the conclusion of this 144th Ordinary General Meeting of Shareholders.
- Registration as Independent Director
 - The Company has registered each of Ms. Keiko Murata, Mr. Satoshi Tanaka, and Ms. Naoko Mikami 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.
 - The Company plans to register Mr. Toshifumi Mikayama as Independent Director if he is appointed 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.

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.

7. Showa Sangyo Co., Ltd., where Ms. Naoko Mikami currently serves as Outside Director, announced in December 2024 that, as a result of internal investigation conducted from July 2023, it had confirmed the fact that a former employee of Showa Sangyo had engaged in embezzlement. While Ms. Mikami was not aware of this fact until the internal investigation was conducted, she has been regularly calling attention to the importance of compliance with laws and regulations. After the fact came to light, she confirmed in the Board of Directors and other meetings the status of investigation of the facts and establishment of appropriate countermeasures to strengthen the control structure, made suggestions for the prevention of recurrence, and took other actions required of an Outside Director.

Proposal No. 4: Election of One (1) Member of Audit & Supervisory Board

The term of office of Member of Audit & Supervisory Board Mr. Naoya Uehara will expire at the conclusion of this 144th Ordinary General Meeting of Shareholders. Accordingly, we hereby propose that one (1) Member of Audit & Supervisory Board be elected. The Audit & Supervisory Board has given prior consent to this Proposal.

The candidate for the Member of Audit & Supervisory Board is as follows:

Name (Date of Birth)	Brief personal history, positions in the Company		Number of Company shares held
Hideo Ohi (October 29, 1959) <div>Newly appointed</div>	April 1982	Joined Kuraray Co., Ltd.	6,800
	April 2014	General Manager, Accounting and Finance Division, Kuraray Co., Ltd.	
	January 2022	General Manager, Corporate Auditing Division, Kuraray Co., Ltd.	
	March 2022	Executive Officer, Kuraray Co., Ltd. (Current position)	
<u>Reasons for nomination as the candidate for Member of Audit & Supervisory Board</u> Mr. Hideo Ohi possesses broad insight into the overall management of the Company due to his many years of involvement in the Company’s finance and accounting operations, internal control, including management of overseas subsidiaries, and auditing operations. Mr. Hideo Ohi is newly nominated as a candidate for Member of Audit & Supervisory Board because the Company believes that he can be expected to conduct audits from a neutral and objective viewpoint and contribute to ensuring the soundness of management.			

Notes:

1. No special interests exist between the Company and Mr. Hideo Ohi.
2. If Mr. Hideo Ohi is newly appointed, the Company will newly enter into an agreement with him 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.
3. 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. Hideo Ohi will be insured under the insurance contract. The Company plans to renew the insurance contract with the same contents at maturity.

Proposal No. 5: Revision of the Maximum Amount of Compensation for Granting Restricted Stock to Directors (Excluding Outside Directors)

The total amount of monetary compensation to be paid to Directors of the Company (excluding Outside Directors; hereinafter referred to as “Eligible Directors”) for granting restricted stock and the total number of shares to be issued or disposed of as a result thereof was approved at the 140th Ordinary General Meeting of Shareholders held on March 25, 2021, as ¥90 million or less per year and 60,000 shares or less per year (excluding the amount and the number of shares for its Executive Officers paid to the Directors who also serve as Executive Officers; in the event of a stock split (including a gratis allotment of the Company’s common stock) or a reverse stock split of the Company’s common stock on or after the date of resolution of this Proposal, the Company shall adjust the upper limit of the total number of shares in proportion to the ratio of the stock split, gratis allotment or reverse stock split, hereinafter referred to as the “Plan”). The upper limit of ¥90 million per year and 60,000 shares per year is the same as that for stock options for a stock linked compensation, which was approved at the 125th Ordinary General Meeting of Shareholders held on June 28, 2006 and abolished upon the introduction of the Plan.

On this occasion, in view of the changes in the share price since the introduction of the Plan and the potential increase in the total amount of monetary compensation to be paid to Eligible Directors for granting restricted stock in accordance with the following amendment, the Company asks for approval to revise the total amount of monetary compensation to a maximum of ¥180 million per year. The total number of shares to be issued or disposed of will remain unchanged.

At a meeting of the Board of Directors held on December 20, 2024, the Company resolved that, starting from fiscal 2025, the number of restricted shares to be allotted to Eligible Directors, as well as the points for monetary compensation linked to stock price (“phantom stock”) granted to Directors who do not reside in Japan instead of restricted stock compensation within the range of the monetary compensation limit, will reflect an evaluation based on the relevant indicators defined in the “Sustainability Medium-term Plan,” within a range of $\pm 20\%$. This resolution aims to further enhance corporate value over the medium to long term by implementing the “Sustainability Medium-term Plan,” which summarizes sustainability-related measures formulated in the five-year medium-term management plan “PASSION 2026,” launched in fiscal 2022. The above resolution of the Board of Directors has been reported as appropriate by the Corporate Advisory Committee, which is chaired by an Outside Director and comprises outside officers and outside experts. Accordingly, the Company’s “Policy for Determining Compensation, etc. for Each Director” has been amended, except for the part related to this Proposal. If this Proposal is approved, the Company plans to also amend the part related to this Proposal.

The Company believes that this Proposal is necessary and reasonable for paying monetary compensation to be paid for granting restricted stock in accordance with the amended “Policy for Determining Compensation, etc. for Each Director,” and deems the content of this Proposal appropriate.

If Proposal No. 3 “Election of Eleven (11) Directors” is approved as originally proposed, the number of Eligible Directors will be seven (7).

Other than the above revision, there are no changes to the content of the Plan.

[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/Members of Audit & Supervisory Board

If Proposals No. 3 and No. 4 are approved as proposed, the composition of Directors and Members of Audit & Supervisory Board of the Company and their knowledge and experience will be primarily as follows:

	Name		Gender	Knowledge/Experience of Directors/Members of Audit & Supervisory Board								
				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		Male	○	○	○						
	Keiji Taga		Male		○	○			○	○		
	Masaaki Ito		Male	○	○		○	○				
	Matthias Gutweiler		Male	○	○		○	○				
	Nobuhiko Takai		Male		○	○						
	Tomoyuki Watanabe		Male	○	○		○	○				
	Yoji Ikemori		Male		○	○						
	Keiko Murata	Outside Independent	Female		○					○	○	
	Satoshi Tanaka	Outside Independent	Male	○	○	○						○
	Naoko Mikami	Outside Independent	Female	○			○	○				
	Toshifumi Mikayama	Outside Independent	Male	○	○			○				
Members of Audit & Supervisory Board	Hiroaya Hayase		Male	○	○		○	○				
	Hideo Ohi		Male		○				○	○		
	Mitsuhiro Nagahama	Outside Independent	Male	○	○					○		○
	Tomomi Yatsu	Outside Independent	Female						○	○		
	Kenji Komatsu	Outside Independent	Male	○	○	○						

(Note) The above table shows up to 4 knowledge or experience possessed by Directors or Members of Audit & Supervisory Board. The above table does not represent all knowledge or experience possessed by Directors and Members of Audit & Supervisory Board.

Business Report (From January 1, 2024 to December 31, 2024)

1. Current Situation of the Kuraray Group

(1) Progress and Results of Operations

General Situation

In the fiscal year ended December 31, 2024 (“fiscal 2024”), although lacking strength in some regions, the global economy showed moderate growth as a whole. In the United States, the economy remained firm due to solid personal consumption. In Europe, economic recovery was limited to a moderate pace due to slumps in certain regions. In China, the slowdown in growth continued due mainly to the real estate recession. In addition, global economic activities were affected by geopolitical tensions, including deepening turmoil in Russia and Ukraine and the situation in the Middle East, and the outlook remained uncertain.

Amid these circumstances, the Group tackled the three challenges outlined in the medium-term management plan “PASSION 2026,” which was launched in fiscal 2022: (1) Sustainability as an opportunity, (2) Innovations starting from networking, and (3) Transformation of people and organizations. It also worked on the upgrading of its business portfolio and strived to further strengthen businesses and products with high growth potential and competitiveness. In businesses and products positioned as “growth, expansion businesses” and “base businesses,” in addition to launching facilities that had already been decided and that were under construction, we made decisions for future growth, including new capital expenditures and acquisitions. On the other hand, in certain businesses and products that were not expected to improve for the future, we made tough decisions such as business transfer, downsizing, and withdrawal.

As a result, consolidated operating results for fiscal 2024 are as follows: net sales increased ¥45,956 million (5.9%) year on year to ¥826,895 million, operating income increased ¥9,605 million (12.7%) year on year to ¥85,081 million, and ordinary income increased ¥12,454 million (18.0%) year on year to ¥81,480 million. Due to the recording of extraordinary losses, including impairment losses and loss on liquidation of business in certain businesses, net income attributable to owners of the parent decreased ¥10,721 million (25.3%) year on year to ¥31,724 million.

Results by Business Segment

Results by business segment are as follows.

Vinyl Acetate

Major Business Lines: Manufacture and sale of PVOH resin and film, PVB resin and film, and EVOH resin and film

This segment recorded net sales of ¥414,907 million (up 2.0% year on year), and segment income was ¥87,630 million (up 1.5% year on year).

For PVOH resin, amid turmoil in Europe-bound logistics, sales volumes increased due to the stable global supply system.

Although shipments of optical-use poval film remained steady, sales volumes stayed at the same level as the previous fiscal year due to the impact of shipment adjustments by panel manufacturers in the third quarter. The new facilities established in the Kurashiki Plant began operating in the second quarter to meet the need for larger LCD panels for TVs.

In Advanced Interlayer Solutions, sales volumes declined due to the ongoing impact of the economic downturn on construction applications in Europe.

Sales volumes of water-soluble PVOH film were on a par with the previous fiscal year due to the impact of the prolonged economic slump in Europe.

Sales of EVAL™ ethylene vinyl alcohol copolymer (EVOH resin) began to recover for food packaging applications in the second quarter and remained firm for automotive applications, resulting in a slight increase in sales volumes. To respond to the future expansion of demand, mainly related to the circular economy, the Group decided to build a new plant in Singapore (scheduled to begin operation in late 2026; announced on March 26, 2024).

Isoprene

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

This segment recorded net sales of ¥76,365 million (up 16.3% year on year). Segment loss of ¥9,498 million (segment loss of ¥10,871 million in the previous fiscal year) was recorded due to the impact of factors such as increased depreciation at the new plant in Thailand that began operating in fiscal 2023.

Sales volumes of isoprene chemicals and elastomer increased due to the expansion of sales utilizing the new plant in Thailand, in addition to the recovery of demand, mainly for automotive applications.

Regarding GENESTAR™ heat-resistant polyamide resin, automotive applications trended favorably. Further, in addition to the recovery in demand for electric and electronic device applications, demand for connectors for servers expanded, driven by vigorous investment in generative AI data centers.

Functional Materials

Major Business Lines: Manufacture and sale of methacrylic resin, medical products, activated carbon, and high-performance membranes and system for water treatment

This segment recorded net sales of ¥207,981 million (up 9.6% year on year), and segment income was ¥12,946 million (up 25.4% year on year).

In the methacrylate business, sales volumes increased due to a recovery in demand, mainly for electric and electronic device applications, but the business was affected by the intensification of competition and other factors. The Group made the decision to reduce its production capacity of methyl methacrylate (announced on June 27, 2024).

In the medical business, sales of cosmetic dental materials remained steady, mainly in Europe and the

United States.

In the environmental solutions business, although the economic slowdown had a visible impact on industrial applications in Europe, sales of activated carbon remained steady, particularly for drinking water applications in North America. The new activated carbon facility in the United States began operating in the first quarter.

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

This segment recorded net sales of ¥62,674 million (up 1.3% year on year), and segment income was ¥1,207 million (down 33.9% year on year).

Sales volumes of CLARINO™ man-made leather increased due to the recovery in demand for automotive and sports applications.

In fibers and industrial materials, despite a recovery in demand for automotive applications, sales for building material applications in Europe were sluggish.

In consumer goods and materials, demand for KURAFLEX™ non-woven fabrics and MAGIC TAPE™ hook and loop fasteners was weak. In the non-woven fabrics business, the Group decided to withdraw from the dry non-woven fabrics business and to scale down its production capacity of meltblown non-woven fabric (announced on July 26, 2024).

Trading

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

This segment recorded net sales of ¥67,625 million (up 9.8% year on year), and segment income was ¥5,915 million (up 14.1% year on year).

In fiber-related businesses, the materials-related business struggled, but sales for sportswear applications remained steady.

Sales of resins and chemicals expanded, mainly in Asian markets.

Others

Major Business Lines: Engineering

In Others, net sales were ¥50,863 million (up 11.4% year on year), and operating income was ¥2,295 million (up 353.5% year on year).

(2) Challenge for the Kuraray Group

Kuraray's mission in the corporate statements is: "For people and the planet—to achieve what no one else can." Based on this, we aim to be a "Specialty Chemical Company contributing to customers, society and the planet and growing sustainably by incorporating new innovation platforms into its own technologies" under the Kuraray Vision 2026, a long-term vision toward 2026, the centennial of the Company's founding.

In line with "PASSION 2026," the medium-term management plan that started in fiscal 2022, the Group set three challenges to tackle listed below to realize the Kuraray Vision 2026.

- (i) Sustainability as an opportunity
Take sustainability as an opportunity and promote it with the collective strength of the whole group.
- (ii) Innovations starting from networking
Create a growth driver by connecting people with people, and technologies with technologies, both outside and within the Company.
- (iii) Transformation of people and organizations
Transform people and organization via the digital-driven process innovation and the promotion of diversity which will, in turn, help us bring to bear a broad range of ideas.

In fiscal 2025, the fourth year of the medium-term management plan, "PASSION 2026," in addition to leveraging its strengths in "growth and expansion businesses" such as EVAL™, activated carbon, and dental materials to meet increasing demand, the Company will further promote the upgrading of its business portfolio by working on the improvement of earnings in the isoprene business and fibers and textiles business. 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. We will aim for a total return ratio of at least 35% as a proportion of net income attributable to owners of the parent, an annual dividend of at least ¥40 per share, and conduct flexible implementation of share buybacks. Under this policy, for fiscal 2024, we plan to pay out an interim dividend of ¥27 per share and a year-end dividend of ¥27, for an annual dividend of ¥54 (forecast). In addition, we acquired 11,020,000 shares of the Company's own shares at approximately ¥20.0 billion and cancelled 30,000,000 treasury shares (ordinary shares, accounting for 8.45% of the total number of shares issued prior to the cancellation) in fiscal 2024. As a result, the (planned) total return ratio in fiscal 2024 will be 118.7%.

In fiscal 2025, we will review the shareholder return policy. Our new policy will be to aim for a total return ratio of at least 50% as a proportion of net income attributable to owners of the parent, maintain and increase annual dividends per share, and continue to conduct share buybacks. For fiscal 2025, we plan to pay out an annual dividend per share of ¥54, comprising an interim dividend of ¥27 and a year-end dividend of ¥27.

Since its foundation, the Group has conducted management that aims for the improvement of the natural environment and living environment through our business activities, to contribute to the sustainable advancement of society. Positioning sustainability as an important management strategy, key priority issues (materiality) for the sustainable advancement of the Company and society have been selected at a management level, and we are working on solutions to those issues across the entire Group.

In the medium-term management plan "PASSION 2026," we have compiled the sustainability-related measures that the Group will address in our "Sustainability Medium-term Plan."

We declared our endorsement of the Recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) in November 2020, and we are striving to enhance our disclosures in the four areas recommended by the TCFD, namely governance, strategy, risk management, and metrics and targets. We have also reviewed our targets for the reduction of GHG emissions and set new and ambitious targets that include Scope 3 emissions.

In terms of human capital, in addition to our goal of securing diversity in our core human resources so that diverse personnel may play active roles in the long-term, continuous enhancement of corporate value, we have set three new goals concerning human resources development—ratio of senior managers taking global leadership training, ratio of candidates prepared for management executive candidate development, and total number of participants in DX talent development.

The Group will actively promote sustainability and help to improve the natural environment and enhance quality of life for people everywhere with unique technologies and products. Detailed information about the Group's sustainability initiatives and disclosures based on the TCFD framework can be found on

the Company's website.

Kuraray Report (integrated report)	https://www.kuraray.com/csr/report_backnumber
Sustainability website	https://www.kuraray.com/csr
Sustainability Medium-term Plan	https://www.kuraray.com/csr/report2024/4p-model

(3) Capital Expenditures

Major capital expenditures invested during fiscal 2024 were as follows

- (i) Major facilities completed during the year
 - Kuraray Co., Ltd.
Expansion of optical-use poval film production facilities (Vinyl Acetate)
 - Calgon Carbon Corporation
Expansion of activated carbon production facilities (Functional Materials)
- (ii) Ongoing establishment, expansion and reinforcement of major facilities during the year
 - Kuraray Asia Pacific Pte. Ltd.
Construction of a new plant for EVALTM production(Vinyl Acetate)

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

None applicable

(5) Transfer of Business from Other Companies

In July 2024, the Group acquired industrial reactivation business from Sprint Environmental Services, LLC to strengthen our reactivation business.

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

None applicable

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

In December 2024, the Company transferred all its shares in Chemviron France SAS and Foggia Perlite S. r. l., which had been a consolidated subsidiary, to the Imerys group.

(8) Financing

Nothing important to mention

(9) Major Lenders

(Millions of yen)	
Lender	Borrowing balance
MUFG Bank, Ltd.	18,495
Mizuho Bank, Ltd.	16,234
Development Bank of Japan Inc.	16,000
The Chugoku Bank, Ltd.	14,590
Nippon Life Insurance Company	12,040

Notes:

1. Borrowing balance mentioned above includes borrowings from overseas subsidiaries of lenders.
2. In addition to the above, there are ¥60,000 million of borrowings via syndicated loans.

(10) Changes in Financial Position and Income Summary

	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Net sales (Millions of yen)	629,370	756,376	780,938	826,895
Operating income (Millions of yen)	72,256	87,139	75,475	85,081
Ordinary income (Millions of yen)	68,765	84,060	69,025	81,480
Net income attributable to owners of the parent (Millions of yen)	37,262	54,307	42,446	31,724
Net income per share (Yen)	108.32	161.13	126.80	96.33
Total assets (Millions of yen)	1,091,014	1,221,533	1,254,485	1,291,238
Net assets (Millions of yen)	579,602	668,534	736,156	781,790

Note: Because the Company has applied the Revenue Recognition Accounting Standard and other standards from fiscal 2022, financial data for fiscal 2022 and beyond reflect these accounting standards.

(11) Major Subsidiaries

Company Name	Capital	The Company's Equity Position (%)	Major Business Lines:
Kuraray Trading Co., Ltd.	2,200 (Millions of yen)	100.0	Exportation, importation and sale of textile goods, resins and chemicals
Kuraray Noritake Dental Inc.	300 (Millions of yen)	66.7	Manufacture and sale of dental materials
Kuraray Plastics Co., Ltd.	180 (Millions of yen)	100.0	Manufacture and sale of molded rubber and chemicals, resin compounds and laminated products
Kuraray Engineering Co., Ltd.	150 (Millions of yen)	100.0	Plant design and construction
Kuraray Techno Co., Ltd.	100 (Millions of yen)	100.0	Entrusted services for operations pertaining to production and logistics and manpower dispatching/recruiting business
Kuraray Kuraflex Co., Ltd.	100 (Millions of yen)	100.0	Manufacture, processing and sale of non-woven fabric products
Kuraray Fastening Co., Ltd.	100 (Millions of yen)	70.0	Manufacture and sale of hook and loop fasteners and related goods
Kuraray Holdings U.S.A., Inc.	865,031 (Thousands of U.S. dollars)	100.0	Holding company and controlling function of U.S. subsidiaries
Kuraray America, Inc.	10,101 (Thousands of U.S. dollars)	(100.0)	Importation, exportation and sale of textile goods, resins, chemicals and dental materials, manufacture and sale of PVOH resin, PVB resin and film, EVOH resin and thermoplastic elastomer
MonoSol, LLC	59,050 (Thousands of U.S. dollars)	(100.0)	Manufacture and sale of PVOH film for industrial purposes
Calgon Carbon Corporation	618 (Thousands of U.S. dollars)	(100.0)	Manufacture and sale of activated carbon and water treatment equipment
Kuraray Europe GmbH	31,188 (Thousands of euros)	100.0	Importation, exportation and sale of textile goods, resins, chemicals and dental materials, manufacture and sale of PVOH resin and PVB resin and film
EVAL Europe N.V.	29,747 (Thousands of euros)	(100.0)	Manufacture and sale of EVOH resin
Kuraray Asia Pacific Pte. Ltd.	149,775 (Thousands of U.S. dollars)	100.0	Importation, exportation and sale of resins, manufacture and sale of PVOH resin
Kuraray (Shanghai) Co., Ltd.	8,000 (Thousands of U.S. dollars)	100.0	Importation and sale of resins, chemicals, dental materials, and activated carbon
Kuraray China Co., Ltd.	3,000 (Thousands of U.S. dollars)	100.0	Provision of financing/indirect support functions to group companies in China, and assistance to the 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)	100.0	Manufacture and sale of acrylic sheets
Kuraray Hong Kong Co., Ltd.	4,650 (Thousands of Hong Kong dollars)	100.0	Sale of man-made leather
Kuraray Korea Ltd.	2,107 (Millions of Korean won)	100.0	Manufacture and sale of PVB film
Plantic Technologies Limited	131,511 (Thousands of AUS dollars)	100.0	Manufacture and sale of biomass-derived PLANTIC™ film
Kuraray Specialities (Thailand) Co., Ltd.	5,718 (Millions of Thai baht)	(100.0)	Importation, sale, and market development of resins and chemicals
Kuraray Advanced Chemicals (Thailand) Co., Ltd.	2,700 (Millions of Thai baht)	(100.0)	Manufacture and sale of isobutylene derivative MPD
Kuraray SC (Thailand) Co., Ltd.	3,747 (Millions of Thai baht)	(80.0)	Holding function of Kuraray GC Advanced Materials Co., Ltd.
Kuraray GC Advanced Materials Co., Ltd.	5,600 (Millions of Thai baht)	(53.3)	Manufacture and sale of butadiene derivatives

Note: The figures in brackets in "The Company's Equity Position" are the ratios including indirect holdings.

(12) Major Offices, Plants and Research Centers

	Name	Location
Kuraray Co., Ltd.	Head Office Osaka Office Kurashiki Plant Saijo Plant Okayama Plant Niigata Plant Kashima Plant Tsurumi Plant Kurashiki Research Center Tsukuba Research Center	Chiyoda-ku, Tokyo Osaka-city, Osaka Kurashiki-city, Okayama Saijo-city, Ehime Okayama-city, Okayama Tainai-city, Niigata Kamisu-city, Ibaraki Bizen-city, Okayama Kurashiki-city, Okayama Tsukuba-city, Ibaraki
The Group Companies (Japan)	Kuraray Trading Co., Ltd. Kuraray Noritake Dental Inc. Kuraray Plastics Co., Ltd. Kuraray Engineering Co., Ltd. Kuraray Techno Co., Ltd. Kuraray Kuraflex Co., Ltd. Kuraray Fastening Co., Ltd.	Osaka-city, Osaka Chiyoda-ku, Tokyo Osaka-city, Osaka Osaka-city, Osaka Osaka-city, Osaka Osaka-city, Osaka Osaka-city, Osaka
The Group Companies (Overseas)	Kuraray America, Inc. MonoSol, LLC Calgon Carbon Corporation Kuraray Europe GmbH EVAL Europe N.V. Kuraray Asia Pacific Pte. Ltd. Kuraray China Co., Ltd. Kuraray (Shanghai) Co., Ltd. Kuraray Hong Kong Co., Ltd. Kuraray Korea Ltd. Plantic Technologies Limited Kuraray GC Advanced Materials Co., Ltd. Kuraray Advanced Chemicals (Thailand) Co., Ltd. Kuraray India Private Limited Kuraray South America Ltda.	United States United States, United Kingdom, Poland United States, United Kingdom, Italy, Belgium, France, China Germany Belgium Singapore China China Hong Kong South Korea Australia Thailand Thailand India Brazil

(13) Employees

Business Segment	Number of Employees	Year-on-year Increase (Decrease)
Vinyl Acetate	4,439	7
Isoprene	1,153	20
Functional Materials	3,042	5
Fibers and Textiles	1,609	(46)
Trading	441	8
Others	890	(71)
Corporate (Shared)	367	112
Total	11,941	35

(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 324,863,603 shares
 (Including 996,185 shares of treasury shares)

- (3) Number of Shareholders as of December 31, 2024 90,890

- (4) Major Shareholders

Shareholder's name	Number of shares held (Thousands)	Ratio of capital contribution (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	63,605	19.64
Custody Bank of Japan, Ltd. (Trust account)	32,243	9.96
National Mutual Insurance Federation of Agricultural Co-operatives	10,882	3.36
Nippon Life Insurance Company	10,848	3.35
Kuraray Employee Stock Ownership Plan	5,868	1.81
JPMorgan Securities Japan Co., Ltd.	5,438	1.68
Meiji Yasuda Life Insurance Company	5,372	1.66
THE BANK OF NEW YORK MELLON 140042	5,014	1.55
Kuraray Business Partner Stock Ownership Plan	4,780	1.48
BNP PARIBAS LUXEMBOURG/2S/JASDEC SECURITIES/UCITS ASSETS	4,134	1.28

Note: In calculation of "Ratio of capital contribution," the treasury shares of the Company (996,185 shares) are excluded from the total number of shares issued.

- (5) Shares Issued to Directors and Members of Audit & Supervisory Board as Consideration for Execution of Duties during the Subject Fiscal Year

The details of stock-based compensation issued during fiscal 2024 are as follows.

Category	Number of eligible persons	Number of shares
Directors (excluding Outside Directors)	6	34,500 shares

Note: Details of the Company's stock-based compensation are provided in "(4) Total Amounts of Compensation, etc., Paid to Directors and Members of Audit & Supervisory Board" on page 30.

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

(1) Details of Share Purchase Warrants Held by Directors and Members of Audit & Supervisory Board of the Company as of December 31, 2024

- (i) Share purchase warrants
315 units
- (ii) Kind and number of shares
Common shares: 157,500 shares (500 shares for each share purchase warrant)
- (iii) Number of share purchase warrants held by Directors of the Company

	Name	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	6 units	2
			¥1		
	Share Purchase Warrants issued in May 2014 (Stock Options for a Stock Linked Compensation)	May 15, 2014 – May 14, 2029	¥1,119	8 units	2
			¥1		
	Share Purchase Warrants issued in February 2015 (Stock Options for a Stock Linked Compensation)	February 17, 2015 – February 16, 2030	¥1,352	12 units	2
			¥1		
	Share Purchase Warrants issued in February 2016 (Stock Options for a Stock Linked Compensation)	February 10, 2016 – February 9, 2031	¥1,200	24 units	2
			¥1		
	Share Purchase Warrants issued in February 2017 (Stock Options for a Stock Linked Compensation)	February 9, 2017 – February 8, 2032	¥1,538	35 units	4
			¥1		
	Share Purchase Warrants issued in February 2018 (Stock Options for a Stock Linked Compensation)	February 15, 2018 – February 14, 2033	¥1,761	25 units	5
			¥1		
	Share Purchase Warrants issued in February 2019 (Stock Options for a Stock Linked Compensation)	February 14, 2019 – February 13, 2034	¥1,466	46 units	6
			¥1		
	Share Purchase Warrants issued in February 2020 (Stock Options for a Stock Linked Compensation)	February 14, 2020 – February 13, 2035	¥1,314	64 units	6
			¥1		
	Share Purchase Warrants issued in February 2021 (Stock Options for a Stock Linked Compensation)	February 12, 2021 – February 11, 2036	¥1,174	91 units	6
			¥1		
Outside Directors	Share Purchase Warrants issued in February 2021 (Stock Options for a Stock Linked Compensation)	February 12, 2021 – February 11, 2036	¥1,174	4 units	2
			¥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 compensation 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 Members of Audit & Supervisory Board hold no share purchase warrants.

- (2) Outline of the Share Purchase Warrants Issued to Any Employees of the Company, and Directors, Members of Audit & Supervisory Board and Employees of Any Subsidiaries during the Subject Fiscal Year

None applicable

4. Directors and Members of Audit & Supervisory Board of the Company

(1) Directors and Members of Audit & Supervisory Board

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	Keiji Taga	Officer Responsible for Corporate Management Planning Office, Officer Responsible for Corporate Sustainability Division, Officer Responsible for DX-IT Division, and Officer Responsible for Accounting and Finance Division, Kuraray Co., Ltd.
Chairman and Director	Masaaki Ito	Chairperson, Saijo Central Hospital Outside Director, Hitachi Construction Machinery Co., Ltd.
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	Matthias Gutweiler	President, Kuraray Europe GmbH
Director and Managing Executive Officer	Nobuhiko Takai	President of Functional Materials Company, Kuraray Co., Ltd.
Director and Managing Executive Officer	Tomoyuki Watanabe	President of Vinyl Acetate Resin Company, President of Vinyl Acetate Film Company, and Officer Responsible for Electronics Materials Promotion Division
Director	Keiko Murata	Professor Emeritus, Tokyo Metropolitan University Professor, Graduate School of Economics, Rissho University
Director	Satoshi Tanaka	Representative Director, Executive Vice President & Executive Officer, Sekisui House, Ltd. Independent Director, IHH Healthcare Berhad
Director	Kiyoto Ido	Outside Director, Japan Investment Adviser Co., Ltd.
Director	Naoko Mikami	Outside Director, Showa Sangyo Co., Ltd. Outside Director, Earth Corporation
Full-time Member of Audit & Supervisory Board	Hiroaya Hayase	
Full-time Member of Audit & Supervisory Board	Naoya Uehara	
Member of Audit & Supervisory Board	Mitsuhiro Nagahama	Outside Director, Azbil Corporation, Outside Director, Toshiba Tec Corporation, Chairperson, Japan Association of Retired Industrial Persons
Member of Audit & Supervisory Board	Tomomi Yatsu	Attorney (Representative, Yatsu Law & Accounting Office) Outside Director, SMBC Nikko Securities Inc. Outside Audit & Supervisory Board Member, Kyowa Kirin Co., Ltd.
Member of Audit & Supervisory Board	Kenji Komatsu	Chairman and Representative Director, Longreach Business Partners Inc.

Notes:

- Directors Keiko Murata, Satoshi Tanaka, Kiyoto Ido, and Naoko Mikami are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act.
- Members of Audit & Supervisory Board Mitsuhiro Nagahama, Tomomi Yatsu and Kenji Komatsu are Outside Company Auditors as stipulated in Article 2, Item 16 of the Companies Act.
- Member of Audit & Supervisory Board Mitsuhiro Nagahama has been engaged in financial securities business for many years, and therefore has considerable expertise in finance and accounting. Member of Audit & Supervisory Board Tomomi Yatsu is a certified public accountant, and therefore has considerable expertise in finance and accounting.
- The Company has registered Directors Keiko Murata, Satoshi Tanaka, Kiyoto Ido, and Naoko Mikami and Members of Audit & Supervisory Board 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 Tokyo Metropolitan University or Rissho 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.
- 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.

8. There are no special interests between the Company and Showa Sangyo Co., Ltd. or Earth Corporation. Ms. Naoko Mikami is thus deemed to be sufficiently independent as Outside Director.
9. There are no special interests between the Company and Azbil Corporation, Toshiba Tec Corporation, or Japan Association of Retired Industrial Persons. Mr. Mitsuhiro Nagahama is thus deemed to be sufficiently independent as Outside Member of Audit & Supervisory Board.
10. There are no special interests between the Company and Yatsu Law & Accounting Office, SMBC Nikko Securities Inc. or Kyowa Kirin Co., Ltd. Ms. Tomomi Yatsu is thus deemed to be sufficiently independent as Outside Member of Audit & Supervisory Board.
11. There are no special interests between the Company and Longreach Business Partners Inc. Mr. Kenji Komatsu is thus deemed to be sufficiently independent as Outside Member of Audit & Supervisory Board.

(2) Liability Limitation Agreements with Directors and Members of Audit & Supervisory Board

Pursuant to the Articles of Incorporation, the Company has concluded liability limitation agreements with all the Outside Directors and Members of Audit & Supervisory Board. An outline of the agreements is as follows

“After the execution of this agreement, the Outside Director and Member of Audit & Supervisory Board 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 Member of Audit & Supervisory Board 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 Compensation, etc., Paid to Directors and Members of Audit & Supervisory Board

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

Category	Amount paid	Amount paid by type				Number of persons paid (persons)
		Monetary compensation			Stock-based compensation	
		Fixed compensation	Performance-linked compensation ³	Others ⁴	Restricted stock compensation ⁵	
Directors [of which Outside Directors]	501 [57]	315 [57]	132 [-]	4 [-]	49 [-]	13 [5]
Members of Audit & Supervisory Board [of which Outside Members of Audit & Supervisory Board]	95 [37]	95 [37]	- -	- -	- -	6 [3]

Notes:

1. The annual compensation to Directors and Members of Audit & Supervisory Board 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 compensation 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 compensation 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 compensation to Members of Audit & Supervisory Board	¥100 million or less per year	125th Ordinary General Meeting of Shareholders (June 28, 2006)	5

2. The amounts of compensation, 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 compensation 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 “(10) Changes in Financial Position and Income Summary” on page 21.
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 compensation limit.
5. This is the restricted stock compensation of seven (7) Directors. Separately from the restricted stock compensation under the Scheme, another ¥18 million in restricted stock compensation was given to five (5) Directors concurrently serving as Executive Officers of the Company as compensation to serve as Executive Officers.
6. The “Number of persons paid” mentioned above includes two (2) Directors and one (1) Member of Audit & Supervisory Board who retired at the conclusion of the 143rd Ordinary General Meeting of Shareholders held on March 27, 2024.
7. The amounts of compensation, 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

The Company'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, 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 Prime Market 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} The Company 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 the Company's Directors shall be paid in the scope shown below:

	Type of compensation, etc.	Limit of total amount	Resolution
(1)	Monetary 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 60,000 shares or less per year	140th Ordinary General Meeting of Shareholders

* If Proposal No. 5 of this General Meeting of Shareholders is approved as proposed, the limit of the total amount of restricted stock compensation will become ¥180 million per year.

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

The Company 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, 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><Compensation index for Directors by position></p> <table><tr><td>President</td><td>Chairman</td><td>Senior Managing Executive Officer</td><td>Managing Executive Officer</td></tr><tr><td>100</td><td>90</td><td>65</td><td>55</td></tr></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 Prime Market 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 = 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><tr><th>Target</th><th>Formula</th></tr><tr><td>Directors in charge of corporate units</td><td>Bonus = Net income attributable to owners of the parent × 0.75/1000 × Compensation index by position^{*1}/100 × Company performance reflection rate: 100%</td></tr><tr><td>Directors in charge of business units</td><td>Bonus = Net income attributable to owners of the parent × 0.75/1000 × Compensation index by position /100 × (Company performance reflection rate: 80% + Business performance addition rate^{*2}: 0% to 40%)</td></tr></table> <p>^{*1} Compensation index by position is the same as that used for fixed compensation.</p>	Target	Formula	Directors in charge of corporate units	Bonus = Net income attributable to owners of the parent × 0.75/1000 × Compensation index by position ^{*1} /100 × Company performance reflection rate: 100%	Directors in charge of business units	Bonus = Net income attributable to owners of the parent × 0.75/1000 × Compensation index by position /100 × (Company performance reflection rate: 80% + Business performance addition rate ^{*2} : 0% to 40%)		
Target	Formula								
Directors in charge of corporate units	Bonus = Net income attributable to owners of the parent × 0.75/1000 × Compensation index by position ^{*1} /100 × Company performance reflection rate: 100%								
Directors in charge of business units	Bonus = Net income attributable to owners of the parent × 0.75/1000 × Compensation index by position /100 × (Company performance reflection rate: 80% + Business performance addition rate ^{*2} : 0% to 40%)								

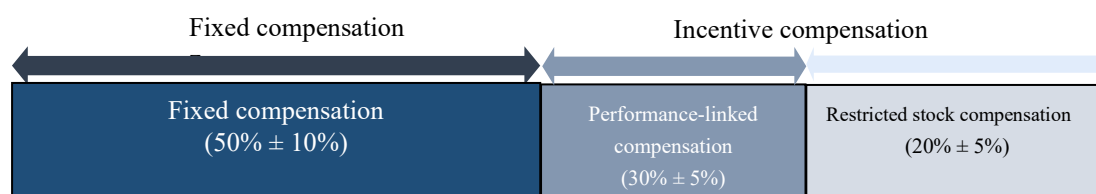
	<p>*2 Business performance addition rate is obtained by evaluating the performance of the relevant business segment, i.e. the rate of achieving net sales and operating income targets, the degree of year-on-year change in operating income, etc.</p>
<p>Restricted stock compensation* (stock compensation)</p>	<p>[President] A number of shares shall be allotted to reflect the evaluation based on sustainability-related indicators*(applied within a range of $\pm 20\%$) 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 reflect the evaluation based on sustainability-related indicators* (applied within a range of $\pm 20\%$). To facilitate the sharing of value with shareholders, those in higher positions receive more allotment of shares. Restriction on transfer is to be lifted at the time of retirement.</p> <p>*We have adopted five sustainability-related indicators: environmental contribution(achievement of GHG emissions reduction targets), occupational health and safety(achievement of targets for occupational accident frequency rate and number of safety incidents), diversity(improvement in the ratio of female managers), and engagement(improvement in the engagement survey).</p>

* The Company 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 “2. Timing of granting compensation, etc.”

iii. 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)

[President]



[Directors excluding the President]



(6) Outside Directors and Outside Members of Audit & Supervisory Board of the Company

(i) Activities of Outside Directors and Outside Members of Audit & Supervisory Board

	Attendance at meetings of Board of Directors and meetings of Audit & Supervisory Board	Activities and duties performed by Outside Directors regarding their expected roles
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% (15/15 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.
Director Naoko Mikami	Meetings of Board of Directors 100% (11/11 meetings)	She expressed her opinions as necessary about the management of the Company primarily based on her experience and achievements gained by being deeply engaged in corporate management in Japan and in the production technology field.
Member of Audit & Supervisory Board Mitsuhiro Nagahama	Meetings of Board of Directors 100% (15/15 meetings) Meetings of Audit & Supervisory Board 100% (13/13)	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.
Member of Audit & Supervisory Board Tomomi Yatsu	Meetings of Board of Directors 100% (15/15 meetings) Meetings of Audit & Supervisory Board 100% (13/13)	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.
Member of Audit & Supervisory Board Kenji Komatsu	Meetings of Board of Directors 100% (15/15 meetings) Meetings of Audit & Supervisory Board 100% (13/13)	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 Naoko Mikami applies to the meetings of Board of Directors held after her appointment on March 27, 2024.

(ii) Other matters to be stated

There is no matter other than the above to be stated regarding the Outside Directors and Outside Members of Audit & Supervisory Board 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 Japan LLC

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

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

(i) The amount of compensation for audit pertaining to the Company's business as set forth in Article 2, Paragraph 1 of the Certified Public Accountant Law: ¥118 million

(ii) Sum of money and other financial profits to be paid by the Company and its subsidiaries: ¥144 million

Notes:

1. The Audit & Supervisory Board has given consent to the compensation, 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 2024 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

Seventeen (17) 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 Audit & Supervisory Board shall dismiss the Accounting Auditor of the Company with a unanimous resolution if all Members of Audit & Supervisory Board 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 Audit & Supervisory Board 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 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 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" comprising outside officers 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 headed by the President, which seeks approval from and reports to the Board of Directors regarding important matters.
 - 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 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 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 Governance Hotline will be established as an internal reporting point independent from the management to notify Members of Audit & Supervisory Board via an external law firm.
 - 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 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 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 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 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 Group.
 - b. Based on the Company Emergency Headquarters Operating Regulations, in the event of a significant crisis regarding the business activities of the 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 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 Group company will be conducted according to the management policies of the 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 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 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 Group, a liaison meeting will be held as required between the President of the Company and the presidents of each 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 Group company. In addition, officers will be seconded from the Company to each 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 Members of Audit & Supervisory Board and items regarding ensuring the effectiveness of instructions given to these employees

Staff for Members of Audit & Supervisory Board will be assigned to assist the duties of Members of Audit & Supervisory Board. Staff for Members of Audit & Supervisory Board will receive direction and orders from Members of Audit & Supervisory Board, and concerning personnel affairs and salary of Staff for Member of Audit & Supervisory Board, decisions will be made after deliberations between the officer supervising personnel affairs and Members of Audit & Supervisory Board.

(vii) Systems regarding reporting to Members of Audit & Supervisory Board of the Company and systems to ensure persons who make reports do not receive detrimental treatment as a result of making a report.

- a. Members of Audit & Supervisory Board will receive reports concerning conditions of business execution at the Company and each Group company by attending Meetings of Board of Directors, liaison meetings, etc., with presidents of significant subsidiaries.
- b. The Corporate Auditing Division will periodically report to the Audit & Supervisory Board concerning conditions of internal audits at the Company and each 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 Group company will swiftly report to Members of Audit & Supervisory Board. Members of Audit & Supervisory Board may request reports regarding these items as required from employees of the Company and the Group.
- d. Employees of the Company and each Group company can notify Members of Audit & Supervisory Board of these matters using the Governance 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 Members of Audit & Supervisory Board

When Members of Audit & Supervisory Board 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 Members of Audit & Supervisory Board are made effectively
In order to exchange opinions regarding challenges facing the Company, important audit issues, etc., Members of Audit & Supervisory Board 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 2024 is as follows.

(i) Initiatives relating to compliance

- a. To work toward improving compliance awareness, seminars on a “comfortable workplace” were conducted for Senior Managers at the Company and domestic Group companies, and the Senior Managers who attended those seminars subsequently conducted departmental discussions on the same theme in their respective departments.
- b. With establishment of the Kuraray Group Antitrust Compliance Program, the Company strives to implement the program across the entire Group. In fiscal 2024 as well, the Company continued to monitor the compliance system in high-risk businesses and areas and took various measures such as education and training for employees, as well as annual audits of divisions that participate in bidding.
- c. 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 Group. Results of the assessment were audited by PricewaterhouseCoopers Japan LLC, and were reported to the Board of Directors.

(ii) Initiatives relating to risk management

- a. With regard to the three priority issues for fiscal 2024 ((i) leakage or destruction of confidential information, (ii) process accidents, and (iii) risks in procurement of raw materials and fuels), we pursued the following measures to avoid and reduce risks under the direction of the officers in charge.
 - i. To strengthen confidential information management on an ongoing basis, the Company restructured the Confidential Information Management Team into a permanent organization in January 2024. As well as establishing the operation of the highly secure data storage system which was launched in fiscal 2023 and expanding its functions, the Company began operating systems for the detection and automatic suspension of mass downloads.
 - ii. In addition to the safety audits of overseas chemical plants conducted to date by the relevant companies and business units, which began in fiscal 2019, the Process Safety Management (PSM) Audit Team comprising global in-house experts was launched in fiscal 2022 and is working to identify overseas safety risks and pursue countermeasures. In fiscal 2024, the PSM Audit Team conducted on-site audits of three (3) production bases, identifying issues and recommending rectification measures.
 - iii. Continuing from fiscal 2023, based on the results of analysis of priority production brands and the risks of disruptions to the supply of raw materials, fuels, and other resources in each business, the Company progressively developed and implemented risk reduction measures, starting with those resources that have the highest priority. In the analysis of the risks of supply disruptions for raw materials and other resources, due to changes in upstream supply chain trends, the analysis results were revised considering the most recent trends.

Further, based on the results of self-assessment at each domestic and overseas organization, following discussions at the Risk Compliance Committee, the President specified significant business risks and appointed officers in charge of each risk. In November 2024, he designated the following as priority issues for Group risk management in fiscal 2025.

- i. To reduce the risk of leaks or destruction of confidential information, introduce a globally standardized information security system, and work to improve the standard of confidential information management by thoroughly implementing the rules of confidential information management and steadily undertaking rectification measures based on the results of monitoring of the status of implementation of those rules.
 - ii. To mitigate risks of process accidents, continue to implement measures to enhance operational management and facility management at the Group's plants all over the world. Through onsite audits of individual companies of the Group by the Global PSM Audit Team, comprising members from across the organization, objectively identify issues in safety management and support the rectification of those issues. Also, for issues that are detected, roll out measures horizontally on a global basis to mitigate the risk of process accidents throughout the entire Group.
 - iii. Revise measures for the avoidance and reduction of fuel and raw materials procurement risk regarding the latest trends upstream in the supply chain and steadily implement those measures, starting with fuel and raw materials relevant to products with a high priority based on the Business Continuity Plan (BCP) of each business.
- b. Based on the Rules of Company Emergency Headquarters, the Company has continued its management system for swift, appropriate responses to crises that occur. As measures to address information incidents, the Company confirmed the response procedures at each global base and conducted incident drills in the United States. As training for responses to natural disasters and other crises, safety confirmation system drills were held a total of seven (7) times in Tokyo and Osaka, and employees are being encouraged to register with the system and learn how to operate it. In preparation for situations in which it would be difficult for the emergency response headquarters members to assemble, including on holidays and at night, the Company is promoting the use of remote conference systems at business sites. To ensure that the emergency response headquarters is able to ascertain the emergency situation at business sites

directly, with the installation of cameras that can be operated remotely from Tokyo, systems for the direct collection of information from the business sites have been developed and their operation commenced.

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

- a. The “Corporate Advisory Committee,” comprising five (5) outside officers and two (2) outside experts, 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. For the purposes of communicating top management policies for the operation of the Group and sharing of Group-wide issues and information, the Company holds individual meetings with the management teams of the major Group companies, either face-to-face or online as necessary, in its efforts for intra-Group communication. Based on the Domestic Affiliated Companies Management Standards and the Overseas Affiliated Companies Management Standards, each 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 Members of Audit & Supervisory Board

Members of Audit & Supervisory Board met with Representative Directors to exchange opinions regarding challenges the Company faces, important audit issues, etc., while implementing interviews with Directors, Executive Officers, and other important employees.