

KUREHA



For inquiries about the Kureha CSR Report:

KUREHA CORPORATION

CSR Department

3-3-2 Nihonbashi-Hamacho, Chuo-ku, Tokyo 103-8552, Japan

TEL: +81-3-3249-4730 FAX: +81-3-3249-4738

<https://www.kureha.co.jp/>

Printed in Japan

KUREHA CSR Report 2020



KUREHA CORPORATION

CONTENTS

KUREHA CSR REPORT 2020

MESSAGE FROM THE PRESIDENT 2
 PROFILE OF THE KUREHA GROUP AND THE MID-TERM MANAGEMENT PLAN ... 3
 PRODUCTS AND SERVICES OF THE KUREHA GROUP 4
 THE KUREHA GROUP CREATING SHARED VALUE 5

THE COMPANY'S FOUNDATION

THE KUREHA GROUP'S CSR 7
 KUREHA'S CSR MATERIAL ISSUES 8
 CORPORATE GOVERNANCE, COMPLIANCE AND RISK MANAGEMENT 9

SOCIAL REPORT

CUSTOMERS AND BUSINESS PARTNERS 10
 EMPLOYEES 11
 COMMUNITY 12

RC REPORT

AN OVERVIEW OF RESPONSIBLE CARE AND ACTIVITIES 13
 ENVIRONMENTAL PROTECTION 14
 DISASTER PREVENTION AND OCCUPATIONAL SAFETY AND HEALTH 16
 PRODUCT SAFETY AND QUALITY ASSURANCE 17

GROUP COMPANY REPORT

OVERSEAS GROUP COMPANIES 18

About This Report

To All Readers of the Kureha CSR Report 2020

The Kureha CSR Report 2020 was prepared for the purpose of reporting the Kureha Group's Corporate Social Responsibility (CSR) initiatives and activities during fiscal 2019. This English report is composed of information selected from the Kureha CSR Report 2020 published in Japanese, and includes a company overview and information on the Kureha Group's efforts and activities using relevant examples and data. Since Kureha is a chemical company, special emphasis has been placed on the information related to its Responsible Care (RC) activities and performance.

Companies Covered in This Report

■ CSR Activities

Kureha Corporation and its 28 consolidated subsidiaries, 2 (equity method) affiliates, and 1 non-consolidated subsidiary (Sunshine Kureha Co., Ltd.)

■ RC Activities

Kureha Corporation and 11 subsidiaries

- Kureha Extron Co., Ltd.
- Kureha Gohsen Co., Ltd.
- Kureha Unyu Co., Ltd.
- Kurehanishiki Construction Co., Ltd.
- Kureha Engineering Co., Ltd.
- Kureha Ecology Management Co., Ltd.
- Kureha Special Laboratory Co., Ltd.
- Resinous Kasei Co., Ltd.
- KREHARON B.V.
- Kureha (Shanghai) Carbon Fiber Materials Co., Ltd.
- Kureha Vietnam Co., Ltd.

■ Reporting Period

In principle, the reporting time frame for Kureha's CSR activities is the same as its fiscal year (from April 2019 to March 2020). However, some sections of this report may refer to the calendar year (from January 2019 to December 2019) or activities after April 1, 2020.

■ Reporting Guidelines

- ISO 26000
- Ministry of Environment "Environmental Report Guidelines (2012 edition)"

■ Date of Publication

October 2020



Message from the President

We will re-examine exactly why a company should exist, and we will conduct management that has never been more focused on giving back to society.



It continues to be impossible to predict when infection by the novel coronavirus will completely subside. News reports say that, as of the end of August, 25 million people have been infected with and 844,600 people have died from COVID-19 worldwide. We express our deepest sympathies to victims of the virus, and offer our sincerest gratitude to the frontline healthcare workers who are treating the infected.

We must brace ourselves for the war against the virus to be a long one. To be honest, it is impossible to predict how it will affect the global economy and, by extension, this company's earnings. The International Monetary Fund (IMF) predicts that the global economy in fiscal 2020 is headed for the worst recession since the Great Depression. While, on the whole, COVID-19 has so far had a minor impact on the Kureha Group, there is a significant possibility that hard days will come. Whatever lies ahead, all group employees will come together to address and overcome this crisis.

Mid-Term Management Plan "Kureha's Challenge 2020" Fiscal 2019 Review of Business Results

Fiscal 2019 was the first fiscal year in the mid-term management plan, Kureha's Challenge 2020, which aims to solidify the foundation for Kureha's future expansion. Fiscal 2018 witnessed a favorable business environment for the company and was a year that saw us significantly increase both consolidated and non-consolidated earnings year over year. However, partially due to a reactionary decrease on such strong performance, fiscal 2019 consolidated sales revenue dropped ¥5.9 billion year on year to ¥142.4 billion. While earnings were strong for products and services in the construction, environment, and household segments, agrochemicals and domestic group company revenue slowed on the back of unseasonable weather and a sluggish semiconductor market. Another factor was the sale of the company's blow bottle business.

Operating profit increased ¥900 million year on year to ¥18.0 billion. This owes to ¥13.4 billion in profit from factors outside business earnings such as profit from the sale of land, gains on bargain purchases associated with a new consolidation, and gains on the sale of the blow bottle business, despite ¥11.4 billion in expenses that include ¥10.6 billion in structural reform expenses for the PGA business.

Fiscal 2020 Initiatives

The company's business environment in fiscal 2020 has worsened beyond all expectations due to the coronavirus outbreak. We are not currently able to formulate a budget that takes all factors into account, and it will be all but impossible to achieve the ¥18.0 billion consolidat-

ed operating profit target in the mid-term management plan.

The first goal will be to establish a steady foundation for future business, even amid the economic downturn that is expected to come. We will also commit ourselves to attempting and achieving the following mid-term management plan goals: (1) expand the PGA business and generate earnings, (2) strengthen the PVDF business for further expansion, (3) optimize the business models for existing businesses, (4) explore and develop new businesses, and (5) strengthen management foundations.

Kureha is a company built on technology, and the corporate value that only we can achieve lies in using original technology development capabilities to create unique and differentiated materials, production technologies, and processed products, thereby contributing to society.

On our thoughts about COVID-19 and renewing our pursuit to become an indispensable company for society.

What brought this value into bold relief for me personally was experiencing something unprecedented with the current COVID-19 outbreak and seeing the reality I once took for granted, disappear. I am willing to bet that the virus will prompt big changes worldwide in how societies and individuals behave. We will see a "contactless" society that avoids the "Three Cs" (closed spaces, crowded places, and close-contact settings), with more people teleworking and working from home, and changes to how people communicate their views and ideas. And while we cannot see the big picture yet, I am certain the needs of society and consumers will change. Amid a growing emphasis on the importance of ESG management, we will re-examine exactly why a company should exist, and we will conduct management that is even more focused on giving back to this new society.

"Don't despair over what may pass — do what you can do today and attempt what must be done to prepare for the future." This philosophy will guide our efforts to solidify the foundation that will enable the Kureha Group to continue as a high-revenue company, and every ounce of energy will go toward ensuring that we remain an indispensable part of society.

October 2020

Yutaka Kobayashi

Yutaka Kobayashi
President & Chief Executive Officer

Profile of the Kureha Group and the Mid-Term Management Plan

Kureha Corporation is a manufacturer of highly innovative specialty chemicals and plastics that leverage proprietary technologies to create advanced materials, agrochemicals, pharmaceuticals, packaging materials, and other such products used in many aspects of people's lives. Since its establishment in 1944, Kureha has taken advantage of its strengths in technology and innovation to provide a wide range of solutions suited to the market needs of the time.

Corporate Profile (as of March 31, 2020)

Head Office KUREHA CORPORATION
3-3-2 Nihonbashi-Hamacho, Chuo-ku, Tokyo 103-8552

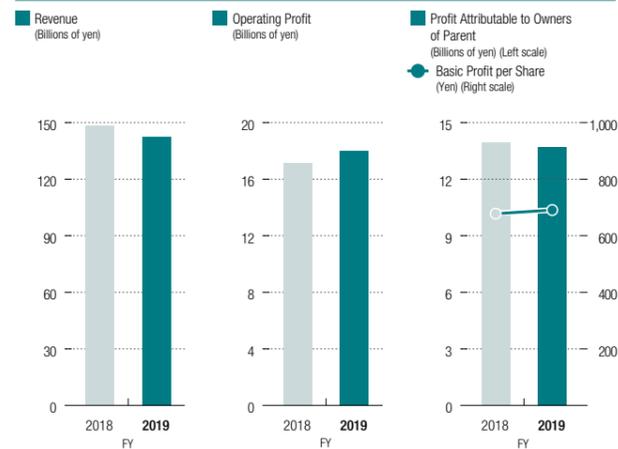
President and CEO Yutaka Kobayashi
Incorporated June 21, 1944
Capital ¥18,169 million
Net Sales ¥142,398 million (FY2019)
Primary Businesses Manufacture and sale of advanced materials, specialty chemicals, and specialty plastics

Number of Employees 4,271 (consolidated)
1,695 (non-consolidated)
URL <https://www.kureha.co.jp/>

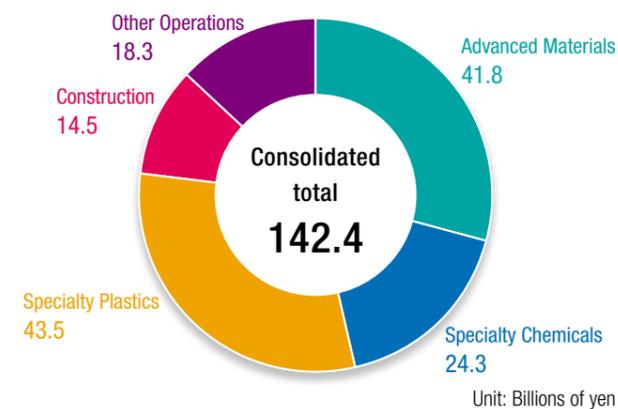
Group Companies (as of March 31, 2020)

28 consolidated subsidiaries, 2 (equity method) affiliates

Financial Information (Consolidated)



Revenue by Segment (FY2019)



Mid-Term Management Plan From Kureha's Challenge 2018 to Kureha's Challenge 2020

In fiscal 2016 we launched Kureha's Challenge 2018, a three-year mid-term management plan to lay the foundation for Kureha's future growth. Over the next two years, Kureha will reinforce this strategic direction under the extended management plan, renamed Kureha's Challenge 2020 (FY2019–2020).

Positioning of Kureha's Challenge 2020 (KC2020)

The new plan carries over the vision set out in KC2018. Kureha will, in accordance with its corporate philosophy, seek to grow as a company built on technology, develop differentiated products in the specialty chemicals field, and become a high value-added company that continually contributes to society.

By completing the management goals left over from KC2018, Kureha will pursue business restructuring that shifts the pillar for earnings from pharmaceuticals and agrochemicals to advanced materials. At the same time, we recognize the need to adapt to changes in the business environment and address new issues from a long-term perspective, including the advancement of digitization in society, marine pollution caused by plastic wastes, and countering global warming.

Kureha is positioning the next two years as a "period to solidify the foundation for future expansion," and will steadily achieve the management goals and quantitative targets in KC2020, realizing sustainable growth and greater enterprise value.

Review of Kureha's Challenge 2020 (KC2020)

In fiscal 2019, we met our consolidated operating profit target of 18 billion yen. However, we are still on the way to certain management goals we had established, such as expanding the PGA and PVDF businesses, exploring and nurturing new businesses, and strengthening management foundations.

Management Goals in KC2020

- (1) Expand the PGA business and generate earnings
- (2) Strengthen the PVDF business for further expansion
- (3) Optimize the business models for existing businesses
- (4) Explore and develop new businesses in Japan and overseas
- (5) Strengthen management foundations

Quantitative Targets (Billions of yen, except where stated)

	FY2019 (Result)	FY2020 (Plan)
Revenue	142.4	157.0
Operating profit	18.0	18.0
Profit attributable to owners of Kureha	13.7	14.0
ROE (%)	8.4	8.0

(Presumptions) Forex: ¥110/\$, ¥125/€, ¥16.5/yuan; Crude oil: \$70/bbl

Products and Services of The Kureha Group

"If it doesn't exist, let's create it." This is Kureha's prime focus and encapsulates our product development ethos. Since our founding in 1944, we have made products with a consistent dedication to our technologies. The things we have developed have sometimes changed shape or found different uses, and they all live on in people's lives. "If it doesn't exist, let's create it." Though the world may change, our ethos never will.

Advanced Materials

Advanced materials created with Kureha technologies help support a wide range of pioneering industries.

Main products

- Advanced plastics
polyphenylene sulfide (PPS)
polyvinylidene fluoride (PVDF)
polyglycolic acid (PGA)
- Carbon products



Specialty Chemicals

Our specialty chemicals contribute to advancements in agriculture, public health, and the growth of various industries.

Main products

- Agrochemicals
- Pharmaceuticals
- Industrial chemicals



Specialty Plastics

Kureha products are present in our daily lives and leisure activities, enhancing convenience and safety in a variety of ways.

Main products

- Household Products
- Packaging Materials
- Synthetic Fiber Products



Construction and Other Operations

The Kureha Group includes construction, engineering, environmental protection, logistics, and trading businesses.

Main services

- Construction, environmental, transport
- Storage, trading, real estate
- Insurance, medical care



The Kureha Group Creating Shared Value

By adhering to our corporate philosophy and leveraging our strengths to provide value to society, we aim to contribute to a more sustainable society and become an excellent company.



Kureha's Values

With an appreciation of our corporate philosophy and corporate culture, we will leverage the strengths that we have developed over the years to contribute to social progress.

Kureha's Strengths

Kureha's strengths are our accumulated wide-ranging technologies and expertise, talent that expands on these things with a "if it doesn't exist, let's create it" spirit, and the partners that help support what we do.

Kureha's Business

On a foundation of stable earnings and brands in businesses ranging from specialty chemicals to specialty plastics, we improve the performance and quality of advanced materials and develop our own products in global niche markets, and through these efforts achieve further business expansion.

Kureha's Strategies

Reaching the management goals laid out in Kureha's Challenge 2018 is still a work in progress. Through Kureha's Challenge 2020, a two-year extension of the previous mid-term management plan, we will complete the multiple unachieved management goals and get as close to our quantitative targets as possible while achieving sustainable growth and improving corporate value.

Kureha's Corporate Vision

We aim to contribute to a more sustainable society by providing the world with new value in mainly the environment, energy, and quality of life fields, and become an excellent company in the process.

The Kureha Group's CSR

Integrating CSR into corporate management and business strategy helps improve corporate value and strengthen the company's competitiveness, and contributes to a sustainable society. In accordance with our Corporate Philosophy and Basic Policy on CSR, we will be carrying out CSR management.

Kureha Group Basic Policy on CSR

We will firmly adhere to the Employee Code of Conduct, practice the Corporate Philosophy, and continue to embrace challenges while aspiring to be an excellent company in our global business operations, social activities, and Responsible Care initiatives.

CSR Initiatives

For sustainable growth, we must constantly and appropriately respond to various changes in today's globalized society. To keep up with such changes, it is important for us to maintain a dialogue with our stakeholders, listen to their opinions, and make sure they are reflected in the Company's management.

The Kureha Group, mainly dedicated to the chemical industry, operates its businesses with a special focus on Responsible Care Activities, community outreach and human capital development. We will continue to further develop CSR activities in order to remain trusted and valued by society.

CSR Activities

Increasing efforts are being made to visualize global social issues, such as through SDGs, and companies are expected to make greater contributions to their solution. Many companies are now making efforts to formulate medium- to long-term strategies to address social issues. Meanwhile, there has been no end to corporate misconduct where organizations have failed to uphold their basic responsibilities as companies.

The Kureha Group believes it has an obligation to continually improve its governance and enforce compliance, and to take committed steps with group companies to uphold basic responsibilities in the course of conducting its corporate activities. With this policy at the base, we aim to address new social issues and contribute to social progress by leveraging our technical capabilities and corporate expertise in our areas of strength.

This is why we have set and are working on, the following as key CSR activity areas during the period of Kureha's Challenge 2020.

(1) Key areas of basic responsibility in our corporate activities Environment:

Adopt a medium- to long-term perspective toward addressing global issues such as climate change and resource recycling.

Safety & Quality:

Ramp up coordination and raise standards throughout the Group.

Community Outreach:

Work with an awareness that our businesses are supported by communities and must continue to earn their trust.

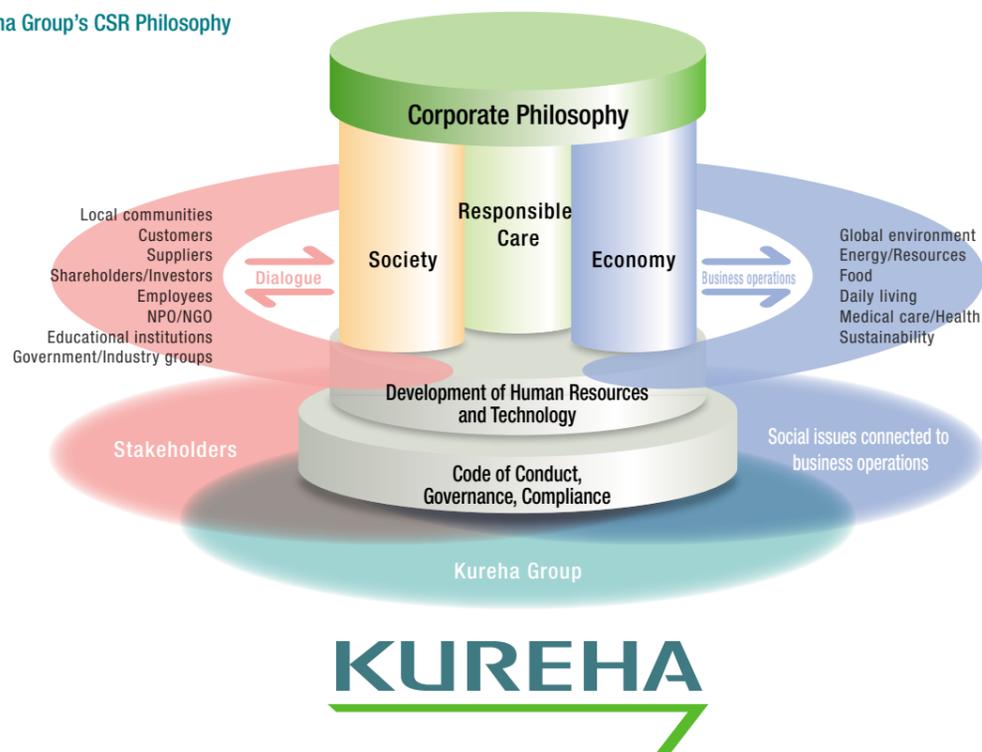
(2) Key areas of contribution to sustainable social progress

Through the research and development of high-performance materials, we create products and services that help solve social issues and contribute to social progress in three business areas: environment, energy, and quality of life.

(3) Key areas supporting our CSR activities

We believe that human capital and technologies are important foundations for achieving growth throughout the Kureha Group and making us excellent.

Kureha Group's CSR Philosophy



Kureha's CSR Material Issues

FY2019 Summary Table

	Area / Material Issues	Goals	FY2019 Performance
Company's Foundation	Governance Strengthening governance	•Ensure effective governance and improve internal control under Corporate Governance Guidelines.	•Reviewed the Basic Policy on Internal Control and the effectiveness of the Board of Directors. •Re-informed group companies about the Basic Policy on Internal Control.
	Risk Management Improving the Business Continuity Plan (BCP)	•Establish a risk management framework to minimize unexpected damage.	•Started reorganizing risk items. •Started reviewing the BCP in view of potential storms and floods. •Re-informed group companies about how to utilize the safety check system.
	Information Security Stepping up information security measures	•Eliminate cybersecurity incidents. •Properly disclose information and promptly restore systems when incidents happen.	•Information security incidents: Zero •Established a team (CSIRT) for responding to information security incidents. •Unified the Kureha Group Security Policy.
	Compliance Ensuring Compliance	•Make employees proud of Kureha and live up to society's expectations. •Promptly identify and resolve legal and ethical problems.	•Conducted a compliance awareness survey and identified concerns. •Conducted the same survey for Kureha Group companies.
Society	Investors Disclosing information and holding dialogues in a timely and appropriate fashion	•Be a company needed by society and earn widespread public understanding and trust.	•Held meetings with a total of 155 institutional investors. •Engaged in dialogue with investors according to their fields of interest.
	Customers Improving customer support	•Continually improve our customer service process to increase customer satisfaction.	•Made all initial responses to customer questions on the same day they were received. •Completed all investigative reports for customer questions in two weeks. •Conducted investigations and took measures to address product complaints.
	Employees Promoting respect for human rights	•Respect human rights throughout the Group under the Kureha Group Ethical Charter.	•Provided compliance training for all new employees and all new managers.
	Developing human resources	•Be motivated for challenges.	•Nurtured international human resources, conducted thesis reviews, and held stratified training. •Conducted several training sessions and seminars via voluntary enrollment. •Conducted PST for engineering personnel, provided support for acquiring Ph.Ds., and held career conversations. •Conducted women's empowerment seminars and senior seminars.
		Achieving a good work-life balance	•Work with a healthy work-life balance.
	Maintaining mental and physical health	•Stay healthy and bring good energy to the workplace.	•Carried out a stress check program and mental health seminars. •Carried out stretching and other exercise programs.
	Local Communities Enhancing dialogue with local communities	•Earn the local community's trust (factories).	Communication •Engaged in CSR dialogue and advanced cooperation with local communities. Culture and sports exchange •Participated in or held multiple community events. Development of the next generation of personnel •Had visiting lectures, factory tours, and internships. Environmental preservation, etc. •Conducted community cleanup activities.
	Overall RC Management Conducting RC activities	•Promote continuous improvement.	•Improved occupational safety and health in each department using management systems. •Improved RC activities by sharing information among group companies at the Kureha Group RC Council meetings.
Responsible Care	Environmental Protection Taking global warming measures	•Curb greenhouse gas emissions and rationalize energy consumption.	•Energy consumption per unit of production: up 5.0% YoY •Improved equipment and conducted various energy-saving activities.
	Preventing air pollution	•Monitor and reduce air pollutants.	•Complaints about malodors, noise, etc.: Zero •Facility problems: none
		Preventing water pollution	•Monitor and reduce water pollutants. •Maintain stability in wastewater equipment operation.
	Appropriate management and reducing the amount of waste	•Reduce waste and promote recycling. •Follow waste laws and standards.	•Curbed unplanned waste generation. •Continued proper management efforts when outsourcing waste processing. •Verified waste processors' management performance.
	Safety and Disaster Prevention Practicing safety and disaster prevention	•Eliminate facility accidents.	•Equipment accidents: Zero, near misses: 21 (mostly vehicle collisions and chemical leaks) •Conducted multiple emergency training sessions and security lectures. •Conducted various accident prevention activities.
Occupational Safety and Health Promoting occupational safety and health, and eliminating personal injury accidents	•Eliminate personal injury accidents.	•Lost-time accidents: 4, non-lost-time accidents: 13 (including group companies in Iwaki Factory) •Conducted on-site safety monitoring at group companies, including overseas companies. •Conducted various accident prevention activities.	
	Product Safety and Quality Assurance Improving quality	•Operate a quality assurance system based on ISO 9001:2015. •Investigate the causes of complaints.	•Supported further improvements based on field surveys of the quality control system, which included group companies. •Collaborated with concerned departments to carry out improvement activities focused on measures against the contamination of products.

Corporate Governance, Compliance and Risk Management

Kureha is committed to fair and highly transparent management in accordance with Corporate Governance Guidelines, through which Kureha pursues and improves the long-term growth of corporate value for the Kureha Group. In addition, Kureha is working to cultivate a compliance-focused corporate culture based on the Kureha Group Ethical Charter and its Compliance Rules.

Corporate Governance & Internal Control Systems

Supervisory and executive responsibilities are clearly distinguished to strengthen corporate governance and accelerate managerial decision-making and business execution.

The Board of Directors, which includes two outside directors whose duties are independent from those of inside directors, is limited to a maximum membership of ten directors and currently consists of five directors. The Board, presided over by the President & Chief Executive Officer, makes decisions on important management issues and supervises business execution. Auditing is performed by a team of three corporate auditors (including two outside corporate auditors).

The effectiveness of the Board is reviewed and disclosed every year. In fiscal 2019, (1) composition of members, (2) operation, (3) agenda, (4) support system for outside directors, and (5) relationship with stakeholders were deliberated on, and no problems were identified.

To strengthen its internal control system, Kureha has established an Internal Control System Basic Policy along with committees and internal rules to ensure that it observes laws and regulations and conducts its business operations in an appropriate and fair manner. The Internal Control and Auditing Department acts independently of other departments and assesses the suitability and effectiveness of internal management control systems that include compliance and risk management.

Compliance with Japan's Corporate Governance Code

Japan's Corporate Governance Code is a compilation of various regulations aimed at ensuring substantive corporate governance at listed companies. When the code went into effect in 2015, we set our own guideline in conformance to the code and have since been following it. Due to the revision of the code in fiscal 2018, we modified our guideline and reported the results of governance reviews to the authorities.

Risk Management System

In response to various types of risk accompanying business activities, we have established a risk management structure consisting of the Risk Management Committee, the CSR Committee, and the Information Management Committee. Each committee is tasked with recognizing related risks and proposing concrete measures to the President & Chief Executive Officer with the aim of reducing and avoiding risk.

In addition, to respond to unforeseen circumstances, a Business Continuity Plan is in place for the establishment of an emergency response task force, with the objective of giving the highest priority to the safety of personnel, minimizing economic damage, and ensuring the continuation of corporate activities. Furthermore, task forces have been established at every business site to handle COVID-19, and they coordinate with one another to ensure business continuity.

In terms of information management, we work rigorously to ensure appropriate security and disclosure based on our regulations for information control, security, and disclosure, with individual committees set up to oversee each of these areas.

Ethics and Compliance

We ensure that all executives and employees follow laws, standards and social norms in every situation. The Kureha Group Ethical Charter represents how we should act to achieve that goal.

The Compliance Committee conducts various training programs to raise compliance awareness. The Internal Audit Department assesses internal issues, including those involving compliance.

We also have a hotline (whistleblowing system) employees can use if they discover a compliance problem. Internal rules prohibit whistleblowers from being treated detrimentally.

Hotline (whistleblowing system)

	FY2017	FY2018	FY2019
The number of reports *	4	5	2

* Includes domestic group companies

Kureha Group Ethical Charter

In accordance with the following eight principles, Kureha commits to acting in a manner that is sympathetic to society and in compliance with the laws of Japan and the other countries in which it operates.

The company's top management recognizes that it is their role to realize the spirit of the Group Ethical Charter, and ensure its implementation. In the case of any violations, Kureha's management will attempt to resolve those problems, eradicate the cause, prevent recurrence, release relevant information to the public, and implement appropriate punishment wherever necessary without exception. All of Kureha's employees will proactively act in accordance with this Group Ethical Charter throughout their daily lives.

1. We develop and provide safe and socially valuable products and services to respond to the needs of society.
2. We work to protect the global environment and ensure the safety and health of the public.
3. We value extensive dialogue with society and will provide useful, accurate and timely corporate information.
4. We respect the local community and will actively contribute to its development.
5. We comply with rules of fair competition.
6. We maintain transparent and healthy relations within the political and governmental sphere.
7. We act as a responsible corporate citizen.
8. We work to create a corporate environment that promotes mutual respect and understanding.

Customers and Business Partners

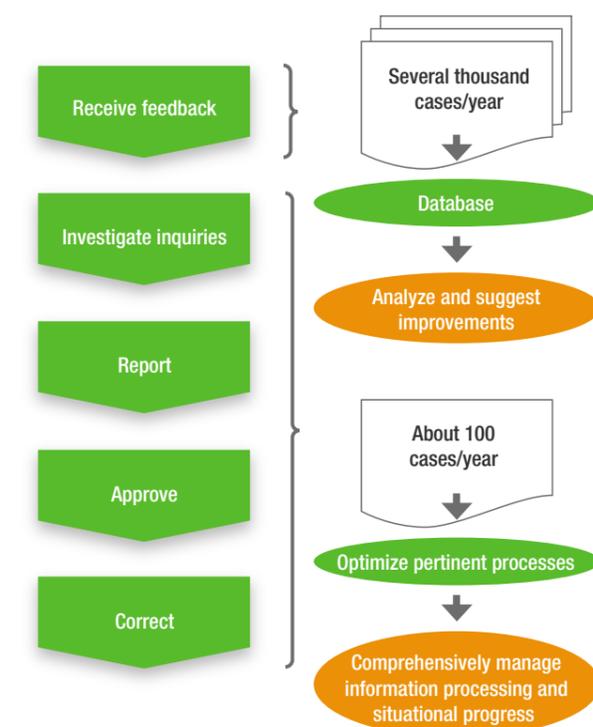
Kureha utilizes a system for collecting and quickly making the most of information and complaints from the customers of its household products. Kureha builds equal relationships with its business partners and requires that they demonstrate a regard for the environment.

Customer Service

The complaints and opinions expressed by customers who regularly use our household products are retained and organized after being received by our customer service. We value direct feedback from our customers and have been using the Customer Feedback Flow System since fiscal 2013 to utilize this information to make better products.

We maintain a database of more than 30,000 pieces of information that have been collected to date. Our departments work together and make effective use of this system in resolving and preventing problems, revising products, and developing new products.

We have also operated a traceability system since 2008 for simultaneously tracking production lots and shipment receivers. When a quality problem occurs, we will take quick action and minimize damage.



Purchasing and Procurement

Under our Purchasing Policy, we conduct our purchasing and procurement activities in accordance with our CSR Procurement Guidelines and request our business partners to conform to them, too.

We also formulated a Green Procurement Guideline so as to advance the usage of safer and more eco-friendly materials and products. This guideline is kept updated in response to changes in environmental laws.

CSR Survey

To reduce CSR risk in the supply chain, we began surveying our business partners via a check list in fiscal 2017. Each year we determine which companies to survey based on the volume of business we had with them, and in fiscal 2019 we surveyed 15 companies.

Conflict Minerals

We view conflict minerals (e.g., gold, tantalum, tungsten, tin, and cobalt) as an important issue concerning human rights. So, we have built a system for ensuring that these minerals and raw materials containing these minerals are not used in our products.

CSR Procurement Guidelines

1. Human Rights and Labor
 - Respect basic human rights
 - Do not engage in unfair discrimination with respect to employee compensation, benefits, hiring, etc.
2. Occupational Health and Safety
 - Identify dangerous/hazardous factors and take appropriate measures
 - Formulate emergency response measures and familiarize employees with them
3. Environment
 - Try to use raw materials and parts that have minimal environmental impact
 - Properly manage specified chemical substances
 - Properly dispose of industrial waste
4. Fair Trade
 - Do not engage in the improper giving or receiving of benefits
 - Do not abuse positions of authority to disadvantage others
 - Provide accurate information about Kureha's products, services, and business methods
 - Observe laws, social norms, and company regulations applicable to our business activities
5. Product Quality and Safety
 - Build and utilize a quality management system
6. Information Security
 - Properly manage confidential and personal data
7. Contribution to Society
 - Engage in activities that contribute to the development of the international community and local communities

Employees

Under the belief that employees are at the core of stable business, Kureha has put together several educational and support systems.

Human Capital Development

Since fiscal 2018 we have been carrying out our three-year human resource development plan, which aims to help our employees improve their ability to effectively carry out their expected roles and responsibilities. Through on-the-job and systematic off-the-job training programs, we provide every one of our employees with the opportunity to acquire a sense of growth and work ambitiously.

Considering OJT as fundamental to human capital development, we train older employees to be good advisors for younger ones through mentor seminars, while we allow younger employees to arrange their educational plan by themselves, too.

At the same time, we concentrate on developing technically proficient personnel to keep growing as a technology-oriented company. Since fiscal 2017, we have been conducting Practical Skills Training (PST), which lets new laboratory and production department employees exchange workplaces for one year. The program seeks to create employees capable of independent thinking and doing their job while considering a variety of factors.

For other measures, we have created a human capital database for personalized career management and have given mid-level employees opportunities to participate in inter-industry events. We are also planning the launch of a program to help employees obtain PhDs.

Shine-Up Seminar

We have been conducting Shine-Up Seminars since fiscal 2017. The seminars help female employees demonstrate their full potential and take more active roles. Participants get the opportunity to review their strengths, share their values with other employees, and reconsider their own career plans.

Senior Seminar

We started hosting Senior Seminars in fiscal 2018. The purpose of the seminars is for older employees with extensive knowledge, experience, and skills to grow and enhance their capabilities further. Participants studied about their upcoming life changes, such as their surroundings and family budgets, then thought over what type of future they wanted to aim for.

In-House Thesis Review

We have a program for in-house thesis reviews for younger employees. The program originally involved researchers and engineers but was expanded to all departments in fiscal 2016. In fiscal 2019, 100 employees submitted theses, with 11 of them receiving an award.



Thesis review



Award winners in sales and back-office departments

Promoting Good Health

Kureha established a Basic Policy on Health and is working to increase health awareness among employees. We help employees maintain good mental and physical health by encouraging examinations of lifestyle along with the prevention and early detection of stress-related diseases.

Basic Policy on Health

Based on the belief that good employee health is essential for corporate growth, Kureha works with the health insurance association to support employees' efforts to maintain and improve their own health.

Health Promotion Environment

Through Healthcare Promotion Meetings, established in conjunction with the health insurance association, Kureha supervises every aspect of health management throughout the company. Kureha also works with the health insurance association to monitor, maintain, and better the health of employees at the company's business sites, while taking measures to improve the workplace environment and occupational safety.

Work-Life Balance

Work-Care Balance Support Seminars

Japan is a super-aging society and the need to take care of elderly parents is becoming increasingly common. Not a few people, however, feel some anxiety about this life event. In fiscal 2019 we held Work-Care Balance Support Seminars for our employees aged 40 and older to give them a head start in preparing.

Paid Holidays Taken and Overtime Hours

	FY2017	FY2018	FY2019
Percentage of Paid Holidays Taken (%)	77.6	77.8	81.8
Average Monthly Overtime Hours (h)	11.9	12.1	12.9

Health Care

We have been focusing on better employee health and promoting several activities.

Along with regular health checkups, employees receive advice about health and lifestyle measures against metabolic syndrome, if needed, from public health nurses. In addition, we hosted walking events and exercise classes inviting a coach from outside several times.

We are also turning our eyes to mental health. For example, we regularly conduct stress check tests to prevent mental problems among employees, provide mental health seminars and offer internal consulting services with doctors. In addition, for employees on leave for mental health issues, it is easy for them to return to work.



Exercise class

Community

Seeking to achieve a harmonious coexistence with communities, Kureha is engaged in various efforts like dialogue meetings, cultural communications, and supporting education and charities.

Risk Communication

CSR Local Dialogue Meeting

We have conducted CSR Local Dialogue Meetings in the Iwaki region once a year since 2003. Through these meetings, we aim to gain the trust of the community by informing them about our efforts to promote safety in the Kureha Group's business activities and better mutual understanding.

The 17th meeting was held in fiscal 2019 and was attended by 131 people, among whom were local residents and members of nearby companies and local government.



The 17th CSR Local Dialogue Meeting

Emergency Support

In fiscal 2017 we signed cooperation agreements with local governments (Fukushima Prefecture and Omitama City of Ibaraki Prefecture).

These agreements were signed to ensure supplies could be promptly and seamlessly requested and supplied in the event of a disaster. When a disaster strikes, we provide our household products such as NEW Krewrap to help people get their lives back to normal and assist with recovery.

Educational Support

We conduct science classes and plant tours for nearby elementary school students in the city of Iwaki. These opportunities communicate the fun of science to children and open their eyes to future career possibilities.

For middle school and high school students, we offer internships that provide the experience of doing a job. They learn about the hardships of "Monozukuri" and the differences between a school and a company.



Science class

Cultural Communication

Iwaki Odori

Iwaki Odori is a traditional public dance event held in the city of Iwaki every summer. In fiscal 2019 the Iwaki Factory and Kureha Group companies participated in this event once again as members of the community. Mostly new employees, together with executive officers, interacted with other members of the community.



Iwaki Odori

Kasumigaura Clean Walking

In fiscal 2019 we planned two Clean Walking events on the shore of Lake Kasumigaura in Ibaraki. Although only the spring event was held due to adverse weather, about 100 people participated.



Kasumigaura Clean Walking

Charities

Drinking Water Donations to the City of Iwaki

Typhoon No. 19 (Hagibis) visited extensive damage on the city of Iwaki in October 2019. As a relief effort, the Iwaki Factory donated 840 cases of 530 ml bottles (total: 20,160 bottles) of drinking water to the city. We pray that everyone affected by the disaster will get back on their feet as quickly as possible.

Bellmark Campaign

Since 1996, Kureha has cooperated with the Bellmark campaign* through NEW Krewrap, supporting educational institutions and welfare organizations.

Kureha has also participated in the Bellmark Campaign Seminar, an event organized by the Bellmark Foundation, since 2014. At the events, Kureha talks about its activities and interacts with other participants.



Bellmark Campaign Seminar

* Bellmark campaign: An education support campaign launched in 1960 by the Education Equipment Support Foundation (currently Bellmark Foundation), which was established by approval from the Ministry of Education, Culture, Sports, Science and Technology in response to a call to "provide every child with equal access to education in an enriching environment."

An Overview of Responsible Care and Activities

As a company in the business of handling chemical substances, the Kureha Group makes voluntary efforts to preserve the environment and protect personal safety and health in all business processes, from product development to product manufacturing, distribution, usage, final consumption, disposal, and recycling. The Kureha Group refers to these efforts as Responsible Care (RC) activities.

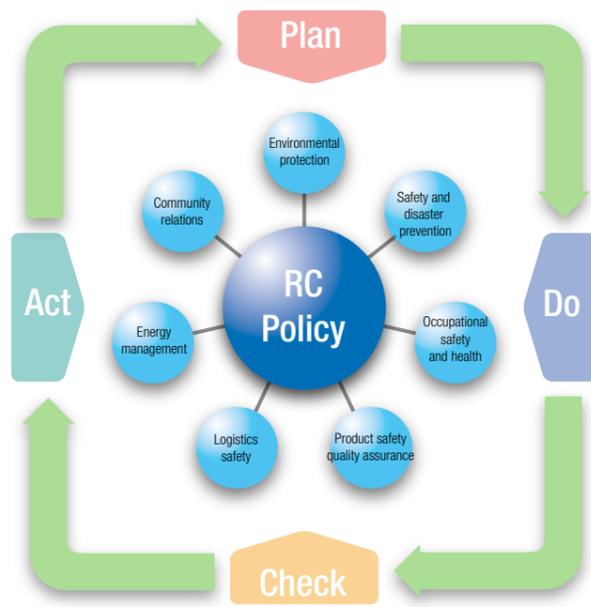
RC Management System

We make continuous efforts to improve our RC management by using an environmental management system (ISO 14001), quality management system (ISO 9001), occupational health and safety management system (OHSAS 18001), and carrying out the PDCA cycle.

Through the Kureha Group RC Council, comprised of 11 companies, we share and discuss RC activity plans, results, and issues at group companies and make constant efforts to improve these activities. The Council consists of working groups focused on environmental preservation, safety and disaster prevention, occupational safety and health, product safety, quality assurance, logistics safety, energy management, and community outreach. Members of each group discuss the specialized topics of their field.

Management System Certification Dates

Factory	ISO 14001	ISO 9001	OHSAS 18001
Iwaki Factory	May 2001	Feb. 1996	Jun. 2004
Plastics Processing Factory	Nov. 2001	Feb. 1996	Feb. 2006



Declaration of Responsible Care Implementation

Kureha Corporation and the companies of the Kureha Group believe that preservation of the global environment and ensuring the safety and health of people are core elements of business operations. Recognizing these as our corporate social responsibility, we declare a commitment to implement Responsible Care. Kureha and the companies of the Kureha Group shall formulate and put into practice a plan of implementation under the following Responsible Care Policy.

This policy shall be applied in common to Kureha and the companies of the Kureha Group.

April 20, 1995
 July 1, 2002 Partially revised
 October 1, 2005 Partially revised
 Kureha Corporation

Responsible Care Policy

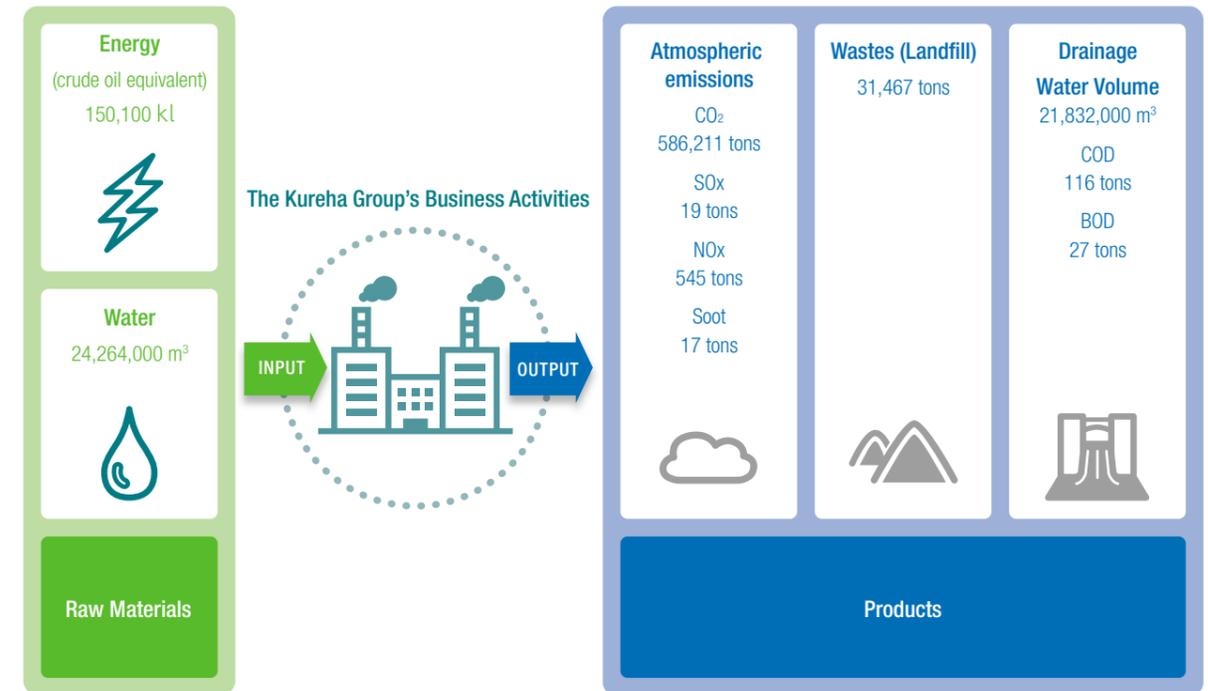
- Compliance with international regulations and laws**
 We shall comply with international regulations and domestic laws with respect to safety and disaster prevention, occupational safety and health, product safety, and preservation of the global environment, including the environment for community life, and shall participate actively in Responsible Care activities promoted by the Japan Chemical Industry Association.
- Earth-friendly, safe operations**
 We shall take special care to preserve the global environment in our business activities, protect the safety and health of employees and the public in our operations, and make efforts to prevent accidents, disasters, and pollution.
- Providing safe products to society**
 We shall quickly and accurately ascertain society's demands, making use of them in product design and manufacture, and shall provide products and services that customers can trust and use with peace of mind.
 We shall also provide society with products and services that are safe, reliable, and environmentally friendly throughout the entire lifecycle, from product research and development through production and marketing to disposal.
- Managing and putting to use environmental and safety information**
 We shall centrally manage appropriate information on the correct handling and disposal methods for our products as well as the environment, safety, and disaster prevention and shall provide such information to consumers, users, companies involved in product delivery, and others.
- Building better relationships with society**
 We shall practice proper public relations through the provision of environmental and safety information, bearing in mind the concerns of administrative authorities and the public. We shall also participate actively as a citizen in the activities of civil society and strive to maintain and build better relationships with society.

Environmental Protection

In the interest of preserving the global environment, the Kureha Group works hard to make effective use of resources, cut down on waste, and properly manage chemical substances emitted into the environment, and then makes the results of these endeavors public.

Overview of Environmental Impact

Overview of the Kureha Group's Environmental Impact (FY2019)



CO₂ Emissions throughout the Supply Chain

Managing greenhouse gas emissions from business activities is important and requests are rising to disclose how we manage our emissions.

These emissions consist of (1) direct emissions from our company resulting from the use of fuel, electricity, etc. (Scope 1); (2) indirect emissions resulting from the use of electricity, heat, steam, or other energy purchased from utilities (Scope 2); and (3) indirect emissions that are outside of Scope 2 and that originate in our supply chain from operations ranging from raw material sourcing to waste disposal (Scope 3).

Data inclusive of Scope 3 has been reported since fiscal 2017.

Scope	Emissions		
	FY2017	FY2018	FY2019
Scope 1	363	338	356
Scope 2	34	42	31
Scope 3	7	7	6

* Scope 3 emissions represent the total volume for Category 4 (transport, delivery (upstream)), 6 (business travel), 7 (employee commuting), and 9 (transport, delivery (downstream)) emissions

Disaster Prevention and Occupational Safety and Health

As Kureha's business involves handling hazardous materials, disaster prevention and occupational safety are our greatest responsibilities. As such, Kureha is committed to careful equipment and operational management. Moreover, to completely eliminate work-related accidents and earn the further trust of communities, Kureha is continuously conducting training for emergencies, performing worksite patrols, and identifying risks.

Disaster Prevention

In addition to planned disaster prevention training conducted within each department, training for major disasters and accidents is also conducted for employees of all factories. Nearly 1,450 people took part in training at the Iwaki Factory in fiscal 2019, together with a regional fire department and group companies. The training incorporated lessons learned from the Great East Japan Earthquake and simulated a great earthquake so that employees will keep disaster prevention in mind.

The Plastics Processing Factory conducted safety inspections and emergency training, along with fire extinguishing simulations that assumed fire outbreaks from a large earthquake.



General disaster prevention training



Safety inspections and emergency training

Occupational Safety and Health

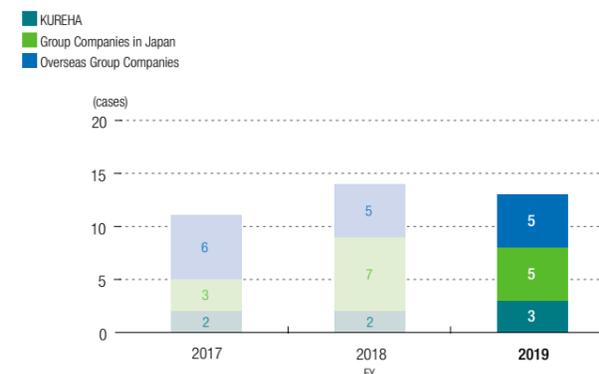
In fiscal 2019 Kureha sought to achieve zero serious injuries requiring one or more days of lost time. Unfortunately, due to three Class 2 personal injury accidents and one Class 3 personal injury accident that occurred at the Iwaki Factory, we were unable to meet this goal. There were also 13 Class 4 non-lost-time accidents. Roughly 60% of the accidents were the result of human error. Thus, through consultation with experts in safety activities, in fiscal 2020 we are working to achieve zero personal injuries by taking new measures to prevent accidents that include identifying and addressing unsafe areas while providing education on how to improve people's ability to investigate the causes of accidents.

We have also created a mechanism that enables employees to quickly share information about accidents when they occur as a means to eliminate personal injuries throughout the Kureha Group. In addition, some Kureha Group domestic companies are conducting peer inspections that allow for identifying hazardous areas and exchanging views from fresh perspectives. Safety monitoring audits have also been under way since fiscal 2019 at overseas group companies. The audits provide opportunities to monitor safety management systems, identify unsafe practices and hazardous areas, inspect worksites with respect to working environments, and otherwise share information about problems. The audits have also led to identifying differences concerning safety awareness among different countries.

In fiscal 2020 we will continue these efforts as we seek to further improve safety throughout the Kureha Group.

- * Class 1 - Serious personal injury accidents, including death
- Class 2 - Personal injury accidents that result in leave from work for four days or longer
- Class 3 - Personal injury accidents that result in leave from work for one to three days
- Class 4 - Personal injury accidents that result in leave from work for less than one day

Lost Time Accidents



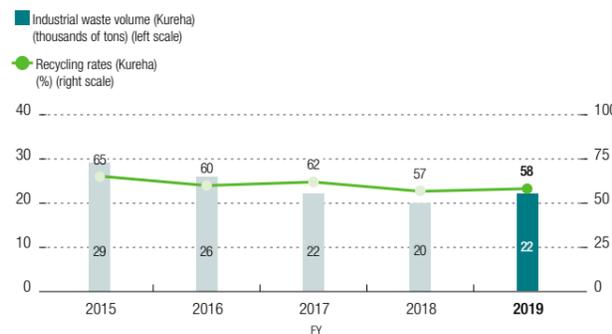
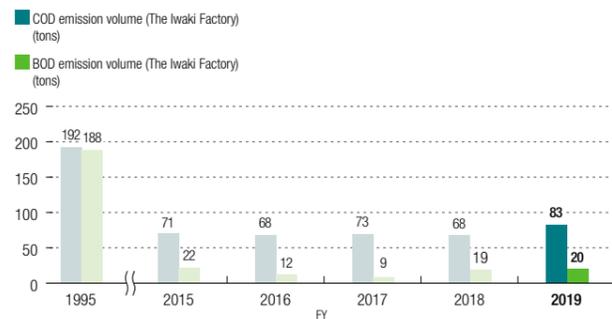
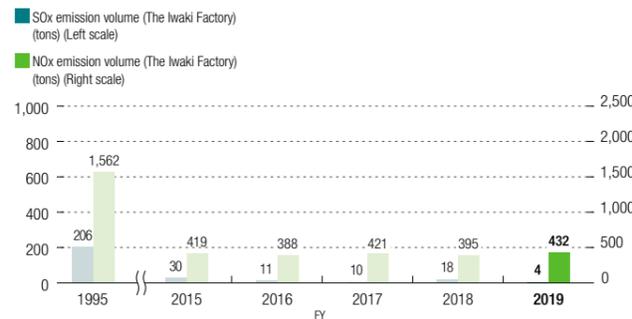
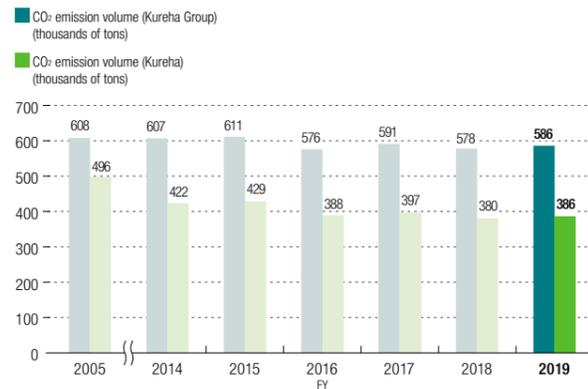
Prevention of Global Warming

To address climate change, we are working to rationalize energy usage and thereby reduce greenhouse gas emissions. Kureha's goal is to reduce BAU¹ CO₂ emissions by at least 10% by fiscal 2020 compared with fiscal 2005.

In fiscal 2019, we took steps to save energy by carrying out an energy usage reduction plan designed with the help of outside consultants. We also conducted cross-organizational reviews of internal energy audit results. As a result, CO₂ emissions dropped 22.1% compared with fiscal 2005.

In fiscal 2020 we will undertake a number of initiatives to further prevent climate change. These will include sharing knowledge gained through the aforementioned plan with other production departments, utilizing waste heat, and upgrading to energy-saving equipment. In addition, Kureha is currently developing new medium- to long-term targets for CO₂ emissions reduction for fiscal 2021 and beyond.

¹ BAU (Business As Usual): Forecast assuming no special measures are taken



Prevention of Air and Water Pollution

During fiscal 2019, the emissions of air pollutants at Iwaki Factory, such as SO_x and NO_x, and indexes of water pollution, such as COD and BOD², were kept under a level set voluntarily by Kureha and agreed upon by local authorities. This was made possible by continuously improving facilities and realizing stable operation of our manufacturing plants.

² COD: Chemical Oxygen Demand
BOD: Biological Oxygen Demand

In the graph, we define the values as not the concentration but total volume tons, that is, concentration is multiplied by water emission volume.

Reduction of Industrial Waste Emissions

The Iwaki Factory is working to curb the amount of waste generated through continuous efforts at stable plant operation. However, fiscal 2019 was a year of full-capacity operation for our coal-fired power facilities, with no downtime for periodic repairs. This resulted in more coal ash than in fiscal 2018, and consequently a greater volume of waste generated.

The Plastics Processing Factory is faced with a difficulty with regard to the recycling of polyvinylidene chloride, which accounts for more than half of all waste generated. As most of this waste currently goes to landfills, all relevant business sites are working to increase product yield. In fiscal 2019, Kureha reduced landfill waste by 4.2% year on year in proportion to production volume.

We will continue to practice sound waste management while working to reduce and recycle.

Product Safety and Quality Assurance

Kureha is continuously focusing on proper quality control and enhancing product quality by improving its quality management system. Kureha is working to build a rigorous product inspection structure in order to stay compliant with national and international laws and regulations and to provide customers with safe and reliable products.

Quality Policy

Kureha's quality policy and key themes for fiscal 2019 are described below.

Kureha's Quality Policy

1. We will strive to improve the quality of our products and services in order to further satisfy the customer.
2. We will work to provide customers with safe products that they can feel good about using.
3. We will focus on safety and disaster prevention while endeavoring to achieve stable product supply.

Key Themes

1. Accurately ascertain customers' needs and improve quality by more effectively utilizing our quality management system.
2. Earn customers' trust by practicing proper quality management that includes contractors and minimizing quality complaints.
3. Identify product safety risks and prevent accidents involving product safety.
4. Reduce costs and ensure product quality through business reform projects, ongoing KAIZEN activities, and Total Productive Maintenance (TPM) efforts.

Every department sets specific quality targets every year based on this policy and keeps track of progress made.

Quality Management System

Kureha acquired ISO 9001 certification in fiscal 1995 and transitioned to the ISO 9001-2015 revision in fiscal 2017. Kureha passed its 8th renewal audit in fiscal 2019.

We have developed internal rules in accordance with ISO 9001 for every stage from product design and development to sales, and we work hard operating and making improvements to the appropriate system so that customers can be provided with safe products and feel good about using them.

Kureha's Quality Management System



Group-Wide Efforts to Strengthen the Quality Control System

In 2019, there were numerous reports of tampering with the results of product inspections involving corporate compliance. Such a problem occurring in the Kureha Group could materially damage not just the corporate value of the company in question but of the group as a whole.

The Quality Assurance Department therefore began making visits to quality assurance departments at group manufacturing companies in fiscal 2019 to look into situations that might lead to problems. In addition to auditing, these visits provide opportunities to identify issues common throughout the group through dialogue and to plot a course for remedial action.

We will continue to objectively review quality-related information and strengthen the quality inspection environment throughout the group.

Management of Chemical Substances

We adhere to both domestic and foreign chemical substance regulations, properly collect information about the dangerous and hazardous properties of these substances, and handle these substances with care after evaluating their risk on human health and the environment. We also disseminate this information internally and externally, as needed.

The following SDGs have a particularly strong connection to the environment: Goal 3 (Good Health and Well-being), Goal 6 (Clean Water and Sanitation), Goal 12 (Responsible Consumption and Production), Goal 13 (Climate Action), Goal 14 (Life Below Water), and Goal 15 (Life on Land). To achieve these goals, chemical substance regulations are currently being developed by countries around the world. Kureha manages its products in compliance with these regulations in Japan and overseas.

In addition, we have implemented an environmental management system (ISO 14001), quality management system (ISO 9001), and occupational health and safety management system (OHSAS 18001), and are carrying out the PDCA cycle as we work to raise the level of our chemical substance management.

Safety Evaluations

Kureha's Safety Research Center gathers up-to-date information on and conducts proper evaluations of regulations, tests, and assessment methods concerning the many chemical substances used in the materials and products we develop and how these can harm human health and the environment.

The center has been reporting to the R&D Division since fiscal 2019 and is set to relocate to a new facility in fiscal 2020. By coordinating even more closely with R&D divisions and focusing on safety from early in development, it will contribute to the development of even safer products.

Overseas Group Companies

Kureha's group companies are conducting CSR activities tailored to the characteristics of the regions of each of their business sites in order to foster trusting relations with local communities.

KREHALON B.V.

We are developing recyclable packaging to adapt to a circular economy.



Koji Suyama
President

Head Office Location:
Londenstraat 10, 7418 EE Deventer, The Netherlands
Website:
<https://www.krehalon.com/en/>
Business Outline:
Manufacturing food packaging products

A circular economy is a concept currently being debated in Europe. Adapting our business to this concept is one of the key themes that we have established and we have been developing a recyclable food packaging film.

As a result of our efforts, we announced a recyclable prototype film and the concept for the film at IFFA 2019*, which was held in Germany in May 2019.

Additionally, 100% of the power used by our facilities comes from renewable sources. We monitor our energy efficiency every year and work to continually improve it.

We will continue working to reduce our environmental impact.

* An international trade fair for the meat industry



IFFA Exhibition for the film prototype

Kureha (Shanghai) Carbon Fiber Materials Co., Ltd.

We will continue to pursue ever better clean production technologies.



Yo Otani
Managing Director

Head Office Location:
No.1585 Xing Rong Road, Jiading, Shanghai, China
Website:
<http://www.kureha.sh/>
Business Outline:
Production & sales of thermal insulation made from carbon fibers

Guided by the Kureha Group Basic Policy on CSR, we regularly conduct activities that concern quality and the environment based on ISO 9001 and ISO 14001, along with carrying out safety activities that include preparing to acquire ISO 45001 certification.

In response to the tightening of air pollutant emission standards in Shanghai in October 2020, we have transitioned from diesel oil to natural gas for the fuel used in our boilers and other equipment. Along with renovating and upgrading equipment, and confirming that exhaust emission standards are met, we have boosted fuel efficiency and thus significantly reduced the running costs of fuel.

With an eye to achieving "production plants that excel in quality, the environment, safety, and energy-saving," we will continue to actively engage in CSR activities.



On-the-job training in handling chemical leaks

Kureha Vietnam Co., Ltd.

We continually carry out a range of activities to forge connections with communities.



Yasushi Tada
President

Head Office Location:
Plot 227/3, Road 13, Amata I.p., Long Binh Ward, Bien Hoa City, Dong Nai Province Vietnam
Business Outline:
Production & sales of food packaging films

As a Japanese company in Vietnam, we actively engage in a range of activities aimed at community development.

At a tree-planting festival organized by the Amata Nakorn Industrial Estate in June 2019, Kureha employees put their sweat into greening the surrounding area. In November, Kureha and three other Japanese companies presented scholarships to underprivileged middle school and high school students attending local schools in Dong Nai Province. In addition, at a local firefighting contest held every year, our in-house firefighting team demonstrated what they had learned in their water discharge training.

Together with our Vietnamese employees, Kureha Vietnam will continue doing business with an emphasis on good communication with the community.



Tree planting festival at Amata Industrial Park