

2020

Sustainability report



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Corporate Overview

Conducting the Future Innovation

Company name	Kurabe Industrial Co., Ltd.
Founded	1938/2/11
Incorporated	1939/6/25
Shareholders'equity	28.2 billion yen
Capital	780 million yen
Officer	Takenobu Kanazawa, President and CEO Tomokazu Ishiyama, Managing Director Toru Oishi, Director Satoru Suzuki, Director Yoshihiro Morimoto, Director Yoshikazu Yasukawa, Director Akio Sato, Director Norio Ikegaya, Corporate Auditor Takahisa Tabata, Corporate Auditor Shohei Adachi, Corporate Auditor
Number of employees (in Japan)	930 members
Accounting Period	December
Annual Turnover (Annual Sales Volume)	30.0 billion yen
Main financing bank	Mizuho Bank, Hamamatsu Branch
Factories (in Japan)	Shinohara Plant, Hamakita Plant, Yuto Plant, Shonai Plant, Miyakoda Plant
Japan Based Sales Offices	Tokyo, Kanto, Tokai, Yokkaichi, Fuji, Nagoya, Osaka, Kyoto, Himeji, and Fukuoka

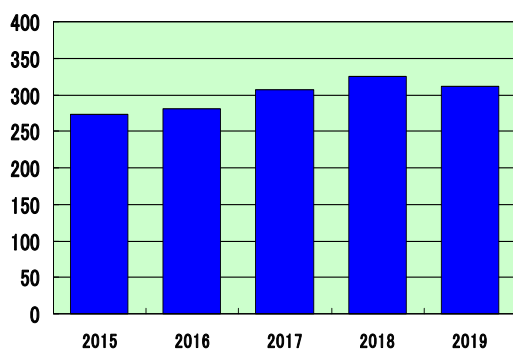


Head office and 5 domestic locations

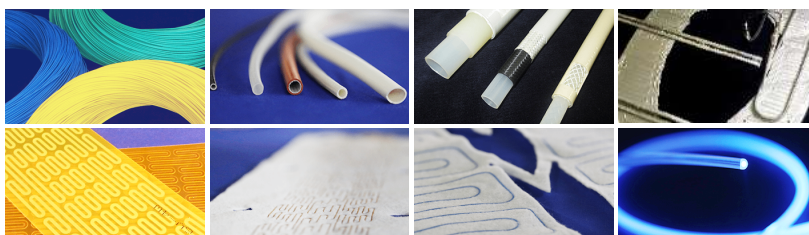


3 plants in Vietnam and 1 in China

Annual Global sales (100 million yen)



Main Products



Greetings from the President



Our products range widely from special heat-resistant wires that are indispensable in the safe use of electrical equipment even in harsh environments, to heating elements that function safely and optimally in applications that emphasize reliability, such as in automotive applications, to a variety of insulating materials, molded articles, and other niche products making use of unique material technologies developed by Kurabe. For more than 80 years, Kurabe has shown its creativity and contributed to the development of society.

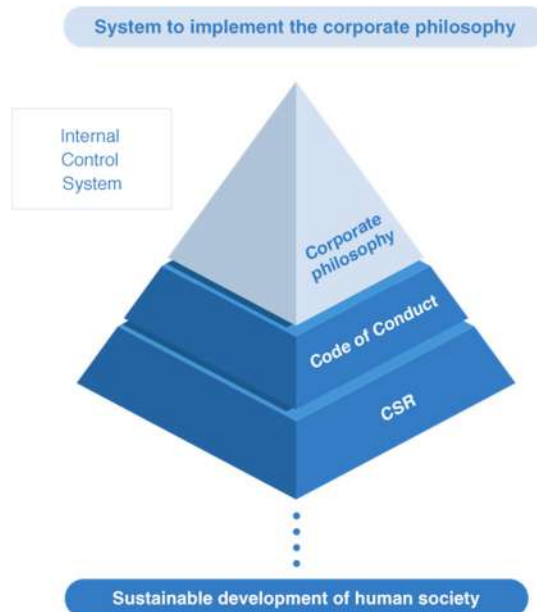
As human society develops, electricity is used in an ever more diverse range of fields, applications, and new environments. The fields in which we can play an active role grow year by year.

Under the banner of Chemitronics, we will continue to refine our specialized know-how in materials technology, electrical technology, and mechanical design technology, deepen our relationships with leading companies in various industries, and promote global development. As we advance into the future, we will continue to provide high-quality, original products to the world.

Thank you.

CSR and Environmental Activities

In accordance with the Code of Conduct and the CSR Policy,
we will act in good faith to implement our corporate philosophy.



Corporate philosophy

General Plan

1. We devote ourselves to contributing to society and community through our corporate activities
2. We will set goals for all aspects of our lives and will act firmly on them.
3. We will cultivate love, responsibility, and freedom in our minds and strive to create harmonious human relations

Slogan

Being excited about the future of society, we will continue to build fair relationships with all our stakeholders, and will continue to innovate and provide high quality products.

Kurabe Group Code of Conduct

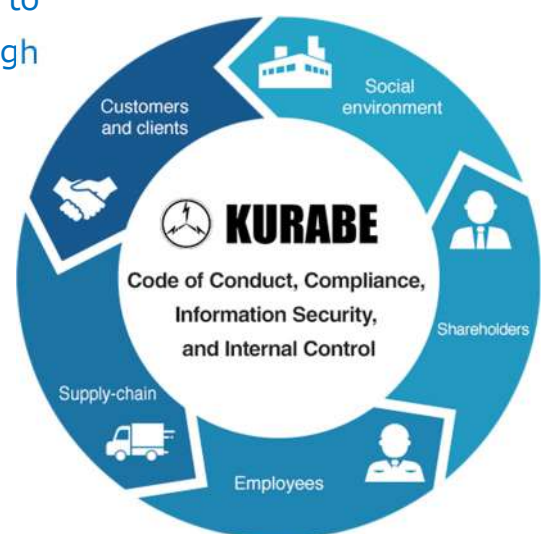
1. We respect human rights in Japan and abroad.
2. We observe laws, social norms, and domestic regulations.
3. Our business and product development activities consider the environment and contribute to the sustainable development of human society.
4. We provide socially beneficial and safe products and services to satisfy customers and earn their trust.
5. We properly manage and effectively utilize tangible, intangible, and confidential information of high value.
6. We build relationships with our customers, suppliers, and other business partners that are based on trust, and strive for mutual prosperity.
7. In overseas business development, we comply with international rules, respect local culture and history, and strive to be a company that is trusted by the international community.
8. We respect the diversity and individuality of employees, work to eliminate all forms of discrimination and harassment, and strive to create safe and comfortable workplaces.
9. We resolutely shun anti-social forces.
10. We contribute to the safety and development of local communities by providing stable employment and fostering good labor-management relations.
11. We strive to build a strong corporate foundation by pursuing sustainable expansion of profits.

KURABE CSR Basic Policy

We respect the law and its spirit, observe social norms, meet social expectations, and contribute to the establishment of a sustainable society through our corporate activities.

Key activity

- To customers: Provide Innovation
- For supply chains: Ensure Fair Trade
- For society and the environment: Foster a Recycling Society
- For employees: Pursuing both physical and mental well-being
- To Shareholders: Implementation of Stable Dividends



Quality Management

The Kurabe Group has established a management system to deliver good quality products through all of its development, manufacturing, and sales phases. The Kurabe Group is committed to continually improving its systems by implementing PDCA cycles, and is committed to continually providing quality that leads to the peace of mind and satisfaction of its customers.



Quality improvement concept and approach

1. Ensuring product safety

We comply with international standards, laws, and regulations of all countries, and employ product design to ensure safety and prevent accidents.

2. Establishment and operation of a quality management system

We will maintain and develop a system to deliver quality products that leads to customer security and satisfaction by establishing and operating a quality assurance system covering all aspects of our organization, including manufacturing.

3. Measures to Address Customer Feedback

Our customers' valuable opinions and requests regarding the quality, delivery time, costs, and other aspects of the Kurabe Group's provision are shared by all relevant parties, including top management. All necessary measures will be implemented to improve customer satisfaction and Kurabe's value to its customers.

4. Human resources development activities

As part of creating a system to deliver good quality, we are developing human resources mainly by OJT through the operation of the quality management system, strengthen the basis of the operation of the quality management system, and improve the self-education of employees. In addition, our human resource development activities not only provide hands-on experience, but strive to respond to different cultures and achieve results through employee transfers to overseas bases in the Kurabe group.

5. QC (Quality Control) Circle Activities

In order to improve quality in the workplace as part of achieving good quality overall, we conduct voluntary quality improvement activities called QC circle activities. The results of these quality improvement activities are announced at our annual presentation meeting held at selected offices and facilities in order to improve our evaluation system and the motivation of our staff.



Environmental policies

The Kurabe Group shall operate an environmental management system with the goals of reducing the environmental burden from procurement of parts and materials to use and disposal of products, achieving a sound material-cycle society, and protecting the global environment, will work continuously to improve its performance in these areas.

In our products and business activities, we will take the following measures to reduce the environmental burden

1. To reduce greenhouse gas emissions, we are working to develop a new method for energy and resource conservation.
2. We (1) manage and control the discharge of wastes in order to reduce them, and (2) recycle them in order to make effective use of resources.
3. We strictly manage hazardous chemical substances in our products and materials.
4. We strive to implement design/development processes that take the life-cycle of our products into consideration.
5. We endeavor to protect the local environment by preventing the pollution (air, water, and soil) and noise.

We will comply with all environmental laws and regulations as well as all other requirements to which we have subscribed. In order to achieve this policy, all employees will set targets for regional environmental protection and strive to continuously improve our environmental management system.

Issues to be addressed

The entire company works to reduce the environmental burden of issues related to each of our production process.

Development and Design	Environmental Measures/Resource Conservation
▼	
Procurement	Supplier Activities/Chemical Substance Management
▼	
Production	Recycling/Energy Saving
▼	
Distribution	Reduction of waste and improvement of transport efficiency
▼	
Market	Legal Compliance and Risk Management

Environmental Management System

Production bases in Japan

ite name	Acquisition date	Certification organization	Registration chapter number
Head office	June 2019	JQA	JQA-EM1594
Hamakita Plant	April 2005	JQA	
Yuto Plant	June 2001	JQA	
Shonai Plant	April 2005	JQA	
Miyakoda Plant	April 2005	JQA	



Overseas production bases

Site name	Acquisition date	Certification organization	Registration chapter number
KURABE INDUSTRIAL (VIETNAM) CO.,LTD.	July 2006	BVQI	No.197960
KURABE INDUSTRIAL BAC NINH CO.,LTD.	August 2013	BVQI	THA001233
KURABE INDUSTRIAL (SHANGHAI) CO.,LTD.	May 2005	NQA	No.E831

Activity contents

Implementation and Education of Internal Audits

All plants are conducting internal audits of ISO14001 operations and RoHS control. Study meetings are also held to deepen understanding of operations.

Environmental survey

1. Confirmation of industrial waste disposal sites

We confirm that appropriate disposal is carried out by contractors.

2. Supplier site location audit

We conduct supplier audits to ensure that RoHS is controlled.

3. Working Environment Measurement

Working environment measurements are conducted at workplaces subject to organic solvents, dust, and noise.

4. Measures against asbestos

In 2006, the use of asbestos was reviewed at all of our plants, and responses were carried out.

Activity plan

Implementation Items	Monitoring Items	Target Values	Relevant Laws and Regulations
Reduction of industrial waste emissions:	Emissions	-1% (year on year)	Waste Management and Public Cleansing Law
	Recycling rate	+1% (year on year)	Various recycling laws
Reduction in the Amount of Electricity Consumption	Amount of Electricity Consumption	-1% (year on year)	Energy Conservation Law
Productivity improvement	Production efficiency	5%	
Thorough control of chemical substances in products	Non-compliance	Zero	Chemical Substances Control Law: RoHS regulations



Purchasing Policies

Fair Trade

We practice rational, logical, and optimal procurement methods based on open competition.

Building a Sound Business Relationship

We truly value our relationships with our customers, and strive for mutual development and growth.

Compliance with the Law

We comply with the relevant laws and regulations of the countries in which we do business.

Appropriate Pricing, Quality, and Stable Procurement

We set evaluation criteria for the suppliers, including pricing, lead time, quality, technological capabilities, environment, information ability, proposal capabilities, communication capabilities, etc., in order to maintain stable procurement conditions.

Promotion of Corporate Social Responsibility (CSR) Procurement

Our procurement activities take into consideration of important social aspects such as the environment and human rights. We also require our suppliers to practice CSR procurement following these standards.

Occupational health and safety

We recognize ensuring the safety and health of our employees in every workplace and in every business activity as our top priority. We will promote the creation of a safe and comfortable work environment.

1. With company-wide safety subcommittee activities led by the CEO at the core, we aim to establish safety and health committees at all locations, and to promote continuous improvement of occupational safety and health.
2. We conduct risk assessments of facilities, equipment, and chemical substances used, and make ongoing efforts to reduce the risks.
3. By complying with the Industrial Safety and Health Law and other labor-related laws and regulations, we aim for a safer work environment by voluntarily establishing standards.
4. We are enriching employee health management through medical examinations and collaboration with industrial physicians
5. We strive to create and maintain a safe and comfortable workplace for people with disabilities and the elderly.
6. Traffic accident prevention education are provided as necessary to prevent commuting accidents and enhance local traffic safety.

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Organization Chart for Industrial Safety and Health



Information Security Policies

The information held by the company is a management resource, and it is the responsibility of each employee to (1) recognize the importance of information security, and (2) effectively protect and utilize it.

1. We will establish and comply with the rules to properly protect and manage customer information, our know-how and intellectual property, all confidential business information, and all personal and other information.
2. All employees who handle information will receive education and training about the importance of information security and specific codes of conduct governed by regulations and the "Information Security Handbook."
3. The information infrastructure will be updated to maintain and improve confidentiality and safety. We will also continue to properly learn and incorporate the latest security technologies for the advancement of information technology.
4. We will ensure the security of information, and make continuous system improvements, by the conduct of internal audits and other activities of The Information Security Committee.
5. In the event of, or the possibility of, an information leak, we will take every necessary measure to minimize damage and prevent a recurrence.

Compliance policies

We, as a member of society, respect the law and its spirit, act in accordance with social norms, and aim to be a company that is trusted by the international community.

1. As members of society, all employees shall observe and obey applicable laws and regulations, and act with common sense and responsibility.
2. All employees receive training and education in the Code of Conduct, including laws and regulations, in-house rules, and work regulations.
3. We monitor the status of compliance with internal audits and work to prevent problems in advance.
4. In the event of a problem, we will promptly resolve the situation, clarify the cause, and implement the preventive measures.

Business Continuity Plan

Basic Policy

We establish procedures for responding to unforeseen situations caused by natural disasters, accidents, disruptions in electricity and water supply utilities due to war, breakdown of major facilities, problems with parts and raw materials delivery, transportation disruption, fires, earthquakes, typhoons, floods, and/or product quality problems at domestic and overseas bases. The goal of these procedures is to protect the safety of employees, their families, and visitors, ensure the early resumption of business, maintain employment, avoid loss of business opportunities and customers, fulfill supply responsibilities, and protect our credibility with our customers.

Organization chart

The CEO decides on the establishment and cancellation of the contingency response organization. The organization chart is as follows.



Support for the Development of the Next Generation

1. Formulation of General employer action plan

Under the Next-Generation Development Support Measures Act, business owners are supposed to promote the next-generation development support. We will formulate a General Business Owner Action Plan to promote the maintenance of the employment environment necessary to achieve a balance between work and childcare, and will announce this as follows:

2. Matters concerning improvement of the employment environment

(1) Establish a work environment that supports employees with children in maintaining a balance between work and family life.

1 : Implement one or more of the following measures to create an environment that makes it easier to take childcare leave and return to the workplace.

- Implementation of measures to encourage men to take child care leave
- Dissemination of information concerning treatment of workers during child care leave and their working conditions after child care leave
- Securing substitute personnel during childcare leave and reviewing job descriptions and work systems
- Providing employees on child care leave with information about developing and improving their vocational abilities.
- Revising work descriptions and work structures in order to facilitate employees' return to their previous job or equivalent after child care leave.

2 : Introduction of a system that allows workers to take leave to care for their children

(2) Development of diverse working conditions that contribute to the work style reform.

1 : Introduction of reduced working hours and split-day work in order to expand various work style options

3. Other matters concerning next generation training support measures

- (1) Establishment of new childcare support allowances
- (2) Providing the youth with work experience opportunities such as internships, and promoting employment through trial employment, etc.



CSR Promotion System



Internal Control System

1. System to ensure that the execution of duties by directors and employees conforms to laws, regulations, and the Articles of Incorporation

To maintain guidelines for observing laws and the Articles of Incorporation, the Company reviews basic rules, internal rules, and work rules as necessary to deal with actual conditions, and periodically reviews, revises, and deliberates on rules in force during a defined period of time just ended.

2. System to store and manage information related to the execution of duties by directors

The General Affairs Department properly stores and manages information related to the execution of duties by Directors in accordance with the Rules Governing the Management of Confidential Information to prevent any leaks of confidential information.

3. Regulations and other systems for managing the risk of loss

The Code of Conduct has been established in accordance with the Confidential Information Management Rules of the General Affairs Department, the Corrective Preventive Action Standards of the Quality Control Department, the Accounts Receivable Management Detailed Rules of the Sales Division, the Facility Management Standards of the Production Engineering Department, the Information Processing Operations Rules of the Management Department, and the Emergency Response Management Detailed Rules for Overseas Subsidiaries. In the event of a risk of loss, the Company shall establish a committee that includes related departments to deal with the situation.

4. System to ensure that directors perform their duties efficiently

Periodic meetings of the Board of Directors are necessary for the efficient execution of the duties of the Board of Directors. The Board of Directors holds executive meetings as necessary to respond to changes in the business environment. Also, Corporate Auditors attend project team meetings and other meetings to enhance the efficiency of the execution of the Directors' duties.

5. System to ensure the appropriateness of operations in the corporate group consisting of our parent company, subsidiaries, and us

In order to ensure the appropriateness of business operations in the corporate group, a committee for the overseas subsidiaries has been established at our parent company to decide on measures to be taken in case of a problem. If any support is deemed necessary, we shall take measures, including overseas business trips, in a timely manner.

6. System concerning employees who assist the Corporate Auditors when required

Depending on the contents of the audit, or as the auditor requires, the auditor shall appoint a staff member within the department concerned for assistance.

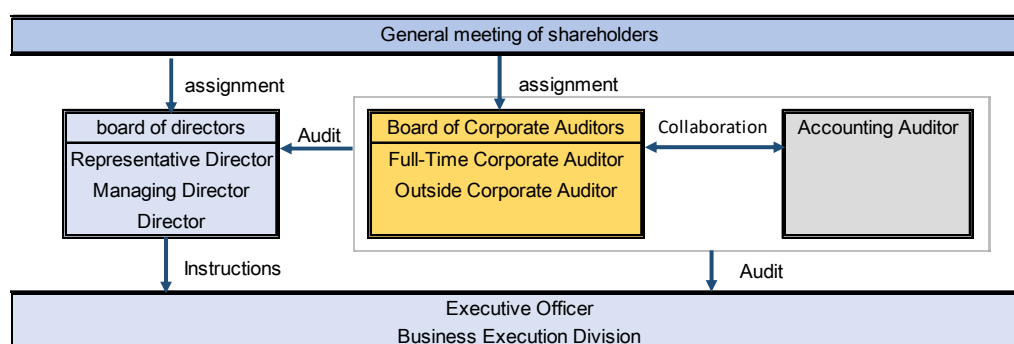
7. System for Directors and Employees to Report to Corporate Auditors and Other System for Reporting to Corporate Auditors

Directors and employees shall promptly report any violations of laws and regulations or any matters that may significantly harm the Company to the Audit & Supervisory Board members and the Audit & Supervisory Board.

8. Other Systems for Ensuring Effective Auditing by Corporate Auditors

Corporate Auditors attend meetings of the Board of Directors to fulfill their duties, and attend meetings of the System Design (SD) Committee, which are held as necessary. To ensure that audits are conducted effectively, close communication with accounting auditors is maintained. In addition, the audits require the inspection of necessary approval documents, submission of related documents, and interviewing of the parties concerned as parts of the process.

Corporate governance system



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2019 Activity report



To customers



Adding new locations

The Kurabe Europe GmbH (KEG) was launched in January 2019. This, our first European base, will offer customer service in Europe.

Update Home Page

We have reviewed the structure and content of the home page and optimized it for the browsing on smartphones, etc., and released the latest CSR on it.

Conduct Customer Satisfaction Survey (CS)

We conduct a CS survey once a year, which is reported to top management, in order to deepen our relationship with our customers

Information Security

In 2014, we published our Information Security Handbook in order to prevent information security incidents.

Taking into consideration the need for further strengthening of information security, the company is making efforts to enhance the confidentiality, integrity, and availability of information by reviewing its contents.

Holding the exhibition

We held 11 private exhibitions at the companies of our customers at home and abroad.

New Product Information

EXSS150

EXSS150 is a heat-resistant wire that uses a flexible PE resin mixture for insulation.

Camera de-icing heater

The thin and excellent flexibility of the heater element is combined with its unique wire harness technology and can accommodate various specifications and applications.

REH-RS

New power cable (low-molecular weight siloxane gasless)



KEG



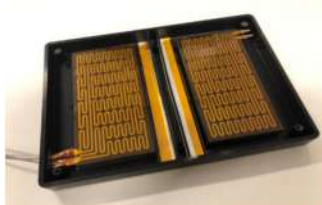
Update HP



Exhibition



Automotive wire
EXSS150



Thin Anti-fog heater



Low-molecular weight
siloxane gasless
Power cable REH-RS

For the supply chain



「KURABE Web-EDI」 System operation begun

As the globalization of Japanese manufacturing industries rapidly progresses, we have introduced an EDI system using the internet as part of our management strategy to meet the rapid changes in and demands of the market.

This means that we are able to:

- Speed procurement by real-time receiving of orders
- Reduce work errors, reduce human load
- Implement centralized management and visualization of transaction information through the digitization of procurement procedures
- Effectively use transaction information from suppliers
- Look forward to achieving reduced workloads and improved communication.

Kurabe Group CSR Procurement Guidelines

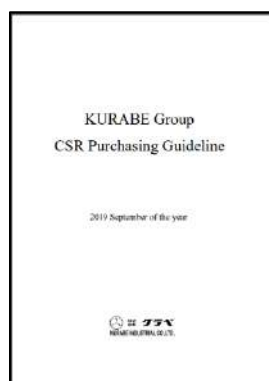
It is essential to have the full corporation of our suppliers in successfully implementing Kurabe's CSR activities. The CSR Purchasing Guidelines are now established and will be distributed to suppliers. The CSR Purchasing Guidelines cover the following seven areas: (1) human rights and labor, (2) safety and health, (3) environment, (4) fair trade and ethics, (5) quality and safety, (6) information security, and (7) social contributions. We request that all our suppliers understand the purpose of these guidelines and implement them accordingly. We also request that our suppliers distribute these guidelines to their suppliers and sub suppliers.



EDI Supplier briefing session



「KURABE Web-EDI」Top



For society and the environment

Report on environmental impact reduction efforts related to our business activities and products



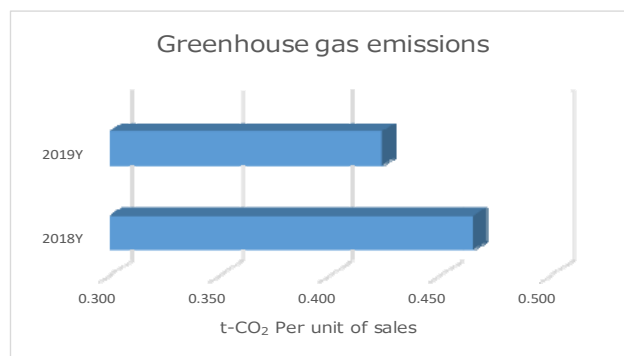
① Greenhouse gas emissions

According to Act on Rationalizing Energy Use Report
(t-CO₂ Per unit of sales)

2018Y	2019Y	
0.465	0.424	8.8%Down

We reduced CO₂ emissions by implementing energy-saving measures and thoroughly separating waste.

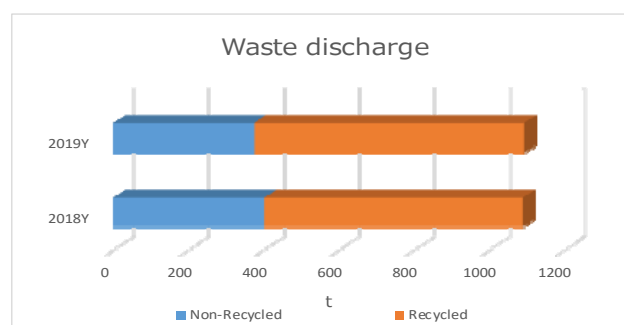
The Ministry of Economy, Trade and Industry will announce our company as an S class, or good business operator.



② Waste discharge (t)

	2018Y	2019Y	
Waste discharge	1,090	1,094	0.3%Up
(details)			
Non-Recycled	402	374	7.0%Down
Recycled	688	720	4.6%Up

The recycling ratio increased year-on-year, the amount of non-recycled waste has been reduced, and consideration is being given to the reducing our environmental impact.



③ Chemical substance management

Design	Assessment of environmental impact by product
	Examination of new materials to ascertain the environmental load of their ingredients
Purchase	Acquisition of non-use warranty certificate designation
	Prohibit purchases from suppliers that cannot obtain non-use designation
	Conduct acceptance inspections according to standards
Process	Implementation of periodic supplier evaluations
	Identification of RoHS/non-compliant lines, distinguishing of materials and manufacturing sites
forwarding	Use of compatible sub-materials
	Confirm compliance with management standards

④ ISO14001 Certification Activities

Registration number: JQA-EM1594 Expiration Date : May 31, 2022
Registration scope: Hamakita, Yuto, Shonai, Miyakoda, Head Office
August 2020: Shinohara Plant added.



⑤ Examples used for product design

- Design, manufacture and sale of energy-saving heaters for automobiles
For example, car seat and steering wheel heater
- Development of a reduced power consumption heater
- Development of heaters considering comfort (industry-academia cooperation)

For employees



Human resource development

We have conducted specialized education aimed at skill enhancement, education and communication education at various levels.

CSR education and training

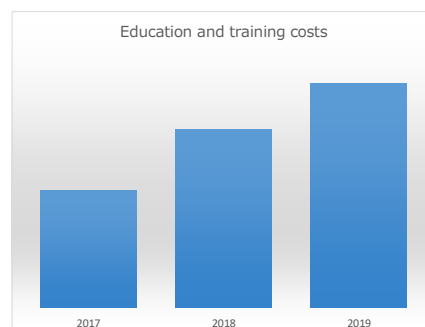
CSR study sessions have been held at each site

Disaster prevention activities

The disaster Prevention Drills were held in at the same time in October at 6 sites in Japan.

Preparation of BCP (Business Continuity Plan)

The first edition of the BCP was established in 6 sites in Japan.



Disaster drills in Oct.



CSR internal activities

Training of employees at overseas subsidiaries

8 trainees were trained by KIV for 2 months beginning in August.



Company trip

At our Vietnam subsidiary, we enjoyed traveling by bus and deepening the friendship between our employees.



Vietnam Friendship Trip

Other Topics



Started construction of development centers and distribution centers

Kurabe is constructing its sixth plant in Japan. Following our acquisition of approximately 52,000 m² of land in the Miyakoda area of Hamamatsu City, construction of a new Development Center and Distribution Center has begun. Both centers are scheduled to open in May 2021.

This center is designed to improve efficiency in all aspects of development and distribution, and is designed to be a facility where operations can be carried out in an optimum environment.



Miyakoda Kita Plant with a maximum output of 300 kWh solar power generation (Illustration of facility when complete)



For all ISO14001 production sites

In 2019, the company underwent examination for registration at its head office, and the Shinohara Plant was active in the process of registration, aiming to achieve registration of the company by August 2020.

Donation to seawalls

Donation to seawalls

As a result of lessons learned from the tsunami damage caused by the Great East Japan Earthquake, a sea wall, funded by donations from many local companies including Kurabe, was constructed on the coast of the Enshu Sea. Construction began in April 2013 and was completed at the end of March 2020 after 7 years of construction work.



The Seawall Enshu Sea

In Conclusion:

Thank you for your cooperation.