

Sustainability Management

Basic Approach

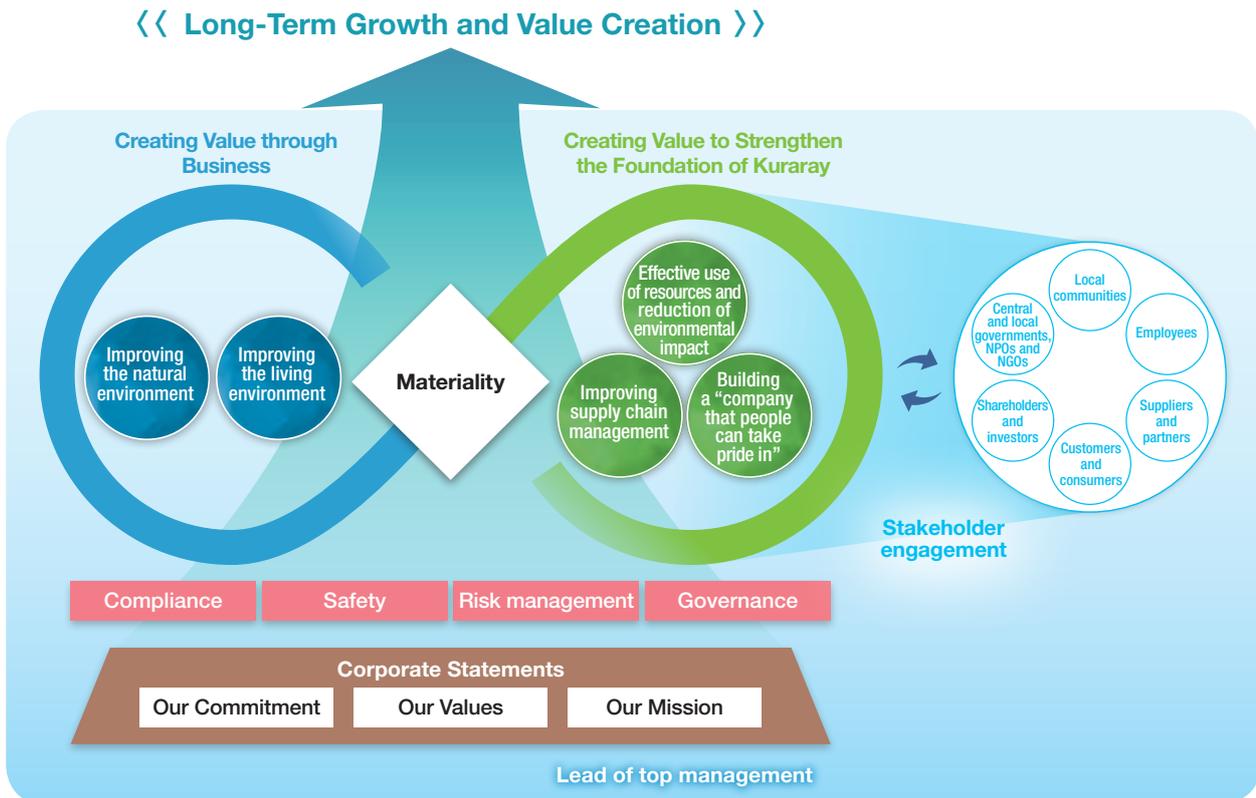
In addition to continually generating profit in their businesses, companies face the ever increasing task of helping to solve a range of social issues, as seen in the Sustainable Development Goals (SDGs) adopted by the United Nations in 2015, which call for businesses to engage in sustainable initiatives. To respond to such changes in social conditions, the Kuraray Group updated its Sustainability Concept and reviewed its material issues (materiality).

The Group's sustainability management is carried out under the lead of the top management.

Based on its mission stated in the Corporate Statements, "For people and the planet—to achieve what no one else

can," we aim to achieve long-term growth and value creation by working to solve material issues, with the five items of "governance" and "lead of top management" in addition to "compliance," "safety," and "risk management" serving as a base.

The Kuraray Group's corporate activities are established by relationships with many stakeholders including customers and consumers, shareholders and investors, suppliers and partners, employees, local communities, and central and local governments. The Group will further deepen stakeholder engagement to enhance our corporate activities.



Materiality of the Kuraray Group

Materiality, formulated previously in 2015, was reviewed in fiscal 2019 in response to recent changes in the social environment.

In the review, we focused on clarifying the issues that the Kuraray Group should resolve through its business operations and on incorporating a global perspective.

In addition to the existing CSR Committee members, all division general managers in Japan and overseas participated in discussions to select new material issues.

We believe the Kuraray Group's business utilizing pioneering technologies can contribute to addressing many important issues. These include the five domains currently

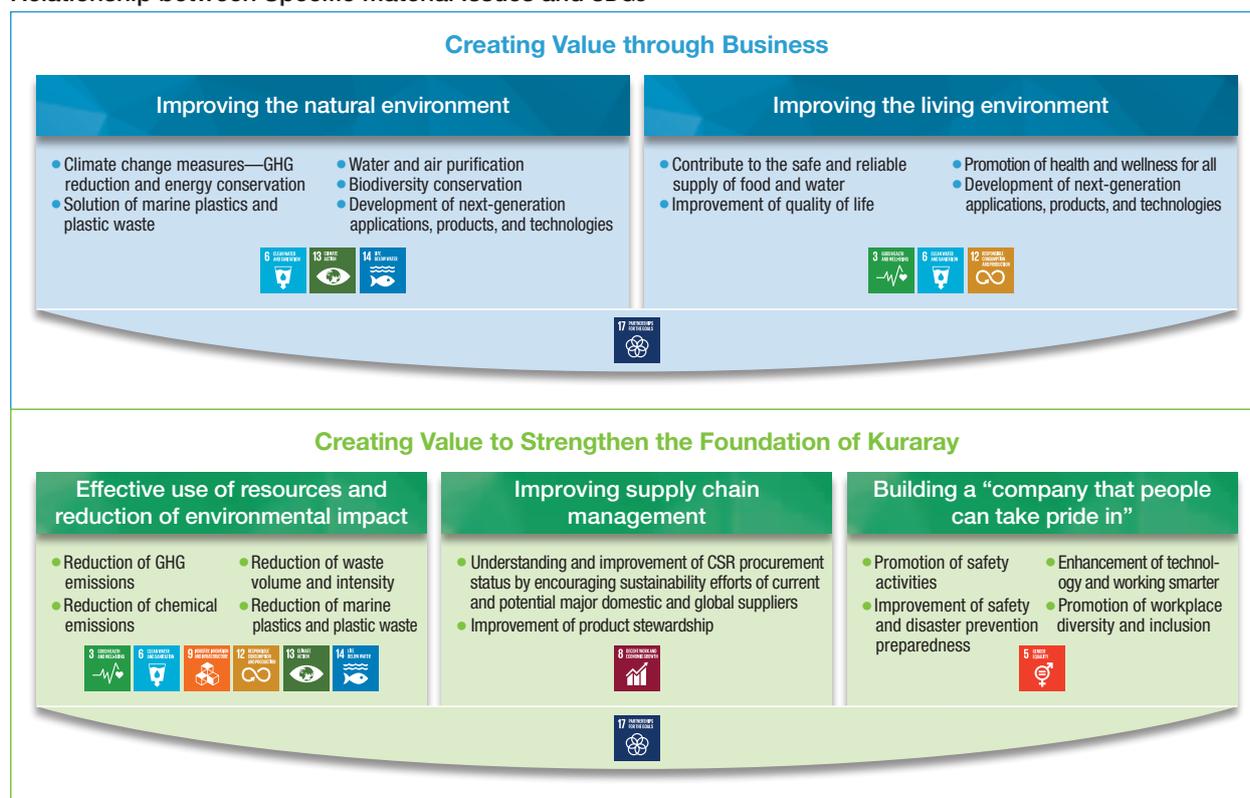


specified as material issues, which are “improving the natural environment,” “improving the living environment,” “effective use of resources and reduction of environmental impact,” “improving supply chain management,” and

“building a ‘company that people can take pride in’.”

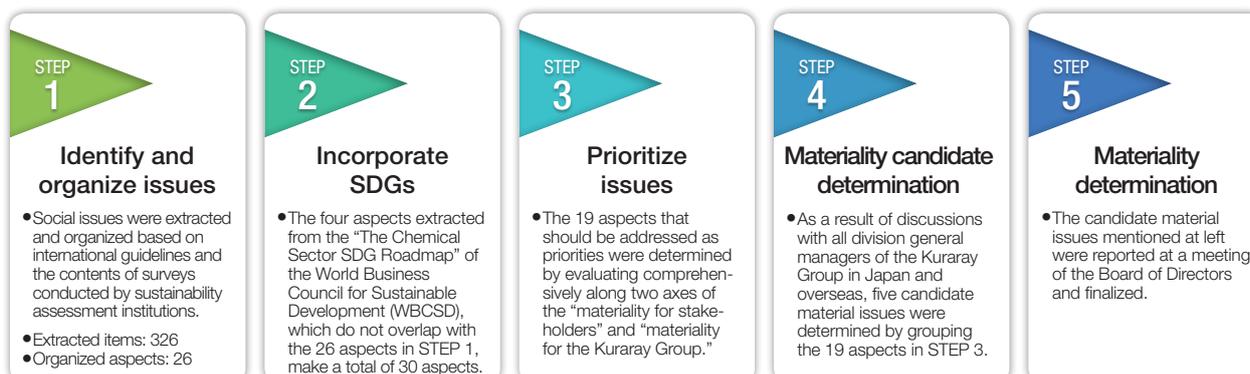
Going forward, we plan to formulate a medium-term sustainability plan based on new materiality in line with the next Medium-Term Management Plan.

Relationship between Specific Material Issues and SDGs



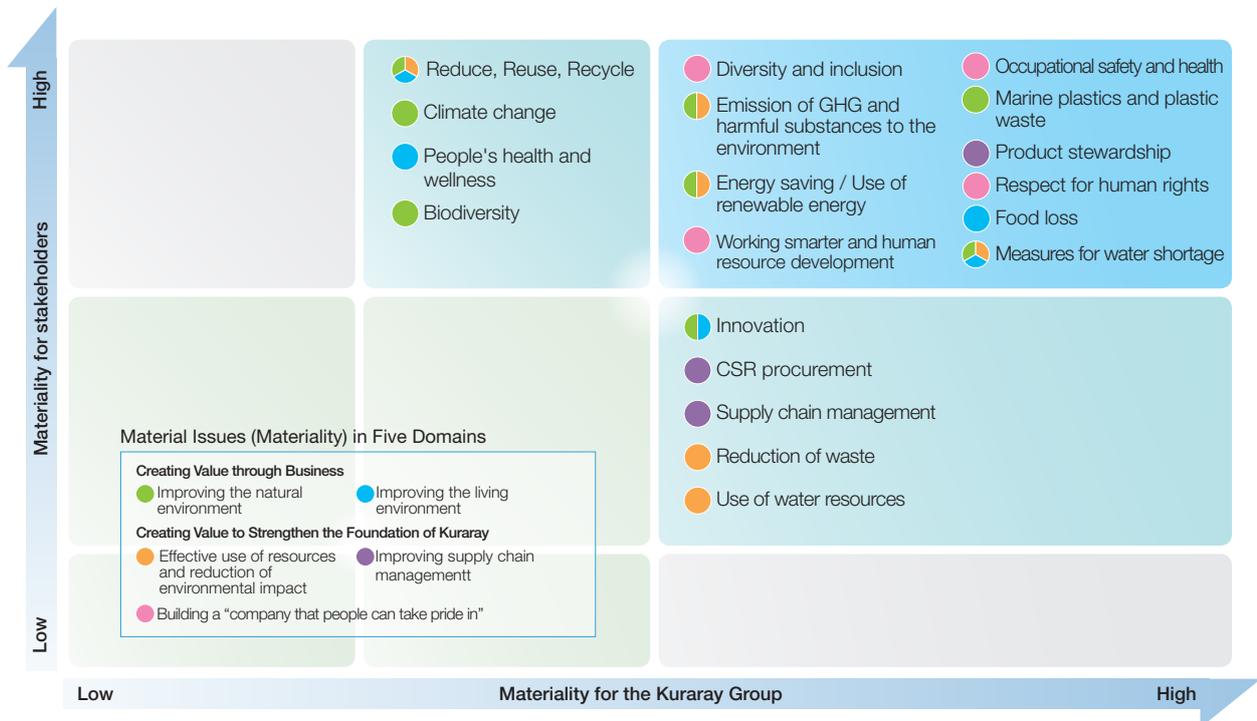
Procedure to Identify Materiality

Material issues of the Kuraray Group have been identified in accordance with the following procedure. Material issues will be reviewed periodically in accordance with developments in the international community, changes in the business environment, and so on.



For the current material issues, please visit our website: <https://www.kuraray.com/csr/report2020/materialities>

The 19 aspects that should be addressed as priorities, determined by evaluating comprehensively along two axes of the “materiality for stakeholders” and “materiality for the Kuraray Group,” are shown below.



Quality Management

The Kuraray Group’s dedication 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.” “For people and the planet” can only be achieved by having customers recognize the value of the products and services that we offer. Therefore, Kuraray’s concept of quality is “customer satisfaction,” and we believe it is important for all members who are involved in our business activities to work together

to push forward with efforts to constantly enhance “customer satisfaction” through “participation by all.”

Based on this concept, we developed the “Kuraray Group Global Quality Policy” to clarify our corporate stance on quality.

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.

Product Safety and Chemical Management

With a view to ensuring the safety of products, the Kuraray Group’s respective divisions make evaluations and improvements using risk assessment techniques in developing new products and managing changes in order to secure and guarantee product safety.

In addition, with regard to products that are particularly in need of safety validation, such as those that use nanomaterials and those that are to be ingested, we set up a deliberation committee led by CSR Division to confirm safety.

With respect to chemical management, we continuously provide education to those responsible for chemical management and those in charge of actual operations, while making good use of IT systems, in order to ensure compliance with laws and regulations that are becoming

increasingly strict in various countries in the world. Further, we review and share laws and regulations and information with not only the divisions/Group companies in Japan but also overseas Group companies in order to achieve optimal chemical management without fail.

CSR Procurement

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, and the Company has asked its business partners for their understanding of this policy. However, changes in

social conditions rendered the existing CSR Procurement Policy insufficient in some respects, and accordingly it was revamped. Once again we will ask our business partners for their understanding of the policy, and we plan to conduct a survey of major business partners in Japan and overseas.

CSR Procurement Policy

<p>1 Corporate governance</p> 	<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>
<p>2 Respect for human rights</p> 	<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>
<p>3 Safe, easy-to-work environment</p> 	<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>
<p>4 Promotion of environmental preservation</p> 	<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>
<p>5 Fair business practices</p> 	<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>
<p>6 Safety and quality of products and services</p> 	<p>We will strive to contribute to society by supplying safe, reliable, and high-quality products and services.</p>
<p>7 Proper control of Confidential Information</p> 	<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>
<p>8 Supply chain</p> 	<p>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.</p>
<p>9 Promotion of contributions to society</p> 	<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>