



Green Bond Framework



July 23, 2024

Introduction

1. Overview of the Company

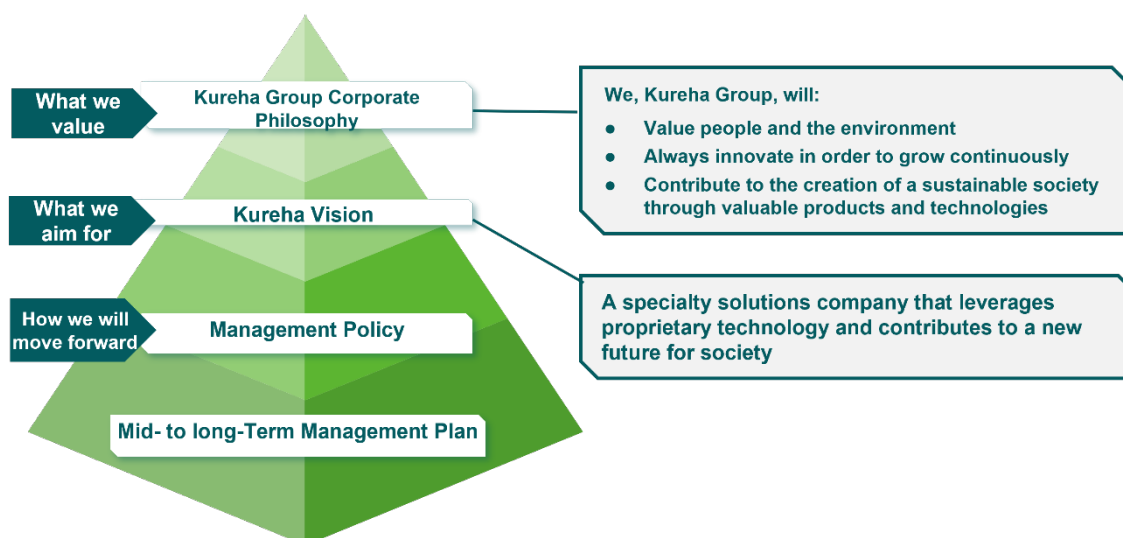
Kureha is a leading diversified chemical products manufacturer. Over 70 years, we have applied our technological expertise to create numerous original products.

The Kureha Group consists of the Company, 28 subsidiaries (of which 26 are consolidated), and six affiliates (of which one is an equity-method affiliate). It manufactures and sells advanced materials, chemical materials, and specialty plastics as its core business, and also provides construction and repairs of facilities for its segments, logistics, environmental solutions, and other services. (as of 1 April 2024)

2. Management policy and strategy

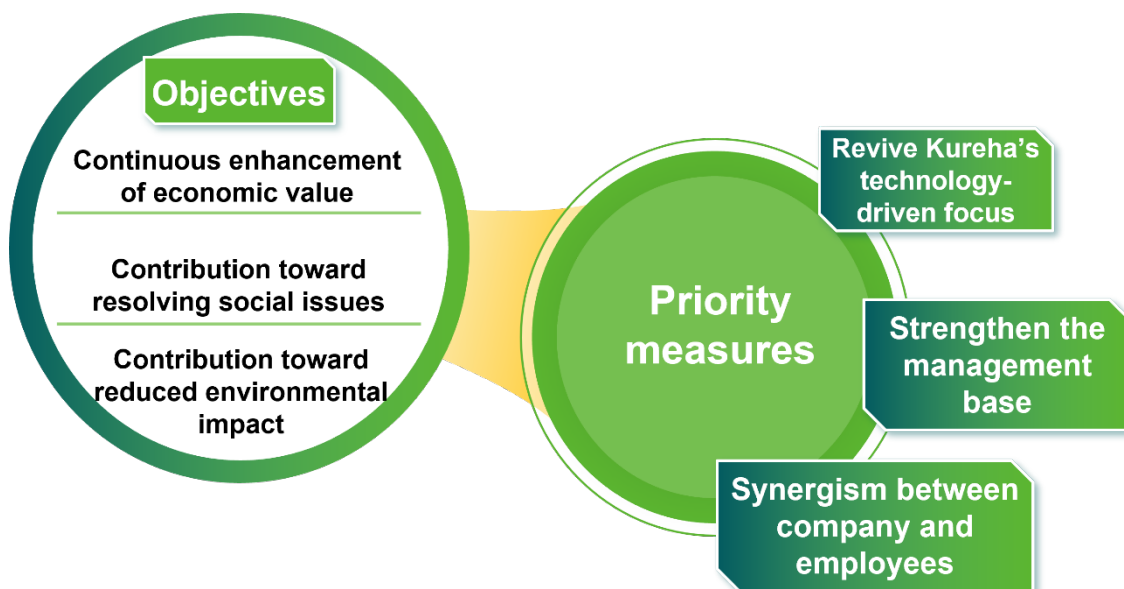
Kureha promotes sustainability-focused management to continually grow the Kureha Group, with the dual goals of improving mid- to long-term corporate value and contributing toward a sustainable society. To this end, Kureha Group has formulated a new Corporate Philosophy, Vision, and Management Policy for FY2030, as well as a mid- to long-term management plan, Toward Creating a New Future (FY2023-2030).

■ Kureha Group Corporate Philosophy / Kureha Vision



■ The Management Policy

To realize the Kureha Vision, we have established three objectives and three priority measures.



[Objectives]

Continuous enhancement of economic value

- Kureha group will focus its resources on the three key business fields of Environment and Energy, Life, and Digital Communications in order to enhance economic value
- We will raise the performance of existing products and expand the value chain from a market-in perspective, strengthen our ability to propose cost-competitive solutions to customers

Contribution toward resolving social issues

- Kureha Group products, technologies, services, which have been contributing to society, will be further evolved through the integration of in-house technology development and external technology to expand the range of products, technologies, and services provided to society

Contribution toward reduced environmental impact

- We will strive to achieve carbon neutrality by FY2050
- We will pursue the advancement of production technology suitable for recycling-oriented production and reduce our environmental burden by promoting waste reduction and recycling

[Priority Measures]

Revive Kureha's technology-driven focus

- We will accelerate the development of differentiated products by concentrating resources into R&D for new product development and environmental load reduction technologies
- Through co-creation/collaboration with other companies, M&A, and other means, we will integrate our proprietary technologies with external technologies to create and expand new businesses
- We will build a production system for growth businesses and strengthen production technology and engineering capabilities to reduce our environmental impact

Strengthen the management base

- We will continue to strengthen our organization to promote sustainability management
- We will effectively utilize the management resources of the Kureha Group and build a strong consolidated business foundation
- We will promote a digitalization strategy that enables advanced management by linking the latent needs of customers and society with R&D, manufacturing, and sales in the value chain

Promote synergism between company and employees

- Harmonize and unify employee satisfaction with our corporate mission, with the aim of growing both employees and the company
- Enhance communication between the company and employees and value employees who try their best
- Respect the diverse values and positions of employees, create a comfortable work environment, and actively provide employment opportunities

■ Overview of Kureha Group's Mid- to Long-Term Management Plan, Toward Creating a New Future (FY2023-2030)

[Our ideal state in FY2030]

- Kureha has attained growth in corporate value and expanded customer satisfaction by providing differentiated products and technologies based on proprietary technologies in the key business fields of Environment and Energy, Life, and Digital Communications.

- Kureha has increased its social value by providing products and services that contribute to the resolution of environmental and social issues.
- The Kureha Group's CO₂ emissions have been reduced along with the environmental impact of our operations.
- Employee engagement has improved, based on the Group's respect for the diverse values of its employees.

[Quantitative targets for FY2030*¹]

Revenue	280 billion yen
Operating profit (Operating margin)	35 billion yen (12.5%)
ROE	More than 9%
Reduction of CO ₂ emissions from energy sources	More than 30% compares with FY2013 levels
Zero waste emission ratio* ²	1.5%

*¹ The performance targets and key performance indicators for FY2030 will be released at the time of the announcement of the next medium-term management plan starting from FY2026.

*² Zero waste emission ratio: Final landfill amount of industrial waste ÷ total amount of waste generated.

[Main themes for research and technology development]

Field	Main themes
Environment and Energy	<ul style="list-style-type: none"> • Improve the performance of advanced materials such as PVDF and PPS, while reducing environmental impact and manufacturing costs • Develop and bring to market new materials for the aerospace industry (focus on weight reduction and energy savings) • Establish technological foundations to achieve carbon neutrality
Life	<ul style="list-style-type: none"> • Continually develop and launch agrochemicals that contribute to sustainable agriculture and food supply
Digital Communications	<ul style="list-style-type: none"> • Expansion of applications and market introduction of PVDF piezo film for next-generation digital devices

The Kureha Group has established a Basic Policy on Sustainability and is promoting sustainability management based on a management strategy that is integrated with our medium- to long-term management plan.

Kureha Group Basic Policy on Sustainability

We implement the Kureha Group Corporate Philosophy, create the future by producing unique and differentiated products and technologies, and promote continuous improvement of economic value and contribution to solving social issues.

In order to promote these initiatives forward, we have developed the Green Bond Framework (hereinafter, “the Framework”) for funds to be raised with the Green bond.

Green Bond Framework

The Framework is based on the Green Bond Principles (GBP) 2021 established by the International Capital Market Association (ICMA) and the Green Bond and Sustainability Linked Bond Guidelines (2022 edition) formulated by the Japanese Ministry of the Environment. It is composed of the following four elements. In addition, we refer to the Green Enabling Projects Guidance document stipulated by ICMA.

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

1. Use of Proceeds

Funds raised through green bonds will be used to make a new investment in a project that meet the following eligibility criteria (hereinafter, “eligible project”).

■ Eligibility criteria

ICMA GBP business category	Eligibility criteria
Clean transportation	Capital expenditure for the production of PVDF for automotive lithium-ion secondary batteries

■ Eligible project

Increasing polyvinylidene fluoride (PVDF) production capacity

PVDF is used as a binder material for lithium-ion secondary batteries (LiBs), as well as an engineering plastic for general industry. Demand for its use in automotive LiBs has been expanding in recent years due to increasing awareness of environmental protection in many



countries. In response to customers' requests for a greater supply and to further expand our PVDF business, which is positioned as our largest business, we will make the largest capital investment in Company history to expand our production facilities, including the adoption of technologies to reduce environmental impact. Kureha has been qualified to receive government grants for this project to expand PVDF production facilities.

2. Process for Project Evaluation and Selection

■ The selection process for eligible project

The Company's Accounting and Finance Department select the project that receives funding based on the environmental sustainability goals set forth in the latest medium-term management plan, with advice from the relevant departments for the applicable projects and in accordance with the details set forth in the preceding section "1. Use of Proceeds." The Board of Directors will then give the final approval to the selected projects.

■ Initiatives to reduce environmental and social risks

When selecting a project, the Company confirms that the following are addressed in order to reduce environmental and social risks.

- Compliance with environmental laws and regulations as required by the national and local governments where the project is located, and implementation of environmental assessments as necessary.

Fluoride resins and fluororubbers such as PVDF meet the OECD criteria for "polymers of low concern," meaning that they are chemically and biologically stable, non-bioaccumulative, and non-toxic.

3. Management of Proceeds

The Company's Accounting and Finance Department will manage the funds raised through green bonds, informing the relevant departments of the status of allocation to eligible project. The Accounting and Finance Department will use an internal accounting system to regularly track the funds raised by the green bonds to ensure that an amount equal to the amount raised by the green bonds is allocated to eligible project. Any funds not allocated will be held and managed in cash or cash equivalents.

4. Reporting

■ Reporting on the status of allocated funds

Until all funds raised through green bonds are fully allocated to eligible project, the following information on the status of allocation will be disclosed on the Company's website once a year.

- Amount of funding already allocated
- Amount of funding not yet allocated

■ Impact reporting

As far as any balance remains for the green bonds, information based on the following indicators will be disclosed on the Company's website once a year, to the extent practicable.

ICMA GBP business category	Eligibility criteria	Impact reporting indicators
Clean transportation	Capital expenditure for the production of PVDF for automotive lithium-ion secondary batteries	<ul style="list-style-type: none">· Product overview· Annual production capacity· Estimated contribution to CO₂ emission reductions