

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.

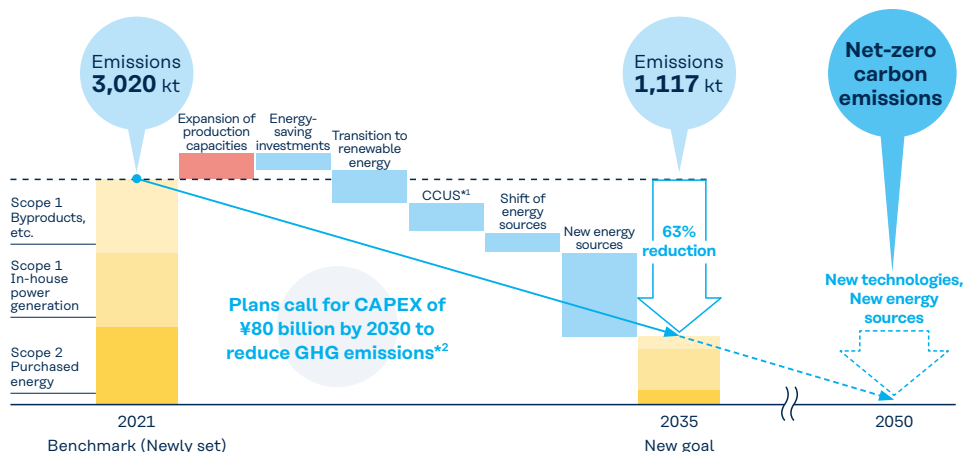
Setting New Goals for GHG Emission Reduction

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)

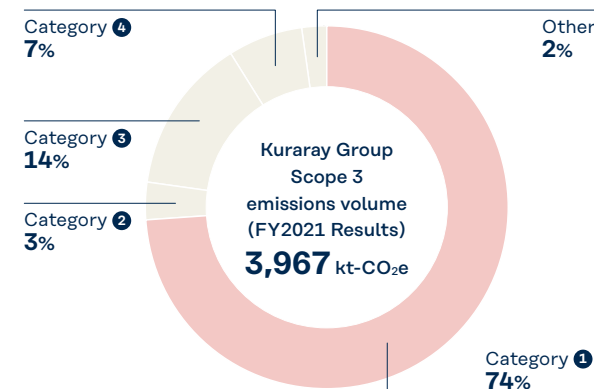
Another important element in reducing GHG emissions is an initiative to decarbonize all of the supply chain. The Kuraray Group has extended the range of calculation of total supply chain GHG emissions (Scope 3) from operations in Japan to locations worldwide, and has also altered the calculation method 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



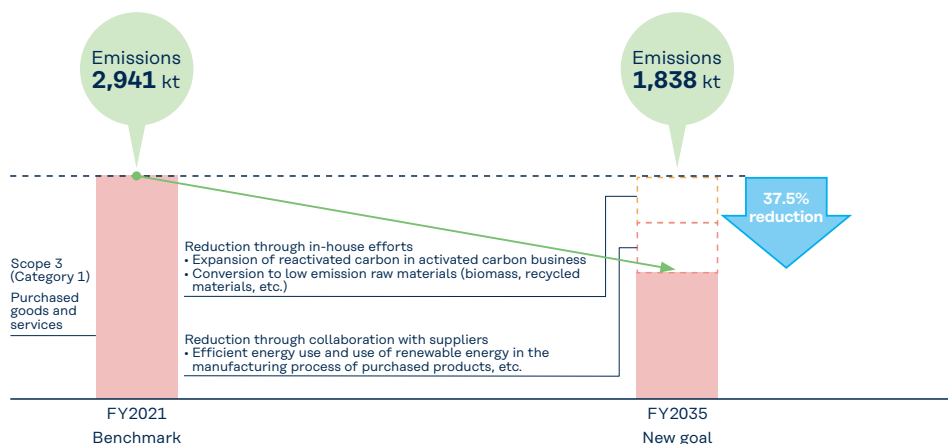
Setting New Goals for GHG Emission Reduction

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.

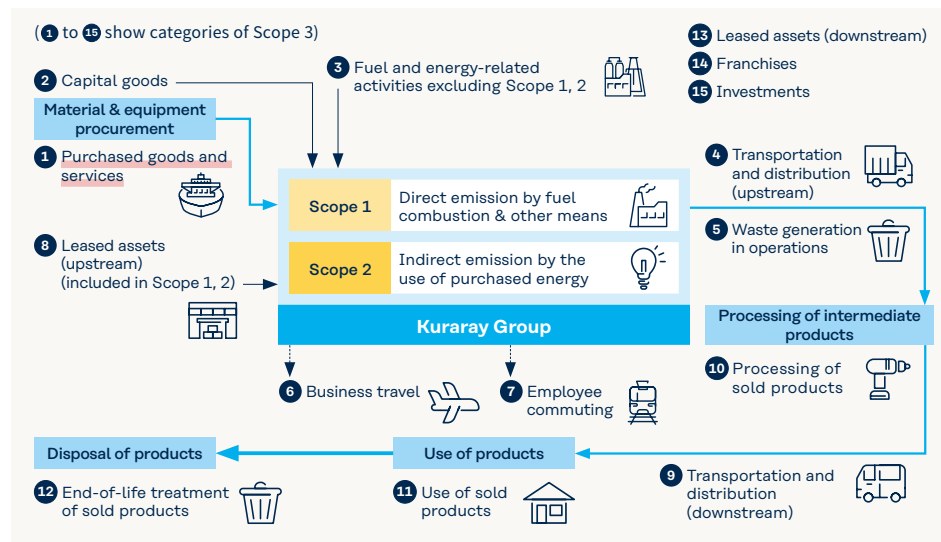
Scope 3 (Category 1) GHG Emission Reduction Roadmap



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



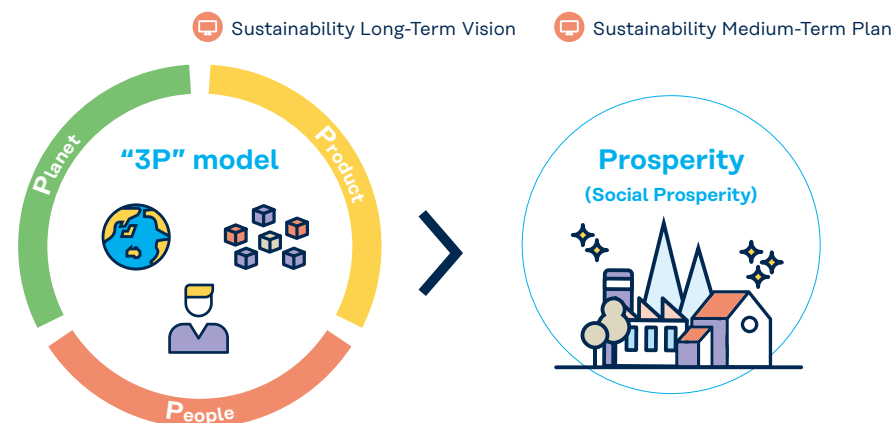
- 8 Emissions from the offices, electrical appliances, and company cars covered are included in Scope 1, 2.
- 9, 10, 11, 12 The Kuraray Group's products are sold mainly as intermediate materials for various applications, making it difficult to track and account for emissions from their transportation, 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  > P. 31	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  > P. 33	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  > P. 35	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	—
		D1 and D2 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



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



Improving living environment

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



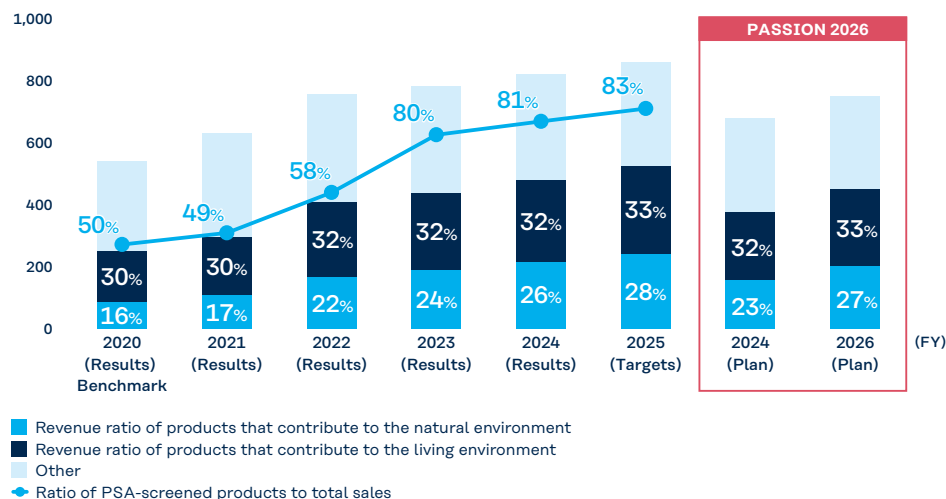
Lightweight electric vehicles

- 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)

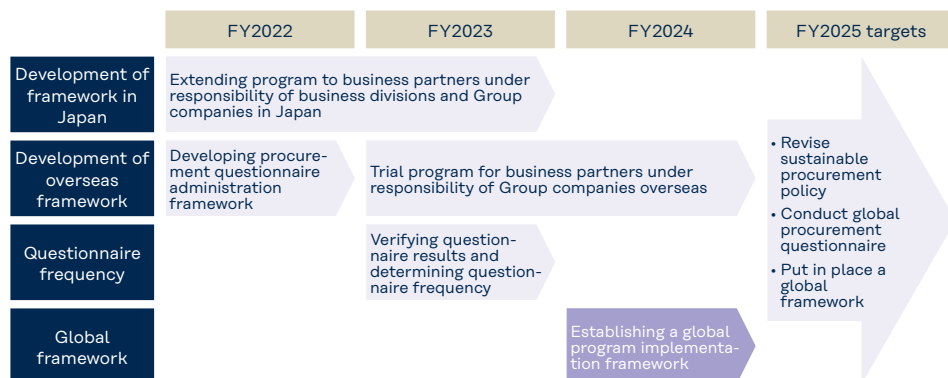


Promoting Sustainable Procurement

 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.

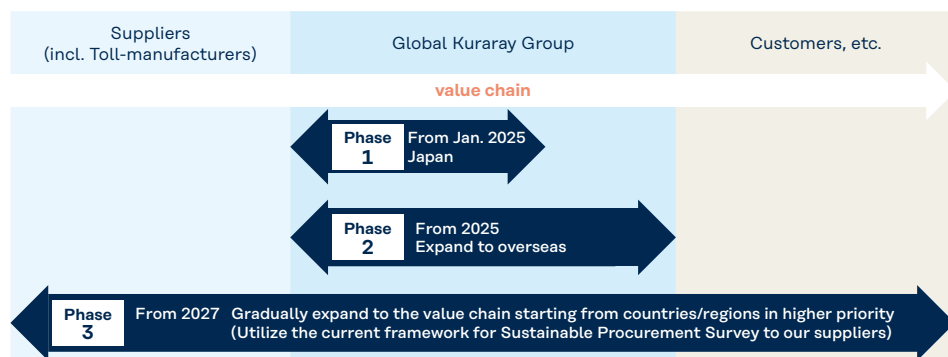
Global Process Safety Management Audit

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

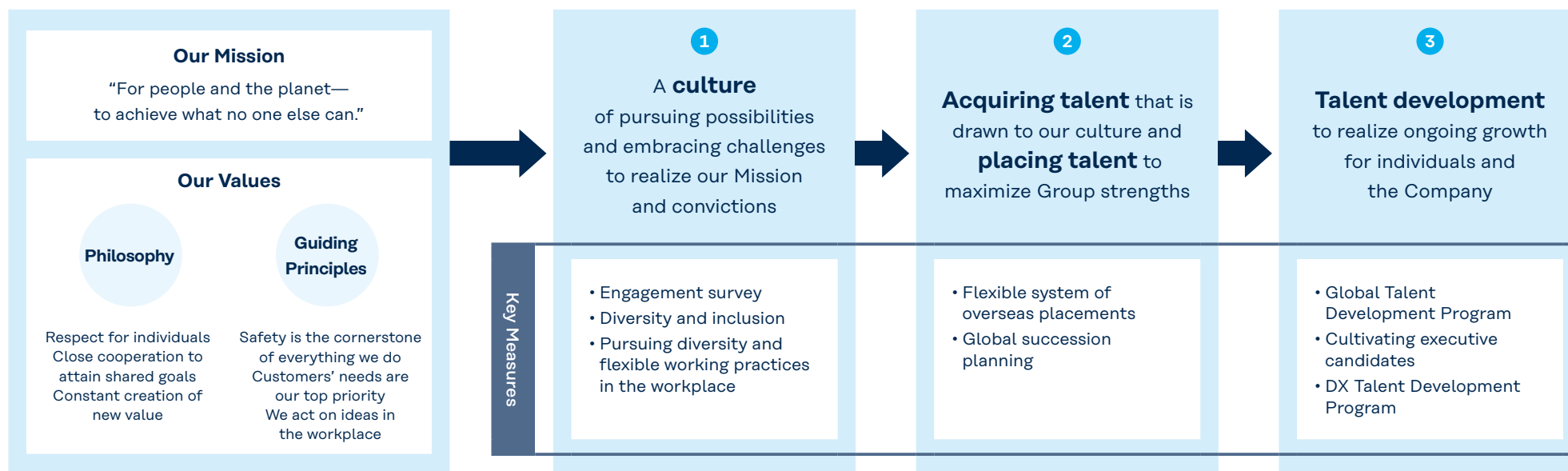
I have led people in the U.S. Navy and headed up Operations and Human Resources teams at several companies before joining Kuraray America as the Director of Human Resources in 2012. I am applying those past experiences to my current position, in charge of global human capital strategy.

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.