

This document is an unofficial excerpt translation of Notice of the 138th 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, 2019

To Our Shareholders:

Masaaki Ito
President
Kuraray Co., Ltd.
1621, Sakazu, Kurashiki, Okayama, JAPAN
(Tokyo Head Office: 1-1-3 Otemachi,
Chiyoda-ku, Tokyo, JAPAN)

Notice of Convocation of the 138th Ordinary General Meeting of Shareholders

You are cordially invited to attend the 138th Ordinary General Meeting of Shareholders of the Company to be held in accordance with the following schedule.

You may exercise your voting rights either in writing or via the Internet, etc. without attending the meeting. If you do not attend the meeting in person, please review the attached Reference Documents for General Meeting of Shareholders and exercise your voting rights no later than 5:45 p.m. on Tuesday, March 26, 2019.

1. Date and Time: Wednesday, March 27, 2019, at 10:00 a.m.

2. Place: Ascot Hall, B2F, South Wing, Hotel Okura Tokyo, 2-10-4 Toranomom, Minato-ku, Tokyo, Japan

3. Purposes of the Meeting

Matters to be reported:

- (1) Report on the business report, consolidated and non-consolidated financial statements for the 138th fiscal period (from January 1, 2018 to December 31, 2018)
- (2) Audit Report on consolidated financial statements by the Accounting Auditor and the Board of Company Auditors for the 138th fiscal period

Matters to be resolved:

- Proposal No. 1:** Appropriation of Surplus
Proposal No. 2: Election of Twelve (12) Directors
Proposal No. 3: Election of Two (2) Company Auditors

4. Reminders in Convening the Meeting

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

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

Reference Documents for General Meeting of Shareholders

Proposals and References

Proposal No. 1: Appropriation of Surplus

The distribution of profits to shareholders is one of the Company's top management priorities, and the Company intends to ensure the continuous and stable payment of dividends, while giving consideration to securing internal reserves, the funds for business development. Additionally, during the period of the medium-term management plan "PROUD2020" (from fiscal 2018 to fiscal 2020) that is currently underway, we have set 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 ¥42 per share.

Year-end dividends:

- (1) Type of dividend property: Cash
- (2) The matter regarding the assignment of dividend property and total amount thereof:
¥22 per share of the Company's common stock for a total of ¥7,671,048,550
- (3) Effective date of the dividends (payment commencement date): March 28, 2019

Proposal No. 2: Election of Twelve (12) Directors

The term of office of all nine (9) Directors will expire at the conclusion of this 138th Ordinary General Meeting of Shareholders. Accordingly, we hereby propose that twelve (12) Directors be elected, an increase of three (3) persons, including one (1) Outside Director, to further strengthen the management structure.

The candidates for the Directors are as follows:

No.	Name (Date of Birth)	Brief Personal History, Positions and Areas of Responsibility		Number of Company Shares Held
1	Masaaki Ito (June 23, 1957) <u>Reappointed</u>	April 1980 June 2012 June 2013 June 2014 January 2015	Joined Kuraray Co., Ltd. Executive Officer, Kuraray Co., Ltd. Senior Executive Officer, Kuraray Co., Ltd. Director and Senior Executive Officer, Kuraray Co., Ltd. Representative Director and President, Kuraray Co., Ltd. (Current position)	26,300
Reasons for nomination as the candidate for Director Mr. Masaaki Ito has led the management of the Kuraray Group as the President since assigned to his current post in January 2015, and has been contributing to the further development of the Kuraray Group through implementing various measures under the medium-term management plan, and the Company may expect his continued contribution to its management.				
2	Sadaaki Matsuyama (October 18, 1950) <u>Reappointed</u>	April 1975 April 2009 June 2010 April 2012 June 2012 April 2013 June 2013 March 2016 June 2016 January 2018	Joined Kuraray Co., Ltd. General Manager of Medical Division, Chemicals and Medical Products Company, Kuraray Co., Ltd. Executive Officer, Kuraray Co., Ltd. Representative Director and President of Kuraray Noritake Dental Inc. Senior Executive Officer, Kuraray Co., Ltd. President of Functional Materials Company and General Manager of Medical Division, Functional Materials Company, Kuraray Co., Ltd. Director and Senior Executive Officer, Kuraray Co., Ltd. Director and Primary Executive Officer, Kuraray Co., Ltd. Representative Director and Primary Executive Officer, Kuraray Co., Ltd. (Current position) President of Fibers and Textiles Company (Current position) and Supervisor of Osaka Head Office, Kuraray Co., Ltd. (Current position)	10,800
Reasons for nomination as the candidate for Director Mr. Sadaaki Matsuyama has a wealth of experience in the man-made leather business and medical business, etc., and also has been playing an important role as Director in the Kuraray Group's management since assigned to his current post in June 2013, and the Company may expect his continued contribution to its management.				
3	Kazuhiko Kugawa (January 22, 1954) <u>Reappointed</u>	April 1976 April 2010 June 2012 April 2013 June 2013 June 2014 January 2015 January 2016 March 2016	Joined Kuraray Co., Ltd. General Manager of EVAL Division, Resin Company, Kuraray Co., Ltd. Executive Officer, Kuraray Co., Ltd. Vice President of Vinyl Acetate Company, Kuraray Co., Ltd. Senior Executive Officer, Kuraray Co., Ltd. Director and Senior Executive Officer, Kuraray Co., Ltd. President of Vinyl Acetate Resin Company, Kuraray Co., Ltd. Supervisor of Administrative Unit (Current position) and Supervisor of Corporate Management Planning Office, Kuraray Co., Ltd. Director and Primary Executive Officer, Kuraray Co., Ltd. (Current position)	15,900
Reasons for nomination as the candidate for Director Mr. Kazuhiko Kugawa has a wealth of experience in corporate management planning and the vinyl acetate business, etc., and also has been playing an important role as Director in the Kuraray Group's management since assigned to his current post in June 2014, and the Company may expect his continued contribution to its management.				

No.	Name (Date of Birth)	Brief Personal History, Positions and Areas of Responsibility		Number of Company Shares Held
4	Hiroaya Hayase (February 28, 1956) <u>Reappointed</u>	April 1980 April 2012 June 2012 April 2013 June 2014 January 2015 March 2015 January 2016 March 2016	Joined Kuraray Co., Ltd. General Manager of Poval Resin Division, Resin Company, Kuraray Co., Ltd. Executive Officer, Kuraray Co., Ltd. General Manager of Poval Resin Division and General Manager of Production and Technology Management Division, Vinyl Acetate Company, Kuraray Co., Ltd. Senior Executive Officer, Kuraray Co., Ltd. President of Vinyl Acetate Film Company, Kuraray Co., Ltd. (Current position) Director and Senior Executive Officer, Kuraray Co., Ltd. President of Vinyl Acetate Resin Company, Kuraray Co., Ltd. Director and Primary Executive Officer, Kuraray Co., Ltd. (Current position)	10,700
Reasons for nomination as the candidate for Director Mr. Hiroaya Hayase has a wealth of experience in the production technology field and vinyl acetate business, etc., and also has been playing an important role as Director in the Kuraray Group's management since assigned to his current post in March 2015, and the Company may expect his continued contribution to its management.				
5	Kazuhiro Nakayama (January 1, 1956) <u>Reappointed</u>	April 1980 April 2012 June 2012 April 2013 April 2014 January 2016 March 2016 January 2018	Joined Kuraray Co., Ltd. General Manager, Kurashiki Plant, Kuraray Co., Ltd. Executive Officer, Kuraray Co., Ltd. General Manager of Overseas Business Division, Vinyl Acetate Company, Kuraray Co., Ltd. General Manager of Technology Division, Kuraray Co., Ltd. Supervisor of Technology Division (Current position), Supervisor of Plants in Japan (Current position) and Supervisor of Environmental Business Development and Promotion Division, Kuraray Co., Ltd. Director and Senior Executive Officer, Kuraray Co., Ltd. (Current position) Supervisor of Environmental and Industrial Safety Management Center, Kuraray Co., Ltd. (Current position)	13,100
Reasons for nomination as the candidate for Director Mr. Kazuhiro Nakayama has a wealth of experience in the production technology field and overseas plant start-up, etc., and also has been playing an important role as Director in the Kuraray Group's management since assigned to his current post in March 2016, and the Company may expect his continued contribution to its management.				
6	Kenichi Abe (May 3, 1956) <u>Reappointed</u>	April 1980 April 2012 June 2012 April 2013 January 2016 March 2016 January 2018	Joined Kuraray Co., Ltd. General Manager of Corporate Management Planning Division, Kuraray Co., Ltd. Executive Officer, Kuraray Co., Ltd. General Manager of New Business Development Division, Kuraray Co., Ltd. President of Isoprene Company, Kuraray Co., Ltd. (Current position) Director and Senior Executive Officer, Kuraray Co., Ltd. (Current position) General Manager of Elastomer Division, Isoprene Company, Kuraray Co., Ltd. (Current position)	21,600
Reasons for nomination as the candidate for Director Mr. Kenichi Abe has a wealth of experience in the elastomer business and new business development, etc., and also has been playing an important role as Director in the Kuraray Group's management since assigned to his current post in March 2016, and the Company may expect his continued contribution to its management.				

No.	Name (Date of Birth)	Brief Personal History, Positions and Areas of Responsibility		Number of Company Shares Held
7	Yoshimasa Sano (April 12, 1956) <u>Reappointed</u>	April 1980 April 2010 June 2012 April 2014 January 2016 March 2016 January 2017 January 2018	Joined Kuraray Co., Ltd. General Manager of Elastomer Division, Chemicals Company, Kuraray Co., Ltd. Executive Officer, Kuraray Co., Ltd. General Manager of Methacrylate Division, Functional Materials Company, Kuraray Co., Ltd. Vice President of Functional Materials Company, Kuraray Co., Ltd. Director and Senior Executive Officer, Kuraray Co., Ltd. (Current position) General Manager of Carbon Materials Division, Functional Materials Company, Kuraray Co., Ltd. President of Functional Materials Company, Kuraray Co., Ltd. (Current position)	11,200
Reasons for nomination as the candidate for Director Mr. Yoshimasa Sano has a wealth of experience in the vinyl acetate business and chemicals business, etc., and also has been playing an important role as Director in the Kuraray Group's management since assigned to his current post in March 2016, and the Company may expect his continued contribution to its management.				
8	Hitoshi Kawahara (March 12, 1962) <u>Newly appointed</u>	April 1984 April 2014 January 2016 March 2016 January 2018 March 2018	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. (Current position) Senior Executive Officer, Kuraray Co., Ltd. (Current position)	3,300
Reasons for nomination as the candidate for Director Mr. Hitoshi Kawahara has a wealth of experience, including overseas assignment, in the fibers and textiles business and vinyl acetate business, etc., and also has been contributing to the development of the Kuraray Group since assigned to Executive Officer in March 2016, and the Company may expect his further contribution to its management.				
9	Keiji Taga (October 16, 1961) <u>Newly appointed</u>	April 1984 April 2014 March 2017 January 2018 March 2018 April 2018	Joined Kuraray Co., Ltd. General Manager of Medical Division, Functional Materials Company, Kuraray Co., Ltd. Executive Officer, Kuraray Co., Ltd. Supervisor of Corporate Management Planning Office (Current position) and Supervisor of CSR Division (Current position), Kuraray Co., Ltd. Senior Executive Officer, Kuraray Co., Ltd. (Current position) General Manager of Corporate Management Planning Office, Kuraray Co., Ltd. (Current position)	12,500
Reasons for nomination as the candidate for Director Mr. Keiji Taga has a wealth of experience, including overseas assignment, in the fibers and textiles business, medical business, and corporate management planning, and also has been contributing to the development of the Kuraray Group since assigned to Executive Officer in March 2017, and the Company may expect his further contribution to its management.				

No.	Name (Date of Birth)	Brief Personal History, Positions and Areas of Responsibility		Number of Company Shares Held
10	Tomokazu Hamaguchi (April 20, 1944) <div>Reappointed</div> <div>Outside Director</div> <div>Independent Director</div>	<div>April 1967</div> <div>June 1995</div> <div>June 1997</div> <div>June 2001</div> <div>June 2003</div> <div>June 2007</div> <div>June 2009</div> <div>June 2013</div>	<div>Joined Nippon Telegraph and Telephone Public Corporation</div> <div>Director, NTT Data Communications Systems Corporation (currently NTT DATA Corporation)</div> <div>Executive Director, NTT DATA Corporation</div> <div>Representative Director and Senior Executive Vice President, NTT DATA Corporation</div> <div>Representative Director and President, NTT DATA Corporation</div> <div>Director and Counselor, NTT DATA Corporation</div> <div>Counselor, NTT DATA Corporation</div> <div>Director, Kuraray Co., Ltd. (Current position)</div> <div>(Important Positions Concurrently Held at Other Entities)</div> <div>Outside Director, East Japan Railway Company</div> <div>Director, FPT CORPORATION</div>	4,200
<p>Reasons for nomination as the candidate for Outside Director</p> <p>Mr. Tomokazu Hamaguchi is nominated as the candidate for Outside Director because he has enough experience and broad insight, which is developed as a management executive of NTT DATA Corporation to provide opinions and suggestions that would be useful to improve the Company's corporate governance. There is no special interest between the Company and the East Japan Railway Company, or between the Company and FPT CORPORATION. Mr. Tomokazu Hamaguchi is thus deemed to be sufficiently independent as Outside Director.</p>				
11	Jun Hamano (February 27, 1951) <div>Reappointed</div> <div>Outside Director</div> <div>Independent Director</div>	<div>April 1974</div> <div>July 1999</div> <div>July 2004</div> <div>July 2006</div> <div>July 2008</div> <div>July 2009</div> <div>January 2012</div> <div>April 2013</div> <div>June 2014</div> <div>March 2016</div>	<div>Joined Economic Planning Agency of Japan ("EPA")</div> <div>Director, Minister's Secretariat Division, EPA</div> <div>Director General for Economic and Fiscal Management, Cabinet Office</div> <div>Vice-Minister for Policy Coordination, Cabinet Office</div> <div>Director General, Cabinet Office</div> <div>Vice-Minister, Cabinet Office</div> <div>Adviser to the Cabinet Office</div> <div>Adviser to DENTSU INC.</div> <div>Director, Ohara HealthCare Foundation (Current position)</div> <div>Director, Kuraray Co., Ltd. (Current position)</div> <div>(Important Positions Concurrently Held at Other Entities)</div> <div>Chairman, the Ohara Memorial Institute for Science of Labour</div>	1,800
<p>Reasons for nomination as the candidate for Outside Director</p> <p>Mr. Jun Hamano is nominated as the candidate for Outside Director because he has enough experience and broad insight, which is developed through economic administration and other roles at the Economic Planning Agency of Japan and the Cabinet Office to provide objective opinions and suggestions that are useful for the Company's management. Though he has never been directly engaged in corporate management, he is well prepared for properly exercising his duties as Outside Director such as advising accurately on the management of the Company because of the reasons mentioned above. As part of CSR activities, the Company pays a membership fee to assist the Ohara Memorial Institute for Science of Labour. However, the annual amount of such membership fee is less than ¥1 million per year. Mr. Jun Hamano is thus deemed to be sufficiently independent as Outside Director.</p>				

No.	Name (Date of Birth)	Brief Personal History, Positions and Areas of Responsibility	Number of Company Shares Held
12	Mie Fujimoto (August 17, 1967) <div>Newly appointed</div> <div>Outside Director</div> <div>Independent Director</div>	<p>April 1993 Registered as an attorney-at-law (Daini Tokyo Bar Association), joined New Tokyo Sogoh Law Offices (subsequently merged with Bingham Sakai Mimura Aizawa-Foreign Law Joint Enterprise)</p> <p>January 2003 Partner, New Tokyo International Law Office (subsequently merged with Bingham Sakai Mimura Aizawa-Foreign Law Joint Enterprise)</p> <p>June 2009 Company Auditor, Kuraray Co., Ltd. (Current position)</p> <p>April 2015 Joined TMI Associates</p> <p>(Important Positions Concurrently Held at Other Entities)</p> <p>Partner, TMI Associates</p> <p>Outside Company Auditor, SEIKAGAKU CORPORATION</p> <p>Outside Company Auditor, Tokyo Broadcasting System Holdings, Inc.</p> <p>Outside Company Auditor, TBS Television, Inc.</p>	0
<p>Reasons for nomination as the candidate for Outside Director</p> <p>Ms. Mie Fujimoto is nominated as the candidate for Outside Director because she has expertise and wealth of experience as an attorney at law, and in addition, she has achievements in conducting appropriate audits as Outside Company Auditor of the Company, and she can provide effective opinions and suggestions that would be useful to strengthen the supervisory functions for the Company's business execution as Outside Director. Though she has never been directly engaged in corporate management, she is well prepared for properly playing her role as Outside Director because of her expertise and wealth of experience in corporate legal affairs in her long career as an attorney at law. There is no special interest between the Company and TMI Associates, SEIKAGAKU CORPORATION, Tokyo Broadcasting System Holdings, Inc., or TBS Television, Inc. Ms. Mie Fujimoto is thus deemed to be sufficiently independent as Outside Director.</p>			

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

(Note) 2. Mr. Tomokazu Hamaguchi, Mr. Jun Hamano, and Ms. Mie Fujimoto are candidates for Outside Directors.

(Note) 3. Contracts for limitation of liability

- (1) The Company has entered into a contract with Mr. Tomokazu Hamaguchi and Mr. Jun Hamano for limitation of liability to the effect that their liabilities for damages under Article 423, Paragraph 1 of the Companies Act shall be limited to the minimum liability amount prescribed in applicable laws and regulations, and if their reelection is approved, such contract is planned to be continued.
- (2) The Company has entered into a contract with Ms. Mie Fujimoto for limitation of liability to the effect that her liabilities for damages under Article 423, Paragraph 1 of the Companies Act as a Company Auditor shall be limited to the minimum liability amount prescribed in applicable laws and regulations, and if her election as Outside Director is approved, the same contract as Outside Director is planned to be newly concluded.

(Note) 4. Term of office of Outside Officer

- (1) Mr. Tomokazu Hamaguchi is currently Outside Director of the Company and his term of office will be five (5) years and nine (9) months at the conclusion of this 138th Ordinary General Meeting of Shareholders.
- (2) Mr. Jun Hamano is currently Outside Director of the Company and his term of office will be three (3) years at the conclusion of this 138th Ordinary General Meeting of Shareholders.
- (3) Ms. Mie Fujimoto is currently Outside Company Auditor of the Company and her term of office will be nine (9) years and nine (9) months at the conclusion of this 138th Ordinary General Meeting of Shareholders. She is to resign as Company Auditor at the conclusion of this 138th Ordinary General Meeting of Shareholders.

(Note) 5. Registration as Independent Director/Auditor

- (1) The Company has registered Mr. Tomokazu Hamaguchi and Mr. Jun Hamano as Independent Director/Auditor (Outside Director) prescribed by Tokyo Stock Exchange as Mr. Tomokazu Hamaguchi and Mr. Jun Hamano both satisfy 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/Auditor if their reelection is approved.
- (2) The Company has registered Ms. Mie Fujimoto as Independent Director/Auditor (Outside Company Auditor) prescribed by Tokyo Stock Exchange as Ms. Mie Fujimoto 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 register her again as Independent Director/Auditor (Outside Director) if her election as Outside Director is approved.

(Note) 6. In March 2017, while Ms. Mie Fujimoto was in office as Outside Company Auditor, the Company received a Cease and Desist Order from the Japan Fair Trade Commission regarding violations of the Antimonopoly Act in connection with bidding to supply certain vinylon products to the Acquisition, Technology & Logistics Agency (the Ministry of Defense of Japan). Ms. Mie Fujimoto was not previously aware of these violations, but she had called attention to the importance of compliance with laws and regulations on a regular basis. After these violations have come to light, Ms. Mie Fujimoto has taken necessary measures in response as Outside Company Auditor, including reviewing actions to be taken and providing advice on preventing reoccurrence at meetings of the Board of Directors, etc.

Proposal No. 3: Election of Two (2) Company Auditors

Company Auditors Mie Fujimoto and Yoshimitsu Okamoto will resign at the conclusion of this 138th Ordinary General Meeting of Shareholders. Accordingly, we hereby propose that two (2) Company Auditors be elected.

The Board of Company Auditors has given prior consent to this Proposal.

The candidates for the Company Auditors are as follows.

No.	Name (Date of Birth)	Brief Personal History, Positions in the Company		Number of Company Shares Held
1	Tomomi Yatsu (May 30, 1960) Newly appointed Outside Company Auditor Independent Company Auditor	April 1983 October 1986 September 1990 October 2001 June 2009 June 2010 March 2012 April 2015 (Important Positions Concurrently Held at Other Entities) Partner, TMI Associates Outside Executive Director, SMBC Nikko Securities Inc. Audit & Supervisory Board Member (Outside), Yamaha Motor Co., Ltd. Outside Audit & Supervisory Board Member, IHI Corporation	Joined Tokyo Electron Limited Joined Tohmatsu Awoki & Sanwa (currently Deloitte Touche Tohmatsu LLC) Registered as a certified public accountant Registered as an attorney-at-law (Tokyo Bar Association), joined New Tokyo International Law Office (subsequently merged with Bingham Sakai Mimura Aizawa-Foreign Law Joint Enterprise) Outside Audit & Supervisory Board Member, CALBEE, Inc. Outside Audit and Supervisory Board Member, Taiko Pharmaceutical Co., Ltd. Outside Audit & Supervisory Board Member, Kokuyo Co., Ltd. Joined TMI Associates	0
Reasons for nomination as the candidate for Outside Company Auditor Ms. Tomomi Yatsu is nominated as the candidate for Outside Company Auditor because she has broad insight as a certified public accountant and attorney at law and a wealth of experience at other companies as outside officer, and the Company believes that she is appropriate as Outside Company Auditor. Though she has never been directly engaged in corporate management, she is well prepared for properly playing her role as Outside Company Auditor because of her expertise and a wealth of experience in accounting and corporate legal affairs in her long career as a certified public accountant and attorney at law. There is no special interest between the Company and TMI Associates, SMBC Nikko Securities Inc., Yamaha Motor Co., Ltd., or IHI Corporation. Ms. Tomomi Yatsu is thus deemed to be sufficiently independent as Outside Company Auditor.				
2	Kenji Komatsu (March 24, 1953) Newly appointed Outside Company Auditor Independent Company Auditor	April 1978 February 1996 July 2005 April 2007 December 2010 November 2011 March 2013 March 2016 June 2016 December 2018	Joined Mitsubishi Corporation Joined GE International Inc. Representative Director and President, Ecolab KK (currently Ecolab GK) Senior Vice President, Ecolab Inc. Senior Executive Corporate Officer, Sanden Corporation (currently Sanden Holdings Corporation) Joined Bain Capital Asia, LLC Representative Director, President, CEO, BELLSYSTEM24, Inc. Director and Chairman, BELLSYSTEM24 Holdings, Inc. Advisor, COACH A Co., Ltd. (Current position) Advisor, API Consultants CO., LTD. (Current position)	0
Reasons for nomination as the candidate for Outside Company Auditor Mr. Kenji Komatsu is nominated as the candidate for Outside Company Auditor because he has track records in management at many other companies both domestically and overseas, and he has a wealth of experience and broad insight developed thorough his career, and the Company believes that he is appropriate as Outside Company Auditor.				

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

(Note) 2. Both Ms. Tomomi Yatsu and Mr. Kenji Komatsu are candidates for Outside Company Auditors.

(Note) 3. The Company plans to enter into contracts with Ms. Tomomi Yatsu and Mr. Kenji Komatsu 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.

(Note) 4. The Company plans to register Ms. Tomomi Yatsu and Mr. Kenji Komatsu as Independent Director/Auditor prescribed by Tokyo Stock Exchange as Ms. Tomomi Yatsu and Mr. Kenji Komatsu satisfy 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.

[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.

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

Business Report (From January 1, 2018 to December 31, 2018)

1. Current Situation of the Kuraray Group

(1) Progress and Results of Operations

General Situation

In the fiscal year ended December 31, 2018 (“fiscal 2018”), the world economy entered a downward trend. This was largely attributable to intensifying tensions due to U.S. trade policies and credit insecurity arising from the outflow of capital from emerging economies countering stable growth mainly centered in the United States and Europe. In the chemicals industry, corporate profits were held down, reflecting, in part, increases in raw material and fuel costs throughout the year. Amid this situation, although the Company’s performance went according to plan until the third quarter, results ultimately ended up lower than the previous fiscal year by the fourth quarter.

The Kuraray Group launched the medium-term management plan “PROUD2020” (from fiscal 2018 to fiscal 2020) from fiscal 2018. It aims to achieve its long-term vision of becoming a “Specialty Chemical Company, growing sustainably by incorporating new foundational platforms into its own technologies.” We will steadily take specific measures related to the key management strategies underlined in the plan. We launched efforts to establish a new business portfolio from a medium- to long-term perspective.

As a result, for fiscal 2018, net sales rose ¥84,553 million, or 16.3%, compared with the previous fiscal year to ¥602,996 million; operating income declined ¥10,557 million, or 13.8%, to ¥65,794 million; ordinary income decreased ¥13,067 million, or 17.6%, to ¥61,167 million; and net income attributable to owners of the parent fell ¥20,898 million, or 38.4%, to ¥33,560 million.

Furthermore, from fiscal 2018, we unified our method of evaluating products, raw materials, and work in process accounted for under inventories to the first-in, first-out method. Retroactively applying the new method, we have recalculated the previous year’s results to facilitate comparisons with the previous year’s business performance. In addition, from fiscal 2018, we changed the depreciation method and estimated useful lives used for tangible fixed assets as well as the method of allocating corporate costs to each segment.

In the previous fiscal year, the Clarino business was included in the Functional Materials segment. However, due to the organizational reforms carried out on January 1, 2018, the Company decided to move this business to the Fibers and Textiles segment. Comparisons and analyses for fiscal 2018 are based on the segmentation following this change.

In addition, the acquisition of Calgon Carbon Corporation was completed on March 9, 2018, and said company has been included in the scope of consolidation from fiscal 2018.

[Reference]

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

	Fiscal 2017	Fiscal 2018	Change (%)
Net Sales	518.4	603.0	+16.3%
Operating Income	76.4	65.8	-13.8%
Ordinary Income	74.2	61.2	-17.6%
Net Income Attributable to Owners of the Parent	54.5	33.6	-38.4%

Note: From fiscal 2018, the Company has changed its inventory evaluation method, and figures for fiscal 2017 have been retroactively adjusted.

Results by Business Segment

Results by business segment are as follows.

Vinyl Acetate

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

Sales in this segment increased 4.7% year on year to ¥279,379 million, and operating income fell 11.2% year on year to ¥54,739 million.

- (i) As for PVA resin, results remained firm due to an increase in high-value added products, despite a decrease in sales volume. At the same time, sales of optical-use PVA film rose due to a favorable expansion in demand. In addition, to respond to the growing display market and needs for larger panels, in the first quarter we decided to invest in new facilities at Kurashiki Plant with operations expected to begin at the end of 2019. The sales volume of water-soluble PVA film and PVB film expanded but were impacted by the higher raw material and fuel prices.
- (ii) Sales of *Eval* ethylene vinyl alcohol copolymer (EVOH resin) were affected by shutdown maintenance and a fire in May 2018 at the U.S. plant.

Isoprene

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

Sales in this segment increased 1.5% year on year to ¥57,207 million, and operating income fell 19.3% year on year to ¥7,272 million. In addition, the Company made an investment decision in the fourth quarter to construct a plant to produce butadiene derivatives in Thailand.

- (i) Regarding isoprene chemicals, sales were affected by higher raw material and fuel costs throughout the year. In addition, deliveries declined from the latter half of the year, resulting in sales roughly equal to the previous year.
- (ii) The sales volume of *GENESTAR* heat-resistant polyamide resin expanded, especially for automotive and connector applications, but was impacted by higher raw material and fuel prices.

Functional Materials

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

Sales in this segment increased 138.3% year on year to ¥131,533 million, and operating income fell 34.0% year on year to ¥4,396 million. From fiscal 2018 forward, Calgon Carbon Corporation results are included in this section.

- (i) In the methacrylic resin business, sales were favorable due to an expansion in sales of high-value added products in addition to continuing healthy market conditions.
- (ii) In the medical business, sales were favorable, especially for cosmetic and restorative dentistry products.
- (iii) The performance of the Calgon Carbon business was affected by goodwill and other depreciation

expenses, which were finalized in the fourth quarter. In the Carbon Materials business, the sales volume of general purpose applications decreased.

Fibers and Textiles

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

Sales of *CLARINO* man-made leather for use in sports shoes declined. In consumer goods and materials, sales of high-value-added *KURAFLEX* products expanded. However, sales of *KURALON* were negatively affected by lower exports and higher raw material and fuel costs. As a result, sales in this segment fell 2.5% year on year to ¥64,716 million while operating income decreased 16.8% year on year to ¥6,279 million.

Trading

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

In fiber-related businesses, clothing sales remained firm for sportswear and uniforms and sales of overseas sewn products also expanded. In addition, sales of resins and chemicals, particularly exports, were favorable. As a result, sales in this segment increased 5.4% year on year to ¥138,848 million, and operating income climbed 7.4% to ¥4,215 million.

Other Business

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

In other businesses, sales in this segment grew 12.9% year on year to ¥58,025 million, and operating income fell 61.0% to ¥1,178 million due to increased R&D and other costs.

[Reference]

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

	Net Sales			Operating Income		
	Fiscal 2017	Fiscal 2018	Change (%)	Fiscal 2017	Fiscal 2018	Change (%)
Vinyl Acetate	266.9	279.4	+4.7%	61.6	54.7	-11.2%
Isoprene	56.4	57.2	+1.5%	9.0	7.3	-19.3%
Functional Materials	55.2	131.5	+138.3%	6.7	4.4	-34.0%
Fibers and Textiles	66.4	64.7	-2.5%	7.6	6.3	-16.8%
Trading	131.7	138.8	+5.4%	3.9	4.2	+7.4%
Other Business	51.4	58.0	+12.9%	3.0	1.2	-61.0%
Elimination & Corporate	-109.5	-126.7	—	-15.4	-12.3	—
Total	518.4	603.0	+16.3%	76.4	65.8	-13.8%

Note: From fiscal 2018, the Company has changed its inventory evaluation method, and figures for fiscal 2017 have been retroactively adjusted.

(2) Capital Expenditures

Major capital expenditures invested during fiscal 2018 were as follows:

(i) Major facilities completed during the year

- Kuraray America, Inc.

Expansion of production facilities for *EVAL* (Vinyl Acetate Business)

(ii) Ongoing establishment, expansion and reinforcement of major facilities during the year

- Kuraray Co., Ltd.

Expansion of production facilities for optical-use PVA film to annual production capacity of 32 million square meters (Vinyl Acetate Business)

Installation of power facilities (Vinyl Acetate Business and Fibers and Textiles Business)

- Kuraray GC Advanced Materials Co., Ltd. and

Kuraray Advanced Chemicals (Thailand) Co., Ltd.

Construction of new plant for chemical production (Isoprene Business)

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

None applicable

(4) Transfer of Business from Other Companies

None applicable

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

None applicable

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

In March 2018, the Company acquired all stock in Calgon Carbon Corporation, the largest global company specializing in activated carbon, and made it a subsidiary.

(7) Financing

Nothing important to mention

(8) Challenge for the Kuraray Group

The Kuraray Group's mission is: "For people and the planet—to achieve what no one else can." Based on this, the Kuraray Group has established the long-term vision "Kuraray Vision 2026", which we aim to realize by 2026, the centennial of the Company's founding. The vision for the Company is of being a: "Specialty Chemical Company growing sustainably by incorporating new foundational platforms into its own technologies." Pursuing this vision, the Company will continue to provide the world with unmatched specialty products and services while creating value with society.

To realize "Kuraray Vision 2026", the Kuraray Group promotes the four key management strategies listed below that are outlined in the medium-term management plan "PROUD2020" (from fiscal 2018 to fiscal 2020), which began from fiscal 2018.

1) Pursue competitive superiority

The Kuraray Group will continue to enhance its competitiveness by developing high-value-added products and applications based on customer needs, strategically reinforcing initiatives with the understanding that burgeoning emerging countries and regions offer new opportunities, and achieving innovation and improvement of production and operational processes through the use of IoT.

2) Expand new business fields

The Kuraray Group will expand new business fields through the creation of new businesses by improving on the Kuraray Group's own technologies and incorporating external ones, the capture

of new business fields by M&A and alliance, and the establishment of a new business model bundling technology and services.

3) Enhance comprehensive strength of the Kuraray Group

The Kuraray Group will establish global business foundations in line with its expanding businesses, create a workplace in which employees find their jobs rewarding to attract high-quality, diverse talent from around the world, and cultivate a strong culture of unity within the Kuraray Group while reinforcing measures to ensure thorough compliance.

4) Contribute to the environment

In the implementation of the three management strategies listed above, the Kuraray Group will help improve the natural environment and daily living environment by lowering the environmental footprint of its business activities and providing products and services that help solve environmental and social problems.

In the fiscal 2019, the outlook for the global economy is expected to grow significantly unclear, due mainly to the persistence of the trade war between the United States and China, political and economic upheaval in Europe arising mainly from BREXIT, and instability in crude oil prices caused by rising geopolitical risks in the Middle East. However, the global economy is expected to continue gradually expanding, driven by ongoing consumer-led economic growth in the United States, and healthy employment figures around the world.

Under such circumstances, in fiscal 2019, the second year of the medium-term management plan “PROUD2020,” we will steadily implement specific measures created for the main management strategies outlined in the plan. We will also focus on achieving tangible results from the integration of the Calgon Carbon business, which was acquired in fiscal 2018, and on successfully launching a butadiene derivative business in Thailand, for which investment has been decided. In addition, amid rising uncertainty in the global economy and financial markets, we will maintain a financial position where we can respond to unpredictable economic volatility while also continuing to invest in growth businesses with the aim of building a forward-looking, stable business portfolio.

In terms of investor’s relationship, the distribution of profits to shareholders is one of the Company’s top management priorities. In order to secure and enhance its corporate value and shareholders’ common interests, we endeavor to ensure appropriate distribution of profits, while giving consideration to the balance between shareholder returns that reflect management results and keeping resource for growth in the future. During the period of “PROUD2020”, the Company has set 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. In addition, as part of our capital policy, we purchased 2.20 million shares of treasury stock for approximately ¥3.7 billion during fiscal 2018.

In February 2017, the Japan Fair Trade Commission carried out an on-site inspection of the Company in connection with the manufacture and sale of activated carbon used in waste incineration, water purification, and other facilities. Although the investigation by the Japan Fair Trade Commission is ongoing, the Company is taking these events very seriously and sincerely, and while fully cooperating with the investigation by the Japan Fair Trade Commission, the Company is focusing on continuously reforming awareness of the employees, through repeated messages from the President to officers and employees of the Kuraray Group on the importance of compliance with laws and regulations, ensuring widespread and thorough awareness of its internal guidelines for compliance with antitrust laws, and various measures to promote compliance. In addition, the Company is also strengthening its compliance, including the monitoring of transactions, meetings, etc., with competitors and periodic audits of divisions that participate in bidding. The Company considers it as an important management issue, and in future, shall continue implementing measures to prevent recurrence of any violation, and exert every effort to restore trust.

The Japan Fair Trade Commission also carried out an on-site inspection of Calgon Carbon Japan KK, a subsidiary of Calgon Carbon Corporation, at around the same time regarding sales of activated carbon. Although the on-site inspection was carried out prior to the Company’s acquisition of Calgon Carbon Corporation, the Company has been responding to the Japan Fair Trade Commission’s investigation for Calgon Carbon Japan KK subsequent to the acquisition.

(9) Changes in Financial Position and Income Summary

	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
Net sales (Millions of yen)	521,721	485,192	518,442	602,996
Operating income (Millions of yen)	66,077	67,827	76,351	65,794
Ordinary income (Millions of yen)	64,535	66,181	74,235	61,167
Net income attributable to owners of the parent (Millions of yen)	35,749	40,400	54,459	33,560
Net income per share (Yen)	101.84	114.98	154.85	96.05
Total assets (Millions of yen)	701,770	725,433	776,735	947,116
Net assets (Millions of yen)	503,589	520,978	565,487	567,033

Note: From fiscal 2018, the Company has changed its inventory evaluation method, and figures for fiscal 2017 have been retroactively adjusted.

(10) Major Subsidiaries

Company Name	Capital	The Company's Equity Position (%) ¹	Major Business Lines
Kuraray Trading Co., Ltd.	2,200 (Millions of yen)	100.00	Exportation, importation and wholesale of textile goods, resins and chemicals
The Kurashiki Kokusai Hotel, Ltd.	450 (Millions of yen)	92.06	Management of hotel accommodations and restaurant facility
Kuraray Noritake Dental Inc.	300 (Millions of yen)	66.70	Manufacture and sale of dental materials
Kuraray Plastics Co., Ltd.	180 (Millions of yen)	100.00	Manufacture and sale of molded rubber and chemicals, resin compounds and laminated products
Kuraray Engineering Co., Ltd.	150 (Millions of yen)	100.00	Plant design and construction
Kuraray Techno Co., Ltd.	100 (Millions of yen)	100.00	Entrusted services for operations pertaining to production and logistics and manpower dispatching/recruiting business
Kuraray Kuraflex Co., Ltd.	100 (Millions of yen)	100.00	Manufacture, processing and sale of non-woven fabric products
Kuraray Fastening Co., Ltd.	100 (Millions of yen)	70.00	Manufacture and sale of hook and loop fasteners and related goods
Kuraray Holdings U.S.A., Inc.	865,031 (Thousands of U.S. dollars)	100.00	Holding company and controlling function of U.S. subsidiaries
Kuraray America, Inc. ²	10,101 (Thousands of U.S. dollars)	100.00 (100.00)	Importation, exportation and sale of textile goods, resins and chemicals, manufacture and sale of PVA resin, PVB resin and film, EVOH resin and thermoplastic elastomer
MonoSol, LLC ³	59,050 (Thousands of U.S. dollars)	100.00 (100.00)	Manufacture and sale of PVA film for industrial purposes
Calgon Carbon Corporation ⁴	618 (Thousands of U.S. dollars)	100.00 (100.00)	Manufacture and sale of activated carbon and water treatment equipment
Kuraray Europe GmbH	31,188 (Thousands of euros)	100.00	Importation, exportation and sale of textile goods and chemicals, as well as manufacture and sale of PVA resin and PVB resin and film
EVAL Europe N.V. ⁵	29,747 (Thousands of euros)	100.00 (100.00)	Manufacture and sale of EVOH resin
Kuraray Asia Pacific Pte. Ltd.	29,775 (Thousands of U.S. dollars)	100.00	Manufacture and sale of PVA resin
Kuraray (Shanghai) Co., Ltd.	8,000 (Thousands of U.S. dollars)	100.00	Importation and sale of resins and chemicals
Kuraray China Co., Ltd.	3,000 (Thousands of U.S. dollars)	100.00	Provision of financing/indirect support functions to Group companies in China, and assistance to Kuraray Group in expanding businesses in China and considering market entry into China
Kuraray Methacrylate (Zhang Jia Gang) Co., Ltd.	1,528 (Thousands of U.S. dollars)	100.00	Manufacture and sale of acrylic sheets
Kuraray Chemical (Ningxia) Environmental Industry Co., Ltd.	735 (Millions of yen)	100.00	Manufacture and sale of activated carbon
Kuraray Hong Kong Co., Ltd. ⁶	4,650 (Thousands of Hong Kong dollars)	100.00	Sale of man-made leather
Kuraray Korea Ltd.	2,107 (Millions of Korean won)	100.00	Manufacture and sale of PVB film

Company Name	Capital	The Company's Equity Position (%) ¹	Major Business Lines
Plantic Technologies Limited	131,511 (Thousands of AUS dollars)	100.00	Manufacture and sale of biomass-derived <i>PLANTIC</i> film
Kuraray Specialities (Thailand) Co., Ltd. ⁷	1,461 (Millions of Thai baht)	100.00	Importation and sale of resins and chemicals

Notes:

1. The figures in bracket in “The Company’s Equity Position” refer to the indirect holding ratio.
2. Kuraray America, Inc. is a wholly owned subsidiary of Kuraray Holdings U.S.A., Inc.
3. MonoSol, LLC is a wholly-owned subsidiary of MonoSol Holdings, Inc., which is a wholly-owned subsidiary of Kuraray Holdings U.S.A., Inc.
4. Calgon Carbon Corporation was added as a major subsidiary in fiscal 2018. Calgon Carbon Corporation is a wholly-owned subsidiary of Kuraray Holdings U.S.A., Inc.
5. EVAL Europe N.V. is a wholly-owned subsidiary of Kuraray Europe GmbH.
6. Kuraray Hong Kong Co., Ltd. was added as a major subsidiary in fiscal 2018.
7. Kuraray Specialities (Thailand) Co., Ltd. was added as a major subsidiary in fiscal 2018.

(11) Major Offices, Plants and Research Centers

[Offices in Japan]

	Name	Location
Kuraray Co., Ltd.	Tokyo Head Office Osaka Head 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
Kuraray Group Companies	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

[Offices outside Japan]

Name	Location
Kuraray America, Inc.	United States
Kuraray Research Technical Centre U.S.A.	United States
MonoSol, LLC	United States, United Kingdom
Calgon Carbon Corporation	United States, United Kingdom, Italy, Belgium, France, China
Kuraray Europe GmbH	Germany
EVAL Europe N.V.	Belgium
OOO TROSIFOL	Russia
Kuraray Asia Pacific Pte. Ltd.	Singapore
Kuraray China Co., Ltd.	China

Kuraray Methacrylate (Zhang Jia Gang) Co., Ltd.	China
Kuraray Chemical (Ningxia) Environmental Industry Co., Ltd.	China
Kuraray Hong Kong Co., Ltd.	Hong Kong
Kuraray Korea Ltd.	South Korea
Kuraray (Thailand) Co., Ltd.	Thailand
Kuraray India Private Limited	India
Plantic Technologies Limited	Australia
Kuraray South America Ltda.	Brazil

[Reference] Consolidated Net Sales by Countries and Regions

Fiscal 2017

(Unit: Millions of yen)

Countries and Regions	Japan	United States	China	Europe	Asia	Others	Total
Net Sales	184,674	67,610	62,767	106,979	73,157	23,253	518,442
Composition (%)	35.6%	13.0%	12.1%	20.6%	14.1%	4.5%	100.0%

Fiscal 2018

(Unit: Millions of yen)

Countries and Regions	Japan	United States	China	Europe	Asia	Others	Total
Net Sales	192,940	100,736	70,528	136,122	75,144	27,524	602,996
Composition (%)	32.0%	16.7%	11.7%	22.6%	12.5%	4.5%	100.0%

Notes:

1. Countries and Regions are classified based on geographic proximity into the categories of the United States, China, Europe, Asia, and Other.
2. Net Sales by Countries and Regions are classified into countries or regions based on customer locations.

(12) Employees

Business Segment	Number of Employees	Year-on-year Increase (Decrease)
Vinyl Acetate	3,947	190
Isoprene	863	47
Functional Materials	2,797	1,224
Fibers and Textiles	1,244	164
Trading	348	26
Other Business	1,346	63
Corporate (Shared)	223	(35)
Total	10,768	1,679

(13) Major Lenders

Nothing important to mention

(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 Issued Shares: 354,863,603 shares
 (Including 6,179,578 shares of treasury shares)
 (3) Number of Shareholders as of December 31, 2018: 47,260
 (4) Major Shareholders

Shareholder's Name	Number of Shares Held (Thousands)	Ratio of Capital Contribution (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	40,318	11.56
Japan Trustee Services Bank, Ltd. (Trust account)	24,629	7.06
National Mutual Insurance Federation of Agricultural Co-operatives	10,882	3.12
Nippon Life Insurance Company	10,448	3.00
Japan Trustee Services Bank, Ltd. (Trust account 5)	6,479	1.86
Meiji Yasuda Life Insurance Company	5,969	1.71
STATE STREET BANK WEST CLIENT-TREATY 505234	5,851	1.68
Japan Trustee Services Bank, Ltd. (Trust account 7)	5,776	1.66
STATE STREET BANK AND TRUST COMPANY 505001	5,765	1.65
NORTHERN TRUST CO. (AVFC) RE-SSD00	5,442	1.56

Note: In calculation of "Ratio of Capital Contribution", the treasury shares of the Company (6,179,578 shares) are excluded from the total number of shares issued.

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

(1) Details of Share Purchase Warrants Held by Directors and Company Auditors of the Company as of December 31, 2018

- (i) Share Purchase Warrants
321 units
- (ii) Kind and number of share
Common shares: 160,500 shares (500 shares for each Share Purchase Warrant)
- (iii) Number of Share Purchase Warrants held by Directors of the Company

	Designation of Share Purchase Warrants	Exercise Period	Issue Price per Share	Number of Share Purchase Warrants	Number of Holders
			Exercise Price per Share		
Directors (excluding Outside Directors)	Share Purchase Warrants issued in October 2010	June 25, 2012 - June 24, 2020	Free of charge	30 units	3
			¥1,078		
	Share Purchase Warrants issued in May 2011 (Stock Options for a Stock Linked Compensation)	May 19, 2011 - May 18, 2026	¥1,174	3 units	1
			¥1		
	Share Purchase Warrants issued in May 2012 (Stock Options for a Stock Linked Compensation)	May 17, 2012 - May 16, 2027	¥1,046	4 units	1
			¥1		
	Share Purchase Warrants issued in May 2013 (Stock Options for a Stock Linked Compensation)	May 15, 2013 - May 14, 2028	¥1,482	21 units	7
			¥1		
	Share Purchase Warrants issued in May 2014 (Stock Options for a Stock Linked Compensation)	May 15, 2014 - May 14, 2029	¥1,119	33 units	7
			¥1		
	Share Purchase Warrants issued in February 2015 (Stock Options for a Stock Linked Compensation)	February 17, 2015 - February 16, 2030	¥1,352	32 units	7
			¥1		
	Share Purchase Warrants issued in February 2016 (Stock Options for a Stock Linked Compensation)	February 10, 2016 - February 9, 2031	¥1,200	51 units	7
			¥1		
	Share Purchase Warrants issued in February 2017 (Stock Options for a Stock Linked Compensation)	February 9, 2017 - February 8, 2032	¥1,538	79 units	7
			¥1		
	Share Purchase Warrants issued in February 2018 (Stock Options for a Stock Linked Compensation)	February 15, 2018 - February 14, 2033	¥1,761	54 units	7
			¥1		

	Designation of Share Purchase Warrants	Exercise Period	Issue Price per Share	Number of Share Purchase Warrants	Number of Holders
			Exercise Price per Share		
Outside Directors	Share Purchase Warrants issued in May 2014 (Stock Options for a Stock Linked Compensation)	May 15, 2014 - May 14, 2029	¥1,119	2 units	1
			¥1		
	Share Purchase Warrants issued in February 2015 (Stock Options for a Stock Linked Compensation)	February 17, 2015 - February 16, 2030	¥1,352	2 units	1
			¥1		
	Share Purchase Warrants issued in February 2016 (Stock Options for a Stock Linked Compensation)	February 10, 2016 - February 9, 2031	¥1,200	2 units	1
			¥1		
	Share Purchase Warrants issued in February 2017 (Stock Options for a Stock Linked Compensation)	February 9, 2017 - February 8, 2032	¥1,538	4 units	2
			¥1		
	Share Purchase Warrants issued in February 2018 (Stock Options for a Stock Linked Compensation)	February 15, 2018 - February 14, 2033	¥1,761	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 remuneration to the Company and there was no payment of money.
3. The above Share Purchase Warrants (Stock Options for a Stock Linked Compensation) include those granted to Directors concurrently serving as executive officers of the Company as compensation to serve as executive officers.
4. The Company Auditors hold no Share Purchase Warrants.

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

- (i) Number of Share Purchase Warrants issued
26 units
- (ii) Kind and number of Share
Common shares: 13,000 shares (500 shares for each Share Purchase Warrant)
- (iii) Share Purchase Warrants issued to employees and others of the Company

	Designation of Share Purchase Warrants	Exercise Period	Issue Price per Share	Number of Share Purchase Warrants	Number of Holders
			Exercise Price per Share		
Executive Officers of the Company	Share Purchase Warrants issued in February 2018 (Stock Options for a Stock Linked Compensation)	February 15, 2018 - February 14, 2033	¥1,761	26 units	12
			¥1		

Notes:

1. The "Issue Price per Share" and "Exercise Price per Share" show the amount per share.
2. When the Share Purchase Warrants issued in February 2018 were issued, the debit based on the above Issue Price per Share was set off by the credit of remuneration to the Company and there was no payment of money.
3. The above does not include Share Purchase Warrants issued to persons concurrently serving as Directors of the Company.

4. Directors and Company Auditors of the Company

(1) Directors and Company Auditors

Position	Name	Assignments in the Company or Important Positions Concurrently Held at Other Entities, if any
Representative Director and President	Masaaki Ito	
Representative Director and Primary Executive Officer	Sadaaki Matsuyama	President of Fibers and Textiles Company and Supervisor of Osaka Head Office, Kuraray Co., Ltd.
Director and Primary Executive Officer	Kazuhiko Kugawa	Supervisor of Administrative Unit, Kuraray Co., Ltd.
Director and Primary Executive Officer	Hiroaya Hayase	President of Vinyl Acetate Film Company, Kuraray Co., Ltd.
Director and Senior Executive Officer	Kazuhiro Nakayama	Supervisor of Technology Division, Plants in Japan, and Environmental and Industrial Safety Management Center, Kuraray Co., Ltd.
Director and Senior Executive Officer	Kenichi Abe	President of Isoprene Company and General Manager of Elastomer Division, Isoprene Company, Kuraray Co., Ltd.
Director and Senior Executive Officer	Yoshimasa Sano	President of Functional Materials Company and General Manager of Carbon Materials Division, Functional Materials Company, Kuraray Co., Ltd.
Director	Tomokazu Hamaguchi	Outside Director, East Japan Railway Company Director, FPT CORPORATION
Director	Jun Hamano	Chairman, The Ohara Memorial Institute for Science of Labour
Standing Company Auditor	Kunio Yuki Yoshi	
Standing Company Auditor	Yukinori Yamane	
Company Auditor	Mie Fujimoto	Attorney and Partner of TMI Associates Outside Company Auditor, SEIKAGAKU CORPORATION Outside Company Auditor, Tokyo Broadcasting System Holdings, Inc. Outside Company Auditor, TBS Television, Inc.
Company Auditor	Yoshimitsu Okamoto	Standing Corporate Auditor (Outside Company Auditor), Defactostandard, Ltd.
Company Auditor	Mitsuhiro Nagahama	Outside Audit & Supervisory Board Member, Azbil Corporation

Notes:

1. Directors Tomokazu Hamaguchi and Jun Hamano are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act.
2. Company Auditors Mie Fujimoto, Yoshimitsu Okamoto and Mitsuhiro Nagahama are Outside Company Auditors as stipulated in Article 2, Item 16 of the Companies Act.
3. Company Auditors Yoshimitsu Okamoto and Mitsuhiro Nagahama have been engaged in financial securities business for many years, and therefore have considerable expertise in finance and accounting.
4. The Company has registered Directors Tomokazu Hamaguchi and Jun Hamano and Company Auditors Mie Fujimoto, Yoshimitsu Okamoto and Mitsuhiro Nagahama as Independent Directors/Auditors prescribed by Tokyo Stock Exchange.
5. There is no special interest between the Company and the East Japan Railway Company, or FPT CORPORATION. Mr. Tomokazu Hamaguchi is thus deemed to be sufficiently independent as Outside Director.
6. As part of CSR activities, the Company pays a membership fee to assist the research activities of the Ohara Memorial Institute for Science of Labour. However, the annual amount of such membership fee is less than ¥1 million per year. Mr. Jun Hamano is thus deemed to be sufficiently independent as Outside Director.
7. There is no special interest between the Company and TMI Associates, SEIKAGAKU CORPORATION, Tokyo Broadcasting System Holdings, Inc., or TBS Television, Inc. Ms. Mie Fujimoto is thus deemed to be sufficiently independent as Outside Company Auditor.
8. There is no special interest between the Company and Defactostandard, Ltd. Mr. Yoshimitsu Okamoto is thus deemed to be sufficiently independent as Outside Company Auditor.
9. There is no special interest between the Company and Azbil Corporation. Mr. Mitsuhiro Nagahama is thus deemed to be sufficiently independent as Outside Company Auditor.
10. Company Auditor Keiji Murakami resigned at the conclusion of the 137th Ordinary General Meeting of Shareholders held on March 23, 2018.

(2) Liability Limitation Agreements of Directors and Company Auditors

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

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

(3) Total Amounts of Remuneration, etc., Paid to Directors and Company Auditors

	Number of persons paid	Amount paid (Millions of yen)
Directors	10	458
(Including Outside Directors)	(2)	(29)
Company Auditors	7	85
(Including Outside Company Auditors)	(4)	(30)

Notes:

1. In addition to the above amounts, ¥32 million of Share Purchase Warrants as Stock Options for a Stock Linked Compensation were given to ten (10) Directors (including ¥4 million to two (2) Outside Directors) and another ¥21 million of the same to seven (7) Directors concurrently serving as executive officers of the Company as compensation to serve as executive officers as resolved at the meeting of Board of Directors held on January 17, 2018.
2. The number of persons paid mentioned above includes one (1) Director and two (2) Company Auditors who retired at the conclusion of the 137th Ordinary General Meeting of Shareholders held on March 23, 2018.
3. Regarding annual remunerations to Directors and Company Auditors of the Company, the following was resolved at the 125th Ordinary General Meeting of Shareholders of the Company held on June 28, 2006 and the 131st Ordinary General Meeting of Shareholders of the Company held on June 22, 2012.
 - 1) Amount of annual remunerations to Directors Under ¥800 million
 - 2) Amount of stock option-based annual remunerations to Directors Under ¥90 million
(aside from 1) above)
 - 3) Amount of annual remunerations to Company Auditors Under ¥100 million

(4) Outside Directors and Outside Company Auditors of the Company

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

	Attendance at Meetings of Board of Directors and Meetings of Board of Company Auditors	Activities
Director Tomokazu Hamaguchi	Meetings of Board of Directors 100% (15/15 meetings)	He principally expressed his opinions as necessary about the management of the Company based on his abundant experience and broad insight gained as a business manager.
Director Jun Hamano	Meetings of Board of Directors 100% (15/15 meetings)	He principally expressed his opinions as necessary about the management of the Company based on his deep insight gained at the Cabinet Office, etc.
Company Auditor Mie Fujimoto	Meetings of Board of Directors 100% (15/15 meetings) Meetings of Board of Company Auditors 100% (14/14 meetings)	She principally made remarks from an expert's perspective based on her broad experience gained during her many years of service as an attorney.
Company Auditor Yoshimitsu Okamoto	Meetings of Board of Directors 100% (15/15 meetings) Meetings of Board of Company Auditors 100% (14/14 meetings)	He principally made remarks from an expert's perspective based on his broad experience in financial institutions.
Company Auditor Mitsuhiro Nagahama	Meetings of Board of Directors 100% (12/12 meetings) Meetings of Board of Company Auditors 100% (10/10 meetings)	He principally made remarks from an expert's perspective based on his abundant experience primarily in financial institutions and his track record as outside auditor of other companies.

Note: Information for Company Auditor Mitsuhiro Nagahama applies only to Meetings of Board of Directors and Meetings of Board of Company Auditors held after his appointment on March 23, 2018.

(ii) Other matters to be stated:

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

5. Accounting Auditor

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

PricewaterhouseCoopers Aarata LLC

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

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

(i) Remuneration in compensation for audit pertaining to the Company's business as set forth in Article 2, Paragraph 1 of the Certified Public Accountant Law: ¥110 million

(ii) Sum of money and other financial profits to be paid by the Company and its subsidiaries: ¥141 million

Notes:

1. The Board of Company Auditors has given consent to the remuneration, etc., to be paid to the Accounting Auditor as stipulated in Article 399, Paragraph 1 of the Companies Act, as a result of examining the validity in the content, auditing time, quotation for auditing, etc. with regard to the auditing schedule for fiscal 2018 given by the Accounting Auditor.
2. The audit agreement entered into between the Accounting Auditor and the Company does not clearly distinguish the amount being derived from the audit under the Companies Act and that being derived from the audit under the Financial Instruments and Exchange Act. Therefore, the amount being derived from the audit under the Financial Instruments and Exchange Act is included in the amount in (i) above.

(3) Accounting Auditor of Certain Subsidiaries

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

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

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

(5) Other Matters to Be Stated

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

6. Systems to Ensure the Propriety of Business Operations

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

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

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

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

- c. Assuming a significant crisis such as a large-scale natural disaster, etc., a business continuity plan (BCP) will be defined on a per-division basis to minimize any interruption of business, and the BCP will be reviewed regularly.
- (iv) Systems to ensure efficient execution of duties by Directors
 - a. For decisions made by the President or requests of approvals by the Board of Directors regarding significant management items of the Kuraray Group, preemptive deliberations will be held by the Executive Committee and various committees, aiming for swift management decision-making and efficient business execution.
 - b. Authority to operate businesses as managers of Companies, Divisions, and key organizations will be delegated to Executive Officers, etc., appointed by the Board of Directors, and execution of business at each organization will be made in an appropriate and efficient manner.
- (v) Systems to ensure the propriety of business operations at the corporate group, composed of the Company and subsidiaries
 - a. Business operation of each Kuraray Group company will be conducted according to the management policies of the Kuraray Group as a whole, as defined in the mid term management plan and annual management plan. Based on the Domestic Affiliated Companies Management Standards and the Overseas Affiliated Companies Management Standards, each Kuraray Group company will seek approval and report to the Board of Directors or Executive Committee of the Company concerning important items.
 - b. Decision-making standards will be defined for each Kuraray Group company within the Domestic Affiliated Companies Management Standards and the Overseas Affiliated Companies Management Standards, and will be managed appropriately and efficiently. Additionally, to promote unified operations through aiming for communication of views within the Kuraray Group, a liaison meeting will be held as required between the President of the Company and the Presidents of each Kuraray Group company.
 - c. Based on The Kuraray Group Code of Conduct, the system will be put in place to enable appropriate execution of duties by Directors and employees of each Kuraray Group company. In addition, officers will be seconded from the Company to each Kuraray Group company, to supervise business execution by Directors and employees of each company, and the Internal Auditors Office will conduct internal audits in accordance with the Internal Audit Regulations.
- (vi) Independence from Directors of employees assisting the duties of Corporate Auditors and items regarding ensuring the effectiveness of instructions given to these employees

Staff for Corporate Auditor will be assigned to assist the duties of Corporate Auditors. Staff for Corporate Auditor will receive direction and orders from Corporate Auditors, and concerning personnel affairs and salary of Staff for Corporate Auditor, decisions will be made after deliberations between the Director supervising personnel affairs and the Corporate Auditor.
- (vii) Systems regarding reporting to Corporate Auditors of the Company and systems to ensure persons who make reports do not receive detrimental treatment as a result of making a report
 - a. Corporate Auditors will attend Meetings of Board of Directors and receive reports concerning conditions of business execution at the Company and each Kuraray Group company through liaison meetings, etc., with Presidents of significant subsidiaries.
 - b. The Internal Auditors Office will periodically report to the Board of Corporate Auditors concerning conditions of internal audits at the Company and each Kuraray Group company.
 - c. Upon discovering important issues regarding significant violations of laws and regulations or other compliance issues, Directors and officers of the Company and each Kuraray Group company will swiftly report to Corporate Auditors. Corporate Auditors may request reports regarding these items as required from employees of the Company and the Kuraray Group.
 - d. Regarding persons who make the above reports, internal regulations will stipulate that persons who make reports do not receive detrimental treatment on the grounds of making the report.

- (viii) Items regarding prepayment of expenses, procedures for reimbursement, and policies regarding processing of other expenses and liabilities arising from execution of duties by Corporate Auditors
When Corporate Auditors request prepayment or reimbursement, etc., for expenses arising during the course of execution of duties, unless the contents are especially unreasonable, payment will be processed without delay.
- (ix) Other systems to ensure that audits by Corporate Auditors are made effectively
In order to exchange opinions regarding challenges facing the Company, important audit issues, etc., Corporate Auditors will periodically meet with the Representative Directors, and implement interviews with Directors, Executive Officers, and important employees.

(2) Summary of operations of the systems

The Company develops and operates an internal control system based on the above basic policy. A summary of key developments and operations during fiscal 2018 is as follows.

- (i) Initiatives relating to compliance
 - a. To work toward improving compliance awareness, workshop-style seminars were implemented for Managers at domestic Group companies, and each Manager subsequently implemented training for employees in their respective divisions. At overseas Group companies, training tailored to each region was implemented primarily through the Regional Compliance Committee.
 - b. To further strengthen compliance with antitrust laws, the Company continues to monitor transactions, meetings, etc. with competitors through the operation of an antimonopoly law compliance system introduced in 2017, while implementing periodic audits of divisions that participate in bidding. At overseas Group companies as well, the Company distributed compliance manuals and conducted interviews and training based on surveys completed in advance.
 - c. The Internal Auditors Office implemented audits for the Kuraray Group in accordance with the Internal Audit Regulations, and the results were reported to the President and the Board of Company Auditors. In addition, follow-up measures were implemented for matters to be improved in past audits.
- (ii) Initiatives relating to risk management
 - a. Self-assessment of risks was implemented at each domestic and overseas organization based on the Group Risk Management Regulations. Following discussions with the Risk Compliance Committee, the President specified significant business risks and appointed supervisors in charge of each risk in order to implement measures to avoid and reduce such risks.
 - b. While improving facilities at the Disaster Countermeasures Office, emergency drills were conducted assuming that offices and plants were damaged by fires, and emergency response systems were reviewed.
 - c. Based on the Group Risk Management Regulations, the BCP (business continuity plan) was updated and reviewed.
- (iii) Initiatives relating to internal control of the corporate group
 - a. The Management Advisory Committee was abolished as an advisory body to the President, and the "Corporate Advisory Committee," comprised of outside officers and outside experts, was established as an advisory body to the Board of Directors.
 - b. Each company of the Kuraray Group conducts business operations according to the management policies of the Kuraray Group as a whole, as defined in the medium-term management plan and annual management plan. In addition, based on the Domestic Affiliated Companies Management Standards and the Overseas Affiliated Companies Management Standards, each Kuraray Group company seeks approval and reports to the Board of Directors or Executive Committee of the Company as appropriate concerning important items.

(iv) Initiatives relating to audit systems of Company Auditors

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

(Note) In this business report, italicized product names are trademarks of the Kuraray Group.

*[Financial statements are omitted. Please refer to our News Release dated February 13, 2019 titled “Business Results for the Fiscal Year Ended December 31, 2018 (Unaudited).”]
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