

# Sustainability Management

Corporate Statements	Sustainability Management and Promotion Structure	Materiality of Kuraray Group
The Kuraray Group Code of Conduct	Quality Management	Chemical Products and Product Safety
Compliance Handbook	Risk Management and Compliance	Supply Chain Management
TOP STATEMENT	Tax Policy	Initiatives, etc.
Sustainability Management	Activity Target and Results	
Sustainability Management and Promotion Structure		
Materiality of Kuraray Group		
Quality Management		
Chemical Products and Product Safety		
Risk Management and Compliance		
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## Supply Chain Management

### <CSR Procurement Policy>

“Our Commitment” states the principles of our conduct which we should adhere to in our business activities. The “Kuraray Group Code of Conduct” serves as guidelines to implement the commitment in performing day-to-day work, and we strive to fulfill our responsibility as a good corporate citizen. In 2005, Kuraray established the “CSR Procurement Policy” in accordance with the 10 principles of the “United Nations Global Compact,” which are internationally accepted universal principles. However, changes in social conditions regarding supply chain management rendered the existing CSR Procurement Policy insufficient in some respects, and accordingly, it was revamped in 2019. While it goes without saying that the Kuraray Group itself will observe and practice the Policy, we will share it with our suppliers and ask for their cooperation in working on it together in our purchasing transactions.

➤ Kuraray is a signatory of the United Nations Global Compact.

### CSR Procurement Policy

<b>1</b> Corporate governance 	<p>We will stay cognizant of CSR, and seek to achieve harmony among people, society, and the global environment to build and maintain better relationships through our businesses. We will adhere to laws and regulations as well as other rules at all times and in all situations, and will always carry out corporate activities in a fair and honest manner.</p> <ul style="list-style-type: none"> <li>① Build a CSR promotion system</li> <li>② Build a business continuity plan (BCP) system</li> <li>③ Build a whistleblower system</li> <li>④ Dissemination of information and accountability to stakeholders</li> <li>⑤ Thorough compliance</li> </ul>
<b>2</b> Respect for human rights 	<p>We will champion the human rights of all people who are involved in our business activities and respect the dignity and value of each one of them.</p> <ul style="list-style-type: none"> <li>① Respect for human rights and personality and prohibition of discrimination</li> <li>② Avoidance of complicity in human rights violations</li> <li>③ Prohibition of forced labor and child labor</li> <li>④ Freedom of association</li> </ul>
<b>3</b> Safe, easy-to-work environment 	<p>We will adhere to laws and regulations relating to occupational health and safety, and strive to maintain and enhance a work environment that is safe and easy to work in for all people who are involved in our business activities. In addition, we will value the diversity of employees and treat them fairly without discriminating based on sex, nationality, ethnicity or others.</p> <ul style="list-style-type: none"> <li>① Appropriate management of occupational safety and health</li> <li>② Employee health management</li> <li>③ Appropriate wage payment</li> <li>④ Appropriate management of working hours</li> <li>⑤ Providing equal opportunities for employment, evaluation, placement, etc.</li> <li>⑥ Prevention of harassment</li> </ul>
<b>4</b> Promotion of environmental preservation 	<p>We will strive for reduced environmental burdens and risks, as well as environmental preservation, including preservation of ecosystems, through business activities that are in harmony with the environment. We will contribute to the sustainable development of society and fulfill our responsibilities to the next generation.</p> <ul style="list-style-type: none"> <li>① Compliance with environmental laws and regulations, environmental conservation efforts (ISO14001, etc.)</li> <li>② Proper management of chemical substances</li> <li>③ Reduction of environmental load</li> <li>④ Effective use of resources (energy, water, raw materials, etc.)</li> <li>⑤ Proper management and reduction of waste</li> </ul>
<b>5</b> Fair business practices 	<p>We will carry out corporate activities in a fair and honest manner, not be involved in any form of misconduct, including bribery, and conduct free, fair, and transparent business dealings through sound competition in the market.</p> <ul style="list-style-type: none"> <li>① Compliance with antitrust law/competition law, compliance with subcontract law (prohibition of abuse of a superior position)</li> <li>② Prevention of unfair competition</li> <li>③ Prevention of bribery</li> <li>④ No relationship with anti-social group</li> <li>⑤ Protection of intellectual property, prevention of unauthorized use of intellectual property by third parties</li> <li>⑥ Prohibition against insider trading</li> <li>⑦ Prohibition on conflicts of interest</li> <li>⑧ Appropriate import/export management</li> </ul>
<b>6</b> Safety and quality of products and services 	<p>We will strive to contribute to society by supplying safe, reliable, and high-quality products and services.</p> <ul style="list-style-type: none"> <li>① Safety and quality initiatives (ISO9001, etc.)</li> <li>② Appropriate response when a defect occurs (information disclosure, notification to customers)</li> </ul>
<b>7</b> Proper control of Confidential Information 	<p>We will recognize that confidential information, including trade secrets, know-how, and customer information, is an important asset of the Company, and will use and manage the same appropriately. We will also respect confidential information disclosed by third parties and manage the same in a similar manner.</p> <ul style="list-style-type: none"> <li>① Thorough information security</li> <li>② Defense against attacks on computer networks</li> <li>③ Protection of personal information</li> <li>④ Prevention of unauthorized use of confidential information</li> </ul>
<b>8</b> Supply chain 	<p>We will strive to have the significance of sustainable procurement be wellunderstood and embraced by our business partners in order to fulfill social responsibility throughout the supply chain.</p> <ul style="list-style-type: none"> <li>① Promotion of CSR in the supply chain</li> <li>② Use of raw materials that are not involved in war or crime (conflict minerals)</li> </ul>
<b>9</b> Promotion of contributions to society 	<p>We will be cognizant of our role as a corporate citizen, and engage in activities to interact actively with and contribute to society.</p> <ul style="list-style-type: none"> <li>① Efforts with local communities and society for sustainable development</li> </ul>

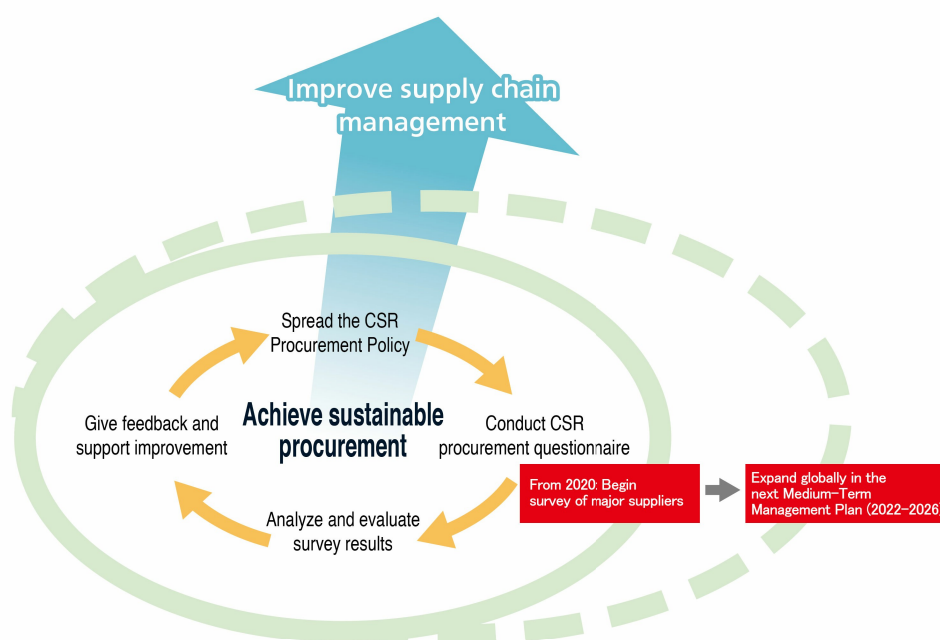
## <Evaluating Suppliers Partners>

### 1. CSR procurement questionnaire

The Kuraray Group has identified “Improving supply chain management” as one of its material issues (materiality) > [Materiality of the Kuraray Group](#). Observing and practicing the “CSR Procurement Policy” along the supply chain will be one of the targets in the next Medium-Term Management Plan set out in fiscal 2021 and starting in fiscal 2022. Specifically, we will build and operate a system where we follow a cycle involving our suppliers of (1) spreading the Policy among them, (2) conducting a CSR procurement questionnaire, (3) analyzing and evaluating the survey results, and (4) giving feedback and supporting improvement. Through the process, Kuraray will regularly monitor suppliers and work on mitigating risk and achieving sustainable procurement. We will provide education and guidance on improvement through close communication with suppliers found to be especially in need of active support in improvement in the course of these activities. Furthermore, Kuraray plans to verify if and how often audits on suppliers will be necessary based on suppliers’ activities and status of improvement. As the first step for this initiative, we conducted the “CSR Procurement Questionnaire” targeting major suppliers <sup>1)</sup> of the Kuraray Group in Japan <sup>2)</sup> in 2020.

<sup>1)</sup>Suppliers covering 80% of total purchasing amount

<sup>2)</sup>Kuraray Group in Japan covers Kuraray Co., Ltd. and six manufacturing companies listed in the “Affiliated Companies (Japan)” page <https://www.kuraray.com/company/base/domestic>.



The questionnaire reflects the “CSR/Sustainable Procurement Self-assessment Questionnaire” published by UN Global Compact Network Japan and the 18 articles on the Kuraray Group Compliance Handbook > [Compliance Handbook](#). It covers 51 items in nine areas including respect for human rights, abolition of discrimination based on gender, nationality, etc., abolition of child labor, water resource issues, global warming countermeasures, environment pollution countermeasures, fair corporate activities such as preventing bribery and corruption, ensuring quality, information security, consideration for the supply chain, and harmony with local communities, among others.

### CSR Procurement Questionnaire

Item in the Policy		Questionnaire item
<b>1 Corporate governance</b>		1.CSR promotion system 2.CSR assessment 3.Business continuity plans (BCP) 4.Whistleblowing system 5.Disclosure and accountability
<b>2 Respect for human rights</b>		1.Basic stance on human rights 2.Respect for human rights and abolition of discrimination 3.Elimination of forced labor 4.Abolition of child labor 5.Freedom of association 6.Ratio of female executives 7.Employee training 8.Dialogue with employees
<b>3 Safe, easy-to-work environment</b>		1.Human resource development opportunities 2.Adequate wages 3.Fair work hours and holidays 4.Abolition of harassment 5.Management of employee safety and health 6.Safety and health management of subcontractors 7.Physical checkup
<b>4 Promotion of environmental preservation</b>		1.Environmental initiatives 2.ISO14001 certification, etc. 3.Control of chemical substances 4.Transportation of hazardous objects 5.Management of waste water, sludge and emissions 6.Sustainable and efficient use of resources (energy, water, raw materials, etc.) 7.Reduction of greenhouse gas (GHG) emissions 8.Disclosure of NOx, SOx, and VOC emissions 9.Responsible waste disposal
<b>5 Fair business practices</b>		1.Compliance with antimonopoly laws/competition laws 2.Elimination of unfair competition 3.Appropriate relations with local administration and public officials 4.Prevention of inappropriate delivery of benefits to and from customers and suppliers, etc. 5.Elimination of ties with anti-social groups 6.Abolition of unauthorized use of intellectual property and illegal reproduction of copyrighted material 7.Abolition of insider-trading 8.Abolition of conflict-of-interest transactions 9.Penalties and lawsuits 10.Export and import trade control
<b>6 Safety and quality of products and services</b>		1.Policy on quality and safety 2.Securing quality and safety 3.Appropriate response to accidents, defective products in the market, etc.
<b>7 Proper control of confidential information</b>		1.Thorough information security 2.Protection against cyberattacks 3.Protection of personal data and privacy 4.Prevention of unauthorized use of trade secrets
<b>8 Supply chain</b>		1.Promoting CSR in the supply chain 2.Conflict minerals
<b>9 Promotion of contributions to society</b>		1.Efforts to mitigate negative impact 2.Initiatives with local communities for sustainable development 3.Promotion of social contribution

Suppliers were asked to answer multiple choice questions on whether they have a system in place, and the status of improvement and confirmation for each item.

#### Response to the 2020 CSR procurement questionnaire and response rate

Number of target suppliers	Number of suppliers who responded	Response rate
223 companies	219 companies	98.2%

#### Future plans

Upon analyzing the survey results obtained this time, we will give our suppliers feedback on the results and carry out hearing of further details of their situation for providing support for improvement. By establishing the PDCA cycle and getting accustomed to it, the Kuraray Group strives to permeate the CSR Procurement Policy

and improve the activities for CSR procurement throughout the supply chain together with our suppliers.

In the next Medium-Term Management Plan (2022-2026), the survey will gradually be expanded to suppliers of the Kuraray Group outside Japan in an effort to improve supply chain management of the Kuraray Group as a whole.

## 2. Other surveys

The Kuraray Group conducts some evaluation per industry other than the above. For example, we have compiled a “Warehouse company qualification evaluation list” covering criteria for newly selecting and continuing evaluation of third-party commercial warehouse companies in Japan. Based on the list, we audit warehouse companies in terms of location and facility, warehousing work environment, status of internal education and other matters when newly appointing them and periodically after that. Initiatives are ongoing to give guidance on improvement when audit results do not satisfy criteria.

## Kuraray’s Activities for Purchases of Green Commodities

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In 2002, Kuraray set its “Green Procurement Guidelines”. Since then, we have been undertaking activities to preferentially purchase Green Commodities that are low in environmental load, and will continue to do so.

## Efforts on “White Logistics”

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Kuraray endorsed the “White Logistics” movement in response to the request of the Ministry of Land, Infrastructure, Transport and Tourism and other organizations and submitted a Declaration of Voluntary Action on September 30, 2019. The “White Logistics” movement works on securing logistics needed for citizen life and industrial activities in a stable manner and contributing to economic growth by improving productivity in truck transportation and logistics efficiency as well as achieving a fairer work environment where everybody including women and drivers in their 60s can work comfortably in response to the intensifying shortage of truck drivers. To expand the movement, Kuraray shares the details of its Declaration of Voluntary Action on the “White Logistics” movement both internally and externally with business partners and works on empowering the movement to solve problems.

### **Kuraray’s Declaration of Voluntary Action on “White Logistics”**

Kuraray endorses the “White Logistics” movement and declares to take the following voluntary actions mainly by reviewing its transportation mode and securing safety:

- |   |   |
|---|---|
| 1.Proposals and cooperation in improving logistics: | We are open to sincere discussions on improvement proposals from logistics companies.           |
| 2.Utilizing pallets, etc.:                          | We will strive to mitigate cargo handling man-hours.  |
| 3.Consolidating storage locations:                  | We will eliminate loading at multiple locations to reduce binding hours and improve efficiency. |
| 4.Improving transportation efficiency:              | We will further expand our modal shift from trucks to ships and railways.                       |



5.Avoiding congestion:

We will avoid traffic congestion during the Olympic and Paralympic Games.  
(Switch the port of product export from our Kashima Plant from the Port of Keihin to the Port of Kashima)

6.Standardizing logistics systems:

Provide shipping information online in advance to facilitate shipment arrangement.

7.Safety measures for cargo handling:

We will improve the shipping and filling equipment for hazardous materials and review the procedure.



Kuraray Logistics Safety Conference holds a study group regarding ISO containers used to transport products made of hazardous materials (at Kashima Plant).

## About Us

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covid19

## Product Information

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## Sustainability

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## Investor Relations

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