

To Our Stakeholders



Background to the Change of the President and the Establishment of the New Management Team

In 2026, the Kuraray Group will celebrate its 100th anniversary. In 2021, we will formulate a new Medium-Term Management Plan for the 100th anniversary of our foundation. I believe that it is desirable to promote the plan under a new leader from the conceptual stage, and as of January this year, I passed the baton to Hitoshi Kawahara.

Since assuming the position of President in January 2015, I have assumed that my term of office as President would be six years, give or take a year, and I have worked on management issues that came to mind while fostering successors and promoting personnel management. With advice from the Corporate Advisory Committee, we narrowed down the candidates from among multiple

candidates for succession, and Hitoshi Kawahara was ultimately elected. In addition to his excellent qualities, such as his strong sense of responsibility for diligently tackling difficult situations without running from them, and his personality that never loses a sense of brightness, he was selected because of his wide range of domestic and overseas experience in a number of businesses and his ability to think deeply from a companywide perspective developed by the corporate planning division.

As Chairman and Director without a right of representation, I will focus on management supervision and oversight, and make every effort to make the Kuraray Group a better corporate group.

Looking Back on My Six Years in Office Management

In 2015, the year I was appointed President was the first year of the Medium-Term Management Plan “GS-STEP” (three years until fiscal 2017). We achieved significant results by consolidating the outcomes of key actions. These included the synergies created by the vinyl acetate-related business acquired from DuPont in the United States in 2014. The acquisition of Plantic Technologies Limited in Australia, which developed our bio-based barrier materials business. And the merging of Kuraray Chemical, Co., Ltd., our subsidiary that

manufactures and sells activated carbon. Although we did not meet our performance targets in fiscal 2017, the final year of “GS-STEP,” net sales and operating income for the period marked record highs for three consecutive fiscal years.

The Medium-Term Management Plan from fiscal 2018 to fiscal 2020, “PROUD 2020,” set forth the following management strategies: the pursuit of competitive advantage, expansion of new business fields, enhancement of the comprehensive strengths of the Kuraray Group, and

Passing the baton to a new leader for the next era



Masaaki Ito
Chairman and Director

contribution to the environment. To nurture the pillars next to the vinyl acetate-related business, we proceeded with the acquisition and integration of Calgon Carbon Corporation, the world's largest manufacturer of activated carbon. We decided to upgrade facilities in the United States and Europe to expand the business further. We also chose to invest in the construction of a new plant for isoprene-related business in Thailand. In addition, we steadily implemented measures aimed at growth. These included upgrading facilities for optical-use PVA film, enhancing existing plants in the United States for water-soluble PVA film, and constructing new plants in Europe. We've worked hard to build a stable portfolio for the future.

However, there were delays in achieving new development themes and contributing to business performance in

each business and research and development, a decrease in sales due to the impact of the fire incident at our subsidiary in the United States, and the COVID-19 pandemic, so economic activity stagnated in fiscal 2020 and demand declined in many industries. As a result, we fell far short of our performance targets in the plan's final year. Regarding the fire incident at the subsidiary in the United States, we are filled with sadness and remorse over the fact that despite our efforts to live the phrase "Safety is the cornerstone of everything we do" stated in the Guiding Principles of Our Corporate Statements, an accident occurred, and workers were injured. To prevent such an accident from happening again, the Head Office is taking the initiative to improve the management system, enhance education and training, and implement thorough risk assessments.

Working with Stakeholders

2021 will be an important year for us to discuss and formulate the next Medium-Term Management Plan. Under the new management team, we will steadily proceed with constructing the new isoprene plant in Thailand. This, for which we made an investment decision was part of "PROUD 2020." We will also accelerate and expand the integration synergies between Calgon Carbon Corporation and the environmental solutions business, further strengthen the vinyl acetate-related business, and create new business. By tackling management issues such as the

above with the Group's collective strength and overcoming, as Chairman and Director, I will support the realization of the medium- to long-term growth of the Kuraray Group and live up to the expectations of our stakeholders.

We look forward to your continued support of the Kuraray Group.