

Corporate Statements

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TOP STATEMENT

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Kuraray Report (integrated report) / Sustainability website

Initiatives, etc.

# Product

## "PASSION 2026" Priority Issue Targets and Fiscal 2024 Results

Product	Benchmarks	FY2024		FY2025	FY2026	After FY2027
		Targets	Results	Targets	Medium-Term Plan	Medium- to long-term plan
Sales ratio of products that contribute to the natural and living environments (Of which, Revenue ratio of natural environment contributing products)	2020 46%	57%	58%	61%	60%	—
(Of which, Revenue ratio of living environment contributing products)	(16%)	(25%)	(26%)	(28%)	(27%)	—
Ratio of PSA-screened products to total sales	(30%)	(32%)	(32%)	(33%)	(33%)	—
	—	80%	81%	83%	—	—

**PSA (Portfolio Sustainability Assessment) System**

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**Supply Chain Management**

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**Quality Management**

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**Product Safety and Chemical Management**

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**Logistics Safety**

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**Sustainability Medium-term Plan for Product**

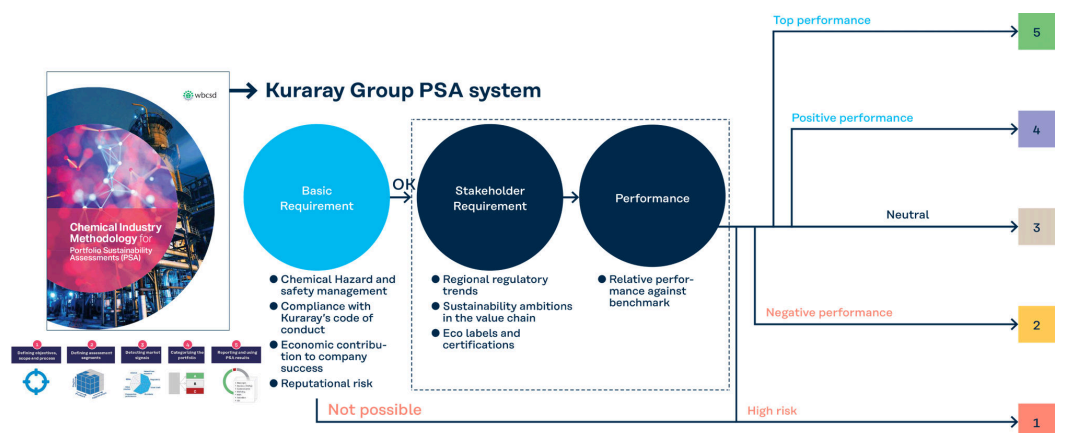
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## PSA (Portfolio Sustainability Assessment) System

"The Chemical Industry Methodology for Portfolio Sustainability Assessments (PSA)" which were Released in 2018 by the World Business Council for Sustainability Development (WBCSD), is a guideline offering chemical companies a consistent methodology for assessing sustainability of their product portfolios. The Kuraray Group PSA system was constructed in accordance with these guidelines. By utilizing this PSA system, we are able to assess our portfolio with a high degree of objectivity and transparency. The Kuraray Group will continue using the PSA system to assess our products and technologies to improve our sensitivity to changes in the environment and society. Through our PSA screening efforts, we will actively seize on opportunities and respond appropriately to risks as we seek to realize a more sustainable portfolio.

### PSA Process

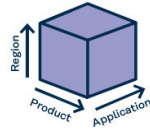
The Kuraray Group PSA system is as follows.



Chemical Industry Methodology for Portfolio Sustainability Assessment  
 URL: <https://www.wbcsd.org/Programs/Circular-Economy/Resources/Chemical-Industry-Methodology-for-Portfolio-Sustainability-Assessments>

### 1 Scope of assessment

All businesses of the Kuraray Group are subject to assessment. We will gradually expand the scope of assessment, aiming to cover 80% of overall revenue of Kuraray products. We will also consider to use our PSA system at the stage-gate phase of product development.



## 2 Definition of PARCs

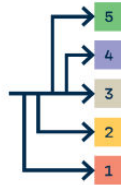
Product-Application-Region Combinations (PARCs) indicate the unit used in PSA system.



## 3 Assessment categories

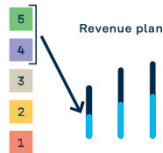
Total nine categories are assessed in the following three areas.

- Basic Matters (Basic Requirements):  
Chemical Hazard and safety management; Compliance with Kuraray's Code of Conduct; Economic Contribution to company success; Reputational risks
- Social and Regulatory Trends (Stakeholder Requirements):  
Regional regulatory trends; Sustainability ambitions in the value chain; Certification systems in the areas of sustainability and the environment (eco Label and certifications, etc).
- Comparison with Benchmark Products (Performance):  
Selecting key categories for each PARC at every stage of the product life cycle (from manufacturing to disposal) from the perspective of sustainability; comparing the performance with benchmarks for each category



## 4 Scoring

Determining a score from 1 to 5



## 5 Use of results

Designate products with a score of 4 and 5 as products that contribute to Natural and Living Environment, and set targets for improvement.

## Targets

In the Sustainability Medium-Term Plan, the Kuraray Group set a target of raising the sales proportion of products that improve the environment and enhance quality of life to 55% in fiscal 2024 and 60% in fiscal 2026.

