

# Sustainability Management

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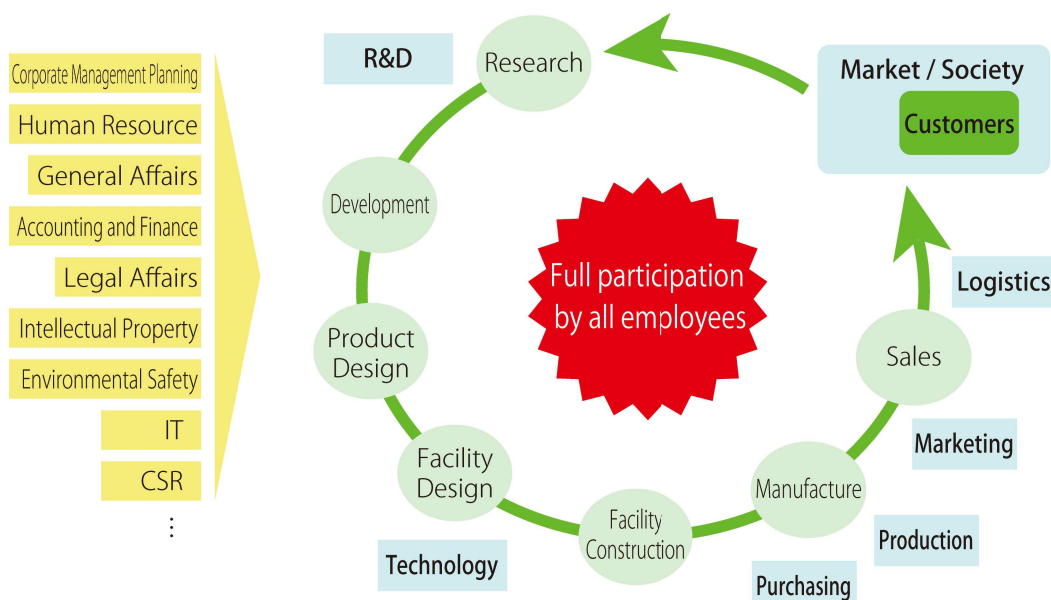
Sustainability Management and Promotion Structure	Materiality of Kuraray Group
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## Quality Management

### 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."

Our products and services can only be valuable when the values are recognized and accepted by customers. In other words, we consider 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.



## Quality Management

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The Kuraray Group updated its internal rules for quality assurance and product safety during FY2019 and clarified that its executive in charge of the CSR Division is responsible for quality assurance for the Group.

While respective business divisions, which know their products well, take responsibility for quality assurance and product safety, the CSR Division as a corporate function systematizes quality management at respective business divisions with a view to ensuring continuous improvement. It is also in charge of conducting quality audits for respective business divisions from an objective viewpoint to confirm the reasonableness of quality assurance operations..

Respective business divisions and the CSR Division have regular meetings regarding quality to share information and work together to ensure and improve quality.

We set out that “we will constantly develop and provide safe, high-quality products and services” in our Corporate Statements, and this time developed the “Kuraray Group Global Quality Policy” to make our corporate stance toward quality clearer.

### **Kuraray Group Global Quality Policy**

**“We contribute to the society by supplying safe, reliable and high-quality products and services.”**

We vow to provide safe high-quality products and services with a sense of responsibility and pride, and contribute to improved natural environments and living environments with a view to realizing a sustainable society.

To that end, each one of us will engage in improvement activities continuously to pursue the creation of value to enhance customer satisfactions with better understandings of demands of laws and regulations, society as well as needs of customers.

We also set concrete “annual action plans” regarding quality management to improve awareness toward quality in the employees of the Kuraray Group and provide products that offer greater satisfaction to customers.

## Quality Assurance Activity

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Quality assurance activities of the Kuraray Group include 1) systematized activities with ISO as a basis, 2) those carried out by respective business divisions and departments on their own (flexibly), and 3) those carried out jointly by the CSR Division and respective business divisions. With regards to ISO9001, which serves as a foundational structure for our Quality Management System (QMS), certifications are primarily obtained by each production site, which develops a framework for quality assurance based on ISO9001 and carries out quality management and quality assurance activities on a daily basis.

We have also obtained certifications for ISO13485 (QMS standard for medical devices), IATF16949 (QMS standard for the automobile industry), and others, depending on our businesses. With respect to IATF16949, the PVB Division was certified a long time ago and the EVAL Division worked on being certified globally. Following EVAL Europe, which obtained certification (transition from ISO/TS16949 obtained in 2003) in 2018, the EVAL Division of Kuraray America and the EVAL Division in Japan (Okayama Plant) also completed the certification process in 2019.

Meanwhile, quality improvement activities carried out by each business division or department

include cross-functional “ICS activities” by the members in manufacturing, sales and development in cooperation (the EVAL Division and Genestar Division) on a cross-organization basis, and “innovation creation activities” by individual departments of manufacturing plants.

In addition to the activities that are carried out by those business divisions or each department, we have initiatives ongoing that aim to improve quality management for the entire Group with the CSR Division and respective business divisions collaborating. We extracted issues on the ground from the quality assurance and management divisions at all production plants in Japan in 2018 and 2019, and worked together on improvement. We also sought to improve the quality assurance system and quality management process through the feedback to the entire company. Going forward, we believe it is necessary to make sure to maintain and administer comprehensive quality management spanning distribution and storage, not only manufacturing such as production and development, and will work on this as a priority issue to further enhance the reliability of our product and service quality for customers.

## Quality Assurance Education

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

1	That everyone participates in striving for quality (participation by everyone)
2	That everyone bases their conduct on facts (fact-based management)
3	That employee conduct conforms to the “5G 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)

We reviewed the existing “Basic Policy and Action Guidelines for Product Safety” comprehensively during fiscal 2019, and established the “Kuraray Products Safety Rules” globally, which clarifies the demands in “product liability,” “chemical management,” and “quality management” and sought to improve awareness of quality in all the employees of the Kuraray Group including our overseas subsidiaries. In addition to the continued quality handbook training, we prepared a textbook that summarizes points of caution for new products, application development, and upon changes in destination, etc., for those who are in charge of sales and development, and we engaged in initiatives to enhance awareness in employees that each of them plays an important role in customer satisfaction. We will continue to have all of the Kuraray Group to work on daily operations to realize “customer satisfaction” rooted in those five important matters.

We also work on internal seminars that aim to improve the level of those who are responsible for and in charge of quality assurance operations. Since it has recently become important to secure the reliability of quality for customers, we also worked on activities to promote penetration of quality assurance management in the company, such as by hosting internal seminars regarding “quality management that enhances the reliability of quality for customers,” in fiscal 2019.

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, company-wide response scheme for 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 2019, 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 2019)

#### (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, Research and Development Division, Functional Products Development Department	Kuraray America, Inc. PVA Division
Kuraray Tamashima Co., Ltd. (Ester Plant)	Kuraray America, Inc. PVB Division
Kuraray Saijo Plant	Kuraray America, Inc. Vectran Division
Kuraray Tsurumi Plant	Kuraray America, Inc. Trading BU
Kuraray Plastic Co., Ltd. (Ibuki Plant)	Kuraray Korea Ltd.
Kuraray Fastening Co., Ltd. (Maruoka Plant)	Kuraray Europe Moravia s.r.o.
Kuraray Engineering Co., Ltd.	Kuraray Asia Pacific Pte.Ltd.
Kuraray Trading Co., Ltd. (Okayama Plant)	MonoSol, LLC
Kuraray Techno Co., Ltd. (Building Management Service Division)	MonoSol AF, Limited
	Plantic Technologies Limited
	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.

\* This includes the following group companies which reside within business sites and plants:

Kuraray Saijo Co., Ltd., Kuraray Kuraflex Co., Ltd. (Okayama Plant), Kuraray Okayama Spinning Co., Ltd., Kuraray Techno Co., Ltd.

#### (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 America Inc.-EVAL BU

Okayama Plant, EVAL Division

Kuraray Europe GmbH Division Troisdorf

OOO TROSIFOL

Kuraray Korea Ltd.

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