




Kuraray Report 2025

For Fiscal 2024, Ended December 31, 2024

A photograph of a young child with dark hair, wearing a blue shirt, leaning over a wooden table. The child is holding a black magnifying glass over a clear glass filled with water. The background is softly blurred, showing indoor plants and a window. Several large, semi-transparent orange and brown circles are overlaid on the image, creating a modern, graphic design.

For people and the planet—
to achieve what no one else can.

About the Publication of Kuraray Report 2025

Seeking to Further Dialogue and Deepen Trust with Stakeholders

Since 2018, the Kuraray Group has issued the Kuraray Report so that all stakeholders, including shareholders and investors, can gain a deeper understanding of our efforts toward value creation over the medium to long term.

We are currently implementing the Medium-Term Management Plan "PASSION 2026," extending from 2022 until 2026, which marks our 100th anniversary. Kuraray Report 2025 reports on the progress and outlook for the Three Challenges set out in "PASSION 2026" and our efforts to build a more sophisticated business portfolio, and explains how we are working to fulfill our social responsibilities through business.

The report was edited and produced with the collaboration of the Corporate Communications Department, the Corporate Sustainability Department, and numerous other corporate organizations. I have confirmed that the report's creation process was appropriate and that its content is accurate.

We will continue to pursue constructive dialogue with all of our stakeholders, using this report as one of our engagement tools. We look forward to hearing feedback from its readers.

Junichi Fujiwara

Managing Executive Officer

Officer responsible for Corporate Management Planning Office

Editorial Policy

The Kuraray Report compiles financial and ESG-related non-financial information regarding the Kuraray Group's efforts to create sustainable value.

In compiling the report, we referred to the International Integrated Reporting Framework of the IFRS Foundation and the Guidance for Collaborative Value Creation from the Japanese Ministry of Economy, Trade and Industry.

The report also uses the Global Reporting Initiative (GRI) Standards as a reference. A comparison between them is shown on our website.

 GRI Standards Content Index

Notes: 1. All financial data is on a consolidated basis.

2. Financial data (results) expressed in billions of yen are rounded to the nearest hundred million yen.

3. Forecasts and outlooks are based on assumptions and suppositions regarding the future operating environment and economic conditions at the time of publication, which may differ from actual results.

Reporting Period

January 1 to December 31, 2024

Notes: 4. Some information from after January 2025 is included.

5. Please note that the "2025" in the title refers to the year this report was published.


Scope of the Report

Kuraray Co., Ltd. and the Kuraray Group companies

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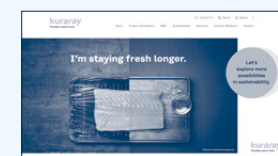
Approach to Disclosure

Kuraray Report (integrated report)



Puts priority on key financial and non-financial information related to the Kuraray Group's sustainable value creation. Please see the website for a wider range of more comprehensive information and detailed data.

Website



Offers general information about the Kuraray Group, including corporate information, products and services, R&D, IR activities and finance, sustainability, recruitment information, and news releases.

Investor Relations

Offers information on management policy, the Medium-Term Management Plan, various briefing materials, and performance-related data.

Sustainability Website

Offers information on material issues, our Sustainability Medium-Term Plan, and sustainability-related data.

Corporate Reporting

 Announcement of Financial Results

 Management Briefings

 Kuraray Report (financial section)

 Fact Book

 Corporate Governance Report

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At a Glance (As of December 31, 2024)



Business Segments of the Kuraray Group

Vinyl Acetate

We manufacture and sell materials ranging from PVOH resin offering properties such as water solubility and high adhesiveness; PVOH film used in liquid crystal displays and soluble unit dose systems for detergent and other products; PVB film used as an interlayer for safety glass; SentryGlas™ ionoplast interlayers; to EVAL™ EVOH resin with high gas barrier properties.

Isoprene

We manufacture and sell isoprene chemical products made with a synthesizing method as well as SEPTON™ thermoplastic elastomer and GENESTAR™ heat-resistant polyamide resin, which are derivatives of isoprene chemical products.

Functional Materials

We manufacture and sell activated carbon whose high adsorption performance is used to purify air and water, water treatment equipment, dental materials enabling restorations that closely resemble natural teeth, and methacrylic resin that offers excellent transparency and weatherability.

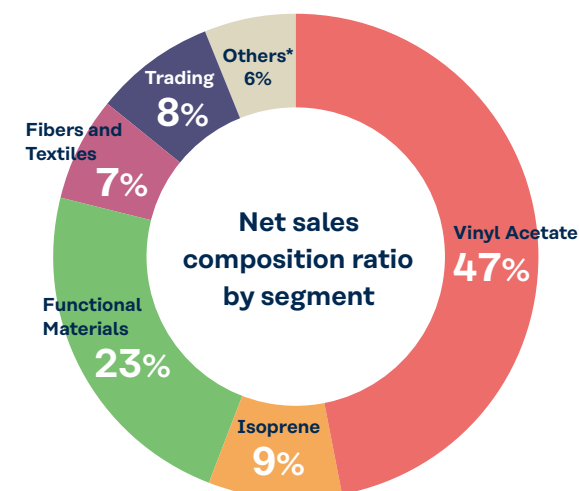
Fibers and Textiles

We manufacture and sell KURALON™ PVA fiber, which is mainly used in reinforcing cement building materials and in automotive components; CLARINO™ man-made leather, which has a structure and functionality similar to natural leather; VECTRAN™ liquid crystal polymer fiber, known for its high strength and low water absorption; meltblown nonwoven fabrics used as household and industrial products; and MAGIC TAPE™ hook-and-loop fastener.

Trading

In addition to the manufacture and sale of polyester and other fiber and textile products, we sell Kuraray Group products in Japan and other parts of Asia.

* Others indicates business segments not included in the reportable segments, including the engineering business.



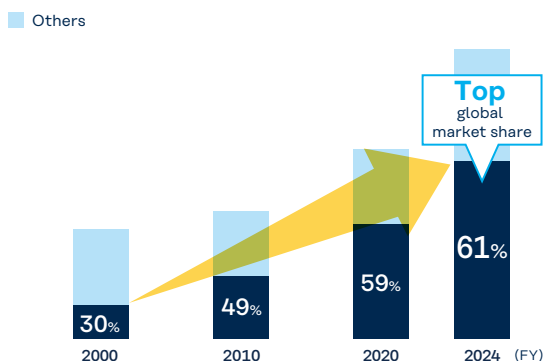
Products with Top Global Market Share, Products That Contribute to the Natural and Living Environments

At Kuraray, we use our unique technical strengths to create products that the world has never seen before. Starting with the world's first commercialization of PVA fiber, we moved on to produce PVOH resin which is a raw material of PVA fiber; optical-use poval film, which is essential to liquid crystal displays; EVAL™ EVOH resin, which features excellent gas barrier properties; and a lineup of various commercialized chemical products that use the world's only synthetic isoprene monomers as materials. Sales of products with the highest*¹ global market share that we have created using our unique technologies accounted for 61% of the Kuraray Group's total sales in 2024.

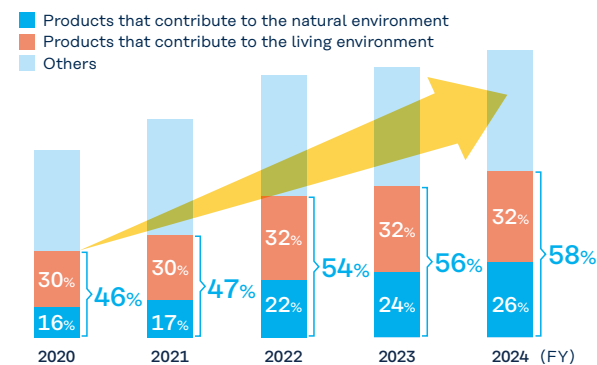
We are working to expand the lineup of these products, many of which also contribute to the Kuraray Group's mission of improving the natural and living environments, helping to bring about a sustainable society.

*¹ Based on in-house research

Sales Ratio of Products with Top Global Market Share



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



> P. 33

Products with Top Global Market Share



PVOH resin
(excluding China)



Optical-use poval film



Water-soluble PVOH film



EVAL™ EVOH resin
(ethylene vinyl alcohol copolymer)



SentryGlas™
ionomer sheet for structural glazing*²



Isoprene chemicals



GENESTAR™
heat-resistant polyamide resin



Activated carbon



KURALON™, KURALON K-II™
PVA fiber



VECTRAN™
liquid crystal polymer fiber

*² In the high performance structural and stiff interlayer for the architectural glazing market

Diverse Products Supporting a Broad Array of Industries

Many of Kuraray Group's products are used in various applications as materials, playing an important role in a wide range of industries and contributing to the realization of a sustainable society. This also means that the Group's diversified business structure, which does not rely on any specific sector, ensures greater stability in its profit base.

Note: Applications are classified according to the Kuraray PSA assessment, which covers approximately 80% of net sales. The area of the circle is proportionate to net sales.

Paper & Packaging

Our high-function resins and films, with their excellent gas barrier properties and water and oil resistance, are used widely in paper coatings and in packaging materials for various products including foodstuffs, pharmaceuticals, and industrial and consumer goods.

Product examples
• PVOH, EVOH, and other barrier resins and films



Life & Personal Care

Our products bring convenience to everyday life, for instance in the water-soluble films used in soluble unit dose systems for detergent, acrylic resins used widely in everyday articles and household fixtures, and functional fibers and hook-and-loop fasteners.

Product examples
• Water-soluble PVOH film
• Hook-and-loop fastener
• PVA fiber
• Acrylic materials



Electrical & Electronics Applications

We support the functions of everyday life with products such as optical films essential for the liquid crystal displays and resins used in the connectors of mobile devices, computers, servers, and other equipment.

Product examples
• Optical-use poval film
• Heat-resistant polyamide resin
• Acrylic materials



Water & Air Purification

Kuraray's functional products that adsorb or filter out specific substances are used in household water purifiers, water purification plants and wastewater treatment facilities, exhaust gas treatment and air purifiers, and other water and air purification processes.

Product examples
• Activated carbon
• High-performance membrane module



Architecture & Construction

Our products drive technological innovation through improved product durability, for instance as interlayer material in safety glass, which provides great freedom in architectural design, and in the PVA fiber used to reinforce cement materials.

Product examples
• Ionoplast interlayers
• PVB film
• PVA fiber
• Water-soluble PVOH film



Dental Materials

Product examples
• EVOH resin
• PVB film
• Liquid rubber
• Heat-resistant polyamide resin



Automotive & Transportation

Our materials contribute to automobile safety and advanced functions in a wide range of applications such as the interlayer of windshields and the barrier material for fuel tanks, as well as in tires and a variety of connectors.

Adhesives & Sealants

Healthcare & Medical

Compounding & Materials

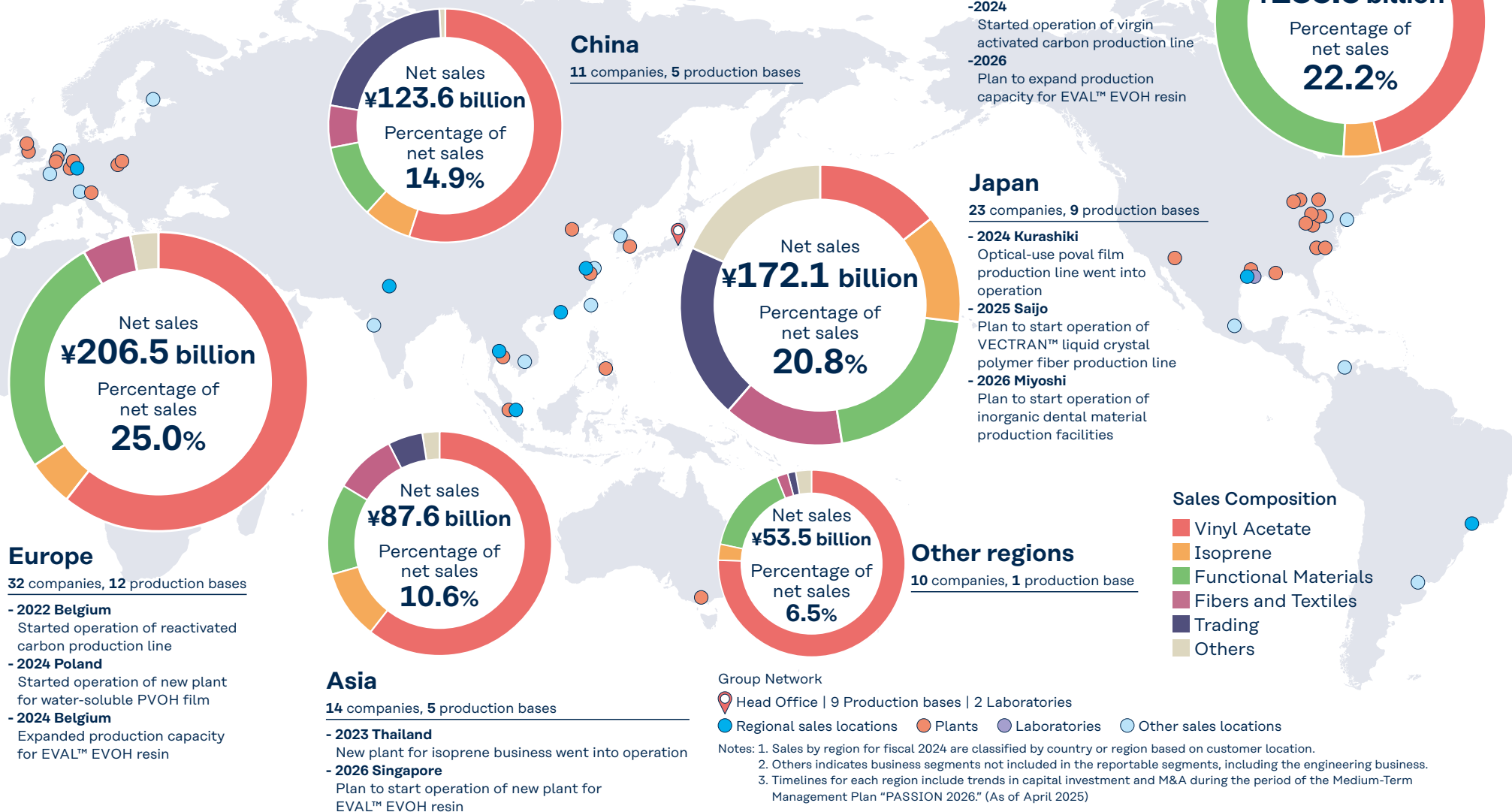
Food & Beverage

Apparel & Fashion

Global Portfolio

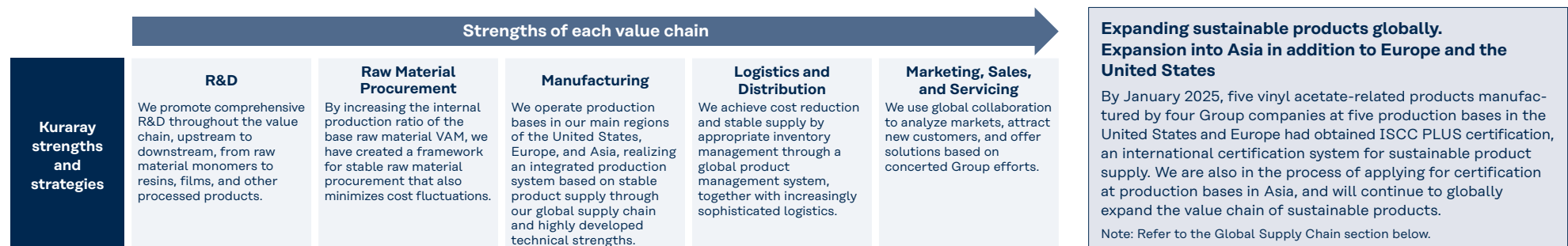
 Main Group Locations

The Kuraray Group has expanded its businesses globally under a principle of making and selling products in the best-situated regions. Our overseas network now includes 100 companies in 32 countries and regions, and sales outside Japan account for 79.2% of total sales. Going forward, we will continue to strengthen the global production and sales networks to meet the needs of countries and regions worldwide.

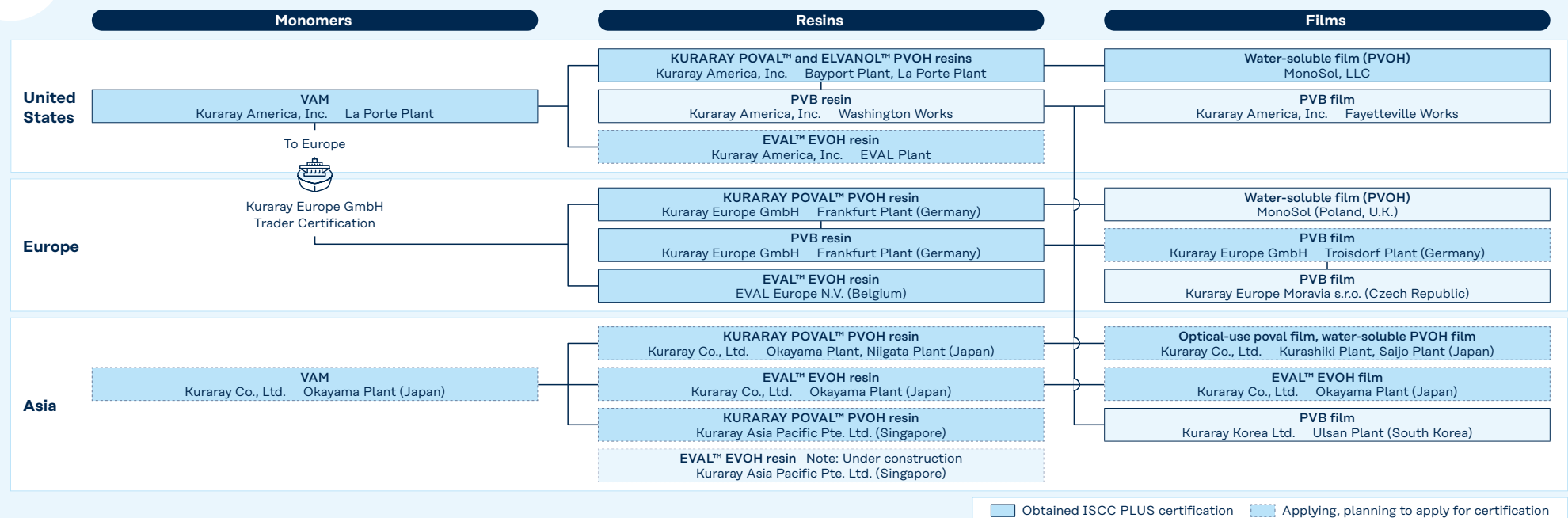


Integrated Global Supply Chain Based on Product Superiority (Vinyl Acetate)

In the vinyl acetate business, one of the Kuraray Group's mainstay segments, we conduct integrated manufacture of a range of high quality and highly cost-competitive products with vinyl acetate monomer (VAM) as starting material, while ensuring stable product supply through a network of production bases around the world.



Global Supply Chain for Vinyl Acetate Business



Top Statement

Hitoshi Kawahara

President and
Representative Director

**Following World Trends Closely,
We Will Continue Working as a Specialty
Chemical Company to Do Our
Best "For People and the Planet."**

My Role Is to Provide Leadership in Responding to Change

Since its foundation in 1926, the Kuraray Group has drawn on its unique technical strengths to generate many innovative products. After commercializing the world's first synthetic PVA fiber, it grew to become a Specialty Chemical Company, evolving its technologies to adapt to changing times. Today, products with world-leading market share account for approximately 60% of total Group net sales. I believe this achievement is a direct result of our dedication, starting with our predecessors and continuing into the present, to the Kuraray Group mission — "For people and the planet — to achieve what no one else can."

When I joined the Company in 1984, I found a free and open-minded corporate culture in which I was entrusted with many different tasks despite my young years. I was aware of the responsibility involved, but welcomed the opportunity to tackle challenges while thinking for myself, an invaluable experience that still benefits me today. That is why I want all our employees to feel motivated in their work as they pursue initiatives to create new things. For that to happen, it is important to offer an environment where each and every employee can exercise their abilities to the full.

Particularly in the current so-called age of VUCA (volatility, uncertainty, complexity, and ambiguity), it is crucial to show respect to each other and deepen mutual understanding through dialogue. By providing forums for dialogue, we empower individuals to exercise their abilities to the full, which translates into organizational strength and leads to the creation of new value. Enabling this process, which for me is the true essence of leadership, is an important role I play.

I also believe that the way we exercise leadership has to be adjusted flexibly and appropriately to

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meet changing times and social needs, the situation in different countries and regions, and the specific aspects of the challenges at hand.

Targets Exceeded in the First Half of the Medium-Term Management Plan

Since 2022, the Kuraray Group has been implementing the 5-year Medium-Term Management Plan "PASSION 2026."

Looking back on the business environment in the first three years of the plan, we see that assumptions have changed greatly since its launch. First, the start of Russia's invasion of Ukraine was followed by a sharp rise in raw material and fuel prices and logistics costs. Then, with inflation leading to stagnating demand and the yen weakening on the currency market, economic conditions have remained unpredictable throughout the period.

Despite these business conditions, we were able to post above-target results in net sales and the various profit indicators in the first three years of the plan. The main factors in this were, firstly, that we took steps to further strengthen the global supply chain in order to build a stable supply system and optimize logistics. Secondly, our customers accepted prices that reasonably reflected the cost increases, especially for vinyl acetate, our core business.

In 2024, the midway point of the management plan, we managed to increase sales volume in many of our businesses, so that net sales reached the highest and operating income the second highest level on record. For 2026, the plan's final year, we have revised the plan's targets upward to net sales of ¥900 billion and operating income of ¥110 billion.

ROE in 2024, however, stood at just over 4%. This was due to the recording of extraordinary losses, including losses on business liquidation and impairment losses on fixed assets, as we worked on

the key strategy of building a more sophisticated business portfolio. As we will continue driving this strategy in the second half of the plan, ROE in 2026 is expected to come in at 9%, slightly below the initial target, which will nevertheless remain our aim. I am confident that the earning power of the Kuraray Group in terms of operating cash flow has been reliably strengthened during the period of the Medium-Term Management Plan.

Quantifying the Outcomes of Our Challenges and Translating Them into Profit

Launched as part of the Medium-Term Management Plan, Our Challenges represent a company-wide strategy to increase the Kuraray Group's combined strengths by fostering a spirit of challenge in each individual and strengthening global unity under the concept of "One Kuraray."

The first challenge is "Sustainability as an opportunity," which we will promote with the collective strength of the Group. The second challenge, "Innovations starting from networking," will see us creating new growth drivers by connecting people with people and technologies with technologies, both within and outside the Company. The third challenge, "Transformation of people and organizations," aims to leverage digital-driven process innovation and to promote diversity, which will help us bring to bear a broader range of ideas.

Our Challenges 1 Sustainability as an Opportunity

— Close coordination with management strategy

Under the theme of "Sustainability as an opportunity," we have summarized our sustainability-related

measures in the Sustainability Medium-Term Plan, based on the material issues of the Kuraray Group. We are rolling out a "3P" model, grouping measures into three Ps: Planet, Product, and People.

These are all key non-financial measures to support our business activity and will be rolled out going forward in close coordination with the management strategy.



Planet

Here, we are making a concerted effort company-wide to meet the 2050 carbon net-zero target. We are set to hit the initial target for Scope 1 and 2 greenhouse gas (GHG) reduction ahead of time.

A project to develop clean energy that does not emit CO₂, including green hydrogen and green ammonia, is currently underway near one of the Group's overseas production bases. If all goes smoothly, we expect a supply framework to be in place around 2035. Taking account of this, we have set an ambitious new emissions target of reducing emissions by 63% by 2035 compared to 2021 levels (from 3,020 thousand tons-CO₂e to 1,117 thousand tons-CO₂e).

For Scope 3 (Category 1*) emissions, we are working towards a new target of reducing CO₂ by 2035 by 37.5% compared to fiscal 2021 (from 2,941 thousand tons-CO₂e to 1,838 thousand tons-CO₂e). With the aim of acquiring SBT* certification for these numerical targets, we have submitted a commitment letter to the SBT initiative.

* SBT (Science Based Targets):

GHG reduction targets set by business enterprises with a target date 5 to 15 years in the future and target values in line with the level required by the Paris Agreement.

SBTs must cover at least two-thirds of total Scope 3 emissions. Category 1 corresponds to purchased products and services, which accounts for two-thirds or more of Kuraray's Scope 3 emissions, and this is the category selected by Kuraray as the target category for reduction.

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Product

Here, we have introduced the Kuraray PSA system based on the Portfolio Sustainability Assessment (PSA) method specified by the WBCSD^{*1}, which offers a high degree of objectivity and transparency. We are using the system to increase the ratio of products that contribute to improving the natural and living environments, which is part of our corporate mission and also included among our material issues.

The plan's initial target for the net sales ratio of products that contribute to the natural or living environment has been fulfilled ahead of time. The 2026 target of a 60% share for such products is also expected to be met.

Going forward, we aim to apply evaluation using the Kuraray PSA system not only to net sales as at present but also to business profits. This will also allow us to clearly reflect the creation of products that contribute to improving the natural or living environment in financial KPIs, and to reinforce it with further investment for growth.

^{*1} Abbreviation for the World Business Council for Sustainable Development.



People

From my experience of working in Japan and overseas before becoming President, I felt strongly that there was a large pool of highly dedicated human resources in the Kuraray Group worldwide whose abilities were not being tapped to the full. When human resources become active on the global stage, that accelerates our response to social issues at a worldwide level, which in turn promotes the Kuraray Group's sustainable growth and increases corporate value.

Because of this, the urgent focus of our issues is on putting in place a global human resource platform and improving employee engagement. Regarding the former, we are creating a fair and just personnel system to enable diverse human resources to flourish in the job best suited to them and to increase human resource mobility within the Group. We are also rolling out succession planning based on a long-term perspective. Specifically, we are creating a unified global human resource database that will allow us to visualize candidate human resources for important positions Group-wide.

To improve employee engagement, in 2024 we conducted the second engagement survey across our global operations. The survey items where issues were identified were, as in the previous survey, the question of whether meaningful action had been taken in response to the survey results, and the new issue of whether the employee felt they had a valued role in the organization. Among the points raised by employees were insufficient communication with supervisors and lack of messaging from the executive team, shortages in front-line personnel, and concern over changes to the personnel system. We have taken these comments on board and will use them to make future improvements. Going forward, we will engage in ongoing dialogue to enhance feedback and take action for improvement in each organization.

Our Challenges 2 Innovations Starting from Networking

— Accelerating new business creation

The most important mission of “Innovations starting from networking” is to create new businesses.

The Research and Development Division, which is the core element of our R&D operations, is working to accelerate the practical application of innovative technology seeds. In the regenerative medicine field specifically, to coincide with the sales launch of SCAPOVA™ PVA microcarriers (an immobilized carrier) for the mass cell-culture market, we established the Tokyo Lab within the Tokyo Women's Medical University-Waseda University Joint Institution for Advanced Biomedical Sciences (TWIns). This is part of a drive to promote joint R&D between industry and academia and to strengthen overseas marketing. Additionally, we are taking active steps to introduce cutting-edge technologies, for instance by applying digital technology to boost R&D efficiency and using AI in new material development.

In addition, the Innovation Networking Center established in the first year of the Medium-Term Management Plan has been engaged in vigorous activity, serving as a bridge linking vertically siloed business divisions and organizations and at the same time promoting internal and external collaboration worldwide. As a result, the Kuraray Group has been able to exercise its combined strength more successfully. The marketers of Innovation Networking Center act as a link between R&D and the customer in a structure that enables unmet needs — customer issues that remain unaddressed — to be accurately identified, leading efficiently to generation of R&D technology seeds.

We are identifying strategic targets based on market growth and the Kuraray Group's capabilities, resulting so far in 30 specific themes. During the period of the current Medium-Term Management Plan, I hope to concretize two or three of these as new businesses.

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Our Challenges 3 Transformation of People and Organization

— Implementing DX and human resource training as an integrated package

The development of digital technology means that DX is advancing rapidly in the business environment.

To stay ahead of these developments, the Kuraray Group is collaborating with ANSYS, Inc., a world leader in the development and sale of simulation and analysis tools, to put in place an environment for product development in digital spaces using Kuraray Group products. By thus allowing customers to access the Kuraray Group's extensive materials data and product simulation expertise, we aim to improve our products' digital presence. In January 2025, we set up a new Digital Solutions Department within the Research and Development Division. Going forward, we are committed to further driving the use of digital technologies for both customer solutions and R&D themes.

In parallel, it is essential that we develop DX talent with expertise in creating digital solutions. A related personnel measure is the global rollout of a DX talent development program based on three digital literacy levels, gold, silver, and bronze, with all employees required to reach at least bronze level. The number of employees completing the program is progressing ahead of target at all levels.

These Three Challenges represent ambitious tasks that we are tackling together as a Group. Up to now, our efforts have focused on qualitative evaluation, but we have now added quantitative non-financial KPIs including Scope 3 (Category 1) GHG emissions; global talent development (ratio of senior managers taking global leadership training); executive candidate development (ratio of candidates prepared for general managers equivalent positions); and DX talent development (number of program completions at each level). Progress in

these areas will also allow us to steadily add financial value (➤ P. 23).

Focus on Growth Drivers: EVAL™, Activated Carbon, and Dental Materials

The strength of the vinyl acetate business, one of our mainstay segments, is that we have built up an in-house value chain covering all upstream to downstream processes, a structure that has enabled us to generate numerous top-class products and build solid relationships of trust with customers. This segment, which promises further growth and expansion in the future, will receive appropriately timed investment of management resources. One product expected to make a particularly great contribution to improving the natural and living environments is our EVAL™ EVOH resin. Readily recyclable and friendly to the circular economy, it has attracted growing demand, especially in Europe.

Also highly promising for future growth are the activated carbon and dental materials businesses in the Functional Materials segment. In the activated carbon business, there are trends, particularly in the United States and Europe, toward tighter regulation of poly- and perfluoroalkyl substances (PFAS), which we expect to spread worldwide in the future. The Kuraray Group's strength lies not only in supplying activated carbon but also in offering a total service, from system design including supply of large-scale purification facilities and other peripheral equipment to collection of used activated carbon from customers for recycling. It is predicted that in 2030, the market size of PFAS-treatment for drinking water will be \$1-2 billion in the United States alone, of which we believe 75% will be treated with activated carbon. To position itself to capture at least half of this demand, the Kuraray Group is undertaking capital investment and human resource reinforcement in areas peripheral to activated carbon. We have already

signed a long-term exclusive supply contract with the largest private water and wastewater utility company in the United States, and have concluded contracts or are engaged in negotiations with a large number of other major waterworks companies (➤ P. 18).

In the dental materials business, the Kuraray Group draws on its strength in organic chemistry to offer products such as dental adhesives and fillers and the dental ceramics that it accesses through its business integration with the former Noritake Dental Supply Co., Limited. The strength of Kuraray's dental materials business lies in its supply of a wide range of dental materials of high quality and performance, both organic and inorganic. Specifically, our zirconia blocks enable treatment in a short time-frame, which reduces the burden on both dentists and patients and thereby contributes significantly to improving the quality of life. I believe that this product's excellent properties give it considerable growth potential going forward, particularly in Europe and the United States. We will continue enhancing our global presence through the development and release of new products.

Launch of Implementation Phase of Building a More Sophisticated Business Portfolio

Alongside our Three Challenges, an additional focus initiative is building a more sophisticated business portfolio.

In 2022 and 2023, the first two years of the management plan, our task was to identify businesses and products that were highly competitive and had strong growth potential. We then established the three criteria of social and environmental value, economic value, and market growth. Based on the assessment, we established four business categories: "growth, expansion businesses," which score highly in terms of all three criteria; "base businesses,"

Top Statement

which have stable market position and profitability; “developing new solutions, applications,” which are areas with growth potential but as yet lacking in profitability; and “businesses to be optimized, structurally improved,” which face issues on all three criteria. (➡ P. 24).

Our aim is to strengthen the “growth, expansion businesses” that score highly in all three criteria. Our vision is to develop new applications and markets for our “base businesses” and create new businesses through the “developing new solutions, applications,” shifting these products and businesses into “growth, expansion businesses.”

In 2024, we entered the phase for concrete implementation of measures. In our “growth, expansion businesses” and “base businesses,” we have steadily brought on stream facilities that were already under construction. As growth drivers, we have taken forward the capital investment in the new EVAL™ plant in Singapore and acquired an industrial reactivated carbon business for our activated carbon business. Other related measures include making investment decisions for future growth. Conversely, to address businesses where we judge that sustainable profit growth is unlikely and continued investment is therefore difficult, we are taking decisions on business downsizing or withdrawal based on careful consideration.

In the growth drivers of EVAL™, activated carbon, and dental materials, we will continue investing management resources to leverage our strengths and respond accurately to expanding demand. In our “base businesses” equally, we will invest as required in safety measures and in maintenance and renewal of manufacturing facilities to further strengthen their foundations. Meanwhile, in the isoprene and fibers and textiles businesses, which are classed as “businesses to be optimized and structurally improved,” we are drafting plans for structural improvement and rebuilding and working to boost profitability.

Going forward, with the aim of building a more sophisticated business portfolio and achieving sustainable growth, we will proceed swiftly with bold decision-making on capacity expansion, M&A activity, business downsizing and withdrawal, and other necessary matters.

Ready to Be, Ready to Go: Seizing Opportunities to Continue Evolving

Our journey to becoming a globally united “One Kuraray” has only just begun. With approximately 40% of our Group employees based overseas, one urgent task is to invigorate communication and other forms of interaction. The executive team remains composed of a majority of Japanese nationals, but I recognize that a company that presents itself as a global company must reflect that reality in its structure.

Approximately 80% of Kuraray Group net sales are in overseas markets and our business arena is thus to a large extent global. We need to bring our overseas teams together to work toward a shared goal based on a shared understanding. Each of the Three Challenges that we are currently engaged in is a measure to strengthen collaboration across our



various business divisions and different countries and regions. Following through with these challenges will strengthen the sense of unity among our global personnel.

Next year, 2026, the Kuraray Group marks the 100th anniversary of its foundation. Reaching this milestone while continuing to grow as a Specialty Chemical Company and as a global company is the great achievement of all involved, from our predecessors to the current generation of employees. I would like this significant moment to be one not only for looking back on the past but also ahead to the future. To continue being an enterprise that achieves sustainable development, I plan to roll out projects that reach out to the future.

As a member of management, I am wholeheartedly committed to making ongoing contributions to the Company’s growth. My immediate target is to reinforce the ranks of our “growth, expansion businesses” by creating new businesses that work “For people and the planet.” To generate long-term business opportunities, we will also continue focusing efforts on the 2050 carbon net-zero target. Although the change in the U.S. administration in January 2025 and other developments have placed environmental issues in an altered context, we are nevertheless engaged in preparations in capital investment, product supply, and other areas, thus positioning ourselves to seize the opportunity and swing into action when the time is right. I believe that it is essential for us to adopt a “Ready to be, Ready to go” stance so as to accurately identify trends in the wider world and respond swiftly to opportunities.

I ask our shareholders and other valued stakeholders to carry on believing in and supporting the Kuraray Group as it proceeds on its path of change and evolution.

Hitoshi Kawahara
President and Representative Director

Starting Point of Value Creation

Corporate Statements

Our Mission

We are committed to developing new fields of business using pioneering technology that improves the environment and enhances the quality of life throughout the world.

“For people and the planet—to achieve what no one else can.”

Our Values



Respect for individuals
Close cooperation to attain shared goals
Constant creation of new value



Safety is the cornerstone of everything we do
Customers' needs are our top priority
We act on ideas in the workplace

Our Commitment


- We will constantly develop and provide safe, high-quality products and services.
- We will maintain a sound relationship with society through good communication.
- We will strive to preserve and improve the global environment, and to secure safety and health in all our workplaces.
- We will value all members of the Kuraray community and respect their rights.
- We will always conduct businesses in a free, fair and transparent manner.
- We will honor all intellectual property and secure data and information in a proper manner.

Corporate Tagline

kuraray
Possible starts here

**Possibility can change the world.
And it starts here.**

Since its founding, the Kuraray Group has taken on the challenge of solving social issues and creating new value through our business activities. We formulated the corporate tagline “Possible starts here” to express our unwavering corporate attitude as well as our desire to co-create value with society for a better future, starting with the Kuraray Group.

 Brand Story of the Kuraray Group

A History of Value Creation

Our founder, Magosaburo Ohara, and second President, Soichiro Ohara, sought to build the business through technological innovation while emphasizing the importance of fulfilling the Company's social responsibilities, such as the response to environmental issues, focusing on addressing social issues through the Company's business activities. The Company's management possessed a pioneering spirit even before the phrase "corporate social responsibility" became mainstream, and that spirit continues being passed down as the Kuraray Group's foundational DNA today. Our pioneering products deliver new value to society and have found widespread use around the world.



Magosaburo Ohara
First President

"All the wealth gained from society should be returned to society."

Magosaburo Ohara established the Ohara Institute for Social Research, the Kurashiki Institute for the Science of Labour (now the Ohara Memorial Institute for Science of Labour) for the improvement and reformation of labor conditions, the Kurabo Central Hospital (now the Kurashiki Central Hospital), and the Ohara Museum of Art. These facilities contributed to the advancement of local medicine, welfare, education, culture, and people's standard of living.



Soichiro Ohara
Second President

"Any profit that a company might gain should be confined to those profits that come from technological innovation and from consideration of the social and economic benefits it brings to the entire nation."

Soichiro Ohara was among the first to mention corporate responsibility for emissions at a time when the word "pollution" was still a rarity. In 1950, he pioneered the commercialization of KURALON™ PVA fiber, the first synthetic fiber made in Japan using proprietary technology. He continued to help address social issues and advance economic development through business activities, such as the development and commercialization of CLARINO™, the world's first man-made leather to replace natural leather.

A History of Addressing Social Issues and Advancing Economic Development through Business Activities

Historical context and social issues

Ensuring sufficient daily commodities, developing social infrastructure

- World War II
- Growth of heavy and chemical industry
- High economic growth period
- Oil crisis

Making life more convenient and more comfortable

- Plaza Accord
- Deregulation of telecommunications sector, privatization of national railways
- Flourishing of the electronics industry
- Bubble economy

Businesses and products that have helped to address social issues and advance economic development

Company founded with the aim of commercializing rayon, giving rise to Japan's first synthetic fiber, KURALON™ PVA fiber, and birth of a new business

Kuraray was founded in 1926 as Kurashiki Kenshoku Co., Ltd. in Kurashiki City, Okayama Prefecture for the purpose of commercializing synthetic rayon. In the 1950s, Kuraray became the first company in the world to commercialize PVA fiber, the first synthetic fiber made in Japan. These synthetic fibers replaced arboreous cotton, helping to ensure a sufficient supply of fabric for clothing and other daily commodities. Since then, we have launched a series of new businesses, including PVOH resin, CLARINO™ man-made leather, EVAL™ EVOH resin, isoprene chemicals, and dental materials.

Creating highly functional synthetic fibers

We sought to diversify our business, focusing on the advantages of synthetic fibers, such as strength, weatherability, and resistance to chemicals. In 1983, as a substitute for asbestos, which poses a danger to health, we developed PVA fiber for cement reinforcement, entering into a long-term export agreement with a major European building materials manufacturer. We then developed VECTRAN™ liquid crystal polymer fiber, newly adding it to our product lineup of core fiber materials. In these and other ways, we worked to shore up the comprehensive strengths of the industrial materials business and speed up market development.

A History of Value Creation



Toward Creating New Value

The Kuraray Group considers the products, technologies, and services we offer in light of various macrorends, clarifying social issues needing to be addressed and setting target fields to address them.

By channeling management resources into businesses and products related to these areas, and by exploring strategic acquisitions and corporate alliances, we will work to grow existing businesses and generate new businesses.

Our initiatives

Trend 1 Improvement of the global environment

Environmental-load reduction

- Air and water purification ▶ • Adsorption, filtering (Feature P. 18)
- Reduce microplastics ▶ • Biodegradable polymers
• Functional enhancement of paper products
- Circular economy ▶ • Shift to mono-materials*
• Circular business models
• Capitalizing on recycled raw materials

Global warming prevention

- Reduce GHG emissions ▶ • Promote the use of bio-based materials
• Contribute to weight reductions
• Conversion to alternative fuels, higher efficiency
- GHG capture ▶ • Separation and capture
- GHG utilization ▶ • Consider applications for Enhanced Oil Recovery (EOR)
• Polymer synthesized from CO₂

Trend 2 Food and water security

- Food-loss reduction ▶ • Prolongation of shelf life
- Improve agricultural productivity ▶ • Materials for insect prevention and seed coating
- Safe water supply ▶ • Removal of PFAS, organic fluorine compounds (Feature P. 18)

* Materials comprised of single material, rendering them easier to recycle

Trend 3 Digitalization, high-speed communications

- Electric and electronic device materials ▶ • Electronic devices and circuit substrates
• Semiconductor manufacturing equipment-related
- High-speed telecommunications device materials ▶ • Mobile data terminals (electromagnetic wave shields)
• 5G telecommunication device-related

Trend 4 Effective utilization of energy

- Materials for energy storage devices ▶ • Secondary batteries (anode materials, etc.)
- Energy-related materials ▶ • Wind power-generation materials
- Materials for electric and electronics devices ▶ • Next-generation vehicles (high-voltage parts)

Trend 5 Calls for higher quality of life (QOL)

- Medical and healthcare ▶ • Dental materials
• Cell culture solutions
- Beauty goods and living supplies ▶ • Water-soluble films for individual product packaging
• Sanitary goods
- Improve indoor and in-vehicle environments ▶ • Air purification
• Highly functional displays
• Vibration control sealants
• Interior parts (car seats, etc.)

Initiatives for Sustainable Growth through the Activated Carbon Business



Stevan R. Schott

Executive Officer
General Manager of Environmental Solutions Division and
Calgon Carbon Corporation President

Helping to Provide Safe and Secure Drinking Water around the World Including Effective PFAS Treatment

— What are PFAS?

Trends Toward Regulatory Tightening to Ensure Drinking Water Safety

Drinking water, which is essential in human activity, contains a variety of compounds that are invisible to the naked eye. Concerns have been raised in recent years over the presence in drinking water of per- and polyfluoroalkyl substances (PFAS), a group of man-made compounds that have carbon-fluorine bonds.

Due to their unique properties, including high chemical stability and resistance to water and oil, PFAS are used across a broad range of applications, such as cooking utensils, food packaging, and paints.

However, as it is extremely difficult for these compounds to break down in nature, they can bioaccumulate in the human body over time, causing negative health effects including an elevated risk of cancer, which has led to tightening environmental regulations worldwide.

In April 2024, the U.S. Environmental Protection Agency (EPA) decided to tighten the nation's drinking water standards to limit exposure to PFAS, requiring drinking water utilities across the United States to be compliant by April 2029. For their part, countries in Europe and Asia are considering strengthening regulations on all PFAS.

As Is: Where We Stand

Market needs

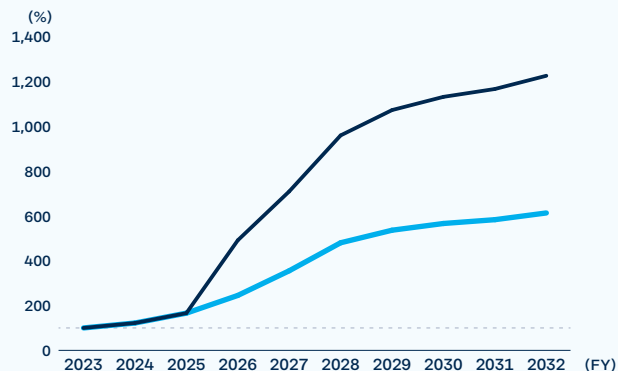
How Our Products Help Customers and Society

- Provide clean, safe drinking water
- Reduce environmental impact by allowing wastewater reuse or disposal
- Remove and recover contaminants from air emissions
- Enhance critical stages in chemical manufacturing
- Improve the environment through remediation projects
- Purify food and beverage products
- Enable electrification and reduce VOC emissions for automotive industry
- Protect personal environments

Revenue Growth Forecast for PFAS Removal Applications in U.S. Drinking Water

*Setting 2023 as 100% (Calgon Carbon Corporation)

— Amount of water treated to remove PFAS: 15% increase (low end of forecasting range)
— Amount of water treated to remove PFAS: 30% increase (high end of forecasting range)



Kuraray's competitive advantages

Total Solutions Provider

FILTRASORB™ virgin granular activated carbon

- Consistently demonstrates superior performance for PFAS removal
- The high durability of FILTRASORB™ minimizes wear during reactivation
- Stable product supply system
- New production line helps ensure a robust supply system

Large-scale purification equipment

- Engineering expertise to achieve superior performance in a variety of systems
- Equipment certified by the National Sanitation Foundation (NSF)

Drinking water reactivation

- Performance equivalent to virgin activated carbon
- Proven effective for removal, destruction of PFAS compounds
- Offered in combination: collection of spent carbon, reactivation, equipment refill

Expertise, services

- Knowledge gained over 25 years in PFAS treatment
- Large, experienced field service team delivering touch-free service
- Customer solutions optimization through pilot and laboratory testing

Special Feature Initiatives for Sustainable Growth through the Activated Carbon Business

— Strengths of Kuraray Group's Activated Carbon Technologies

Among the PFAS removal technologies recommended by the EPA, activated carbon-based technologies are considered a best available technology, which we believe demonstrates superiority over other methods in terms of low operating cost, simplicity of use, and the high efficiency of PFAS removal.

However, the production of virgin activated carbon generates large amounts of CO₂. Use of reactivated carbon is an effective means of surmounting this problem. Reactivated carbon, made by treating spent activated carbon in a high-temperature furnace, recycles spent activated carbon and reduces CO₂ emissions by 80% while also breaking down the PFAS adsorbed onto the spent activated carbon, enabling safe disposal.

Kuraray's great strengths lie in our technologies and groundbreaking expertise amassed over many

years of manufacturing activated carbon, which enable us to provide comprehensive solutions from system and facility design through to the sale of virgin activated carbon and reactivation of spent activated carbon. No other company can offer such solutions globally and on the same scale.

In terms of reactivated carbon in particular, Kuraray has the largest production capacity in the world. We are also the only*¹ company to have published research on the effectiveness of reactivating spent activated carbon containing PFAS in a peer-reviewed journal—in fact, the U.S. EPA cites our work.

— Outlook for the Growth of the Activated Carbon Business

We estimate the U.S. drinking water PFAS treatment market to grow to \$1–\$2 billion annually by 2030*². We accordingly forecast a sales CAGR of 10%–13% through 2030 for the Environmental Solutions

Division (activated carbon business).

Expanding production capacity is a vital issue to meet future demand growth. At the same time, we are implementing comprehensive environment, health, and safety programs surrounding PFAS globally and are working to reinforce appropriate management of spent activated carbon containing PFAS collected from customers.

In January 2025, we announced a long-term contract with the largest private water and wastewater utility company in the United States to provide comprehensive services ranging from the supply of virgin and reactivated carbon to the supply of associated specialized equipment. As a global leader in PFAS treatment using activated carbon, we aim to continue contributing to the betterment of society and the environment.

*¹ As of December 2024

*² Total demand forecast, including all technologies and associated equipment

To Be: Where We Are Headed

Enhance social and environmental value

Increase Supply Capacity while Lowering Environmental Footprint

Social Issues to Be Addressed

- U.S. PFAS treatment opportunities beyond drinking water (industrial wastewater, food and beverage)
- Tightening of PFAS regulation in other regions (Europe, Asia)
- Trends toward stricter regulations for chemicals other than PFAS in air and water
- CO₂ emission as byproduct in production processes

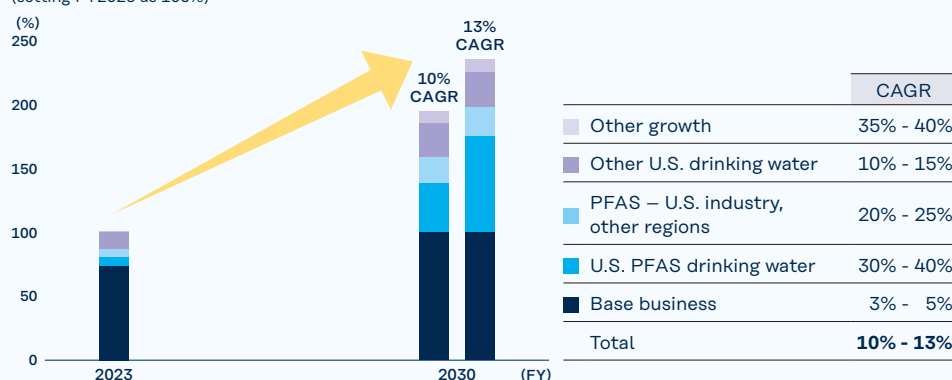
Kuraray Initiatives

- Ensure supply capacity covering every country and region
- Reduce CO₂ emitted as a byproduct in activated carbon production processes, build a system for Carbon dioxide Capture, Utilization, and Storage (CCUS)
- Reduce environmental footprint through use of reactivated carbon, contributing to a circular economy

Enhance economic value

Revenue Growth Forecast in Environmental Solution Division

(setting FY2023 as 100%)



CAGR of 10% or more through FY2030

Value Creation Process

To contribute to improving the environment and enhancing the quality of life through our business activities. This is the mission of the Kuraray Group.

Building on six kinds of capital and the pioneering technology we have cultivated over the years, we will seek sustainable growth and carry out our mission through initiatives set out in the Medium-Term Management Plan "PASSION 2026."

Our Mission

We are committed to developing new fields of business using pioneering technology that improves the environment and enhances the quality of life throughout the world.

"For people and the planet—to achieve what no one else can."

Vision

"Kuraray Vision 2026" Long-Term Vision

Specialty Chemical Company contributing to customers, society, and the planet and growing sustainably by incorporating new innovation platforms into its own technologies.

Sustainability Long-Term Vision

As a sustainability leader, Kuraray will develop innovative solutions with unique products and cleaner technologies to improve the natural environment and enhance quality of life for people everywhere.

Input

Pioneering technology and six kinds of capital cultivated over the years

Financial capital

Strong financial position and investments and M&A that create value

Human capital

Diversity of human resources

Intellectual capital

Pursue development that contributes to growth strategies and sustainability

Manufacturing capital

Global production framework

Social and relationship capital

Trust from customers, trust from local communities

Natural capital

Achieve carbon neutrality and expand lineup of products that contribute to the environment

Strategies and Business Activities

Materiality

Creating Value through Business

- Improving the natural environment
- Improving the living environment

Creating Value to Strengthen the Foundation of Kuraray

- Effective use of resources and reduction of environmental impact
- Improving supply chain management
- Building a "company that people can take pride in"

Building a more sophisticated business portfolio

- Assessing businesses and products for social and environmental value and economic value, while taking into account market growth.
- Setting target fields based on five macro trends.



Improvement of the global environment



Food and water security



Digitalization, high-speed communications



Effective utilization of energy



Calls for higher quality of life (QOL)

Target Fields P. 17

Strategies: Three Challenges

Medium-Term Management Plan "PASSION 2026"

P. 23



Sustainability as an Opportunity (Sustainability Medium-Term Plan)

P. 28



Innovations Starting from Networking

P. 40



Transformation of People and Organization

P. 44

Output and Outcomes

Asbestos substitutes, extending the life of building materials

- KURALON™ PVA fiber



Biomass-derived or recycled raw materials

- Liquid rubber made from biomass-derived materials
- Environmentally friendly polyester fiber and textile products
- Recycled raw material-used CLARINO™ man-made leather



Water and air purification

- Activated carbon



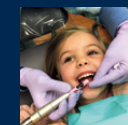
Lower logistical burden, food-loss reduction

- EVAL™ EVOH resin
- PLANTIC™ biomass-derived gas barrier material



Make dentists' and patients' lives easier

- Dental materials



High-speed communication, lightweight EVs

- VECSTAR™ liquid crystal polymer film
- GENESTAR™ heat-resistant polyamide resin



P. 33

Capital Strengthening to Support Competitive Advantage

Six capitals	Expansion of capital (FY2024 results)	Points to be reinforced during second half of "PASSION 2026"
Financial capital While securing our ability to generate cash flow, we will invest in areas that contribute to the natural and living environments, working to expand profits and enhance capital efficiency.	<ul style="list-style-type: none"> Net assets: ¥781.8 billion Equity ratio: 59.2% Capital investment: ¥84.3 billion (acceptance basis) ROIC: 7.3% • ROE: 4.3% EBITDA: ¥170.3 billion • EBITDA margin: 20.6% 	Ability to generate cash flow to support the building of a sound financial position and growth investments Aggressive investment in areas that contribute to the natural and living environments —Expanding capacity to meet growing demand, including investments to reduce GHG emissions; expanding lineup of products that contribute to the natural and living environments Capital efficiency to bring about growth and shareholder returns —Boosting capital efficiency; continuing share buybacks FY2026 target ROIC: 8% EBITDA: ¥170 billion ROE: 10% (Reference) EBITDA margin: 23%
Human capital By encouraging the active participation of diverse human resources with various nationalities and backgrounds, we will create innovation and continuously enhance corporate value.	<ul style="list-style-type: none"> Number of consolidated employees: 11,941 Ratio of overseas employees: 41.2% Ratio of female employees: 20.1% Ratio of female employees in managerial positions: 12.3% Diversity of core human resources*1: 18% (➤ P. 36) Global talent development*2: 45% (➤ P. 37) Executive candidate development*3: 130% (➤ P. 47) Participants in DX talent development program Gold 82, Silver 471, Bronze 5,938 (➤ P. 47) Ratio of females among new graduate hires General career track: 22%, Job/location-specific track: 13% Male employees taking childcare leave Percentage of male employees taking childcare leave: 94%, taking 14 days leave or more: 63% (➤ P. 36) 	Unified platforms for HR management —Establishing globally unified employee grading system (for managers); human resources database (to visualize human resources status, leverage resources efficiently) Optimal staffing, encouragement to cultivate personal growth —Global mobility system (to expand career opportunities, invigorate human resources exchanges); global human resources development program; DX Talent Development Program; systematically nurturing senior management candidates Culture that encourages those who take on challenges —Shift to personnel evaluation system that encourages those who take on challenges; promoting diversity and inclusion, spreading a culture that appreciates these values; making assistance programs available to support diverse workstyle options Target by FY2026 Cumulative participants in DX talent development program Gold 180, Silver 1,200, Bronze 5,700 FY2026 target Male employees taking childcare leave Rate of taking childcare leave: 100%, taking 14 days leave or more: 90% FY2025-2026 target Ratio of females among new graduate hires Per year, 35% or more for general career track positions, 10% or more for job/location-specific track positions FY2030 target Diversity of core human resources*1: 25% Global talent development*2: 60% Executive Candidate Development*3: 200%
Intellectual capital We will pursue the creation of new businesses by adding new elements to our core technologies in polymer and synthetic chemistry and focusing on addressing social issues.	<ul style="list-style-type: none"> Number of researchers: 1,039 R&D expenses: ¥25.7 billion (➤ P. 40) Ratio of R&D to sales: 3.1% 	Development based on the customer perspective —Expanding activities of Innovation Networking Center (global marketing activities, collaboration inside and outside the Group) Resource allocation and development for high priority projects aimed at enhancing new business creation Development that contributes to carbon neutrality and a circular economy Promotion of digital-related measures, open innovation, and human resource development Planning and execution of intellectual property strategies —Clarifying and implementing a global intellectual property strategy aligned with business strategy
Manufacturing capital To maintain our competitiveness in global markets, we will further reinforce our framework for stable product supply based on the principle of making and selling products in the best-situated regions.	<ul style="list-style-type: none"> Production bases in Japan: 9 Production bases outside Japan: 43 	Reinforcing stable supply framework drawing on integrated production from the raw materials stage and global network Expanding production capacity (new and expanded facilities) —EVAL™ EVOH resin (new plant in Singapore, capacity expansion of existing plants in the U.S. and Europe); GENESTAR™ heat-resistant polyamide resin (second phase in Thailand), reactivated carbon (new plants and expansion at multiple locations), dental materials (expansion at Miyoshi and Niigata plants), optical-use poval film (expansion) Optimizing logistics
Social and relationship capital We aim to achieve sustainable development by further deepening dialogue and co-creation grounded in our solid customer base and relationships of trust with diverse stakeholders.	<ul style="list-style-type: none"> Number of investor briefings Institutional investors: 239; Sell-side analysts: 44; Management briefings (business briefings): 2; Individual investors: 2 Coverage of sustainable procurement survey: 82.5% (in Japan) *4, 81.7% (outside Japan) *5 (➤ P. 34) Safety audits (outside Japan) United States: 4, Asia: 2 (➤ P. 71) Results of Global Process Safety Management Audits United States: 3 plants (➤ P. 35) Social contribution activities (➤ P. 37) 	Building stronger relationships of trust with stakeholders Formulating human rights policy, implementing human rights due diligence Reinforcing safety activity management (gaining trust of local communities) —Forming Global Process Safety Management Audit Team made up of in-house experts from across the Group, launching activities Strengthening quality management (gaining customer trust)
Natural capital We aim to offer customers the products and services needed to realize a low-carbon and environment-friendly society, manufacturing products in a way that minimizes environmental impact.	<ul style="list-style-type: none"> Measures to address climate change —Scope 1, 2 GHG emissions: 2,868 thousand tons-CO₂e Scope 3 (Category 1): 3,062 thousand tons-CO₂e (➤ P. 28) Various measures for the ongoing reduction of environmental impact (➤ P. 31) Sales ratio of products that contribute to the natural and living environments: 58% (➤ P. 33) 	Initiatives to counter climate change —TCFD-based disclosure; acquiring SBT (Science Based Targets) certification; use of internal carbon pricing system Targets for ongoing reduction in environmental burden —More efficient energy (energy saving), effective use of waste, effective use of water resources (excluding seawater), emission management of chemical substances Through use of Kuraray PSA system, expanding lineup of products that contribute to the natural and living environments, building a more sophisticated business portfolio FY2026 target Sales ratio of products that contribute to the natural and living environments: 60% FY2035 target GHG emissions 63% reduction compared to FY2021 (from 3,020 thousand tons-CO ₂ e in FY2021 to 1,117 thousand tons-CO ₂ e) 37.5% reduction compared to FY2021 (from 2,941 thousand tons-CO ₂ e in FY2021 to 1,838 thousand tons-CO ₂ e)

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

*3 Ratio of candidates prepared for general managers equivalent positions

*2 Ratio of senior managers taking global leadership training

*4 FY2022 results

*5 FY2023 results

Roadmap for the Vision

Kuraray Group has declared its mission: “For people and the planet—to achieve what no one else can.” Based on this mission, we formulated the “Kuraray Vision 2026” long-term vision and the Sustainability Long-Term Vision. By pursuing the Three Challenges laid out in “PASSION 2026,” our Medium-Term Management Plan, we are aiming to achieve sustainable growth and realize the vision.

 Medium-Term Management Plan

Measures and Results of Past Management Plans

Previous Medium-Term Management Plan “PROUD 2020” (2018–2020)

- **Pursue competitive superiority**
 - Acquired Calgon Carbon Corporation in the United States. Decided to expand production facilities for virgin activated carbon (United States) and reactivated carbon (Belgium)
 - Decided to invest in a new plant in Thailand for the isoprene business
 - Boosted production capacity for optical-use poval film (Japan), water-soluble PVOH film (United States), PVB film (South Korea), and SentryGlas™ ionoplast interlayers (Czech Republic)
- **Expand new business fields**
 - Expanded existing production capacity for VECSTAR™ liquid crystal polymer film (Japan)
 - Decided to invest in resin production facilities for PLANTIC™ biomass-derived gas barrier material (United States)
- **Enhance comprehensive strength of the Kuraray Group**
 - Generated integration synergies with the Environmental Solutions business (carbon materials)
 - Established Personnel Development Department for the purpose of reinforcing personnel development and handing down technical expertise
 - Promoted work-style reforms
- **Contribute to the environment**
 - Improved the natural environment: Expanded activated carbon business
 - Enhanced the living environment: Strengthened and expanded the EVAL business and Plantic businesses

Fiscal 2021 Management Plan*

- **Steadily implement capital investment decided in previous Medium-Term Management Plan “PROUD 2020”**
 - **Expand the Environmental Solutions business (carbon materials)**
 - Further integrated operations after organizational consolidation. Steadily captured expanding demand by drawing on our ability to address environmental regulations
 - **Increase production capacity of EVAL™ EVOH resin**
 - While tracking demand trends and business feasibility, explored candidate sites mainly in the Asian region
 - **Promote digitalization across the entire Group**
 - Established the Global Digital Transformation (GDx) Office
 - **Initiatives to create innovation**
 - Established the Innovation Networking Center
- * Given uncertainties over the future of the global economy and the business environment in 2020 due to the COVID-19 outbreak, the Fiscal 2021 Management Plan was for a single year.

Our Mission

We are committed to developing new fields of business using pioneering technology that improves the environment and enhances the quality of life throughout the world.

“For people and the planet—to achieve what no one else can.”

“Kuraray Vision 2026” Long-Term Vision

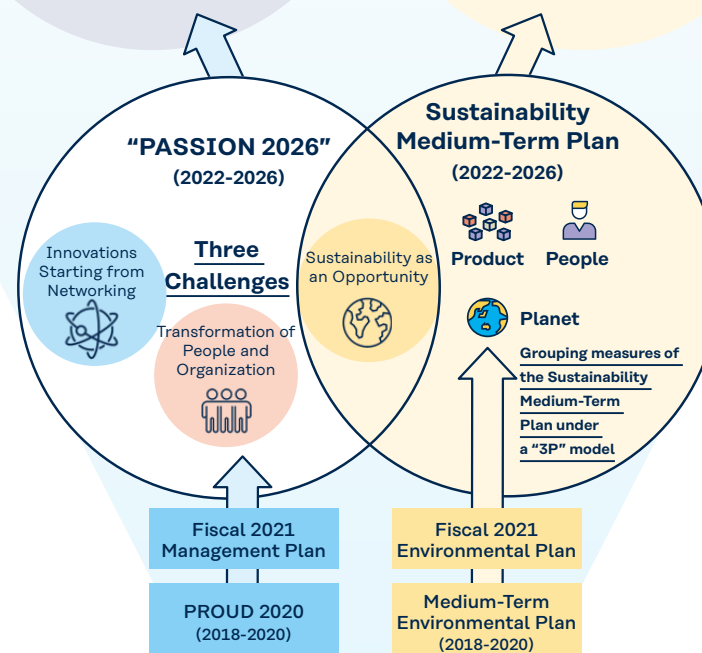
Specialty Chemical Company contributing to customers, society, and the planet and growing sustainably by incorporating new innovation platforms into its own technologies

- Pursue competitive superiority
- Expand new business fields
- Enhance comprehensive strengths of the Kuraray Group

Sustainability Long-Term Vision

As a sustainability leader, Kuraray will develop innovative solutions with unique products and cleaner technologies to improve the natural environment and enhance quality of life for people everywhere.

- Enhancing sustainability management
- Initiatives to achieve net-zero carbon emissions by 2050



Roadmap for the Vision

Medium-Term Management Plan “PASSION 2026”

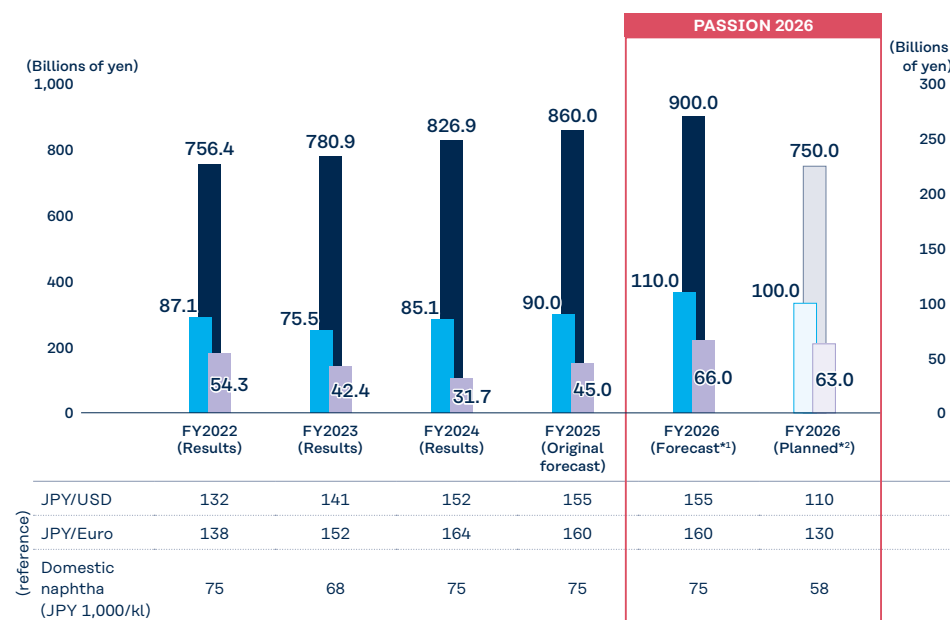
Based on our “Kuraray Vision 2026” long-term vision and Sustainability Long-Term Vision, the Kuraray Group is implementing “PASSION 2026,” a five-year plan spanning fiscal 2022 to fiscal 2026. “PASSION 2026” identifies Three Challenges for the Kuraray Group in order to achieve sustainable growth in an era of unpredictability. These are: “Sustainability as an opportunity” (➤ P. 28), “Innovations starting from networking” (➤ P. 40), and “Transformation of people and organization” (➤ P. 44).

In order to steadily execute these management strategies, we established financial and non-financial KPIs (see tables at right) and regularly report on progress to the Board of Directors and the Executive Committee.

In our financial forecast announced in February 2025, we revised up our net sales, operating income, and net income forecast for fiscal 2026, the final year of the plan, and set new ambitious GHG emission reduction targets for Scopes 1, 2, and 3 (Category 1).

Financial Results and Forecast during “PASSION 2026”

■ Net Sales (left axis) ■ Operating income (right axis) ■ Net income (right axis)



Financial KPIs

	FY2022 results	FY2023 results	FY2024 results	FY2025 plan	PASSION 2026	
					FY2026 forecast*1	FY2026 targets*2
ROIC	7.0%	6.2%	7.3%	8%	9%	8%
EBITDA (Operating income + depreciation and amortization)	¥152.6 billion	¥152.6 billion	¥170.3 billion	¥172.0 billion	¥186.0 billion	¥170.0 billion
ROE	9.0%	6.2%	4.3%	6%	9%	10%
EBITDA Margin (reference)	20.2%	19.5%	20.6%	20%	21%	23%

Non-Financial KPIs

		Benchmark	FY2024 results	Targets	
GHG emissions (Scope 1, 2) (➤ P. 28)	FY2021	3,020 thousand tons-CO ₂ e	2,868 thousand tons-CO ₂ e	FY2035	63% less than FY2021 (1,117 thousand tons-CO ₂ e)
Sales ratio of products contributing to the natural and living environments (➤ P. 33)	FY2020	46%	58%	FY2026	60%
Diversity of core human resources (➤ P. 36)	End Sep. 2021	12%	18%	FY2030	25%

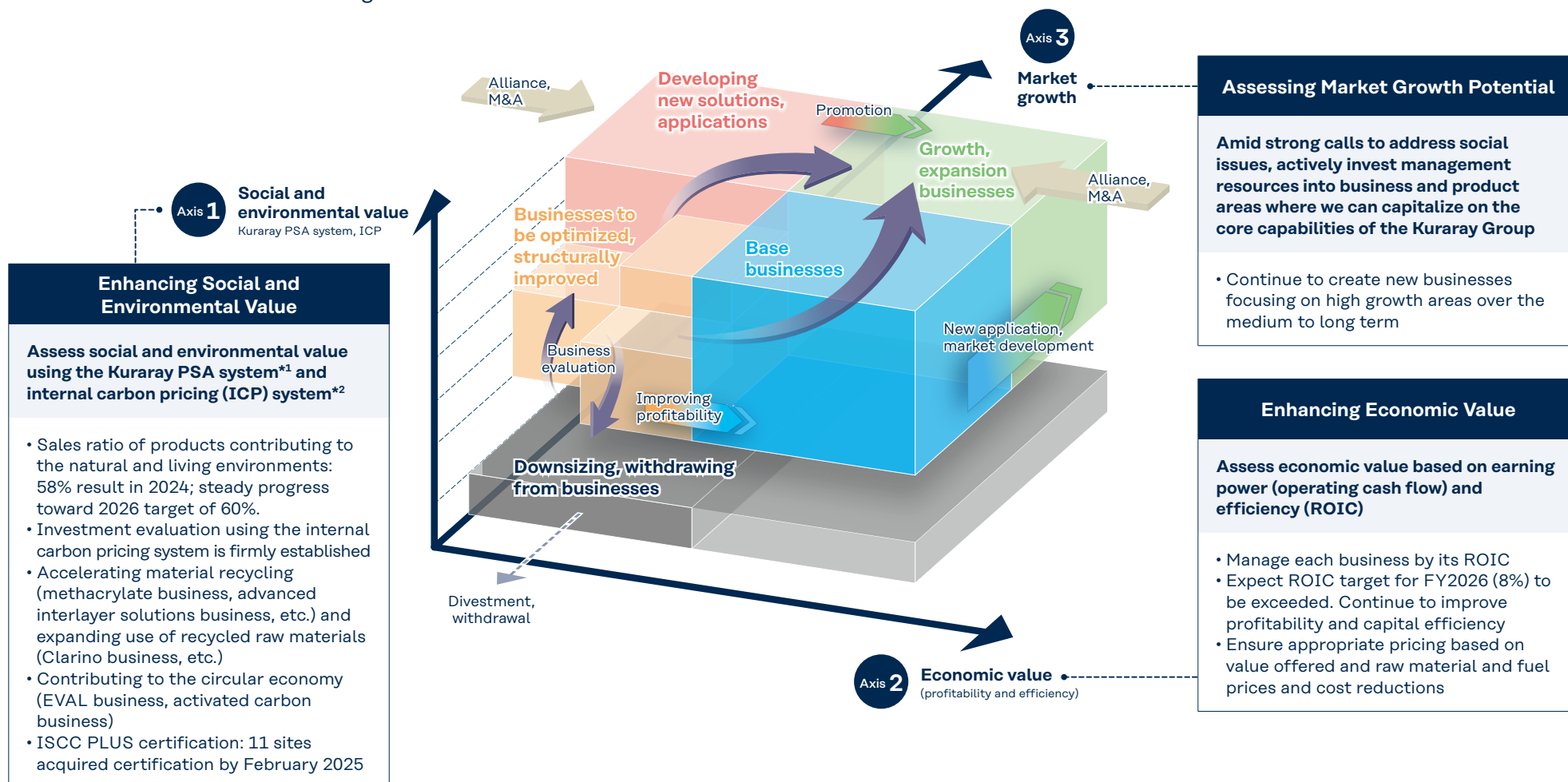
Added during the Term

GHG emissions Scope 3 (Category 1) (➤ P. 29)	FY2021	2,941 thousand tons-CO ₂ e	3,062 thousand tons-CO ₂ e	FY2035	37.5% less than FY2021 (1,838 thousand tons-CO ₂ e)
Global talent development Ratio of senior managers taking global leadership training (➤ P. 37)	(FY2023 result)	40%	45%	FY2030	60%
Executive Candidate Development Ratio of candidates prepared for general managers equivalent positions (➤ P. 37)	(FY2023 result)	90%	130%	FY2030	200%
DX talent development Total number of participants per class (➤ P. 47)	(FY2023 results)	Gold 44 persons Silver 163 persons Bronze 5,114 persons	Gold 82 persons Silver 471 persons Bronze 5,938 persons	FY2026	Gold 180 persons Silver 1,200 persons Bronze 5,700 persons
Ratio of females among new graduate hires - General career track - Job/location-specific track (➤ P. 36)	(FY2023 results)	34% 23%	22% 13%	FY2025 -FY2026	35% or more/year 10% or more/year
Male employees taking childcare leave - Rate of childcare leave-taking - Rate of male employees taking 14 days leave or more (➤ P. 36)	(FY2023 results)	83% 49%	94% 63%	FY2026	100% 90%

*1 Announced in Feb. 2025 *2 Announced in Feb. 2022

Building a More Sophisticated Business Portfolio

The basis for evaluating our business portfolio centers on the two axes of social and environmental value and economic value. In building a more sophisticated portfolio, we will also take market growth into account as we respond to calls to address social issues. The evaluation based on these three axes will guide our efforts to allocate management resources in a strategically focused manner, aiming to transition to a more sustainable business structure and achieve sustainable growth.



*1 A system based on the Portfolio Sustainability Assessment (PSA), a highly objective and transparent product portfolio evaluation method established by the World Business Council for Sustainable Development (WBCSD).

*2 A mechanism for creating economic incentives to reduce CO₂ emissions and save energy, promoting low-carbon investment and encouraging climate change response by setting an internal carbon price and using it to calculate the monetary cost of emissions

Building a More Sophisticated Business Portfolio

Objectives of Building a More Sophisticated Business Portfolio

- Use cash generated from base businesses and growth and expansion businesses to further promote the latter and develop new solutions and applications to drive the next phase of growth.
- In businesses to be optimized or structurally improved, formulate plans for improvement and restructuring and take measures to improve profitability.
- In light of market conditions and the business life cycle, consider downsizing or withdrawing from businesses that do not promise improvement in social, environmental, or economic value, optimizing resource allocation.
- Judge ownership of businesses also from the perspective of whether Kuraray is the best owner in view of their compatibility with the vision for the Kuraray Group.

Progress and Outlook of Specific Measures in Each Area during “PASSION 2026”

	Growth, expansion businesses	Base businesses	Developing new solutions, applications	Businesses to be optimized, structurally improved
FY22-24	<ul style="list-style-type: none"> • Increase capacity in EVAL™ EVOH resin (plants in the U.S. and Europe, new plant in Singapore) • Expansion of dental materials (Kuraray Noritake Dental) • Acquisition of activated carbon (industrial reactivated carbon) business 	<ul style="list-style-type: none"> • Expansion of optical-use poval film (Kurashiki) • Focused investment in safety measures and maintenance and upgrading to strengthen the stable production system 	<ul style="list-style-type: none"> • Establishment of a new laboratory specializing in cell culture (life innovation area) • Development of sustainable raw materials including recycled ones and solutions to reduce environmental impact and promotion of market research 	<ul style="list-style-type: none"> • Optimizing production capacity in the methacrylate business • Restructuring the nonwoven fabric business (withdrawal from dry-type, reduction of meltblown)
				Divestment or withdrawal business
				Artificial marble, biocarrier for wastewater treatment, ballast water management, golf courses, bone-graft substitutes, diatomite and perlite
FY25-26	<ul style="list-style-type: none"> • Capture demand by leveraging strengths such as product and global supply capabilities • Increase capacity (dental materials, recycled activated carbon, GENESTAR™ heat-resistant polyamide resin, SentryGlas™ ionoplast interlayers) • Consider M&As • Strengthen stable supply system by investing in safety measures, maintenance, and renewal 	<ul style="list-style-type: none"> • Strengthen business foundation by further improvement of cost competitiveness and maintaining and upgrading facilities • Capacity increase (optical-use poval film) 	<ul style="list-style-type: none"> • Commercialization of biomass-derived battery materials • Continue to explore and develop themes that will lead to a reduction in environmental impact (micro-plastic reduction, PFAS free) 	KURARITY™ acrylic thermoplastic elastomer, VECSTAR™ FCCL copper clad laminate
				<ul style="list-style-type: none"> • Improve profitability in Isoprene business • Improve profitability in Fibers and Textiles business

Further Developing the Kuraray PSA System

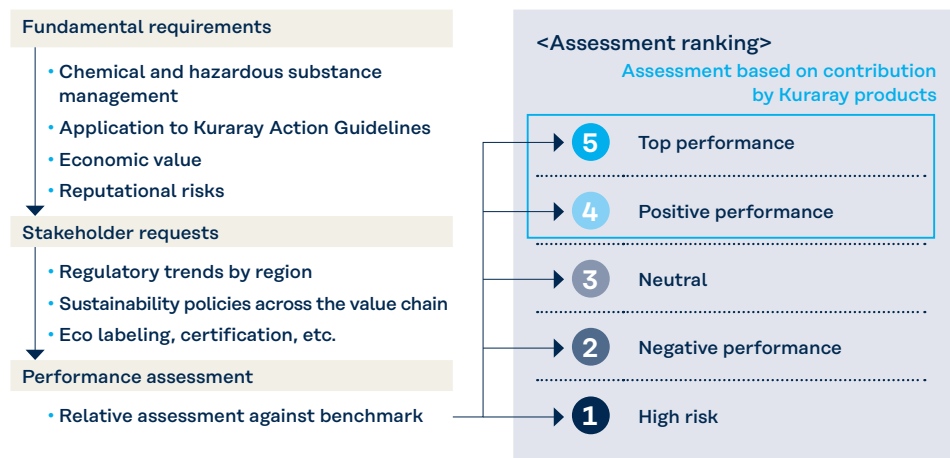
Seeking to Expand the Product Lineup from the Starting Point of Contributing to the Natural and Living Environments

The Kuraray Group has identified material issues relevant to the Company, following the steps shown at right. Among these issues, we are taking products and technologies that contribute to the natural and living environments as our starting point as we aim to create a sustainable product portfolio. To this end, we constructed the Kuraray PSA system based on the PSA guidelines of WBCSD*, which offer a consistent methodology for evaluating products with a high degree of objectivity and transparency.

Looking at products, applications, and the regions where they are used, we evaluate products using a five-point scale based on criteria such as fundamental requirements, social and regulatory trends, and comparison of contributions to the natural and living environments against benchmark products. Products receiving the two top rankings are designated as products that contribute to the natural and living environments. We will increase sales of such products Group-wide from 46% in the benchmark year of 2020 to 60% by 2026. Furthermore, we will build a more sophisticated business portfolio going forward by linking the Kuraray PSA system with business profits.

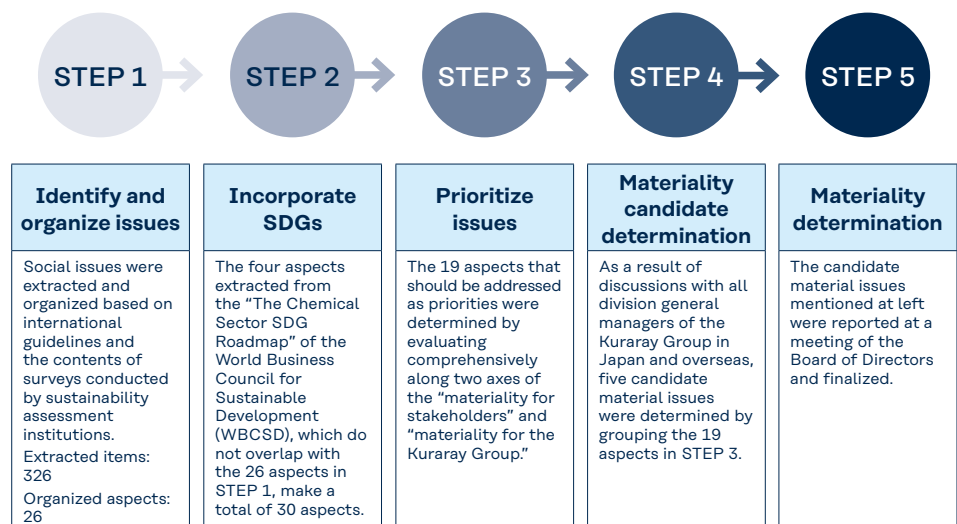
* World Business Council for Sustainable Development.

Assessment of Contribution Using Kuraray PSA System



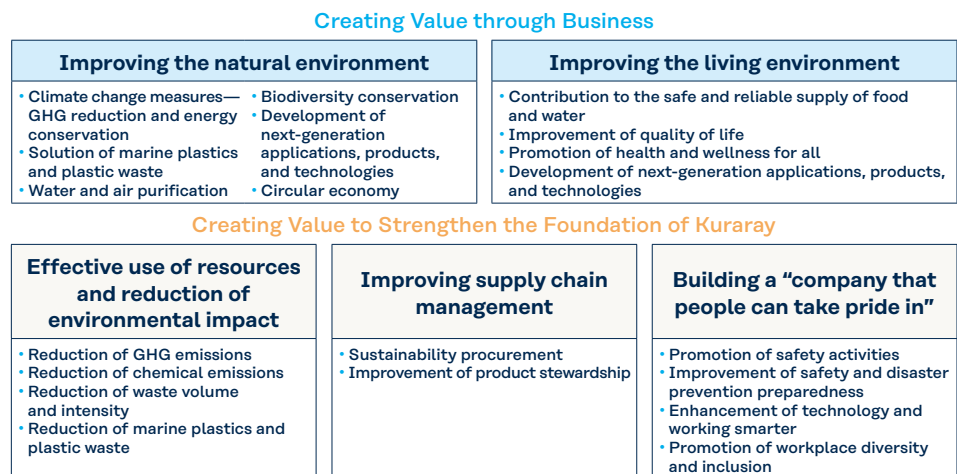
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Procedure to Identify Materiality



Procedure to Identify Materiality

Materiality of the Kuraray Group



Materiality

Three Challenges

Our Challenges 1

28 Sustainability as an Opportunity

- Planet
- Product
- People

Our Challenges 2

40 Innovations Starting from Networking

Our Challenges 3

44 Transformation of People and Organization

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 unique products and cleaner technologies to improve the natural environment and enhance the quality of life for people everywhere.

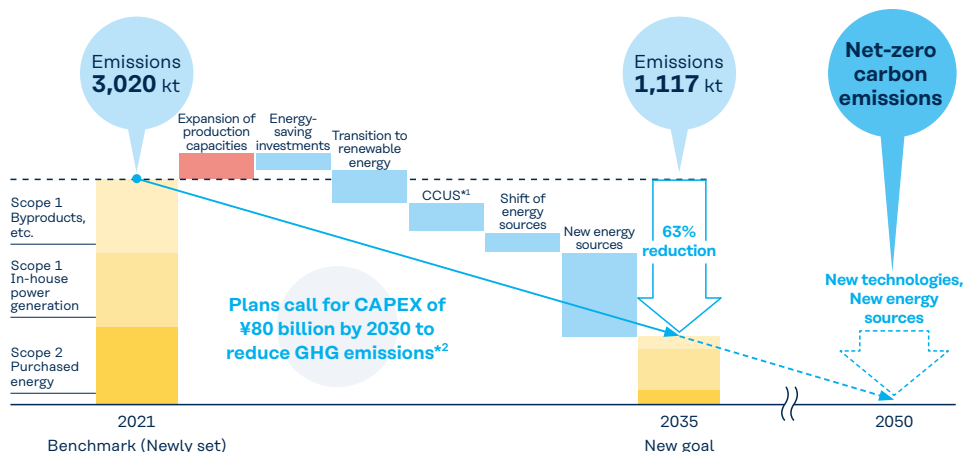
Setting New Goals for GHG Emission Reduction

GHG Emission Reduction (Scope 1, 2)

The Kuraray Group recognizes climate change countermeasures as one of the priority measures and aims to achieve carbon net-zero by 2050.

Regarding the emissions reduction goal for Scope 1, 2, we have learned that there is a project to develop clean energy sources such as green hydrogen and green ammonia near one of the Kuraray Group overseas production sites. To account for the possibility that clean energy supply capacity will be in place by around 2035, we have set the new goal of a 63% reduction in greenhouse gas (GHG) emissions by 2035 compared to 2021. In addition to steadily implementing reduction measures that can be driven internally, we will work toward the new goal by cooperating with power suppliers to explore switching to fuels derived from clean new energy sources.

Roadmap towards Net-Zero Carbon Emissions in 2050



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

*2 ¥22 billion to be invested in energy-saving investment and fuel conversion by 2026, ¥58 billion planned for CCUS and fuel conversion by 2030

GHG Emission Reduction from the Supply Chain (Scope 3)

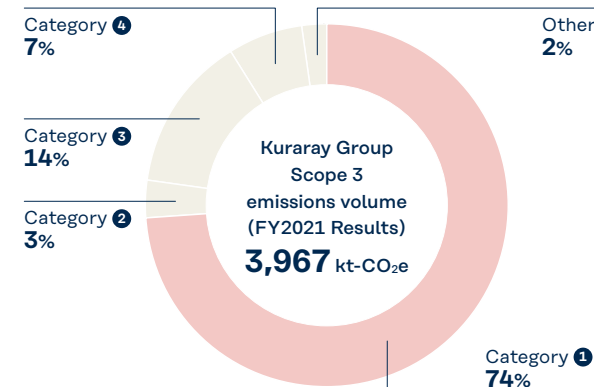
Another important element in reducing GHG emissions is an initiative to decarbonize all of the supply chain. The Kuraray Group has extended the range of calculation of total supply chain GHG emissions (Scope 3) from operations in Japan to locations worldwide, and has also altered the calculation method for Category 1, which covers purchased goods and services. Previously, the calculation method for Category 1 was to multiply the monetary amount for purchase of major raw materials by the emission intensity monetary unit for the relevant raw material group (based on purchase price). We have now improved the accuracy of the calculation by expanding the range of materials covered and applying an emission intensity unit for each individual material (based on material volume).

In 2024, we calculated Scope 3 emissions for the entire Kuraray Group. Through the calculation, we identified that the primary source of emissions is from "Purchased goods and services" (Scope 3 Category 1).

Scope 3 Emissions Ratio by Category (FY2021 Results: Benchmark)

Calculation categories

- 1 Purchased goods and services
- 2 Capital goods
- 3 Fuel- and energy-related activities excluding Scope 1, 2
- 4 Transportation and distribution (upstream)
- 5 Waste generated in operations
- 6 Business travel
- 7 Employee commuting

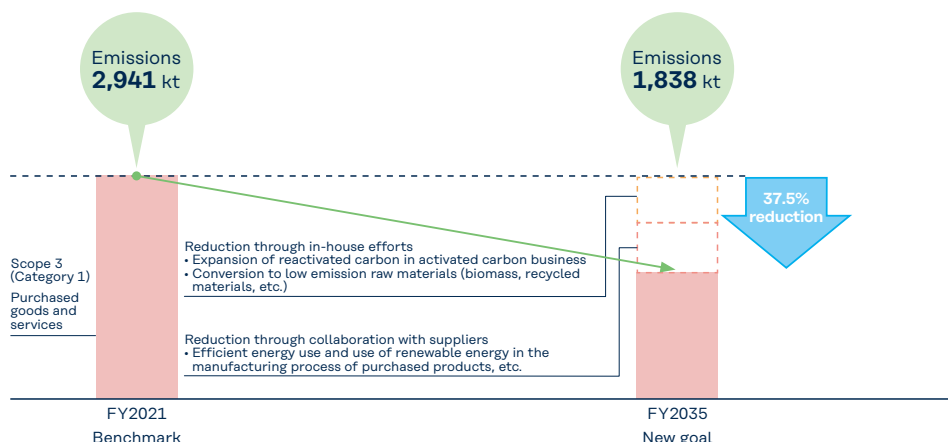


We have therefore set a Group goal for 2035 of achieving a 37.5% reduction, compared to 2021, in Category 1 emissions, which are the main component of Scope 3 emissions. To achieve this goal, we are working on transitioning to raw materials with lower GHG emissions, such as biomass and recycled materials, and expanding the use of reactivated carbon in our activated carbon business. Additionally, we aim to achieve our reduction goal through dialogue and collaboration with our suppliers.

Furthermore, the Kuraray Group aims to obtain SBT* certification for the newly set GHG emission reduction goals for Scope 1, 2 and 3.

* SBT (Science Based Targets): Voluntary targets set by business corporations with regards to GHG emission reductions in a manner consistent with the levels required by the Paris Agreement. The SBT certification ensures that the Company's targets are scientifically based and aligned with the goals of the Paris Agreement.

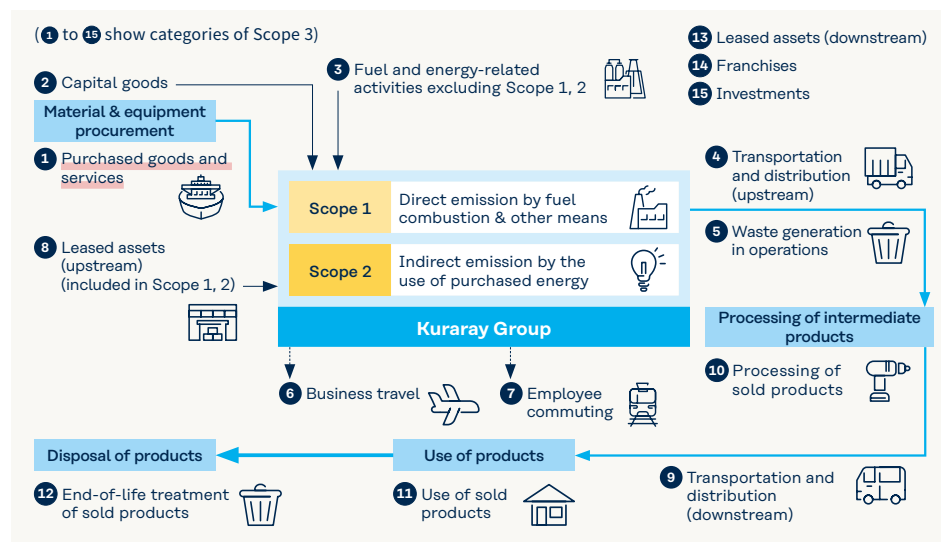
Scope 3 (Category 1) GHG Emission Reduction Roadmap



Adoption of Internal Carbon Pricing (ICP) System

In 2021, the Kuraray Group adopted an internal carbon pricing (ICP) system to govern capital spending. In line with the start of "PASSION 2026," we revised our internal carbon pricing from 2022, to ¥10,000 per ton of CO₂e. 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.

Conceptual Image of GHG Emissions throughout the Kuraray Group Supply Chain



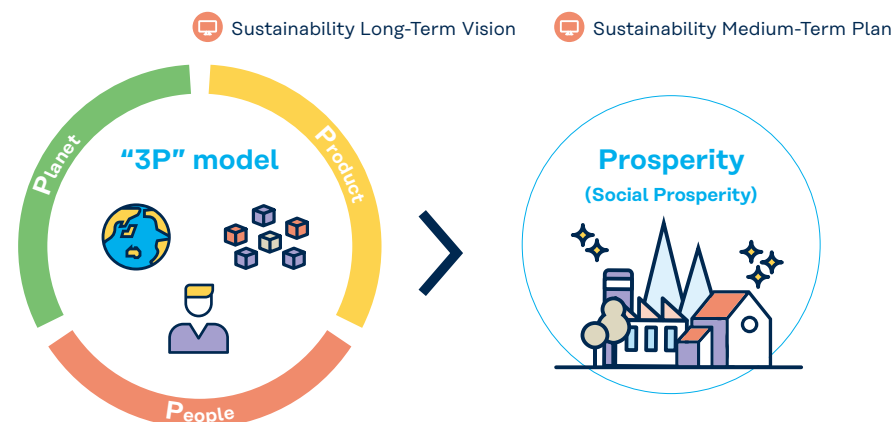
- 8 Emissions from the offices, electrical appliances, and company cars covered are included in Scope 1, 2.
- 9, 10, 11, 12 The Kuraray Group's products are sold mainly as intermediate materials for various applications, making it difficult to track and account for emissions from their transportation, processing, and end-of-life treatment of sold products. Therefore, it is not feasible to reasonably calculate emissions for these categories, and they are excluded from the calculation.
- 13 Not applicable because there are no leased assets to another company.
- 14 Not applicable as the Company does not operate a franchise system.
- 15 Stock of other companies was not held for investment purposes, as reported in the Securities Report (Japanese only).

Operation of ICP system

Internal carbon pricing	¥10,000/ ton-CO ₂ e (calculated using internal exchange rates overseas) Effective from January 1, 2022
Already implemented	Under consideration
<ul style="list-style-type: none"> Capital spending to increase/decrease GHG emissions Calculating virtual cost/profit with internal carbon pricing and using as a criteria in making investment decisions 	<ul style="list-style-type: none"> Converting GHG emissions of each business and product to cost at an internal carbon price and evaluating their resilience to future carbon taxes, etc.

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-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. Our Sustainability Medium-Term Plan set out the following targets to guide our efforts in each of our priority issues.



“PASSION 2026” Priority Issue Targets and Fiscal 2024 Results

			Benchmarks	FY2024		FY2025	FY2026	After FY2027
				Targets	Results	Targets	Medium-Term Plan	Medium- to long-term plan
Planet 	GHG emissions	Scope 1, 2	2021 emissions 3,020 thousand tons-CO ₂ e	3,020 thousand tons-CO ₂ e or less	2,868 thousand tons-CO ₂ e	3,020 thousand tons-CO ₂ e or less		2035: 63% reduction compared to 2021 2050: Carbon net zero
		Scope 3 (Category 1)	2021 emissions 2,941 thousand tons-CO ₂ e	- Identify sources accounting for two-thirds or more of Group-wide emissions - Set numerical reduction targets for 2024-2026	- Identified sources accounting for two-thirds or more of Group-wide emissions as Category 1 - Formulated Category 1 reduction goals	—		2035: 37.5% reduction compared to 2021
Product 	Sales ratio of products that contribute to the natural and living environments		2020 46%	57%	58%	61%	60%	—
	(Of which, Revenue ratio of natural environment contributing products)		(16%)	(25%)	(26%)	(28%)	(27%)	—
	(Of which, Revenue ratio of living environment contributing products)		(30%)	(32%)	(32%)	(33%)	(33%)	—
	Ratio of PSA-screened products to total sales		—	80%	81%	83%	—	—
People 	Occupational injury	A and B rank occupational injuries*1	2021 3 cases	Zero	4 cases	Zero	Zero	—
		Frequency rate of all occupational injuries*2	2021 2.89	1.8 or less	2.32	1.6 or less	1.3 or less	—
	Process safety	A, B, and C rank accidents*4	2021 3 cases	Zero	4 cases	Zero*4	Zero*4	—
		D ₁ and D ₂ rank accidents*3	2021 7 cases	3 cases or less	21 cases	3 cases or less	3 cases or less	—
	Diversity and inclusion	Global measures	—	- Develop personnel database and promote personnel recruitment - Promote global mobility	- Established project for database creation - Put in place short-term overseas assignment system	- Develop personnel database and promote personnel recruitment (To visualize human resource status, leverage resources efficiently) - Promote global mobility (To expand career opportunities, invigorate human resource exchanges)		—
		Ensuring diversity of core human resources*5	End September 2021: 12%	16%	18%	—	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 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 will work toward the Medium-Term Plan target of also achieving zero process troubles in ranks A, B, and C.

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

Environmentally Friendly Manufacturing



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, environmentally friendly 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.

Initiatives to Reduce GHG Emissions



Although Scope 1, 2 GHG emissions increased in 2024 compared to 2023 due to the full-scale operation of the new Thai plant for isoprene products, along with the start-up of new activated carbon facilities in the United States, we remained below our emission targets owing to measures to save energy and boost production efficiency. As in the previous year, we took measures to promote the greening of electricity, including the purchase at overseas Group companies of Unbundled Energy Attribute Certificates (renewable energy certificates).

Meanwhile, we are exploring Carbon dioxide Capture, Utilization, and Storage (CCUS^{*1}) to deal with the CO₂ released as a byproduct in the manufacture of

coal-based activated carbon in the United States. This is being developed as a corporate project based on a cross-organizational project team. In 2024, we calculated the required capacity for CO₂ capture equipment to cope with the emissions of the various plants of Calgon Carbon Corporation and researched the test phase prior to facility installation. We also studied relevant options from a list for CO₂ storage projects in the area around the Pearl River Plant, including the possibility of gaining eligibility under the U.S. Inflation Reduction Act.

In 2024, we expanded the scope of calculation for Scope 3 GHG emissions from only Japan to the whole Group, including overseas, and set a reduction target for Category 1 emissions, which account for a large proportion of total Scope 3 emissions (➤ P. 29). There is also a growing trend to calculate CO₂ emissions across the entire supply chain for final products. In this context, customers are more frequently requested to disclose the carbon footprint of Kuraray Group products. We established and started operating a globally unified CFP^{*2} calculation system. Our carbon footprint calculation method makes reference to major international standards and guidelines for the chemical industry. In our system, the organization making calculations and the organization doing verification are separate divisions to ensure objectivity and reliability. We also use carbon footprint calculation values in the development of new environmentally friendly products.

^{*1} Carbon dioxide Capture, Utilization, and Storage: An initiative to utilize or store CO₂ separated from exhaust gas from industrial facilities.

^{*2} The carbon footprint of products indicates greenhouse gases emitted throughout the entire life-cycle of products or services, from raw material procurement to disposal and recycling (Cradle to Gate), converted into CO₂.

Environmental Performance

Activity		Sustainability Medium-Term Plan for Planet: Environmental Impact Reduction Targets (FY2022–FY2026)		FY2024 Results
GHG emissions	Kuraray Group in Japan and outside Japan:	Scope 1, 2: 3,020 thousand tons-CO ₂ e or less (63% reduction compared to 2021 by 2035)	Scope 1 & 2 emissions: 2,868 thousand tons-CO ₂ e (2021: 3,020 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	Identified Category 1 covering sources accounting for two-thirds or more of Group-wide emissions Set a goal to reduce emissions by 37.5% by 2035 compared to 2021 level of 2,941 thousand tons-CO ₂ e (2024 emissions: 3,062 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: 13.8% 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: 38.5% 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): 23.9% 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: 733 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	Complied with chemical substance emission regulations and implemented quantitative emission control.	

Disclosure Based on TCFD Recommendations



In November 2020, the Kuraray Group endorsed the recommendations of the Task Force on Climate-Related Financial Disclosure*¹ (TCFD) in recognition of the importance of climate change control as one of our high-profile issues. Meanwhile, the Sustainability Medium-Term Plan launched in 2022 proposed climate change mitigation measures that included promoting GHG emission reduction and energy-saving measures, expanding the range of products that contribute to the natural environment, and adapting to the circular economy. While steadily putting these measures in place, we will gradually enhance disclosure structured around TCFD recommendations for governance, strategy based on scenario analysis, risk management, and metrics and targets.

In 2022, we began scenario analysis based on the below 2°C scenario, which assumes a continued shift toward a low-carbon society, and the 4°C scenario, which assumes progressive climate change. In this process, we drew on insights from reports such as the World Energy Outlook published by the International Energy Agency (IEA). By the end of 2023, we had finished calculating the business impact of major risks and opportunities across the Kuraray Group. The results are shown in the table on the right.

We discovered that carbon pricing*² has a significant impact on GHG emissions and energy procurement in the below 2°C scenario, imposing an additional projected Group-wide carbon tax burden of approximately ¥32 billion in 2030, following measures to combat such emissions. In response to this potential increase in operating costs, we will steadily advance our GHG emission reduction program toward achieving carbon net-zero by 2050 while reflecting the market value generated by highly environmentally friendly products and services in their pricing.

While moving ahead with measures to address the major impacts identified by the scenario analysis, we will also review and reflect the calculation detail in a timely manner in response to changes in the environment.

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	Business impact in 2030	
			Scenario	
			4°C	Below 2°C
Transition Risk to low-carbon society	Decrease in revenue from the burden of carbon taxes on GHG emissions and energy procurement	Costs due to carbon tax* ³	Medium	Large
		Change in purchase cost of fossil fuels, oil-derived raw materials	Small	Medium
		Change in utility costs (electricity)	Small	Medium
	Impact of achieving GHG emission reduction targets	Costs avoided by GHG emission reduction initiatives	Medium	Large
	Expand business of products made by biomass-derived materials	Increase in operating income for packaging material products derived from biomass	Small	Medium
	Expand business of renewable (recyclable) products	Increase in operating income for recycled plastic-related products	Small	Medium
	Expand business of products that reduce food loss	Increase in operating income for food packaging materials	Medium	Medium
	Expand business of related materials amid increase in electric mobility ratio	Change in operating income for electric mobility-related products	Small	Small
Physical Risk from climate change	Decrease in internal-combustion engine-related products amid increase in electric mobility ratio	Change in operating income for components for automotive fuel and air intake systems	Small	Small
	Increased damage to plants and production capacity reduction or shutdowns due to flooding in areas near oceans and rivers	Costs of damage caused by future increases in flooding	Small	Small
	Decline in production efficiency due to unfavorable working conditions amid rising temperatures	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 Calculated based on World Energy Outlook 2022 at \$140/ton-CO₂e for developed countries and \$25/ton-CO₂e for emerging countries (2030).

*³ Below 2°C scenario (including 1.5°C scenario): \$140/ton-CO₂e for developed countries and \$25/ton-CO₂e for emerging countries in 2030. 4°C scenario: \$90/ton-CO₂e for EU in 2030



Product

Expanding Products that Contribute to the Natural and Living Environments

➤ P. 26

The Kuraray Group believes its unique products and cleaner technologies will help bring about a sustainable society, and we are working to expand the range of products that make positive contributions.

Under “PASSION 2026,” in setting out targets to expand the lineup of products that contribute to the natural and living environments, we put in place the Kuraray Portfolio Sustainability Assessment (PSA) system to ensure objectivity and transparency in our product screening. We began screening using the Kuraray PSA system in 2021 and have expanded the assessments in stages, in accordance with WBCSD* guidelines. Of 2024 net sales, 81% were covered by PSA screening.

In addition, we designate products with high PSA scores as the Kuraray Group products that contribute to the natural and living environments. Under “PASSION 2026” we aim to increase the sales ratio of such products Group-wide from 46% in 2020 to 55% by 2024 and 60% by 2026. In 2024, as in the previous year, the net sales ratio of products that contribute to the natural or living environments exceeded the target, reaching 58%. We have set a 2025 target of 61%, and also expect to meet the medium-term target for 2026 ahead of schedule.

Kuraray Group Products that Contribute to the Natural and Living Environments

Improving natural environment

Asbestos substitutes

- KURALON™ PVA fiber
 - Helps extend the life of cement materials
 - Fewer GHG emissions compared to competing products

Biomass-derived or recycled raw materials

- Liquid rubber made from biomass-derived materials
- Environmentally friendly polyester fiber and textile product
- Recycled raw material-used CLARINO™ man-made leather

- Reduces Scope 3 GHG emissions



Water and air purification

- Activated carbon



- Easy to reactivate
- Suitable for environmental regulation

Lower logistical burden, food loss reduction

- EVAL™ EVOH resin
 - Recyclable (contributes to a circular economy)
 - Reduces food loss
- PLANTIC™ biomass-derived gas barrier material
 - Reduces Scope 3 GHG emissions
 - Reduces food loss



Makes dentists' and patients' lives easier

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

High-speed communication

- VECSTAR™ liquid crystal polymer film
 - Realizes high-speed communication



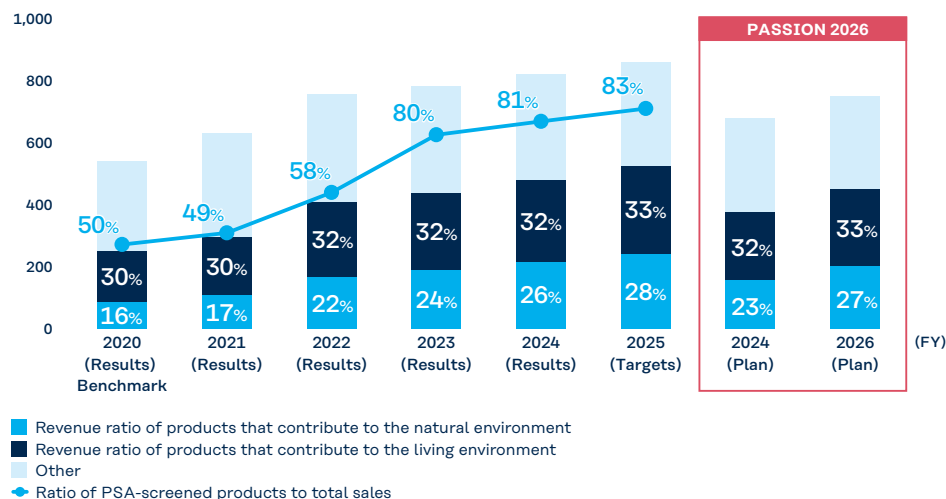
Lightweight electric vehicles

- GENESTAR™ heat-resistant polyamide resin
 - Improves durability of end-product

* Abbreviation for the World Business Council for Sustainable Development.

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

(Billions of yen)



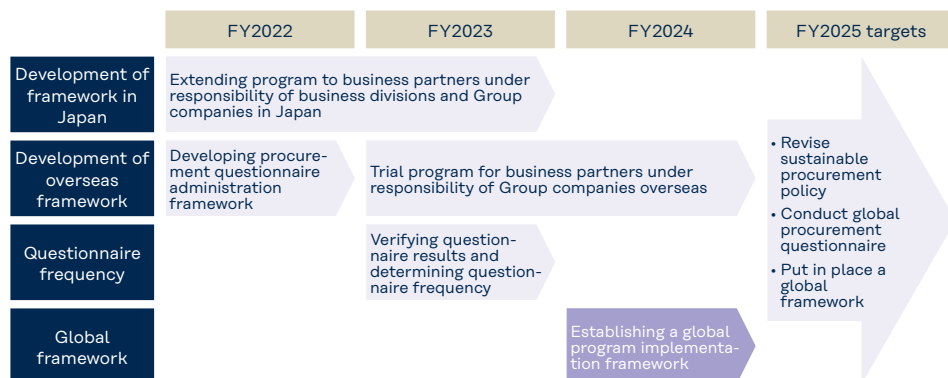
Improving living environment

Promoting Sustainable Procurement

 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 2024, in response to the findings of a 2023 survey of the business partners of our overseas Group companies, we provided feedback on the survey results and undertook dialogue as a way of supporting our business partners to make improvements. Additionally, we coordinated initiatives that had previously been carried out separately in Japan and overseas as a preparation for further measures, including putting in place a survey framework that covers business partners accounting for 80% of total Group procurement value (90% in the case of raw materials and secondary materials). Achieving this target, established under "PASSION 2026," will strengthen the Group's supply chain as a whole.



Considering Human Rights in the Supply Chain

 Kuraray Group Human Rights Policy

The Kuraray Group has prescribed respect for human rights as part of the Kuraray Group Code of Conduct and formulated the Kuraray Group Human Rights Policy to position human rights as a key management issue to be addressed within the Group as well as among our stakeholders. Based on this policy, we are asking our business partners to put appropriate processes in place to protect human rights.

Quality Management

 Quality Management

The Kuraray Group conducts ongoing activities to improve quality and ensure reliability, with the goal of offering products and services that contribute to customers and to society. In particular, we have been pursuing digitalization to reliably store and trace quality data and visualize quality information. We began operating a new quality system in 2023 in a number of business divisions in Japan and rolled it out to overseas bases in 2024. We will continue with the introduction of a global system to continuously enhance quality control.

We also offer talks by guest lecturers every year with the aim of raising quality awareness among employees. In 2024, we held a seminar on the topic "Avoiding the Quality Fraud and Misconduct Trap: The True Causes of Fraud and Misconduct, Preventive Measures, and Organizational Governance from an Organizational Perspective."

Additionally, in 2024 we revised our internal quality assurance regulations, reviewed our method of managing certified products, and took other steps to raise awareness of quality improvement, not only among staff allocated to quality assurance and quality control duties, but also staff in charge of production, sales, and development. In 2025, we will continue working on these activities throughout the Kuraray Group to offer products and services that bring satisfaction to customers.

Product Safety and Chemical Management

 Product Safety and Chemicals Management

To ensure the safety of products, the Kuraray Group's various divisions and companies make evaluations and improvements using risk assessment techniques in developing new products and managing changes to ensure product safety and guarantee quality. 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. Recent years have seen tightening regulations, particularly in Europe and the United States, governing trace ingredients and the chemical substance content of molded products. Companies that handle these materials need 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.



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. It is evident that 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

Safety Is the Cornerstone of Everything We Do

Action Courses for Ensuring Safety (FY2025)

- 1) Practice Safety First, Production (Construction, R&D) Second
- 2) Practice "Prediction Hazards", "Make Sure" Safety Comes Before Taking Action, and "Confirm" If the Action Results Are What You Expect
- 3) 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 Kuraray's Safety Activity Management Rules, 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 made 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 2024 was 2.32 (Japan: 1.19, overseas: 4.01), falling short of our target rate of 1.8 or less. For the Group in Japan, however, the rate was more or less halved from the previous year, while there was also a reduction overseas, so that the frequency rate of all occupational injuries has been declining year by year. 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 four A and B rank occupational injuries across the Group in 2024 (Japan: two A rank and one B rank injuries, overseas: one B rank injury), a result that fell short of the target. The A and B rank injuries included one case each of being caught by a heavy object, being entangled in machinery, contact with hazardous substance, and 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 2024, the Group-wide total of A, B, or C rank accidents, which are classed as relatively serious process accidents according to our in-house standards, was four (Japan: A rank: one case of leakage, B rank: one case of leakage, C rank: one case of leakage and one of fire; overseas: none). We thus did not meet our target of zero accidents. The total of A, B, or C rank accidents at Group companies in Japan has now stayed around the level of five per year for several years. In 2024, 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 21 (Japan: D₁ rank: 11 cases of leakage and four of fire, D₂ rank: five cases of leakage and one of fire; overseas: none). This result fell short of our target of three or less. The number of process accidents increased for the past two years, and was the worst figure on record. We estimate that the increase in the number of process accidents is partly due to the fact that even very minor leakage cases are now being reliably reported and managed. However, we have also observed accidents caused by insufficient checks before and after operations, such as forgetting to close a valve, risks of overlooking something due to the normalization of on-site risks, and cases due to equipment aging. 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 a reduction in the number of minor troubles.

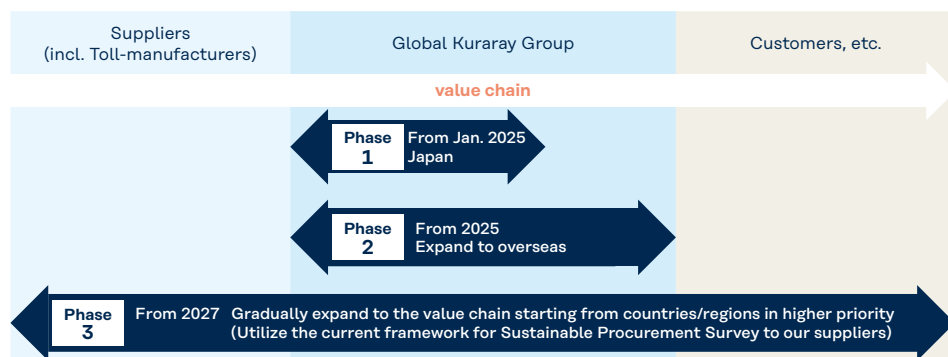
Global Process Safety Management Audit

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 2024, we carried out on-site audits to check the status of safety management at our three U.S. bases and are proceeding with response measures to the issues identified. We will continue with audits by the expert team to check the current status of the safety management system at overseas chemical plants, identify issues, and thereby enhance the level of safety management.

Human Rights Initiatives

Kuraray Group Human Rights Policy Respect for Human Rights

To meet our responsibilities in the field of human rights, the Kuraray Group conducts ongoing due diligence to identify and mitigate the risks and potential impacts of human rights violations in our business activities. In response to the results of human rights violation risk assessment, we introduce appropriate processes to safeguard human rights, also supporting business partners to do so. In the monitoring of human rights in our business activities, we carry out regular risk assessment and review of business activities to confirm the status of compliance with the Kuraray Group Human Rights Policy. We additionally release information on the status of our human rights initiatives.



HR Strategy

HR Strategy

The Kuraray Group consists of employees from various nationalities and backgrounds, and the active participation of all diverse members 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 talents, who are the source of value creation, to play an active role with company-wide connections. We enhance our attractive culture, acquire people who are attracted to that culture and connect to it and motivate and develop those talents.

HR Strategy Story

P. 38



1 Major Actions Related to Culture

HR Policies Culture

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.

Engagement survey

We have unified the surveys previously conducted by each affiliate company individually and have been conducting the global engagement survey, "Our Voice," once a year since 2022. The 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.

Fostering awareness of 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.

Promoting diversity and flexible work styles in the workplace

We believe collaboration among diverse talents leads to the creation of new ideas and innovations. In Japan, we promote a workplace environment where female employees can play an important role. In addition, we are also promoting flexible workstyles and supporting male employees to take childcare leave.

KPIs, Targets, and Results for Creating a Workplace Where Diverse Talents Can Play Active Roles			
KPI	Targets		FY2024 results
Ensuring diversity of core human resources*1	FY2030	25%	18%
Ratio of females among new graduate hires	FY2025-FY2026		
- General career track		35% or more/year	22%
- Job/location-specific track		10% or more/year	13%
Male employees taking childcare leave	FY2026		
- Acquisition rate		100%	94%
- Percentage of male employees taking 14 days leave or more*2	FY2026	90%	63%

*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

Talent acquisition is becoming increasingly important, and we are taking steps to strengthen our recruiting system, compensation, and welfare system. In addition, we are implementing the following medium- to long-term initiatives to promote connections between entities within the group.

• Flexible expatriation system (Promotion of global mobility)

In addition to the existing expatriate system, to be more flexible and to increase diversity within the group, "STEP (Short-Term Expat Policy)" for six months to less than one year has been started.

• Global Succession Planning

We are developing a common global structure and talent database so that the succession planning, which was previously done separately by each affiliate company, to be done on a global basis.

3 Major Actions Related to Talent Development

 Talent Development

We promote talent development by combining training programs and on-the-job-training to strengthen employee's capabilities at workplaces. In Japan, we provide career training programs to employees to think about their own careers self-independently. Our strategy for the global talent development program is introduced as the following.

• Global talent development program

The Kuraray Group has been implementing the Global Talent Development Program since 2007 with the aim of developing talents who can play active roles worldwide, and approximately 1,200 of employees have participated until 2024.

• Executive candidate development

"Kuraray Leadership Program" is designed to systematically develop the executive candidates and create its talent pool, thereby contributing to medium- to long-term business operations, and senior managers participate in the two-year program and section managers participate in the three-year program.

KPIs, Targets, and Results for Talent Development			
KPI*1	Targets		Results up to FY2024
Global talent development Ratio of senior managers taking global leadership training*2	FY2030	60%	45%
Executive Candidate Development Ratio of candidates prepared for general managers equivalent positions*3	FY2030	200%	130%

*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

• DX talent development program

The Kuraray Group has been conducting the DX Talent Development Program as a global measure since 2023, as we believe it is vital to cultivate a culture and environment in which all employees are constantly adapting to the digital evolution. For details see below: Developing DX Talent (➤ P. 47).

Social Contribution Activities

 Interaction with Society  Kuraray Foundation website

We in the Kuraray Group consider the sound and sustainable advancement of society to be a precondition for corporate growth and prosperity, as well as the ultimate objective of 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 resolve 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 its 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

Sending School Backpacks Across the Sea

"Sending School Backpacks Across the Sea" is an international social contribution activity in which school backpacks used in elementary schools in Japan are sent to children in Afghanistan and other areas, who are deprived of education opportunities by war. The backpacks are donated every year filled with stationery and letters.

To date, these backpacks have been sent to Afghanistan, Mongolia, Nepal and Cambodia.

In 2024, the 21st donation drive since the program's launch in 2004, 6,863 backpacks were collected from all over Japan, for a total of 163,408 backpacks sent across the sea to date. Going forward, we hope to continue expanding the reach of this program.



Message from the General Manager of the Global HR Center



Fully Harnessing Technology to Develop Talent and Organizations That Will Lead Kuraray Into the Future

— Ideal Talent for Achieving Our Mission

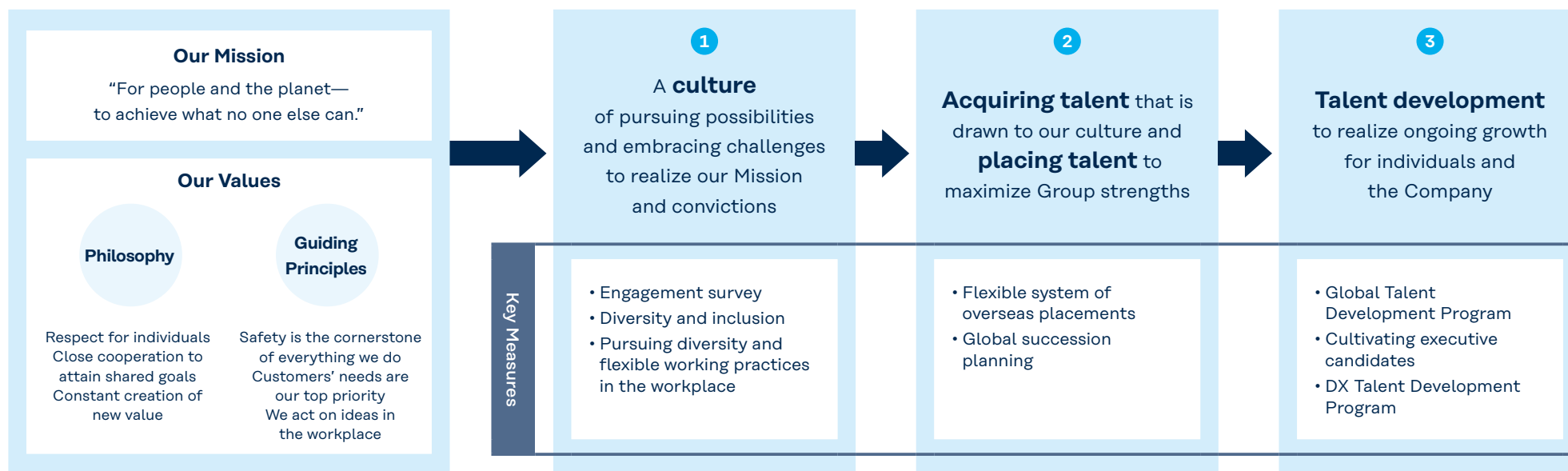
I have led people in the U.S. Navy and headed up Operations and Human Resources teams at several companies before joining Kuraray America as the Director of Human Resources in 2012. I am applying those past experiences to my current position, in charge of global human capital strategy.

One of the strengths of the Kuraray Group is the diversity of our people. We bring together people from all over the world with an array of backgrounds and experience, and have a culture of actively incorporating good ideas. The average employee tenure at Kuraray is long—about 15 years—and so the wealth of information and knowledge built up within the organization is another strength. Our

corporate culture is also marked by an attitude of moving forward in a deliberate manner and building new success on the successes of the past.

I believe that to succeed in this VUCA environment, we, as the Kuraray Group, will need to leverage strategic leadership to bring about dynamic change within the organization. To continue to compete successfully as a global company on an international stage and achieve our mission, we must develop people with strategic leadership skills. It is increasingly critical for leaders to delegate judgment to employees, trusting them and encouraging them, rather than focusing on controlling details themselves. This will allow each employee to live up to his or her full potential and will empower transformation in the Company.

Our Talent Development Story



Message from the General Manager of the Global HR Center

— Kuraray's Human Capital Strategy Approach

The first step in our human capital strategy is building a culture that is grounded our mission and our values, as expressed in the Corporate Statements (▶ see the chart on P. 38). Unless we have values and decision-making criteria that are shared between the Company and its employees, it will be difficult to attract and retain talented personnel.

On that basis, we recruit and deploy talent in alignment with the Kuraray Group's values and business goals, and work to develop personnel to enhance their job performance and career growth.

We will also actively introduce technology into the process of developing talent, which links directly to profit growth, greater efficiency, and other contributions to revenue. At Kuraray America's plants, for example, we rolled out a system that gives plant operators on-site access from their tablets to standard operating procedures, including training videos. This on-demand training enables our team members to access the information they need, when and where they need it. Currently, Group



companies in various countries manage technology-driven education methods separately, but our plan within the framework of employee education is for the Head Office to take the lead in consolidating such education on a single platform and standardizing the system.

This will ensure that employees can receive consistent, high-quality training regardless of what country they live in or which company they work for.

— Appropriate Monitoring and Support in the Workplace

To ensure the effectiveness of our HR strategies, it is essential to establish a data management framework and continuously monitor our progress.

In particular, the indicators I am looking at are successor development and readiness, engagement, and retention rates. In terms of successor readiness, we have set a target of 200% by 2030 for the preparation rate of candidates for positions equivalent to division general manager and executive candidate trainees, and are working to achieve this target while compiling a global talent database. For the engagement survey we began in 2022, we decided that the degree of improvement in scores and response rates should be reflected in executive remuneration starting in fiscal 2025.

But we still have a way to go in terms of sorting out our HR data. For example, what we know about the ratio of female managers is limited to tracking the situation in our regions once or twice per year in a spreadsheet, because standards differ from country to country and we haven't adequately integrated the data.

So, we want to build a framework that can monitor the progress of all kinds of HR data in real time without processing the data or doing any other additional manual work. Ultimately, we aim to make this available to every workplace. This will also help us move forward by linking HR KPIs with financial indicators. It is also essential to create an environment where leaders in the workplace can focus on strengthening their teams. Specifically, we need to enable these leaders to devote more time to cultivating talent by capitalizing on HR training platforms and tools and streamlining manual work.

— Creating Value as "One Kuraray"

The Kuraray Group formulated the tagline "Possible starts here" in 2022. This indicates the Group's ambition to co-create value with society, starting with the Kuraray Group. To achieve this goal, it is vital to bring together the capabilities of every employee and create value as "One Kuraray." This attitude is also evident in the story of the Company's human capital strategy, in that it starts out with building culture.

We also believe that fully harnessing technology will enable us to build a framework that can anticipate future trends based on current and past data. If we can achieve this, the Kuraray Group in the future will see leaders who can demonstrate their full potential in making swift, strategic decisions, contributing to society and achieving the sustainable growth of the Company. We are excited about how things will develop.

Innovations Starting from Networking

Coming together as “One Kuraray,” we continue to embrace the challenge of creating innovation by connecting people, and technologies with technologies, both within and outside the Company.

Basic Strategy for R&D

The Research and Development Division promotes projects that contribute to Group-wide business expansion and profit growth under our three missions: “creating new business,” “strengthening and expanding existing businesses,” and “establishing and deepening core technologies.” Under “PASSION 2026,” the basic strategies of the Research and Development Division include “resource allocation and development for high priority projects aimed at enhancing new business creation,” “development that contributes to carbon neutrality and a circular economy,” and “promotion of digital-related measures, open innovation, and human resource development,” serving as foundations for the above. To facilitate the creation of new businesses, the Research and Development Division has teamed up with the Innovation Networking Center (INC) to promote global marketing for high priority projects, collaborative work to speed up development, and the creation of new business ideas. In the priority areas of carbon neutrality and a circular economy, we are focusing on utilization of biomass-derived raw materials and development of alternative technologies to PFAS (polyfluoroalkyl substances). Additionally, we will accelerate R&D through digital-related measures such as robotics and materials informatics (MI), the use of advanced simulation technology, the development of proprietary AI, and the pursuit of open innovation. Through these initiatives, we aim to generate new materials based on unique technologies and create new businesses for the future.

Missions

- ① Creating new business
- ② Strengthening and expanding existing businesses
- ③ Establishing and deepening core technologies

Basic strategies under “PASSION 2026”

Resource allocation and development for high priority projects aimed at enhancing new business creation

Development that contributes to carbon neutrality and a circular economy

Promotion of digital-related measures, open innovation, and human resource development,

R&D Framework

Aiming to become a Specialty Chemical Company achieving sustained growth, the Research and Development Division plays a core role in implementing R&D and new business development activities as a corporate organization. We have two facilities, the Kurashiki Research Center and the Tsukuba Research Center, for the purpose of planning, proposing, and promoting R&D themes. In January 2025 we formed a Digital Solutions Department and External Collaboration Group to promote digital-related measures and open innovation which are key strategies of the Research and Development Division. To accelerate creation of new businesses in the life science field, which is one of our high priority projects, we upgraded the Life Innovation Promotion Group, into the Business Promotion Department, thereby fleshing out our global marketing structure. In addition, we established the Tokyo Lab within the Tokyo Women’s Medical University-Waseda University Joint Institution for Advanced Biomedical Sciences (known as TWIns) to promote open innovation in the life science field by enhancing customer solutions and accelerating collaboration between industry and academia.

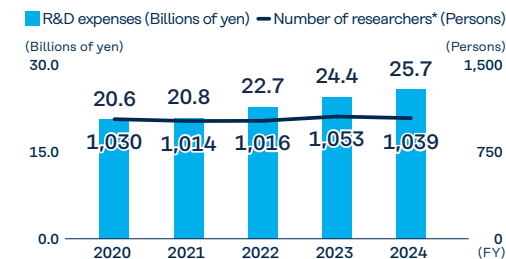
Research and Development Division

Officer in Charge: Toshihiro Omatsu,
Managing Executive Officer

General Manager: Nozomu Sugo

Kurashiki Research Center
Tsukuba Research Center
Life Innovation Business
Promotion Department
Digital Solutions Department
Planning and
Administration Department
External Collaboration Group

R&D Expenses and Number of Researchers



Strategy and Structure of the Innovation Networking Center

The Innovation Networking Center (INC) acts as an accelerator for the Kuraray Group's innovation efforts by promoting internal and external networking.

This unique organization operates globally with around 40 core members from diverse backgrounds. In cooperation with the Research and Development Division and other divisions, the INC aims to create new business opportunities over the longer term by leveraging Kuraray Group's diverse human resources and unique technological capabilities as well as the customer relationships and market approaches that have been cultivated over the years.

Wide range of activities

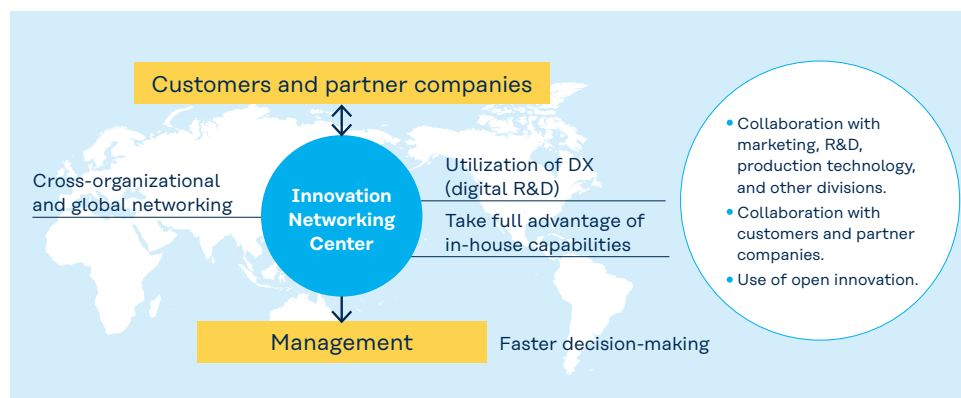
Operating segment teams with target markets

INC operates segment teams with target markets including Automotive, Paper & Packaging, Architecture & Construction, and so on. These teams are responsible for identifying and generating new business opportunities by promoting collaboration with customers and partner companies.




Enhancing platform convenience

We are working to strengthen networking through the Core Technology Platform (CTP), which shares information on the Kuraray Group's comprehensive strengths, including core technologies and human resources, and the Technical Equipment Platform (TEP), which shares information on equipment prototypes. To enhance the convenience of these platforms, we developed and launched a mobile app and AI-powered search function in 2024 to address customer needs more promptly.

Networking Led by Innovation Networking Center



Priority Fields and Examples of Key Strategies

Priority field	Aim	
 Sustainable Feedstock	Substitute conventional feedstocks with more sustainable ones to contribute to the improvement of the global environment	
 Lightweight Solutions to Replace Metal	Provide solutions that contribute to weight reduction in mobility, where demand for energy conservation is increasing	
 Polymer materials recycling	Secure access to recycled feedstocks and build new value chains to utilize industrial waste or end-of-life products to contribute to the improvement of the global environment	

Pursuing new business creation in key areas

In the key areas mentioned above, we work collaborate closely with the Corporate Management Planning Office, the Research and Development Division, and other divisions to generate ideas, formulate business scenarios, and strategically allocate resources. Together, the INC and Research and Development Division are engaged in identifying themes that combine customer-centric and product-driven approaches.

Operating the Kuraray Innovation Pipeline

The INC operates the Kuraray Innovation Pipeline system to prioritize new business development themes on a company-wide scale, aiming to increase the likelihood of successful business outcomes coming to fruition. The INC is currently collaborating with the Research and Development Division to advance six new business themes.

Pursuing open innovation

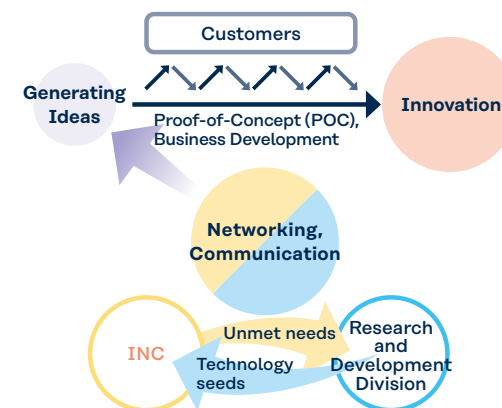
The INC is also pursuing open innovation, including opportunities for collaboration with start-ups. In 2024, the Kuraray Group invested in a venture capital based on the U.S. West Coast, and deployed INC members to commence activities in the Silicon Valley.

Hosting second Kuraray Innovation Days Program

In October 2024, the INC hosted the second Kuraray Innovation Days event in the United States, to generate new project ideas and foster a culture of innovation. This event was voluntarily attended by 24 members from regions around the world, who engaged in intense discussions on three predetermined themes to identify potential new additions to the Kuraray Innovation Pipeline.

New Business Development Based on the Customer Perspective

To continually generate innovation, it is essential in the early stages of development to learn from markets and customers about where they see the value of our materials made using the proprietary technologies, and then implement proof-of-concept (POC) demonstrations. Personnel from the INC's Marketing Department and staff in charge of each R&D theme share information to ensure that product development and POC demonstrations are grounded in a deep familiarity with the market in question. R&D personnel also join the segment team tasked with networking within each market segment such as Automotive, engaging in dialogue with customers with the intention of conceptualizing new R&D themes that address both the challenges faced by customers, and their long-term aspirations.



Messages From Those in Charge

— Accelerating New Business Creation through Collaboration —

Here, we discuss the development of new biomass-derived materials from the standpoint of the INC's global marketers and the Research and Development Division's researchers, who have been working in unison from the idea generation stage to develop materials leveraging our technologies.



Reflecting Customer Feedback

(from left)

Yoyo Chan, Yoshimi Hamano

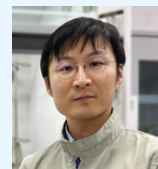
Marketing Department,
Innovation Networking Center

The Kuraray Group's development of new biomass-derived raw materials aligns with market needs, as it is a project born from extensive discussions between marketers and researchers, starting at the idea generation stage. Collaboration proved challenging initially, but thanks to support of project management by a marketer with a background in engineering, the teams were able to connect, and development is progressing smoothly.

From a marketing standpoint we are focusing on areas in which we can demonstrate market leadership, with a particular emphasis on product areas that demand environment consideration. We are leveraging our external networks globally to accelerate POC for customers.

These efforts are supported by global marketers familiar with each target application and region. There is great satisfaction in being able to contribute to development by drawing on individual backgrounds.

We anticipate various challenges as development advances, such as increases in the number of concepts to be tested, and the number of internal and external stakeholders. We are working to strengthen cooperation with development team members to provide better proposals to our customers.



Harnessing Unique Technology Seeds to Address Unmet Needs

Masahiro Baba

Polymers Research Laboratory,
Kurashiki Research Center, Research and Development Division

The Research and Development Division possesses numerous technology seeds, including organic/polymer synthesis technology and catalytic chemistry, and aims to bring these to market more rapidly than ever before.

In developing the new biomass-derived raw materials, we worked together with the INC right from the ideation stage, in order to better understand market needs. Through repeated discussions, we identified the points of alignment between our technology seeds and unmet customer needs, leading to the formulation of initial concepts. I believe this approach has helped define the direction of development enabling us to use our limited resources more efficiently.

We expedited both proposals to customers and customer deliberations by creating samples that demonstrate only the essential characteristics. I feel that this has positioned us better to elicit specific requests from customers, facilitating accelerated development.

Harnessing our own technology seeds to address unmet needs truly embodies our mission of "For people and planet." Together, the INC and Research and Development Division will continue tackling the challenge of creating new businesses.

Innovation

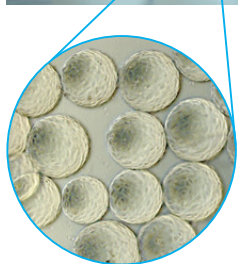
Resource Allocation and Development for High Priority Projects Aimed at Enhancing New Business Creation

In our efforts to create new businesses, we are committed to exploring business opportunities in the field of cell culture, and especially in regenerative medicine, which promises significant growth. We developed SCAPOVA™, the world's first PVA microcarriers for regenerative medicine, which we released in Japan in March 2024 for limited physical and chemical applications. SCAPOVA™ is distinguished by its high cell culture efficiency and low risk of contamination. In September 2024, we established Tokyo Lab, a new laboratory with enhanced bioassay* capabilities, within the Tokyo Women's Medical University-Waseda University Joint Institution for Advanced Biomedical Sciences (known as TWIns), to support open innovation in this field. In this manner we are working closely with academia, which we see as a repository for the knowledge required to enter this field.

In January 2025, we also upgraded the Life Innovation Promotion Group, which played a key role in the development of SCAPOVA™, into the Life Innovation Business Promotion Department, thereby fleshing out our global marketing structure. Going forward, we plan to diversify our product grades and pursue a global rollout commencing in the United States.

The Kuraray Group aims to create a future in which Kuraray's functional products flourish in various settings that interface with biomedicine. We see SCAPOVA™ as a technological bridgehead toward the creation of a new cell culture solution business.

* A method of assessing biological responses and measuring effects using cultured cells and other biological materials.



Microscopic image of cells cultured on PVA microcarriers



Tokyo Women's Medical University-Waseda University Joint Institution for Advanced Biomedical Sciences (TWIns), home to the Tokyo Lab

Development That Contributes to Carbon Neutrality and a Circular Economy

The Research and Development Division is focused on the creation of new materials and technologies that will enhance our medium- to long-term competitiveness by contributing to sustainability, and the creation of technologies and processes that address social concerns by helping to reduce GHG emissions. We consider carbon neutrality and a circular economy to be important themes, within which we are focusing our R&D efforts on four areas in particular: (1) raw material substitution, (2) reduction in environmental impact (via response to environmental regulations and opportunities), (3) recycling, and (4) reduction in GHG emissions.

We have been developing biomass based materials utilizing polysaccharide conversion and formulation technologies, also developing vinyl acetate polymers that combine biodegradability with a high level of functionality and new biodegradable polymers that can be derived from our C4 raw materials. In our response to regulations surrounding PFAS, we are also engaged in developing new high-performance polymers with potential to be used in place of fluoropolymers. Furthermore, we are developing processes that we expect will significantly reduce GHG emissions.

Seizing the challenge of sustainability as an opportunity, the Kuraray Group will develop materials that contribute to improving the natural and living environments to deliver solutions to the world.

TOPICS

New High-Performance Materials Using 100% Biomass-Derived Raw Materials

We have developed a new high-performance film and a high-performance carbon material using 100% biomass-derived raw materials, leveraging our advanced polymer synthesis and molding technologies and carbon material structural engineering technologies. We are developing the film mainly to harness its water solubility in addressing the needs we have identified in the packaging materials market. The new carbon material has proven highly effective as cathode additive for lithium-ion batteries due to its unique pore structure. We expect this material to enhance input/output performance in applications such as EVs and plug-in hybrid vehicles (PHEVs) and facilitate fast charging in cold climates, and we have shipped some samples for customer evaluation.

Transformation of People and Organization

Our aim is to become “a digitally savvy company” that draws on competitive strengths to continue contributing to society, harnessing digital technology to change our processes and drawing on diversity to expand our thinking, bringing transformation to both people and the organization.

Framework for Accelerating Digital Transformation (DX)

The Kuraray Group’s DX Vision is: “Improve competitiveness, continuously evolve, and contribute to the world.” Guided by this vision, we set four priority fields: customer experience (CX) reforms, operational process reforms, business model reforms, and R&D and production technology simulations. Group-wide digital transformation is a core strategy in our Medium-Term Management Plan “PASSION 2026.” Achieving this vision demands comprehensive strengths to achieve rapid digital transformation while integrating the four aspects of people, data, processes, and systems. For example, to achieve more sophisticated cyber security, along with deploying superior security systems, it is necessary to raise people’s digital literacy, properly manage and understand crucial data, and develop security management processes on a global scale.

In January 2023, we integrated our DX and IT functions, creating the DX-IT Division. The aim of the integrated organization is to help us become “a digitally savvy company” by putting digital transformation measures into place quickly and efficiently.

Priority Fields and Progress of “PASSION 2026”

> P. 45 > P. 46

Priority Fields	Progress to Date
Customer experience (CX) reforms	- Helped enhance Group’s overall strength via CRM* ¹ based analysis of customer data and increased data sharing between departments.
Operational process reforms	- Used EA* ² Framework to examine improvement measures from the perspective of all-round optimization - Expanded rollout of global SAP system (SAP S/4 HANA)
Business model reforms	- Designed concept to provide new user value and began building systems in certain businesses
R&D and production technology simulations	- Started building and operating platform for centralized management of R&D knowledge resources - Organized hackathons* ³

*1 Customer relationship management

*2 Enterprise architecture: a framework enabling overall visualization of corporate operations and systems to achieve efficiency based on all-round optimization.

*3 A technology competition offering prize money, in which teams of university students propose solutions to technical problems in a short period of time.

DX-IT Division

Officer in Charge: Junichi Fujiwara, Managing Executive Officer
General Manager: Stanley Fukuyama, Executive Officer

DX-IT Division

Data-driven organization
“Think in data, decide by data.”

Higher digital literacy
Improve ratio of data analytics talents.

Kuraray Group’s DX Vision

As is
(current issues)

Diversification of workstyles

Complex operational processes

Growing importance of information security

To be
(future objectives)

DX Vision

Improve competitiveness, continuously evolve, and contribute to the world as a digitally savvy company

Integrating four aspects of people, data, processes, and systems



Customer experience (CX) reforms

- Understanding customers
- Customer contact points



Operational process reforms

- Process digitalization
- Higher capabilities and efficiency
- Performance management



Business model reforms

- Digitalization of businesses
- Novel businesses powered by digital technology
- Digitally driven globalization



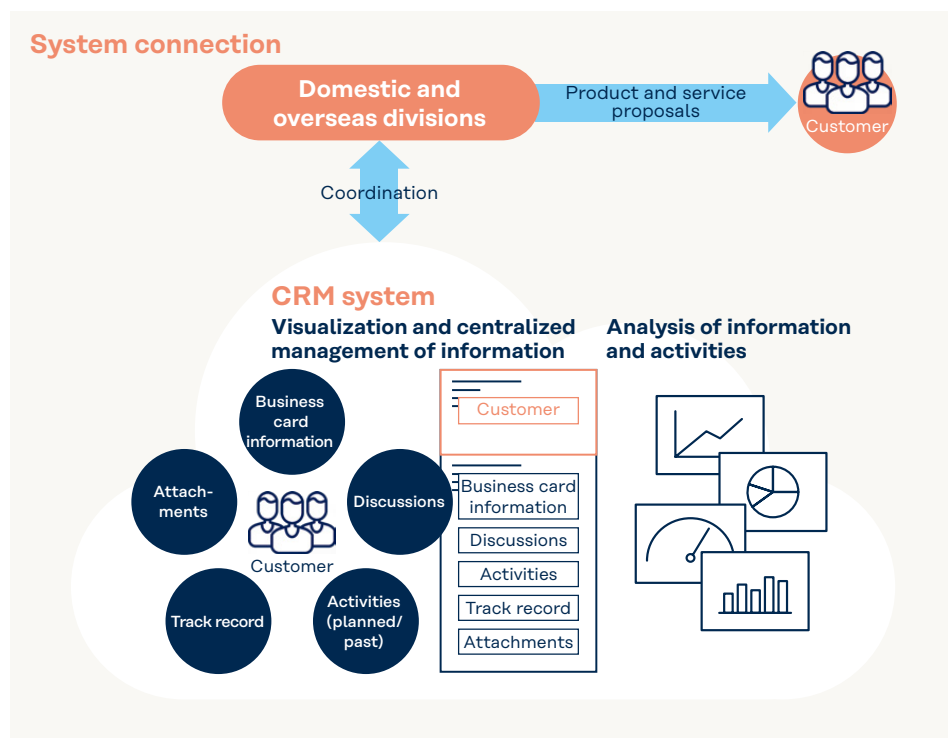
R&D and production technology simulations

- Simulation of chemical reactions
- Simulation of plant operations

Customer Experience (CX) Reforms

The Kuraray Group is acutely aware of the importance of customer experience (CX). We are working to boost operational efficiency through customer relationship management (CRM)-based centralized management of customer information and data analysis, aiming to offer customers an even better experience in their dealings with us.

The CRM system enables data sharing between departments, which can then work together to swiftly and accurately address customer needs. Data sharing also contributes to Innovation Networking Center initiatives to harness the Group's collective strengths and to efforts geared toward realizing a customer response of consistently high quality.



*1 Enterprise architecture: a framework enabling overall visualization of corporate operations and systems to achieve efficiency based on all-round optimization.

*2 Abbreviation for Enterprise Resource Planning. A system for centrally managing a company's management resources and optimizing the Company as a whole

Operational Process Reforms

The Kuraray Group is utilizing digital technology to pursue operational process reforms aimed at improving the performance of the entire organization. In addition to bottom-up improvement initiatives led by frontline teams, we have been using our enterprise architecture (EA^{*1}) framework to devise application-, operational process- and data-level visualization and improvement measures with an eye to all-round optimization. At the application level in particular, IT departments in Japan and overseas have been jointly spearheading global optimization activities since 2022, when such activities began in earnest.

We also remain focused on the rollout of our global SAP system (SAP S/4 HANA) and the streamlining and integration of associated operational processes. After rolling out the system in our vinyl acetate and isoprene businesses, in 2024 we also began rolling the system out at Calgon Carbon to move ahead with ERP^{*2} system integration and operational process reforms in the Environmental Solutions Division. By doing so, we aim to further consolidate the foundations for sustained growth.

Going forward, we will continue to work in collaboration with businesses and back-office departments to realize all-round optimization based on EA and to introduce operational process reforms in a way that distinctively reflects the Kuraray Group's strengths, which are oriented toward customer needs and frontline solutions.

Business Model Reforms

We are actively working to build a framework for creating new value by combining services with digital technology. With strengths in pioneering products, the Kuraray Group has tended to adopt a product-centered business model. One shortcoming with this is that once a social need has subsided, the product loses its adaptability. Furthermore, there has been a growing shift in consumer behavior in recent years from material things to experiences.

Against this background, the Kuraray Group began engaging in concept design to provide new value to users and in 2024 began utilizing IoT to build a concrete system. Our aim is to build new business models by adding the value of interactive digital services to existing business models.

R&D and Production Technology Simulations

(1) Enhancing the digital presence of Kuraray's materials

The business environment is moving rapidly online amid advances in digital technology. In collaboration with ANSYS, Inc., a global leader in the development and sale of simulation and analysis tools, the Kuraray Group is working to create an environment in which customers can efficiently develop products by testing the performance of Kuraray's materials in a virtual space. Publishing the property data of the materials in the Ansys ecosystem facilitates design, simulation, and consideration of material changes, thereby shortening development time and reducing costs.

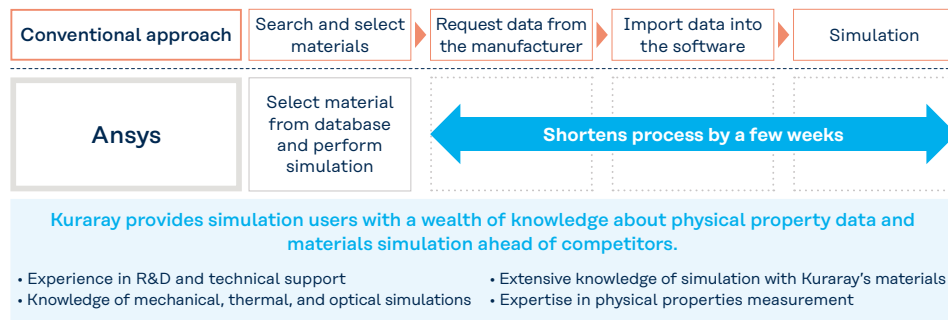
As companies around the world are harnessing simulation software in their product development, we expect this partnership to enhance brand recognition, create new customer contact points, enable R&D based on information concerning global needs, and differentiate our products from those of competitors.

The Kuraray Group seeks to continue enhancing the digital presence of our products by staying ahead of competitors in affording customers access to our wealth of property data and knowledge about material simulations.

Collaborating with ANSYS, Inc., a leading company in the field of simulation software



Provide an environment where customers can easily test Kuraray's unique materials in a virtual space.



Message from the Manager in Charge

Enhancing Kuraray's Presence in the Digital Space and Creating Opportunities for New Value Creation

Yoshimi Ohta

Group Leader, Analytics Group, GDX Promotion Department, DX-IT Division
Manager, Digital Solutions Department, Research and Development Division



A key strength of the Kuraray Group is the wealth of knowledge concerning our materials' properties that we have amassed over many years of conducting R&D. Utilizing this knowledge, we are collaborating with simulation software company Ansys to deliver this property data to customers.

Simulations such as structural analysis are widely used across a range of industries including the automobile, aerospace, electrical and electronic equipment, and medical equipment fields. As these areas involve an array of parts that are required to demonstrate complex functions, simulations are expected to significantly reduce development costs and time. In the case of GENESTAR™ heat-resistant polyamide resin, simulations have led to collaborations with customers by helping them better understand this material's features.

Publishing the property data of Kuraray's materials in the Ansys ecosystem furthermore provides the ideal opportunity to make our products known to R&D and product design specialists in industries with which we have had no previous contact. With demand for lightweighting increasing in recent years, material databases have an important role to play in determining which materials to use. We remain committed to utilizing activities such as these to create opportunities for creating new value that will contribute to society.

The GDX Promotion Department has been spearheading this project, collaborating more recently with the Digital Solutions Department established within the Research and Development Division in January 2025. By further utilizing simulation in the course of research and development, we seek to broaden our knowledge and data concerning Kuraray Group materials and provide data that is of even more use to customers.

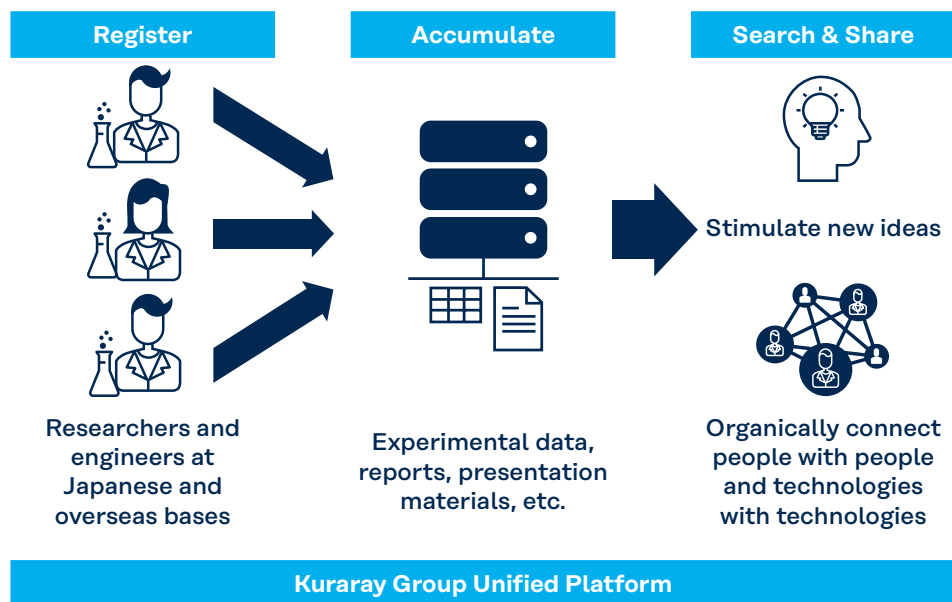
It is essential, too, that we have people capable of staying across internal and external developments and addressing customer issues and R&D challenges within the digital space. I will continue to work "For people and the planet" by encouraging interdepartmental exchange incorporating employees with Gold Class digital literacy as identified via our DX Talent Development Program, as well as members of our business divisions and the Technology Division, responsible for production simulations.

(2) R&D Knowledge Management Platform

In 2023 we began building a platform for centralized management of the Kuraray Group's R&D knowledge resources, and in 2025 we started deploying this across the entire Kuraray Group, including our overseas operations. The aim is to create new businesses and new products by making maximum use of our accumulated body of research and development data to identify new research themes and speed up interdepartmental collaboration.

In addition to operating this platform, we aim to educate users with a view to retaining knowledge within this platform and improving the quality of said knowledge and data. Looking ahead, we aim to foster a corporate culture that promotes the continuous creation of value from data assets.

R&D Knowledge Management Platform



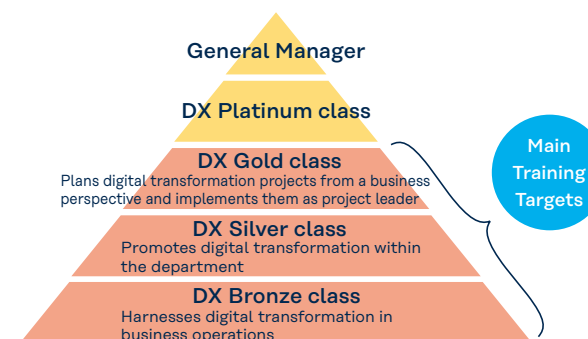
- Efficient creation of new businesses and new products by utilizing this platform to:
- Identify new research themes
 - Speed up interdepartmental collaboration

Developing DX Talent

Believing it is vital to cultivate a culture and environment in which all employees can stay abreast of progress in digital technology, where learning is an ongoing process, the Kuraray Group launched a DX Talent Development Program in 2023 as a global initiative. We established three classes of digital literacy—Gold, Silver, and Bronze—and developed a training curriculum corresponding to each class. Our educational framework mandates that all employees acquire at least Bronze class certification.

We launched this program for Gold- and Silver-class DX talent in Japan in 2023, before instigating similar programs in the United States and Europe in 2024. Globally speaking, we plan to train and deploy at least one person to each department to lead digital transformation efforts and spread technological knowledge throughout the department, and eventually to all parts of the Company.

DX Talent Development Program



Curriculum

Gold	<ul style="list-style-type: none"> • E-learning training (approx. 20 hours) • Workshop training (approx. 60 hours) • Accompanied support training (approx. 60 hours)
Silver	<ul style="list-style-type: none"> • E-learning training (approx. 20 hours) • Workshop training (approx. 20 hours)
Bronze	<ul style="list-style-type: none"> • E-learning training (approx. 6 hours)

DX Talent Development Program under "PASSION 2026": Number of Staff Trained and Future Plan (Japan)

Class	FY2023 (Training completed)	FY2024 (Training completed)	FY2025 (Planned)	FY2026 (Planned)	Cumulative target by FY2026
Gold	44	38	45	45	Approx. 180
Silver	163	308	400	400	Approx. 1,200
Bronze	5,114	824	200	200	Approx. 5,700

Business and Growth Strategies

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 - Vinyl Acetate
 - Isoprene
 - Functional Materials
 - Fibers and Textiles
 - Trading

Message from the Officer in Charge of Finance

As the Officer in Charge of Finance, I Stay in Touch with the Frontlines as I Drive Our Strategy Forward

I was appointed the officer in charge of finance in January 2025. Since joining Kuraray in 1985, after working during my early thirties in the Accounting and Finance Division, I transferred to the business division side, including an overseas assignment. From 2007 to 2012, I served as senior manager of the Accounting Department, followed by appointments as president of the Vinyl Acetate Film Company and general manager of the Corporate Management Planning Office. Drawing on this diverse background, I aim to lead our strategy as an officer in charge of finance who stays closely in touch with our various businesses and frontline workplaces.

— Progress and Outlook of Medium-Term Management Plan

Our Medium-Term Management Plan “PASSION 2026” was formulated amid the great social upheaval of COVID-19. This was followed by a weakening of the yen and progressive inflation, soaring raw material and fuel prices, and interest rate rises, particularly in Europe and the United States. This meant that the plan had to be implemented in an uncertain market environment.

In the face of these challenging conditions, we strove to maintain profitability by leveraging

Junichi Fujiwara

Officer responsible for Corporate Management Planning Office; DX-IT Division; Confidential Information Management; Accounting and Finance Division; and General Manager of Corporate Management Planning Office



our pioneering products to respond to market and customer needs. To do this we drew on the strength of our global supply chain to ensure stable product supply and revised sales prices to reasonably reflect the rise in raw material and fuel prices. As a result, we successfully met plan targets for both net sales and operating income in the plan's first three years from 2022 to 2024.

Looking ahead, although the business environment is likely to remain unpredictable, we will continue to steadily implement the Medium-Term Management Plan with the aim of exceeding initial plan targets

FY2024 Results and FY2026 Targets and Forecast

	FY2024 results	PASSION 2026	
		FY2026 forecast (Announced in Feb. 2025)	FY2026 targets (Announced in Feb. 2022)
Net sales	¥826.9 billion	¥900.0 billion	¥750.0 billion
Operating income	¥85.1 billion	¥110.0 billion	¥100.0 billion
Net income attributable to owners of the parent	¥31.7 billion	¥66.0 billion	¥63.0 billion

for net sales and operating income in 2026, the final year of the plan.

— Progress and Outlook of Financial KPIs

In 2024, ROIC stood at just over 7% and EBITDA at ¥170.3 billion. These two indicators have been improving year by year and are expected to meet the target again in 2026. Although ROE is forecast to come in slightly below target, we are steadily enhancing earning power and are committed to ongoing efforts to achieve further medium- to long-term growth and improve capital efficiency.

Toward improved capital efficiency, we are monitoring ROIC in each of our businesses. Instead of setting a uniform ROIC target for every business division, we apply a unique analysis model to each business. In concrete terms, we conduct analysis focusing on five aspects: (1) marginal profit rate, (2) fixed costs, (3) working capital index (working capital ÷ net sales), (4) fixed assets, and (5) net sales. We seek to improve ROIC by working with business divisions on measures to improve each of these factors, which are then incorporated into frontline action. This management method allows us to clarify priority areas for improvement in each business, thereby improving ROIC.

Financial KPIs

	FY2024 results	PASSION 2026	
		FY2026 forecast (Announced in Feb. 2025)	FY2026 targets (Announced in Feb. 2022)
ROIC	7.3%	9%	8%
EBITDA (Operating income + depreciation and amortization)	¥170.3 billion	¥186.0 billion	¥170.0 billion
ROE	4.3%	9%	10%
EBITDA margin (reference)	20.6%	21%	23%

Message from the Officer in Charge of Finance

— Building a More Sophisticated Business Portfolio

Building a more sophisticated business portfolio has been an important theme for Kuraray for some time, but it was following the Russian invasion of Ukraine in 2022 that our awareness of it grew particularly strong. At the time, our business was seriously impacted by supply chain disruption and rising raw material and fuel prices, and this crisis revealed the strengths and issues of each business.

For instance, the strength of the vinyl acetate business lies not only in the superiority of the products themselves, but also in its ability to ensure a stable supply through its globally based production system. Such strengths are recognized by customers as representing value, which allowed us to undertake appropriate price revisions at a difficult time. We are committed to active investment in businesses, growth fields, and new fields that offer strengths of this kind.

In some businesses, on the other hand, we remained unable to pass rising costs on in sales prices, resulting in falling profit margins. Initially, we sought to work out improvement measures to keep businesses facing a challenging environment afloat, but concerns began to emerge on the Executive Committee and elsewhere as to whether continuing in businesses with insufficient profit levels was beneficial for the Kuraray Group's future. As a basis for building a more sophisticated business portfolio under "PASSION 2026," we initially adopted business assessment criteria centered on the twin axes of social and environmental value and economic value. In the course of discussions, however, it was decided to add the third assessment axis of market growth. Applying this standard, we made the decision as part of the 2023-2024 implementation phase of building a more sophisticated business portfolio to take forward downsizing or withdrawal in a number of businesses.

Going forward, we will work continuously to build a more sophisticated business portfolio based on these business assessment criteria.

— Future Investment Plan

Partly due to the impact of the weaker yen, the budget for capital investment during the period of "PASSION 2026" (decision basis) has been revised upward from the initial ¥380 billion to ¥500 billion, consisting mainly of active investment in growth fields and the updating of facilities required for business continuity.

For the EVAL™ EVOH resin, which is designated as a "growth, expansion business," we are proceeding with the construction of a new plant in Singapore and expansion of production line capacity in the

United States and Europe. With the progressive shift to a circular economy, particularly in Europe, EVAL™ is valued as a product with strong gas barrier properties and high recyclability and should enjoy further growth in demand.

In the activated carbon business, a new U.S. facility for virgin activated carbon began operation in 2024, and we will also make major capital investment in reactivated carbon going forward. In the United States, where regulation of PFAS in drinking water is being tightened, there has been a rapid rise in the demand for activated carbon for water purification. The trend toward stricter regulation is expected to extend beyond the United States to Europe, Japan, and Asia and to bring growing demand, in anticipation of which we are taking forward investment in each of our production

Capital Investment during PASSION 2026 (Decision Basis)



Message from the Officer in Charge of Finance

bases (P. 18). We also plan to expedite decisions on facility expansion for dental materials and GENESTAR™ heat-resistant polyamide resin.

In terms of investment in “base businesses,” we have reinforced optical-use poval film production to respond to growth in demand for large polarizing films. As this product has few competitors, Kuraray has secured a large market share. To consolidate this position, we will undertake ongoing investment.

In terms of strategic investment, we are investing in a range of DX-related areas. The important thing in DX is the human resources who drive it. We emphasize investment in people, including employee training, and are proceeding with the development of human resources able to make effective use of data for process innovation and business model creation.

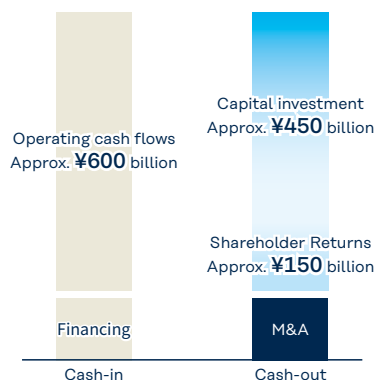
Our great strength is the ability to ensure stable product supply to customers on a global basis. To further reinforce this production system, we will undertake solid investment in the maintenance and renewal of existing facilities.

— Capital Policy

At the time when the Medium-Term Management Plan “PASSION 2026” was formulated, the business environment was unpredictable and capital policy was therefore not discussed in exhaustive detail. As part of their assessment of the plan’s progress, the Board of Directors and the Executive Committee readdressed the issue of the optimal capital structure in repeated rounds of discussion and formulated a new basic capital policy.

With improving corporate performance and the effect of currency exchange, the equity ratio is on an upward trend for the moment. However, in the interests of financial discipline going forward, we aim to maintain an equity ratio of 50-60% and a debt-to-equity ratio of no more than 0.45. This is because we will need to maintain a certain bond rating level to enable flexible fund procurement if

Capital Policy during PASSION 2026



and when concentrated funding becomes necessary in the future. I believe that the essence of our capital policy is to achieve an appropriate balance between shareholders’ equity and debt while also remaining conscious of the cost of capital.

Looking at cash allocation during the plan period, we expect to generate an operating cash flow of around ¥600 billion, of which around ¥450 billion will be allocated to capital investment in business growth and expansion, safety measures, and facility maintenance and renewal. To reflect growing profits, we have also formulated a new policy on shareholder return, which we plan to increase accordingly to around ¥150 billion. Meanwhile, we envisage around ¥100 billion for further M&A activity, which will be funded from external sources if necessary.

— Enhancing Corporate Value and PBR

The Tokyo Stock Exchange requests that management should be conscious of the cost of capital and stock price has focused attention on price-to-book value ratio (PBR). I think that our current PBR leaves room for improvement. For me, the most

To increase returns to shareholders, a new shareholder return policy was formulated

Previous Policy

Total return ratio:
35% or more
Dividends per share:
¥40 or more/year
Share buybacks:
Conduct flexibly

New Policy

Total return ratio: **50% or more**
Maintain, Increase
dividends per share

Share buybacks: Aim for continuous implementation

	FY2021 results	FY2022 results	FY2023 results	FY2024 results
Total return ratio	37%	46%	39%	119%
Annual dividends per share	¥40	¥44	¥50	¥54
Share buybacks	—	¥10 billion	—	¥20 billion

important task is to gain stakeholders’ agreement by explaining clearly our future growth strategy and story, which are centered on our current Three Challenges and the building of a more sophisticated business portfolio, now in progress. That does not mean that I intend to give explanations that all sound positive. I will act decisively where progress is possible, but will also communicate honestly about what is not possible. I think that approach will create the basis for building a relationship of trust with stakeholders.

Meanwhile, as Officer in charge of Finance, I intend to explain the future prospects and the effectiveness of our current strategy using concrete figures wherever possible. Analyzing our strategy in quantitative terms will open new potential to identify opportunities and issues. I also think that having a large resource of quantitative data that we can share will further promote constructive dialogue.

Going forward, I will strive to continue communicating openly with our stakeholders so as to advance hand in hand the further development of the Kuraray Group. I ask for your continued support in our efforts.

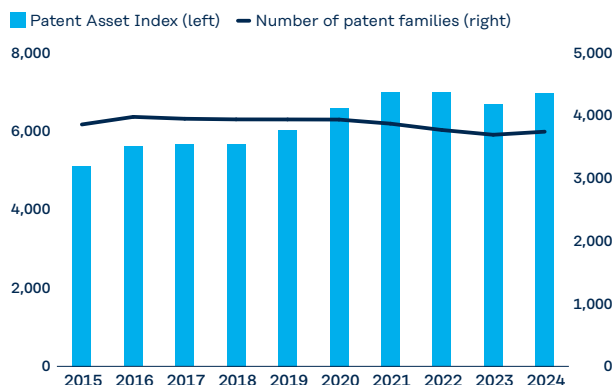
Management of Intellectual Property

Kuraray Group strategically manages intellectual property to strengthen business competitiveness and increase profits. We established the IP Management Center in January 2022 to connect business divisions with the IP division, driving the planning and promotion of IP strategies aligned with each division's business strategy. In 2025, we integrated the IP Department, responsible for strategy execution, into the IP Management Center. This reorganization aims to further strengthen our intellectual property activities by clarifying our strategy and ensuring closer alignment between strategy and execution.

Annual Evolution in Patent Index Scores

To support the globalization of our business, we have built a patent portfolio*¹ covering the necessary countries and regions. During the 2010s, our Patent Asset Index (PAI)*³ score increased even as the number of patent families*² remained stable. Work to globalize operations was largely complete by 2020, and we have been reorganizing our patent portfolio to adapt to changes in the business environment, while keeping the PAI score intact. Looking ahead, as we build a more sophisticated business portfolio, we will continue to carry out intellectual property activities that help realize our management strategies. By reshaping and executing our IP strategy to align with our business strategy, we aim to improve the value of our patent assets.

Patent Asset Index and Number of Patent Families (Consolidated)



Patents Related to Removal of PFAS and Other Water Contaminants

In line with our mission of improving the environment and enhancing the quality of life through our business activities, the Kuraray Group has been developing technologies for the removal of environmental pollutants. In particular, we have taken a holistic approach to effectively remove and decompose trace elements affecting drinking water safety and hygiene. We focus on removal media, usage forms, and methods to ensure effective pollutant removal according to purpose.

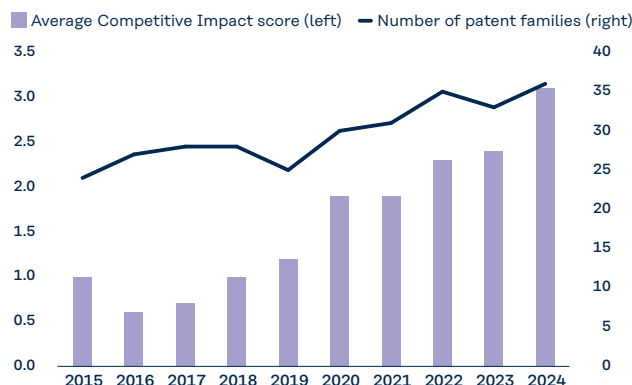
In recent years, our company's activated carbon-related technologies have won plaudits for their effectiveness against PFAS contamination; these technologies are now in widespread use, especially in the U.S. market where regulations are being tightened. It was some time ago that we applied for

and were granted several patents concerning our removal technologies, but as market needs have grown, so too has the level of attention received from other companies, resulting in a steep rise in the Competitive Impact (CI) score*⁴ per patent.

These removal technologies must reliably remove and decompose harmful substances to levels that do not affect human health, while also being economical and environmentally friendly. In advancing our intellectual property activities we must therefore consider not only the materials themselves but also their use, reactivation, reuse, and business model, in accordance with the regulations and business practices of each country.

Moving forward, we will continue to acquire and capitalize on intellectual property to support the advancement of these technologies and meet societal demands ahead of our competitors.

Average Competitive Impact Score for Patents Related to Removal of PFAS and Other Water Contaminants



Aims of Intellectual Property Department Organizational Reforms

Our company contributes to society with a unique product group centered on one-of-a-kind products. Previously, securing patent and trademark rights related to products and their manufacturing technologies formed the core of our intellectual property activity, as the unique nature of our products differentiates them from the outset. However, in the 21st century, the competitive landscape has changed significantly because of competition from emerging countries and alternative materials, and due to an accumulation of customer experience. Therefore, we are striving for more strategic intellectual property activities that extend beyond proprietary products and technologies, considering other materials and applications.

*1 Created by the Kuraray Group using patent analytics from the LexisNexis® PatentSight+, sourced from U.S.-based LexisNexis.

*2 A set of patent applications and acquisitions in multiple countries in relation to a single invention.

*3 An index indicating the total value of a patent portfolio, the sum of the Competitive Impact of patents held.

*4 An index of the competitiveness of a patent family, obtained by multiplying market coverage and technology relevance.

Strategies by Segment

Vinyl Acetate

We manufacture and sell materials ranging from PVOH resin offering properties such as water solubility and high adhesiveness; PVOH film used in liquid crystal displays and soluble unit dose systems for detergent and other products; PVB film used as an interlayer for safety glass; SentryGlas™ ionoplast interlayers; to EVAL™ EVOH resin with high gas barrier properties.

Competitive Advantages

- Integrated production based on advanced technology from raw material monomers to finished products
- Numerous high-quality, cost-competitive product lines
- Stable supply framework backed by our global network; strong customer base
- Capabilities in proposing value to customers and in marketing
- Establishment of Singapore Technical Center to accelerate growth in Asian markets (planned)

Business Environment

Opportunities

- Increased demand due to a shift toward larger liquid crystal displays and accelerated digitalization trends
- Growing concern about food safety and security amid rising living standards in emerging countries
- Growing demand for recyclable packaging materials and global food loss reduction
- Increased global demand for soluble unit dose system for detergent
- Expanding demand for barrier paper, etc., amid growing environmental awareness

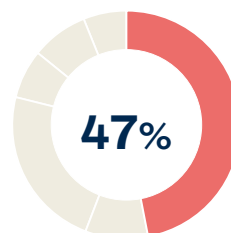
Risks

- Maturing of the liquid crystal display market and expansion of the OLED display market
- Increased country risks
- Soaring raw materials and fuel prices and sharp exchange rate fluctuations

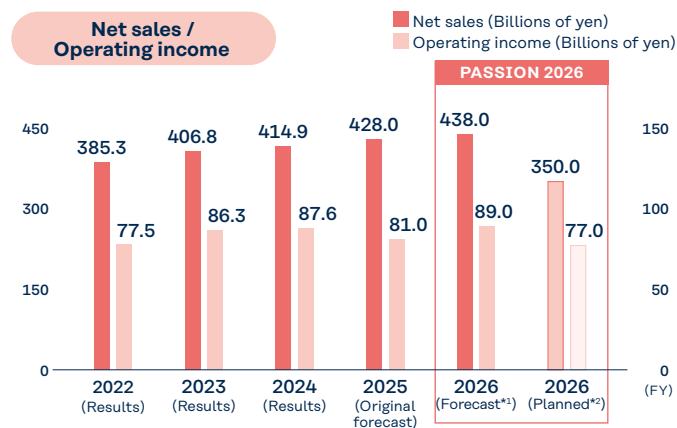
Detailed product information and financial data for each segment can be found in the Kuraray Fact Book.

 Announcement of Financial Results  Fact Book

Net sales
composition ratio


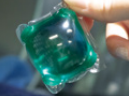




Net sales /
Operating income



*1 Announced in Feb. 2025 *2 Announced in Feb. 2022

"PASSION 2026" Strategies and Progress

Business	Strategy	Progress to date
PVOH resin	 <ul style="list-style-type: none">- Maintain a strong supply framework by taking advantage of our strengths backed by our own raw material production capabilities- Continue to shift from quantity to quality (new applications and high-value-added products)	We continued our shift toward high-value-added products and strengthened and optimized the global supply chain.
Optical-use poval film	 <ul style="list-style-type: none">- Strengthen production and sales frameworks in accurate response to expanding demand and the market shift to China- Launch and expand lineup of value-added products that meet customer needs, such as high-transparency or thin film	To address mounting demand for wide film stemming from the increasing size of liquid crystal displays, we started operations of a new production line at our Kurashiki Plant in the second quarter of 2024.
Water-soluble PVOH film	 <ul style="list-style-type: none">- Timely capacity expansion to cover demand growth and to maintain stable supply to the market- Promote the development of new applications as well as biodegradable and bio-based raw materials to contribute to a circular economy	As the world's leading supplier of water-soluble PVOH film, we have put a framework in place to ensure stable supply in line with future market growth. Production commenced in 2024 at our new plant in Poland, further strengthening the supply chain.
Advanced interlayer solutions	 <ul style="list-style-type: none">- Expand lineup of SentryGlas™, our unique interlayer film for safety glass- Leverage the strengths of the global supply framework supported by bases in Europe, the United States and South Korea while accelerating the launch of newly developed products	We optimized the global supply chain to meet brisk demand for SentryGlas™. Sales of advanced interlayers for high-performance automotive applications were up as a growing number of new customers in Asia adopted our products.
EVAL	 <ul style="list-style-type: none">- Enhance the stable supply framework and build a new plant in Asia- Contribute to food loss reduction and circular economy by meeting growing demand for food packaging applications	Sales was expanded due to development of new applications for food packaging. To make our global supply framework more stable, we are expanding production lines in Europe and the United States and also decided to build a new plant in Singapore, planned to start operations from the end of 2026.

Strategies by Segment

Isoprene

We manufacture and sell isoprene chemical products made with a synthesizing method as well as SEPTON™ thermoplastic elastomer and GENESTAR™ heat-resistant polyamide resin, which are derivatives of isoprene chemical products.

Competitive Advantages

- Broad lineup of unique products based on proprietary technology
- Advanced technological services that meet customer needs
- Stable supply framework through global network, with newly added base in Thailand
- Capabilities in proposing value to customers and in marketing

Business Environment

Opportunities

- Expanding demand for materials development for the weight reduction, electronic control, and electrification of automobiles
- Growing demand for high-end materials to meet next-generation communication standards
- Increased demand for environmentally friendly materials and bio-based materials due to growing environmental awareness

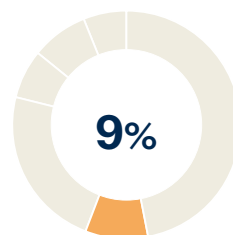
Risks

- Soaring costs of raw materials and fuel, difficulties in procurement, and sharp fluctuations in foreign exchange rates
- Reduced automobile and electrical and electronic device production due to semiconductor shortages
- Low-cost strategies of competitors and other factors will undermine markets

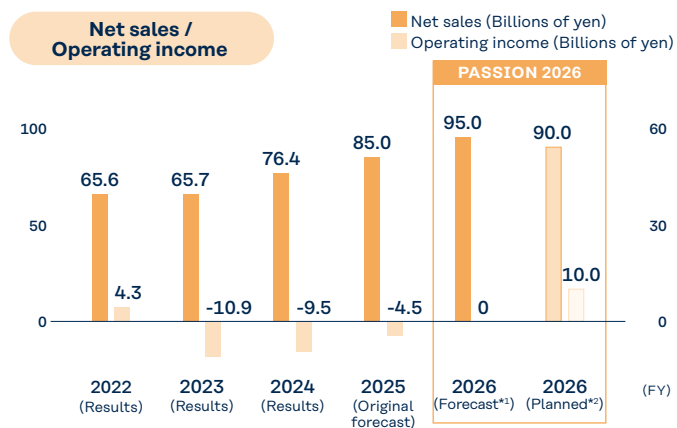
Detailed product information and financial data for each segment can be found in the Kuraray Fact Book.

 Announcement of Financial Results  Fact Book

Net sales composition ratio



Net sales / Operating income



*1 Announced in Feb. 2025 *2 Announced in Feb. 2022

"PASSION 2026" Strategies and Progress

Business	Strategy	Progress to date
Isoprene Chemicals	<ul style="list-style-type: none"> - Expand sales of one-of-a-kind products - Quickly commercialize newly developed products to secure new profit contributors - Promote sustainability (Reduce GHG emissions via the switchover of raw materials and the improvement of the manufacturing process) 	With regard to expanding sales of one-of-a-kind products, we boosted production capacity for MPD (3-Methyl-1,5-Pentanediol), with the addition of a new plant in Thailand, aiming to meet demand for use in man-made leather in car seats, which is growing on the back of an increase in new car sales. Also, our MMB (alcohol-based solvent) was in increased demand as a cleaning agent due to its safety and solubility.
Elastomer	<ul style="list-style-type: none"> - Strengthen global supply framework for SEPTON™ - Build a new liquid rubber plant in the United States - Promote a development framework and expand sales of products that are high-value-added and made from sustainable raw materials 	We grew sales of SEPTON™, some of which were produced at our plant in Thailand. In February 2025, we obtained ISCC PLUS certification for biomass and recycled raw material products manufactured at the Kashima Plant. We intend to leverage this certification in expanding sales of our environmentally friendly products.
Genestar	<ul style="list-style-type: none"> - Expanded use in parts for weight reduction, electronic control, and electrification of automobiles - Penetrate further into global markets, including Europe, the United States and Asia - Consider the second phase of facility construction in Thailand 	We saw increased adoption of GENESTAR™ in connectors for in-vehicle electronic control components and automotive components. The more widespread use of generative AI drove stronger demand for our products in data center connectors and PC-related applications.

Strategies by Segment

Functional Materials

We manufacture and sell activated carbon whose high adsorption performance is used to purify air and water, water treatment equipment, dental materials enabling restorations that closely resemble natural teeth, and methacrylic resin that offers excellent transparency and weatherability.

Competitive Advantages

- Development of high-value-added products with advanced technological capabilities and high quality
- Supply and sales capabilities using our global network as a comprehensive manufacturer of activated carbon
- Capabilities in proposing value to customers and in marketing

Business Environment

Opportunities

- Increased demand for air and water purification under tighter environmental regulations worldwide
- Global expansion of the circular economy
- Expansion of energy-related markets
- Growing demand for cosmetic dentistry in line with rising standards of living
- Digitalization of dental lab work using CAD/CAM
- Increased demand to develop materials with transparency and optical properties in line with the increasing sophistication of automobiles

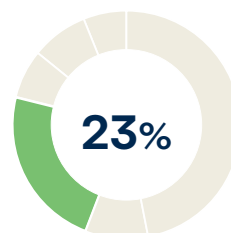
Risks

- GHG emissions from the activated carbon production process
- Decreasing cost competitiveness and supply capacity due to inadequate raw materials procurement capabilities
- Soaring raw materials and fuel prices and sharp exchange rate fluctuations

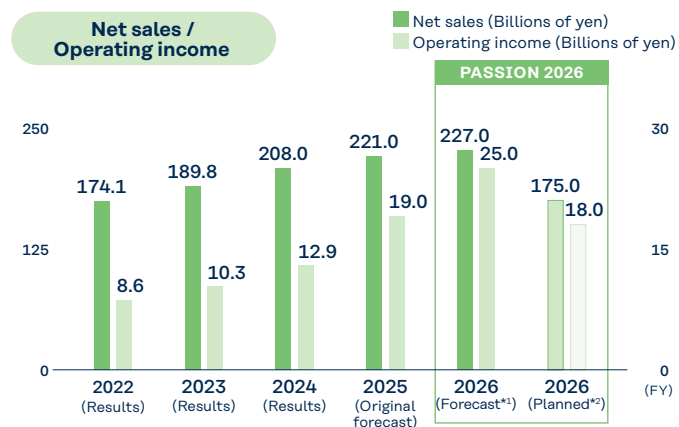
Detailed product information and financial data for each segment can be found in the Kuraray Fact Book.

 Announcement of Financial Results  Fact Book

Net sales composition ratio








Net sales / Operating income



*1 Announced in Feb. 2025 *2 Announced in Feb. 2022

"PASSION 2026" Strategies and Progress

Business	Strategy	Progress to date
Environmental Solutions	 <ul style="list-style-type: none"> - Expand profitability leveraging strengths as an activated carbon manufacturer - Fully realize synergies and growth by enhancing our production capabilities for both virgin and reactivated carbon - Develop products related to reducing GHG emissions for electrical material and mobility applications 	To capitalize on PFAS compliance needs and other new business opportunities, we are expanding our capacity to provide virgin activated and reactivated carbon, equipment, and technical services. Following capacity expansion at a Belgian reactivated carbon facility, in 2024 we expanded our virgin activated carbon production capacity in the United States, where we also acquired an industrial reactivated carbon business. In the development of products for electrical material and mobility applications, teams from Japan and the United States continued to work together with major customers to determine product specifications. We are also exploring the use of new biomass-derived raw materials to reduce GHG emissions.  P. 18
Medical (dental materials)	 <ul style="list-style-type: none"> - Constantly introduce a stream of new high-value-added products in the CAD/CAM field - Strengthen the product supply framework to support global expansion 	We continue to develop high-value-added CAD/CAM materials. To strengthen the supply framework, we began construction on additional inorganic dental material capacity at the Miyoshi Plant (an investment decision made in 2023), and are preparing to bring this capacity on stream in the second half of 2026. We are also developing systems for building an efficient, optimized global supply chain.
Methacrylate	 <ul style="list-style-type: none"> - Develop and realize high-value-added materials and technologies for the next generation - Establish a recycling system and achieve production process innovation 	In acrylic display stand applications, there was significant growth in demand for our newly developed extrusion sheet with improved print adhesion. Additionally, our molding material made from recycled raw materials received ISCC PLUS certification. We are also working to optimize our product mix and production capacity to further strengthen our competitiveness.
Aqua	 <ul style="list-style-type: none"> - Strengthen the membrane business by leveraging our unique technologies - Promote environment-related businesses backed by synergies with the Environmental Solutions business 	There was increased uptake of GL module high-performance membranes for the water treatment area of the semiconductor manufacturing sector. We are pursuing new customer acquisition and other activities by leveraging the staff and networks of the Environmental Solutions Division.

Strategies by Segment

Fibers and Textiles

We manufacture and sell KURALON™ PVA fiber, which is mainly used in reinforcing cement building materials and in automotive components; CLARINO™ man-made leather, which has a structure and functionality similar to natural leather; VECTRAN™ liquid crystal polymer fiber, known for its high strength and low water absorption; meltblown nonwoven fabrics used as household and industrial products; and MAGIC TAPE™ hook-and-loop fastener.

Competitive Advantages

- Turning an array of resins into fibers using various proprietary spinning technologies
- Development and proactive deployment of sustainable products
- Capabilities in proposing value and marketing, including assessment technologies for customer applications

Business Environment

Opportunities

- Strengthening measures that contribute to society, such as meeting asbestos regulations
- Amid growing environmental awareness, mounting demand for materials and manufacturing methods that offer low environmental impact
- Mounting demand for high-end materials in line with performance enhancements of various industrial products

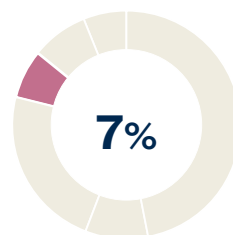
Risks

- Competition with products from emerging countries and with other materials
- Soaring costs and difficulties in procuring raw materials and fuel, sharp exchange rate fluctuations
- Disruptions in overseas logistics in export businesses

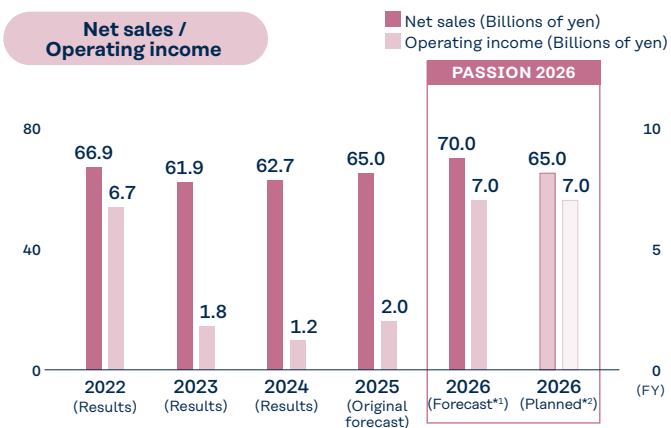
Detailed product information and financial data for each segment can be found in the Kuraray Fact Book.

 Announcement of Financial Results  Fact Book

Net sales composition ratio



Net sales / Operating income



*1 Announced in Feb. 2025 *2 Announced in Feb. 2022

"PASSION 2026" Strategies and Progress

Business	Strategy	Progress to date
Clarino	<ul style="list-style-type: none"> - Expand sustainable products using recycled raw materials and bio-based raw materials while shifting to environmentally friendly manufacturing and processing processes - Expand the supply framework in response to the globalization of supply chains 	For various applications including mainstay sports shoes and luxury products, we are seeing increasing use of products made with recycled materials and made with environmentally friendly production processes that do not use organic solvents.
Fibers and Industrial Materials	<ul style="list-style-type: none"> - Expand sales of VECTRAN™ leveraging the characteristics of materials - Expand KURALON™ PVA fiber operations by concentrating resources on strategic applications such as rubber reinforcement and concrete reinforcement, as well as expanding applications in fields requiring compliance with environmental regulations (e.g., asbestos substitutes). 	VECTRAN™ is seeing steadily growing use in industrial material applications, capitalizing on its high strength, low water absorption, and other characteristics. Although KURALON™ was impacted by weak demand in existing applications, we are growing sales of differentiated products that hold promise for reducing CO ₂ emissions.
Fastening	<ul style="list-style-type: none"> - Expand environmentally friendly products and sustainable materials - Expand the lineup of unique products, such as MAGIC TAPE™, to meet labor-saving needs for customers' manufacturing processes 	The business is launching and expanding sales of a range of products, including the industry's only recyclable, environmentally friendly MAGIC TAPE™ made from recycled polyester yarn, and a hook-and-loop fastener for cable ties that uses the Kuraray Group's specialty resin, offering superior flexibility and holding durability.

Strategies by Segment

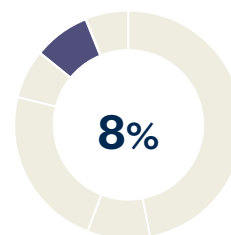
Trading

In addition to the manufacture and sale of polyester and other fiber and textile products, we sell Kuraray Group products in Japan and other parts of Asia.

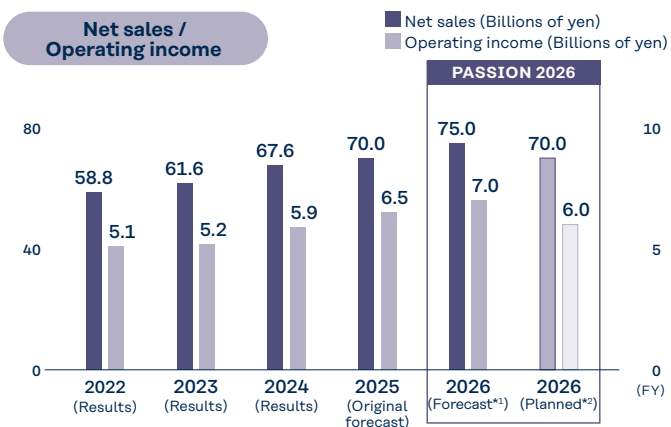
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 Announcement of Financial Results  Fact Book

Net sales composition ratio



Net sales / Operating income



*1 Announced in Feb. 2025 *2 Announced in Feb. 2022

Competitive Advantages

- Use of Kuraray's specialty yarn to build an integrated supply chain extending to sewn products
- Bases in Asia carry out technical services, production follow-up, and sales activities, contributing to business expansion

Business Environment

Opportunities

- Expansion of sports and outdoor product markets fueled by rising health consciousness
- Economic growth and cooperation in mainstay Asian markets

Risks

- Soaring raw materials and fuel costs and sharp exchange rate fluctuations
- Emerging geopolitical risks and supply chain disruptions

"PASSION 2026" Strategies and Progress

Business	Strategy	Progress to date
<p>Fibers and Textiles</p> 	<p>Expanding proprietary product and processing businesses</p> <ul style="list-style-type: none"> - Shift from raw yarn and fabric sales centered on polyester filaments to product sales including wearable gear - Expansion of value-added processed products 	<p>In the apparel sector, sales of fabrics and sewn products for use in sports apparel and outdoor wear are expanding steadily in Japan and China. Against this backdrop, we progressively increased sewing and printing equipment capacity at our partner plant in Vietnam in 2024. In the materials sector, we experienced growth in sales of mainstay CLARINO™ man-made leather for automotive applications.</p> <p>In addition, we grew sales of a new fiber that offers superior quick-drying properties and a dry feel. Employing recycled raw materials, we also launched an environmentally friendly version of our conventional split-type microfiber, and began marketing this to environmentally conscious customers.</p>
<p>Chemicals and chemical products</p>  <p>Soft casting thermoplastic elastomer</p>	<p>Expanding overseas businesses</p> <ul style="list-style-type: none"> - Overseas expansion adapted to growing Asian markets - Utilization of Vietnamese production sites 	<p>We focused on capturing demand in the Asian market by utilizing our overseas bases, and on growing sales in that market, especially in China. In value-added processed products, sales of our soft casting thermoplastic elastomer are growing steadily. New production facilities constructed at our Okayama Plant are scheduled to start operations in June 2025.</p>

Management Foundation

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Outside Directors' Roundtable Discussion



We Are Working with Passion and Perseverance to Open Future Horizons. We Want to See Kuraray Continuing to Pursue the Mission of "For People and the Planet," Broadcasting the Appeal and Strength of The Kuraray Way.

Naoko Mikami
Outside Director
(Independent Director)



Satoshi Tanaka
Outside Director
(Independent Director)
Chairman of Corporate
Advisory Committee



Keiko Murata
Outside Director
(Independent Director)

— Progress Review of Medium-Term Management Plan "PASSION 2026"

Murata: The current Medium-Term Management Plan "PASSION 2026" was announced in February 2022 to follow on from the previous Medium-Term Management Plan "PROUD 2020" after an intervening period covered by the Fiscal 2021 Management Plan.

Kuraray used the one-year management plan period to discuss how to achieve continuous growth over the medium to long term amid the unpredictable business conditions created by COVID-19 and other factors. The Company set carefully considered quantitative targets and also discussed Three Challenges, or qualitative goals.

Tanaka: One feature of Kuraray that stands out amid the uncertain future of the business environment is its strong product appeal. By making efforts in this area, Kuraray has been able to reflect rising raw material costs in its sales prices, as the customers and the wider market recognize the corresponding value in its products.

Mikami: As an outside director involved with Kuraray since 2024, I agree with Mr. Tanaka that Kuraray's strength lies in its inimitable product appeal. Another way of putting it is that Kuraray has had the ability to anticipate market needs with new technology development and timely capital investment. By consistently maintaining this approach, Kuraray has built up the strong product appeal that has won it a large market share. That, I think, is what has enabled it to pass costs on in its sales prices.

Murata: In my assessment, Kuraray's management responds to the constantly changing business

Outside Directors' Roundtable Discussion

environment with consistently appropriate judgments that probe far into the future. As a result, the original net sales and profit targets of "PASSION 2026" for 2026, the final year of the plan, are expected to be largely met.

Tanaka: Speaking of changes in the business environment, the last few years have seen the retreat of the COVID-19 pandemic and the settlement of the lawsuit relating to the U.S. EVAL plant fire incident. It is true that the situations in Ukraine and the Middle East and the impact of the change of government in the United States are among a number of outstanding sources of concern, but the outlook has become somewhat clearer since the formulation of the current Medium-Term Management Plan "PASSION 2026." I think fiscal 2025, as we look ahead to the final year of the plan in 2026, is a good time to assess its progress.

Murata: If I were to raise one issue going forward, it would be the importance of making decisions based on the awareness that, while the start-up of the new isoprene plant in Thailand was delayed in the wake of COVID-19, the business environment has also changed significantly due to shifts in the global situation.

Mikami: It is additionally important to build a more sophisticated business portfolio. Over the past year, we have also discussed this exhaustively on the Board of Directors, with a highly critical evaluation of each individual business in terms of its profitability. Looking ahead to fiscal 2026, we are now entering the final stage in the implementation of business selection and concentration.

Tanaka: In connection with the business portfolio, there are broadly speaking two issues.

Firstly, in terms of reflecting increased costs in prices as mentioned just now, this has been managed successfully in the core vinyl acetate business, where an already strong business has been seen to strengthen further still. In its non-core businesses, however, Kuraray needs to increase earnings power and broaden the scope of its profit base. One approach to that has been to make large investments in areas such as the new isoprene plant start-up in Thailand that Ms. Murata spoke of, but the issue is that they have not yet produced the expected results.

The other issue facing Kuraray is business restructuring. One of the positive things about Kuraray is that it perseveres with a business even when it is slow to turn a profit, but of course it is important to judge properly when to step back. As Ms. Mikami said, there have been significant developments in the last year, and this is an important area to discuss in order to build a leaner business structure.

Mikami: On the topic of business concentration, one area where I have high expectations is activated carbon. The strengthening of PFAS regulation has sparked vigorous capital investment, especially in the United States. I think that this wave of PFAS regulation will spread worldwide. Kuraray's efforts here, including the acquisition of Calgon Carbon Corporation in the United States, the world's largest player in the field of activated carbon, are at last bearing fruit. I look forward to seeing a positive outcome here.

Tanaka: As set out in Kuraray's Three Challenges, there is a parallel need to emphasize non-financial measures, including human resource development to support the profit base. In the area of R&D specifically, it is crucial to create new things using all possible channels including internal and external

alliances. Leveraging human resources and DX are not the kind of strategy that translates immediately into figures, but part of Kuraray's strength is its commitment to steady and sustained effort. I look forward to seeing the results begin to appear around the time of the next medium-term management plan.

— Enhancing the Effectiveness of the Board of Directors

Mikami: My assessment is that the Board of Directors engages in lively discussion with frank exchanges of opinion. The executive officers speak openly about business issues as they see them and provide concrete explanations, which makes the issues very easy for us to grasp. Going forward, I hope to see the Board progressing to more focused discussion on opening up new business fields and on the content of R&D with a view to enhancing corporate value.

Tanaka: I agree with Ms. Mikami that frank discussion does take place. I believe that there is now a settled approach of being fully open to the opinions of us outside directors and to differing opinions.

I also think that the Kuraray chairman, Mr. Ito, leads the discussion very skillfully. The executive officers and the outside directors each have a different perspective, but we receive appropriate support in the presentation of the discussion points.

Murata: During the discussions of the Board of Directors, the President sometimes gives his view on an opinion expressed by the director in charge of the relevant area, which helps to deepen our understanding.

There are also committed efforts to provide outside directors with opportunities for worksite

Outside Directors' Roundtable Discussion

visits and to share information with us in advance of Board meetings. In addition to visiting workplaces, touring plants, and receiving explanatory talks, we have had the opportunity of speaking with front-line managers of departments in the process of restructuring as well as with young employees.

Tanaka: Since fiscal 2024, I have served as chairman of the Corporate Advisory Committee. Our discussions are centered on director appointments and executive remuneration. The framework for calculating remuneration is based on an index that reflects corporate performance overall or in each individual business field. The level and composition of remuneration are set with reference to data from other companies in the same industry and comparable enterprises. A characteristic of Kuraray is that the terms of remuneration are reviewed each year using benchmarks to ensure that a major gap does not arise with employee remuneration. Looking ahead, one subject I expect to see on the Committee's discussion table is the plan for the President's succession planning. The plan aims to ensure that the optimal personnel choice is made by putting in place a framework for selecting at a relatively early stage candidates capable of serving as President in the future and allowing them to build up the necessary experience. It is not possible to change the whole system at once, but I think that we outside directors have a role to play in gradually guiding Kuraray toward the right process.



— To Our Stakeholders

Mikami: At the end of 2024, I went to Kurashiki to visit the Ohara House KATALYZER (former Ohara family residence), which houses an exhibition in which wise observations from the Ohara family tradition are presented on distinctive strips of paper. My eye was caught by one that said, "The reason for analyzing the present and the past is for the sake of the future."

Over the years, Kuraray's business, which was founded on the fiber industry, has undergone a dramatic structural shift toward polymer chemistry materials such as PVOH and EVAL™. Kuraray has a history of looking back over the development path of its own businesses to identify highly promising new businesses, which it then nurtures carefully to open future horizons. This mindset, which I have felt in my interactions with employees to be deeply rooted, creates a highly appealing corporate ethos.

Unfortunately, with all chemical manufacturers seeing their share price stagnating, assessments of Kuraray's corporate value are failing to reflect its true strength. I think one of the reasons is that Kuraray's appeal and strengths have not been fully communicated to stakeholders. Due to its distinctive nature, chemical manufacturing involves specialized systems and operations and numerous other aspects that are difficult for them to grasp. I believe that we can contribute in both qualitative and quantitative terms to promoting better understanding among stakeholders.



Murata: At one time, Kuraray used to show a commercial whose catchphrase spoke of "new materials that transform into the future." I was teaching at a university at the time and I remember thinking that, although I didn't know what it was, they must be making something good that had future potential.

I would like as many people as possible to learn about and appreciate the outstanding aspects of Kuraray, which makes products boasting the world's top market share.

Meanwhile, I want to continue advocating for the participation of female employees. Partly due to its being a chemical manufacturer, the actual number of female employees is still small. However, I have worked with Ms. Mikami and others to actively create forums for exchange of opinion with female employees, and we have been able to speak directly with some really very talented people. I believe that nurturing outstanding human resources regardless of gender will enhance Kuraray's human capital and contribute to realizing medium- to long-term growth.

Tanaka: Kuraray's mission — "For people and the planet — to achieve what no one else can" — absolutely does not mean that it should be performing incredible feats. Instead, devising and



Outside Directors' Roundtable Discussion

making new things and achieving results that benefit the world, however long it takes and whatever effort it involves, are what makes Kuraray a great company.

However, in a world of accelerating change, the action required "For people and the planet" is also constantly changing. To accurately identify what that is, communication with stakeholders is crucially important. Acting as a link in this process is one of our major roles as outside directors.

I want shareholders and other stakeholders to trust Kuraray and to support the Company from a medium- to long-term perspective. In the short term, it may sometimes happen that the projected results do not materialize, but Kuraray is a company that has produced dependable results through medium- to long-term efforts. We are committed to comprehensively discussing comments received from stakeholders on the Board of Directors and reflecting them in efforts to enhance corporate value.

We outside directors will make every effort to support Kuraray in pursuing its growth story in a way that reflects its unique ethos. I hope you will join me in looking toward a bright future for Kuraray.

Message from the Chairman of the Board of Directors



Strengthening the Governance System for Sustainable Growth

Masaaki Ito

Chairman and Director

For the Kuraray Group to achieve sustainable growth, an essential requirement is to create value that improves the natural and living environments and contributes to the development of society. As chairman of the Board of Directors, my mission is to promote and enhance this kind of value creation by involving all Board members in active discussion. To do this, I work to encourage active contributions from outside directors and outside members of the Audit & Supervisory Board with their diverse points of view and do my best to encourage free and open exchange of opinion among all participants. For example, when addressing the themes of market growth and the environmental technology required by society, I obtain expert opinions in order to promote decision-making based on a more multifaceted and nuanced perspective.

Meanwhile, to raise the effectiveness of the Board of Directors, we regularly conduct a third-party questionnaire survey to promote the smooth operation of the Board of Directors, swift decision-making, and improvement of the quality of discussion.

At the same time, the Kuraray Group continues working to reorganize and strengthen its corporate governance and risk management systems.

To strengthen the governance system, we reviewed the composition of the Corporate Advisory Committee in March 2024 and appointed Outside Director Satoshi Tanaka as committee chairman to create a structure that provides advice from a more objective standpoint. Furthermore, in line with the committee's recommendation, we have decided to incorporate sustainability-related indicators in executive remuneration from 2025. By thus increasing our executives' commitment to sustainability, we are working to promote the realization of a sustainable society.

In the area of risk management, we are taking steps to strengthen safety audits on a global scale and improve safety in plant operations. By additionally strengthening systems to prevent confidential information leaks, we are also focusing on the protection of corporate, customer, and personal information.

The Kuraray Group believes that contributing to the sustainable development of society leads in turn to sustainable corporate growth. We value dialogue with stakeholders as one way of incorporating external perspectives in our efforts to enhance corporate value by combining social value with economic value.

Corporate Governance

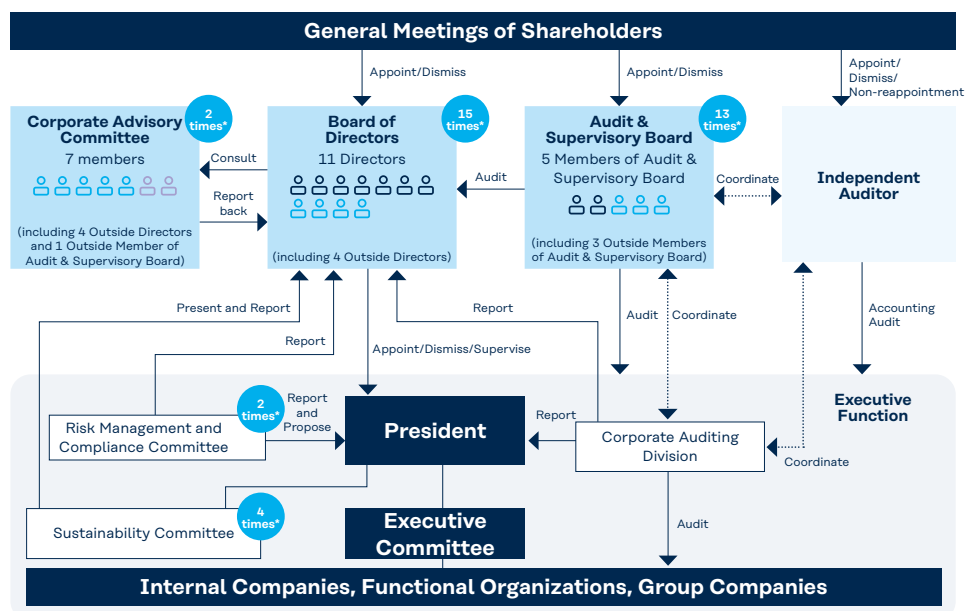
Basic Views

The Company believes that the maintenance of appropriate relationships with various stakeholders and the fulfillment of social responsibilities through establishing a corporate governance system that ensures effective and fair management would contribute to the long-term, sustainable enhancement of corporate value.

The Company has adopted the governance system of "a company with Audit & Supervisory Board." Under this framework, the Company has established corporate governance centered on its Board of Directors and Audit & Supervisory Board to improve the effectiveness of the supervisory and monitoring function while maintaining management efficiency and to handle issues, including management remuneration, selection of new company officers, internal control and risk management.

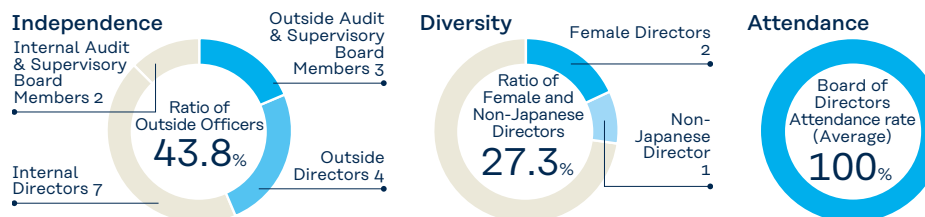
Through the above, the Company believes the effectiveness of the supervisory and monitoring function will be improved while maintaining management efficiency, contributing to the long term and sustainable enhancement of corporate value.

Corporate Governance System (As of March 27, 2025)



* Number of times held in 2024. Internal officers Outside officers Outside experts

Corporate Governance Highlights



Kuraray's Steps to Strengthen Corporate Governance

	Initiative	Purpose
2003	Reduced the maximum number and the term of office of Directors Introduced Executive Officer system	
	Increased the number of Outside Corporate Auditors from two to three	Strengthening the management monitoring function of Members of Audit & Supervisory Board
	Established the CSR Committee Established the Management Advisory Committee	Reinforcing the Group's CSR promotion structure Establishing an advisory body for the President
2008	Introduced Outside Directors (two)	Strengthening the management monitoring function of the Board of Directors
	Started early delivery of the notice of convocation of the ordinary general meeting of shareholders	Providing enough time for shareholders to examine each proposal
	Started uploading an English translation of the notice of convocation of the ordinary general meeting of shareholders to the Tokyo Stock Exchange platform and the Company's website	Enhancing disclosure targeting overseas investors
2016	Started analysis and evaluation of the effectiveness of the Board of Directors	
2017	Split off the Risk Management and Compliance Committee from the CSR Committee	Strengthening risk management and compliance measures
2018	Abolished the Management Advisory Committee and established the Corporate Advisory Committee as an advisory body to the Board of Directors, comprised mainly of Outside Officers	Improving the transparency, fairness, and objectivity of decision-making on important management matters such as the appointment and remuneration of Directors, etc.
2020	Increased the number of Outside Directors from three to four (more than a third of the Board of Directors)	Strengthening the management monitoring function and independence of the Board of Directors
2022	CSR Committee reorganized into Sustainability Committee, chaired by the President	Stepping up sustainability promotion initiatives
2024	Altered composition of Corporate Advisory Committee to include only outside directors and outside experts. Appointed an outside director as committee chairperson	Further improving transparency, fairness, and objectivity
2025	Introduced sustainability-related indicators among the evaluation indicators for a portion of executive remuneration	Increasing executives' commitment to sustainability

Corporate Governance

Corporate Governance System

Board of Directors

The Board of Directors, which meets at least once a month, sets bylaws for the Board, deliberates and decides on statutory matters and other key management issues, and supervises business execution. The Board of Directors is chaired by the Chairman and Director. The maximum number of Directors is set at 12, to facilitate agile management decision-making by the Board, and the term of office is set at one year to clarify their responsibilities to shareholders. There are currently 11 incumbent Directors, of whom two are female and one is non-Japanese. Four are Outside Directors, who possess a wealth of experience in and broad insight into the economy, finance, and corporate management, and are responsible for supervising management from an independent, third-party standpoint.

Major Proposals and Reports in Fiscal 2024

- Verification of significance of holding cross-held shares
- TCFD-based climate change initiatives
- Consideration of investing in new plant for EVAL
- Acquisition of industrial reactivated carbon business
- Reorganization of methacrylate business
- Establishment of Kuraray Group Human Rights Policy
- Capital investment
- Business planning

Audit & Supervisory Board and Internal Audits

The Audit & Supervisory Board consists of five Members, including three independent Outside Members of Audit & Supervisory Board. Four are male and one is female. The Audit & Supervisory Board convenes monthly, in principle.

The Members of Audit & Supervisory Board meet regularly with the Independent Auditor and receive reports on audit planning, implementation status, and audit content. They also receive reports on the results of internal audits from the Corporate Auditing Division, the in-house audit department. In addition, the Members of Audit & Supervisory Board serve as corporate auditors at major Group companies and conduct Group company audits as appropriate. They also attend the periodic Group Auditor Liaison Meetings consisting of the Group company auditors to gain information on the respective companies.

There are also staff to assist the Members of Audit & Supervisory Board in carrying out their duties.

Main Topics Considered in Fiscal 2024

- Legal compliance, compliance framework
- Quality assurance framework
- Implementation and operation status of internal control systems at various Kuraray Group companies
- Response measures related to serious accidents, epidemics, natural disasters, and other risks
- Status of efforts to secure and cultivate talent for the next generation, retain talented personnel, pass on skills, heighten employee engagement, etc.
- Status of Medium-Term Management Plan "PASSION 2026"

Corporate Advisory Committee

The Company has established a Corporate Advisory Committee composed of Outside Officers and outside experts to serve as an advisory body to the Board of Directors. The committee works to improve the transparency, fairness, and objectivity of decision-making on important management matters such as the appointment and remuneration of Directors and further enhance corporate governance. Corporate Advisory Committee meetings are held twice a year in principle.

The committee consists of seven members: four Outside Directors (Ms. Keiko Murata, Mr. Satoshi Tanaka, Ms. Naoko Mikami, and Mr. Toshifumi Mikayama), one Outside Member of Audit & Supervisory Board (Ms. Tomomi Yatsu), and two outside experts (Mr. Go Egami [listed under the name Mr. Haruki Kohata] and Mr. Jun Hamano). The committee is chaired by an Outside Director.

Major Discussions and Reports in Fiscal 2024

- Executive remuneration
- Officer personnel matters
- HR development

Risk Management and Compliance Committee

The committee, under the direct control of the President, is tasked with ensuring the appropriate management of risks that could have a significant impact on business management, thorough compliance with laws and regulations and corporate ethics, and fair business practices. The committee identifies material risks and proposes them to the President in its regular monitoring of risks for Group companies. The President then specifies those that require countermeasures as management risks and appoints a supervising officer for each risk to implement risk avoidance and mitigation measures. This committee also reports on a range of activities to the Board of Directors and incorporates their direction in future risk response measures. ➤ P. 70

Sustainability Committee

In January 2022, the Kuraray Group established a Sustainability Committee to replace the CSR Committee. Chaired by the President, the committee makes swift decisions regarding sustainability issues at the management level, expedites the planning and implementation of response measures, and reinforces sustainability initiatives in the Group. The Sustainability Committee also reports on a range of activities to the Board of Directors and reflects Board directives in sustainability initiatives.

Major Agenda Items for Fiscal 2024

- Setting new targets for reducing GHG emissions
- Consideration of measures for introducing renewable energy
- Progress in CCUS*¹ Project
- Evaluation results for products that contribute to the environment, using the PSA*² system
- Plan for compliance with CSRD*³
- Progress in sustainable procurement

*1 CCUS: Carbon Dioxide Capture, Utilization and Storage

*2 PSA: Portfolio Sustainability Assessment

*3 CSRD: Corporate Sustainability Reporting Directive in Europe

Corporate Governance

Evaluation of the Effectiveness of the Board of Directors

Every fiscal year, the Company evaluates and verifies the effectiveness of the Board of Directors to make improvements as needed.

In fiscal 2024, the Company administered a signed questionnaire for evaluating the effectiveness of the Board of Directors to all Directors and Members of Audit & Supervisory Board. The secretariat of the Board of Directors aggregated the responses and opinions and analyzed and evaluated the effectiveness of the Board of Directors based on the data.

Question Content (39 questions in total)

- Composition of the Board of Directors
- Board meeting agendas
- Operation of Board meetings
- Support system for Directors and Audit & Supervisory Board Members

Summary of Evaluation Results

Questionnaire responses were positive overall, including the fact that Board discussions are active and that the strengthening of each director's expertise has improved effectiveness, thereby confirming that the Company's Board of Directors is generally functioning properly, and that the effectiveness of the Board of Directors is being ensured.

The previous effectiveness evaluation identified issues including the need to deepen discussions around the construction of a more sophisticated business portfolio, medium- to long-term management strategies, and management that is attuned to the cost of capital. In fiscal 2024, the Company accordingly instigated a review of the Medium-Term Management Plan by management, including members of the Board of Directors, and steadily implemented measures to invigorate and enhance discussions at Board of Directors meetings.

This latest effectiveness evaluation identified the following issues: expanding and deepening Corporate Advisory Committee discussions, and strengthening the monitoring function within the internal control system for the entire Group.

Key Comments

- Outside directors' proactive comments have delivered many insights, leading to lively discussions.
- Efforts to implement management that is conscious of the cost of capital and stock price are gathering momentum, as are efforts to reshape the business portfolio.
- The Corporate Advisory Committee should hold more in-depth discussions on important matters such as personnel and remuneration.
- As the organization expands and diversifies globally, efforts are being made to further strengthen internal audits. Comprehensive and exhaustive reports and discussions are required regarding the establishment of an internal control system for the entire Group.

Initiatives for the Future

The Kuraray Group continues to seek to improve the effectiveness of the Board of Directors based on past evaluations of its effectiveness and issues to be considered. In fiscal 2025, the Company will continue implementing the necessary measures to address issues such as reviewing the composition and agenda of the Corporate Advisory Committee and establishing a forum for discussing the internal control system for the entire Group, and will continue making efforts to improve the effectiveness of the Board of Directors.

Policies and Procedures for the Election and Dismissal of Executives*¹ and the Appointment of Candidates for Directors and Members of Audit & Supervisory Board

The Company appoints individuals who have the experience, knowledge, and capabilities required for Directors of the Company at Board of Directors meetings with the attendance of Outside Officers, and elects them as Directors with a resolution of the General Meeting of Shareholders. However, candidates for Outside Directors will satisfy the criteria of independence provided separately.

The Company appoints individuals who have the experience, knowledge, and capabilities required for Members of Audit & Supervisory Board of the Company at Board of Directors meetings with the attendance of Outside Officers, and elects them as Members of Audit & Supervisory Board with a resolution of the General Meeting of Shareholders after obtaining the consent of the Audit & Supervisory Board. However, candidates for Outside Members of Audit & Supervisory Board will satisfy the criteria of independence provided separately.

The election and dismissal of Directors and the appointment and removal of Representative Directors and Directors with special titles are determined by the Board of Directors after deliberation by the Corporate Advisory Committee.

*¹ The Company defines executives as Directors and Members of Audit & Supervisory Board.

Support System for Outside Officers

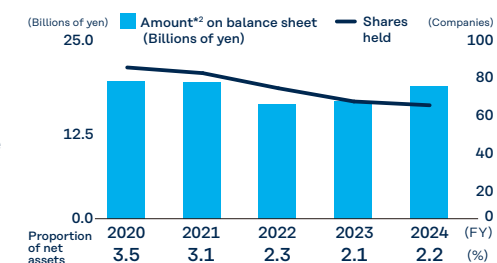
Information is shared with Outside Officers by distributing and explaining in advance the proposals to be deliberated at the regular and extraordinary meetings of the Board of Directors. Staff from the Secretariat Group of the General Affairs Department assist in sharing this information with Outside Directors. Staff are appointed to assist Members of Audit & Supervisory Board including Outside Members of Audit & Supervisory Board. Staff collect and provide information necessary for their auditing activities and offer other forms of support.

Cross-Shareholdings

From the viewpoint of stable, long-term business operations, the Company holds the shares of its business partners and other entities if maintaining and strengthening the relationships with such business partners and other entities are deemed to contribute to the enhancement of corporate value. The Board of Directors regularly verifies the economic rationality and significance of holding shares (cross-shareholdings), and seeks to sell shares, as necessary, whose holding is deemed not to be appropriate, to reduce such stocks.

In fiscal 2024, out of its cross-shareholdings in listed companies, the Company sold a portion of stocks held in five companies. This brought the ratio of cross-shareholdings to net assets to 2.2% as of the end of fiscal 2024.

Status of Cross-Shareholdings



*² Total of stocks of listed and unlisted companies

Officers' Remuneration System

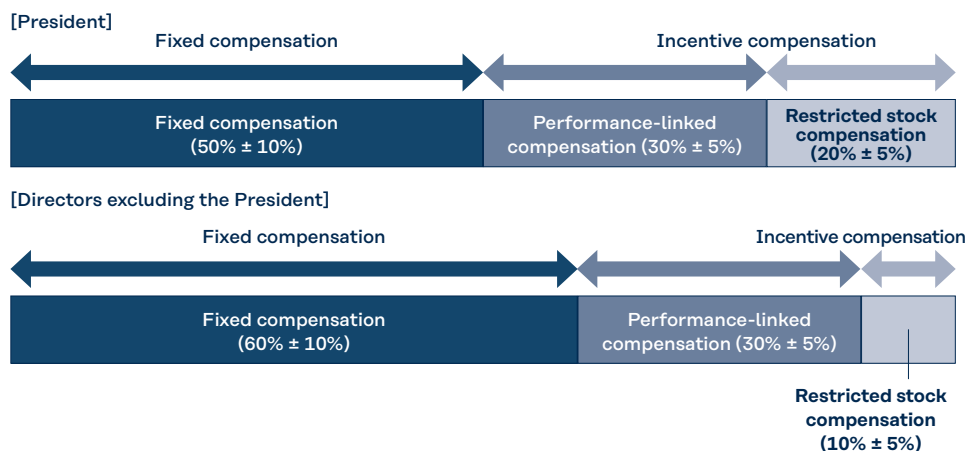
The Company's basic policy for the remuneration of its officers is to have a competitive level and system of remuneration that can secure and retain competent Directors fit for their positions and responsibilities to achieve long-term and sustainable improvements in corporate performance and corporate value. The remuneration system for Directors comprises three parts: (1) fixed remuneration as basic remuneration per job responsibilities, (2) performance-linked remuneration as an incentive to achieve yearly business results, and (3) stock-based remuneration designed to enhance corporate value over the medium to long term and sharing of value with shareholders through appropriate corporate management, provided that remuneration for Outside Directors will solely comprise fixed remuneration without performance-linked or stock-based remuneration, as their role is to supervise management from an independent standpoint.

The specific level and system of remuneration will be verified and deliberated by the Corporate Advisory Committee, made up of outside officers and outside experts, on whether the level and system of remuneration are appropriate, based on the results of a survey by a specialized external research institution on executive remuneration covering companies such as those listed on the First Section of the Tokyo Stock Exchange, and the salary of the managers of the highest level in the Company. The Board of Directors receives reports on the results from the Committee and gives it due consideration to determine the level and system of remuneration.

Details of the amount of remuneration are provided in the officers' remuneration section of the securities report (Japanese only).

Composition of Compensation, etc.

(assuming the target set at the beginning of the year is achieved)




Method for Determining the Amount of Compensation (Incentives), etc.

Performance-Linked Remuneration System	<p>The Company abolished the bonus scheme for Directors and introduced a performance-linked remuneration system in July 2006, thereby strengthening the incentives of Directors to increase the Company's corporate value. In addition, to respond to the increase in the amount of performance-linked remuneration in conjunction with improved business performance, it was resolved to increase the maximum amount of annual monetary remuneration to Directors from ¥450 million to ¥800 million (including ¥100 million annually for Outside Directors) at the Company's 131st Ordinary General Meeting of Shareholders, held on June 22, 2012. Performance-linked remuneration is not paid to Outside Directors.</p> <p>(Calculation Method)</p> <p>As a short-term performance incentive, the performance-linked remuneration for the President will be the amount that is obtained by multiplying the amount of actual net income attributable to owners of the parent for the current fiscal year (before deducting performance-linked remuneration [bonus]) by 0.75/1000. The performance-linked remuneration for Directors will be determined by multiplying the said amount by a predetermined index corresponding to each Director's position. The amounts of performance-linked remuneration paid to Directors in charge of business units will be determined so that they partially reflect the performance of the relevant business units.</p>
Restricted Stock Compensation Plan	<p>At the 140th Ordinary General Meeting of Shareholders held on March 25, 2021, the Company resolved to abolish the existing stock option plan^{*1} and introduce a restricted stock compensation plan, with the aim of incentivizing Internal Directors and Executive Officers to improve the Company's corporate value in a sustainable manner as well as raise the degree to which they share value with shareholders. In view of changes in the stock price since the introduction of this plan, and in light of a potential increase in the total amount of monetary compensation to be paid to eligible directors for granting restricted stock following inclusion in the plan of evaluation based on sustainability-related indicators, at the 144th Ordinary General Meeting of Shareholders held on March 27, 2025, the Company furthermore resolved that restricted stock compensation for Directors under the plan be capped at an annual amount of ¥180 million. The number of shares to be granted under the plan will not exceed 60,000 shares each year. Restricted stock compensation is not paid to Outside Directors. Monetary compensation linked to stock price (phantom stock) has been introduced in lieu of restricted stock compensation for Directors who are non-residents of Japan.</p> <p>(Calculation Method)</p> <p>The President will be allotted a number of shares in consideration of the responsibilities of the position and the level of compensation at other companies while Directors other than the President will be allotted a designated number of shares by position, and both allotments will reflect an evaluation based on sustainability-related indicators^{*2} (applied within a range of ±20%).</p> <p>^{*1} The exercise of previously granted stock options held by Directors and Executive Officers on retirement will continue until such time as all Directors and Executive Officers currently holding stock options have retired.</p> <p>^{*2} We have adopted five sustainability-related indicators: environmental contribution (achievement of GHG emissions reduction targets), occupational health and safety (achievement of targets for occupational accident frequency rate and number of safety-related incidents), diversity (improvement in the ratio of female managers), and engagement (improvement in engagement survey scores and response rates).</p>

Executives (As of March 27, 2025)

The reasons for the election of Directors and Corporate Auditors are disclosed in the reference documents for the general meeting of shareholders at the time of election:

 General Meeting of Shareholders
 Board of Directors attendance rate
 (January–December 2024)

Representative Directors



Hitoshi Kawahara

President and
Representative Director

100%

Apr. 1984 Joined Kuraray Co., Ltd.
Apr. 2014 General Manager, Poval Film Division,
 Vinyl Acetate Company
Jan. 2016 Vice President, Vinyl Acetate Film Company
Mar. 2016 Executive Officer
Jan. 2018 President, Vinyl Acetate Resin Company
Mar. 2018 Managing Executive Officer
Mar. 2019 Director and Managing Executive Officer
Jan. 2021 President and Representative Director
 (Current position)



Keiji Taga

Representative Director and
Senior Managing Executive Officer

100%

Apr. 1984 Joined Kuraray Co., Ltd.
Apr. 2014 General Manager, Medical Division,
 Functional Materials Company
Mar. 2017 Executive Officer
Jan. 2018 Officer Responsible for Corporate Management
 Planning Office; Officer Responsible for CSR Division
Mar. 2018 Managing Executive Officer
Apr. 2018 General Manager, Corporate Management
 Planning Office
Mar. 2019 Director and Managing Executive Officer
Jan. 2020 Officer Responsible for Administrative Unit
Jan. 2022 Officer Responsible for Corporate Sustainability
 Division (Current position); Officer Responsible for
 Global Digital Transformation Office; Officer
 Responsible for Accounting and Finance Division
Jan. 2023 Officer Responsible for DX-IT Division
Jan. 2024 Representative Director and Senior Managing
 Executive Officer (Current position)
Jan. 2025 Officer Responsible for General Affairs and
 HR Division (Current position), Officer Responsible for
 Purchasing and Logistics Division (Current position)

Board of Directors



Masaaki Ito

Chairman and Director

100%

Apr. 1980 Joined Kuraray Co., Ltd.
Apr. 2010 General Manager, Methacrylate Division,
 Chemicals Company
Jun. 2012 Executive Officer
Apr. 2013 Vice President, Functional Materials Company
Jun. 2013 Managing Executive Officer
Apr. 2014 Officer Responsible for Corporate Management
 Planning Division; Officer Responsible for CSR Division
Jun. 2014 Director and Managing Executive Officer
Jan. 2015 President and Representative Director
Jan. 2021 Chairman and Director (Current position)
Apr. 2021 Chairperson, Saijo Central Hospital (Current position)
Jun. 2024 Outside Director, Hitachi Construction Machinery Co.,
 Ltd. (Current position)



Matthias Gutweiler

Director and
Managing Executive Officer

Foreign national

100%

Mar. 1988 Joined Hoechst AG
Jun. 1996 Plant Manager, Mowiol Plant, Hoechst AG
Dec. 2001 Joined Kuraray Specialties Europe GmbH
Jan. 2009 Executive Officer, Kuraray Co., Ltd.; President,
 Kuraray Europe GmbH (Current position)
Apr. 2013 General Manager, PVB Division, Vinyl Acetate Company
Mar. 2018 Managing Executive Officer
Mar. 2020 Director and Managing Executive Officer
 (Current position)



Nobuhiko Takai

Director and
Managing Executive Officer

100%

Apr. 1984 Joined Kuraray Co., Ltd.
Apr. 2014 General Manager, Genestar Division,
 Isoprene Company
Mar. 2016 Executive Officer
Jan. 2019 Vice President, Functional Materials Company;
 General Manager, Carbon Materials Division
Mar. 2019 Managing Executive Officer
Jan. 2020 President, Functional Materials Company
 (Current position)
Mar. 2020 Director and Managing Executive Officer
 (Current position)



Tomoyuki Watanabe

Director and
Managing Executive Officer

100%

Apr. 1988 Joined Kuraray Co., Ltd.
Jan. 2015 General Manager, Poval Resin Division; General Manager,
 International Business Planning Division,
 Vinyl Acetate Resin Company
Jan. 2016 Vice President, Vinyl Acetate Resin Company
Mar. 2018 Executive Officer
Jan. 2021 President, Vinyl Acetate Resin Company
 (Current position)
Jan. 2023 Officer Responsible for Electronics Materials
 Promotion Division (Current position)
Mar. 2023 Managing Executive Officer
Jan. 2024 President, Vinyl Acetate Film Company
 (Current position)
Mar. 2024 Director and Managing Executive Officer
 (Current position)



Yoji Ikemori

Director and
Managing Executive Officer

—

Apr. 1986 Joined Kuraray Co., Ltd.
Jan. 2017 General Manager, Methacrylate Division,
 Functional Materials Company
Jan. 2019 General Manager, Genestar Division, Isoprene Company
 (Current position)
Mar. 2019 Executive Officer
Jan. 2024 President, Isoprene Company (Current position)
Mar. 2024 Managing Executive Officer
Mar. 2025 Director and Managing Executive Officer
 (Current position)



Keiko Murata

Outside Director
(Independent Director)

Outside Independent

100%

Apr. 1986 Joined Economic Planning Agency of Japan (EPA)
Aug. 2005 Director for Overseas Economies, Directorate General
 for Economic Research, Cabinet Office
Aug. 2006 Director for International Affairs, Secretariat of
 the Science Council of Japan, Cabinet Office
Jul. 2008 Professor, Graduate School of Social Sciences,
 Tokyo Metropolitan University
May 2015 Advisor to the President, Tokyo Metropolitan University
Jul. 2017 Trustee, Nippon Life Insurance Company
 (Current position)
Apr. 2018 Professor, Graduate School of Management,
 Tokyo Metropolitan University
Mar. 2020 Director, Kuraray Co., Ltd. (Current position)
Apr. 2022 Professor Emeritus, Tokyo Metropolitan University
 (Current position); Professor, Graduate School of
 Economics, Ritssho University (Current position)

Executives

Board of Directors



Satoshi Tanaka

Outside Director
(Independent Director)

Outside Independent

100%

Apr. 1981 Joined Mitsui & Co.
Apr. 2007 General Manager, Corporate Planning & Strategy Division, Mitsui & Co., Ltd.
Apr. 2011 Managing Officer, Mitsui & Co., Ltd.
Apr. 2013 Executive Managing Officer, Mitsui & Co., Ltd.
Apr. 2015 Senior Executive Managing Officer, COO of Asia Pacific Business Unit, Mitsui & Co., Ltd.
Apr. 2017 Executive Vice President and CAO^{*1}, CIO^{*2}, CPO^{*3}, Mitsui & Co., Ltd.
Jun. 2017 Representative Director, Executive Vice President, Mitsui & Co., Ltd.
Apr. 2019 Director, Mitsui & Co., Ltd.
Jun. 2019 Counselor, Mitsui & Co., Ltd.
Mar. 2020 Director, Kuraray Co., Ltd. (Current position)
Apr. 2020 Outside Director, Sekisui House, Ltd.
Jan. 2021 Independent Director, IHH Healthcare Berhad (Current position)
Apr. 2021 Representative Director, Executive Vice President & Executive Officer, Sekisui House, Ltd. (Current position)

*1 Chief Administrative Officer

*2 Chief Information Officer

*3 Chief Privacy Officer



Naoko Mikami

Outside Director
(Independent Director)

Outside Independent

100%

Apr. 1983 Joined Ajinomoto Co., Inc.
Apr. 2007 Visiting Professor, Musashino University
Jan. 2010 Joined C'BON COSMETICS Co., Ltd.
Apr. 2010 Plant Manager, Tochigi Plant, C'BON COSMETICS Co., Ltd.
Jun. 2011 Executive Officer in charge of Production Dept, C'BON COSMETICS Co., Ltd.
Jun. 2012 Board Director in charge of Production Dept, C'BON COSMETICS Co., Ltd.
Jun. 2017 Managing Board Director and Executive Officer, C'BON COSMETICS Co., Ltd.
Jun. 2019 Representative Director and Vice President, Executive Officer, C'BON COSMETICS Co., Ltd.
Jun. 2021 Outside Director, Showa Sangyo Co., Ltd. (Current position)
Mar. 2022 Outside Director, Earth Corporation (Current position)
Mar. 2024 Director, Kuraray Co., Ltd. (Current position)



Toshifumi Mikayama

Outside Director
(Independent Director)

Outside Independent

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Apr. 1983 Joined Kirin Brewery Co., Ltd. (the present Kirin Holdings Company, Limited)
Sep. 2002 General Manager, Pharmaceutical Research Laboratory, Pharmaceutical Division, Kirin Brewery Co., Ltd.
Mar. 2004 General Manager, Planning Division, Pharmaceuticals Division, Kirin Brewery Co., Ltd.
Jul. 2007 Director, Executive Officer, and Head of Research Division, Kirin Pharma Co., Ltd.
Oct. 2008 Executive Officer, Head of Research Division, Kyowa Hakko Kirin Co., Ltd. (the present Kyowa Kirin Co., Ltd.)
Apr. 2010 Executive Officer, Director of Corporate Strategy & Planning Department, Kyowa Hakko Kirin Co., Ltd.
Mar. 2012 Managing Executive Officer, Director of Overseas Business Department, Kyowa Hakko Kirin Co., Ltd.
Mar. 2014 Director of the Board, Managing Executive Officer, Director of Overseas Business Department, Kyowa Hakko Kirin Co., Ltd.
Mar. 2018 Director of the Board, Senior Managing Executive Officer Supervising Overseas Business, Kyowa Hakko Kirin Co., Ltd.
Mar. 2021 Director of the Board, Executive Vice President Supervising Overseas Business, Kyowa Kirin Co., Ltd.
Jun. 2023 Outside Corporate Auditor, Central Glass Co., Ltd. (Current position)
 Chairman of Kato Memorial Bioscience Foundation (Current position)
Jul. 2024 Board member, WinHealth International Company Limited (Current position)
Mar. 2025 Director, Kuraray Co., Ltd. (Current position)

Members of Audit & Supervisory Board



Hiroaya Hayase

Full-time Member of
Audit & Supervisory Board

100% 100%

Apr. 1980 Joined Kuraray Co., Ltd.
Apr. 2012 General Manager, Poval Resin Division, Resin Company
Jun. 2012 Executive Officer
Apr. 2013 General Manager, Poval Resin Division; General Manager, Production and Technology Management Division, Vinyl Acetate Company
Jun. 2014 Managing Executive Officer
Jan. 2015 President, Vinyl Acetate Film Company
Mar. 2015 Director and Managing Executive Officer
Jan. 2016 President, Vinyl Acetate Resin Company
Mar. 2016 Director and Senior Managing Executive Officer
Mar. 2020 Representative Director and Senior Managing Executive Officer
Jan. 2021 Executive Supervisor, Vinyl Acetate Resin Company; Executive Supervisor, Vinyl Acetate Film Company
Jan. 2022 President, Vinyl Acetate Film Company
Jan. 2024 Director and Executive Officer
Mar. 2024 Member of Audit & Supervisory Board (Current position)



Hideo Ohi

Full-time Member of
Audit & Supervisory Board

— —

Apr. 1982 Joined Kuraray Co., Ltd.
Apr. 2014 General Manager, Accounting and Finance Division
Jan. 2022 General Manager, Corporate Auditing Division
Mar. 2022 Executive Officer
Mar. 2025 Member of Audit & Supervisory Board (Current position)



Mitsuhiro Nagahama

Outside Member of Audit &
Supervisory Board
Member of Audit & Supervisory Board)

Outside Independent

100% 100%

Apr. 1976 Joined The Fuji Bank Limited (the present Mizuho Bank, Ltd.)
Apr. 2002 General Manager, Americas Non-Japanese Corporate Banking Division No. 2, Mizuho Corporate Bank, Ltd. (the present Mizuho Bank, Ltd.)
Mar. 2003 Executive Officer and General Manager, Otemachi Corporate Banking Division No. 6 and No. 7, Mizuho Corporate Bank, Ltd.
Apr. 2005 Managing Executive Officer in charge of corporate banking, Mizuho Corporate Bank, Ltd.
Mar. 2006 Managing Executive Officer, Head of the Americas, Mizuho Corporate Bank, Ltd.
Apr. 2010 Deputy President, Head of the Americas, Mizuho Corporate Bank, Ltd.
Apr. 2013 Chairman of the Board, Mizuho Securities Co., Ltd.
 Chairman of the Board, Mizuho Securities USA Inc.
Apr. 2015 Senior Advisor, Mizuho Securities Co., Ltd.
Jun. 2015 Outside Audit & Supervisory Board Member, Azbil Corporation
Mar. 2018 Member of Audit & Supervisory Board, Kuraray Co., Ltd. (Current position)
Mar. 2019 Outside Director, Tokyo Tatemono Co., Ltd.
Jun. 2019 Outside Director, Azbil Corporation (Current position)
Jun. 2020 Outside Director, NSK Ltd.
Jun. 2024 Outside Director, Toshiba Tec Corporation (Current position)
 Chairperson, Japan Association of Retired Industrial Persons (Current position)



Tomomi Yatsu

Outside Member of Audit &
Supervisory Board
Member of Audit & Supervisory Board)

Outside Independent

100% 100%

Apr. 1983 Joined Tokyo Electron Ltd.
Oct. 1986 Joined Tohmatsu Awaki & Sanwa (the present Deloitte Touche Tohmatsu LLC)
Sep. 1990 Registered as a Certified Public Accountant
Oct. 2001 Registered with Tokyo Bar Association; Joined Shin-Tokyo Sohgo Law Office (later merged with Bingham Sakai Mimura Aizawa-Foreign Law Joint Enterprise)
Jun. 2009 Outside Audit & Supervisory Board Member, Calbee, Inc.
Jun. 2010 Outside Audit & Supervisory Board Member, Taiko Pharmaceutical Co., Ltd.
Mar. 2012 Outside Audit & Supervisory Board Member, KOKUYO Co., Ltd.
Mar. 2015 Outside Audit & Supervisory Board Member, Yamaha Motor Co., Ltd.
Apr. 2015 Partner, TMI Associates
Jun. 2016 Outside Director, SMBC Nikko Securities Inc. (Current position)
Jun. 2017 Outside Audit & Supervisory Board Member, IHI Corporation
Mar. 2019 Member of Audit & Supervisory Board, Kuraray Co., Ltd. (Current position)
Mar. 2021 Outside Audit & Supervisory Board Member, Kyowa Kirin Co., Ltd.
Apr. 2022 Representative, Yatsu Law & Accounting Office (Current position)



Kenji Komatsu

Outside Member of Audit &
Supervisory Board
Member of Audit & Supervisory Board)

Outside Independent

100% 100%

Apr. 1978 Joined Mitsubishi Corporation
Feb. 1996 Joined GE International Inc.
Jul. 2005 Representative Director and President, Ecolab Inc. (the present Ecolab GK)
Apr. 2007 Senior Vice President, Ecolab Inc.
Dec. 2010 Senior Executive Officer, Sanden Corporation
Nov. 2011 Joined Bain Capital Asia, LLC
Mar. 2013 Director, President, CEO, BELLSYSTEM24, Inc.
Mar. 2016 Director and Chairman, BELLSYSTEM24 Holdings, Inc.
Jun. 2016 Advisor, COACH A Co., Ltd.
Dec. 2018 Advisor, API Consultants Co., Ltd.
Mar. 2019 Member of Audit & Supervisory Board, Kuraray Co., Ltd. (Current position)
May 2020 Executive Vice President, Fujitsu Component Limited (the present FCL Components Limited)
Oct. 2022 Director, FCL Components Limited
Jan. 2023 Chairman and Representative Director, Longreach Business Partners Inc. (Current position)
Mar. 2025 Outside Director, Nippon Aqua Co., Ltd. (Current position)

Executives

Managing Executive Officers

Akira Omura	Officer Responsible for Technology Division; Officer Responsible for Plants in Japan; Officer Responsible for Environmental and Industrial Safety Management Center
Toshihiro Omatsu	Officer Responsible for Innovation Networking Center; Officer Responsible for Research and Development Division; Officer Responsible for IP Management Center
Kazushige Sakamoto	President, Fibers and Textiles Company, Responsible for Osaka Office
Junichi Fujiwara	Officer Responsible for Corporate Management Planning Office, Officer Responsible for DX-IT Division, Officer Responsible for Confidential Information Management, Officer Responsible for Accounting and Finance Division, and General Manager, Corporate Management Planning Office

Executive Officers

Stephen Cox	General Manager, Advanced Interlayer Solutions Division
Koichi Takano	General Manager, Purchasing and Logistics Division
Takaharu Kawahara	General Manager, Kashima Plant
Fuyuo Ueyama	General Manager, Poval Film Division
Stevan R. Schott	General Manager, Environmental Solutions Division; President, Calgon Carbon Corporation
Koichi Daifuku	General Manager, Electronics Materials Promotion Division
Hiroyuki Shimo	General Manager, EVAL Division
Yoshinobu Nakamura	General Manager, Methacrylate Division
Akiko Ide	General Manager, Corporate Sustainability Division
Nobuyoshi Takai	General Manager, Fibers and Industrial Materials Division
Christian Herrmanns	General Manager, MonoSol Division; President, MonoSol
Stanley Fukuyama	General Manager, DX-IT Division
Satoshi Yamaguchi	General Manager, Medical Division; President, Kuraray Noritake Dental Inc.
Noriaki Namba	General Manager, Corporate Auditing Division
Kazunari Matsumoto	General Manager, Poval Resin Division

Areas Particularly Expected of Directors and Members of Audit & Supervisory Board

The Company has a broad array of businesses globally, including resins, chemicals, activated carbon, and fibers & textiles. In light of the characteristics of each business, we believe that in order to ensure appropriate and agile decision-making and supervision over execution, the Board of Directors and Audit & Supervisory Board must demonstrate expertise and business experience in a variety of fields, as well as diversity in such terms as gender and nationality.

To ensure this, the Company has identified nine areas of knowledge, experience and expertise that are particularly expected of directors and Audit & Supervisory Board members: “Corporate Management,” “Global,” “Sales and Marketing,” “Production and Equipment Technology,” “R&D,” “Legal Affairs and Risk Management,” “Finance and Accounting,” “Environment and Society,” and “Human Resources and Labor Management.”

Skills Matrix*

	Name	Gender	Knowledge, Experience of Officers								
			Corporate Management	Global	Sales and Marketing	Production and Equipment Technology	R&D	Legal Affairs and Risk Management	Finance and Accounting	Environment and Society	Human Resources and Labor Management
Directors	Hitoshi Kawahara	Male	○	○	○						
	Keiji Taga	Male		○	○			○	○		
	Masaaki Ito	Male	○	○		○	○				
	Matthias Gutweiler	Foreign national	○	○		○	○				
	Nobuhiko Takai	Male		○	○						
	Tomoyuki Watanabe	Male	○	○		○	○				
	Yoji Ikemori	Male		○	○						
	Keiko Murata	Outside Independent		○					○	○	
	Satoshi Tanaka	Outside Independent	○	○	○						○
	Naoko Mikami	Outside Independent	○			○	○				
	Toshifumi Mikayama	Outside Independent	○	○			○				
	Hiroaya Hayase	Male	○	○		○	○				
Members of Audit & Supervisory Board	Hideo Ohi	Male		○				○	○		
	Mitsuhiro Nagahama	Outside Independent	○	○					○		○
	Tomomi Yatsu	Outside Independent						○	○		
	Kenji Komatsu	Outside Independent	○	○	○						

* The above table shows up to four areas of knowledge or experience possessed by Directors or Members of Audit & Supervisory Board. It does not represent all of their knowledge or experience.

Risk Management and Compliance



Risk Management



Compliance



Risk Management Implementation System

The Kuraray Group's risk management is characterized by a two-tier approach. In terms of vertical risk management, each business division, office, plant, and affiliate identifies risks facing their own organization, independently evaluates such risks, and devises and implements an appropriate response. In terms of horizontal risk management, the responsible corporate organizations evaluate pure risks that may occur across the organization, such as natural disasters and infringement of laws and regulations, that have purely a negative impact. From among these, the Risk Management and Compliance Committee discusses and selects serious risks that have a high potential impact on management and require a Group-level response to mitigate. The President then designates these as critical management risks and reports them to the Board of Directors, while assigning them to an officer in charge. Measures to adapt to risks associated with climate change are the purview of the Risk Management and Compliance Committee, which discusses the results of the various organizations' annual risk self-assessments from the perspective of disaster response and business continuity. The Committee also works to manage the progress of priority countermeasures against business management risks as well as to ensure thorough compliance with laws and regulations and corporate ethics and the realization of fair business practices.

Risk Management Policy

The Kuraray Group Risk Management Policy, which the President disseminates to each Group organization, consists of two elements: a long-term, ongoing Basic Policy encompassing overall Group risk management, and priority issues that are the focus for a particular fiscal year in light of the findings of risk analysis of the Kuraray Group and recent social conditions and trends. This framework allows flexible and prompt actions to be taken in response to changes in the risk environment while maintaining the underlying approach to risks. The priority issues clarify the tasks the organization needs to address to mitigate priority risks, indicating the way to steadily implement response measures.

Management risks in 2025 were categorized into three priority risks and nine risks requiring ongoing monitoring as identified in the risk management policy, and appropriate response measures will be taken for each. The risks requiring ongoing monitoring in 2025 are: risks concerning product quality, regulations of chemical substances, natural disasters, geopolitical risks, bribery, antitrust violations, intellectual property risks, harassment, and respect for human rights.

Kuraray Group Risk Management Policy in Fiscal 2025

Basic Policy

- 1) Ensure the prevention of illegal or inappropriate conduct that betrays the trust of society
- 2) Thoroughly prevent accidents and disasters such as safety-related accidents or environmental pollution product accidents, that threaten the safety and health of employees, local communities, customers, and business partners.
- 3) In the event of an incident that has a serious impact on our business or on society, we will place the highest priority on gaining the trust of society and will take measures to ensure the safety and health of our employees, local communities, customers, and business partners, and to continue or quickly recover the business.

Priority Issues in Fiscal 2025

- 1) To reduce the risk of leaks or destruction of confidential information, introduce a globally standardized information security system and work to improve the standard of confidential information management by thoroughly implementing rules of confidential information management and steadily undertaking rectification measures based on the results of monitoring the status of implementing the rules.
- 2) To mitigate risk of process accidents, continue to implement measures to enhance operational and facility management at the Group's plants all over the world. Through onsite audits of individual Group companies by the Global Process Safety Management Audit Team, comprising members from across the organization, objectively identify issues in safety management and support rectification of those issues. Also, for issues that are detected, roll out measures horizontally on a global basis to mitigate the risk of process accidents throughout the Group.
- 3) Revise measures for avoidance and reduction of fuel and raw materials procurement risks in terms of the latest trends upstream in the supply chain and steadily implement the measures, starting with the fuels and raw materials relevant to products with a high priority based on the business continuity plan (BCP) of each business.

Risk Management and Compliance

Initiatives on Priority Issues in Fiscal 2024

Priority Issues in Fiscal 2024

- 1) Further enhance the level of confidential information management by further strengthening information security throughout the Group, thoroughly disseminating confidential information management rules, and monitoring the status of operations.
- 2) To mitigate the risk of safety-related accidents, continue to implement measures to strengthen operations and facility management at overseas plants and objectively identify specific issues at the plants through on-site audits by the Global Process Safety Management Audit Team, taking into account issues related to the safety management system at each overseas affiliate, and promote improvements.
- 3) Further improve the accuracy and effectiveness of the business continuity plan (BCP) by steadily implementing risk avoidance and reduction measurements developed for products of respective business that are highly prioritized in the BCP, based on the result of reexamining the procurement risks of raw materials, fuels, secondary materials, and equipment, including commodity materials, from a supply chain perspective.

Priority Issue 1

To strengthen confidential information management on an ongoing basis, the Company restructured the Confidential Information Management Team into a permanent organization in January 2024. As well as establishing the operation of a highly secure data storage system, which was launched in 2023, and expanding its functions, the Company began operating systems for the detection and automatic suspensions of mass downloads.

 Preventing Leakage of Confidential Information

Priority Issue 2

The relevant companies and business units of our overseas chemical plants have been subject to safety audits since 2019. In addition, the Global Process Safety Management Audit Team comprising global in-house experts was launched in 2022 and is working to identify overseas safety risks and pursue countermeasures. In 2024, the PSM Audit Team conducted on-site audits of three production bases, identifying issues and recommending rectification measures.

 Safety Audits for Chemical Plants outside Japan

Priority Issue 3

Continuing from 2023, based on the results of analysis of priority production brands and the risks of disruptions to the supply of raw materials, fuels, and other resources in each business, the Company progressively developed and implemented risk reduction measures, starting with resources that have the highest priority. In the analysis of the risks of supply disruptions for raw materials and other resources, due to recent changes in upstream supply chain trends, the analysis results were revised considering the trends.

Group Compliance

The statement “Our Commitment” outlines the principles of conduct to which the Kuraray Group should adhere in its business activities, which involve diverse points of contact with society. Our Code of Conduct serves as a guideline for putting the commitment into practice in day-to-day operations. We distribute a Compliance Handbook to all Group employees in Japan and overseas to familiarize them with the clear commitment of top management to compliance with laws and regulations and with “Our Commitment,” which contains an easy-to-understand explanation of the Code of Conduct. In addition, we have appointed compliance officers at plants and overseas offices of Kuraray and Group companies, and have organized regional compliance committees, linked to the activities of the Risk Management and Compliance Committee, to raise awareness of compliance throughout the Group.

Whistleblower System

We have set up a Kuraray Group Employee Counseling Room and a Global Compliance Hotline for Group employees around the world as an internal reporting system for either preventing or detecting and resolving at an early stage any compliance violations. Consultation and reporting can be anonymous, and we have put strict regulations in place to protect people making reports from being treated unfairly. In 2024, the Kuraray Group Employee Counseling Room received 29 consultations in Japan.

We have established a Governance Hotline to serve as an internal reporting point independent of management, via an outside law firm that is different from the firm we use for legal counsel.

	FY2020	FY2021	FY2022	FY2023	FY2024
Kuraray Group Employee Counseling Room Consultations in Japan	23	11	29	31	29

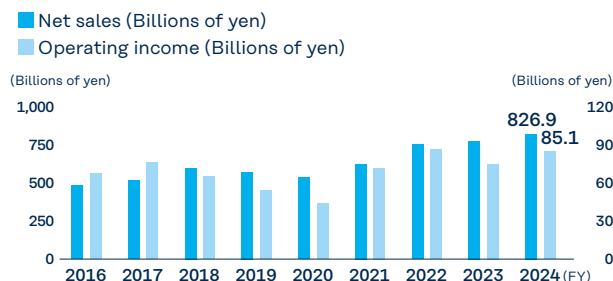
Departmental Compliance Education

Since 2017, Group employees in Japan have undergone departmental compliance education once a year to promote greater compliance awareness and a more open organizational culture. In 2024, we held an online compliance seminar, led by an outside instructor, for general managers of Group companies in Japan. The seminar focused on the theme of workplaces that encourage open dialogue, and seminar participants then implemented the procedures they learned at the seminar in their own departments and held discussions with all department members.

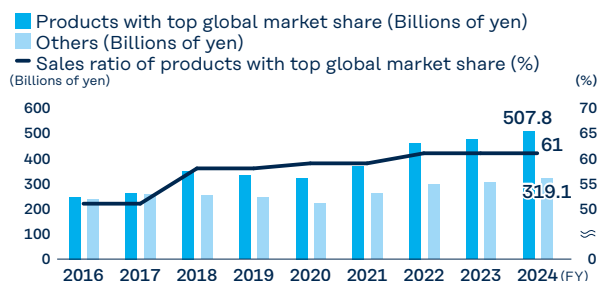
Financial and Non-Financial Highlights

Financial Data

Net sales **¥826.9 billion**
Operating income **¥85.1 billion**

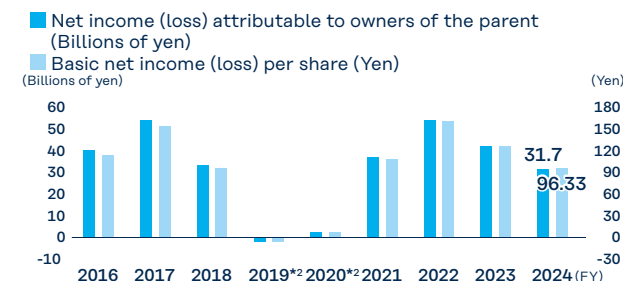


Products with top global market share*¹ **¥507.8 billion**
Sales ratio of products with top global market share*¹ **61%**



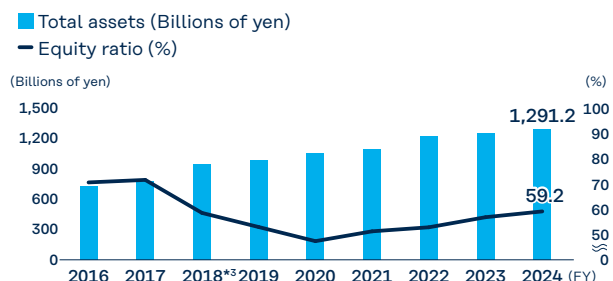
*¹ In-house survey

Net income attributable to owners of the parent **¥31.7 billion**
Basic net income per share **¥96.33**



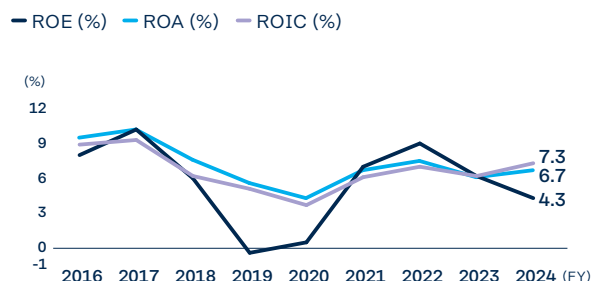
*² Net income attributable to owners of the parent declined significantly due to the recording of an extraordinary loss of approximately ¥51 billion in fiscal 2019 and approximately ¥22 billion in fiscal 2020 for litigation surrounding a fire incident at a subsidiary in the United States.

Total assets **¥1,291.2 billion**
Equity ratio **59.2%**



*³ In fiscal 2018, total assets increased due to the inclusion of Calgon Carbon Corporation in the scope of consolidation.

ROE*⁴ **4.3%** ROA*⁵ **6.7%**
ROIC*⁶ **7.3%**

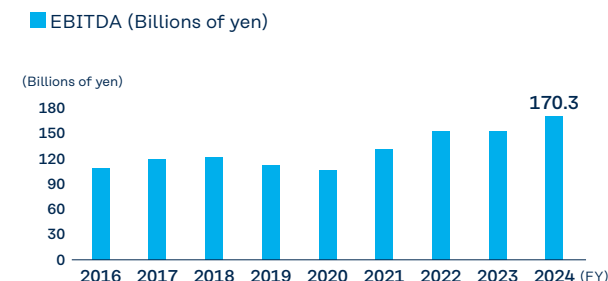


*⁴ Return on equity (ROE) = Net income attributable to owners of the parent / Average shareholders' equity x 100 (%)

*⁵ Return on assets (ROA) = Operating income / Average total assets x 100 (%)

*⁶ Return on invested capital (ROIC) = Net operating income after tax / (Interest-bearing debt + Shareholders' equity) x 100 (%)

EBITDA*⁷ **¥170.3 billion**

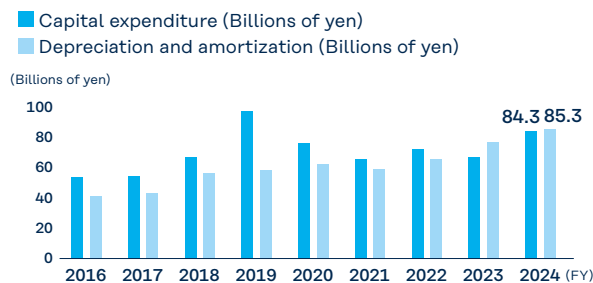


*⁷ EBITDA = Operating income + Depreciation and amortization

Financial and Non-Financial Highlights

Capital expenditure*8 **¥84.3 billion**

Depreciation and amortization **¥85.3 billion**



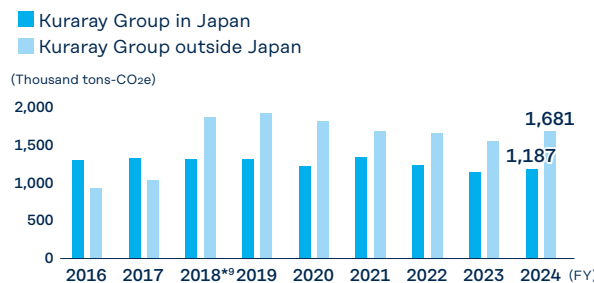
*8 Capital expenditure is on an acceptance basis.

Non-Financial Data

Greenhouse gas (GHG) emissions (Scope 1, 2)

Kuraray Group in Japan **1,187** thousand tons-CO₂e

Kuraray Group outside Japan **1,681** thousand tons-CO₂e



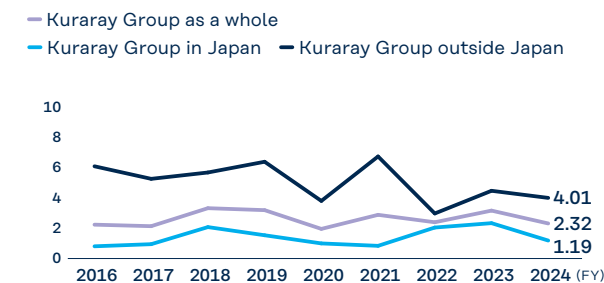
*9 Calgon Carbon Corporation has been included in data since fiscal 2018.

Frequency rate of all occupational injuries*10

Kuraray Group as a whole **2.32**

Kuraray Group in Japan **1.19**

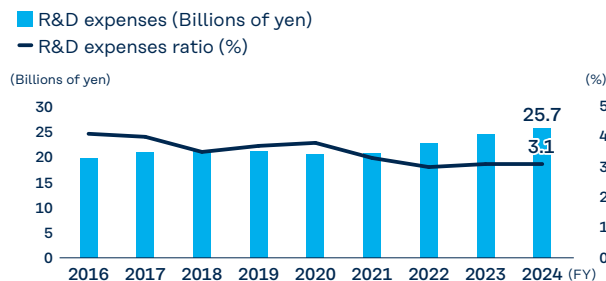
Kuraray Group outside Japan **4.01**



*10 Number of all occupational injuries (lost-time and no lost-time injuries) per million working hours.

R&D expenses **¥25.7 billion**

R&D expenses ratio **3.1%**

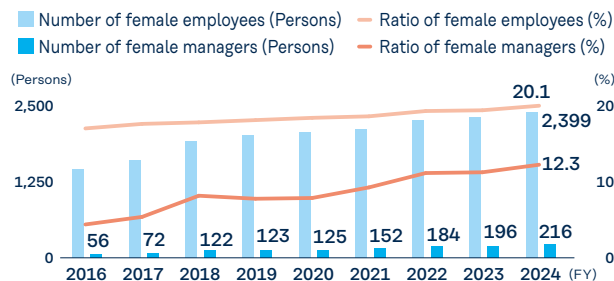


Number of female employees **2,399**

Ratio of female employees **20.1%**

Number of female managers **216**

Ratio of female managers **12.3%**

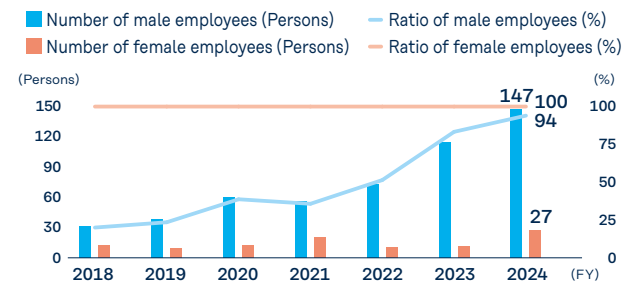


Number of employees taking childcare leave*11

Men **147** Women **27**

Ratio of childcare leave-taking*11

Men **94%** Women **100%**



*11 Number and ratio of employees for Kuraray Co., Ltd.

11-year Financial Summary (Consolidated)

Fiscal year ended December 31,

Fiscal year	2014* ¹	2015	2016	2017* ²	2018* ³	2019	2020	2021	2022	2023	2024
Profit/loss (¥ millions)											
Net sales	¥ 484,969	¥ 521,721	¥ 485,192	¥ 518,442	¥ 602,996	¥ 575,807	¥ 541,797	¥ 629,370	¥ 756,376	¥ 780,938	¥ 826,895
Operating income	51,382	66,077	67,827	76,351	65,794	54,173	44,341	72,256	87,139	75,475	85,081
Ordinary income	50,961	64,535	66,181	74,235	61,167	48,271	39,740	68,765	84,060	69,025	81,480
Net income or loss attributable to owners of the parent	27,454	35,749	40,400	54,459	33,560	(1,956)	2,570	37,262	54,307	42,446	31,724
Net cash provided by (used in) operating activities* ⁴	40,840	93,228	93,923	84,606	75,171	95,577	79,947	78,221	51,727	129,298	138,294
Net cash provided by (used in) investment activities* ⁴	(105,690)	(48,553)	(49,300)	(79,896)	(186,982)	(89,369)	(64,025)	(65,595)	(68,624)	(63,151)	(76,008)
Free cash flow* ⁴	(64,850)	44,674	44,622	4,710	(111,811)	6,207	15,921	12,626	(16,896)	66,146	62,286
Net cash provided by (used in) financing activities* ⁴	(3,650)	(24,353)	(14,701)	(17,176)	114,088	(1,517)	91,508	(47,447)	(12,053)	(64,959)	(82,504)
Financial position (¥ millions)											
Total assets	¥ 691,538	¥ 701,770	¥ 725,433	¥ 776,735	¥ 947,095	¥ 991,149	¥1,051,584	¥1,091,014	¥1,221,533	¥1,254,485	¥1,291,238
Tangible fixed assets	262,388	262,019	271,827	287,196	357,411	414,793	429,391	455,266	512,562	526,977	540,385
Interest-bearing debt	74,413	59,445	59,798	59,963	216,589	236,866	341,390	307,438	324,405	282,025	244,282
Total net assets	481,826	503,589	520,978	565,487	567,033	538,545	515,481	579,602	668,534	736,156	781,790
Other (¥ millions)											
Capital expenditures	¥ 47,191	¥ 45,014	¥ 53,608	¥ 54,514	¥ 66,825	¥ 97,366	¥ 76,700	¥ 65,947	¥ 72,599	¥ 67,282	¥ 84,276
Depreciation and amortization	42,006	44,102	41,555	42,965	56,698	58,158	62,459	59,003	65,456	77,163	85,260
R&D expenditures	18,066	19,132	19,830	20,961	21,160	21,170	20,603	20,845	22,653	24,434	25,699
Per share data (¥)											
Earnings per share (EPS)	¥ 78.42	¥101.84	¥ 114.98	¥ 154.85	¥ 96.05	¥ (5.66)	¥ 7.48	¥ 108.32	¥ 161.13	¥ 126.80	¥ 96.33
Book value per share (BPS)	1,354.21	1,412.46	1,459.34	1,587.60	1,592.96	1,527.79	1,450.32	1,627.84	1,932.37	2,133.75	2,359.03
Dividends per share* ⁴	27.0	40.0	41.0	42.0	42.0	42.0	40.0	40.0	44.0	50.0	54.0
KPIs and forex rate											
EBITDA* ⁵ (¥ millions)	93,388	110,179	109,382	119,317	122,492	112,331	106,801	131,260	152,595	152,639	170,341
Return on invested capital (ROIC)	13.4	10.3	8.9	9.3	6.2	5.1	3.7	6.1	7.0	6.2	7.3
Return on equity (ROE)* ⁶	6.0	7.4	8.0	10.2	6.0	(0.4)	0.5	7.0	9.0	6.2	4.3
Return on assets (ROA)* ⁷	7.8	9.5	9.5	10.2	7.6	5.6	4.3	6.7	7.5	6.1	6.7
Equity ratio* ⁸	68.7	70.7	70.7	71.7	58.6	53.0	47.4	51.3	52.9	56.9	59.2
Debt-to-equity (DE) ratio* ⁹ (times)	0.16	0.12	0.12	0.11	0.39	0.45	0.68	0.55	0.50	0.39	0.32
Payout ratio* ⁴	44.4	39.3	35.7	27.1	43.7	—	535.1	36.9	27.3	39.4	56.1
Total return ratio* ⁴	44.4	39.3	35.7	32.4	54.7	—	535.1	36.9	45.5	39.4	118.7
Price-to-earnings ratio (PER) (times)	17.6	14.5	15.3	13.7	16.1	(235.2)	146.7	9.2	6.6	11.2	23.7
Price-to-book value ratio (PBR) (times)	1.0	1.0	1.2	1.3	1.0	0.9	0.7	0.6	0.5	0.7	1.0
Yen/1 U.S. dollar (Average) (¥)	106	121	109	112	110	109	107	110	132	141	152
Yen/1 Euro (Average) (¥)	140	134	120	127	130	122	122	130	138	152	164

*1 The Company changed its fiscal year-end from March 31 to December 31, starting with fiscal 2014. The above figures for fiscal 2014 have been adjusted to show the 12 months from January 1 to December 31, 2014.

*2 From fiscal 2018, Kuraray applies the first-in, first-out inventory valuation method uniformly to products, raw materials and work in process, and due to this change, figures for fiscal 2017 have been restated.

*3 Kuraray adopted ASBJ Statement No. 28 Partial Amendments to Accounting Standard for Tax Effect Accounting (issued February 16, 2018) from January 1, 2019. These accounting standards have been retroactively applied to the above figures for fiscal 2018.

*4 Cash flow, dividends per share, payout ratio, and total return ratio are based on the actual results for fiscal 2014, which consists of nine months for the Company and its consolidated domestic subsidiaries due to the change in the fiscal year-end, and 12 months for its consolidated overseas subsidiaries.

*5 EBITDA = Operating income + depreciation and amortization

*6 Return on equity = Net income attributable to owners of the parent / Average shareholders' equity x 100 (%)

*7 Return on assets = Operating income / Average total assets x 100 (%)

*8 Equity ratio = Equity / Total assets x 100 (%)

*9 Debt-to-equity ratio = Interest-bearing debt / Equity (times)

Corporate Overview, Stock Information, Inclusion in ESG Indexes

See the corporate website for details on the various indexes.

External Evaluations of IR Activities

Corporate Overview (As of December 31, 2024)

Company Name	Kuraray Co., Ltd.
President and Representative Director	Hitoshi Kawahara
Established	June 1926
Head Office	Tokiwabashi Tower, 2-6-4, Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan
URL	https://www.kuraray.com
Capital	JPY89 billion
Employees (Consolidated)	11,941
Group Companies	73 consolidated subsidiaries, four equity-method affiliates
Major Overseas Operations	United States, Germany, Belgium, China, Korea, Singapore, Thailand

Main Group Locations

Stock Information

Securities Code	3405
Issued and Outstanding Shares	324,863,603 shares (including 996,185 shares of treasury stock)
Number of Shareholders	90,890
Domestic Stock Exchange Listing	Prime Market in Tokyo Stock Exchange
Shareholder Register Agent	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo 100-8223, Japan
Independent Auditor	PricewaterhouseCoopers Japan LLC

Inclusion in ESG Indexes (As of April 30, 2025)

Kuraray has been included in the following ESG investment indexes.



FTSE4Good



Major Shareholders

Name of shareholder	Number of shares held (thousands)
The Master Trust Bank of Japan, Ltd. (Trust Account)	63,605
Custody Bank of Japan, Ltd. (Trust Account)	32,243
National Mutual Insurance Federation of Agricultural Cooperatives	10,882
Nippon Life Insurance Company	10,848
Kuraray Employee Stock Ownership Plan	5,868
JPMorgan Securities Japan Co., Ltd.	5,438
Meiji Yasuda Life Insurance Company	5,372
THE BANK OF NEW YORK MELLON 140042	5,014
Kuraray Business Partner Stock Ownership Plan	4,780
BNP PARIBAS LUXEMBOURG/2S/JASDEC SECURITIES/UCITS ASSETS	4,134

Note: Kuraray Co., Ltd. holds 996,185 shares of treasury stock.

2024 CONSTITUENT MSCI NIHONKABU
ESG SELECT LEADERS INDEX

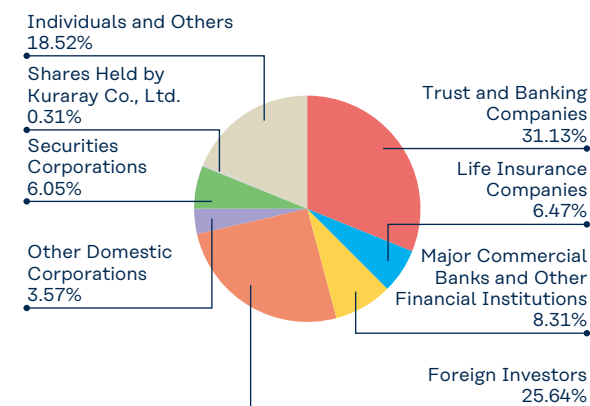
FTSE Blossom
Japan Index



FTSE Blossom
Japan Sector
Relative Index

Morningstar Japan ex-REIT
Gender Diversity Tilt Index

Shareholder Composition (Shareholding Ratio)



kuraray

Possible starts here

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