

- Every employee aims to achieve our vision together with passion. -
Kuraray Group new Medium-Term Management Plan “PASSION 2026”

In line with our long term vision “Kuraray Vision 2026” for our centennial in 2026, and newly formulated our long term sustainability vision, we have started 5 years new Medium-Term Management Plan “PASSION 2026”.

1. Long term vision “Kuraray Vision 2026”

Kuraray’s mission is: “For people and the planet—to achieve what no one else can.” Based on this, in 2017 the Company established the Kuraray Vision 2026 long-term vision, which we aim to realize by 2026, the centennial of the Company’s founding. When formulating the new medium-term management plan “PASSION 2026”, which starts from 2022, we partially revised this vision, adding the message “contributing to customers, society, and the planet” to clarify that we give back to a wide range of stakeholders. The new Kuraray Vision 2026 outlines the aim of being a: “Specialty Chemical Company growing sustainably by incorporating new foundational platforms into its own technologies and contributing to customers, society, and the planet.”

2. Sustainability Long Term Vision

We have formulated a long-term sustainability vision to promote sustainability as an united group.

Long-term sustainability vision

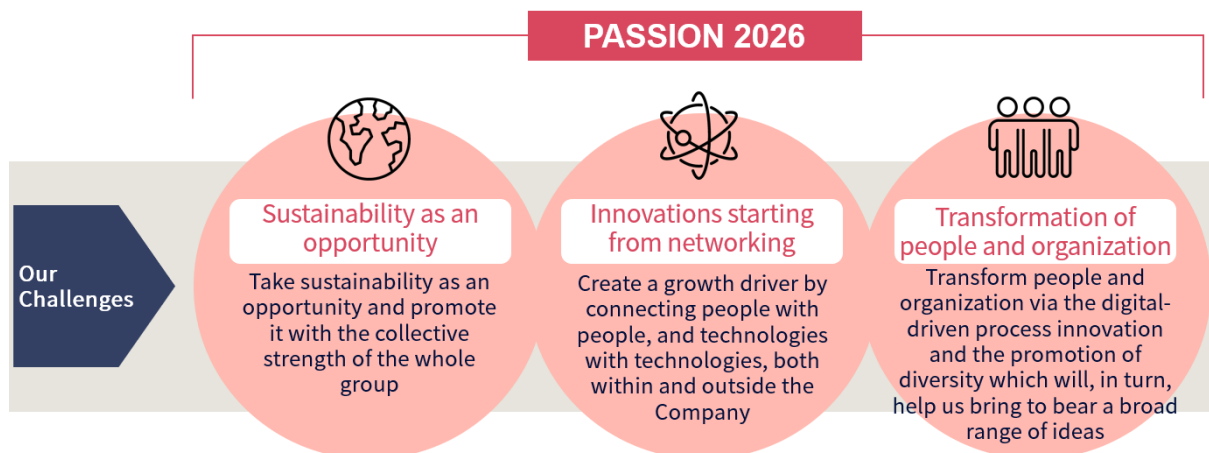
"As a sustainability leader, Kuraray will develop innovative solutions with unique products and cleaner technologies to improve the natural environment and enhance quality of life for people everywhere."

As one of initiative for long-term sustainability vision, we aim to reduce Scope 1 and 2 GHG emissions by 30% from 2019 levels by 2030 to achieve net zero carbon emission in 2050. In addition, to respond sustainability issues that are getting more and more important, we reorganized the CSR Committee and established the Sustainability Committee, chaired by the president, in January 2022. Under the new organization, we will promote initiatives to solve material issues.

3. Overview of new medium-term management plan “PASSION 2026”

In new medium-term management plan “PASSION 2026”, we set “Our Challenges” that we should tackle for Kuraray group to continue to grow. Every employee aims to achieve our vision together with passion.

(1) Our challenges - 3 challenges -



① Sustainability as an opportunity

In order to realize our long-term sustainability vision, we have formulated a medium-term sustainability plan. We have defined the direction of our effort to tackle materiality issues using the 3 Ps, Planet, Product and People. Particularly in initiative for Product, we adopt Portfolio Sustainability Assessment (PSA), an objective product portfolio assessment index established by WBCSD (World Business Council for Sustainable Development), that is being steadily introduced by chemical manufacturers in Europe. Using PSA, we aim to shift to a business portfolio that emphasizes social and environmental value.

Sustainability Medium-Term Plan		
Planet Improving the earth's environment	Product Pursuing innovations in sustainable products	People Creating an inclusive workplace
<ul style="list-style-type: none"> • Curb global warming (reducing GHG emissions) • Save energy • Improve water usage intensity • Implement waste reduction measures, strictly management of landfill disposal volume • Manage chemical substance emissions • TCFD 	<ul style="list-style-type: none"> • Raise the ratio of eco-friendly products • Circular economy • Sustainable procurement 	<ul style="list-style-type: none"> • Strive harder to ensure occupational safety, facility security and disaster prevention • A culture that encourages those who take on challenging endeavors • Human resource development • Workforce in which diverse people inspire one another • Social contribution activities

② Innovations starting from networking

In January 2022, we established the Innovation Networking Center in order to accelerate the creation of innovation through cross-organizational collaboration with each division within the company and close collaboration with customers and partner companies. We will expand existing

③ Numerical Targets – Non-financial KPI

	Results in base year	Target
GHG emissions (Scope 1, 2)	3,230kt (in FY2019)	FY2030 2,230kt (30% less than base year)
Sales ratio of products contributing to natural and living environment	46% (in FY2020)	FY2026 60%
Ensuring Diversity of Core Human Resources (Ratio of managers in Japan who are women, foreign nationals and mid-career hires, excluding production sites)	12% (in Sep 2021)	FY2030 25%

④ CAPEX

We plan ¥380 billion (decision base) of CAPEX during 5 years, medium-term management plan “PASSION2026” period, mainly for growth and strategic investment. Out of ¥380 billion, we plan ¥30 billion for GHG emission reduction, but we pay attention to future technological trend and try to introduce GHG reduction technologies as early as possible.

【Main Investments】

< Growth Investments >

- Build a new 〈EVAL〉 plant
- Invest in projects related to LiB anode materials
- Increase optical-use poval film production capacity
- 〈GENESTAR〉 second-phase construction
- Increase 〈VECSTAR〉 production capacity
- Expand facilities for water-soluble PVA film
- New plant for liquid rubber
- Expand facilities for dental materials

< Strategic Investments >

- Invest in GHG emission reduction
- Build a new research center
- Invest in DX-related projects

⑤ Financial Strategies

We expect ¥600 billion of Operating Cashflow during 5 years, medium-term management plan “PASSION 2026” period, and plan ¥380 billion of CAPEX on a decision base

We assume ¥100 billion for M&A and consider to expand business area where we prioritize resource allocation such as high-performance plastics, dental materials and activated carbon etc.

⑥ Shareholders Return

The Company positions the distribution of profits to all shareholders as a priority management issue. In medium-term management plan “PASSION 2026”, our basic policy is to ensure a total return ratio of at least 35% as a proportion of net income attributable to owners of the parent, and an annual dividend of at least ¥40 per share. We will strive to enhance shareholder returns though the expansion of profit.

Reference : Net Sales and Operating Income by segment

(Billion JPY)

	FY2021 Results		FY2024 Plan		FY2026 Plan		Difference (FY2026 vs FY2021)	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Vinyl Acetate	304.7	58.3	330.0	66.0	350.0	77.0	45.3	18.7
Isoprene	61.9	6.1	75.0	5.0	90.0	10.0	28.1	3.9
Functional Material	142.4	8.7	155.0	11.0	175.0	18.0	32.6	9.3
Fibers and Textiles	61.1	5.6	63.0	6.0	65.0	7.0	3.9	1.4
Trading	144.0	4.8	60.0	5.0	70.0	6.0	(74.0)	1.2
Others	44.3	1.2	47.0	2.5	52.0	3.0	7.7	1.8
Adjustment	(129.1)	(12.4)	(50.0)	(15.5)	(52.0)	(21.0)	77.1	(8.6)
Total	629.4	72.3	680.0	80.0	750.0	100.0	120.6	27.7

* We adopt "Accounting Standards for Revenue Recognition (ASBJ Statement No. 29)" since 2022. This accounting standards are reflected in Net Sales and Operating Income after FY2024.