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**We are pursuing diversity on the Board,engaging in
constructive dialogue from multiple perspectives, and helping
to further enhance corporate value.**

Multiple Perspectives Are What Stimulate Constructive Discussion

The Kuraray Group is seeking to achieve sustainable growth by creating value that contributes to the natural and living environments. In making this vision a reality, we strive to make decisions and execute business promptly and appropriately while continuing to take steps to develop and strengthen our framework for corporate governance to supervise the transparency and fairness of management and the effectiveness and efficiency of business execution.

Kuraray has established a Corporate Advisory Committee as a body that the Board of Directors can consult to consider matters such as the appointment of directors and proposals regarding remuneration. As of March 2024, the committee consists of seven members: four Outside Directors, one Outside Audit & Supervisory Board Member, and two outside experts. We designated Mr. Satoshi Tanaka, an Independent Outside Director, as the committee chairman. This change to the framework further improves the transparency, fairness, and objectivity of Kuraray's decision-making process for important management matters such as director nomination and remuneration and the cultivation of successors. I believe this will enable the committee to report the results of consultations to the Board from a more objective, more neutral perspective, leading to further enhancement of corporate management.

With the need to address the dizzying pace of change in the business environment, the agenda of Board meetings is becoming more varied every year. Our challenge in achieving more effective management is to pursue greater diversity among Board members. The Board of Directors requires more than simply the knowledge, experience, and ability of members—I believe multiple perspectives arising from diversity, including in terms of gender and nationality, help support a truly global business and facilitate appropriate supervision and decision-making. Ms. Naoko Mikami joined the management of Kuraray in 2024 as a new Director, bringing experience in corporate management. I see the Board's



Masaaki Ito
Chairman and Director

diversity steadily evolving year by year. For the future, though, it will be essential to reinforce HR development and implement personnel measures to promote diversity, so that executives with diverse career backgrounds, including women, can come up through the ranks of the Company. The Corporate Advisory Committee and Board of Directors have also been engaging in repeated discussions about HR development as a key management theme, calling for efforts such as building up a talent pool through a long-term system for cultivating management candidates.

Further Enhancing Effectiveness of the Board of Directors, Pursuing More In-Depth Discussions

Kuraray has been evaluating and verifying the effectiveness of the Board of Directors annually since fiscal 2016, seeking improvement. For fiscal 2023, to further enhance the independence and objectivity of the evaluation, we asked a third-party organization to conduct the survey to bring an outside perspective. The Board analyzed and evaluated the aggregated results. We found that Kuraray's Board of Directors is generally functioning appropriately in terms of its makeup, the operation of Board meetings, the nature of Board discussions, and the support framework for Directors and Audit & Supervisory Board Members, confirming that the effectiveness of the Board is being ensured.

One issue that came to light, however, was that the number of business items was too large for Kuraray's size, indicating the need for more in-depth discussions on certain topics, such as efforts to build a more sophisticated business portfolio, including business downsizing and withdrawal; longer-term management strategy; and ROIC-focused management with an eye toward the cost of capital.

Fiscal 2024 marks the midway point of the five-year Medium-Term Management Plan "PASSION 2026." We intend to review the plan as we move toward 2026, the final year. As Chairman of the Board, I identified issues coming out of the management review of the first half of "PASSION 2026," including by Board members. I would like to bring greater vitality to deliberations and pursue more in-depth discussions to ensure that we are making the best possible decisions, speeding up management actions and helping to enhance corporate value.

Continuing Efforts to Enhance Governance Rooted in Our Mission: "For people and the planet."

Regarding litigation related to the fire incident that occurred at a subsidiary in the United States in May 2018, which has long been a concern for our stakeholders, we reached settlements in April 2023 with all outstanding plaintiffs, resolving the civil lawsuit. Our response to this incident has included forming an incident investigation committee made up mainly of Outside Officers (Independent Officers), looking into the root causes of the incident and compiling and publishing measures to prevent recurrence ([U.S. EVAL Plant Fire Incident Investigation Results](#)). The phrase that guides our business activities is "safety is the cornerstone of everything we do," and we have made safety our top priority. Nevertheless, this incident made us keenly aware that the mission of Kuraray's management is to keep the lessons we learned from the incident from fading into memory, instead taking them to heart as we review and further reinforce the safety and risk management frameworks of the entire Group. We will convey the results of our verification of this incident across the Group and take steps to prevent recurrence. The Board of Directors will closely monitor progress, provide necessary advice and recommendations, and play a key role in improving safety.

There is no end to our efforts to improve not only safety but also management and governance. Kuraray's mission is: "For people and the planet." While remaining constantly grounded in this mission, we will respond flexibly to changes in society as we strive for sustainable growth. I look forward to your continued understanding and support.

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