

COMPLIANCE HANDBOOK

KURARAY GROUP



kuraray

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About the Compliance Handbook

This “Kuraray Group Compliance Handbook” gives you clear explanation of the “Kuraray Group Code of Conduct” flowing from “Our Commitment” which each and every member of Kuraray Group should share.

“The Kuraray Group” refers to Kuraray Co., Ltd. and its Group companies in which Kuraray Co., Ltd. has direct or indirect ownership, i.e., companies in which Kuraray Co., Ltd. holds over 50% of voting rights.

Scope of Application

This Kuraray Group Compliance Handbook indicates behavioral guidelines that all directors, officers and employees of the Kuraray Group, i.e., all the people working in Kuraray Group, including part-time employees and dispatched staff, should be aware of while conducting his or her daily work.

How to use this Kuraray Group Compliance Handbook

We, as a member of the Kuraray Group, comply with and respect the Kuraray Group Code of Conduct. We familiarize ourselves with the contents of the Handbook. We consult with supervisor or relevant departments, if we are not confident about our conduct, if we have any questions about compliance issues, or if we witness or learn of any conduct that may be in violation of compliance standards. In case we are unable to talk with, or we are not comfortable talking with, supervisor or relevant departments for some reasons, we consult with the Compliance Hotline. Kuraray Group does not tolerate any form of retaliation against any person who consults with the Compliance Hotline.

Message from the President of Kuraray Co., Ltd.

Since its establishment in 1926, the Kuraray Group has been building close ties with society through conducting business activities and striving to fulfill its responsibilities as a good corporate citizen. Today, as we expand domains around the world and welcome increasing numbers of colleagues with diverse values, we still emphasize our original mission, “For people and the planet - to achieve what no one else can.”

We can continue to exist as an admired and valuable corporate group only when all members of the Kuraray Group to act responsibly and ethically and do the right thing.

“Our Commitment” states the principles of our conduct which we should observe in doing our business. The “Kuraray Group Code of Conduct” serves as guidelines for us to adhere to while performing day-to-day work. We must fully understand its contents and inspire each other to raise our consciousness of these principles, all of us must comply with laws and regulations and “Our Commitment” under any circumstances.

I, representing the Kuraray Group, declare as follows:



President,
Kuraray Co., Ltd.

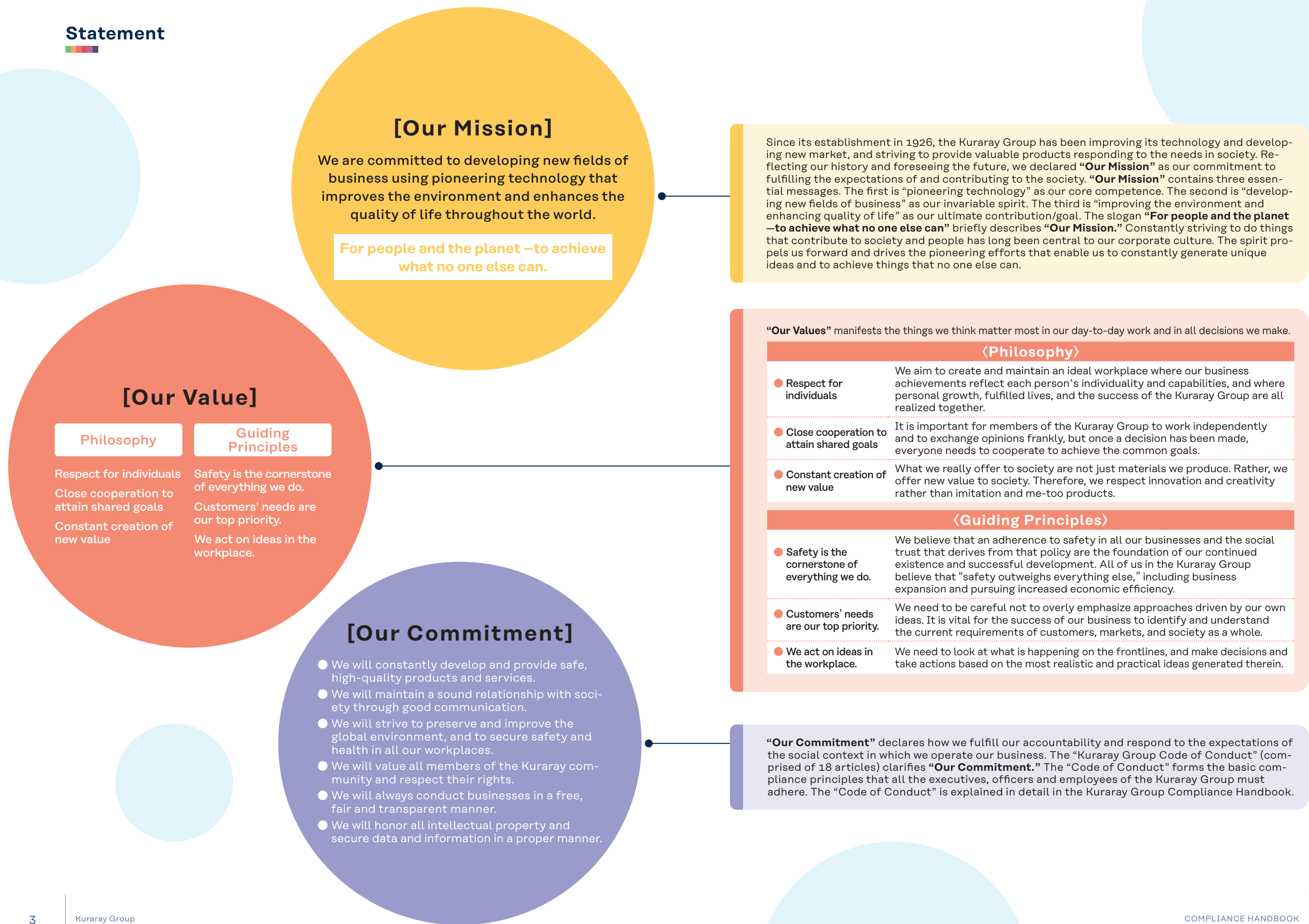
Hitoshi Kawahara

- We will comply with laws and regulations and “Our Commitment,”
- We will give precedence to laws and regulations and “Our Commitment” over corporate profits, and
- We will never tolerate any act that goes against laws and regulations or “Our Commitment”, or that betrays the trust that society has placed in us.

This Kuraray Group Compliance Handbook offers explanations of “Our Commitment” and the “Code of Conduct”, and supports all the Kuraray Group members to act in a responsible, ethical and lawful way. I expect that every member of the Kuraray Group feels pride and satisfaction in working in the Kuraray Group. Compliance and responsible behavior are a first and decisive step towards the direction.

I appreciate your understanding of these topics and that you’re fully aware of your responsibility as a member of the Kuraray Group.

May 2021



Our Commitment

We will constantly develop and provide safe, high-quality products and services.	1 Safety and Quality of Products and Services	We contribute to the society by supplying safe, reliable and high-quality products and services.	P7
	2 Disclosure of Corporate Information	We disclose corporate information, such as business operation and financial information, in an accurate and timely manner, and in accordance with relevant regulations. We will be open to societal opinions and reflect them in our operations.	P7
	3 Anti-Bribery/Rules for Donations	We must never offer, make or accept of bribes of any kind. We do not offer entertainment, gifts, or other benefits to government officials, whether at home or abroad. When making donations or gifts, we comply with laws, regulations, and corporate rules.	P8
	4 No Relationship with Anti-Social Group	We take a resolute stance against, and will not associate with, anti-social groups or organizations.	P9
	5 Contributions to Society	Consistent with our status as a good corporate citizen, we will participate in volunteer activities and social action programs.	P10
We will maintain a sound relationship with society through good communication.	6 Environmental Preservation	We contribute to sustainable development and take seriously our responsibility to preserve the environment for the benefit of future generations, through our business operations, which coexist with the global environment and local communities.	P9
	7 Safety and Disaster Prevention	We take necessary measures to prevent accidents and disasters, such as explosions, fires, or leakages of hazardous materials. If an accident should occur, we contain it and attempt to avoid any contamination, and disclose pertinent information in a timely and accurate manner.	P10
	8 Safe and Comfortable Workplace	We comply with regulations concerning employment safety at the workplace and strive to ensure a safe and comfortable working environment.	P11
We will strive to preserve and improve the global environment, and to secure safety and health in all our workplaces.	9 Respect for Human Rights	We respect the human rights of all persons with whom we contact in doing our business and treat them with dignity and respect.	P11
	10 Enhancement of Diversity, Equal Opportunity	We value diversity in our workplace. We do not discriminate against any person on the basis of personal characteristics, such as race, gender, national origin, and we evaluate individuals fairly.	P12
We will value all members of the Kuraray community and respect their rights.	11 Compliance with Antitrust/Competition Laws	We comply with antitrust/competition laws and we conduct fair transactions with our suppliers and customers, who we view as equal partners.	P13
	12 Prevention of Unfair Competition	We neither illegally obtain nor improperly use trade secrets belonging to other companies. We also do not conduct any activities that may derogate the business reputation of other companies. In addition, we do not make inappropriate displays of our products, which could lead users to misunderstand the quality and properties of our products.	P14
	13 Compliance with Laws Related to Exports and Imports	We comply with laws and international treaties controlling the export and import of goods and technologies.	P13
	14 Prohibition on Entertainment and Gifts in an Excessive Manner	We do not exceed the boundaries of socially acceptable practices when giving or receiving entertainment or gifts to or from business partners.	P14
	15 Prohibition on Conflicts of Interest	We will not take advantage of one's position in the Company or exploit information obtained when performing duties in the Company to promote personal interests.	P15
	16 Prohibition against Insider-Trading	We do not conduct any act that violates or may be suspected of violating laws and regulations concerning insider trading.	P16
We will always conduct businesses in a free, fair and transparent manner.	17 Protecting Trade Secrets	Business information, such as trade secrets, know-how and customer information, is an important asset of the Company. We properly use and protect our business information, and the property of other entities, including confidential information received from business partners and others.	P15
	18 Protecting Intellectual Property	We acknowledge that intellectual properties are important assets of the Company and we properly protect them. We respect intellectual property rights of third parties and avoid infringement and misuse of such rights.	P16
We will honor all intellectual property and secure data and information in a proper manner.			

Our Commitment

We will constantly develop and provide safe, high-quality products and services.

Safety and Quality of Products and Services

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

1

We are expected to supply safe and high-quality products and services constantly and stably. We are able to keep growing by fulfilling such expectation and reliance on us. We fully confirm safety of our products before we put them into the market and we also confirm full compliance of our products with regulatory and industrial requirements.

Point

- We ensure conformity with product safety requirements and related regulations and standards at every stage of our activities i.e., from R&D to production, delivery, storage and sales.
- We provide adequate information and safety instructions with respect to the use and handling of our products when we deliver them.
- In the event of product defects, complaints, or accidents, or if safety problems or points requiring improvements are discovered, those issues should be reported immediately to the supervisor or manager of the relevant department. Upon investigation into the actual circumstances, we will take appropriate action to solve such issues.
- We measure and record product data properly. Under no circumstances, will product data be falsified or concealed.

We will maintain a sound relationship with society through good communication.

Disclosure of Corporate Information

We disclose corporate information, such as business operation and financial information, in an accurate and timely manner, and in accordance with relevant regulations. We will be open to societal opinions and reflect them in our operations.

2

We undertake the responsibility to explain our activities appropriately to society. If the disclosure of corporate information is not timely and accurate, it would be useless. In particular, laws and regulations regarding the stock exchange require that corporate information needed for investment decisions are promptly and accurately made public. We voluntarily disclose information useful for or imminently required by society.

Point

- When we disclose information about corporate activities, we do so in accordance with relevant laws and regulations. Moreover, in light of the value we place on our relationship with society, we voluntarily release information, which in our judgment, society needs.
- We exhibit financial integrity and conduct accurate, timely, and fact-based reporting and accounting of operations, and acknowledge that this is the foundation of appropriate disclosure of corporate information.
- We sincerely listen to requests and opinions from outside, and endeavor to make use of them in our business activities.
- We publish corporate information or make public announcement as a corporation through the corporate communications department/section.



We will maintain a sound relationship with society through good communication.

Anti-Bribery/Rules for Donations

We must never offer, make or accept of bribes of any kind. We do not offer entertainment, gifts, or other benefits to government officials, whether at home or abroad. When making donations or gifts, we comply with laws, regulations, and corporate rules.

3

We never provide or accept bribes to or from any person or organization. Especially, offering bribes to legislators, government agencies, or employees of government-owned enterprise is severely punished in most countries, because bribery causes corruption and a serious loss of credibility in politics and with the government, public servants and institutions. We prohibit bribes to government officials everywhere we do business. Donations must conform to the laws and social ethic and must be reasonable in terms of both purpose and amount. In the event that the donation may be suspected of being contrary to the law or corporate ethics, a firm determination not to give a donation is crucial.

Point

- We do not give to or receive from our business partners, such as customers or suppliers, improper payment of money or any other improper benefit in an attempt to influence a person's behavior or decision.
- We do not allow corrupt payments or the giving of anything of value, regardless of the monetary value, to any domestic or foreign officials for the purpose of receiving any favor in return.
- When we make a donation, including political donation, we comply with rules and regulations and obtain a prior approval in accordance with internal rules controlling donations.

Our Commitment

We will maintain a sound relationship with society through good communication.

No Relationship with Anti-Social Group

We take a resolute stance against, and will not associate with, anti-social groups or organizations.

4

It is our uncompromising stance that we have no dealings whatsoever with anti-social groups or organizations. Simply acquiescing to the threats, coercion or harassment of anti-social violence, by yielding money or other favors, is unacceptable.

Point

- We do not offer benefits to anti-social groups or organizations for any reason.
- If a suspicious organization makes contact, individuals should not handle this on their own, but should report it to a manager or supervisor so that appropriate actions may be taken after consultation with the relevant departments.

We will strive to preserve and improve the global environment, and to secure safety and health in all our workplaces.

Environmental Preservation

We contribute to sustainable development and take seriously our responsibility to preserve the environment for the benefit of future generations, through our business operations, which coexist with the global environment and local communities.

6

Unless we are engaged in ongoing efforts to preserve the environment, we cannot expect sustainable development of the Kuraray Group. We are committed to comply with all environment related regulations and we work consistently to implement environmental conservation activities. We contribute to society by making, through environmental-friendly process, products that help protect the environment in use.

Point

- We comply with environmental regulations at all levels - international, national and local.
- We measure environmental data accurately and report them properly.
- We implement a program for environmental conservation activities and create operational year-to-year plan to move the activities forward.
- We observe our voluntary control standard, environmental action policy, internal rules and procedures regarding the reduction of environmental load.

We will maintain a sound relationship with society through good communication.

Contributions to Society

Consistent with our status as a good corporate citizen, we will participate in volunteer activities and social action programs.

5

We, as a corporate citizen, are implementing spirited interactions with, and a program of contributions to, society, which are consistent with our continuous progress and objective of contributing towards economic development and the living environment. We respect the volunteer activity by members of the Kuraray Group for social contribution program, ecological education program, nature preservation program, etc., related to Our Mission. We will encourage members of the Kuraray Group to participate in social contribution activities on their own initiative.

Point

- We conduct activities that promote a solution of social issues and activities rooted in local communities hosting Kuraray Group companies.
- We value the volunteer spirit of individuals who take initiative and responsibility to contribute to society as a good citizen.

We will strive to preserve and improve the global environment, and to secure safety and health in all our workplaces.

Safety and Disaster Prevention

We take necessary measures to prevent accidents and disasters, such as explosions, fires, or leakages of hazardous materials. If an accident should occur, we contain it and attempt to avoid any contamination, and disclose pertinent information in a timely and accurate manner.

7

Explosions, fires, leakage of hazardous materials, or other major disasters not only tremendously impact our business, but also entail great risk and danger to neighboring communities and affect society at large. It is most important to prevent such disasters before they occur. Complying with relevant laws and regulations is of the utmost importance, and it is crucial that every facility within the Kuraray Group ensures this and takes all necessary steps in accordance with all relevant internal procedures. "Safety is the cornerstone of everything we do." We ensure "safety first, production second" and we constantly focus on reducing risks to prevent disasters. In the event that a disaster occurs, containment measures are to be implemented, the incident is to be investigated and a timely and accurate report is to be made. When the cause is established and measures to prevent a recurrence are identified, they must be implemented immediately.

Point

- We comply with laws and regulations regarding safety and disaster prevention.
- We constantly review emergency organization and emergency program and regularly conduct drills. In the event that a disaster occurs, we will report it immediately and accurately, and take immediate containment measures in order to ensure safety.
- In the event that any incident requiring a report occurs, we report it to authorities immediately.
- In order to prevent accidents, we conduct safety reviews when we build any facility, modify existing facilities, or change operational conditions.

Our Commitment

We will strive to preserve and improve the global environment, and to secure safety and health in all our workplaces.

Safe and Comfortable Workplace

We comply with regulations concerning employment safety at the workplace and strive to ensure a safe and comfortable working environment.

8

We endeavor to create an accident-free, healthy and safe place to work for all employees. To this end, together with complying with laws and regulations on occupational safety, we implement a disaster-prevention training program for our employees, as well as safety manuals. It is important for all of us to raise our awareness with regard to occupational health and safety, and to make efforts to maintain a safe and comfortable workplace. Each of us retains a basic understanding of occupational health and safety, and is responsible for observing rules as applicable to a particular job. We maintain good mental and physical health.

Point

- We comply with the laws and regulations concerning occupational health and safety in doing our job.
- We fully understand rules and manuals concerning operational safety, and comply with the procedures and standards set forth in such rules and manuals. We confirm that any work requiring a license to perform must be done by a qualified person.
- We preserve a good working environment for all employees. We do everything within our ability to ensure safe working conditions, and alert employees to, and fix, problems concerning safety.
- If we experience an occupational incident or accident, we report it to the relevant department in accordance with the “Guideline of Occupational Incident and Process Accident Information Management”.

We will value all members of the Kuraray community and respect their rights.

Respect for Human Rights

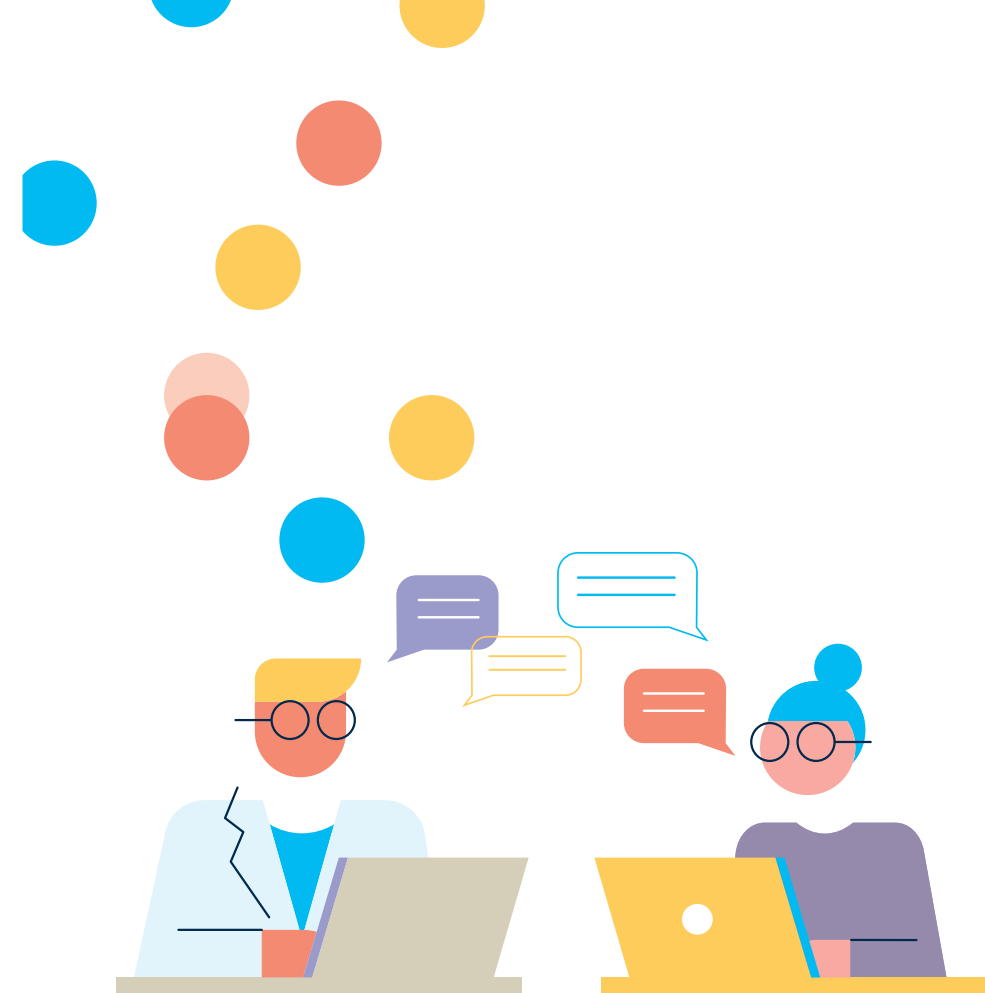
We respect the human rights of all persons with whom we contact in doing our business and treat them with dignity and respect.

9

We always respect the human right of all Kuraray Group colleagues and business partners and we do not allow discrimination which denies dignity of individuals. We respect all our colleagues and we do not tolerate harassment of any kind.

Point

- We will respect the basic human rights of all people with whom we do business, including business partners, based on the ideas expressed in the United Nations’ “Universal Declaration on Human Rights,” and other international standards.
- We do not use or tolerate child or forced labor in any of our global operation.
- We do not tolerate any behavior that creates an offensive, intimidating, humiliating or hostile work environment and any physical or verbal behavior involving unwelcome sexual advances and remarks.



We will value all members of the Kuraray community and respect their rights.

Enhancement of Diversity, Equal Opportunity

We value diversity in our workplace. We do not discriminate against any person on the basis of personal characteristics, such as race, gender, national origin, and we evaluate individuals fairly.

10

We strive to have a work environment where individual differences are valued and become a driving force toward our further success. Through the “Kuraray Group Global Human Resource Policy,” the Kuraray Group offers employment opportunities without discrimination on the basis of gender, gender identity, sexual orientation, nationality, race, culture, religion, beliefs, age, disability, etc., maintain just and fair evaluation of performance, and is making efforts to develop its organizational system where each employee can work in a way which leads to personal growth through fulfillment of his or her job.

Point

- We emphasize equal opportunity and we do not make any decision in any employee or applicant based on attributes not related to the person’s job performance, ability or qualification.
- We make efforts to establish corporate culture through frank communication and information disclosure, so that each employee can work in a way which leads to personal growth through performing his or her job.

Our Commitment

We will always conduct businesses in a free, fair and transparent manner.

Compliance with Antitrust/Competition Laws

We comply with antitrust/competition laws and we conduct fair transactions with our suppliers and customers, who we view as equal partners.

11

We acknowledge that we benefit from free and fair competition in the market. If there is no free competition among companies, consumers and users will lose the chance to have better goods and services. For this reason, certain acts impeding free competitive market, such as agreements with competitors concerning price, production volume, or imposition of unreasonable restriction on sales price or activities of our business partners are strictly prohibited by the antitrust/competition laws. Violators of such laws, not only corporations but also responsible persons, will be severely punished.

Point

- We do not participate in undertakings with companies within the same industry (including industry associations), which purport to restrict freedom of business activities by, for example, fixing price, production volume, sales volume, sales territory or sales channel.
- We do not participate in any interaction, or we do not engage in exchange of information, with companies within the same industry, which is susceptible to allegation of “cartel” behavior.
- We do not exploit our trading position to impose unfair trade conditions upon the activity of business partners.
- Because antitrust/competition laws are quite complex, if we have any questions or concern about the application of the laws, we consult with the legal department.

We will always conduct businesses in a free, fair and transparent manner.

Compliance with Laws Related to Exports and Imports

We comply with laws and international treaties controlling the export and import of goods and technologies.

13

We supply our products and services all over the world, and we likewise receive products and services from across the world. In exporting and importing products and services, we comply with laws and regulations of our own country and those of counterparts, and we report accurate and complete information to the customs and provide proper indication of country of origin. When we export a particular product or technology subject to government approval for international security purpose, we obtain an export license required under trade control laws before the transaction.

Point

- When undertaking international transactions, we examine and observe relevant laws and regulations, we carry out the correct customs declaration and present a legitimate certificate of origin at the customs point in accordance with laws and regulations.
- We ascertain whether the product or technology being internationally transacted is controlled by trade control laws. In the event that the product or the technology we are exporting is regulated by laws, we will obtain the export license from government authorities.

We will always conduct businesses in a free, fair and transparent manner.

Prevention of Unfair Competition

We neither illegally obtain nor improperly use trade secrets belonging to other companies. We also do not conduct any activities that may derogate the business reputation of other companies. In addition, we do not make inappropriate displays of our products, which could lead users to misunderstand the quality and properties of our products.

12

We are expected to compete vigorously, but not unfairly. The use of other companies’ trade secrets or brands, the sale of unfairly copied products, false display or any expression that causes a misunderstanding to purchasers are prohibited by the laws and rules preventing unfair competition.

Point

- We do not obtain the trade secrets of other companies by unfair means and we do not make use of trade secrets that have been, or are presumed to have been, obtained by unfair means. “Unfair means” include obtaining of the trade secrets by offering benefit.
- We do not engage in defamatory acts intended to damage other companies’ business reputation.
- We do not make use of another company’s product identification (e.g., trade mark, logo, label) or confusing displays in order to avoid causing confusion between our products or business and another company’s products or business.
- We do not use any expression or display that may cause a misunderstanding regarding country of origin, quality, contents, volume and similar matters. We use technically- and scientifically sound fact and data in our catalog and product manual.

We will always conduct businesses in a free, fair and transparent manner.

Prohibition on Entertainment and Gifts in an Excessive Manner

We do not exceed the boundaries of socially acceptable practices when giving or receiving entertainment or gifts to or from business partners.

14

We offer and accept entertainment and gifts on condition that such entertainment or gifts are offered or accepted as a matter of courtesy within a social norm and transparently. When there is a need for offering or receiving entertainment or gifts, we act within the boundaries of socially-acceptable practices and we never offer or accept excessive entertainment or gifts which could influence fair business judgment.

Point

- We obtain prior approval from the appropriate manager or supervisor when we offer a gift to a business partner. Whenever we receive a gift from a business partner (except for token or promotional gifts of low monetary value), we report it to the appropriate manager or supervisor.
- We obtain prior approval from the appropriate manager or supervisor if we offer entertainment to a business partner. We also obtain prior approval from the appropriate manager or supervisor if we accept an offer for entertainment from a business partner. If we are unable to obtain such prior approval for unavoidable circumstances, we report it immediately after the event.

Our Commitment

We will always conduct businesses in a free, fair and transparent manner.

Prohibition on Conflicts of Interest

We will not take advantage of one’s position in the Company or exploit information obtained when performing duties in the Company to promote personal interests.

15

Private affairs shall be strictly separated from the Company’s business. Use of the Company’s assets for private purposes, and actions that conflict with the Company’s interest, are not permitted. The abuse of one’s position, the misuse of items entrusted to an employee for the purpose of his or her work, or the use of information obtained through one’s work for private purposes are prohibited. The Company’s assets, whether tangible or intangible, shall be used and managed appropriately, and their use for private purposes is forbidden.

Point

- We do not use information obtained throughout the course of one’s duties for personal benefit or to the benefit of any third party.
- We will not be engaged in business that competes with the Company’s business, and will not become a manager or board member of, or a major investor in, a competing company.
- We personally do not conduct any business transactions with the Kuraray Group companies, and do not let other interested parties (for example, family members or a company or organization managed by an employee or its family members) conduct business transactions with Kuraray Group companies in such a way as to exploit its position in Kuraray organization and to harm the interest of Kuraray Group companies.
- We do not inappropriately deal with any business partner, and we do not accept an inappropriate benefit from business partners, such as accepting a bribe from a supplier.
- We appropriately use and manage the Company’s tangible and intangible assets, including Company’s computer systems, and do not misappropriate or use them for non-business or personal purposes.

We will honor all intellectual property and secure data and information in a proper manner.

Protecting Trade Secrets

Business information, such as trade secrets, know-how and customer information, is an important asset of the Company. We properly use and protect our business information, and the property of other entities, including confidential information received from business partners and others.

17

Confidential information is an important asset of the Company. Its leakage can cause the Company to suffer serious damage or loss of profit. As recent times are marked by an increased risk of leakage of confidential and personal information due to advances in information technology, we pay utmost attention in protecting information.

Point

- We will not use confidential information for any purposes other than the assignment at hand, and we will handle confidential information properly in order to avoid inappropriate use or leakage. In addition, we will disseminate confidential information internally on a need-to-know basis only.
- If we disclose unpublished information, we do so in accordance with internal procedures.
- We execute a confidentiality agreement/non-disclosure agreement before we disclose confidential information regarding products and technology outside the Company. We will treat the confidential information we receive from other companies with the same diligence as the Company’s own confidential information, and in accordance with a confidentiality agreement, if one exists.
- When we obtain personal information during the course of business, we clearly indicate the purpose of the receipt and use of such information. In order to avoid leakage and misuse, we appropriately maintain such information for the protection of personal information.

We will always conduct businesses in a free, fair and transparent manner.

Prohibition against Insider-Trading

We do not conduct any act that violates or may be suspected of violating laws and regulations concerning insider trading.

16

“Insider-trading” occurs when someone with access to material inside information (“material information”) about Kuraray Co., Ltd. or about any publicly-traded company, which can greatly influence such company’s stock price, trades the stock of such company using material information before it is made public. This kind of trading places the general investors at a severe disadvantage, and is therefore universally prohibited by laws regulating securities and stock exchange.

Point

- If we learn any unpublished, material information relating to the business of Kuraray Co., Ltd. or any publicly-traded company, we will not trade such company’s stock (including the sale of Kuraray stock acquired through the stock option plan) until such information is made public.
- We do not reveal material information to friends and relatives so that we avoid inducing them to engage in insider-trading.

We will honor all intellectual property and secure data and information in a proper manner.

Protecting Intellectual Property

We acknowledge that intellectual properties are important assets of the Company and we properly protect them. We respect intellectual property rights of third parties and avoid infringement and misuse of such rights.

18

Intellectual property, such as patent (for invention), utility model (for device), design, copyright (i.e., published materials), trademark (i.e., product name or brand), becomes more important as our competitive edge. While we try our best to acquire an intellectual property right on the fruits of our R&D and similar activities, we pay attention not to infringe intellectual property rights of others.

Point

- When we make an invention, we will promptly report it to an immediate manager or supervisor, and take necessary actions to protect it as an intellectual property right. When we make a new product or technology, we examine whether we can acquire an intellectual property right on it before we publish it.
- We will not intentionally commit any act that may infringe on the intellectual property rights of others.
- We will use our trade names and trademarks in accordance with internal corporate rules. When we use the Kuraray Group mark, we observe the “Rules for the use of Kuraray Group logotype.”