

Roadmap for the Vision

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

 Medium-Term Management Plan

Measures and Results of Past Management Plans

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

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

Fiscal 2021 Management Plan*

- **Steadily implement capital investment decided in previous Medium-Term Management Plan "PROUD 2020"**
- **Expand the Environmental Solutions business (carbon materials)**
 - Further integrated operations after organizational consolidation. Steadily captured expanding demand by drawing on our ability to address environmental regulations
- **Increase production capacity of EVAL™ EVOH resin**
 - While tracking demand trends and business feasibility, explored candidate sites mainly in the Asian region
- **Promote digitalization across the entire Group**
 - Established the Global Digital Transformation (GDX) Office
- **Initiatives to create innovation**
 - Established the Innovation Networking Center

* Given uncertainties over the future of the global economy and the business environment in 2020 due to the COVID-19 outbreak, the Fiscal 2021 Management Plan was for a single year.

Our Mission

We are committed to developing new fields of business using pioneering technology that improves the environment and enhances the quality of life throughout the world.
"For people and the planet—to achieve what no one else can."

"Kuraray Vision 2026" Long-Term Vision

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

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

Sustainability Long-Term Vision

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

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

"PASSION 2026" (2022–2026)

Innovations
Starting from
Networking



Three
challenges

Transformation
of People and
Organization



Sustainability
as
an Opportunity



Sustainability Medium-Term Plan (2022–2026)

Product People



Planet



Grouping measures
of the Sustainability
Medium-Term
Plan under a
"3P" model

Fiscal 2021
Management Plan

PROUD 2020
(2018–2020)

Fiscal 2021
Environmental Plan

Medium-Term
Environmental Plan
(2018–2020)

Medium-Term Management Plan "PASSION 2026"

Based on our "Kuraray Vision 2026" long-term vision and Sustainability Long-Term Vision, the Kuraray Group is implementing "PASSION 2026," a five-year plan spanning fiscal 2022 to fiscal 2026.

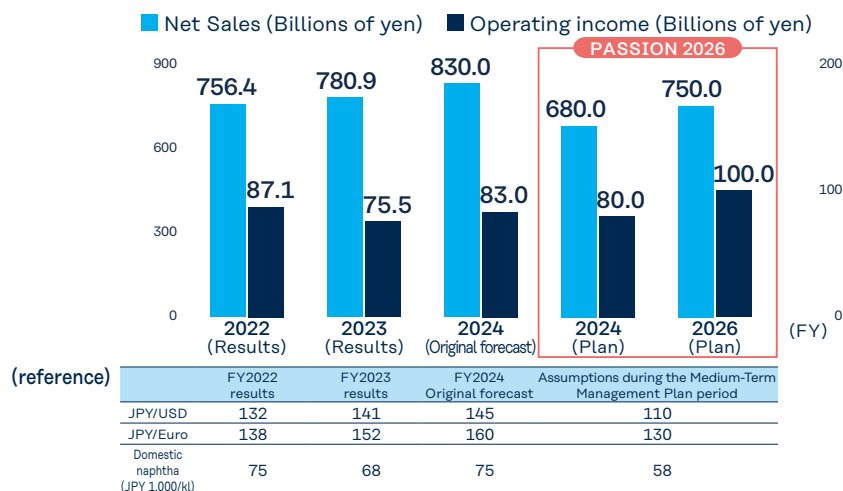
Looking ahead at the coming era, in which predicting the longer-term outlook for the economy or the operating environment is extremely difficult, "PASSION 2026" identifies three new challenges for the Kuraray Group to take on to continue growing. These are: "Sustainability as an opportunity," "Innovations starting from networking," and "Transformation of people and organization."

Management Targets

Through the steady implementation of the "PASSION 2026" management strategy, the Kuraray Group is targeting both net sales of ¥750 billion and operating income of ¥100 billion in the final year of the plan, 2026, which marks our 100th anniversary.

We have established ROIC, EBITDA, and ROE as financial KPIs to guide us in conducting management with an eye toward capital efficiency and steadily expanding our ability to generate cash. Furthermore, we will shift toward a more sustainable business portfolio, having set quantitative non-financial KPIs for greenhouse gas (GHG) emissions, the sales ratio of products that contribute to the natural and living environments, and the diversity of core human resources.

Net sales, operating income trends and plan during "PASSION 2026"



Themes and Overview of Our Challenges

Sustainability as an Opportunity

Take sustainability as an opportunity and promote it with the collective strength of the whole group

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Innovations Starting from Networking

Create a growth driver by connecting people with people, and technologies with technologies, both within and outside the Company

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Transformation of People and Organization

Transform people and organization via digital-driven process innovation and the promotion of diversity which will, in turn, help us bring to bear a broad range of ideas

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Financial KPIs

	FY2023 result	FY2026 target
ROIC	6.2%	8%
EBITDA*1	¥152.6 billion	¥170.0 billion
ROE	6.2%	10%
EBITDA Margin (reference)	19.5%	23%

*1 Operating income + depreciation and amortization

Non-financial KPIs

	Benchmark	FY2023 result	Medium-, long-term Targets
GHG emissions (Scope 1, 2)	3,230 thousand tons-CO ₂ e (in FY2019)	2,700 thousand tons-CO ₂ e	FY2030 2,230 thousand tons-CO ₂ e (30% less than benchmark)
Sales ratio of products contributing to the natural and living environments	46% (in FY2020)	56%	FY2026 60%
Diversity of core human resources*2	12% (in Sep. 2021)	16%	FY2030 25%
Global talent development Ratio of senior managers taking global leadership training*3	—	40%	FY2030 60%
Executive Candidate Development Ratio of candidates prepared for General Managers equivalent positions*4	—	90%	FY2030 200%
DX talent development*5	—	—	FY2026
Number of participants per class (Achievement ratio)	—	—	—
Gold class	—	44 (24%)	180
Silver class	—	163 (14%)	1,200
Bronze class	—	5,114 (90%)	5,700

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

*3 Currently around 300 general manager positions globally

*4 Ratio of staff completing management executive candidate development program to number of general manager level roles

*5 Only employees of Group companies in Japan