

Our Challenges

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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 quality of life for people everywhere.



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

Sustainability Long-Term Vision

Sustainability Medium-Term Plan

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 2023 Results

		Benchmarks		FY2023		FY2024	FY2026
				Targets	Results	Targets	Medium-Term Plan
Planet P.29	GHG emissions	Scope 1 + 2	2019 emissions 3,230 thousand tons-CO ₂ e	3,230 thousand tons-CO ₂ e or less	2,700 thousand tons-CO ₂ e	No increase in emissions compared to FY2019	
		Scope 3	2019 emissions 946 thousand tons-CO ₂ e (Japan)	- Identify sources accounting for two-thirds or more of Group-wide emissions - Set numerical reduction targets for 2024-2026	- Under way to identify sources accounting for two-thirds or more of Group-wide emissions	- Identify sources accounting for two-thirds or more of Group-wide emissions - Set emission reduction targets	—
Product P.31	Sales ratio of products that contribute to the natural and living environments		2020 46%	—	56%	57%	60%
	Products that contribute to the natural environment ratio		16%	—	24%	25%	27%
	Products that contribute to the living environment ratio		30%	—	32%	32%	33%
	Ratio of PSA-screened products to total sales		—	70%	80%	80%	—
People P.33	Occupational injury	A and B rank occupational injuries*1	2021 3 cases	Zero	7 cases	Zero	Zero
		Frequency rate of all occupational injuries*2	2021 2.89	1.9 or less	3.17	1.8 or less	1.3 or less
	Process safety	A, B, and C rank accidents*3	2021 3 cases	Zero	7 cases	Zero	Zero
		D ₁ and D ₂ rank accidents*3	2021 7 cases	3 cases or less	9 cases	3 cases or less	3 cases or less
Diversity and inclusion	Global measures	—	—	—	- 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*4	End September 2021: 12%	14%	16%	16%	20%	

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



Planet

 Sustainability Medium-Term Plan for Planet

Environmentally Friendly Manufacturing Environmental Management

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

 GHG Emission Reduction (Scope 1&2)  GHG Emission Reduction (Scope 3)

The Kuraray Group has formulated a roadmap for reducing Scope 1 and 2 Greenhouse Gas (GHG) emissions with the aim of achieving net-zero carbon emissions by 2050. In 2023, 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). We also saw a significant decline in GHG emissions in line with lower levels of production in Japan and abroad amid soft demand in the second half of the year. In the United States, we formed a cross-organizational project team to explore Carbon dioxide Capture, Utilization and Storage (CCUS*) for the carbon that is a by-product of coal-based

activated carbon production. We are seeking to expand this initiative as a corporate project. In 2023, we selected CO₂ capture equipment sufficient in scale to cope with the emissions of the various plants of Calgon Carbon Corporation from among multiple candidates, by looking at the track record of capture equipment already up and running. We also studied relevant options from a list for a CO₂ storage project in the area around the Pearl River Plant, including the possibility of gaining eligibility under the U.S. Inflation Reduction Act. In Japan, meanwhile, we decided in 2023 to join the GX (Green Transformation) League following our endorsement in 2022 of its founding charter, the GX League Basic Concept. Given the challenges of driving forward GHG emission reduction initiatives through the isolated action of one company, we will now look at outside tie-ups with industry, government, and academic institutions, aiming to achieve our targets.

We had previously calculated Scope 3 emissions only in Japan, but are now moving forward with calculations for the whole Group. To coincide with the Group-wide rollout, we also changed the calculation formula to improve accuracy. One upshot was that we were unable to complete the Group-wide calculations by the end of 2023 as planned, identifying categories that account for two-thirds of all emissions, or to formulate a Scope 3 GHG emission reduction target for the whole supply chain. We will complete the Group-wide calculations in 2024, identifying the relevant categories and formulating the reduction target.

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

Environmental Performance

Activity	Sustainability Medium-Term Plan for Planet: Environmental Impact Reduction Targets (FY2022–FY2026)		FY2023 Results
GHG emissions	Kuraray Group in Japan and outside Japan:	Scope 1 + 2: No increase in emissions compared to 2019. (30% reduction compared to 2019 by 2030)	Scope 1 + 2 emissions: 2,700 thousand tons-CO ₂ e (2019: 3,230 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	Identify sources accounting for two-thirds or more of Group-wide emissions
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: 16.7% 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: 23.7% 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): 22.0% 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: 770 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
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	
Physical Risk from climate change	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
	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

Sustainability Medium-Term Plan for Product

Expanding Products that Contribute to the Natural and Living Environments

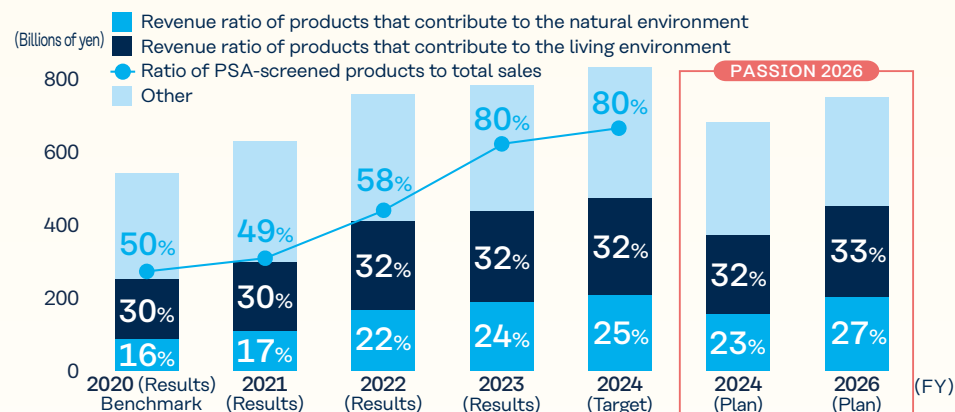
P.26

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. In 2023, we completed assessments of products representing 80% of net sales, against a target of 70%.

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 2023, the net sales ratio of these products was 56%, meeting the target set for 2024 under "PASSION 2026" ahead of schedule. To pursue further expansion of this ratio, we have raised the target to 57%.

* Abbreviation for the World Business Council for Sustainable Development.

Net revenue ratio of products that contribute to the natural and living environments and PSA screening ratio



Kuraray Group Products that Contribute to the Natural and Living Environments

Improving natural environment

Asbestos substitutes

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

Biomass-derived or recycled raw materials

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

- Reduces Scope 3 GHG emissions



Water and air purification

- Activated carbon



- Easy to reactivate
- Suitable for environmental regulation

Lower logistical burden, food loss reduction

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



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 EVs

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

Promoting Sustainable Procurement



In line with growing social demand for adequate supply chain management, the Kuraray Group revised its CSR Procurement Policy in 2019 and is requesting the cooperation of business partners to comply with this policy. Having conducted a CSR procurement questionnaire for our business partners in Japan in 2022, we extended the scope of the questionnaire to include 304 companies overseas in 2023, eliciting an 86% response rate. As in Japan, we will offer feedback on the results to overseas business partners and request improvements from companies we deem to have not yet taken adequate steps. Also in 2024, we will coordinate initiatives that we previously carried out separately in Japan and overseas, putting a survey framework in place that covers business partners accounting for 80% of total Group procurement value, including overseas partners (90% in the case of raw materials, secondary materials, and products). This target, established under “PASSION 2026,” will help make the supply chain as a whole more resilient.



Considering Human Rights in the Supply Chain



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



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 the progressive rollout of the new system in 2023. We will follow up with ongoing enhancement of quality control by continuously upgrading the system and extending it to other business divisions.

We also offer talks by guest lecturers every year with the aim of raising quality awareness among employees. In 2023, we held a seminar to promote quality improvement activity under the topic of aiming to be people and organizations that embrace the challenge of ongoing change.

Additionally, every year the Kuraray Group carries out an independent quality check under a set theme. The theme for 2023 was checking the monitoring and management methods for products that have acquired government or industry certification, to confirm that they appropriately comply with the requirements for certification. Through these activities, we will continue to target greater awareness of quality improvement among staff allocated to quality assurance and quality control duties as well as staff in charge of production, sales, and development, to offer products and services that bring satisfaction to customers throughout the Kuraray Group.

Product Safety and Chemical 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.



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 (FY2024)

- 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 Should Make Safety "Their Own Matter", and Every Organization, as a Whole, Should Ensure Safety.

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, staff members from headquarters visit 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 Group in 2023 was 3.17 (2.34 for Group companies in Japan, 4.48 for Group companies overseas), falling short of our target rate of 1.9 or less. The frequency rate for Group companies in Japan showed deterioration for the second year in a row and was the worst result in the last ten years. Although the rate for Group companies overseas was worse than the previous year, the long-term trend appears to be improving. 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 eliminate A and B rank (more serious) occupational injuries. There were a total of seven A and B rank occupational injuries across the Group in 2023 (one A rank and three B rank injuries in Japan, and three A rank injuries overseas), a result that fell short of the target. The A and B rank injuries all involved personnel becoming caught or entangled in machinery. The causes were a failure to identify risks and insufficient measures for safety 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 2023, 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 seven (Group companies in Japan: A rank: one case of leakage, C rank: three cases of leakage and one of fire; overseas Group companies: A rank: one case of leakage, B rank: one case of fire). 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. Overseas Group companies experienced no accidents from 2020 to 2022 but recorded two in 2023. In 2023, the Group-wide total of D₁ and D₂ rank accidents, which are incidents classed as minor by our in-house standards, such as leakage of a very small amount of hazardous material and fires or flame outbursts that are quickly put out, was nine (Group companies in Japan: D₁ rank: five cases of leakage and two of fire, D₂ rank: two cases of leakage; overseas Group companies: none). This result fell short of our target of three or less. The number of process accidents increased year on year, and was the worst figure on record. Specifically, the figure included many cases where safety checks before and after procedures were neglected, such as forgetting to close a valve. We are working to address this, and will continue to identify workplace risks and measures to address them, targeting zero relatively serious accidents and a reduction in the number of minor process incidents.

Investigation and Response Measures Following Fire Incident at a U.S. Plant



In December 2023, we announced the results of an investigation into a fire incident that occurred in 2018 at a plant belonging to a subsidiary in the United States. The investigation examined the incident from three perspectives—technology, governance, and response to lawsuits—and put together recurrence prevention strategies in each of these areas, which are now steadily being implemented. Additionally, we compiled a Group-wide set of measures based on the results of the investigation and informed by the recurrence prevention measures, and are rolling these out horizontally across the Group through on-site safety checks and other activities. By extending these initiatives to Group companies in Japan and overseas, we are aiming to further reinforce safety and risk management frameworks across the Kuraray Group.

Kuraray's Basic Approach to Human Resources Management

 Activities at Workplaces

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

The Kuraray Group carried out its first global engagement survey in 2022, called Our Voice. Through action plans based on the results, we are working to heighten employee engagement and give impetus to the goal of transforming people and organizations set out in "PASSION 2026."

Human Rights Initiatives

 Kuraray Group Human Rights Policy

Regarding human rights, in the Kuraray Group Code of Conduct, the Group declares its commitment to protecting the rights of all human beings involved in our business activities and to respecting the dignity and worth of every individual. We formulated the Kuraray Group Human Rights Policy based on internationally recognized human rights norms, including the Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. By delineating respect for human rights in greater detail, the policy aims to ensure everyone in the Kuraray Group reflects this respect in their own actions. Believing respect for human rights is a core element of corporate responsibility, we will implement initiatives to fully respect such rights.

Diversity and Inclusion Initiatives

 Diversity and Inclusion

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 are developing a consistent HR platform and personnel data across the entire 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 cultivate an organizational culture in which each person respects diversity and tackles challenges without fear of failure.

Our focus in Japan is on ensuring 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 the 12% benchmark as of September 2021 to 25% or more by 2030 (excluding production sites). The ratio stood at 16% in 2023.

HR Platform and Personnel Database

To enable diverse personnel to flourish in the best suited jobs throughout the Kuraray Group and to ensure they are treated according to their role and performance, it is essential to build an HR platform that includes a fair and just common global personnel system and a personnel database. We will draw on Kuraray Group competencies in establishing common global measures to encourage all employees to develop their capabilities. We will also continue to develop various personnel systems to improve standards for job grades and operating procedures and offer even more acceptable compensation. In 2023, in terms of the HR database, we expanded the scope of employee eligibility and enhanced career training information. In 2024, we will draw on this system as we move ahead with our successor training program, visualizing on a global scale the availability of personnel for management positions and successor candidates for key positions. We plan to utilize this knowledge in our systematic HR development and in our recruitment of diverse human resources.

Personnel Evaluation System

The Kuraray Group seeks to cultivate an organizational culture where employees take on challenges without fear of failure, without settling for the status quo, adopting a forward-thinking attitude and embracing new perspectives. To this end, we recommend setting "challenge goals" for individual employees, and evaluating employees not only by results but also in light of the processes and actions they take to achieve their goals. Moreover, to spur the creation of business value for the Group as a whole, we encourage active participation in collaborative activities that transcend organizational barriers.

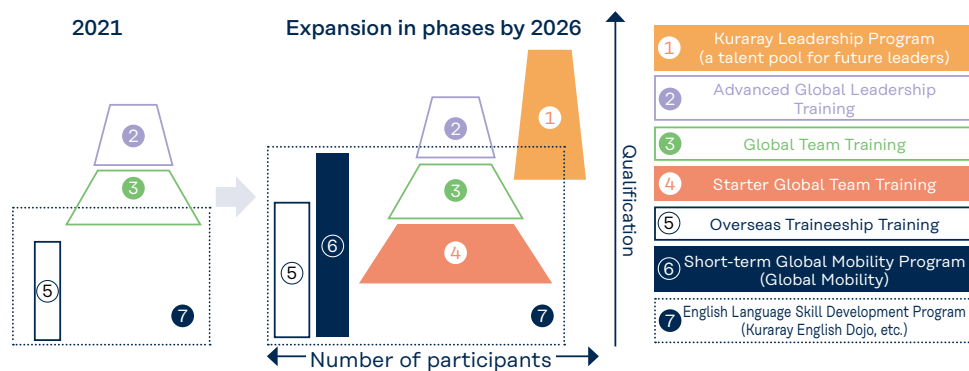
Global Talent Development

Talent Development

The Kuraray Group respects the values and career aspirations of each individual, providing opportunities to develop the skills and abilities necessary for employees and the Group to grow together. In addition to creating more opportunities for employee buy-in to the Kuraray philosophy and values, we are committed to empowering diverse human resources to participate on a global scale. To this end, we support employees seeking to improve their English skills and offer development-driven short-term global assignment packages alongside the systematic enhancement of our global talent development training. Meanwhile, to cultivate management executive candidates from a long-term perspective, we have a program to raise up personnel capable of taking on roles at the general manager level, which is yielding a talent pool from which we can consolidate the Group's business management abilities.

In 2023, we also launched a new DX Talent Development Project, setting targets for training in three classes of digital literacy: Gold, Silver, and Bronze. The aim is for all employees to receive training to the Bronze level, and for each department to train at least one staff member to Gold level, which indicates the ability to plan and implement digital transformation projects.

Expansion of Global Talent Development Program



KPIs, Targets, and Results for Talent Development		
KPI ^{a1}	Target	Result in 2023
a) Global talent development Ratio of senior managers taking global leadership training ^{a2}	60% (FY2030)	40%
b) Executive Candidate Development Ratio of candidates prepared for General Managers equivalent positions ^{a3}	200% (FY2030)	90%
c) DX talent development Number of participants per class (Achievement ratio)	180 (FY2026) 1,200 (FY2026) 5,700 (FY2026)	44 (24%) 163 (14%) 5,114 (90%)

^{a1} a) and b) indicate Kuraray Group employees; c) indicates only employees of Group companies in Japan.
^{a2} Currently around 300 general manager positions globally
^{a3} Ratio of staff completing management executive candidate development program to number of general manager level roles

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 together filled with stationery and letters. Up to now, these backpacks have been sent to Afghanistan, Mongolia, Nepal and Cambodia. In 2023, marking the 20th donation drive since the program's launch in 2004, 6,705 backpacks were collected from all over Japan, for a total of 156,545 backpacks sent across the sea to date. Going forward, we hope to continue expanding the reach of this program.





Message from General Manager in Charge of Global HR

Cultivating approaches to people and organizations that make work fulfilling, while valuing voices and viewpoints from the front lines

Tomohiro Ono
General Manager
General Affairs and HR Division

Taking full advantage of the power of human capital on a global scale

The Kuraray Group brings together many people both in Japan and abroad who share a love of manufacturing and want to contribute through their work to our mission: "For people and the planet." With overseas employees accounting for about 40% of the work force, I believe giving greater visibility to diverse human resources throughout the Group and taking full advantage of the power of human capital on a global scale is the key to the sustainable enhancement of corporate value.

A major theme of our Medium-Term Management Plan "PASSION 2026" is the creation of new businesses. Our Group has rapidly expanded since the 2000s through overseas acquisitions, and the in-house companies and business divisions have established their own frameworks and mindset. On the other hand, we have also seen silos grow up between the different organizations as a result, which can be a hindrance to collaboration within the Group, and ends up being something that gets in the way of the generation of new ideas and businesses.

To address this, the HR measures of "PASSION 2026" set out a vision for enabling employees in a diverse workforce to work enthusiastically and tackle challenges, generating a succession of innovations. The core initiatives are "Promotion of Diversity," "Talent Development on a long-term perspective" and "Development of HR platform and Talent Data."

Promotion of Diversity involves pursuing Diversity and Inclusion across the Group through training, including top managements, as well as a new short-term overseas assignment program. The Talent development on a long-term perspective is based on the global succession planning which supports the sustainable business growth, together with the growth of each individual. Additionally, to keep silos from springing up between organizations, we will make it possible to coordinate successors cross businesses and Group companies. We are thus

currently developing a common global HR platform and talent data, which will be helpful to visualize the candidates for key positions across the Group. In addition, we launched a new DX Talent Development Program in 2023 and are moving ahead with initiatives aimed at the transformation of people and organizations.

Going forward, to ensure our initiatives, we will redefine our HR strategies connecting to the corporate management strategy. This involves setting new key indicators in 2024, including diversity in management and key positions (ratio of women and foreign nationals), the rate of preparing executive candidates, and the rate of participation in global talent development and diversity and inclusion training.

Steps to remain an "Attractive company" for talents

To attract excellent talent in the midst of ongoing global personnel shortages, it is vital for Kuraray to continue to be an attractive company. Achieving this requires us to put in place a fair system of evaluation and remuneration on a global scale that enables all employees to compete with each other and remain highly motivated. Another key element is cultivating a culture where diverse employees from around the world can interact and pursue personal development. Bearing this in mind, our aim is to heighten the Group's appeal by globally rolling out a system that encourages people to take on challenges, such as applying for open positions across the Group.

Moreover, to heighten the engagement of every employee, we conducted our first global engagement survey in fiscal 2022. We shared the results and analysis with management and the various division managers, encouraging each organization to offer feedback and take actions to improve. Unfortunately, a pulse survey in 2023 found communication between supervisors and their teams was not enough, and revealed gaps in perceptions about the status of feedback. Taking these results to heart, we will continue to conduct yearly surveys to heighten engagement and bring even greater vitality to the organization.

Having started out my career in a business division, I had many conversations with various colleagues in the process of going through acquisitions and organizational integration. Drawing on that experience, I would like to continue to explore ways of cultivating approaches to people and organizations that make work fulfilling, while valuing voices and viewpoints from the front lines of each business division in Japan and overseas.