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Quality Management

Within the Kuraray Group, quality management is carried out by implementing quality management systems such as ISO 9001 at each manufacturing site. The divisions have built a mechanism for each of their businesses to supply products that incorporate the requirements of customers. With the aim of reinforcing quality management within the entire Group, the business divisions and the CSR Division worked together in 2017 and built a PDCA cycle that is implemented by confirming the company-wide status and carrying out improvement activities in order to address issues that were derived or newly found in the previous year. In 2018, this system was utilized to share the results of quality improvement activities at each business division, to spread educational activities using the Kuraray Group Quality Handbook, and to develop internal rules for quality assurance that caters to increase in demands being made by our customers and society.

In the future, Kuraray aims to continue running the PDCA cycle and to improve quality management within the entire group.

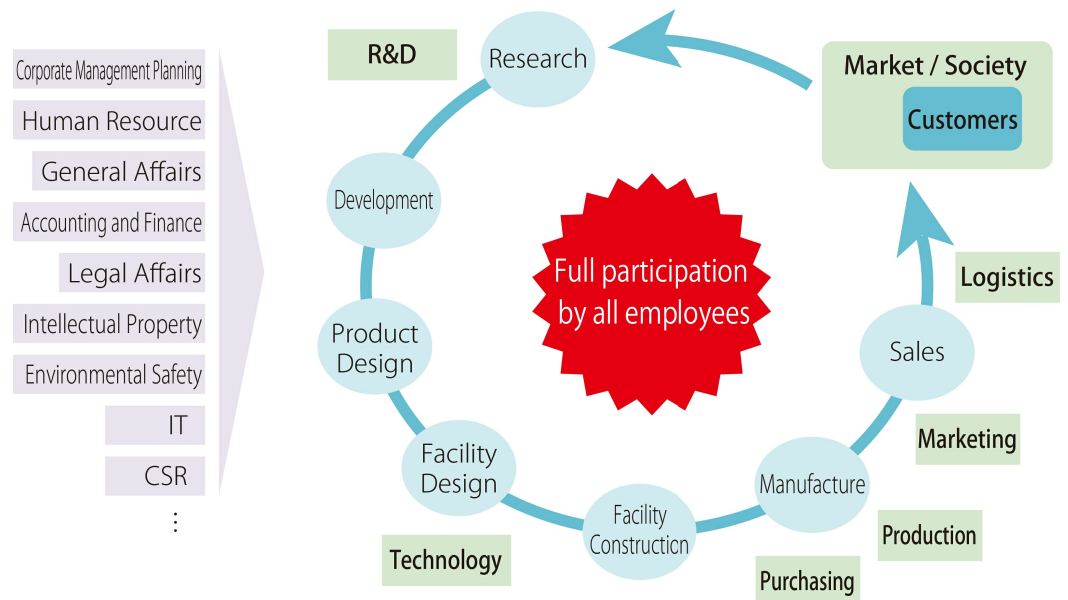
Kuraray's Approach to Quality

The Kuraray Group's approach to quality is rooted in the Group Mission "For people and the planet – to achieve what no one else can." It also embodies Our Value "Constant creation of new value" and "Customers' needs are our top priority" in Corporate Statements, as well as "We will constantly develop and provide safe, high-quality products and services" provided at the top of Our Commitment.

Our products and services can only be beneficial when the values are recognized and accepted by customers. In other words, Kuraray considers that quality is equivalent to "customer satisfaction." In order to be constantly perceived and chosen as a reliable partner by customers, we believe it is essential that all the members engaged in business activities together carry out initiatives to constantly increase customer satisfaction.

Based on this approach, from beginning of the fiscal 2016, the business divisions and the CSR

Division have worked together to improve quality management within the entire group aiming to strengthen quality management constantly.



Quality Assurance Activity

Each department of the Kuraray Group is working on continuous quality improvement through originality and ingenuity to realize "customer satisfaction." For example, the EVAL Division since fiscal 2012 and GENESTAR Division since fiscal 2015 have implemented the "ICS activity" aimed at enhancing customer satisfaction, where members engaged in manufacturing, distribution and development work together to undertake cross-sectional improvement activities.

The group-wide quality management improvement activities undertaken together by business divisions and the CSR Division are led by the Quality Assurance and Product Safety Working Team of quality assurance managers who are assigned by each business division's general manager. Some areas where we exerted our efforts in fiscal 2018 included activities where we created opportunities for each production site to showcase and share among one another their quality improvement efforts, with an aim to enhance the quality management level across the company.

We will tackle it as an important issue in the future that we need to further strengthen qualities of management not only for manufacturing such as production and development, but also distribution and storage to meet customers' demand.

Quality Assurance Education

In fiscal 2016, Kuraray Group compiled the Group's views on quality and issued the Kuraray Group quality handbook. This quality handbook prescribes the following five basic key items commonly applied to all members working for Kuraray:

1	That everyone participates in striving for quality (participation by everyone)
2	That everyone bases his or her conduct on facts (fact-based management)
3	That employee conduct conforms to the "Gogen principle" of the genba (actual place), genbutsu (actual products), genjitsu (actual facts), genri (theory), and gensoku (fundamental).

4	That employees satisfy the requirements for a given process before going on to the next process (building quality into processes)
5	That employees constantly strive to improve quality (continuous improvements)

In fiscal 2018, the concepts “qualities as contemplated by Kuraray” and “qualities are tantamount to customer satisfaction” stressed by the handbook, alongside the key items, were directly affirmed by members working in actual manufacturing at production sites through the holding of in-depth tutorial sessions regarding the handbook at each division to raise their awareness of quality, explaining that each and every person plays an important role with regard to customer satisfaction, even at divisions that are not directly customer-facing. “Customer satisfaction,” rooted in these five key concepts, continues to be the goal of each individual of the members of Kuraray Group who works on daily operations.

In addition, as an initiative to educate the members on the ideal for quality assurance, Kuraray focuses on internal seminars for the purpose of improving the level of managers and personnel engaged in quality assurance to cope with the recent customers’ demand for activities of it especially for automobile and electricity industries. This included an internal seminar held in fiscal 2018 in order to promote understanding on IATF16949 (International Automotive Task Force), which is becoming vital in recent years among manufacturers of raw materials that are situated upstream.

Actions to Be Taken in Case of a Product Accident

Within the Kuraray Group, information on complaints and claims received from the customers is managed by its divisions, so responses to customers can be made promptly and action taken swiftly to prevent recurrence of the same flaws. However, actions to be taken regarding material complaints and claims are prescribed by the “Rules-on Product Liability-related Accident Response and Quality Complaint Report.”

On the occurrence of a material product accident, the CSR Division shall immediately report the situation to the management and an administrative agency set forth by law, while establishing the Corporate Emergency Headquarters to take prompt and appropriate action from the customer’s point of view. Moreover, a mechanism to take corrective actions to clarify the cause and prevent recurrence has been established not only for a material product accident which requires an emergency arrangement but also general accidents.

In fiscal 2018, no product recalls or accidents that cause severe damage to health or damage to property such as fire were reported within the Kuraray Group.

Quality management system certifications (as of the end of December 2018)

(1) ISO9001

Kuraray Niigata Plant	EVAL Europe NV
Kuraray Kashima Plant	Kuraray Europe GmbH
Kuraray Okayama Plant	Kuraray Europe GmbH Business Area PVB
Kuraray Kurashiki Plant, Membrane and Module Production Technology Development Department	Kuraray America, Inc. EVAL BU
Kuraray Kurashiki Plant, Film Production and Technology Development Department	Kuraray America, Inc. Septon BU
Kuraray Kurashiki Plant, New Business Development Division, Functional Products Development Department	Kuraray America, Inc. PVA Division
	Kuraray America, Inc. PVB Division
	Kuraray America, Inc. Vectran Division

Kuraray Tamashima Co., Ltd. (Ester Plant)	Kuraray America, Inc. Trading BU
Kuraray Saijo Plant	Kuraray Korea Ltd.
Kuraray Tsurumi Plant	Kuraray Europe Moravia s.r.o.
Kuraray Plastic Co., Ltd. (Ibuki Plant)	Kuraray Asia Pacific Pte.Ltd.
Kuraray Fastening Co., Ltd. (Maruoka Plant)	MonoSol, LLC
Kuraray Engineering Co., Ltd.	MonoSol AF, Limited
Kuraray Trading Co., Ltd. (Okayama Plant)	Plantic Technologies Limited
Kuraray Techno Co., Ltd. (Building Management Service Division)	Calgon Carbon Corp
	Calgon Carbon Suzhou
	Calgon Carbon UV Technologies LLC
	Chemviron S.A. Feluy & Chemviron Carbon Ltd Tipton
	Chemviron Carbon Limited Ashton -in-Makerfield
	Chemviron Italia SRL
	Chemviron France SAS
	Chemviron Carbon Cloth Division a Division of Chemviron Carbon Ltd.
<p>* This includes the following group companies which reside within business sites and plants:</p> <p>Kuraray Saijo Co., Ltd., Kuraray Kuraflex Co., Ltd. (Okayama Plant), Kuraray Okayama Spinning Co., Ltd., Kuraray Techno Co., Ltd.</p>	
(2) ISO13485	
Kuraray Noritake Dental Inc.	
Kuraray Functional Materials Company, Medical Division, Bio Materials Department	
Kuraray Europe Benelux B.V.	
Chemviron Carbon Cloth Division a Division of Chemviron Carbon Ltd.	
(3) IATF16949	
EVAL Europe NV	
Kuraray Europe GmbH Division Troisdorf	
OOO TROSIFOL	
Kuraray Korea Ltd.	

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