

Social Reporting

Corporate Statements

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Through the “Kuraray Group Global Human Resources (HR) Policy”, Kuraray Group is making efforts to develop its organizational system regarding the promotion of diversity, fostering of human resources, and equal and fair evaluation of performances, as well as establishing a healthy corporate culture and creating new employment opportunities. The aim is to ensure each employee can work in a way which leads to personal growth through the fulfillment of his or her duties.

The Kuraray Group Global HR Policy

- *1 We will respect the human rights of individuals.
- *2 We will abolish discrimination and respect diversity.
- *3 We will carry out our HR activities in full compliance with applicable laws and regulations.
- *4 We will create HR systems that uphold equality, fairness and transparency.
- *5 We will strive to improve the environment of workplaces.
- *6 We will strive to employ personnel who are able to contribute to the development of the Kuraray Group.
- *7 We will place the right person in the right job.
- *8 We will implement evaluation and benefits systems that are fairly satisfactory.
- *9 We will support professional developments.
- *10 We will strive to promote appropriate disclosure of information and communication.

Sociality Goals and Actual Performance

Theme	Goal	Event and result	Evaluation and c hallenges	Fiscal 2019 plan

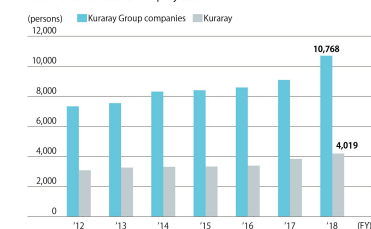
Theme	Goal	Event and result	Evaluation and challenges	Fiscal 2019 plan
Implementing personnel policy allowing employees to feel work is worth accomplishing	Provisioning of growth opportunities to employees	<ul style="list-style-type: none"> Provided the program "Training for Designing One's Own Career" to employees in various age brackets Managers aged 50 : 49 Managers aged 42 : 30 EC course aged 30(General staff) : 52 Total number of people 131 Introduced a career lecture for new employee training 	<ul style="list-style-type: none"> To foster a culture where EC employees autonomously shape their own careers without relying on the company 	<ul style="list-style-type: none"> To maintain the "mechanism to support self career development" To newly plan and implement career training for employees in their thirties who have not yet received such training
		<ul style="list-style-type: none"> Implemented the 16th and 17th GTTs (Global team training)(See Global Talent Development Program.) - half of participants were employees of overseas companies Trainee dispatch—acceptance of two people from overseas to Japan in addition to seven people from Japan to overseas 	<ul style="list-style-type: none"> To increase the number of trainees accepted from abroad, and have companies that newly joined the Kuraray Group through M&As to join the program swiftly To develop leadership and nurture the next generation of senior management at a global level 	<ul style="list-style-type: none"> To implement global trainings and expand the acceptance of trainees from overseas to Japan To start a globally uniform leadership development program and next-generation senior management development program
		<ul style="list-style-type: none"> Developed globally uniform job grades, an evaluation system, and a human resources information system, as a global operational platform for human resource management, and began operations in 2017 	<ul style="list-style-type: none"> Developed and expanded the functions of the global human resources information system, and widened its scope 	<ul style="list-style-type: none"> To consider renewing and expanding the functionality of the global human resources information system, and to provide more complete details with regard to human resources information To expand the scope of targeted companies and employees in the global system
Promotion of diversity and work-life balance	Implementation of work style reform	<ul style="list-style-type: none"> For the installment of a flexible working system, trial operations of the flextime system to deal with teleconferencing with overseas staff and the work-at-home system were carried out. 	<ul style="list-style-type: none"> To implement measures for improving productivity on an individual and company basis. 	<ul style="list-style-type: none"> To start the trial of the flextime system and institutionalize the work-at-home system
	Promotion of active participation by female employees	<ul style="list-style-type: none"> Staged workshops for personnel in the department general manager class Conducted workshops for semi-department managers 	<ul style="list-style-type: none"> Continue to implement trainings and other programs to promote awareness change 	<ul style="list-style-type: none"> To implement the training (workshops) to managers
	Promotion of the employment of persons with disabilities	<ul style="list-style-type: none"> Kuraray's employment rate of persons with disabilities: 2.37% 	<ul style="list-style-type: none"> The statutory employment rate was raised to 2.2% in April 2018, and is planned to increase to 2.3% by April 2021. To cope with these increases at the sites and affiliated companies with low employment rates. 	<ul style="list-style-type: none"> To achieve a target employment rate of 2.5% (0.2% above the statutory employment rate of 2.3% for 2021) To increase the employment rate of persons with disabilities in major affiliate companies

Theme	Goal	Event and result	Evaluation and challenges	Fiscal 2019 plan
Reinforcement and promotion of schemes for management of healthy mind and body	Enhancement of continuous support for mental health	<ul style="list-style-type: none"> Line-care training and self-care training were continuously conducted (Achieved 100% attendance rate for line-care training) Conducted a stress check within the Kuraray Group in Japan Started training and other anti-harassment measures in a gradual basis 	<ul style="list-style-type: none"> To implement continued training regarding mental health Implemented training for point-of-contact staff as anti-harassment measures. The results of stress checks are also being utilized. To develop awareness among individual people as a primary goal 	<ul style="list-style-type: none"> To implement training for managers about harassment, and to develop awareness among staff To continue implementation of stress check and utilize the analysis data

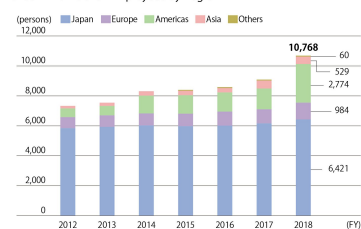
Number of Employees

Number of Employees As of December 31, 2018			
	Total	Male	Female
Kuraray Group as a whole	10,768	8,838	1,930
Kuraray only	4,019	3,561	458

Trends in the Number of Employees



Trends in Number of Employees by Region



Employee Turnover Rate (Kuraray Co., Ltd.)

Employee Turnover Rate (Kuraray Co., Ltd.) FY2018

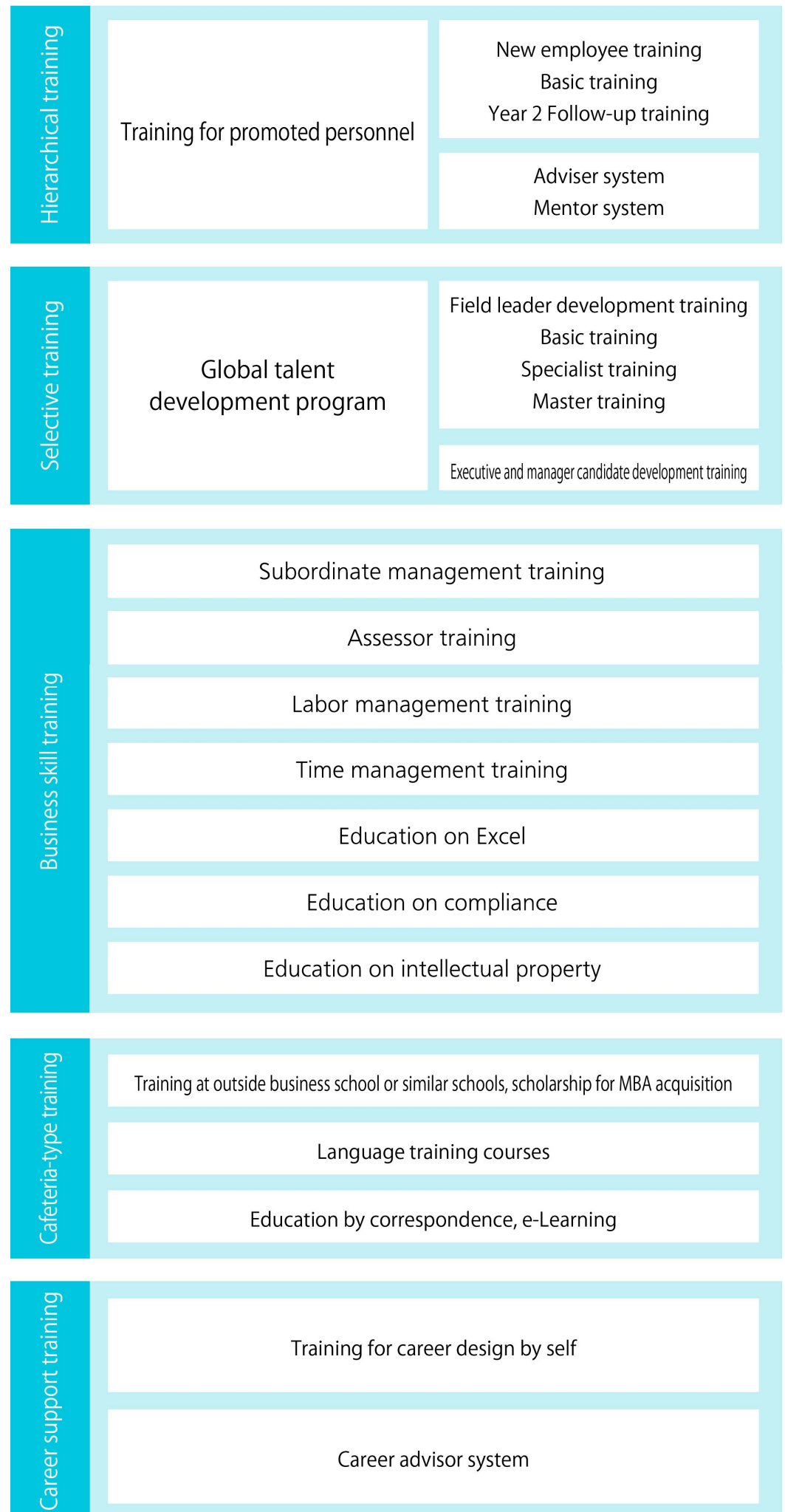
	Number of Employee Turnover	Turnover rate
Personal reasons	52	1.29%
Retirement	28	0.70%

Talent Development

For the Kuraray Group companies in Japan, we have established a companywide training scheme to support acquisition of the knowledge and skills required for jobs and career-building efforts by employees themselves.

The training is open not only to regular employees but also part-time and contract-based ones, as necessary. The Kuraray plants and domestic group companies plan and implement their own talent development programs and provide their employees with finely tuned support for skill development and career-building. Kuraray also has an incentive system under which it furnishes grants for acquisition of certain public qualifications by employees for their own self-

Kuraray Company-wide Training System



Global Talent Development Program

The ratio of overseas sales to total sales has exceeded 60% in recent years (68% in fiscal 2018), and over 40% of the entire Group's staff work overseas.

The Kuraray Group launched a Global Talent Development Program starting in fiscal 2007, in order to foster personnel who can actively play a part on the global stage and achieve global growth. Over 800 persons from inside and outside of Japan have attended in the 12 years up to fiscal 2018, and we conduct annual reviews to the program while providing continued training.

GTT (Global Team Training) is a prominent example of our training, aimed at developing global leadership among section manager class personnel, and has been held 17 times in total with over 300 attendees. The network of training alumni offers significant contributions toward promoting group-wide communication that goes beyond national borders.

Our trainee program is another successful example, where we send young employees between Japanese and overseas companies for a three-month period. Over 100 people have participated, and many of them later opted to be stationed abroad or engage in other achievements as global talent.

Global Talent Management

Similarly, with regard to talent management, we are engaging in initiatives to develop the foundations for talent management at a global scale with an aim to optimize the worldwide utilization of talent. Since fiscal 2017, we have introduced a globally uniform personnel evaluation system and human resource information system on a stepwise basis. Based on these systems, Kuraray will implement the following basic human resource management processes on a global scale: 1) setting work goals and performing personnel evaluation based on these goals; 2) supporting capacity building and career development; 3) finding competent personnel, rotation and optimal allocation of personnel, and reviewing the personnel succession plan.

Kuraray also introduced behavioral indicators (Kuraray Competency 5x5) that will be applied to the Group companies globally, and is utilizing them as personnel evaluation items and indicators of capacity development. In addition, Kuraray sorted out job grades, which were different in each country and company, as global grades based on the duty size and is utilizing them for personnel allocation and selection of participants for human resource development programs.

• Mechanism to Support Autonomous Career Development

The domestic Kuraray Group has been utilizing a "mechanism to support a self-career development," aiming at creating organizations in which each employee actively tackles his or her career development and engages in work enthusiastically. As part of this scheme, "Training for Designing One's Own Career" is undertaken for employees in three age brackets (30s, 40s and 50s).

In the four years from 2015 to 2018, 440 persons received the training. After receiving the training, the trainees are interviewed by a career advisor and receive support to attain their career goals.

Fair and Equal System

• HR System

Kuraray has instituted a personnel evaluation system in which elements such as improvement of job execution capabilities, performances, roles, and spirits to tackle demanding targets (as opposed to seniority or personal factors) are reflected in remuneration. Specifically, we instituted a scheme of role and rank for management positions, under which remuneration slides with the

role and performance, and a scheme of skill and position for ordinary employees, under which remuneration reflects the extent of skills and performance. We have also incorporated a scheme whereby personnel can change education courses to suit their desired career paths.

A review of wages, allowances, bonuses and work systems will be continued to further enhance people's understanding of the employee treatment system.

• Evaluation

Personnel evaluation is based on the targets setting for job duties and competence developments in the interview between the superior and the subordinate and the achievement management of the targets. Evaluator trainings are continuously provided.

Promotion of Diversity and Work-life Balance

Kuraray aims to enhance its organizational power by maximizing the capabilities of its diverse human resources through the promotion of work-style reforms and active participation by female employees.

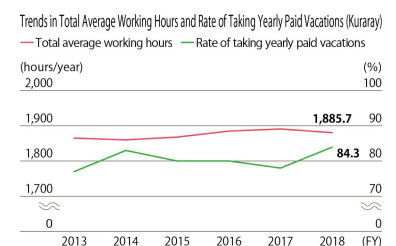
• Promotion of Active Participation by Female Employees

Efforts have been made with a focus on three points, employing more female employees, expanding responsibilities of their jobs and enabling female employees to work longer at their workplaces. In fiscal 2018, workshops for department manager class and seminars for semi-managerial class were carried out to create a more encouraging corporate culture for female employees and enhance their career awareness. Initiatives scheduled for fiscal 2019 include planning and holding seminars for section manager class personnel, and enhancing supportive systems so that their career development and household activities can be accomplished at the same time.

• Work-style Reform

In promoting work-style reform, in fiscal 2018, Kuraray focused on career-awareness enhancement in implementing the following initiatives:

- 1) In order to accommodate a variety of work-style requirements among employees, we have introduced a work-at-home system (73 people have enrolled in the system at the Tokyo and Osaka Head Office as of the end of fiscal 2018).
- 2) We have implemented a “no overtime work week” on a trial basis in locations including plants. Based on an awareness of issues where “no overtime work day” would sometimes results in increased the overtime on adjacent days, each person declares a particular week as their “no overtime work week” and leaves the workplace at the regular time, with the aim of improving work efficiency and establishing a habit of leaving the workplace without engaging in overtime work.
- 3) We have conducted training on methods to increase productivity. Long work hours are caused by environmental factors and personnel factors; this training program focuses on the latter, aiming for participants to review their own work methods in order to boost their productivity. In



addition to our current and previous initiatives, we will work in fiscal 2019 and onward to promote measures directed toward a wide variety of areas, including making it mandatory to add “initiatives for work-style reform” to work targets in all managerial jobs, creating a flex-time work system, and giving employees the equivalent to their reductions in overtime (a system aiming to encourage proactive reductions in overtime that gives employees the equivalent of their reduced overtime hours in their bonuses).

• Leave for Childcare and Nursing Care

Kuraray has a scheme in place to help its employees conduct childcare and nursing care. In consideration of the timing of admission into a day-care center, employees are allowed to take the childcare leave until the day when child becomes two years old if necessary. We recommend male employees to take a childcare leave to encourage more fathers to get involved in child rearing.

Number of Employees Taking Leave for Childcare/ Nursing Care (Kuraray)

Number of Employees Taking Leave for Childcare/ Nursing Care (Kuraray)			
Fiscal year	Childcare	Male (of all childcare)	Nursing care
2014	46	7	2
2015	48	18	2
2016	43	27	0
2017	52	33	0
2018	52	36	0

• System Allowing Employees to Take Temporary Leave from Duty to Live Abroad with Spouse Assigned to Overseas Post

A system has been established and implemented allowing employees to take a temporary leave from the duty to accompany their spouse who is assigned to an overseas post or in a similar circumstance. Those employees who take a temporary leave from the duty are allowed to return to their posts in the Kuraray Group when the overseas assignment of their spouse terminates or when the similar circumstance ends.

• Employment of People with Disabilities

In addition to meeting the statutory employment rate (2.2%), Kuraray is supporting self-sustenance of people with disabilities in cooperation with communities and support groups for people with disabilities. Kuraray has opened workshops for people with intellectual disabilities in cooperation with local welfare facilities.

* As of April 2018, the statutory employment rate has been revised to 2.2% from 2.0%.

Scheme for Management of Healthy Mind and Body

• Basic Policy for Occupational Health

To provide a workplace environment where it is possible to work in both a physically and mentally safe and healthy manner, we formulated the “Kuraray Basic Policy on Occupational Health”.

• Kuraray Basic Policy on Occupational Health

In keeping with “Our Commitment”, the Kuraray Group recognizes that ensuring the safety and

health of employees and other stakeholders is the basis of a company's business activity. Kuraray strives to provide a healthy and safe work environment for its employees and engages in health promotion activities.

• Mental Health Care Schemes

Kuraray has four care schemes including schemes for a self-care and a line care in an effort to reduce mental disorders. Kuraray has implemented and is promoting a stress check, training for the prevention of a mental or physical disorder, a consulting system such as counseling, and a work attendance system allowing employees on a rehabilitation program to work on a time schedule suiting their rehabilitation programs when they return to their workplaces.

• Schemes to Prevent Harassment

Kuraray is striving to ensure employees' mental health and improve the working environment through schemes to prevent many forms of harassment, with a focus on power harassment and sexual harassment. Kuraray promotes measures including training sessions to prevent incidents of harassment, activities to utilize the results of stress checks and other tests, and work to reinforce our counseling desk system.

• Support for Health Improvement

Enhancement of health awareness of the employees is promoted through personal guidance on health, promotion of health improvement campaigns and other means. "Health Improvement Operation" is carried out companywide urging the employees to voluntarily work on improving their lifestyles. Health checkups featuring checkup items surpassing those required by laws are provided so that we can find employees at the early stage who need to improve their health.

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