

Sustainability as an Opportunity



The Kuraray Group operates with the conviction that sustainability initiatives will lead to the prosperity of society. We will harness our highly unique technologies and products to improve the natural environment and enhance the quality of life for people everywhere.

Sustainability Long-Term Vision and the “3P” Model

Considering sustainability to be one of our most critical management strategies, the Kuraray Group established the Sustainability Long-Term Vision to express our commitment to pursuing sustainability across the entire Group. To realize this vision, under the Medium-Term Management Plan “PASSION 2026,”

Sustainability Long-Term Vision Sustainability Medium-Term Plan

sustainability-related measures are summarized in the Sustainability Medium-Term Plan and grouped into three Ps: Planet, Product, and People. By steadily moving forward with the various measures indicated under the “3P” model, we are striving to bring about the prosperity of both society and the Kuraray Group.

“PASSION 2026” Priority Issue Targets and Fiscal 2025 Results

“3P” Model	Priority Issues and Indicators		Benchmarks	FY2025		FY2026		After 2027
				Targets	Results	Targets	Medium-Term Plan	Medium- to Long-Term Plan
Planet > P.27	GHG emissions	Scope 1, 2	2021 emissions: 2,896 thousand tons-CO ₂ e	2,896 thousand tons-CO ₂ e or less	2,680 thousand tons-CO ₂ e	2,896 thousand tons-CO ₂ e or less		2035: 63% reduction compared to 2021 2050: Carbon net zero
		Scope 3 (Category 1)	2021 emissions: 3,630 thousand tons-CO ₂ e	—	3,256 thousand tons-CO ₂ e	—		2035: 37.5% reduction compared to 2021
Product > P.30	Sales ratio of products that contribute to the natural and living environments		2020: 46%	61%	60%	60%	60%	—
	(Of which, Sales ratio of natural environment contributing products)		(16%)	(28%)	(28%)	(28%)	(27%)	—
	(Of which, Sales ratio of living environment contributing products)		(30%)	(33%)	(32%)	(32%)	(33%)	—
	Ratio of PSA-screened products to total sales		—	83%	82%	83%	—	—
People > P.36	Occupational injury	A and B rank occupational injuries*1	2021: 3 cases	Zero	6 cases	Zero		—
		Frequency rate of all occupational injuries*2	2021: 2.89	1.6 or less	2.63	1.3 or less		—
	Process safety	A, B, and C rank accidents and troubles*3,4	2021: 3 cases	Zero*4	12 cases	Zero*4		—
		D1 and D2 rank accidents*5	2021: 7 cases	3 cases or less	14 cases	3 cases or less		—
	Diversity and inclusion	Global measures	—	-Develop personnel database and promote personnel recruitment -Promote global mobility	-Promoted project for database creation -Implemented short-term overseas assignment system and continued support for employees in overseas companies -Rolled out global D&I training for managers	-Develop personnel database and promote personnel recruitment -Promote global mobility		—
Ensuring diversity of core human resources*5		End of September 2021: 12%	16%	19%	20%		2030: 25%	

*1 Evaluation ranking of occupational injuries using Kuraray’s proprietary system. Four ranks in order of seriousness: A > B > C > D.

*2 Frequency rate of all occupational injuries: Number of all occupational injuries (lost time and no lost time injuries) per million working hours.

*3 Evaluation ranking of process accidents and troubles using Kuraray’s proprietary system. Five ranks in order of seriousness: A > B > C > D₁ > D₂.

*4 From fiscal 2025, in addition to zero process accidents in ranks A, B, and C, we aim to achieve zero process troubles in ranks A, B, and C, which is our medium-term plan.

*5 Ratio of managers in Japan who are women, foreign nationals and mid-career hires, excluding production sites

Our Approach to Environment

 Environmental Management

We believe it is vital for the Kuraray Group as a Specialty Chemical Company to provide the world with the products and services needed to realize a low-carbon, low-environmental-impact society, as well as manufacture those products with as little environmental impact as possible. Guided by this philosophy, we continue to help conserve the environment in our global manufacturing activities, including through measures to address global warming, the reduction of chemical substance emissions, and the effective use of resources.

Environmental Management System

The Kuraray Group has established the Kuraray Group Environmental Policy, and is promoting environmental conservation activities. Based on the Kuraray Group Environmental Activity Management Rule, these activities are carried out for constant improvement according to the PDCA cycle at Kuraray's plants and subsidiaries. These plants and subsidiaries have acquired ISO 14001 (Environmental Management Systems) certification and are steadily operating ISO 14001 systems.

Kuraray Group Environmental Policy

- 1 We give maximum consideration to the environment in conducting our business operations.
- 2 We conduct perpetual environmental improvement activities.
- 3 We develop technologies and products which contribute to improvement of the environment.

Initiatives to Reduce GHG Emissions

 Responding to Climate Change

In 2025, Kuraray Group reduced its Scope 1 and 2 GHG emissions year on year through energy conservation and the increased use of renewable energy. As a result, the Group achieved its target of maintaining emissions at or below the 2021 level, despite the full-scale operation of new production facilities in Thailand and Poland.

In addition to purchasing conventional unbundled energy attribute certificates (renewable energy certificates*¹), we are promoting the shift of our purchased electricity to renewable electricity through initiatives that include entering into a virtual power purchase agreement (VPPA) in the United States. At the same time, we are working to reduce GHG emissions by improving production yields across our products and implementing energy-saving measures. Meanwhile, we are exploring Carbon dioxide Capture, Utilization, and Storage (CCUS*²) to deal with the CO₂ released as a by-product in the manufacture of coal-based activated carbon in the United States.

In 2025, we analyzed the exhaust gas components emitted from Calgon Carbon Corporation's plant and furthered studies of the design of CO₂ capture equipment. We are also continuing to investigate the eligibility criteria for the U.S. Inflation Reduction Act (IRA) and conducting cost estimates.

The GHG emissions for Scope 3 remained at the same level as the previous year. Meanwhile, due to the expansion of the calculation boundary for purchased goods and services (Category 1), prior-year data for Category 1 and Category 4 (upstream transportation and distribution) were revised retrospectively.

The Kuraray Group also submitted a letter of commitment to the SBT Initiative in February 2025 and is aiming to obtain SBT*³ validation.

*1 Renewable energy certificates document the environmental value and attributes of electricity derived from renewable sources and are to be traded separately from the physical flow of electricity.

*2 Carbon dioxide Capture, Utilization, and Storage: An initiative to utilize or store CO₂ separated from exhaust gas from industrial facilities.

*3 Science Based Targets: GHG emissions reduction targets set by business entities that are in line with the level required by the Paris Agreement.

TOPICS

Virtual Power Purchase Agreement (VPPA) in the United States

Kuraray Holdings U.S.A., Inc., acting as the contracting party, entered into a 10-year virtual power purchase agreement (VPPA)* that started in October 2025, through Tokyo Gas America Ltd., a U.S. subsidiary of Tokyo Gas Co., Ltd., with the aim of shifting to renewable energy in the United States. This agreement will secure the equivalent of 300 GWh of renewable energy certificates annually, and we expect to reduce GHG emissions associated with approximately 40% of the Kuraray Group's total electricity consumption.

* A contract in which environmental value, in the form of renewable energy certificates, is purchased without directly receiving electricity from a renewable energy company.



Left: Aktina Solar Power Plant (owned by Tokyo Gas America Ltd.)
Right: Kuraray America's Bayport Plant

Sustainability as an Opportunity —Planet—

Environmental Performance

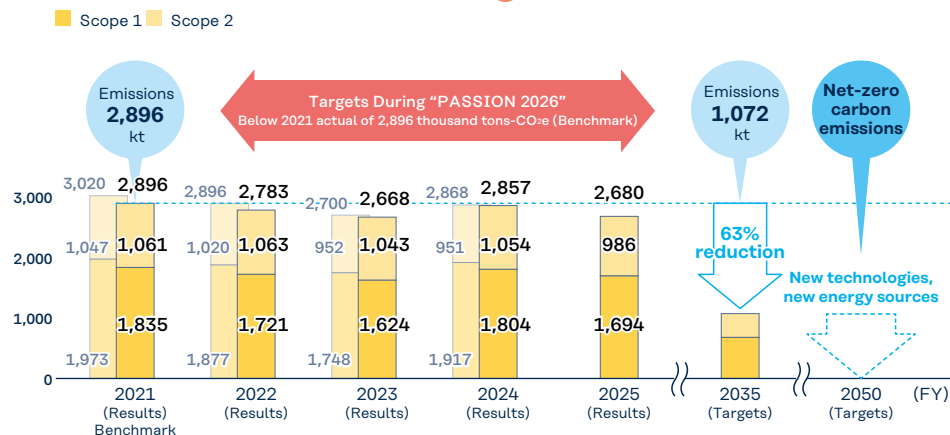
Reduction of Environmental Impacts

Activity	Sustainability Medium-Term Plan for Planet: Environmental Impact Reduction Targets (FY2022–FY2026)		FY2025 Results
GHG emissions	Kuraray Group in Japan and outside Japan:	Scope 1, 2: 2,896 thousand tons-CO ₂ e or less (63% reduction compared to 2021 by 2035)	Scope 1, 2 emissions: 2,680 thousand tons-CO ₂ e (2021: 2,896 thousand tons-CO ₂ e)
		Scope 3: Identify categories that account for more than two-thirds of Group-wide emissions; formulate reduction targets for 2024 and 2026	For Category 1, which produces two-thirds of the entire Group's emissions, the 2035 goal is to reduce emissions by 37.5% compared to 2021 (3,630 thousand tons-CO ₂ e) (2025 emissions: 3,256 thousand tons-CO ₂ e)
Improved energy efficiency (energy conservation)	Kuraray Group in Japan and outside Japan:	Sales intensity of energy consumption: Reduction of 5% or more in 2026 compared to 2019 (improvement)	Sales intensity of energy consumption: 15.0% reduction compared to 2019 (improvement)
Effective use of waste	Kuraray Group in Japan and outside Japan:	Sales intensity of waste generation: Reduction of 5% or more in 2026 compared to 2019 (improvement)	Sales intensity of waste generation: 39.1% reduction compared to 2019 (improvement)
Effective use of water resources (excluding seawater)	Kuraray Group outside Japan:	Sales intensity of water usage (excluding seawater): Reduction of 5% or more in 2026 compared to 2019 (improvement)	Sales intensity of water usage (excluding seawater): 13.2% reduction compared to 2019 (improvement)
Emission management of chemical substances	Kuraray Group in Japan:	Chemical substance emissions: Management of emissions below the actual value for 2019	Chemical substance emissions: 722 tons (2019: 967 tons)
	Kuraray Group outside Japan:	Compliance with chemical substance emission regulations in each country / region where overseas production sites are located, and continue quantitative control	Quantitative controls were implemented to ensure compliance with chemical substance emission regulations; however, two environmental accidents occurred. These accidents were addressed in line with regulatory instructions, and measures were implemented to prevent recurrence.

Scope 1, 2 GHG emissions trend*1 (Kuraray Group*2)

Unit: Thousands of tons-CO₂e

See the website for detailed data on Scope 1, 2



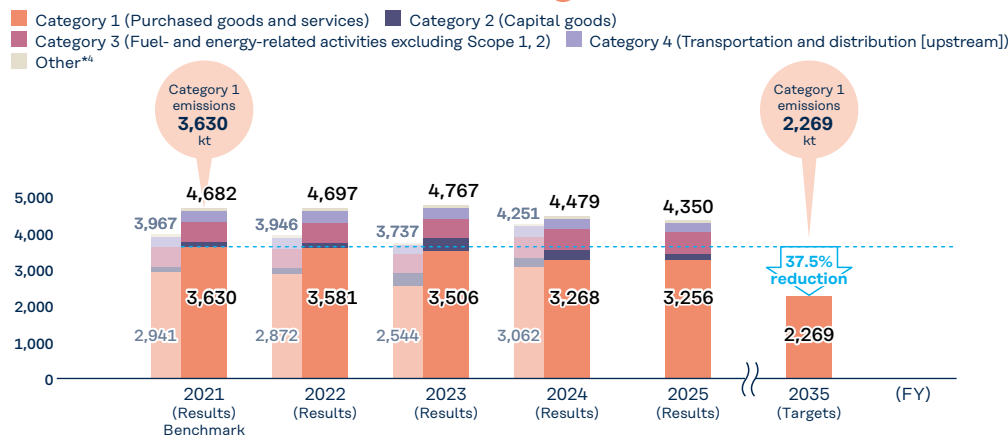
*1 For 2021–2024, the number on the left represents uncorrected emissions, and the number on the right represents corrected emissions.

*2 Kuraray and its 31 consolidated manufacturing subsidiaries (as of December 31, 2025)

Scope 3 GHG emissions trend by category*1 (Categories 1–7, Kuraray Group*3)

Unit: Thousands of tons-CO₂e

See website for detailed data on Scope 3



*3 Kuraray and 66 of its consolidated subsidiaries (total consolidated subsidiaries: 67, as of December 31, 2025)

*4 This includes categories 5 (Waste generated in operations), 6 (Business travel), and 7 (Employee commuting).

Revisions Related to GHG Emissions

With reference to Scope 1 and 2, we refined our activity data and emission factors to ensure greater accuracy in addition to improving the accuracy of calculating the amount of by-product CO₂ released during the production of virgin activated carbon at Calgon Carbon Corporation, while taking into account feedback received from a third-party during the preparation for voluntary assurance. We also expanded the coverage of emissions under Scope 3. As a consequence, we have retroactively revised the results from 2024 back to 2021, which serves as the base year for our GHG emissions reduction targets.

- Improved accuracy of calculating the amount of by-product CO₂ released in Calgon Carbon Corporation's virgin activated carbon production process, etc. (reduction in Scope 1)
- Revision of emission factors for purchased steam at U.S. production sites, and adjustment of energy units for purchased steam at overseas production sites, etc. (increase in Scope 2)

- Revision of emissions from certain raw materials (reduction in Scope 3, Category 1)
- Expansion of the scope of goods and services included in the calculation (increase in Scope 3, Category 1)
- Revision of emission factors (reduction in Scope 3, Category 1)
- Revision of Category 4 in conjunction with the increased scope of calculation for Category 1 (increase in Scope 3, Category 4)

Sustainability as an Opportunity —Planet—

Disclosure Based on TCFD Recommendations



In November 2020, the Kuraray Group endorsed the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD^{*1}) in recognition of the importance of climate change control as a critical issue to be addressed. We disclose the Kuraray Group's initiatives on climate change in line with the four recommended areas of disclosure content under the TCFD framework (i.e., Governance, Strategy, Risk Management, Metrics and Targets).

The Kuraray Group conducted an analysis of major risks and opportunities across the entire Group using the below 2°C scenario (including the 1.5°C scenario), in which the shift to a low-carbon society accelerates, as well as the 4°C scenario, in which climate change continues to progress (see table on the right).

In terms of Transition Risk to a low-carbon society, our analysis indicates that carbon taxes and other levies on GHG emissions and energy procurement under the below 2°C scenario could have a significant impact. Even after completing all planned GHG reduction measures by 2035, operating costs could still increase by approximately ¥26 billion due to carbon taxes and other levies. Under the current Medium-Term Management Plan "PASSION 2026," we have introduced an internal carbon pricing system and recognize the amount of levy and other fees on GHG emissions, and we are committed to reducing GHG emissions, improving energy efficiency, and expanding our operations that limit GHG emissions. We have also developed the Kuraray Portfolio Sustainability Assessment (PSA) system, based on the PSA methodology established by WBCSD^{*2}, which ensures a high level of objectivity and transparency in evaluating product portfolios. Through this system, we aim to expand products that contribute to the natural and living environments and to promote the incorporation of the market value created by these environmentally beneficial products into the pricing of our products and services.

Adoption of Internal Carbon Pricing (ICP) System

We will use this system in multiple ways as we aim to reach the goal of net-zero carbon emissions, including as an incentive to promote capital spending that leads to energy conservation, as a means of identifying profit opportunities and risk, and as a social and environmental value indicator for evaluating businesses and making investment decisions (➤ P. 22)

Internal carbon pricing

¥10,000/ ton-CO₂e
(calculated using internal exchange rates overseas)
Effective from January 1, 2022

Business Impact of the Kuraray Group's Major Risks and Opportunities in Climate Change Scenarios

Blue font: Profit Red font: Loss

Large ≥ ¥10 billion ¥10 billion > Medium ≥ ¥1 billion ¥1 billion > Small

Risks and opportunities	Business impact	FY2035 Scenario	
		4°C	Below 2°C
Transition Risk to low-carbon society	Decrease in revenue due to payment of carbon taxes and other levies on GHG emissions and energy procurement	Costs due to carbon taxes and other levies ^{*3}	Medium Large
		Change in purchase cost of fossil fuels/oil-derived raw materials	Small Medium
		Change in utility costs (electricity)	Small Small
	Impact of achieving GHG emission reduction initiative targets	Carbon taxes and other levies avoided by GHG emissions reduction initiatives	Medium Large
	Expanding business of renewable energy and energy-saving products	Increase in operating income for energy-saving products	Medium Medium
	Expand business of products made by bio-materials	Increase in operating income for biomass-derived products	Small Medium
	Expand business of recycling-related products	Increase in operating income for recyclable plastic products	Small Medium
	Expand business of products that reduce food loss	Increase in operating income of food packaging materials	Medium Large
Physical Risk due to climate change	Expand business in electric mobility-related products due to increase in electric mobility ratio	Increase in operating income for electric mobility-related products	Small Small
	Decrease in internal-combustion engine-related products due to increase in electric mobility ratio	Decrease in operating income for automotive fuel and intake-related products	Medium Medium
	Increased damage to plants and decline in production capacity or shutdowns due to flooding in areas near oceans and rivers	Damage to assets and decrease in operating income due to flooding	Medium Medium
	Decline in production efficiency due to unfavorable working environment caused by global warming	Increase in labor costs	Small Small
	Expand businesses that reduce scarce water supply	Increase in operating income for activated carbon used in water purification	Medium Small

^{*1} TCFD: established by the Financial Stability Board (FSB) to explore the disclosure of climate-related information and how financial institutions should respond in this area.

^{*2} World Business Council for Sustainable Development.

^{*3} Below 2°C scenario (including 1.5°C scenario): \$180/ton-CO₂e for advanced economies, \$125/ ton-CO₂e for emerging economies declared net zero emissions, and \$50/ton-CO₂e for emerging economies; 4°C scenario: \$145/ton-CO₂e for EU, \$43/ton-CO₂e for China, and \$65/ton-CO₂e for Korea based on the World Energy Outlook 2024 (IEA).



Product

Evaluation of Product Contributions with the Kuraray PSA System

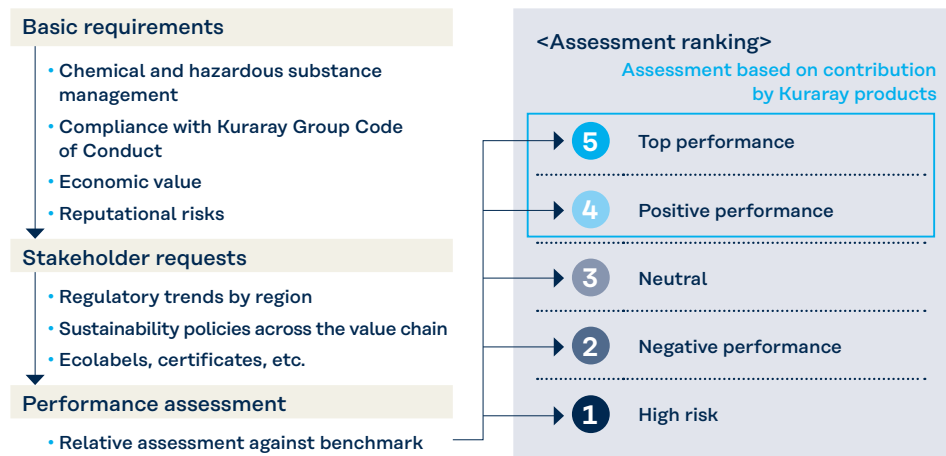
➤ PSA (Portfolio Sustainability Assessment) System

As part of the Kuraray Group's materiality (➤ P. 17), we have identified improving the natural environment and improving the living environment through our business activities. To evaluate products and technologies that contribute to the natural and living environments and to build a sustainable product portfolio, we developed the Kuraray PSA System based on the Portfolio Sustainability Assessment (PSA) established by the WBCSD*1, an objective, transparent, and consistent evaluation method, and began screening in 2021. In 2025, we began revising our evaluation criteria in line with updates to the WBCSD guidelines.

Under the Kuraray PSA System, each combination of product, application, and region is defined as a single evaluation unit (PARC*2). Using a five-level scale, we evaluate factors such as basic requirements, social and regulatory trends reflecting stakeholder demands, and the relative contribution of products to the natural and living environments compared with benchmark products in terms of performance evaluation. Products in the top two ranks are classified as products that contribute to the natural and living environments, and we are aiming to increase the sales ratios of such products.

*1 World Business Council for Sustainable Development
*2 Product-Application-Region Combination

Assessment of Contribution Using Kuraray PSA System



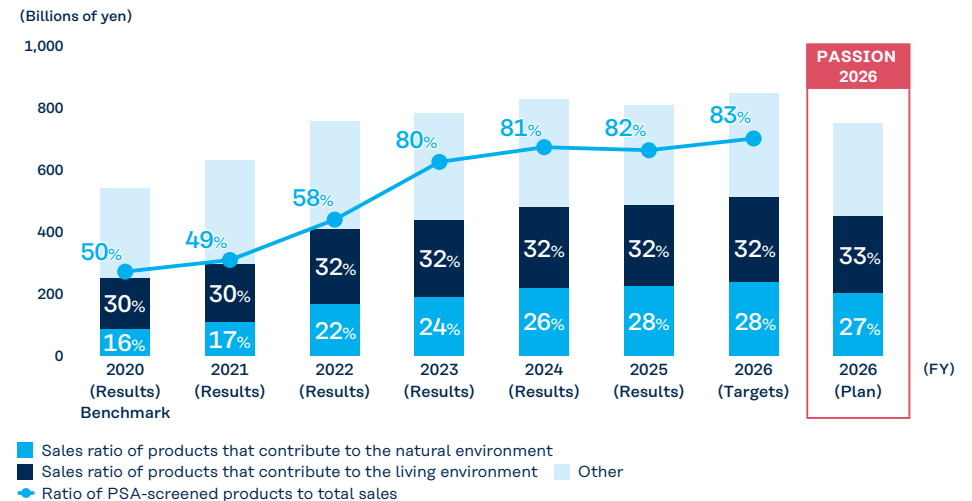
Expanding Products That Contribute to the Natural and Living Environments

The Kuraray Group will contribute to addressing the issues identified as its materiality through products that contribute to the natural and living environments, as evaluated by the Kuraray PSA System. In "PASSION 2026," we set a target for the ratio of net sales from products that contribute to the natural and living environments as an indicator. At the same time, we are also aiming to improve the PSA screening ratio across all Kuraray Group products.

In 2025, the ratio of net sales from products that contribute to the natural and living environments and the PSA screening ratio were 60% and 82%, respectively, slightly below the targets for 2025; however, both showed growth compared with 2024 results. In addition, we achieved the "PASSION 2026" final-year target for the ratio of net sales from products that contribute to the natural and living environments ahead of plan.

Going forward, we will seek to link the Kuraray PSA System with financial information such as profitability and non-financial information such as GHG emissions, contributing to the further enhancement of our business portfolio.

Net Sales Ratio of Products That Contribute to the Natural and Living Environments and PSA Screening Ratio



Sustainability as an Opportunity —Product—

Kuraray Group Products That Contribute to the Natural and Living Environments

Improving natural environment

Asbestos Substitutes

- KURALON™ PVA fiber



- Extended service life of cement materials
- Lower GHG emissions compared to competing products

Recycled Raw Materials

- MAGIC TAPE™ FREE MAGIC™ hook-and-loop fastener

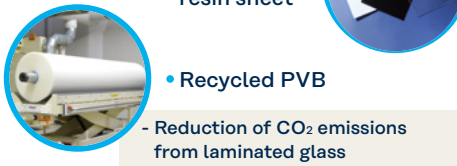


- Mono-material
- Use of recycled materials (RCS-certified*1)

- CLARINO™ man-made leather
- Methacrylic resin sheet



- Recycled PVB



- Reduction of CO₂ emissions from laminated glass

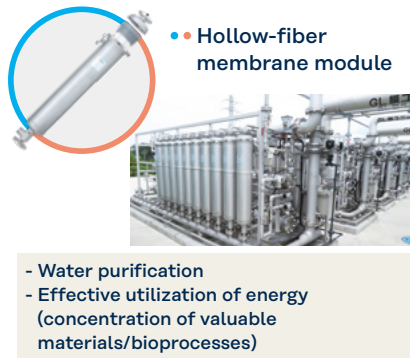
Water and Air Purification

- Activated carbon



- Safe water supply (removal of PFAS*2)
- Easy to reactivate
- Suitable for environmental regulations

- Hollow-fiber membrane module



- Water purification
- Effective utilization of energy (concentration of valuable materials/bioprocesses)

Lower Logistical Burden, Food Loss Reduction

- EVAL™ EVOH resin



- Recyclable
- Reduces food loss

- PLANTIC™ biomass-derived gas barrier material



- Reduces Scope 3 GHG emissions
- Reduces food loss

- EXCEVAL™ PVOH resin



- Shift from plastic containers to oil-resistant paper
- PFAS*2 alternatives

Improving living environment

Reduced Burden for Dentists and Patients

- Dental materials



- Shortens time of treatment
- Long-lasting products reduce number of replacements

Lightweight Vehicles and Faster EV Charging

- GENESTAR™ heat-resistant polyamide resin



- Contributes to better fuel efficiency through miniaturization and weight reduction of auto parts
- Resin properties suitable for high-voltage systems

*1 Acronym for Recycled Claim Standard; an international voluntary standard for verifying the management of recycled materials from raw materials to end products by third-party certification

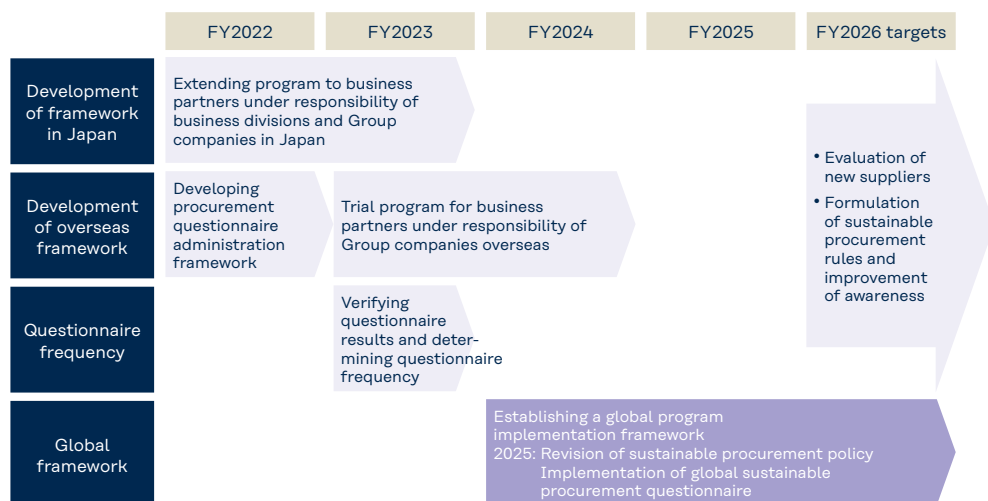
*2 Per- and polyfluoroalkyl substances (organic fluorine compounds)

Promoting Sustainable Procurement



In line with the growing social demand for adequate supply chain management, we aim to further drive sustainable procurement throughout the supply chain in areas such as human rights, environmental protection, compliance, and promotion of diversity. Accordingly, in January 2025, the Kuraray Group revised its CSR Procurement Policy under the new title of Sustainable Procurement Policy and simultaneously positioned it as its global procurement policy. To meet the responsibility for the supply chain as a whole that we are required to fulfill from a global perspective, cooperation with business partners is essential, and we view driving sustainable procurement throughout the supply chain as the basis of our purchasing transactions.

In 2025, we combined the initiatives that had previously been carried out separately in Japan and overseas and conducted a global sustainable procurement questionnaire. We also provided feedback on the evaluation results to our suppliers and worked to improve compliance through dialogue with those whose evaluations were low. In 2026, in addition to existing suppliers, we will introduce evaluations at the start of new dealings and promote the global establishment of a sustainable procurement program execution framework, aiming to strengthen the supply chain across the entire Group.



Quality Management



The Kuraray Group conducts ongoing activities to improve quality, with the goal of offering products and services that contribute to customers and to society. In particular, we are rolling out an information management system with the aim of ensuring the traceability of quality data and visualizing quality information. After launching the system in 2023, we are pressing ahead with its phased rollout across the Kuraray Group. This will significantly enhance our global quality control.

We also offer talks by guest lecturers every year with the aim of raising quality awareness among employees. In 2025, we held a seminar on the theme of managing contracted manufacturers and provided training on quality audit methods and other related topics. In addition to quality-related departments, many employees from sales, development, and production also participated, helping to raise awareness of quality improvement. Furthermore, we reviewed our internal regulations related to the management of contracted manufacturers. In 2026, we will continue these activities to provide products and services that deliver customer satisfaction across the entire Kuraray Group.

Product Safety and Chemical Management



To ensure the safety of products, the Kuraray Group's various divisions and companies make evaluations using risk assessment techniques in developing new products and managing changes to ensure product safety. In addition, with regard to manufactured products or products under development that are particularly in need of safety validation, such as those that are ingested and those that use nanomaterials, we set up a deliberation committee led by the Corporate Sustainability Division to confirm safety in advance.

Recent years have seen tightening regulations, particularly in Europe and the United States, governing the chemical substance content of packaging materials and molded products. Companies that handle these materials are expected to have an appropriate chemical substance management framework to comply with such requirements. Kuraray works with overseas Group companies to research and share information on regulatory trends in various countries and regions to ensure appropriate management across the Group. Moreover, each business division appoints dedicated chemical substance management personnel, including staff members with responsibility for this area, who take the lead in ongoing education in chemical substance management. By stressing the importance of sharing information across the supply chain and gaining a deeper understanding of related laws and regulations, we are working to ensure an appropriate response.

Initiatives for Sustained Growth through the EVAL Business



Hideo Sugiura
General Manager,
EVAL Division
Vinyl Acetate Resin
Company

— EVAL™ Supporting Our Daily Lives

EVAL™ is an ethylene-vinyl alcohol copolymer (EVOH) resin that we were the first in the world to develop and commercialize in 1972. With one of the highest levels of gas barrier properties among plastics, this material is widely used in industrial applications such as automotive fuel tanks, floor

heating pipes, and vacuum insulation panels for refrigerators, as well as in food packaging, making it an indispensable part of modern life.

The figure on the right compares the gas barrier properties of EVAL™ with those of various polymers, showing the amount of oxygen transmitted per day. Assuming that 1 cc of oxygen passes through EVAL™ under certain conditions, 100 cc passes through nylon or PET; 4,000 cc through polypropylene; and 10,000 cc through low-density polyethylene.

Given that EVAL™ has exceptionally high gas barrier properties, using it as the barrier layer in food packaging materials greatly reduces the penetration of oxygen, which causes food spoilage and deterioration. As a result, it is useful for the long-term preservation of food and the extension of food shelf life, while also helping to reduce food loss. In addition, because it exhibits excellent barrier performance even in thin films, it contributes to reducing packaging volume, improving recyclability, and lowering GHG emissions during transportation through weight reduction.

Furthermore, to meet the diversifying needs for barrier materials, we also offer PLANTIC™, a biomass-derived gas barrier material, thereby strengthening our ability to respond to the globally growing demand for environmentally friendly packaging.

Comparison of Gas Barrier Performance

Oxygen transmission rate per day

* Film (20 μm thick, 1 m²)
Measurement conditions:
20°C, relative humidity 65% RH

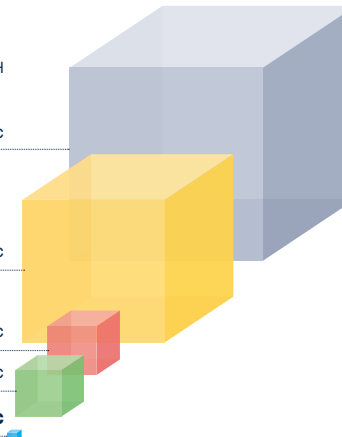
Low-density polyethylene
10,000 cc

Polypropylene
4,000 cc

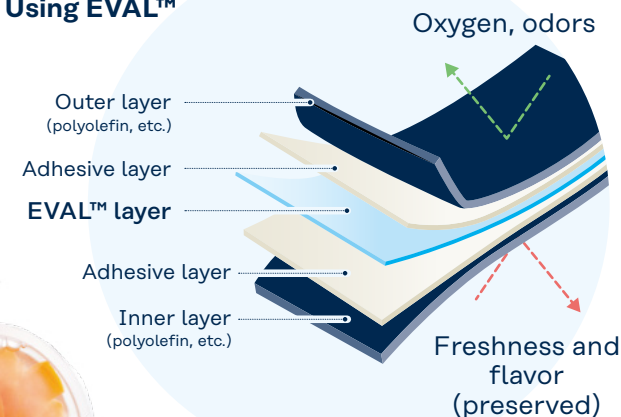
Polyester
120 cc

Nylon
100 cc

EVAL™
1 cc



Structure of Food Containers Using EVAL™



Three Key Points

- ① Reducing food loss and improving packaging recyclability
- ② Growing global demand driven by the shift to a circular economy
- ③ Strengthening our market leadership with a new plant in Singapore

Initiatives for Sustained Growth through the EVAL Business

— Market Growth Potential

In recent years, the shift toward recyclable packaging materials has gained momentum from the perspective of a circular economy. Particularly in Europe and the United States, demand for EVAL™ as a barrier material that does not hinder the recycling of polyolefins*1 has expanded, and we expect to see continued global growth.

In 2025, the PPWR*2, which regulates product packaging and waste in EU markets, came into effect. All packaging distributed within the EU must be recyclable by 2030, and global food brand owners are also committed to making packaging materials recyclable. To comply with the PPWR, it is necessary to limit the use of non-polyolefin materials and obtain mono-material (single-material) certification. We have a competitive advantage in high-barrier grades and other specialty EVOH resins that meet this requirement. Furthermore, the expansion of extended producer responsibility (EPR) across various Asian countries is also driving the promotion of recycling.

Against the backdrop of increased demand driven by economic growth in emerging countries, growing

demand for food loss reduction, and progress in legislation related to packaging material recycling, we expect demand for EVOH resin to expand at an average annual growth rate of 5–6% through to around 2030.

*1 Materials commonly used in food packaging, such as polyethylene and polypropylene
 *2 Packaging and Packaging Waste Regulation

— Capturing Demand through Production Capacity Expansion

To meet the growing global demand for EVOH resin, we are constructing a new plant in Singapore with an annual production capacity of 18,000 tons, which is scheduled for completion at the end of 2026. Along with capacity expansions at our plants in the United States and Europe, as well as the new plant in Singapore, our total EVOH resin production capacity will reach 131,000 tons, enabling stable supply through a four-pronged network spanning Japan, the United States, Europe, and Singapore.

Furthermore, in September 2025, we established the Kuraray Asia Pacific Technical Center,

a technology support hub for Asian markets, within the Singapore Science Park. Equipped with facilities for material evaluation, analysis, and

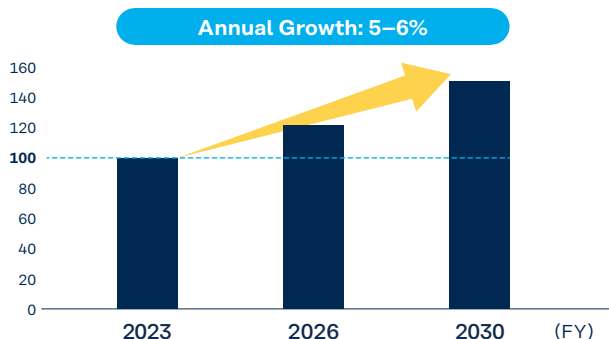


application technologies, this center can quickly provide solutions tailored to the needs of customers in the region. The key feature of this center is its market development function, through which we conduct preservation tests and quality evaluations for food brand owners and drive the development of the barrier packaging market. By undertaking market development activities primarily at the center before the new plant begins operation, we aim to accelerate product uptake in Asian markets. Together with our laboratories in China, India, and Thailand, we will strongly support sales expansion after the new plant comes online.

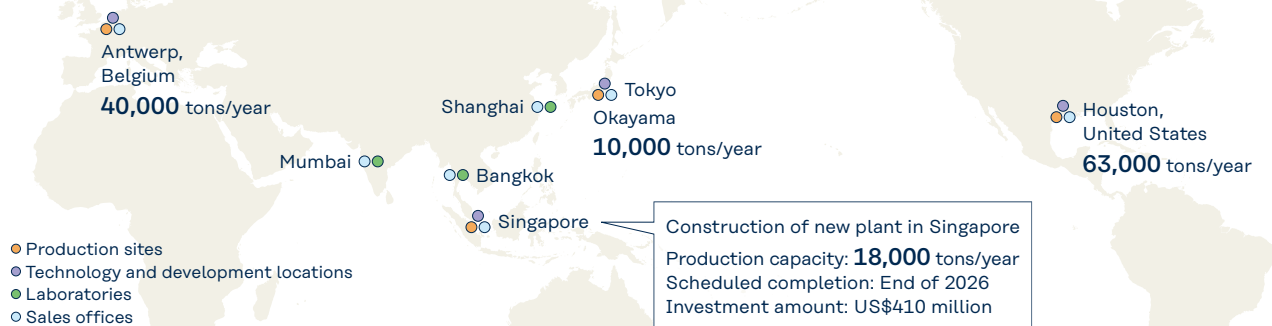
In this way, by strengthening our global production and technical support framework, we will effectively meet growing demand and further solidify our position as a market leader.

EVOH Resin Demand Growth Forecast

Image of Market Expansion (2023 as 100)



Expansion of EVAL™ Production Capacity and Enhancement of Customer Support and Analysis Functions in the Growing Asian Market





Message From the Project Leader

Building the Next Core Base for EVAL™ as “One Team”

Kuraray Asia Pacific Pte. Ltd.
EVAL Singapore Plant Project Director

Steven Vermeulen

To strengthen a stable supply system for each region in response to growing global demand for EVAL™, Kuraray is constructing a new plant in Singapore. After completion of this facility, together with the existing production of PVOH resin, this location will become one of the Group’s key production bases.

From the conceptual stage several years ago to the current construction peak involving over 2,000 workers on site, the project team has been working to meet business expectations and to safely deliver the new facility. So far, plant construction has proceeded smoothly thanks to the “One Team” spirit—the basis of collaboration between Kuraray, the engineering contractor, and multiple construction companies. In particular, the safety record of achieving zero work-related accidents during a total of more than four million work hours* is a remarkable achievement.

The Kuraray team is an international one, consisting of members from various places such as Japan, Singapore, and Belgium. The success of the project can be greatly attributed to the cultural diversity and various backgrounds of the team members. In addition to multicultural perspectives and knowledge, ongoing support and clear direction from management have also created the basis for smooth project execution so far.

Personally, I have been working for Kuraray for 20 years at EVAL Europe N.V. in Antwerp, Belgium in many roles in production, process control, process engineering, process safety, project management, and asset management. I am honored to be able to apply this experience to play my part in leading the new plant construction and contribute to the development of the EVAL business in the Asian region.

Construction has now entered the last phase. I am confident we will overcome the remaining challenges to complete the project as planned with a continued focus on safety and smoothly start operations with support from our existing plants in Belgium, Japan, and the United States to deliver high-quality EVAL™ to our customers in a stable manner.

* Total work hours calculated by multiplying working hours by the number of workers (as of April 2026)

Integrating Expertise from Plants in Japan, the United States, and Europe to Maximize Safety and Operational Reliability

Kuraray Asia Pacific Pte. Ltd.
EVAL Singapore Plant Project Team

Technical staff (from left) **Sho Sato and Akinori Jinde**



Sato is in charge of mechanical equipment, while Jinde is responsible for production and processes. In this project, we are integrating and applying expertise from our existing EVAL™ plants in Japan, the United States, and Europe to maximize safety and operational reliability. By applying the lessons learned from issues and challenges encountered during the design, construction, and operation of previous large-scale investments, we are working as “One Team” with local staff to ensure smooth execution from design through to construction and operation. We are currently managing work progress, quality, and safety at the construction site, which is nearing completion, while preparing for the full-scale start-up of the plant once construction is finished.

Delivering Kuraray’s Unique Value to Customers through the Pursuit of Differentiation

Kuraray Asia Pacific Pte. Ltd.
Senior Specialist – Sales & Marketing

Sales representative **Arata Kobayashi**



As a sales representative, I am focused on expanding EVAL™ sales in the Asia-Pacific region. To steadily capture the growing demand in this market, I constantly work on differentiating the value of EVAL™ from our competitors. By starting up a new plant in Singapore, Kuraray will be able to offer added value, including improved supply stability, shorter lead times, and increased capacity for differentiated grades. In addition, leveraging Kuraray’s unique strengths—such as the high-quality technical service provided by the new technical center established in Singapore in 2025—we aim to further accelerate expansion of the EVAL business.



People

Kuraray Group Global HR Policy

Kuraray Group Global HR Policy

The Kuraray Group is making efforts to develop its organizational system regarding the promotion of diversity, talent development, and fair and equitable evaluation so that each employee can grow personally through work, as well as fostering a healthy corporate culture and creating new employment opportunities.

HR Strategy

HR Strategy

The Kuraray Group consists of employees from various nationalities and backgrounds, and the active participation of each diverse employee is essential for the long-term and sustainable enhancement of corporate value. Therefore, our HR strategy is based on Our Mission and Our Values, which have been the basic spirit since our founding, and aims to enable diverse talent, who are the source of value creation, to play an active role with company-wide connections. We enhance the attractiveness of our culture, acquire people who are attracted to that culture and connect them with it, and motivate and develop such talent.

HR Strategy Story



1 Major Actions Related to Culture

Culture

• Engagement survey

At the Kuraray Group, we compile the surveys conducted by each affiliate company individually and have been conducting a global engagement survey, "Our Voice," once a year since 2022.

The survey results are shared with all employees, including executives and division managers, and are used to improve departmental management and better communication in order to increase engagement and revitalize the organization.

• Diversity and inclusion

We provide a vision of the desired organization and implement related measures according to Kuraray Group Diversity and Inclusion Guiding Principles, with the aim of fostering a work environment that encourages mutual growth among diverse members and promoting leadership that draws out the potential of individuals.

In 2025, we launched a global training program for senior managers and section managers across all bases, designed to provide them with insights and methodologies for leading organizations. We also distributed a video to all employees, featuring a message from the president and employee interviews, to promote understanding among employees.

Sustainability as an Opportunity —People—

• Promoting diversity and flexible work styles in the workplace

Since we believe collaboration among diverse talent leads to the creation of new ideas and innovation, we have implemented flexible work conditions that match employees' life stages. So far, we have implemented a flexible work hours system that eliminates core working hours under certain conditions, and have taken steps such as revising our policies regarding approval for secondary employment. In 2025, to encourage men to take childcare leave, we extended childbirth leave for spouses to 10 days.

KPIs, Targets, and Results for a Workplace Culture				
KPI	Targets		FY2024 Results	FY2025 Results
Ensuring diversity of core human resources*1	FY2030	25%	18%	19%
Ratio of females among new graduate hires	by FY2026	35% or more/year	22%	33%
• General career track	by FY2026	10% or more/year	13%	24%
• Job/location-specific track				
Male employees taking childcare leave	FY2026	100%	94%	103%
• Acquisition rate	FY2026	90%	63%	68%
• Percentage of male employees taking 14 days leave or more*2				

*1 Percentage of women, foreign nationals, mid-career hires in managerial positions in Japan, excluding production sites

*2 The percentage of male employees who took childcare leave for a total of 14 days or more during the fiscal year.

② Major Actions Related to Talent Acquisition and Placement

 Talent Acquisition and Placement

• Flexible expatriate system

In addition to the existing expatriate system, to be more flexible and to increase diversity within the Group, "STEP (Short-Term Expat Policy)" has been introduced for assignments lasting six months to less than one year. In 2025, there was one instance involving personnel sent from Japan to an overseas location and one between overseas locations under this program. There were also cases where the different expatriate systems worked together organically so that personnel in the short-term policy stayed long term.

• Global Succession Planning

To leverage the individual talent of our employees and to address the needs of our business, we are developing a common global structure for succession planning, which was previously done separately by each affiliate company. In 2024, we attained an overview of global availability for manager-level talent and potential successors to key positions, and began utilizing this data for talent development in 2025.

③ Major Actions Related to Talent Development

 Talent Development

• Global Talent Development Program

The Kuraray Group has been implementing the Global Talent Development Program since 2007, with the aim of developing talent who can play active roles worldwide. Approximately 1,225 employees have participated as of 2025.

• Executive candidate development

The Kuraray Leadership Program is designed to strategically develop candidates for executive roles and create a talent pool, thereby contributing to medium- to long-term business operations. Senior managers participate in a two-year program and section managers participate in a three-year program. As part of this program, we introduced group training sessions from 2025 to foster a deeper understanding of our founding principles and corporate philosophy.

• DX Talent Development Program

The Kuraray Group has been conducting the DX Talent Development Program as a global measure since 2023, believing it is vital to cultivate a culture and environment in which employees are constantly adapting to the digital evolution. For details see: Talent Development and Support to Bolster DX (➡ P. 45).

KPIs, Targets, and Results for Talent Development				
KPI*1	Targets		Results up to 2024	Results up to 2025
Global talent development				
Ratio of senior managers taking global leadership training*2	FY2030	60%	45%	47%
Executive candidate development				
Ratio of candidates prepared for general managers equivalent positions*3	FY2030	200%	130%	170%

*1 Kuraray Group employees

*2 Number of senior manager level positions is counted as 300 globally

*3 Number of prospective graduates of the Kuraray Leadership Program for the number of general managers equivalent positions

One Kuraray, One HR: Implementing THRIVE, an HR Transformation Project

Allow us to introduce THRIVE, an HR transformation project that is one of the key initiatives driving the Kuraray Group's evolution into a globally competitive and robust organization.



Tomohiro Ono
General Manager
of HR Division

What is the THRIVE Project?

THRIVE is a word that means "to grow strongly" or "to flourish." This project was launched in September 2025 after two years of preparation. With resolute commitment from senior management, we will establish a global framework that spans regions and bases and advance the transformation of our HR platform step-by-step to enhance corporate value over the medium to long term.

Our Diverse and Global Team Members



Tom Tonan
Global Program Lead



Tomoko Imamiya
Global Project Lead: HCM

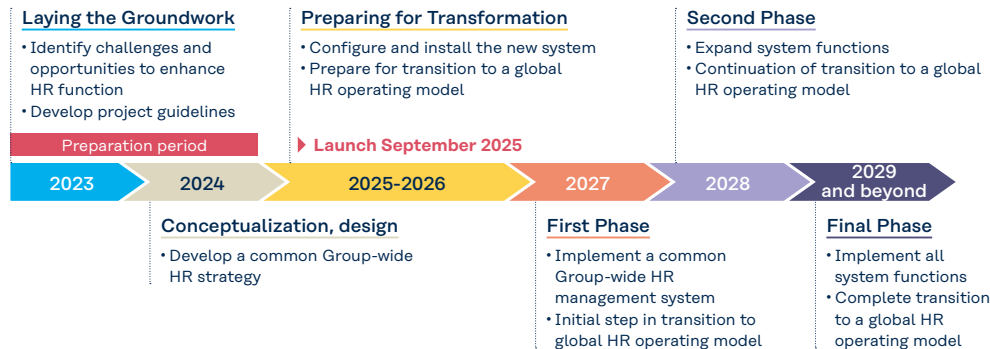


Johanna Krauthauf
Global Change &
Communication Lead



Sandra De Bock
Global Project Lead:
HR Operating Model

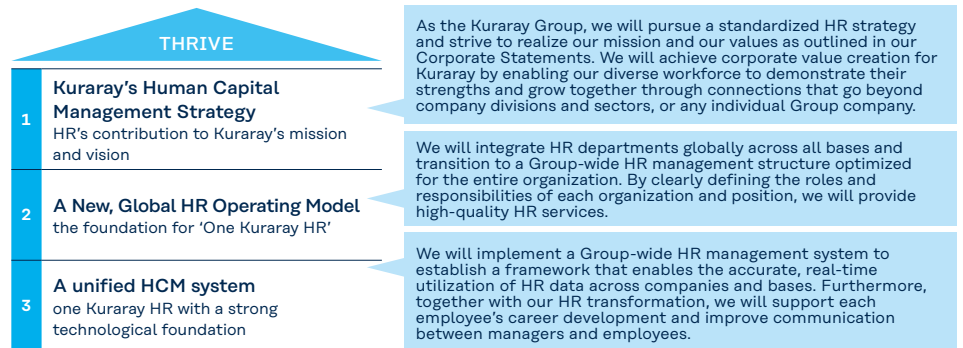
THRIVE Implementation Schedule



Background and Future Vision

The Kuraray Group currently operates bases in 32 countries and regions worldwide, with 40% of its employees located overseas and 80% of its revenue generated from outside Japan. To sustainably increase corporate value as a global company, we need to standardize the HR systems and policies that vary according to location, ensure governance, find the best placement for talent regardless of region, and strengthen collaboration among HR departments. To achieve this, we launched THRIVE, a project designed to leverage the unique strengths of our diverse global workforce and strengthen the organizational capabilities of the Group as a whole. In particular, the project sets forth three pillars: (1) Kuraray's Human Capital Management Strategy, (2) A New, Global HR Operating Model, and (3) A unified HCM system. Pursuing these pillars will enable us to visualize our talent pool and ensure proper placement, thereby building a highly effective organizational foundation capable of adapting to any changes in our operating environment.

Overview of THRIVE



The Values We Wish to Realize

- Bring business and personnel planning into alignment by managing organizations and positions using standardized global metrics, thereby improving governance of labor costs and personnel management.
- Realize optimal talent placement and succession planning across companies and bases.
- Minimize inconsistencies in HR policies and processes across companies and bases, and support optimized organizational and talent management.
- Clarify the duties, responsibilities, and required skills for each position, expand career development opportunities for employees, and support independent career planning and skill development.
- Support the achievement of business goals by streamlining administrative tasks in the HR department and strengthening the HR business partner function.

Sustainability as an Opportunity —People—

Human Rights Initiatives Human Rights Policy Respect for Human Rights

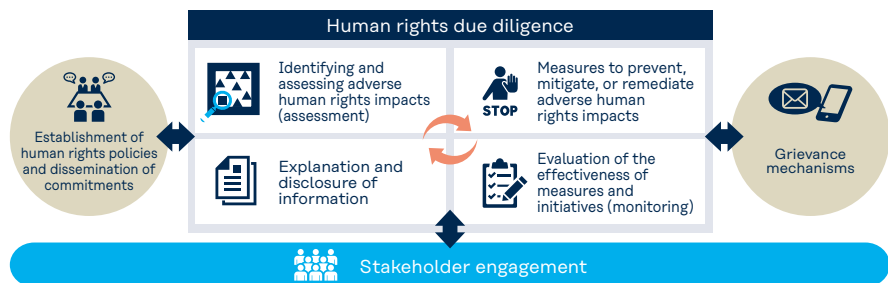
With regard to respect for human rights, the Kuraray Group Code of Conduct states that the Kuraray Group will protect the human rights of all people involved in its business activities and respect the dignity and value of each and every individual. The Kuraray Group Human Rights Policy, which was established in March 2024, aims to have respect for human rights reflected in the actions of all Kuraray Group officers and employees by stating things in more concrete terms. To ensure the steady advance of our human rights initiatives, we established in May 2024 a Human Rights Due Diligence Task Force which is responsible for planning and promoting strategies and initiatives related to human rights across our organization. The task force reports its activities to the Board of Directors as the need arises.

As part of our efforts to promote human rights due diligence, we conducted a human rights survey for staff working in the Kuraray Group in Japan in January 2025. Through this survey, we assessed and analyzed risks related to human rights violations, and began taking measures to prevent or mitigate these risks starting with the most urgent and important issues. We plan to expand our efforts globally in the future.

The Kuraray Group also joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) as a full member in 2026 to expand its efforts in corrective action and redress, or grievance mechanisms. In addition to the internal and external reporting channels operated by the Kuraray Group, we accept complaints and consultations related to human rights issues from a broader range of stakeholders through JaCER, an external dialogue and remedy platform.

The Kuraray Group considers respect for human rights to be a core aspect of its corporate responsibility and will continue to earnestly implement initiatives to uphold human rights.

 JaCER grievance form



Social Contribution Activities Interaction with Society Kuraray Foundation

The Kuraray Group considers the sound and sustainable development of society to be a precondition for corporate growth and prosperity, as well as the ultimate objective of its corporate activities. It goes without saying that we see it as our duty to contribute to society by providing people with products with genuine value. Beyond this, we consider helping to address social issues to be another important form of social contribution in our capacity as a corporate citizen.

To this end, the Kuraray Group carries out activities focusing on the priority areas of culture, science, environment, and social welfare in accordance with the Kuraray Group Policy for Social Contribution Activities.

Amid the global expansion of the businesses and market presence of the Kuraray Group, the Kuraray Foundation was established in April 2016 with contributions from the Kuraray Group to pursue sustainable social activities. The Kuraray Foundation carries out creative activities informed by the history of the Group to contribute to society even more broadly and with greater impact.

TOPICS

Biodiversity Conservation Efforts

The Kuraray Group is engaged in a variety of activities related to biodiversity conservation.

We conduct cleanup activities near our production, sales, and research facilities both in Japan and overseas, as well as green space conservation efforts to maintain ecosystems and initiatives to protect endangered species. We also provide opportunities to learn about biodiversity through educational workshops and other programs.

We will expand our activities globally in the future and continue our efforts to contribute to local communities, beginning with biodiversity conservation.



Kashima Plant
Individual tracking bands being fitted to storks hatched at the artificial nest tower



Kurashiki Plant
Kotori-no-Mori (little birds' forest) (Received the highest ranking from JHEP*)



Kuraray Mexico
Cleanup and reforestation efforts in Xochimilco

* The Japan Habitat Evaluation and Certification Program (JHEP) is a certification system established by the Ecosystem Conservation Society-Japan and is the only such program in Japan that objectively and quantitatively evaluates, certifies, and visualizes contributions to biodiversity conservation.

Sustainability as an Opportunity —People—

Kuraray's Approach to Safety



In the Kuraray Group's business activities, safety is the cornerstone, an absolute requirement that forms the basis for all activities. Realizing workplaces where people can safely work at ease without accidents is a critical theme both in maintaining a stable supply of products and in maintaining society's trust. Based on this view, the Kuraray Group has developed and operates safety management systems and is pursuing various initiatives to raise employee awareness of safety and establish safe actions and safety checks as routine practices. At each workplace, we uncover risks related to occupational safety and process safety, conduct thorough risk assessment activities, promote fundamental equipment safety measures, and prevent process accidents and occupational injuries. Additionally, to prepare for the event of an accident or injury, we are carrying out training to minimize damage, sharing information on cases of accidents and lessons learned, and horizontally deploying countermeasures.

Guiding Principle for Ensuring Safety	Action Courses for Ensuring Safety (FY2026)
<p>Safety Is the Cornerstone of Everything We Do</p>	<ol style="list-style-type: none"> Practice Safety First, Production (Construction, R&D) Second Practice "Prediction Hazards", "Make Sure" Safety Comes Before Taking Action, and "Confirm" If the Action Results Are What You Expect Every Individual and Every Department (Every Leader/Manager, Every Team) Shall Be Aware of Safety as "Their Responsibility" and Act Appropriately

Safety Activity Management

Based on the Kuraray Group Safety Activity Management Rule, the Kuraray Group develops a safety plan every fiscal year and implements it to ensure occupational safety and process safety. Specifically, at the Safety Promotion Committee attended by the President and executives in charge, we make an overall assessment and have a discussion on safety activity performance of the current fiscal year and establish an activity policy for the coming fiscal year. This policy is reflected in and implemented through specific action plans of each plant and department. A group of safety representatives from headquarters, including executives in charge of safety, visit every production site of the Group in Japan twice a year to examine their activity plans, the management of implementation progress, and the results. In addition, safety staff members from headquarters visit the various bases of Group subsidiaries outside Japan once every three years to confirm their status as well as conduct examinations via remote conferencing. We perform an overall assessment of results based on the issues found through the surveys conducted at each plant, the safety results for that year, and other factors. We incorporate this assessment into the formulation of company-wide policies for the next year, thereby operating a management system for safe operations.

Occupational Safety



The frequency rate of all occupational injuries for the entire Kuraray Group in 2025 was 2.63 (Japan: 1.03, overseas: 5.28), falling short of our target rate of 1.6 or less. Compared to last year, the rate improved somewhat in Japan but worsened overseas, resulting in a higher rate overall. We have introduced a unique index to assess the severity of occupational injuries using a four-level ranking, from A to D. Our target is to achieve zero occurrence of the more severe A and B rank occupational injuries. There were a total of six A and B rank occupational injuries across the Group in 2025 (Japan: one A rank and two B rank injuries; overseas: one A rank and two B rank injuries), a result that fell short of the target. The A and B rank injuries included three cases of being entangled in machinery, two cases of contact with high-temperature objects, and one case from falling. The main causes were failure to identify risks and insufficient safety measures that rely on human attention and skill, which we are now addressing. We are steadily implementing initiatives to deal with related issues as we continue to work toward safe, injury-free workplaces.

Process Safety



In 2025, the Group-wide total of A, B, or C rank accidents and cases of trouble*, which are classed as relatively serious process accidents or cases of trouble according to our in-house standards, was 12 (seven cases in Japan: A: two cases of leakage, one of fire, and one of a minor explosion; C: two cases of leakage and one of damaged equipment from pressure buildup; five cases overseas: A: one case of fire, B: one case of leakage, C: one case of leakage and two cases of fire). Although this reflects a reduction in accidents and cases of trouble from the previous year (17 cases), we did not meet our target of zero accidents. In 2025, the Group-wide total of D₁ and D₂ rank accidents, which are cases classed as minor by our in-house standards, such as leakage of a very small amount of hazardous material and fires or ignition that are quickly put out, was 14 (Japan: D₁: nine cases of leakage, D₂: five cases of leakage; overseas: none). Accidents decreased compared to the previous year's 21 cases, but the result fell short of our target of three or less. These accidents and cases of trouble are caused by insufficient checks before and after operations, aging equipment, overlooking something due to the normalization of on-site risks, and other issues. We are addressing these issues accordingly, and will continue to identify workplace risks and measures to address them, targeting zero relatively serious process accidents and cases of trouble and a reduction in the number of cases of minor trouble.

* Starting in 2025 we began counting cases of trouble with our A, B, and C rank accidents.

Global Process Safety Management Audit

We launched PSM activities in 2022 based on a global audit team of in-house experts drawn from across the Group's global operations. In 2025, we carried out on-site audits to check the status of safety management at four Group sites and are proceeding with response measures to the issues identified. We will continue with audits by the expert team to check the status of the safety management system at overseas chemical plants and identify issues, thereby enhancing the level of safety management.