

Sustainability as an Opportunity

We will enhance sustainability by strengthening collaboration with our businesses.

Akiko Ide

Executive Officer
General Manager of Corporate Sustainability Division



A More Robust Sustainability Promotion Structure and Our Long-Term Vision

From our foundation, the Kuraray Group has been working to address social issues through our businesses, based on our founding philosophy that “the wealth gained from society must be returned to society.” For many years, our efforts in this vein centered mainly around the CSR Committee, organized in 2003, hailed as the inaugural year of corporate social responsibility in Japan. The CSR Committee was reorganized as the Sustainability Committee in January 2022, giving us a new framework enabling us to act more swiftly in response to issues demanding attention amid increasingly drastic changes in the business environment. The Sustainability Committee, made up primarily of members of the Executive Committee and chaired by the President, is directly linked to business activities.

We have also set out the Sustainability Long-Term Vision in tandem with formulating the Medium-Term Management Plan “PASSION 2026.” Many Kuraray Group products are used as materials that are rarely recognized on the outside, but they find a place in a wide array of end-products and applications in the world around us. The Sustainability Long-Term Vision expresses the Group’s determination to constantly find solutions and

contribute in numerous ways to global issues.

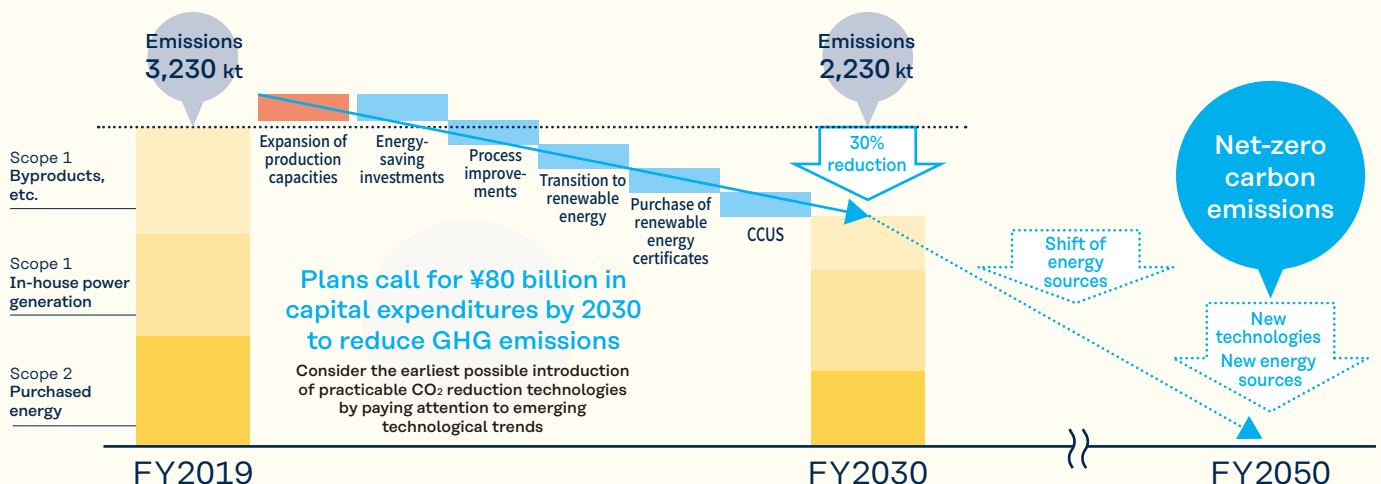
As society calls on companies to link sustainability more robustly to corporate management, top management of the Kuraray Group has clearly expressed its conviction that sustainability is one of its key management strategies and that it is indispensable for the sustainable development of the Group in the future.

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.

Achieving Net-Zero Carbon Emissions in 2050

Based on the Sustainability Long-Term Vision, we formulated a long-term roadmap for achieving net-zero carbon emissions in 2050. The roadmap calls for no increases in Scope 1 and 2 GHG emissions during the period of “PASSION 2026” compared to 2019, and sets a target of reducing emissions by 30% in 2030 compared to 2019



and achieving net-zero emissions by 2050. Particularly in the activated carbon business, although the products themselves make a significant contribution to the natural and living environments, there is an issue with CO₂ by-products in the manufacturing process. To develop this business further, it is essential to create a carbon dioxide capture, utilization, and storage (CCUS)*¹ system that both reduces CO₂ emissions as much as possible and recovers and utilizes emitted CO₂. This requires medium- to long-term technological development and capital investment.

We have already started developing a CCUS system, and construction of a trial CCUS plant is included in the roughly ¥30 billion in investments earmarked for greenhouse gas reduction under “PASSION 2026.” Subsequently, we plan to invest about ¥50 billion by 2030 mainly in the trial CCUS plant and in the shift to in-house produced power—a total of ¥80 billion in greenhouse gas emission reductions from 2022 to 2030. Furthermore, we will pay attention to emerging technological trends, rolling out practicable GHG reduction technologies as early as possible.

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

People-related measures have to do with human resources in a broad sense, including more robust occupational safety and process safety fostering a culture that encourages the taking on of challenging endeavors, promoting diversity and inclusion, expanding global HR development systems, and social contribution activities. Regarding process safety and disaster prevention, we will set up a new Global Process Safety Management Audit Team, gathering personnel worldwide who are skilled in chemical plant operations to strengthen safety audits for chemical and activated carbon plants in 2022. Regarding human resources, we will expand our consistent HR platform and personal database to align job grades for management positions from a global perspective and we will promote the visualization of our human resources. Under this HR framework, we aim to build an organization in which diverse human resources can play an active role by placing the right people in the right positions in Japan and overseas, and combining this with an effective training system. We are convinced that the intersection of a range of ideas and ways of thinking increases the likelihood of unexpected breakthroughs and will lead to the creation of a culture that embraces challenges (▶▶p. 25).

*2 SBT (Science-Based Targets): Voluntary targets set by business corporations with regard to GHG emission reductions over the course of 5 to 15 years in a manner consistent with the levels required by the Paris Agreement.

*3 Unsatisfied or unidentified potential demand or needs.

Easy to Understand “3P” Model for the Sustainability Medium-Term Plan

Under “PASSION 2026,” sustainability-related measures are summarized in the Sustainability Medium-Term Plan and grouped into three Ps: Planet, Product, and People. The “3P” model aims to convey globally to all of our employees and other stakeholders, in an easy-to-understand format, the sustainability-related measures we have determined, guided by our areas of materiality. By steadily moving forward with the various measures indicated under the “3P” model, we aim to achieve a fourth “P”—the Prosperity of both society and the Kuraray Group.

Planet-related measures have to do with the natural environment. In addition to the initiatives to achieve net-zero carbon emissions by 2050 mentioned above, we have drafted a concrete plan for reducing Scope 3 GHG emissions and are aiming to obtain SBT*² certification by 2024. Regarding TCFD disclosure, we will analyze the various scenarios and quantitatively assess their impact in 2022. We will continue to review the numerical targets for the areas already identified in previous medium-term environmental plans (▶▶p. 21).

Product-related measures include the introduction of a Portfolio Sustainability Assessments (PSA) system to objectively assess the contribution of each product or service to the natural and living environments. We will seek to boost the revenue ratio of PSA-contribution products as we work to promote a circular economy and pursue greater sustainable procurement. We feel that the PSA system is particularly useful not only for our business divisions but also for proposals and application development carried out in collaboration with the Innovation Networking Center to address the unmet needs*³ of customers (▶▶p. 23).



Moving Forward with Stakeholders

If we hope to achieve sustainable growth in an era of changing lifestyles and values, amid a global movement toward net-zero carbon emissions, the Kuraray Group must continue to evolve and build a more sophisticated business portfolio. Furthermore, a new mindset is required for each and every employee involved in reaching this goal. This is the core thrust of our sustainability initiatives.

Naturally, we recognize the need to revise our plans as needed to address changes both in the business environment and in what stakeholders expect of us. We will continue to deepen our engagement with our shareholders, investors, and other stakeholders, reflecting their concerns in our activities going forward.



Planet



For detailed information, please visit the website.
https://www.kuraray.com/csr/report2022/Scope1_2

- Ongoing initiatives to reduce environmental burden
- Reducing GHG emissions from the supply chain
- Achieving harmony with society through participation in international initiatives

Kuraray's Approach to Environment-Friendly Manufacturing

We believe that the Kuraray Group's mission is to manufacture basic and intermediate materials that will contribute to creating a low-carbon and environment-friendly society and minimize their environmental impact as much as possible. Based on this philosophy, the Kuraray Group

continues to conserve the environment through global manufacturing, including the promotion of measures against global warming, reduction of chemical substance emissions, and effective use of resources.

Environmental Management System

The Kuraray Group has established the Kuraray Group Environmental Policy, and is promoting environmental conservation activities. These activities are in the P (plan) D (do) C (check and evaluate) A (act and improve) cycle for constant improvement according to the Kuraray Group Environmental Activity Management Rules. Kuraray plants and subsidiaries have acquired ISO 14001 (Environmental Management Systems) certification and

are steadily operating ISO 14001 systems.



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

Environmental Performance

Activity item	FY2021 targets	Results
Global warming prevention	<p>Kuraray Group in Japan: Implement measures to reduce GHG emissions by 13,000 tons-CO₂ or more year on year. Improve the GHG emission intensity index*¹ by at least 1.0 percentage point year on year.</p> <p>Kuraray Group outside Japan: Improve the energy intensity index by at least 1.0 percentage point year on year.</p>	<p>Kuraray Group in Japan: Implemented measures to reduce GHG emissions by 30,000 tons-CO₂ year on year. The GHG emission intensity index improved by 7.7 percentage points year on year.</p> <p>Kuraray Group outside Japan: The energy intensity index worsened by 0.3 percentage points year on year.</p>
Effective use of water resources	<p>Kuraray Group in Japan: No specific numerical targets were set.</p> <p>Kuraray Group outside Japan: Improve the water (excluding seawater) intensity index by at least 1.0 percentage point year on year.</p>	<p>Kuraray Group in Japan: Pursued effective use of water resources and implemented quantitative control of water usage.</p> <p>Kuraray Group outside Japan: The water (excluding seawater) intensity index improved by 9.5 percentage points year on year.</p>
Emission management of chemical substances	<p>Kuraray Group in Japan: Control the amount of JCIA-designated PRTR substance emissions*² to less than fiscal 2016 result (957 tons).</p> <p>Kuraray Group outside Japan: No specific numerical targets were set.</p>	<p>Kuraray Group in Japan: JCIA-designated PRTR substance emissions were 985 tons.</p> <p>Kuraray Group outside Japan: Implemented quantitative emission control in compliance with chemical substance emissions regulations in each country/area.</p>
Effective use of waste	<p>Kuraray Group in Japan: Implement measures to reduce waste by the equivalent of 1% relative to fiscal 2016 level (900 tons) or more. Control final landfill volume to less than fiscal 2016 result (251 tons).</p> <p>Kuraray Group outside Japan: No specific numerical targets were set.</p>	<p>Kuraray Group in Japan: Implemented measures to reduce waste by 4,934 tons. The final landfill volume was 655 tons.</p> <p>Kuraray Group outside Japan: Implemented quantitative control of waste in compliance with legal requirements in each country/area.</p>
Environmental accounting	—	<p>Amount of investment for environmental conservation: ¥2,080 million (FY2020: ¥2,084 million) Cost of environmental conservation: ¥2,821 million (FY2020: ¥2,609 million)</p>

*1 Intensity index: A value obtained by dividing converted production volume by environmental impact. The 2016 result was set to 100.
 (Converted production volume: Production volume converted from the production volume of each product as the production volume of the reference product using a conversion factor determined based on the environmental load intensity of each product in the reference year.)

*2 JCIA-designated PRTR substances: Specific chemical substances in the Law concerning Pollutant Release and Transfer Register (PRTR Law) and substances targeted under voluntary control standards set by the Japan Chemical Industry Association (JCIA).

Initiatives to Reduce Scope 3 GHG Emissions from the Supply Chain

At present, most Scope 3 GHG emissions are only measured in Japan. By 2023, we will extend measurements to the whole Group while also improving their accuracy, seeking to identify categories that account for two-thirds of all Scope 3 GHG emissions. We will also deepen the dialogue with business partners and set Scope 3 reduction

targets for the entire supply chain. We aim to obtain Science Based Targets (SBT) certification for our Scope 1 and 2 as well as Scope 3 GHG emission reduction targets.



For information about Scope 3 emissions, please visit the website.
<https://www.kuraray.com/csr/report2022/Scope3>

Disclosure Based on TCFD Recommendations

In November 2020, Kuraray Group endorsed the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD)*³ in recognition of the importance of climate change control as one of our high-profile issues. The Sustainability Medium-Term Plan, which started from 2022, includes measures to mitigate climate change such as reducing GHG emissions, pursuing energy savings,

expanding products that contribute to improving the natural environment, and responding to the circular economy. In addition to implementing these measures gradually, we will enhance the disclosures of strategy, based on governance and scenario-based analysis, risk-management, indicators, and targets recommended by TCFD.

*³ TCFD stands for the Task Force on Climate-related Financial Disclosures which was established by the Financial Stability Board (FSB) to review how to respond to climate change disclosures and requirements from the financial sector.

◆ Governance

In the Kuraray Group, the Sustainability Committee, chaired by the president, promotes sustainability activities. Under this committee, we will establish several project teams to implement the global measures outlined in the Sustainability Medium-Term Plan and promote each project. In addition to confirming the progress of the projects related to climate change control, the TCFD Promotion Project Team, which has been established under the Sustainability Committee, will enhance disclosure based on TCFD guidelines.

Topics discussed in the Sustainability Committee are reported to the Board of Directors and the feedback from the Board will be reflected in future sustainability activities.

◆ Risk Management

The Kuraray Group implements risk management in terms of both mitigating and adapting to climate change. Measures to mitigate climate change, such as reducing GHG emissions and expanding products that contribute to improving the natural environment, are mainly managed by the Sustainability Committee, which promotes the reduction of the risk of transition to a carbon-free society.

Meanwhile, each organization conducts risk self-assessments every year as a measure to adapt to climate change to strengthen disaster countermeasures and business continuity. The results of these assessments are discussed by the Risk Management and Compliance Committee (chaired by the director in charge of the Corporate Sustainability Division) and if countermeasures are necessary, the President will appoint a person in charge to pursue countermeasures to improve the situation.

◆ Strategy

We identified risks and opportunities for the Kuraray Group from events that occur in the transition to a low-carbon society and physical events that occur due to climate change.

Both an increase in the carbon tax burden and a decrease in the use of plastic products are considered to be risks from the transition to a low-carbon society. In order to reduce these risks, we will work together among Kuraray Group colleagues as well as our business partners to reduce GHG emissions. In addition, we will develop products and technologies that contribute to the circular economy. Furthermore, seizing the process of manufacturing, distributing, and consuming our customers' products and end-products as an opportunity to reduce GHG emissions and the use of plastic products, we will create and expand sales of products and technologies that contribute to the improvement of the natural environment.

In addition, we will prepare for business continuity by implementing measures against catastrophic disasters caused by climate change and aim to realize a society resilient to climate change through disaster countermeasures and products that contribute to securing water and food resources. In the future, we will identify scenarios of climate change and deepen our analysis of risks and opportunities. At the same time, we will analyze the impact on the Kuraray Group.

◆ Indicators and Targets



As our long-term goal for mitigating climate change, we will target the reduction of our own GHG emissions (Scope 1 and 2) by 30% in 2030 compared with 2019 and the achievement of net-zero carbon emissions in 2050. In the Sustainability Medium-Term Plan, we have set the following targets for reducing GHG emissions related to climate change and for expanding sales of products that contribute to the natural environment.

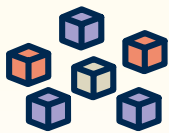


For information about the climate change-related risks and opportunities of the Kuraray Group, please visit the website.

https://www.kuraray.com/csr/report2022/prevention_of_global_warming

Measures and Targets Related to Climate Change in the Sustainability Medium-Term Plan

		Benchmarks	FY2024	FY2026	FY2027 and beyond
 Planet	GHG emissions	Scope 1+2	FY2019: 3.2 million tons	No increase in emissions compared to fiscal 2019	<ul style="list-style-type: none"> • FY2030: 30% reduction compared to fiscal 2019 • FY2050: Carbon Net Zero
		Scope 3	FY2019: 0.9 million tons (Japan)	<ul style="list-style-type: none"> • Target the entire Group and identify the category that accounts for more than two-thirds of emission • In fiscal 2023, formulate numerical reduction targets for fiscal 2024 and fiscal 2026 	
 Product	Revenue Ratio of Natural Environment / Living Environment Contributing Products (Of which, Revenue Ratio of Natural Environment Contributing Products)	FY2020: 46% (16%)	55% (23%)	60% (27%)	



Product



For detailed information, please visit the website.
https://www.kuraray.com/csr/report2022/psa_product

- Introducing PSA to evaluate contributions to the natural and living environments
- Mitigating social impact in the supply chain by promoting sustainable procurement

Addressing Material Issues with Products

Guided by the mission stated in the Kuraray Group's Corporate Statements—"For people and the planet—to achieve what no one else can"—we have sought to address material issues by developing businesses that

contribute to improving the natural and living environments everywhere. We will continue to contribute to the realization of a sustainable society through our unique technologies and products.

Contribution Products for the Natural and Living Environments

Under "PASSION 2026," products and technologies that contribute to the Kuraray Group's material issues of improving the natural and living environments are incorporated into the business plans of each business division and Group company, as well as the Research and Development Division.

The Kuraray Group has introduced PSA to carry out screening to enhance objectivity and transparency in setting targets for products that contribute to both the

natural and living environments. Based on the results of screening, high-scoring products are designated as "contribution products," those that contribute to the natural and living environments. The target is to increase the sales revenue ratio of such products from 46% in 2020 to 55% in 2024 and 60% in 2026.



For information about the PSA system, please visit the website.
<https://www.kuraray.com/csr/report2022/psa>

Kuraray Group Products that Contribute to the Natural and Living Environments

Improving the natural environment


Asbestos substitutes

- KURALON™

Help extend the life of and enhance the durability of cement materials

Bio-based or recycled raw materials


- Liquid rubber made from bio-based materials
- ECOTALK™ (polyester)*1
- CLARINO™ man-made leather based on recycled materials



Improving the living environment

Water and air purification

- Activated carbon
- Membrane module




As a food packaging material to:

- Reduce the weight of packaging
- Prolong shelf-life

Lower logistical burden, food loss reduction

- EVAL™ (EVOH resin)
- PLANTIC™ (biomass-derived gas barrier film)



Make dentists' and patients' lives easier


- Dental materials

Shorten time of treatment

High-speed communication

- VECSTAR™ (liquid crystalline polymer film)

Speed up communications thanks to high-frequency characteristics



Lightweight EVs

- GENESTAR™ (heat-resistant polyamide resin)

*1 Brand name applied to products made using manufacturing methods with strong CO₂ emission reduction gains and products that help improve the living and working environments.

Initiatives toward a Circular Economy

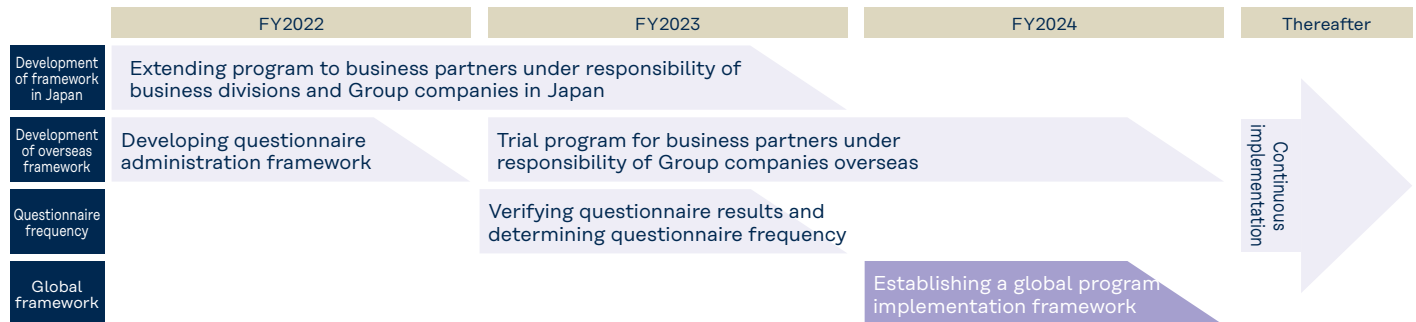
The Kuraray Group works to address the issue of transitioning to a circular economy as a company that develops products made from fossil raw materials. During the "PASSION 2026" period, we will also work with business

partners in the supply chain to reduce the use of fossil raw materials and the amount of waste generated over the life cycle of the products.

Promoting Sustainable Procurement

Following growth in social demand for adequate supply chain management, the Kuraray Group revised its CSR Procurement Policy and began requesting the cooperation of some business partners in Japan to comply with the policy in 2019. Under “PASSION 2026,” we will extend

the scope of this activity to business partners, including overseas partners, representing 80% of the Group's total purchase amount (90% of the purchase amount for raw materials, secondary materials and products).



Quality Management

The Kuraray Group's approach to quality is rooted in the realization of the Kuraray Group's Mission: "For people and the planet—to achieve what no one else can."

Our products and services can only be valuable when their value is recognized and accepted by customers. In other words, we have made it clear that Kuraray's concept of quality is "customer satisfaction." In order to provide products and services that achieve customer satisfaction and contribute to society, we believe that it is essential not only to pursue the performance and quality of our products and services but also to consider multiple aspects, including safety, environmental impact, and sustainability.

For this reason, it is necessary to conduct comprehensive quality management in both manufacturing, such as production and development, and in sales, distribution,

storage, value chains, and so on, and we are promoting initiatives with the participation of all employees.

Kuraray Group Global Quality Policy

"We contribute to the society by supplying safe, reliable and high-quality products and services."

We vow to provide safe, high-quality products and services with a sense of responsibility and pride and contribute to improved natural environments and living environments to realize a sustainable society.

To that end, each of us will continuously engage in improvement activities to pursue the creation of value to enhance customer satisfaction with better understandings of demands of laws and regulations, society, and customers' needs.

Product Safety and Chemical Management

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

In the management of chemical substances, we have set a system that enables us to obtain relevant legal and hazard information and to prepare safety data sheets (SDSs) by linking information on chemical substances contained in raw materials and products registered in our internal database with external databases such as of laws

and regulations and safety information on chemical substances. In addition, we appoint people responsible for chemical management and people in charge of actual operations at each division. Those staff take the lead in conducting continuous in-house education to deepen understanding of chemical substance management and laws and regulations. Furthermore, to respond to the expansion of destination countries and regions, the expansion of the Kuraray Group's bases, and the increasing complexity of laws and regulations in each country, we are collaborating with Group companies outside Japan to research and share information on laws and regulations in each country, to achieve accurate chemical substance management across the entire Group.



People



For detailed information, please visit the website.
[https://www.kuraray.com/csr/report2022/
occupational_safety_process_safety](https://www.kuraray.com/csr/report2022/occupational_safety_process_safety)

- Promoting safety activity management to realize workplaces where people can safely work at ease without accidents
- Cultivating a company based on diversity and inclusion where each person can embrace new challenges and continue to create innovation
- Developing the skills and capabilities necessary to the growth of employees and the company by expanding the Global Talent Development Program

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 develops and operates safety management systems and conducts various activities. We are putting several measures in place 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, in the event of an accident or disaster, we work on preventing recurrence, such as by 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 (FY2022)

- 1) Ensuring Safety First, Production (Construction and R&D) Second
- 2) Predict Hazards and Make Sure the Safety before Taking Action, then Confirm the Action Results are What You Expected
- 3) Each Employee Acts with the Intention of Ensuring Safety as "Their Own Issue"

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, 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, staff members from headquarters visit the Group subsidiaries outside Japan once every three years to confirm their status*1. 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.

There were no process accidents in the Group overseas in 2021, but there were 10 leakage accidents of hazardous materials or freon gas in the Kuraray Group in Japan. Three cases were relatively serious (A, B, and C rank) process accidents, for which our target is zero cases, and seven cases were minor (D1 and D2 rank, e.g., a very small amount of hazardous materials leaked), for which

our target is three or less cases. We did not achieve either target. We will continue to uncover risks and implement countermeasures at workplaces to achieve zero relatively serious process accidents and to reduce the occurrence of minor accidents. We are working on enhancing the level of process safety management at our chemical plants outside Japan. In addition to continuing the safety audits that began at these plants in 2019, we also introduced a new global process safety management framework and are implementing thorough measures to prevent recurrence of accidents and addressing issues brought to light by the audits (▶▶p. 26).

Meanwhile, although the number of occupational injuries of the Kuraray Group in Japan decreased for the third year in a row, the number of injuries in the Kuraray Group overseas increased significantly. There were three A or B rank injuries across the Kuraray Group (zero cases in Japan, one A rank case and two B rank cases outside Japan). We did not achieve our target. Numerous occupational injuries caused by individuals' unconsidered or unconscious behavior, such as slipping or falling, have occurred in the Kuraray Group overseas, although the number is on a downward trend in Japan. We have continued to work on reducing such "behavioral injuries." As many injuries involve inexperienced workers, we will continue to review and enhance safety training for new employees. We will steadily promote activities to address these issues as we aim to realize workplaces where people can safely work at ease without accidents.

*1 In 2020 and 2021, the verification of safety activities was conducted via web meeting remotely due to the COVID-19 situation.

Numerical Targets and Results for Occupational Safety, Process Safety

	FY2021		FY2022	FY2026
	Criteria for evaluation	Actual results	Targets	Medium-Term Targets
Process safety	A, B, and C rank accidents*2	3 cases	Zero	Zero (including process safety trouble)
	D1 and D2 rank accidents*2	7 cases	3 or less	3 or less
Occupational safety	A and B rank injuries*3	3 cases	Zero	Zero
	Frequency rate of all occupational injuries*4	2.89	2.0 or less	1.3 or less

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

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

*4 Frequency rate of all occupational injuries: Number of all occupational injuries per million working hours, including no lost-time injuries.

Priority Activities for Occupational Safety, Process Safety

Evaluation: ○ Accomplished, △ Nearly accomplished, × Not accomplished

Activity	FY2021			Items related to FY2022 safety activities
	Targets	Performance	Evaluation	
Process Safety, Occupational Safety	Ensuring "hazard prediction" to secure the safety of the workplace	We believe our efforts to instill the habits of "predicting hazards" and "making sure the safety" have been conducive to preventing occupational injuries and process accidents to some extent. However, the degree to which such habits have taken root varies among organizations and individuals. Accidents and injuries caused by lack of hazard prediction and safety confirmation have continued to occur. Going forward, continuous efforts are needed to enable every employee to perform basic safety actions in every situation.	○	<ul style="list-style-type: none"> • Thoroughly implementing basic safety actions to ensure workplace safety • Grasping actual conditions in the workplace and making both systemic and structural improvements to raise safety levels • Uncovering latent risks related to process safety exploring countermeasures, and implementing measures to minimize apparent risks • Ensuring safety of construction and maintenance work • Grasping the process safety management level of chemical plants outside Japan
	Grasping and improving actual conditions of work in the workplace, and reviewing and using operation standards	We reviewed the operation standards by grasping actual conditions of work in the workplace and making sure that work procedures were done according to the standards. Additionally, "5S" activities to better organize workplaces and activities to share safety issues recognized in the workplace led to more active communication between supervisors and employees. We will continue to make use of the reviewed operation standards in the workplace to reflect changes in workplace conditions and the opinions of workers in a timely manner.	○	
	Implementing measures to discover latent risks and minimize apparent risks with regard to process safety	We have continued to identify risks from the viewpoint of unusual tasks and conditions. We need to continue to conduct activities to identify and assess risks, and explore countermeasures, while clarifying previously unpredicted latent risks individually.	△	
	Ensuring safety in construction and maintenance work	We thoroughly conduct preventative safety measures to ensure safe workplaces, confirm actual conditions and facilities by three related organizations, and conduct appropriate information exchange on safety among construction and maintenance workers through reviewing systems and regulations related to construction and maintenance work. We also work on implementing thorough safety measures that are needed by means of a safety supporter system, involving on-site guidance and advice from seniors in technical departments. We will continue to operate this framework to ensure safety in our construction and maintenance work.	○	
	Grasping process safety risks and countermeasures at overseas chemical plants	For issues identified from the results of safety audits for chemical plants outside Japan, we are working on constructing and improving process safety management systems for each production site. We are also identifying latent hazards through risk assessments, informing employees, and implementing countermeasures. Going forward, an in-house team of process safety management experts plans to audit each production site. Horizontal audits by this team will give us a better grasp of the process safety management level of each production site and enable us to take appropriate countermeasures.	○	

Safety Audits for Chemical Plants outside Japan

To ensure safe and stable plant operations overseas, we have been conducting safety audits for chemical plants outside Japan since 2019, grasping process safety risks, and reviewing and enhancing safety measures. In 2021, we conducted audits on-site at two plants in the United States and remotely at a plant in the United States and a plant in Asia. In the 2021 audits, we confirmed the response status of issues identified in the previous year and identified new issues including thorough cause analysis of process accidents and trouble and progress management of safety measures to completion. In 2022, in addition to the audits by members from Japan, we are planning to form an in-house team of global process safety management experts to audit plants outside Japan. Horizontal audits by this team will give us a better grasp of the process safety management level of each production site and enable us to take appropriate countermeasures.

Communication Based on the Kuraray Group Global HR Policy

Based on the Kuraray Group Global Human Resource (HR) Policy, the Kuraray Group is making efforts to develop its organizational system regarding the promotion of diversity, cultivation of human resources, and fair

and just evaluation of performance, as well as fostering a healthy corporate culture and creating new employment opportunities, so that each employee can grow personally through work.

The Kuraray Group Global HR Policy

- ① We will respect the human rights of individuals.
- ② We will abolish discrimination and respect diversity and individuality.
- ③ We will comply with applicable laws and regulations. We will create and carry out HR systems that uphold equality, fairness, and transparency.
- ④ We will promote dialogues with all people working in the Kuraray Group to build constructive relations.
- ⑤ We will strive to improve the environment of workplaces.
- ⑥ We will employ personnel who can contribute to the development of the Kuraray Group.
- ⑦ We will place the right person in the right job.
- ⑧ We will maintain an evaluation and benefits system that is fair and transparent.
- ⑨ We will support professional development.
- ⑩ We will maintain appropriate levels of disclosure of business information and protect privacy.

Diversity and Inclusion Initiatives

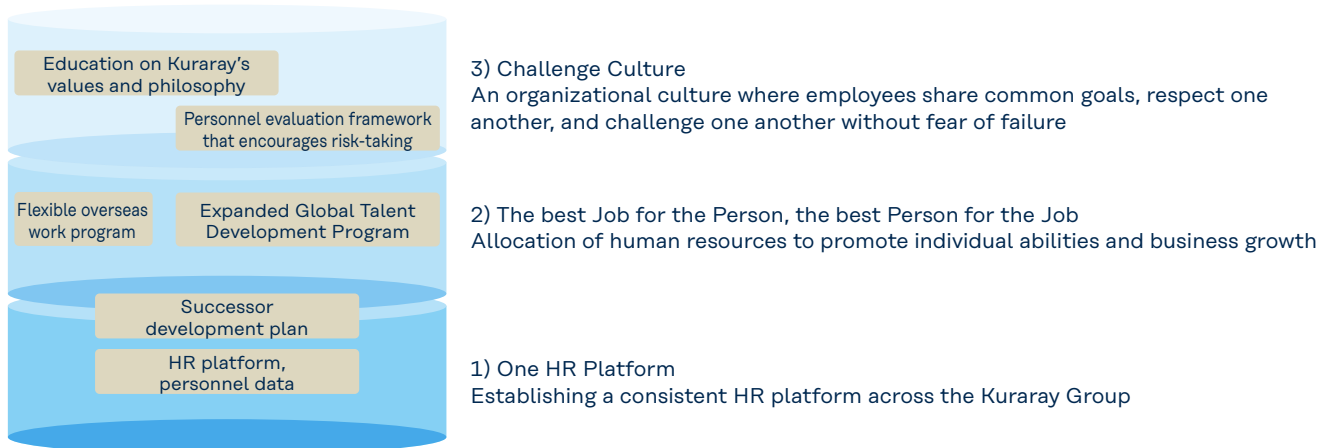
The Kuraray Group has set the destination for its diversity and inclusion initiatives as becoming “a company where each employee in a diverse workforce works enthusiastically and tackles challenges without fear of failure, generating a succession of innovations while responding to change and continuing to grow.”

To this end, under “PASSION 2026,” we will develop a consistent HR platform and personnel data across the Group, and implement measures to promote HR development and diversity based on a long-term perspective. We will seek globally to assign and promote personnel best

suited to each job position in a way that allows individuals to reach their full potential and help grow the business. We will foster an organizational culture in which each person respects diversity and tackles challenges without fear of failure.

Our focus in Japan is on promoting diversity in core human resources, defined as the management layer. We will work to advance women, foreign nationals, and mid-career hires to positions of management. Our goal is to boost the ratio of such managers from 12% as of September 2021 to 25% or more by 2030 (excluding production sites).

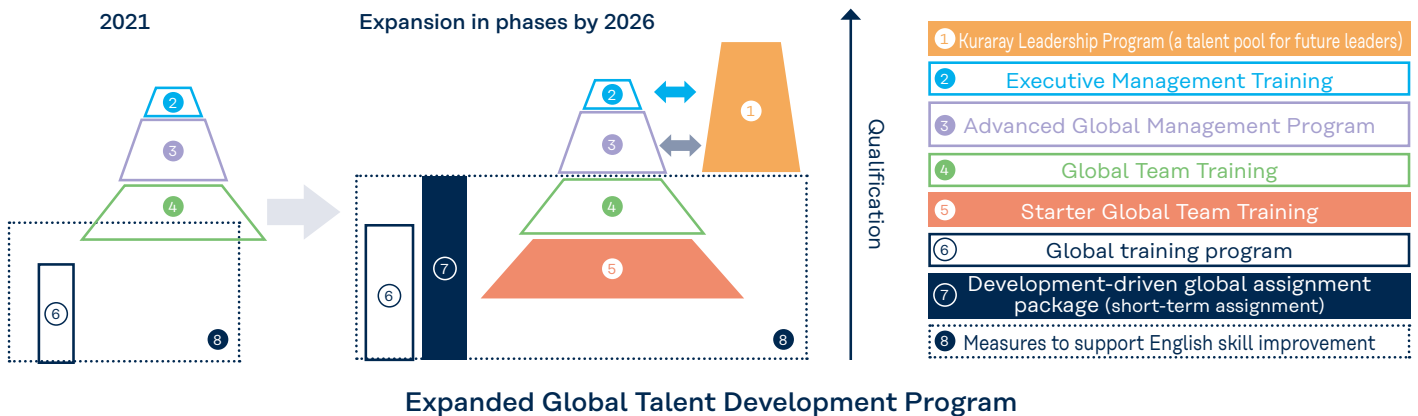
A company where each employee in a diverse workforce works enthusiastically and tackles challenges without fear of failure, generating a succession of innovations while responding to change and continuing to grow.



Enhancing Talent Development

The Kuraray Group respects the values and career aspirations of each individual and provides opportunities to develop the skills and abilities needed for employees and the Group to grow together. In addition to enhancing education on Kuraray’s values and philosophy and to ensure that a diverse range of personnel can take on more active roles globally, we are expanding the scope of eligibility for the Starter Global Team Training program

and broadening our Global Talent Development Program as well as providing more opportunities to work overseas through a development-driven global assignment package (short-term assignment). We will also solidify our business operations by building a pool of human resources through an executive candidate development program from a long-term perspective.



Social Contribution Activities

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.

The Kuraray Group carries out activities focusing on 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 Kuraray to pursue sustainable social activities. The Kuraray Foundation carries out creative activities informed by the history of Kuraray to contribute to society even more broadly and with greater impact.

For information about the Kuraray Foundation, please visit the website.
<https://kuraray-foundation.or.jp/en/index.html>

Kuraray Group Policy for Social Contribution Activities

To fulfill its responsibilities as a member of society, the Kuraray Group will make vigorous approaches to social contribution activities in accordance with the following policy.



Activities

Goal	Actual results	Evaluation and challenges	FY2022 goals
[Science] Steady implementation of "Sending School Backpacks Across the Sea" campaign	<ul style="list-style-type: none"> • Delivered 7,813 backpacks • Called for donations of school backpacks through the Kuraray website and elementary schools near Kuraray sites 	<ul style="list-style-type: none"> • Carried out as planned. To be hosted again in the next fiscal year. 	<ul style="list-style-type: none"> • "Sending School Backpacks Across the Sea" campaign will be steadily implemented
[Science] Hosting "Chemistry Classes for Boys and Girls" more than once a year	<ul style="list-style-type: none"> • In line with crisis management standards (response to COVID-19), the event was not held on-site. • Held remotely at a local elementary school near the Kashima Plant • Held at a local cultural facility near the Tsurumi Plant 		<ul style="list-style-type: none"> • Sponsoring events more than once a year at each plant (excluding Osaka) • Sponsoring events outside the Group
[Social Welfare] Operating workshops for people with intellectual disabilities	<ul style="list-style-type: none"> • Number of people employed Intellectually and physically disabled people: 42 • Instructors: 15 (Results are total for Niigata, Saijo, Kurashiki, Kashima, and Okayama.) 	<ul style="list-style-type: none"> • The targeted number of people were hired as planned. 	<ul style="list-style-type: none"> • Continuing to employ the same number of people at workshops
[Culture] [Science] [Environment] [Social Welfare] Steadfastly undertaking existing activities at plants, sites, and affiliated companies focusing on the relationship with local communities Comprehensively grasping the status of activities undertaken by the entire Group including overseas operations	<ul style="list-style-type: none"> • Ongoing activities were steadfastly undertaken 	<ul style="list-style-type: none"> • Activities that have been undertaken in the past could be steadfastly continuously conducted. • The status of activities undertaken by the overseas operations was comprehensively grasped. 	<ul style="list-style-type: none"> • Continuously carrying out the activities • Continuously grasping the status of activities undertaken by the entire Group including overseas operations