This document is an unofficial excerpt translation of Notice of the 136th Ordinary General Meeting of Shareholders of the Company in the Japanese language. The Company prepared this translation only for the reference and convenience of non-Japanese shareholders. Please note that in the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Securities Code: 3405
March 2, 2017

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 136th Ordinary General Meeting of Shareholders

You are cordially invited to attend the 136th 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 Thursday, March 23, 2017.

1. Date and Time: Friday, March 24, 2017, at 10:00 a.m.

2. Place: Banquet room TSURU, 1F, Main Building, Hotel New Otani, 4-1, Kioi-cho, Chiyoda-ku, Tokyo, JAPAN

3. Purposes of the Meeting

Matters to be reported:

Report on the business report, consolidated and non-consolidated financial statements and Audit Report on consolidated financial statements by the Accounting Auditor and the Board of Company Auditors for the 136th fiscal period (from January 1, 2016 to December 31, 2016)

Matters to be resolved:

Proposal No. 1: Appropriation of Surplus
Proposal No. 2: Election of Ten (10) Directors
Proposal No. 3: Election of One (1) Company Auditor

4. Reminders in Convening the Meeting

1) If a shareholder has exercised his/her voting rights more than once via the Internet, only the final execution shall be deemed as his/her effective exercise of voting rights. The exercise of voting rights by sending the Voting Card shall be treated similarly in case of reissuance thereof. However, only the exercise of voting rights via the Internet shall be deemed effective if a shareholder has exercised his/her voting rights both via the Internet and by sending the Voting Card.

2) If a shareholder hopes to split his/her voting rights on any of the proposed matters, such shareholder must inform the Company in writing of his/her intention to split his/her vote and the reason therefore at least three (3) days prior to the date of the meeting.

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

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

Business Report (From January 1, 2016 to December 31, 2016)

1. Current Situation of the Kuraray Group

(1) Progress and Results of Operations

General Situation

In the fiscal year ended December 31, 2016, the Japanese economy showed signs of recovery due to the depreciation of the yen late in the fiscal year. In the global economy, business conditions in the United States were sound, backed by positive employment conditions in addition to favorable personal consumption. In Europe, the economy continued to gradually improve. Although the United Kingdom's decision to leave the European Union cast a shadow on Europe's outlook, there has currently been no major impact. Meanwhile, the deceleration of China's economy was halted by the government's successful measures to stimulate consumption. An economic slowdown continued in emerging countries.

Under these circumstances, the Kuraray Group has been successively implementing business strategies outlined in "GS-STEP", its medium-term management plan that started in the fiscal year ended December 31, 2015, to realize "a high-profit specialty chemical company with a global presence."

As a result, for the fiscal year ended December 31, 2016, net sales decreased ¥36,529 million, or 7.0%, compared with the previous fiscal year to ¥485,192 million; operating income increased ¥1,749 million, or 2.6%, to ¥67,827 million; ordinary income increased ¥1,645 million, or 2.5%, to ¥66,181 million; and net income attributable to owners of the parent increased ¥4,650 million, or 13.0%, to ¥40,400 million.

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

	Fiscal 2015	Fiscal 2016	Change (%)
Net Sales	521.7	485.2	-7.0%
Operating Income	66.1	67.8	+2.6%
Ordinary Income	64.5	66.2	+2.5%
Net Income Attributable to Owners of the Parent	35.7	40.4	+13.0%

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 decreased 7.9% year on year to ¥253,175 million, and operating income rose 5.0% year on year to ¥58,517 million.

(i) Sales of PVA resin were not enough to absorb the depreciation and other costs of the new U.S. plant because the plant has not achieved stable production. Sales volume of optical-use PVA film was steady as demand for LCD panels recovered. Sales of water-soluble PVA film were firm. Sales of PVB film for architectural and automotive applications favorably increased.

(ii) Sales of *EVAL* ethylene vinyl alcohol copolymer (EVOH resin) expanded favorably increased for both food packaging and automotive gas tanks applications.

Isoprene

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

Sales in this segment decreased 7.1% year on year to ¥51,083 million, and operating income increased 0.2% year on year to ¥6,934 million.

(i) In isoprene chemicals, sales of fine chemicals, *SEPTON* thermoplastic elastomer and liquid rubber remained firm.

(ii) Sales of *GENESTAR* heat-resistant polyamide resin continued to expand for automotive applications and rebounded for connector applications. Meanwhile, sales for LED reflector applications continued to struggle.

Functional Materials

Major Business Lines:	Manufacture and sale of methacrylic resin, medical products, and man-made leather

Sales in this segment decreased 8.1% year on year to ¥52,246 million, and operating income decreased 16.8% year on year to ¥4,631 million.

(i) Methacrylic resin sales continued to face a severe environment, but sales volume recovered late in the period.

(ii) In the medical business, sales of dental materials favorably increased due to release of new products and increased synergies through business integration on the sales front.

(iii) For *CLARINO* man-made leather, sales were not enough to absorb the impact of the stronger yen.

Fibers and Textiles

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

Sales of high-value-added applications of *KURALON* were brisk. In addition, sales of consumer goods and materials, especially *KURAFLEX*, were favorable. As a result, sales in this segment increased 4.8% year on year to ¥48,566 million, and operating income increased 45.1% year on year to ¥5,958 million.

Trading

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

Results of chemical-related businesses were firm, while sales in fiber-related businesses were affected by weak domestic demand, except for certain applications. As a result, sales in this segment decreased 0.1% year on year to ¥119,498 million, and operating income decreased 1.3% to ¥3,833 million.

Other Business

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

In other businesses, development costs rose due to the addition of the energy materials business in the first quarter. As a result, sales in this segment decreased 8.3% year on year to ¥63,838 million, and operating income decreased 27.2% to ¥2,017 million.

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

	Net Sales			Operating Income		
	Fiscal 2015	Fiscal 2016	Change (%)	Fiscal 2015	Fiscal 2016	Change (%)
Vinyl Acetate	274.7	253.2	-7.9%	55.7	58.5	+5.0%
Isoprene	55.0	51.1	-7.1%	6.9	6.9	+0.2%
Functional Materials	56.9	52.2	-8.1%	5.6	4.6	-16.8%
Fibers and Textiles	46.3	48.6	+4.8%	4.1	6.0	+45.1%
Trading	119.6	119.5	-0.13%	3.9	3.8	-1.3%
Other Business	69.6	63.8	-8.3%	2.8	2.0	-27.2%
Elimination & Corporate	-100.5	-103.2	-	-12.9	-14.1	-
Total	521.7	485.2	-7.0%	66.1	67.8	+2.6%

(2) Capital Expenditures

Major capital expenditures invested during the year under review were as follows:

(i) Major facilities completed during the year

・EVAL Europe N.V.
Expansion of production facilities for *EVAL* (Vinyl Acetate Business)

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

・Kuraray Co., Ltd.
Expansion of production facilities for optical-use PVA film for polarized film to annual production capacity of 20 million square meters (Vinyl Acetate Business)

・Kuraray America, Inc.
Expansion of production facilities for *EVAL* (Vinyl Acetate Business)

・Kuraray Korea Ltd.
Expansion of production facilities for PVB film (Vinyl Acetate 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

The Company merged its subsidiary Bio Hard Carbon Co., Ltd. by absorption in April 2016.

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

Nothing important to mention

(7) Financing

Nothing important to mention

(8) Challenge for the Kuraray Group

The Company continues to move toward the realization of its "Long-Term Corporate Vision," which indicates the long-term direction the Kuraray Group will pursue, and will aim to realize "a high-profit specialty chemical company with a global presence."

The Kuraray Group has been promoting the following five main management strategies under "GS-STEP", the three-year medium-term management plan which started in the fiscal year ended December 31, 2015.

(i) Deepening of core businesses

Increase competitive advantages by producing results from the effects of investments including business acquisitions and production capacity expansion for a more solid foundation in business where Kuraray products are number one in market share or the only ones of their kind. In addition, lay the groundwork for further growth.

(ii) Technological innovation

Create new business by using highly distinctive, original Kuraray technologies and accelerating their rollout to new domains and technologies. In addition, establish new and improved processes to achieve overwhelming superiority in product quality and cost.

(iii) Next-generation growth model

Work to expand into new business domains by making more effective use of external resources, including M&As and alliances. In addition, take on the challenge of establishing an innovative business model for corporate activities including research and development, technical services, manufacturing and sales, and indirect operations.

(iv) Optimum allocation of management resources

Raise the quality of global management through the optimal allocation and proactive use of management resources such as the expanded bases and human resources resulting from the integration of GLS business and other initiatives.

(v) Contribution to the environment

Expand provision of products that contribute to the global environment. In addition, use production processes that reduce environmental load.

The theme of the medium-term management plan "GS-STEP" is to achieve high profit by steadily executing various measures based on the abovementioned management strategies.

As specific measures conducted in the first two years of GS-STEP, the Kuraray Group has established a supply system for growing demand by conducting capital investments, primarily in vinyl acetate-related businesses such as *EVAL* in Belgium and the United States, optical-use PVA film in Saijo and PVB film in South Korea. In addition, as part of its measures to strengthen core businesses, the Kuraray Group began discussion about production of isoprene products in Thailand. It also promoted technological innovations in development of a new production process for *KURALON* and

improvement of productivity for *VECTRAN*.

During this period, there have been headwinds such as delays in the construction and startup of a new PVA resin plant in the United States and a stronger yen, but there were also tailwinds such as lower raw material costs associated with a drop in crude oil prices, which resulted in updating our highest profit for two years consecutively.

In the fiscal year ending December 31, 2017, it is concerned that, in terms of global economy, the Company is facing several uncertainty such as the policies of the new U.S. president, changes of relationships between the United Kingdom and European countries due to its withdrawal from the European Union, and national elections scheduled in major European countries. In such an environment, the Kuraray Group aims to accelerate generation of synergies with the businesses it has acquired, innovate its technologies and conduct development that meets customer needs. Moreover, in all its businesses, the Kuraray Group will raise quality and cost competitiveness and strengthen business infrastructure globally by effective use of IT and human resources management system. In addition, as part of its growth strategy for the future, as of January 1, 2017, the Company absorbed its wholly owned subsidiary Kuraray Chemical Co., Ltd. to promote technological innovation derived from the combination of both companies' technologies and knowledge. At the same time, the Kuraray Group will fully leverage its overseas network and other management resources in order to accelerate the enhancement and expansion of its carbon materials business.

The Kuraray Group has set net sales of ¥650.0 billion, operating income of ¥90.0 billion, an operating income margin of 13.8% and net income per share of ¥163 as performance targets for the fiscal year ending December 31, 2017, the final year of the medium-term management plan "GS-STEP." However, some businesses experienced slow growth due to changes in the environment surrounding these businesses and other businesses were forced to revise their strategies. Consequently, as of this time, it seems difficult to reach the performance target.

Taking such conditions seriously, during the final year of "GS-STEP," the Group will steadily deal with remaining issues, and revise strategies for businesses where the synergy has not yet appeared and businesses where a review is necessary due to changes of their market environment, moving to transition to a new medium-term management plan that will begin in 2018.

In terms of investor's relationship, the distribution of profits to shareholders is one of the Group'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 "GS-STEP" medium-term management plan period (from the fiscal year ended December 31, 2015 to the fiscal year ending December 31, 2017), 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 ¥36 or higher.

In March 2016, the Japan Fair Trade Commission began an investigation of the Company on suspicion of bid rigging in relation to certain textile products for the Ministry of Defense of Japan. Taking this fact very seriously, the Company is fully cooperating with such investigation. The Company has been making continuous efforts to reinforce its compliance program by such measures as revising its internal guidelines for compliance with antitrust laws, sending messages about compliance in the name of the President to officers and employees of the Kuraray Group, ensuring awareness of compliance through lectures by external experts, reviewing employment regulations and setting rules on contacting competitors.

(9) Changes in Financial Position and Income Summary

Fiscal Period	FY2013 (133rd fiscal period)	FY2014 (134th fiscal period)	FY2014 (Adjusted)	FY2015 (135th fiscal period)	FY2016 (136th fiscal period) (Year under review)
Net sales (Millions of yen)	413,485	411,408	484,969	521,721	485,192
Operating income (Millions of yen)	49,545	40,298	51,382	66,077	67,827
Ordinary income (Millions of yen)	49,343	40,084	50,961	64,535	66,181
Net income attributable to owners of the parent (Millions of yen)	29,390	21,296	27,454	35,749	40,400
Net income per share (Yen)	83.93	60.77	78.42	101.84	114.98
Total assets (Millions of yen)	634,252	691,538	691,538	701,770	725,433
Net assets (Millions of yen)	452,459	481,826	481,826	503,589	520,978

Notes:

1. The consolidated reporting period for FY2014 was the twelve-month period from January 1, 2014 to December 31, 2014 for overseas subsidiaries and the nine-month period from April 1, 2014 to December 31, 2014 for the Company and domestic subsidiaries.
2. FY2014 (Adjusted) means that the figures for FY2014 have been adjusted to the same period (from January 1, 2014 to December 31, 2014) as the fiscal year under review. Figures for FY2014 (Adjusted) are unaudited.
3. The Company has applied the "Revised Accounting Standard for Business Combinations" (Accounting Standards Board of Japan (ASBJ) Statement No. 21 of September 13, 2013) and other accounting standards, and changed the presentation of "net income" to "net income attributable to owners of the parent" from the fiscal year under review.

(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
Kuraray Chemical Co., Ltd.[2.]	600 (Millions of yen)	100.00	Manufacture and sale of activated carbon and its related products
The Kurashiki Kokusai Hotel, Ltd.	450 (Millions of yen)	92.00	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 Living Co., Ltd.	101 (Millions of yen)	100.00	Manufacture and sale of packaging materials
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. [3.]	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[4.]	59,050 (Thousands of U.S. dollars)	100.00 [100.00]	Manufacture and sale of PVA film for industrial purposes
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 Korea Ltd.	1,243 (Millions of Korean won)	100.00	Manufacture and sale of PVB film
Plantic Technologies Limited	131,511 (Thousands of AUS dollars)	100.00	Manufacture and sale of biomass-derived *PLANTIC* film

Notes:

1. The figures in bracket in "The Company's Equity Position" refer to the indirect holding ratio.

2. The Company merged Kuraray Chemical Co., Ltd. by absorption on January 1, 2017.

3. Kuraray America, Inc. is a wholly owned subsidiary of Kuraray Holdings U.S.A., Inc.

4. MonoSol, LLC is a wholly-owned subsidiary of MonoSol Holdings, Inc., which 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.

(11) Major Operating Bases

[Domestic Bases]
Kuraray Co., Ltd.:
Tokyo Head Office (Chiyoda-ku, Tokyo)
Osaka Head Office (Osaka-city, Osaka)
Kuraray Trading Co., Ltd. (Osaka-city, Osaka)
Kuraray Chemical Co., Ltd. (Osaka-city, Osaka)
Kuraray Noritake Dental Inc. (Chiyoda-ku, Tokyo)
Kuraray Plastics Co., Ltd. (Osaka-city, Osaka)
Kuraray Engineering Co., Ltd. (Osaka-city, Osaka)
Kuraray Living Co., Ltd. (Osaka-city, Osaka)
Kuraray Techno Co., Ltd. (Osaka-city, Osaka)
Kuraray Kuraflex Co., Ltd. (Osaka-city, Osaka)
Kuraray Fastening Co., Ltd. (Osaka-city, Osaka)

[Overseas Bases]
Kuraray America, Inc. (Texas, United States)
Kuraray Europe GmbH (Frankfurt, Germany)
Kuraray Asia Pacific Pte. Ltd. (Singapore)
Kuraray China Co., Ltd. (Shanghai, China)
Kuraray India Private Limited (New Delhi, India)
Kuraray South America Ltda. (Sao Paulo, Brazil)
Kuraray (Thailand) Co., Ltd. (Bangkok, Thailand)

[Domestic Manufacturing Bases]
Kuraray Co., Ltd.:
Kurashiki Plant (Kurashiki-city, Okayama)
Saijo Plant (Saijo-city, Ehime)
Okayama Plant (Okayama-city, Okayama)
Niigata Plant (Tainai-city, Niigata)
Kashima Plant (Kamisu-city, Ibaraki)

[Overseas Manufacturing Bases]
Kuraray America, Inc. (Texas/North Carolina/West Virginia, United States)
MonoSol, LLC (Indiana, United States and Worcestershire, United Kingdom)
Kuraray Europe GmbH (Frankfurt/Troisdorf, Germany)
EVAL Europe N.V. (Antwerp, Belgium)
OOO TROSIFOL (Nizhnij Novgorod, Russia)
Kuraray Asia Pacific Pte. Ltd. (Singapore)
Kuraray Korea Ltd. (Ulsan, South Korea)
Plantic Technologies Limited (Victoria, Australia)

[R&D Bases]
Kuraray Co., Ltd.:
Kurashiki Research Center (Kurashiki-city, Okayama)
Tsukuba Research Center (Tsukuba-city, Ibaraki)
Kuraray Research and Technical Center U.S.A. (Texas, United States)

(12) Employees

Business Segment	Number of Employees	Year-on-year Increase (Decrease)
Vinyl Acetate	3,617	159
Isoprene	799	4
Functional Materials	1,129	42
Fibers and Textiles	1,038	(6)
Trading	314	23
Other Business	1,441	(47)
Corporate (Shared)	252	10
Total	8,590	185

(13) Major Lenders

Nothing important to mention

(14) Other Significant Matters of the Kuraray Group

The Company merged its subsidiary Kuraray Chemical Co., Ltd. by absorption on January 1, 2017.

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 3,363,405 shares of treasury stock)

(3) Number of Shareholders as of December 31, 2016: 41,848 persons
(4) Major Shareholders

Shareholder's Name	Number of Shares Held (Thousands)	Ratio of Capital Contribution (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	29,120	8.29
Japan Trustee Services Bank, Ltd. (Trust account)	19,555	5.56
Nippon Life Insurance Company	10,448	2.97
National Mutual Insurance Federation of Agricultural Co-operatives	10,102	2.87
Trust & Custody Services Bank, Ltd. (Trust Collateral account)	7,280	2.07
Meiji Yasuda Life Insurance Company	5,969	1.70
NORTHERN TRUST CO. (AVFC) RE-SSD00	5,907	1.68
STATE STREET BANK AND TRUST COMPANY 505001	5,738	1.63
STATE STREET BANK WEST CLIENT-TREATY 505234	5,211	1.48
The Master Trust Bank of Japan, Ltd. (Trust account 7)	4,917	1.40

Note: In calculation of "Ratio of Capital Contribution", the treasury shares of the Company (3,363,405 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, 2016

(i) Share Purchase Warrants
470 units
(ii) Kind and number of share
Common shares: 235,000 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 / Exercise Price per Share	Number of Share Purchase Warrants	Number of Holders
Directors (excluding Outside Directors)	Share Purchase Warrants issued in June 2007 (Stock Options for a Stock Linked Compensation)	June 6, 2007 - June 5, 2022	¥1,318 / ¥1	8 units	1
	Share Purchase Warrants issued in June 2008 (Stock Options for a Stock Linked Compensation)	June 11, 2008 - June 10, 2023	¥1,264 / ¥1	13 units	1
	Share Purchase Warrants issued in June 2009 (Stock Options for a Stock Linked Compensation)	June 10, 2009 - June 9, 2024	¥947 / ¥1	29 units	1
	Share Purchase Warrants issued in June 2010 (Stock Options for a Stock Linked Compensation)	June 10, 2010 - June 9, 2025	¥1,054 / ¥1	26 units	1
	Share Purchase Warrants issued in October 2010	June 25, 2012 - June 24, 2020	Free of charge / ¥1,078	76 units	5
	Share Purchase Warrants issued in May 2011 (Stock Options for a Stock Linked Compensation)	May 19, 2011 - May 18, 2026	¥1,174 / ¥1	31 units	2
	Share Purchase Warrants issued in May 2012 (Stock Options for a Stock Linked Compensation)	May 17, 2012 - May 16, 2027	¥1,046 / ¥1	31 units	2
	Share Purchase Warrants issued in May 2013 (Stock Options for a Stock Linked Compensation)	May 15, 2013 - May 14, 2028	¥1,482 / ¥1	52 units	9
	Share Purchase Warrants issued in May 2014 (Stock Options for a Stock Linked Compensation)	May 15, 2014 - May 14, 2029	¥1,119 / ¥1	60 units	10

	Designation of Share Purchase Warrants	Exercise Period	Issue Price per Share / Exercise Price per Share	Number of Share Purchase Warrants	Number of Holders
Directors (excluding Outside Directors)	Share Purchase Warrants issued in February 2015 (Stock Options for a Stock Linked Compensation)	February 17, 2015 - February 16, 2030	¥1,352 / ¥1	56 units	10
	Share Purchase Warrants issued in February 2016 (Stock Options for a Stock Linked Compensation)	February 10, 2016 - February 9, 2031	¥1,200 / ¥1	82 units	10
Outside Directors	Share Purchase Warrants issued in May 2014 (Stock Options for a Stock Linked Compensation)	May 15, 2014 - May 14, 2029	¥1,119 / ¥1	2 units	1
	Share Purchase Warrants issued in February 2015 (Stock Options for a Stock Linked Compensation)	February 17, 2015 - February 16, 2030	¥1,352 / ¥1	2 units	1
	Share Purchase Warrants issued in February 2016 (Stock Options for a Stock Linked Compensation)	February 10, 2016 - February 9, 2031	¥1,200 / ¥1	2 units	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
13 units
(ii) Kind and number of Share
Common shares: 6,500 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 / Exercise Price per Share	Number of Share Purchase Warrants	Number of Holders
Executive Officers of the Company	Share Purchase Warrants issued in February 2016 (Stock Options for a Stock Linked Compensation)	February 10, 2016 - February 9, 2031	¥1,200 / ¥1	13 units	6

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 2016 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 Chairman	Fumio Ito	
Representative Director and President	Masaaki Ito	
Representative Director and Primary Executive Officer	Sadaaki Matsuyama	President of Functional Materials Company, Kuraray Co., Ltd.
Director and Primary Executive Officer	Kazuhiko Kugawa	Supervisor of Corporate Management Planning Office and Administrative Unit, Kuraray Co., Ltd.
Director and Primary Executive Officer	Hiroaya Hayase	President of Vinyl Acetate Resin Company and Vinyl Acetate Film Company, Kuraray Co., Ltd.
Director and Senior Executive Officer	Yukiatsu Komiya	Supervisor of Research and Development Division and New Business Development Division, Kuraray Co., Ltd.
Director and Senior Executive Officer	Kazuhiro Nakayama	Supervisor of Technology Division, Environmental Business Development and Promotion Division, and Plants in Japan, Kuraray Co., Ltd.
Director and Senior Executive Officer	Kenichi Abe	President of Isoprene Company, Kuraray Co., Ltd.
Director and Senior Executive Officer	Yoshimasa Sano	Vice President of Functional Materials Company and General Manager of Methacrylate Division, Functional Materials Company, Kuraray Co., Ltd.
Director and Senior Executive Officer	Hitoshi Toyoura	President of Fibers and Textiles Company and Supervisor of Osaka Head Office, Kuraray Co., Ltd.
Director	Tomokazu Hamaguchi	Outside Director, IHI Corporation Outside Director, East Japan Railway Company Director, FPT CORPORATION
Director	Jun Hamano	President, The Ohara Memorial Institute for Science of Labour
Standing Company Auditor	Keiji Murakami	
Standing Company Auditor	Kunio Yukiyoshi	
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	Mikio Nakura	

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 Mikio Nakura are Outside Company Auditors as stipulated in Article 2, Item 16 of the Companies Act.
3. Company Auditor Yoshimitsu Okamoto has been engaged in financial securities business for many years, and therefore has 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 Mikio Nakura as Independent Directors/Auditors prescribed by Tokyo Stock Exchange.
5. There is no special interest between the Company and IHI Corporation, 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.

(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 Outside Company Auditors. An outline of the agreements is as follows:

"After the execution of this agreement, the Outside Director and Outside 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 Outside 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 (Including Outside Directors)	17 (3)	573 (26)
Company Auditors (Including Outside Company Auditors)	6 (3)	77 (27)

Notes:

1. In addition to the above amounts, ¥45 million of Share Purchase Warrants as Stock Options for a Stock Linked Compensation were given to twelve (12) Directors (including ¥2 million to two Outside Directors) and another ¥22 million of the same to eight (8) Directors concurrently serving as executive officers of the Company as compensation to serve as executive officers as resolved at the meeting of Board of Directors held on January 20, 2016.
2. The number of persons paid mentioned above includes five (5) Directors and one (1) Company Auditor who retired at the conclusion of the 135th Ordinary General Meeting of Shareholders held on March 29, 2016.
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 (aside from 1) above)	Under ¥90 million
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 93% (13/14 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% (11/11 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% (14/14 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% (14/14 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 Mikio Nakura	Meetings of Board of Directors 100% (14/14 meetings) Meetings of Board of Company Auditors 100% (14/14 meetings)	He principally made remarks from an expert's perspective based on his abundant experience in financial institutions, his broad insight and his track record as outside auditor of other companies.

(Note) Information for Director Jun Hamano applies only to Meetings of the Board of Directors held after his appointment on March 29, 2016.

(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: ¥87 million
(ii) Sum of money and other financial profits to be paid by the Company and its subsidiaries: ¥117 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 the fiscal year under review 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

Eight (8) 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 Council 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 at the management level, and the subordinate bodies of the Social and Economic Subcommittee, Environmental and Industrial Safety Subcommittee, and Risk Management and Compliance Subcommittee will be established.
   d. Policies regarding compliance with laws and regulations will be defined as The Kuraray Group Code of Conduct, and systematic development and operation of a compliance structure will be conducted as the Kuraray Group.
   e. In order to discover unfair and illegal actions and unethical actions within the Kuraray Group at an early stage and aim for independent resolution, a Kuraray Group Employee Counseling Room (Internal Reporting System) will be established.
   f. The Internal Auditors Office, in compliance with the Internal Audit Regulations, will audit the conditions of business execution within the Kuraray Group.
   g. 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.
   h. 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 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 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 Group as a whole, as defined in the medium-term management plan and annual management plan. Based on the Domestic Affiliated Companies Management Standards and the Overseas Affiliated Companies Management Standards, each Kuraray Group company will seek approval and report to the Board of Directors or Executive Committee of the Company concerning important items.
b. Decision-making standards will be defined for each Kuraray Group company within the Domestic Affiliated Companies Management Standards and the Overseas Affiliated Companies Management Standards, and will be managed appropriately and efficiently. Additionally, to promote unified operations through aiming for communication of views within the Kuraray Group, a liaison meeting will be held as required between the President of the Company and the Presidents of each Kuraray Group company.
c. Based on The Kuraray Group Code of Conduct, the system will be put in place to enable appropriate execution of duties by Directors and employees of each Kuraray Group company. In addition, officers will be seconded from the Company to each Kuraray Group company, to supervise business execution by Directors and employees of each company, and the Internal Auditors Office will conduct internal audits in accordance with the Internal Audit Regulations.

(vi) Independence from Directors of employees assisting the duties of Company Auditors and items regarding ensuring the effectiveness of instructions given to these employees
Staff for Company Auditor will be assigned to assist the duties of Company Auditors. Staff for Company Auditor will receive direction and orders from Company Auditors, and concerning personnel affairs and salary of Staff for Company Auditor, decisions will be made after deliberations between the Director supervising personnel affairs and the Company Auditor.

(vii) Systems regarding reporting to Company 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. Company 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 Company 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 Company Auditors. Company Auditors may request reports regarding these items as required from employees of the Company and Kuraray Group companies.
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 Company Auditors
When Company 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 Company Auditors are made effectively
In order to exchange opinions regarding challenges facing the Company, important audit issues, etc., Company 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 the fiscal year under review is as follows.

(i) Initiatives relating to compliance
a. The revised edition of the Compliance Handbook was distributed to all employees at domestic and overseas Group companies, and e-learning comprehension tests were also implemented for employees of domestic group companies.
b. A global compliance structure was established, with compliance supervisors selected at control companies in each region.
c. Taking seriously the fact that the Company was investigated by the Japan Fair Trade Commission in March 2016, the Company revised its internal guidelines on compliance with antitrust laws, sent messages about compliance in the name of the President to all employees of the Kuraray Group, held training for managers and employees in sales roles, and implemented various other measures to ensure thorough awareness of compliance.
d. 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.

(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 Management and Compliance Subcommittee and CSR Committee, the President specified significant business risks, selected supervisors to oversee each risk, and implemented measures to avoid and reduce such risks.
b. Emergency drills and other trainings were conducted assuming that offices and plants were damaged by large-scale natural disasters, and emergency response systems were reviewed.
c. Based on the Group Risk Management Regulations, the BCP (business continuity plan for disasters) was updated and reviewed.

(iii) Initiatives relating to internal control of the corporate group
By defining in the Regulations of Board of Directors the obligation to discuss in meetings of the Board of Directors the Basic Policy on Corporate Governance, matters relating to corporate restructuring, and significant matters relating to operation of group companies, the supervisory function of the Board of Directors was strengthened.

(iv) Initiatives relating to audit systems of Company Auditors
It was specified in the employment regulations that, in the event a material violation of laws or regulations or other serious compliance-related problem is discovered, the Company shall not treat unfavorably those who reported the matter to the Corporate Auditors for the reason of the report.

7. Summary of the Basic Policy regarding the Control of the Company's Management

(1) The Basic Policy regarding Persons Controlling the Company's Decisions over Financial and Business Affairs

Recently, the structure of Japanese corporate society has undergone drastic changes. For example, the dissolution of share cross-holding is occurring more frequently. Furthermore, the concept that the company owners are shareholders and that management should consider shareholders' opinions has become widespread. Meanwhile, the stock market and corporate society have deepened their understanding with respect to corporate acquisitions. Under these circumstances, it has become obvious that large-scale purchases of shares may be undertaken "hostilely" and suddenly without benefiting from sufficient discussion, or a process of agreement, with the management of the target company. Of course, the Company acknowledges that even such hostile large-scale purchases of shares may contribute to an enhancement of corporate value and the shareholders' common interests depending on the specific conditions and method, etc. of such purchases. So long as the Company is a stock company *(kabushiki kaisha)* whose shares are publicly traded on the capital markets, the Company believes that each shareholder should ultimately determine whether to accept a proposal for the purchases of the Company's shares.

However, it cannot be denied that some of the unilateral large-scale purchases of shares as described above may materially damage the Company's corporate value and the shareholders' common interests if, for example, (i) the shareholders do not receive sufficient information regarding such purchases and will effectively be forced to sell their shares; (ii) the shareholders are not given enough time to consider the conditions, method, etc. of such purchases and the Board of Directors is not given enough time to present alternative proposals, etc.; or (iii) the large-scale purchasers do not intend to manage the Company in a reasonable and serious manner, etc.

The Company believes that the person controlling the Company's decisions over financial and business affairs should be someone who fully understands the corporate philosophy of the Company and its important management resources from which the Company's corporate value is generated. Moreover, such person should sincerely intend to protect and enhance the Company's corporate value and the shareholders' common interests for both the medium and long-term. Therefore, the Company has decided that any person who commences a large-scale purchase of shares that may materially damage the Company's corporate value or the shareholders' common interests as described above will be deemed to be inappropriate as a person controlling the Company's decisions over financial and business affairs.

(2) Efforts Contributing to the Realization of the Basic Policy

The Company has undertaken and will undertake various efforts to enhance its corporate value and its shareholders' common interests, including the following matters, taking into consideration that a stable and sustainable enhancement of its corporate value should be treated as a top priority for the purpose of enhancing its shareholders' common interests. The Company believes that these efforts will contribute to the realization of the Basic Policy regarding Persons Controlling the Company's Decisions over Financial and Business Affairs described in Section (1) above.

(i) Reinforcement and Expansion of Businesses in Accordance with the Medium-Term Management Plan

In order to become a "high-profit specialty chemical company with a global presence" as set out in the "Long-Term Corporate Vision" that indicates the long-term direction of the Company, the Company will work on its three-year plan covering the fiscal year ended December 31, 2015 to the fiscal year ending December 31, 2017, the medium-term management plan "GS-STEP". With the principal management strategies of deepening core businesses, technological innovation, a next-generation growth model, optimum allocation of management resources, and contribution to the environment, the Company will achieve high profitability by bringing various measures implemented during the period of the previous medium-term management plan "GS-III" to fruition and by steadily building a management base for business expansion, and will execute various strategies for further growth.

(ii) Establishment of a Corporate Governance System

Building an effective corporate governance system ensuring efficiency and fairness in management enables the Company to make rapid and drastic decisions in a transparent and fair manner, maintain appropriate relationships with various stakeholders, and to fulfill its responsibility to society. The Company believes that it will continually and in the long-term enhance its corporate value and shareholders' common interests, and therefore contributes to the realization of the basic policy as described in Section (1) above. Based on such an understanding, the Company has established a corporate governance system through the implementation of the following measures:

1. Strengthening of the management supervisory function performed by Outside Directors, and separation of the Directors' responsibilities between management decision-making and the execution of corporate affairs under the executive officer system
2. Improvement of the audit function performed by Outside Company Auditors
3. Establishment of the Management Advisory Committee for the purpose of giving outside experts' advice on the execution of the duties of the President

(iii) Basic Policy of Distribution of Profits to Shareholders

The distribution of profits to shareholders is one of the Group's top management priorities. In order to protect and enhance its corporate value and shareholders' common interests, the Company endeavors to ensure appropriate distribution of profits, while giving consideration to generating shareholder returns that reflect management results and securing future growth potential.

In regards to shareholder returns during the medium-term management plan "GS-STEP" period, the Company will set the total return ratio relative to net income attributable to owners of the parent at 35% or more and annual dividends per share at ¥36 or higher.

(3) Effort to Prevent Decisions concerning the Company's Financial and Business Affairs from Being Controlled by Inappropriate Persons in light of the Basic Policy

With the approval of the 134th Ordinary General Meeting of Shareholders of the Company held on March 27, 2015, the Company introduced Countermeasures (Takeover Defense) in Response to Large-Scale Purchases of the Company's Shares (the "Plan") as follows in order to prevent vexatious purchases of the Company's shares, which was the Company's effort to protect and enhance its corporate value and the common interests of its shareholders.

Under the procedures set forth in the Plan (the "Large-scale Share Purchase Rules"), prior to any purchase of shares, issued by the Company, by a purchaser that will cause such purchaser's holding ratio of shares to become 20% or greater (the "Large-scale Share Purchase" and person(s) who commences such Purchase, the "Large-scale Share Purchaser"), the Large-scale Share Purchaser will be required to provide the Board of Directors with necessary and sufficient information for the shareholders' determination and for the Board of Directors' evaluation and examination etc. of the Large-scale Share Purchase. The Board of Directors will, within the designated evaluation period, summarize its opinion on the Large-scale Share Purchase based on such information and disclose it to the shareholders. At the same time, the Board of Directors will, as necessary, consult and negotiate with the Large-scale Share Purchaser with respect to the conditions and methods of the Large-scale Share Purchase and establish alternative proposals for the shareholders.

If the Large-scale Share Purchaser intends to commence the Large-scale Share Purchase without complying with the Large-scale Share Purchase Rules, the Board of Directors may deem such Large-scale Share Purchase to be a hostile takeover that might materially damage the Company's corporate value and shareholders' common interests and trigger the countermeasures by means of an allotment of Share Purchase Warrants without contribution. Meanwhile, if the Large-scale Share Purchaser commences the Large-scale Share Purchase in compliance with the Large-scale Share Purchase Rules, the Board of Directors will not, in principle, trigger the countermeasures against such Large-scale Share Purchase, unless the Board of Directors clearly determines that such Large-scale Share Purchase would materially damage the Company's corporate value and shareholder's common interests.

The Board of Directors will make an inquiry to the Special Committee, consisting of Outside Directors and Outside Company Auditors, in advance of triggering the countermeasures regarding the appropriateness of triggering such countermeasures and respect the Special Committee's recommendation to the greatest extent possible. If the Board of Directors calls a meeting to confirm the shareholders' opinion regarding whether or not to trigger the countermeasures based on the recommendation of Special Committee or the decision of the Board of Directors ("Shareholders' Meeting Confirming Shareholders' Opinion"), the Board of Directors will be subject to the resolution of such Shareholders' Meeting Confirming Shareholders' Opinion.

The effective term of the Plan is from the conclusion of the Company's 134th Ordinary General Meeting of Shareholders held on March 27, 2015 to the conclusion of the Company's 137th Ordinary General Meeting of Shareholders to be held in 2018.

(4) Judgment of the Board of Directors on the Efforts in Section (2) above

The Company has undertaken the efforts described in Section (2) above to enhance its corporate value and its shareholders' common interests, taking into consideration that a stable and sustainable enhancement of its corporate value should be treated as a top priority for the purpose of enhancing its shareholders' common interests. The Company believes that, by enhancing its corporate value and its shareholders' common interests and appropriately reflecting such enhancement in its share value, it will be difficult for a third party to implement a Large-scale Share Purchase which may materially damage the Company's corporate value or the shareholders' common interests. Therefore, the Company believes that the efforts in Section (2) above are in line with the basic policy in Section (1) above without damaging the shareholders' common interests or aiming to maintain the officers' positions.

(5) Judgment of the Board of Directors on the Efforts in Section (3) above

The efforts in Section (3) above prescribes that countermeasures will be triggered against a Large-scale Share Purchaser who refuses the request for sufficient information and an adequate period of time for examining, etc. such information, and a Large-scale Share Purchaser who may conduct or intend to conduct a Large-scale Share Purchase that would materially damage the Company's corporate value or the shareholders' common interests. Thus, the efforts described in Section (3) above will prevent such Large-scale Share Purchaser from conducting a Large-scale Share Purchase, and will prevent the Company's decisions over financial and business affairs from being controlled by inappropriate persons in light of the basic policy described at Section (1) above. Moreover, the efforts in Section (3) above were introduced as a countermeasure against a Large-scale Share Purchaser, which enables the shareholders, in advance, to receive any necessary information with respect to the Large-scale Share Purchase proposed by a Large-scale Share Purchaser and to ensure there is adequate time to evaluate and examine, etc. the substance of the Large-scale Share Purchase, for the purpose of protecting and enhancing the Company's corporate value and the shareholders' common interests. Furthermore, the Company ensures various systems and procedures such as, i) the respect for the Company's shareholders' opinion, ii) the establishment of reasonably objective conditions and, iii) the establishment of the Special Committee, in order to prevent the Board of Directors from arbitrarily triggering any countermeasures and to ensure the reasonableness of the efforts in Section (3) above.

Accordingly, the Company believes that the efforts in Section (3) above are in line with the basic policy in Section (1) above without damaging the shareholders' common interests or aiming to maintain the Directors' positions.

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

[Financial statements omitted. Please refer to our News Release dated February 8, 2017 titled "Business Results for the Fiscal Year Ended December 31, 2016 (Unaudited)."]
URL: http://www.kuraray.com/ir/library/pdf/account/170208_en.pdf

Reference Documents for General Meeting of Shareholders

Proposals and References

Proposal No. 1: Appropriation of Surplus

Given that the distribution of profits to shareholders is one of the Group's top management priorities, the Company carries out its medium-term management plan called "GS-STEP" (fiscal 2015 to 2017), in order to become a high-profit specialty chemical company with a global presence called for in its "Long-Term Corporate Vision." With increase in distribution of profits through continued improvement in business performance as its basic policy, our profit allocation target during the period is to achieve a total return ratio relative to net income attributable to owners of the parent of 35% or more and annual dividend per share of ¥36 or higher. Going forward, the Company endeavors to ensure appropriate distribution of profits, while giving consideration to generating shareholder returns that reflect management results and securing future growth potential, from a medium- to long-term perspective. Based on 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 ¥41 per share.

Year-end dividends:

(1) Type of dividend property: Cash
(2) The matter regarding the assignment of dividend property and total amount thereof:
¥21 per share of the Company's common stock for a total of ¥7,381,504,158
(3) Effective date of the dividends (payment commencement date): March 27, 2017

Proposal No. 2: Election of Ten (10) Directors

The term of office of all twelve (12) Directors will expire at the conclusion of this 136th Ordinary General Meeting of Shareholders. Accordingly, we hereby propose that ten (10) Directors be elected.

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) Reappointed	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)	18,900
Reasons for nomination as the candidate for Director Mr. Masaaki Ito has led the management of the Group as the President since assigned to his current post in January 2015, and has been contributing to the further development of the 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) Reappointed	April 1975 April 2009 June 2010 April 2012 June 2012 April 2013 June 2013 March 2016 June 2016	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 (Current position) 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)	8,800
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 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) Reappointed	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 Corporate Management Planning Office (Current position) and Administrative Unit, Kuraray Co., Ltd. (Current position) Director and Primary Executive Officer, Kuraray Co., Ltd. (Current position)	13,300
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 Group's management since assigned to his current post in June 2014, and the Company may expect his continued contribution to its management.				

<table>
<tr><th>No.</th><th>Name
(Date of Birth)</th><th colspan="2">Brief Personal History, Positions and Areas of Responsibility</th><th>Number of Company Shares Held</th></tr>
<tr><td rowspan="2">4</td><td rowspan="2">Hiroaya Hayase
(February 28, 1956)

Reappointed</td><td>April 1980
April 2012

June 2012
April 2013

June 2014
January 2015

March 2015
January 2016

March 2016</td><td>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 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. (Current position)
Director and Primary Executive Officer, Kuraray Co., Ltd. (Current position)</td><td rowspan="2">9,800</td></tr>
<tr><td colspan="3">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 Group’s management since assigned to his current post in March 2015, and the Company may expect his continued contribution to its management.</td></tr>
<tr><td rowspan="2">5</td><td rowspan="2">Kazuhiro Nakayama
(January 1, 1956)

Reappointed</td><td>April 1980
April 2012
June 2012
April 2013

April 2014
January 2016

March 2016</td><td>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), Environmental Business Development and Promotion Division (Current position), and Plants in Japan, Kuraray Co., Ltd. (Current position)
Director and Senior Executive Officer, Kuraray Co., Ltd. (Current position)</td><td rowspan="2">11,400</td></tr>
<tr><td colspan="3">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 Group’s management since assigned to his current post in March 2016, and the Company may expect his continued contribution to its management.</td></tr>
<tr><td rowspan="2">6</td><td rowspan="2">Kenichi Abe
(May 3, 1956)

Reappointed</td><td>April 1980
April 2012

June 2012
April 2013

January 2016

March 2016</td><td>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)</td><td rowspan="2">17,700</td></tr>
<tr><td colspan="3">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 Group’s management since assigned to his current post in March 2016, and the Company may expect his continued contribution to its management.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of Birth)</th><th colspan="2">Brief Personal History, Positions and Areas of Responsibility</th><th>Number of Company Shares Held</th></tr>
<tr><td>7</td><td>Yoshimasa Sano
(April 12, 1956)

Reappointed</td><td>April 1980
April 2010

June 2012
April 2014

January 2016

March 2016

January 2017</td><td>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. (Current position)
Director and Senior Executive Officer, Kuraray Co., Ltd. (Current position)
General Manager of Carbon Materials Division, Functional Materials Company, Kuraray Co., Ltd. (Current position)</td><td>9,900</td></tr>
<tr><td colspan="5">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 Group’s management since assigned to his current post in March 2016, and the Company may expect his continued contribution to its management.</td></tr>
<tr><td>8</td><td>Hitoshi Toyoura
(November 18, 1958)

Reappointed</td><td>April 1982
April 2010

June 2013
January 2015

March 2015

January 2016

March 2016</td><td>Joined Kuraray Co., Ltd.
General Manager of Fibers and Industrial Materials Division, Fibers and Textiles Company, Kuraray Co., Ltd.
Executive Officer, Kuraray Co., Ltd.
General Manager of Consumer Goods and Materials Division, Fibers and Textiles Company, Kuraray Co., Ltd.
Representative Director and President of Kuraray Fastening Co., Ltd.
President of Fibers and Textiles Company (Current position), and Supervisor of Osaka Head Office, Kuraray Co., Ltd. (Current position)
Director and Senior Executive Officer, Kuraray Co., Ltd. (Current position)</td><td>7,900</td></tr>
<tr><td colspan="5">Reasons for nomination as the candidate for Director
Mr. Hitoshi Toyoura has a wealth of experience in the fibers and textiles business in general, and also has been playing an important role as Director in the Group’s management since assigned to his current post in March 2016, and the Company may expect his continued contribution to its management.</td></tr>
<tr><td>9</td><td>Tomokazu Hamaguchi
(April 20, 1944)

Reappointed
Outside Director
Independent Director</td><td>April 1967
June 1995

June 1997
June 2001

June 2003
June 2007
June 2009
June 2013
(Important Positions Concurrently Held at Other Entities)
Outside Director, IHI Corporation
Outside Director, East Japan Railway Company
Director, FPT CORPORATION</td><td>Joined Nippon Telegraph and Telephone Public Corporation
Director, NTT Data Communications Systems Corporation (currently NTT DATA Corporation)
Executive Director, NTT DATA Corporation
Representative Director and Senior Executive Vice President, NTT DATA Corporation
Representative Director and President, NTT DATA Corporation
Director and Counselor, NTT DATA Corporation
Counselor, NTT DATA Corporation
Director, Kuraray Co., Ltd. (Current position)</td><td>2,900</td></tr>
<tr><td colspan="5">Reasons for nomination as the candidate for Outside Director
Mr. Tomokazu Hamaguchi was 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 IHI Corporation, 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.</td></tr>
</table>

No.	Name (Date of Birth)	Brief Personal History, Positions and Areas of Responsibility	Number of Company Shares Held
10	Jun Hamano (February 27, 1951) Reappointed Outside Director Independent Director	April 1974 Joined Economic Planning Agency of Japan ("EPA") July 1999 Director, Minister's Secretariat Division, EPA July 2004 Director General for Economic and Fiscal Management, Cabinet Office July 2006 Vice-Minister for Policy Coordination, Cabinet Office July 2008 Director General, Cabinet Office July 2009 Vice-Minister, Cabinet Office January 2012 Adviser to the Cabinet Office April 2013 Adviser to DENTSU INC. (Current position) June 2014 Director, Ohara HealthCare Foundation (Current position) March 2016 Director, Kuraray Co., Ltd. (Current position) (Important Positions Concurrently Held at Other Entities) Chairman, the Ohara Memorial Institute for Science of Labour	500
Reasons for nomination as the candidate for Outside Director 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.			

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

(Note) 2. Both Mr. Tomokazu Hamaguchi and Mr. Jun Hamano are candidates for Outside Directors.

(Note) 3. 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.

(Note) 4. Term of office of Outside Director

(1) Mr. Tomokazu Hamaguchi is currently Outside Director of the Company and his term of office will be three (3) years and nine (9) months at the conclusion of this 136th Ordinary General Meeting of Shareholders.

(2) Mr. Jun Hamano is currently Outside Director of the Company and his term of office will be one (1) year at the conclusion of this 136th Ordinary General Meeting of Shareholders.

(Note) 5. The Company has registered Mr. Tomokazu Hamaguchi and Mr. Jun Hamano as Independent Director/Auditor 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.

Proposal No. 3: Election of One (1) Company Auditor

The term of office of Company Auditor Mie Fujimoto will expire at the conclusion of this 136th Ordinary General Meeting of Shareholders. Accordingly, we hereby propose that one (1) Company Auditor be elected.

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

The candidate for the Company Auditor is as follows.

Name (Date of Birth)	Brief Personal History and Positions in the Company as Auditor		Number of Company Shares Held
Mie Fujimoto (August 17, 1967) Reappointed Outside Company Auditor Independent Company Auditor	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)	0
	January 2003	Partner, New Tokyo International Law Office (subsequently merged with Bingham Sakai Mimura Aizawa-Foreign Law Joint Enterprise)	
	June 2009	Company Auditor, Kuraray Co., Ltd. (Current position)	
	April 2015	Joined TMI Associates	
	(Important Positions Concurrently Held at Other Entities) Partner, TMI Associates Company Auditor, SEIKAGAKU CORPORATION (Outside Company Auditor) Company Auditor, Tokyo Broadcasting System Holdings, Inc. (Outside Company Auditor) Company Auditor, TBS Television, Inc. (Outside Company Auditor)		
Reasons for nomination as the candidate for Outside Company Auditor Ms. Mie Fujimoto is nominated as the candidate for Outside Company Auditor because she has expertise and wealth of experience as an attorney at law, which could be utilized for the audit of the Company. 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 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 Company Auditor.			

(Note) 1. No special interests exist between the Company and Ms. Mie Fujimoto.

(Note) 2. Ms. Mie Fujimoto is a candidate for Outside Company Auditor.

(Note) 3. 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 shall be limited to the minimum liability amount prescribed in applicable laws and regulations, and if her reelection is approved, such contract is planned to be continued.

(Note) 4. Ms. Mie Fujimoto is currently Outside Company Auditor of the Company and her term of office will be seven (7) years and nine (9) months at the conclusion of this 136th Ordinary General Meeting of Shareholders.

(Note) 5. The Company has registered Ms. Mie Fujimoto as Independent Director/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 continue registering her as Independent Director/Auditor if her reelection is approved.

[Reference] Independence Standards for Outside Directors/Company Auditors

1. The Company judges that its Outside Directors and Outside Company Auditors and the candidates for the Outside Directors and Outside Company Auditors are fully independent from the Company if they do not fall under any of the following items:

(1) A business executive of the Group

(2) A counterparty which has transactions principally with the Group, or its business executive thereof

(3) A major business partner of the Group, or its business executive thereof

(4) A major lender of the Group, or its business executive thereof

(5) A counterparty that receives a large amount of donations from the 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 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 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 Director or Outside Company Auditor's interlocking relationship with the 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 Director or Outside Company Auditor in light of his/her personality, knowledge and other qualities, the Company may appoint him/her as independent Outside Director or Outside Company Auditor on the condition that the reasons why the person is deemed appropriate for the post are explained to the public.