

Course of Action Concerning Safety in Fiscal Year 2020
and Results of Safety Inspections at Overseas Plants

January 23, 2020

At the Board of Directors' meeting in January 2020, the directors received a report on the Kuraray Group's course of action concerning safety in the 2020 fiscal year and the results of safety inspections that were carried out at some of the chemical plants belonging to our affiliated companies overseas. This measure was taken as part of a new initiative that began in the 2019 fiscal year. A summary of the report and findings is as follows.

1. Course of Action Concerning Safety in Fiscal Year 2020

- Ensuring Safety First, Production (Construction, R&D) Second
- Predict Hazards and Make Sure the Safety before Taking Action, then Confirm the Action Results are What You Expected
- All Employees Must Act Proactively to Ensure Safety

In our corporate statement, the Kuraray Group has set "Safety is the Cornerstone of Everything We Do" as a principle to guide our conduct. Therefore, we formulate a course of action concerning safety every year in accordance with Corporate's Safety Activity Management Rules.

2. Performance of Overseas Plant Safety Inspections

(1) Objective

The EVAL plant, a facility owned by overseas affiliated company Kuraray America Inc., started operation in 1986 and continued to expand its operations without any major security accidents until a fire broke out in May 2018, injuring a large number of contract workers. The plant has already resumed operation after putting several measures in place to prevent a recurrence of the incident. In the 2019 fiscal year we decided to conduct safety inspections in some of the chemical plants overseas and review and strengthen safety measures in order to check whether the production facilities of our affiliated companies overseas are still capable of doing the things they used to do, to check that there are no lapses or deficiencies in any safety-related item and to ensure that the long years of safe operation have not led to conceit or overconfidence where safety is concerned.

(2) Main areas reviewed by Fiscal Year 2019 overseas plant safety inspections

①Improvement of the management system

- Revise concrete methods for change management and ensure post-change confirmation.
- Clarify the authority in writing to grant permission and approval for specific work with a case of concrete situation.

②Enhancement of training

- Enhance the training provided for high-risk items (sources of danger) at plants.
- Revise and improve the emergency response manual and ensure that employees are completely familiar with its contents.

③Expansion of risk assessment

- Introduce HAZOP (discovering and responding to sources of danger) to non-regular (start-up, shut-down) work.
- Reduce the number of work operations that have not been standardized in writing to zero.

Going forward, the Kuraray head office will spearhead the initiative to deal with issues discovered at individual affiliated companies overseas one by one as we continue to endeavor to create "Trustful workplaces, and a safe and accident-free company" on a global level. We will also continue to perform safety inspections for overseas plants in 2020 and beyond.