

# Kuraray Group Sustainable Procurement Standard

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## I Introduction

The Kuraray Group has established “Our Commitment” as matters to be observed at the points of contact with diverse societies, and “Code of Conduct” as guidelines for the concrete implementation of these in corporate activities. We are committed to fulfilling our responsibilities as corporate citizens.

We believe that not only the Kuraray Group, but also our business partners, can share and cooperate with these efforts to achieve sufficient results. Based on this idea, We have established the "Sustainable Procurement Policy" as a guideline for our procurement activities, and the "Sustainable Procurement Standard" as a standard for promoting it.

Based on this standard, the purchasing and logistics divisions of the Kuraray Group intend to promote priority procurement activities that take Sustainability into consideration.

We would like to ask for your understanding of the purpose, and for your support and cooperation as we engage in this activity together.

Kuraray Co., Ltd.  
General Manager of Purchasing & Logistics Division

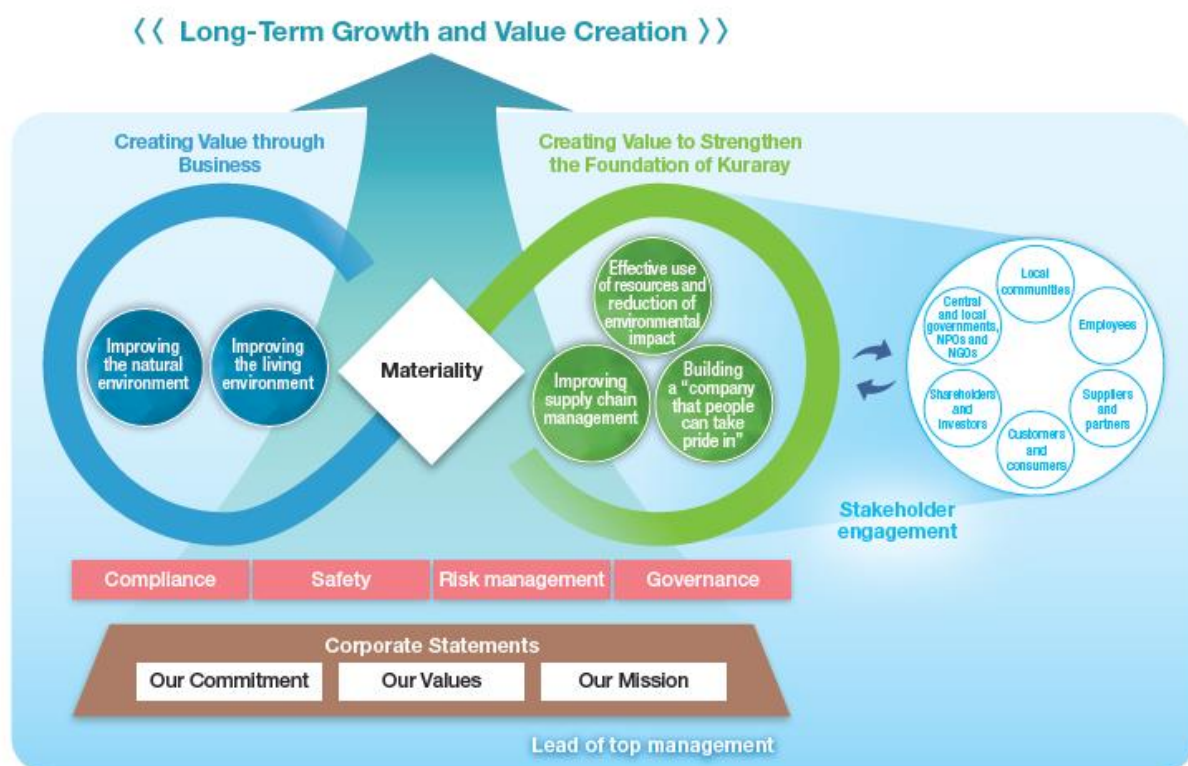
## II Basic Approach of Sustainability Management

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.



### **III Sustainable Procurement Policy (Outline)**

#### **1. Corporate governance**

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.

#### **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.

#### **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.

#### **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.

#### **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.

#### **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.

#### **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.

#### **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.

#### **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.

## IV Sustainable Procurement Standard

### Chapter1 General rules

(Purpose)

**Article1** This standard indicates the criteria for promoting Sustainable procurement together with business partners who are actively engaged in Sustainability activities.

(Applicable)

**Article2** This standard applies to the procurement activities of materials at all business sites of Kuraray Co.,Ltd. and Kuraray Group companies. "Materials" collectively refers to the following.

- ① Raw materials used in the manufacture and development of products
- ② Machinery and equipment used in the manufacture and development of products
- ③ Packaging materials and containers used for shipping and transporting products
- ④ Equipment and consumables used for sales activities and administrative management
- ⑤ Outsourcing services related to business activities such as manufacturing, sales, and logistics
- ⑥ Product purchase etc.

### Chapter2 Selection criteria

(Selection Criteria)

**Article3** Sustainable procurement of materials shall be based on the selection criteria of suppliers.

(Selection criteria for suppliers)

**Article4** In selecting suppliers, we will strive to equalize opportunities for transactions, and prioritize transactions with business partners who are specifically engaged in Sustainability activities in addition to quality, price, delivery time, service, technological development capabilities, etc.

(Sustainability Activity)

**Article5** Sustainability activities refer to the below 9 Items based on the Kuraray Group's Sustainable Procurement Policy.

#### Item1 Corporate governance

- ① There are policies and procedures to promote Sustainability.  
Internal systems (promotion divisions, promotion managers, committees, etc.) are in place to promote Sustainability.
- ② There is a system for identifying, evaluating, verifying, and correcting Sustainability-related risks.

- ③ We develop plans (BCPs) for the continuation or early restoration of critical operations and businesses in the event of emergencies such as terrorism, natural disasters or large fires. We effort to secure a stable supply.
- ④ A whistleblower system is established and implemented.
- ⑤ We disseminate information about your company's Sustainability activities to society and stakeholders.

## **Item2 Respect for human rights**

- ① There policies are that respect internationally declared protection of human rights and do not violate human rights. There is a system (management department, manager, committee, etc.) to ensure.  
We initiative human rights due diligence.
- ② We ensure the prohibition of discrimination (gender, nationality, race, etc.).
- ③ We ensure that you do not engage in labor that is incompatible with the will of the individual, or that freedom to leave is restricted. \*including supply chain
- ④ We ensure that children under the age of legal employment in the country or region are not hired or employed. \*including supply chain
- ⑤ We allow that employees are free to connect without retaliation, intimidation, or harassment, and are free to collective bargaining.
- ⑥ There are female executives.
- ⑦ We conduct training seminars on the prevention of discrimination and human rights violations to employees.
- ⑧ There are opportunities for dialogue with employees (including proxy organizations). (Conclusion of Labor-Management Council, Collective Agreements, etc.)
- ⑨ We initiative diversity.

## **Item3 Safe, easy to-work environment**

- ① We provide opportunities for promotion, participation in training, etc. on an equal basis so that impartiality is not undermined on the basis of gender, nationality, race, etc..
- ② We comply with minimum legal wages, conclude appropriate labor agreements concerning overtime, etc., and apply surcharges, etc. fairly.
- ③ There is a system in place to observe statutory or predetermined working hours, holidays, and paid holidays, and to manage the working hours of workers.
- ④ We prohibit inhumane treatment such as harassment, body punishment, and abuse.
- ⑤ We grasp employee's risks of the occurrence of accident, harmful substances, noise, offensive odors, etc., and implement appropriate safety measures.
- ⑥ We grasp subcontractor's risks of the occurrence of accident, harmful substances, noise, offensive odors, etc. , and implement appropriate safety measures.
- ⑦ We provide appropriate health management, such as health checkups for all employees.

#### **Item4 Promotion of environmental preservation**

- ① We are building a system (management department, manager, committee, etc.) for environmental activities and tackle those activities.
- ② We acquire certification for ISO14001, RC14001, EMAS, other environmental management standards.
- ③ Chemical substances are specified by laws and regulations managed appropriately.
- ④ We appropriately manage the transportation of hazardous materials in accordance with the legal standards.
- ⑤ Voluntary environmental impact reduction targets are set and managed appropriately in accordance with and beyond the legal standards.
- ⑥ We set voluntary targets to implement resource and energy conservation, and ensure continuous effective use of resources and energy.
- ⑦ We set voluntary reduction targets for greenhouse gas and make efforts to reduce them.
- ⑧ Emissions of (1) NO<sub>x</sub> (nitrogen oxides), (2) SO<sub>x</sub> (sulfur oxides), and (3) VOC (volatile organic compounds) are disclosed.
- ⑨ We set voluntary targets for waste reduction and make efforts to reduce them.
- ⑩ We initiative biodiversity.

#### **Item5 Fair business practices**

- ① We prevent unfair trade, such as bid-rigging and abuse of a dominant position.
- ② We prohibit unfair competition (fraudulent acquisition and use of other companies' trade secrets, sales of counterfeit goods, labeling that misled the quality of goods, etc.).
- ③ We maintain healthy relationships between companies and civil servants, such as treatment management for civil servants to prevent corruption.
- ④ We maintain a healthy relationship with your customers.
- ⑤ We exclude relationships with organized crime groups and general organizers, etc..
- ⑥ We respect intellectual property rights, such as patents, copyrights, and trademarks.
- ⑦ It is prevented from using of undisclosed company information to buy and sell shares, etc. of the company.
- ⑧ In situations where the interests of employees conflict with the interests of the company, it is prohibited from undermining the interests of the company and enjoying personal benefits.
- ⑨ We have not been fined or sued for corporate ethics issues (corruption, bribery, anti-competitive practices, etc.) in the past three years.
- ⑩ We comply with export and import laws, international regulations, etc., and implement proper export procedures.

**Item6 Safety and quality of products and services**

- ① We recognize related laws. There is a system for ensuring quality and safety, and responding appropriately to customers and consumers.
- ② There is a system for securing quality and safety with self certification, third-party certification.
- ③ There is a system in place for information disclosure in the event of an accident or defective product distribution, communication with the regulatory authority, product recall, safety measures for suppliers, etc..

**Item7 Proper control of Confidential Information**

- ① Policy and procedures related to information security are established.
- ② We take protective measures against computer network threats and manage them so that they do not cause damage to your company or other companies.
- ③ Personal information of customers, third parties, and employees are managed and protected appropriately.
- ④ Confidential information received from customers and third parties appropriately are managed and protected.

**Item 8 Supply chain**

- ① We are conducting Sustainable procurement through the supply chain. (Disseminate policy both inside and outside the company, and implement)
- ② We prevent from buying and using of conflict minerals (3TG(gold, tantalum, tungsten, and tin)etc. related to conflicts in the Democratic Republic of the Congo and its surrounding areas). We investigate and confirm suppliers too.

**Item9 Promotion of contributions to society**

- ① We tackle to minimize damage for local communities and residents health and safety which is caused by production processes/product/service.
- ② We are working to create jobs, develop skills, prioritize purchasing local products and services, and cultivate suppliers.
- ③ We are aware of your role as a corporate citizen and actively interact with and contribute to society.

## **V Evaluation of Suppliers for Sustainable Procurement**

### **1. Evaluation of Suppliers**

In addition to conventional indicators (quality, price, delivery date, etc.), we will evaluate suppliers by using "Sustainability" related indicators and make a comprehensive judgment. Sustainability related indicator is evaluated through the "Questionnaire on Sustainable Procurement".

### **2. Questionnaire on Sustainable Procurement**

"Questionnaire on Sustainable Procurement" reflects the Kuraray Group Compliance Handbook and the "CSR Procurement Self-Assessment Questionnaire" published by the United Nations Global Compact Network Japan, and asks a total of 51 questions from 9 items of the Sustainable Procurement Policy (It consists of prohibition of child labor, prohibition of harassment, efforts to ensure quality and safety, promotion of CSR in the supply chain, etc.). Questionnaire will be conducted once every two years. Evaluation result are shown by A to D grade with using the supplier's self-assessment.

### **3. Sustainability Improvement Activities to Suppliers**

Depending on the results of the questionnaire, we are also working to promote improvement while communicating directly with suppliers. Your understanding and cooperation will be appreciated.

End of documents

\*Enactment: Feb. 1, 2022

1<sup>st</sup> Revision: Mar. 1, 2022

2<sup>nd</sup> Revision: Jan. 1, 2025