

# Risk Management and Compliance

## Risk Management and Compliance Implementation System

Led by the Risk Management and Compliance Committee (▶ P. 65), which is under the direct control of the President, the Kuraray Group monitors risks regularly and identifies risks that could have a significant impact on business management. Such risks are presented to the President, who then specifies those that are critical management risks, and priority countermeasures are carried out after a report is submitted to the Board of Directors. The Risk Management and Compliance Committee plays a role in managing the progress of priority countermeasures against business management risks as well as to ensure thorough compliance with laws and regulations and corporate ethics and the realization of fair business practices.

## Risk Management Implementation System

The Kuraray Group's risk management is characterized by a two-tier approach. In terms of vertical risk management, each business division, office, plant, and affiliate identifies risks facing their own organization, independently evaluates such risks, and devises and implements an appropriate response. In terms of horizontal risk management, the responsible corporate organizations evaluate pure risks that may occur across the organization, such as natural disasters and infringement of laws and regulations, that have a purely negative impact. From among these, the Risk Management and Compliance Committee discusses and selects serious risks that have a greater potential impact on management and require a Group-level response to mitigate. The President then designates these as critical management risks and reports them to the Board of Directors, while assigning them to an officer in charge. Measures to adapt to risks associated with climate change are also the purview of the Risk Management and Compliance Committee, which discusses the results of the various organizations' annual risk self-assessments from the perspective of disaster response and business continuity.

## Risk Management Policy

The Kuraray Group Risk Management Policy, which the President disseminates to each Group organization, consists of two elements: a long-term, ongoing Basic Policy encompassing overall Group risk management, and priority issues that are the focus for a particular fiscal year in light of the findings of risk analysis of the Kuraray Group and recent social situations and industry trends. This framework allows flexible and prompt actions to be taken in response to changes in the risk environment while maintaining the underlying approach to risks. The priority issues clarify the tasks the organization needs to address to mitigate priority risks, indicating the way to steadily implement response measures.

Management risks in 2026 were categorized into three priority risks and nine risks requiring ongoing monitoring as identified in the risk management policy, and appropriate response measures will be taken for each. The risks requiring ongoing monitoring in 2026 are product quality risk, chemical substance regulations, natural disasters, geopolitical risks, bribery, antitrust law violations, intellectual property risks, harassment, and respect for human rights.

## Kuraray Group Risk Management Policy for FY2026

### Basic Policy

- 1) Thoroughly prevent illegal and inappropriate actions that betray society's trust.
- 2) Thoroughly prevent accidents and disasters (safety incidents, occupational accidents, environmental pollution, product accidents, etc.) that threaten the safety and health of employees, local communities, customers, business partners, and others.
- 3) When events occur that have a serious impact on our business or society, we prioritize earning society's trust above all else. We will ensure the safety and health of our employees, communities, customers, partners, and others, and then implement measures to continue or quickly restore our business operations.

### Priority Issues

In accordance with the above policy and in light of recent social and industrial trends, the following are designated as priority issues for FY2026.

- 1) Reduce the risk of leaks of confidential information, including personal data, through regular reviews and updates of information security systems, strict enforcement of confidential information management rules, and the steady implementation of improvement measures in operations. Additionally, enhance defensive measures to minimize operational impact from system failures during external attacks.
- 2) To reduce the risk of safety incidents, we will continue implementing enhanced operational and equipment management measures at plants worldwide. Through planned on-site audits by our Global PSM (Process Safety Management) Audit Team, composed of cross-functional members, we will objectively identify safety management issues, support their improvement, and implement global horizontal deployment of identified solutions to further reduce the risk of safety incidents across the entire Group.
- 3) Considering the latest trends in the upstream supply chain and geopolitical factors, we will steadily implement measures to avoid and reduce procurement risks for raw materials and fuels of high priority products in each business's BCP (Business Continuity Plan).

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The priority issues and specific measures for fiscal 2025 were as follows.

## Priority Issues for 2025 and Specific Measures

### Priority Issue

- 1) To reduce the risk of leaks or destruction of confidential information, introduce a globally standardized information security system and work to improve the standard of confidential information management by thoroughly implementing rules of confidential information management and steadily undertaking rectification measures based on the results of monitoring the status of implementing the rules.
- 2) To mitigate risk of process accidents, continue to implement measures to enhance operational and facility management at the Group's plants all over the world. Through onsite audits of individual Group companies by the Global PSM Audit Team, comprising members from across the organization, objectively identify issues in safety management and support rectification of those issues. Also, for issues that are detected, roll out measures horizontally on a global basis to mitigate the risk of process accidents throughout the Group.
- 3) Revise measures for avoidance and reduction of fuel and raw materials procurement risks in terms of the latest trends upstream in the supply chain and steadily implement the measures, starting with the fuels and raw materials relevant to products with a high priority based on the business continuity plan (BCP) of each business.

### Specific Measures

- 1) To continuously strengthen confidential information management, we promoted initiatives to improve the detection accuracy of the large-volume download monitoring system and the automated download suspension system, both of which began operation in 2024, while also advancing the development of information management frameworks at overseas Group companies.
- 2) In addition to the safety audits of overseas chemical plants conducted by the relevant companies and business units since 2019, the PSM Audit Team comprising global in-house experts was launched in 2022. Through these initiatives, we have strengthened the identification and mitigation of safety risks at overseas facilities. In 2025, the PSM Audit Team conducted on-site audits of four production bases, identified issues and provided recommendations for improvement.  
 Safety Audits for Chemical Plants outside Japan
- 3) Reflecting the latest trends in the upstream supply chain, we revised the risks of raw material and fuel supply disruption as well as the corresponding risk avoidance and mitigation measures. Based on the analysis of priority products and the risks associated with supply disruptions of raw material and fuel for each business, we developed and implemented risk mitigation measures in order of priority.

## Promotion of Compliance

The statement "Our Commitment" outlines the principles of conduct to which the Kuraray Group should adhere in its business activities, which involve diverse points of contact with society. Our Code of Conduct serves as a guideline for putting the commitment into practice in day-to-day operations. We distribute a Compliance Handbook to all Group employees in Japan and overseas to familiarize them with the clear commitment of top management to compliance with laws and regulations and with "Our Commitment," which contains an easy-to-understand explanation of the Code of Conduct. In addition, we have appointed compliance officers at plants and overseas offices of Kuraray and Group companies, and have organized regional compliance committees, linked to the activities of the Risk Management and Compliance Committee, to raise awareness of compliance throughout the Group.

## Whistleblower System

We have set up a Kuraray Group Employee Counseling Room and a Global Compliance Hotline for Group employees around the world as an internal reporting system for either preventing or detecting and resolving at an early stage any compliance violations. Consultation and reporting can be anonymous, and we strictly ensure the protection of whistleblowers so that they are not treated unfairly. In 2025, the Kuraray Group Employee Counseling Room received 29 consultations in Japan. We have established a Governance Hotline to serve as an internal reporting point independent of management, via an outside law firm that is different from the firm we use for legal counsel.

### Kuraray Group Employee Counseling Room Consultations in Japan

FY	2021	2022	2023	2024	2025
Cases	11	29	31	29	29