

# Sustainability Management >>>

## Basic Approach

In fiscal 2020, the global spread of COVID-19 dramatically changed the business environment. Economic activity in many countries has stagnated, causing unprecedented disruption, including supply chains. On the other hand, the response to climate change has grown increasingly important in recent years and has come to the forefront. Improvements that impact the earth are aims of the governments of each country and region, but companies must also strengthen their efforts. Against this backdrop, countries, mainly in the developed world, are implementing Green Recovery, which prioritizes investment to address issues such as climate change and biodiversity conservation, as a stimulus measure against the economic downturn caused by COVID-19. We believe that many opportunities exist for companies in this business environment. The Sustainable Development Goals (SDGs) adopted by the United Nations in 2015 also call for

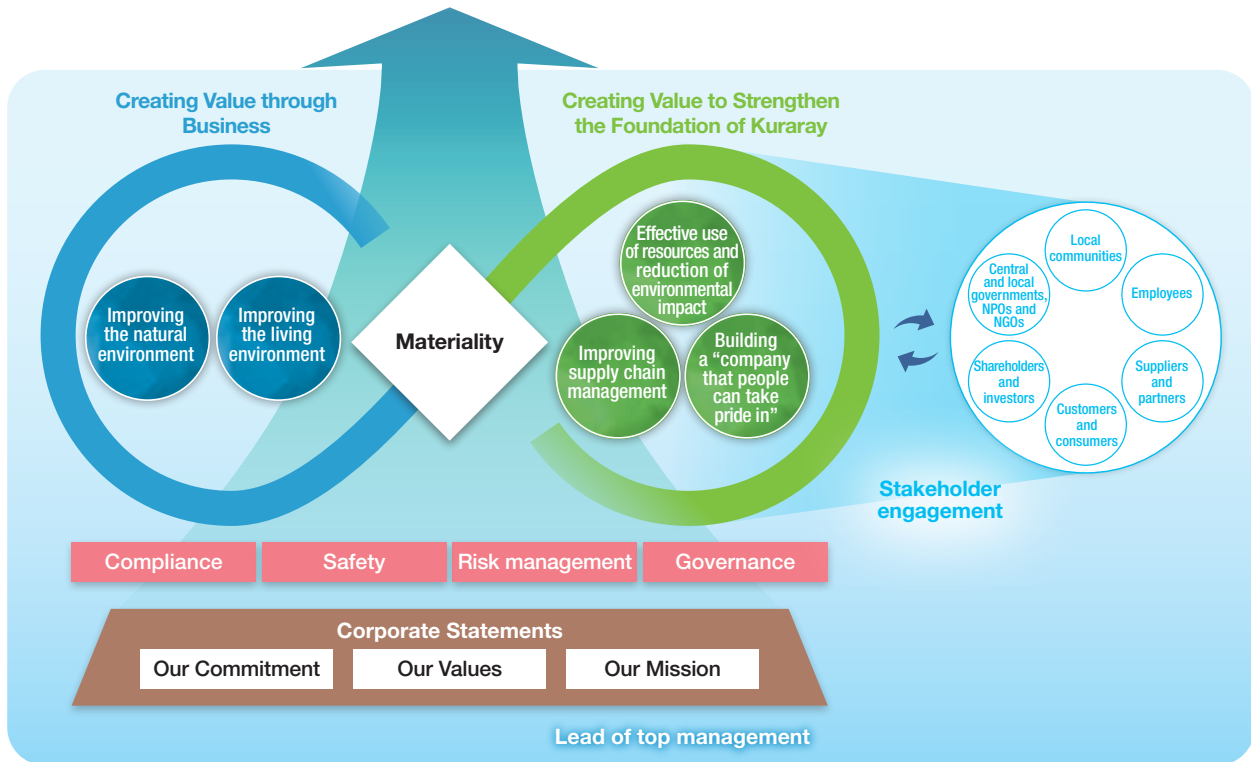
companies to actively contribute through their businesses to resolve various global issues, and companies should meet these expectations.

Based on its mission stated in the Corporate Statements, “For people and the planet --to achieve what no one else can,” we work to solve material issues, with the items of “compliance,” “safety,” “risk management,” and “governance” 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 Kuraray Group will further deepen stakeholder engagement to enhance its corporate activities.

These sustainability activities are led by top management to achieve long-term growth and create value.

## << Long-Term Growth and Value Creation >>



## The Materiality of the Kuraray Group

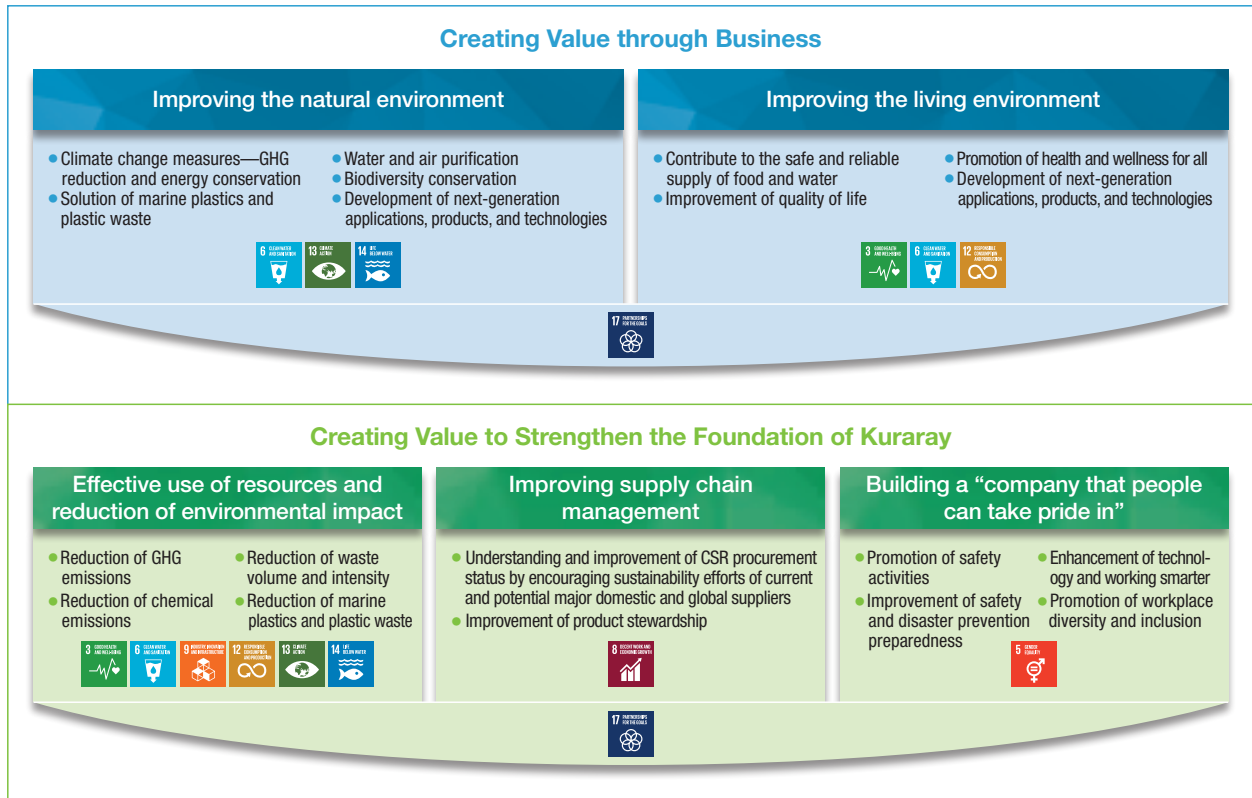
The Kuraray Group reviewed its materiality in fiscal 2019, as shown on the page at right. In the next Medium-Term Management Plan, which will start in fiscal 2022, we are in discussions to set goals to contribute to the identified five

domains: “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’.”



For details of our sustainability management, please visit our website:  
<https://www.kuraray.com/csr/report2021/management>

## Relationship between Specific Material Issues and SDGs



For the current material issues, please visit our website:  
<https://www.kuraray.com/csr/report2021/materialities>

## Efforts to Formulate the Next Medium-Term Management Plan

### Sustainability Workshop

In formulating the next Medium-Term Management Plan, which begins in fiscal 2022, the Kuraray Group has selected four key themes to be addressed from a cross-organizational and global perspective—“innovation,” “sustainability,” “global operations (production and technology),” and “global indirect function”—and has launched workshops consisting of global members to promote discussions. In the Sustainability Workshop, we hold regular web meetings with a mixed team of division members and indirect staff from Japan, Germany, Belgium, and the United States. Members share information on policies and regulations in their respective countries and regions, as well as market trends and customer needs, and forecast trends over the long term. To help the Kuraray Group achieve sustainable growth, they actively discuss the direction the Group should take, its roles it should play, and the issues it should address, and compile proposals. The proposals from the workshop will be addressed in the Medium-Term Plan Formulation Committee and incorporated into the next medium-term plan of each organization, aiming for steady implementation.

## CSR Procurement

### CSR Procurement Policy

“Our Commitment” states the principles of our conduct to which we should adhere in our business activities that have diverse points of contact with society. 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 good corporate citizens. As part of this effort, the Kuraray Group established the CSR Procurement Policy in 2005 and sought the

understanding of its business partners. 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 the Kuraray Group has observed and practiced the items listed in the CSR Procurement Policy, we have asked our suppliers to comply with it. We will work on it together in our purchasing transactions to fulfill our social responsibilities.

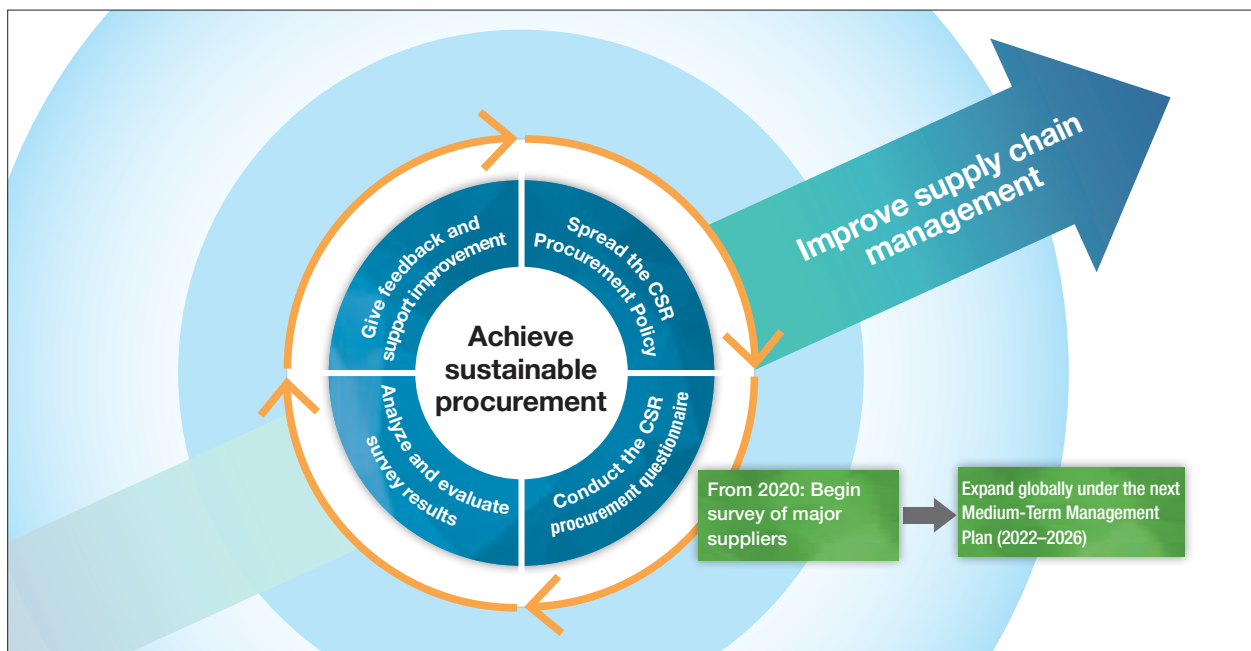
**CSR Procurement Policy**

<b>1</b>	<b>Corporate governance</b>		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 and other rules at all times and in all situations and will always carry out corporate activities fairly and honestly.
<b>2</b>	<b>Respect for human rights</b>		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.
<b>3</b>	<b>Safe, easy-to-work environment</b>		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.
<b>4</b>	<b>Promotion of environmental preservation</b>		We will strive for reduced environmental burdens and risks and 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.
<b>5</b>	<b>Fair business practices</b>		We will carry out corporate activities fairly and honestly, not be involved in any form of misconduct, including bribery, and conduct free, fair, and transparent business dealings through sound competition in the market.
<b>6</b>	<b>Safety and quality of products and services</b>		We will strive to contribute to society by supplying safe, reliable, and high-quality products and services.
<b>7</b>	<b>Proper control of confidential information</b>		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.
<b>8</b>	<b>Supply chain</b>		We will strive to have the significance of sustainable procurement be well understood and embraced by our business partners to fulfill social responsibility throughout the supply chain.
<b>9</b>	<b>Promotion of contributions to society</b>		We will be cognizant of our role as a corporate citizen and engage in activities to interact actively with and contribute to society.

**CSR Procurement Questionnaire**

To ensure compliance and fulfillment of the CSR Procurement Policy in the supply chain, we confirm the status of our suppliers' efforts. Specifically, we are building and operating a system where we follow a cycle involving our suppliers of (1) disseminating the policy to them, (2) conducting a CSR procurement questionnaire, (3) analyzing and evaluating the survey results, and (4) giving feedback and supporting improvement as

needed. Kuraray regularly monitor suppliers and works to mitigate risk and achieve sustainable procurement. We provide education and guidance on improvement through close communication with suppliers that are found to be especially in need of active support to improve in the course of these activities. Furthermore, Kuraray plans to verify if and how often audits on suppliers are necessary, based on suppliers' activities and status of improvement.



As the first step in this initiative, we conducted a questionnaire survey targeting major suppliers of the Kuraray Group in Japan\* based on the Kuraray Group Code of Conduct and the 10 principles of the United Nations Global Compact.

We will work with suppliers to establish and secure a PDCA cycle through feedback and improvement support. Furthermore, under the next Medium-Term Management Plan, which will start in fiscal 2022, we will expand our

survey of suppliers throughout the Kuraray Group, including those outside Japan, with the aim of improving supply chain management across the Group.

\* "The Kuraray Group in Japan" refers to Kuraray Co., Ltd. and the six manufacturing companies of its domestic affiliates.



Kuraray and its affiliated companies in Japan are listed on the website below:  
<https://www.kuraray.com/company/base/domestic>

## Endorsement of the United Nations Global Compact (UNGC)

The Kuraray Group signed the United Nations Global Compact in December 2020. By signing the UNGC and clearly expressing our corporate stance, we will further

promote sustainability management and contribute to a sustainable society.



Please refer to our website for our growth strategy:  
<https://www.kuraray.com/csr/report2021/initiative>

## Quality Management

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, customer satisfaction is the essence of quality at Kuraray. 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 property 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.

### 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 to realize a sustainable society. To that end, each of us will continuously engage in improvement activities to pursue the creation of value to enhance customer satisfaction with better understandings of demands of laws and regulations, society, and customers' needs.

## Product Safety and Chemical Management

To ensure 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 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.

In the management of chemical substances, we have settled a system that enables us to obtain relevant legal and hazard information and to prepare safety data sheets (SDSs) by linking information on chemical substances contained in raw materials and products registered in our internal database with external databases such as laws and regulations and safety

information on chemical substances. In addition, we appoint those responsible for chemical management and those in charge of actual operations at each division. Those staff take the lead in conducting continuous in-house education to deepen understanding of chemical substance management and laws and regulations. Furthermore, to respond to the expansion of destination countries and regions, the expansion of the Kuraray Group's bases, and the increasing complexity of laws and regulations in each country, we are collaborating with the Group companies outside Japan to research and share information on laws and regulations in each country, to achieve accurate chemical substance management across the entire Group.

Through these activities, we strive to provide our customers with safe and reliable products and services.