

Product

Corporate Statements

The Kuraray Group
Code of Conduct

TOP STATEMENT

Sustainability Long-term
Vision and Sustainability
Medium-term Plan

Materiality of Kuraray
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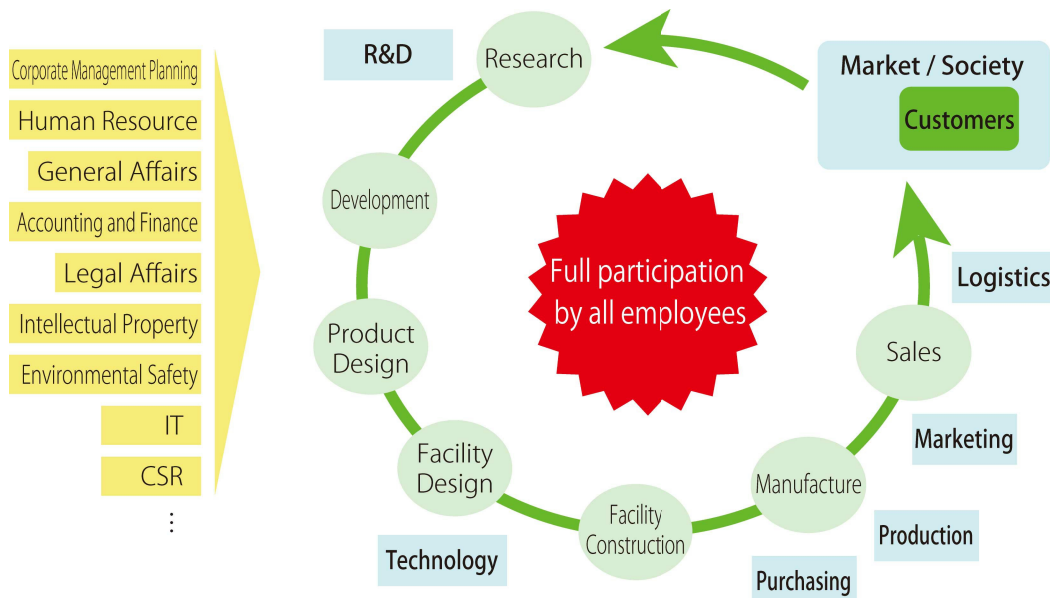
Sustainability Medium-term Plan for Product

Quality Management

Kuraray's Approach to Quality

The Kuraray Group's approach to quality is rooted in the realization of the Kuraray Group's 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 have made it clear that Kuraray's concept of quality is "customer satisfaction." In order to provide products and services that achieve customer satisfaction and contribute to society, we believe that it is essential not only to pursue the performance and quality of our products and services but also to consider multiple aspects, including safety, environmental impact, and sustainability.

For this reason, it is necessary to conduct comprehensive quality management in both manufacturing, such as production and development, and in sales, distribution, storage, value chains and so on, and we are promoting initiatives with the participation of all employees.



Quality Management

The Kuraray Group clearly states that the officer in charge of the Corporate Sustainability Division supervises quality assurance for the Group in its internal rules for quality assurance and product safety.

While respective business divisions, which know their products well, take responsibility for quality assurance and product safety, the Corporate Sustainability 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 Corporate Sustainability Division have regular meetings regarding quality to share information and work together to ensure and improve quality.

The Kuraray Group sets out that “we will constantly develop and provide safe, high-quality products and services” in our Corporate Statements, and have formulated 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

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 Corporate Sustainability 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 has worked on being certified globally. Following EVAL Europe N.V., which in 2018 obtained certification (transition from ISO/TS16949 obtained in 2003), we completed the certification process for the EVAL Business Unit of Kuraray America, Inc. and the EVAL Division in Japan (the Okayama Plant) in 2019, and we are continuing our quality improvement activities.

Quality improvement activities carried out by each business division or department include

soushin katsudo (innovation activities) conducted by each division at each production base. Good practices for quality improvement activities are shared through in-house reporting meetings, quality conferences, and quality reporting meetings at internal companies and divisions.

In addition to these activities undertaken by each business division or each department, we have initiatives in place that aim to upgrade quality management for the entire Group with the collaboration of the Corporate Sustainability Division and respective business divisions. In fiscal 2018 and 2019, we identified issues on the ground from the quality assurance and management divisions at all production bases in Japan, and worked together on improvement. In fiscal 2020, we completed improvements on issues identified in general. We have also begun considering the introduction of a quality control system (digital storage of data, direct storage from analytical equipment, and linkage with a backbone system) to standardize the quality control workflow and prevent human errors such as typographical errors. Going forward, we believe that it will become increasingly important to ensure the maintenance and administration of comprehensive quality management spanning distribution and storage, not only manufacturing such as production and development, and we will work on this as a priority issue to further enhance the reliability of our product and service quality for customers through the participation of all employees involved in business activities.

Quality Assurance Education

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)

Together with the distribution of this quality handbook, employees receive basic education on the quality handbook in an e-learning format. Through this type of basic education, we are committed to anchor awareness in employees that each of them plays an important role in customer satisfaction. We will continue to have everyone in the Kuraray Group work on daily operations to realize "customer satisfaction" rooted in those five important items.

At the same time, as a more practical type of education, we are focusing on in-house seminars aimed at raising the level of managers in charge and staff in quality assurance. In fiscal 2020, in order to ensure the reliability of quality, we held an in-house seminar on the theme of "The Cornerstone of Our Manufacturer is Quality: Reinforcement of Prevention Activities," and we promoted activities to instill the concept of quality assurance and quality management throughout the Company. We also held a seminar for the general managers and section managers of the quality management departments and production departments to discuss quality issues in the Group, and we are trying to improve communication within and between departments by exchanging opinions across business sites and divisions. Furthermore, we are developing rules on which these activities are based. Kuraray established the Kuraray Group Product Safety Regulation, which clarify requirements for product liability,

chemical substance management, and quality management, as well as rules and detailed regulations that are subordinate to the regulations.

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, 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 Corporate Sustainability 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 2020, 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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