

# KUREHA CORPORATION

Underlined sentence in  
5.(1) is the amended  
sentence.

## Corporate Governance Guidelines

### 1. Management philosophy and basic approach to corporate governance

Kureha upholds the following corporate philosophy, mission, and code of conduct as its identity (reason for existing), which are shared among all executives and employees as part of its continuous challenge to achieve elevated goals.

#### Corporate Philosophy

- We treasure people and the natural environment
- We constantly evolve through innovation
- We contribute to society by developing beneficial product

#### Corporate Mission

Kureha will continually strive in the pursuit of excellence.

#### Employee Code of Conduct

We always act as global corporate citizens, recognizing our corporate social responsibilities.

In relation to our clients:

We will act with sincerity and with customer satisfaction as our priority.

In relation to our work:

We will consistently pursue progress and innovation.

We will consistently respond to change and act with a global perspective.

In relation to our colleagues:

We will maintain mutual respect and exhibit teamwork.

Kureha is committed to practicing compliance and strengthening internal controls for ensuring fair and highly transparent management. In addition, Kureha has adapted these guidelines to further enhance corporate governance, through which Kureha pursues sustainable growth and improving the medium- and long-term growth of corporate value for the Kureha Group (Kureha and Group companies).

### 2. Ensuring shareholder rights and fairness

Kureha implements appropriate and effective measures to ensure shareholder rights and fairness.

#### (1) Exercising rights and the general meeting of shareholders

- Kureha regards the general meeting of shareholders as a venue for a constructive dialogue with shareholders. Based on this recognition, Kureha develops an environment in which shareholders can appropriately exercise their rights.

#### (2) Basic capital policy

- To increase its medium- and long-term corporate value, Kureha conducts management aimed at improving profitability and capital efficiency while maintaining financial stability.
- Kureha's basic policy concerning the distribution of dividends is to issue stable, continuous dividends while strengthening its corporate structure to achieve medium- and long-term growth, and establishing a position for future business expansion.

- (3) Policy concerning cross-held stocks
    - Kureha retains the stocks of transaction partners when it is deemed beneficial in terms of its medium- and long-term corporate value based on an evaluation of transaction history and possibilities for the future expansion of transactions. Each year, the Board of Directors reviews medium- and long-term economic practicality and future outlooks for these cross-held stocks.
    - The exercising of voting rights for cross-held stocks is determined on the basis of whether voting contributes to Kureha's goals for retaining the stock.
  - (4) Hostile takeover prevention measures
    - The incorporation and application of measures for the prevention of a hostile takeover is not meant as a way to protect directors and executive officers, but instead as a means of fulfilling the responsibilities entrusted by shareholders. Kureha carefully evaluates necessity and practicality while ensuring the appropriateness of procedures and providing sufficient explanations to shareholders.
  - (5) Capital policies that may impact shareholder profits
    - Kureha ensures the appropriateness of procedures and provides sufficient explanations to shareholders for all capital policies that could result in the fluctuation of controlling interests or significantly dilute share value.
  - (6) Stakeholder transactions
    - The Board of Directors appropriately manages conflicts of interests that may occur between the Company and Company directors, major shareholders, and other stakeholders.
3. Appropriate cooperation with stakeholders other than shareholders
- Kureha acknowledges that corporate growth and the creation of corporate value are the result of resource provision and contributions made by various stakeholders, including employees, customers, business partners, creditors, and the local community, and works to cooperate appropriately with these stakeholders.
- (1) Establishing corporate ethical charter
    - Kureha has adopted the Kureha Group Ethical Charter that serves as a code of conduct to be followed by all Company executives and employees. Kureha continually promotes awareness and understanding of this charter, and regularly reviews the status of application.
  - (2) Sustainability measures
    - Kureha practices its corporate philosophy not only to address the environmental and social issues related to its industry, but also to help resolve various issues to realize a sustainable society.
  - (3) Securing human resource diversity
    - Kureha works to ensure the diversity of human resources in the Kureha Group, including active promotion of women in the workplace.
  - (4) Establishing a whistle-blowing system
    - To detect and prevent any legal infractions at an early stage, Kureha sets in place internal and external (attorney) compliance hotlines for receiving reports and inquiries related to compliance. The Compliance Committee oversees all compliance issues and reports to the Board of Directors, including the status of hotline use.

#### 4. Ensuring appropriate information disclosure and transparency

With an aim to be a company trusted and supported by society, Kureha's Basic Policy on Information Disclosure is to conduct legally mandated disclosures in a timely and appropriate manner, as well as proactively disclose information not mandated by laws.

#### 5. Responsibilities of the Board of Directors

The Board of Directors embraces its role as a trustee and its overall accountability to shareholders by working toward sustainable growth and to improve the medium and long-term growth of corporate value for the Kureha Group. The Board of Directors is responsible for appropriately fulfilling its roles and responsibilities in order to improve profitability and capital efficiency.

##### (1) Structure, roles, and responsibilities of the Board of Directors

- Based on the scope of the Company, Group companies, and operating businesses, the Board of Directors is comprised of no more than 10 individuals, of which at least two members are independent outside directors. The election of directors is based on achieving a balance of skills, abilities, and experiences as well as diversity.
- The Board of Directors outlines the Company's management policies and strategic direction for management, makes decisions on important business matters, and supervises the execution of business operations. To speed up decision-making and implementation for Kureha Group management, matters other than those requiring a decision by the Board of Directors are deliberated and implemented by the Executive Committee, which consists mainly of executive officers as authorized in official company regulations.
- The Board of Directors makes decisions on personnel elected as directors and executive officers through transparent and fair procedures and based on the evaluation of factors such as Company performance.
- The Board of Directors appropriately supervises personnel development plans for successor candidates for the position of president, the Company's chief executive officer, and other vital positions.
- When determining compensation for directors and executive officers, the Board of Directors evaluates corporate performance and medium- and long-term growth of corporate value, and also ensures the Company's ability to secure and retain appropriate human resources. The Board of Directors ensures that the compensation structure and compensation standards are commensurate with the roles and responsibilities demanded of directors and executive officers.
- The Board of Directors conducts an annual analysis and evaluation of the general efficacy of the Board of Directors and discloses an overview of said results.
- The Board of Directors establishes voluntary advisory committees comprised primarily of independent outside directors to ensure transparency in its decision making and increase accountability to stakeholders.

##### (2) Roles and responsibilities of directors

- Directors acknowledge their role as a trustee and their accountability to shareholders, and cooperate appropriately with stakeholders while working in the collective interests of the Company and its shareholders.
- Directors must have a high ethical standard and possess the knowledge, skills, and experience necessary to achieve the growth of medium- and long-term corporate value. Furthermore, directors must be able to contribute expected skills, and proactively assert their opinion and discuss matters at Board of Directors meetings.

- Directors are expected to deepen their understanding of their expected roles and responsibilities, as well as actively gather information, work toward self-improvement, including acquiring and updating necessary knowledge and skills.
- (3) Auditors and the structure, roles, and responsibilities of the Board of Corporate Auditors
- The Company establishes a Board of Corporate Auditors consisting of no more than four members, with at least half of those members being independent external auditors.
  - Auditors must have a high ethical standard and possess the knowledge, skills, and experience required of an auditor. At least one member must be a person with the appropriate knowledge related to finance and accounting.
  - Auditors and the Board of Corporate Auditors must remain independent and objective. Their role and responsibility is to audit the execution of duties by directors, the selection and/or removal of an external auditing firm, the exercising of rights related to audit compensation, etc.
  - Auditors acknowledge their role as a trustee and their accountability to shareholders, and cooperate appropriately with stakeholders while working in the collective interests of the Company and its shareholders.
  - Auditors are expected to further their understanding of their roles and responsibilities, as well as actively gather information, work toward self-improvement, including acquiring and updating necessary knowledge and skills.
  - The Board of Corporate Auditors drafts standards for the appropriate selection of candidates for an external auditing firm and for the appropriate evaluation of the external auditing firm. Those standards are also employed in determining the independence and expertise required of an external auditing firm.
- (4) Roles and responsibilities of independent outside directors
- Independent outside directors are expected to serve in an advisory and supervisory role to management, function as a supervisory role over conflicts of interest, reflect the opinions of stakeholders, and are expected to reflect their opinions and recommendations at Board of Directors meetings.
- (5) Standards for judging independence
- The Board of Directors shall apply the standards of independence outlined by a financial commodities exchange to draft and disclose Standards for Judging Independence that focus on ensuring the independence of independent outside directors and independent external auditors.
- (6) Responsibilities of external auditing firm
- The external auditing firm and Kureha acknowledge that the external auditing firm has a duty to shareholders and investors, and will implement appropriate measures to ensure the appropriate implementation of audits.
- (7) Information gathering and support structure
- Kureha provides a structure for ensuring the smooth provision of information to directors and auditors when requested.
- (8) Director and auditor training
- Kureha provides opportunities for the training required of the individual directors and auditors.

## 6. Dialogues with shareholders

Kureha maintains constructive dialogue with shareholders based on the following policies in order to contribute to sustainable growth and improving medium- and long-term corporate value.

### (1) Liaisons and content

- The Public and Investor Relations Department and the General Affairs Department serve as liaisons for dialogue with shareholders. Dialogue with shareholders is conducted in an appropriate and timely manner by consulting with the CEO and relevant executive officers.
- The Public and Investor Relations Department and the General Affairs Department work to develop organic partnerships by regularly exchanging information and opinions with members in other internal departments.
- To promote understanding about Kureha among shareholders, Kureha conducts a wide range of proactive measures, including reporting our business at the general meeting of shareholders, distributing various documents and materials to shareholders, providing information via our Company website, holding conferences with institutional investors and individual investors, and conducting private meetings with domestic and foreign institutional investors.
- Opinions and information obtained from shareholders are carefully reviewed and utilized for Kureha's management strategy.

### (2) Information management

- Parties involved in dialogue with shareholders should ensure undisclosed vital corporate information is strictly managed in accordance with the Information Disclosure Regulations and the Insider Trading Management Regulations.

## 7. Enactment, revision, abolishment

The enactment, revision, or abolishment of these guidelines is resolved by the Board of Directors.

End

Formulated on November 12, 2015

Amended on November 20, 2018