

# Product

Corporate Statements

The Kuraray Group  
Code of Conduct

Kuraray Group Human  
Rights Policy

TOP STATEMENT

Sustainability Long-term  
Vision and Sustainability  
Medium-term Plan

Materiality of Kuraray  
Group

Planet

Product

PSA (Portfolio Sustainability  
Assessment) System

Supply Chain  
Management

Quality Management

Product Safety and  
Chemical  
Management

Logistics Safety

Sustainability  
Medium-term Plan  
for Product

People

Governance

GRI Standards  
Content Index

Kuraray Report  
(integrated report) /  
Sustainability website

Initiatives, etc.

## "PASSION 2026" Priority Issue Targets and Fiscal 2023 Results

	Benchmarks	Target	FY2023	FY2024	FY2026
			Results	Targets	Medium-Term Plan
<b>Product</b>					
Sales ratio of products that contribute to the natural and living environments	46%	—	56%	57%	60%
Products that contribute to the natural environment ratio	16%	—	24%	25%	27%
Products that contribute to the living environment ratio	30%	—	32%	32%	33%
Ratio of PSA-screened products to total sales	—	70%	80%	80%	—

PSA (Portfolio Sustainability Assessment)  
System

Supply Chain Management

Quality Management

Product Safety and Chemical Management

Logistics Safety

Sustainability Medium-term Plan for Product

## Supply Chain Management

### <Sustainable Procurement Policy>

The Kuraray Group has established the principles to be followed in our interactions with diverse societies as "Our Commitment" and the guidelines for concretely putting these items into practice in our corporate activities as the "Code of Conduct," and we are committed to fulfilling our responsibilities as a good corporate citizen.

As part of these efforts, the Kuraray Group formulated its "CSR Procurement Policy" in 2005 based on the "10 principles of the United Nations Global Compact", which are universal international principles that are key for the sustainability of business, people and the planet.

In order to further promote sustainable procurement, including respect for human rights, environmental conservation, emphasis on compliance, and promotion of diversity throughout the entire supply chain, the "CSR Procurement Policy" has been revised as the "Sustainable Procurement Policy" and positioned as our global procurement policy at the same time.

In order to fulfill our responsibility to the entire supply chain from a global perspective, collaboration with our suppliers is critical. We will make it the basis of our purchasing transactions to promote sustainable procurement throughout the entire supply chain by encouraging not only us but also our business partners to make such efforts.

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

## Sustainable Procurement Policy

### 1. Corporate government

We will stay cognizant of Corporate Social Responsibility, 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.

- 1 Build a Sustainability promotion system
- 2 Build a business continuity plan (BCP) system  
Efforts to secure a stable supply
- 3 Build a whistleblower system
- 4 Dissemination of information and accountability to stakeholders
- 5 Thorough compliance

## **2. Respect for human rights**

---

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.

- 1 Respect for human rights and personality and prohibition of discrimination  
Human rights due diligence initiatives
- 2 Avoidance of complicity in human rights violations
- 3 Prohibition of forced labor and child labor
- 4 Freedom of association
- 5 Diversity initiatives

## **3. Safe, easy-to-work environment**

---

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.

- 1 Appropriate management of occupation safety and health
- 2 Employee health management
- 3 Appropriate wage payment
- 4 Appropriate management of working hours
- 5 Providing equal opportunities for employment, evaluation, placement, etc.
- 6 Prevention of harassment

## **4. Promotion of environmental preservation**

---

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.

- 1 Compliance with environmental laws and regulations. Environmental conservation efforts (SO14001, etc.)
- 2 Proper management of chemical substances
- 3 Reduction of environmental load
- 4 Effective use of resources (energy, water, raw materials, etc.)
- 5 Proper management and reduction of waste
- 6 Biodiversity initiatives

## **5. Fair business practices**

---

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.

- 1 Compliance with antitrust law/competition law, compliance with subcontract law (prohibition of abuse of a superior position)
- 2 Prevention of unfair competition
- 3 Prevention of bribery
- 4 No relationship with anti-social group
- 5 Protection of intellectual property, prevention of unauthorized use of intellectual property by third parties
- 6 Prohibition against insider trading
- 7 Prohibition on conflicts of interest
- 8 Appropriate import/export management

## **6. Safety and quality of products and services**

---

We will strive to contribute to society by supplying safe, reliable, and high-quality products and services.

- 1 Safety and quality initiatives (ISO9001, etc.)
- 2 Appropriate response when a defect occurs (information disclosure, notification to customers)

## **7. Proper control of Confidential Information**

---

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.

- 1 Thorough information security
- 2 Defense against attacks on computer networks
- 3 Protection of personal information
- 4 Prevention of unauthorized use of confidential information

## **8. Supply chain**

---

We will strive to have the significance of sustainable procurement be well understood and embraced by our business partners in order to fulfill social responsibility throughout the supply chain.

- 1 Promotion of Sustainability in the supply chain
- 2 Use of raw materials that are not involved in war or crime (conflict minerals)

## **9. Promotion of contributions to society**

---

We will be cognizant of our role as a corporate citizen, and engage in activities to interact actively with and contribute to society.

- 1 Efforts with local communities and society for sustainable development

## **<Evaluating Suppliers Partners>**

---

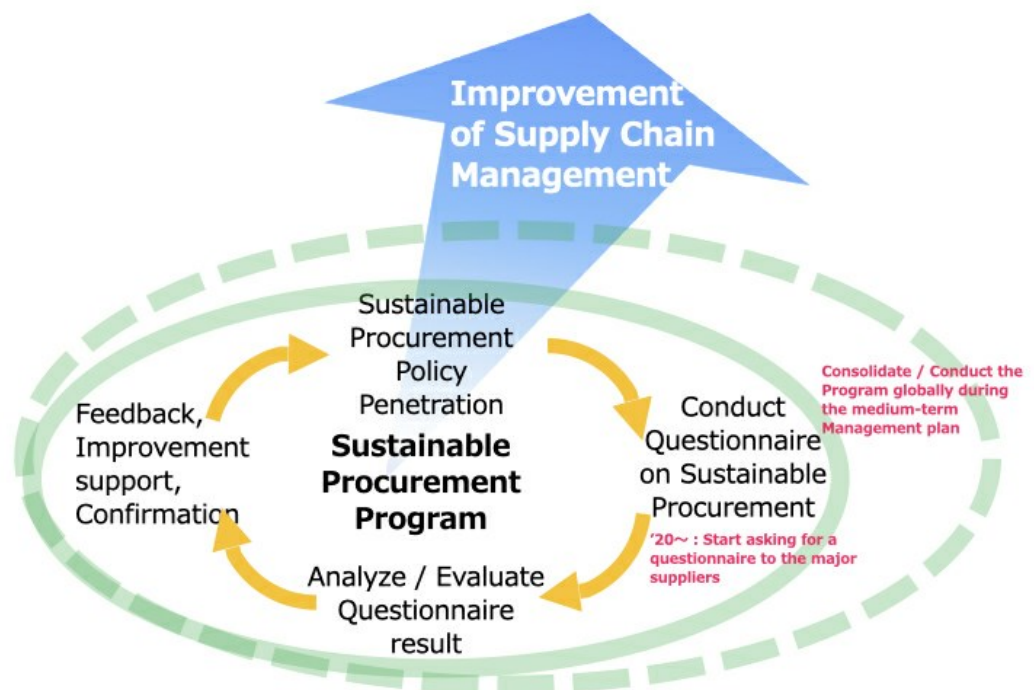
### **1. Sustainable Procurement Questionnaire**

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 “Sustainable Procurement Policy” along the supply chain will be one of the main targets. In order to ensure these efforts, we conduct a Sustainable Procurement Questionnaire to confirm the

status of our suppliers' efforts. 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 Sustainable Procurement Questionnaire, (3) analyzing and evaluating the survey results, and (4) giving feedback and supporting improvement as necessary. Through the process, Kuraray regularly monitor suppliers to mitigate risks and aim to ensure 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 will verify if and how often audits on suppliers will be necessary based on suppliers' activities and status of improvement.

As a first step in this initiative, we conducted the CSR Procurement Questionnaire (current Questionnaire on Sustainable Procurement) targeting major suppliers<sup>1)</sup> of the Kuraray Group in Japan controlled by the Purchasing and Logistics Division in 2020. In 2022, we expanded the scope of our survey to include suppliers from each business division and affiliate in Japan purchases directly. In 2023, we select suppliers that account for 80% of the total purchasing value of the entire Kuraray Group, including overseas suppliers, and conduct a questionnaire survey of suppliers at each of the targeted overseas bases.

<sup>1)</sup>Suppliers covering 80% of total purchasing amount (90% of purchase value in raw materials, etc.)



The questionnaire reflects the Kuraray Group Code of Conduct and the 10 principles of the United Nations Global Compact. 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.

## Sustainable Procurement Questionnaire

### Item in the Policy

Questionnaire item

### 1. Corporate governance

- 1 Sustainability promotion system
- 2 Sustainability assessment

- 3 Business continuity plans (BCP)
- 4 Whistleblowing system
- 5 Disclosure and accountability

## **2. Respect for human rights**

---

- 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

## **3. Safe, easy-to-work environment**

---

- 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

## **4. Promotion of environmental preservation**

---

- 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

## **5. Fair business practices**

---

- 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 important trade control

## **6. Safety and quality of products and services**

---

- 1 Policy on quality and safety
- 2 Securing quality and safety
- 3 Appropriate response to accidents, defective products in the market, etc.

#### 7. Proper control of confidential information

- 1 Thorough information security
- 2 Protection against cyberattacks
- 3 Protection of personal data and privacy
- 4 Prevention of unauthorized use of trade secrets

#### 8. Supply chain

- 1 Promoting Sustainability in the supply chain
- 2 Conflict minerals

#### 9. Promotion of contributions to society

- 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. We score each survey question on a scale of 3, 2, 1 or 0.

### Results of the 2022-2023 CSR Procurement Questionnaire

#### Questionnaire response rate

	Number of target suppliers	Response rate
Japan	335 companies	98.5%
Overseas	304 companies	85.5%*

\*As of the end of 2023. Including suppliers that used corporate reports prepared by suppliers as a substitute for responses to this survey.

#### Evaluation levels

Evaluation	Score
A	80% or above
B	66%~80%
C	50%~66%
D	Less than 50%

In Japan, we started the survey in 2020 and conducted CSR Procurement Questionnaire to 335 companies in 2022. In 2023, we will also start a similar survey to disseminate our CSR Procurement Policy(curt. Sustainable Procurement Policy) and CSR Procurement Questionnaire to 304 suppliers at our overseas bases, and have obtained the above response rate. To improve the content and quality of the survey, in 2022 we revised the

questions and wording, added supplementary explanations to the questions, and created CSR Procurement Guidelines(curt. Sustainable Procurement Guidelines) as specific items to be addressed in the CSR Procurement Policy, which were presented to suppliers together with the survey. We will continue to revise the questionnaire as necessary to make it easier to answer.

We evaluate the responses from suppliers based on the criteria in the table above and provide feedback to the entire company. In particular, we conducted web interviews and additional written questions with 14 Japanese suppliers and some overseas suppliers to confirm the status of their initiatives and share the purpose and importance of the Sustainable Procurement Program. The survey included D-rated suppliers and suppliers whose initiatives were deemed necessary to confirm. We asked suppliers whose efforts were found to be insufficient to make improvements. We received positive responses from all of them. As in Japan, we will provide feedback on the results to our overseas suppliers and request improvements when we deem their efforts to be inadequate.

Future plans

Also in 2024, we will coordinate initiatives that we previously carried out separately in Japan and overseas, putting a survey framework in place that covers business partners accounting for 80% of total Group procurement value, including overseas partners (90% in the case of raw materials, secondary materials, and products). This target, established under “PASSION 2026,” will help make the supply chain as a whole more resilient.

>Sustainable Procurement

2. Other surveys

The Kuraray Group conducts some evaluation per industry other than the above. For example, we have compiled a Warehousing Company Qualification Evaluation List covering criteria for newly selecting and continuing to evaluate third-party commercial warehousing companies in Japan. Based on the list, we audit warehousing 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.

About Us	Product Information	R&D	Sustainability	Investor Relations
Corporate Overview	Search by Business	Basic Policy	Corporate Statements	Management Policies
Message from the President	Search by Product Name	Technologies and Products	Kuraray Group Code of Conduct	IR News
Corporate Statements	Search by Key Word	Organization	Kuraray Group Human Rights Policy	Learn about Kuraray
Executives		Progress	TOP STATEMENT	Results and Financial Information
Organization Chart		Highlights	Sustainability Long-term Vision and Sustainability Medium-term Plan	IR Library
History			Materiality of Kuraray Group	Stock Data
Awards and Accolades			Planet	IR Calendar
Main Group Locations			Product	FAQ
Corporate Profile Video			People	
covid19			Governance	
			GRI Standards Content Index	
			Kuraray Report (integrated	

