Cease and Desist Order and Penalty Payment Order
from the Japan Fair Trade Commission

Today, Kuraray Co., Ltd. ("Kuraray") received a cease and desist order and a penalty payment order from the Japan Fair Trade Commission for violations of the Antimonopoly Act in the manufacture and sale of activated carbon used in some water purification, waste incineration, and other facilities in the East Japan and Kinki regions as indicated below. We also inform you that Calgon Carbon Japan (for which liquidation proceedings are underway), a subsidiary of Calgon Carbon Corporation, which was acquired by Kuraray last year, also received a penalty payment order.

We express our deep and sincere regret for any inconvenience this may have caused to our shareholders, business partners, and all other stakeholders.

We are taking this situation very seriously, and will further enhance and reinforce our compliance system, including our compliance with the Antimonopoly Act, and restore the trust placed in us by doing our utmost to prevent similar situations from occurring in the future.

1. Outline of cease and desist order

Kuraray was ordered to confirm that it has ceased and desisted from conduct in violation of Article 3 of the Antimonopoly Act (Prohibition of Unreasonable Restraint of Trade) related to the manufacture and sale of activated carbon used in some water purification, waste incineration, and other facilities in the East Japan and Kinki regions, and to take necessary measures to prevent similar conduct from occurring in the future.

2. Outline of penalty payment order

Penalty to be paid by Kuraray Group: 71,470,000 yen in total.
- Kuraray: 21,550,000 yen (East Japan region), 27,210,000 yen (Kinki region)
- Calgon Carbon Japan: 8,530,000 yen (East Japan region), 14,180,000 yen (Kinki region)

We have petitioned the Japan Fair Trade Commission to apply the leniency system, and as a result the penalty has been reduced by 30%.

3. Kuraray’s response

Since receiving an on-site inspection by the Japan Fair Trade Commission, top management at Kuraray Co., Ltd. has repeatedly communicated to employees on the importance of thorough legal and regulatory compliance, and the company has been increasing awareness and thorough conformance with Antimonopoly Act compliance guidelines. Kuraray is also continually working to reform the mentality of its employees, which includes inviting outside experts to give lecture presentations, and holding Antimonopoly Act seminars for all staff who are involved with sales. Kuraray plans to expand
efforts such as these to other Group companies in Japan and overseas to thoroughly ensure there are no recurrences.

4. Impact on business results
   This issue is expected to have only a minor impact on business results.