

KURABE SUSTAINABILITY REPORT 2021

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Corporate Overview

Working toward Future Innovations



Company name	KURABE INDUSTRIAL CO., LTD.
Established	February 11, 1938
Incorporated	June 25, 1939
Capital Stock	29,100 million yen
Capital	780 million yen
Members of the Board	Takenobu Kanazawa, President & CEO Tomokazu Ishiyama, Managing Director Satoru Suzuki, Director Yoshihiro Morimoto, Director Yoshikazu Yasukawa, Director Akio Sato, Director Hideo Shibata, Director Norio Ikegaya, Corporate Auditor Takahisa Tabata, Corporate Auditor Shohei Adachi, Corporate Auditor
Number of employees	930 (Domestic)
Settlement of Accounts	December
Yearly turnover	29,400 million yen
Bank reference	Mizuho Bank, Hamamatsu Branch
Plants (Japan)	Shinohara, Hamakita, Yuto, Shonai, Miyakoda, Miyakoda kita
(oversea)	KIV (Ho Chi Minh), KIV2 (Ho Chi Minh), KIB (Hanoi), KIS (Shanghai)
Sales Offices (Japan)	Tokyo, Kanto, Tokai, Yokkaichi, Fuji, Nagoya, Osaka, Kyoto, Himeji, and Fukuoka
(Oversea)	KAC (US - Detroit) KEG (Germany - Dusseldorf) KTG (China - Guangzhou), KTH (Hong Kong)

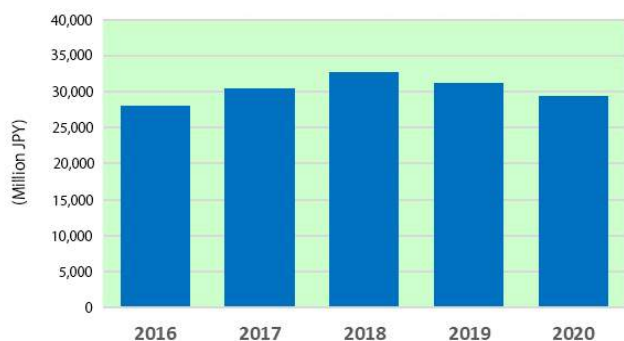


Head office and 6 domestic locations



3 plants in Vietnam and 1 in China

Annual Global Sales (Consolidated Sales)



29,400 million JPY for 2020

Main Products



Greetings From the President



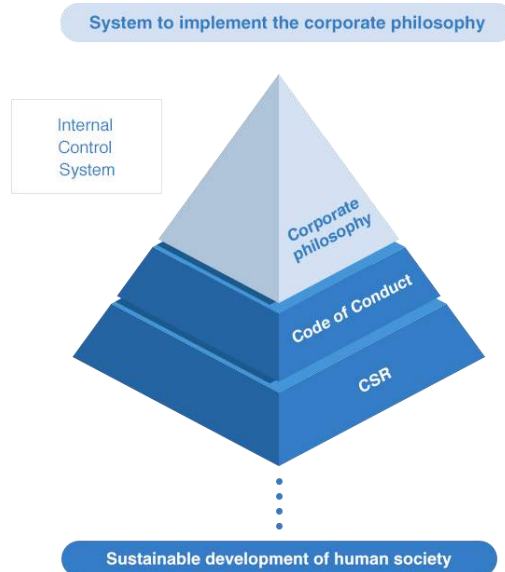
Our products range widely from special heat-resistant wires that are indispensable in the safe use of electrical equipment even in harsh environments, to heating elements that function safely and optimally in applications that emphasize reliability, such as in automotive applications, to a variety of 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.

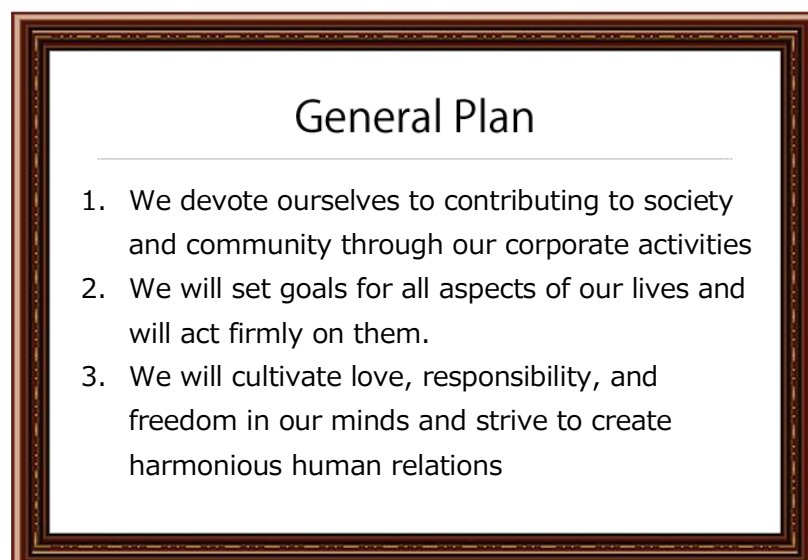
Under the banner of Chemitronics, we will continue to refine our specialized know-how in materials technology, electrical technology, and mechanical design technology, deepen our relationships with leading companies in various industries, and promote global development. As we advance into the future,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

Thank you.

CSR and Environmental Activities



Corporate Philosophy



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

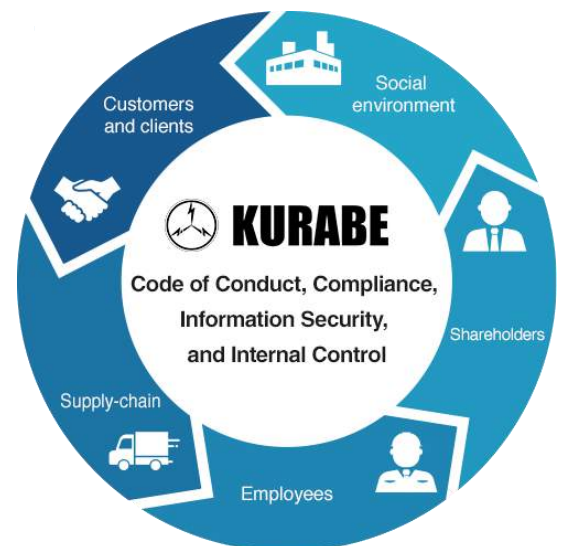
1. We respect human rights in Japan and abroad.
2. We observe laws, social norms, and domestic regulations
3. Our business and product development activities consider the environment and contribute to the sustainable development of human society.
4. We provide socially beneficial and safe products and 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 Activities

- For Customers: **Provide Innovation**
- For Supply Chain: **Ensure Fair Trade**
- For Society and the environment: **Foster a Recycling Society**
- For Employees: **Pursuing both physical and mental well-being**
- For 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 with 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 our quality management system, strengthening the basis of the operation of the quality management system, and improving 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 new methods for energy and resource conservation.
2. We (1) manage and control the discharge of waste in order to reduce it, and (2) recycle 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 pollution (air, water, and soil) and noise.
6. 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 processes.

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

Site 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	
Shinohara Plant	August 2020	JQA	

Overseas production bases

Site Name	Acquisition Date	Certification Organization	Registration Chapter Number
KURABE INDUSTRIAL (VIETNAM) CO.,LTD.	July 2006	BVC	197960
KURABE INDUSTRIAL BAC NINH CO.,LTD.	August 2013	BVC	THA001233
KURABE INDUSTRIAL (SHANGHAI) CO.,LTD.	May 2005	NQA	No.E5437

Activity Contents

Implementation and Education of Internal Audits

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

Environmental Survey

1. Verification of Industrial Waste Disposal Sites

We confirm that appropriate disposal is carried out by contractors.

2. Supplier Site Location Audits

We conduct supplier audits to ensure that RoHS is controlled.

3. Work Environment Monitoring

Working environment monitoring is 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 Sound Business Relationships

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

Compliance with Laws

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

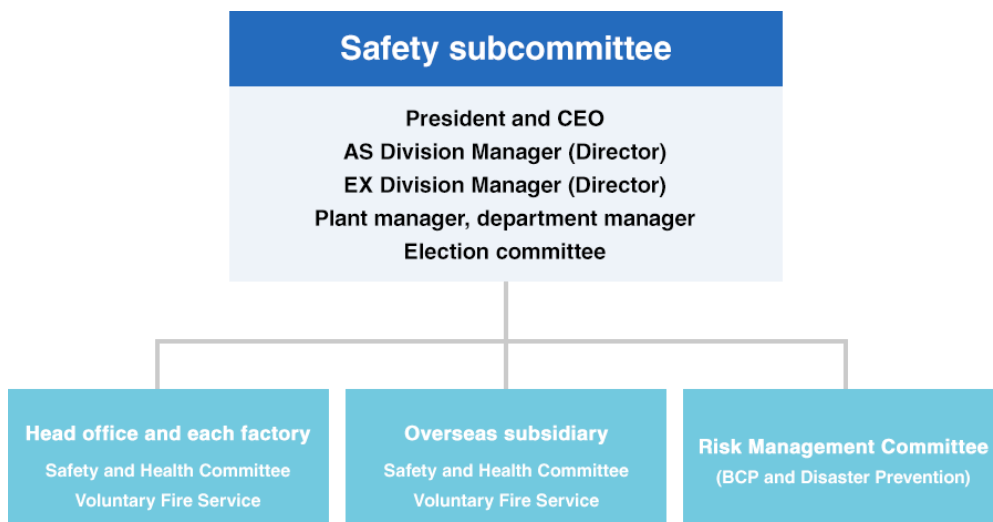
Our procurement activities take into consideration of important social aspects such as the environment and human rights. We also require our suppliers to practice CSR procurement following these standards.

Occupational Safety and Health Policies

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 risks.
3. By complying with the Occupational 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.

Organization Chart for Occupational 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 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 members 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 preventive measures.

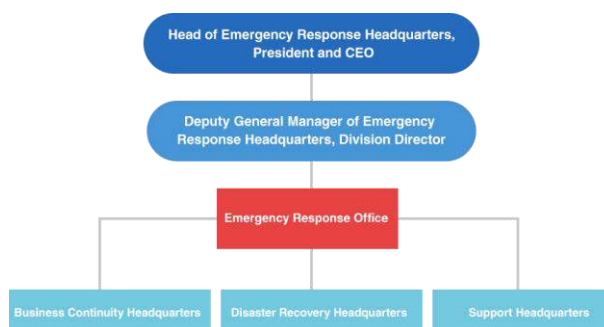
Business Continuity Plan

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 suspension of the contingency response organization. The organizational chart is as follows.



Support for the Development of the Next Generation

1. Formulation of General Business Owner Action Plan

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

2. Planning Period

April 1, 2020-March 31, 2025

3. Targets

Goal 1: Introduction of a system to enable workers to take time off to care for their children

[Measures]

Starting from January 2021:	Revision of the childcare leave rules: Employees will be able to take childcare leave in one-hour units. A system will be developed that exceeds the amount required by law, up to 10 days annually.
Starting from January 2021:	Internal announcement of system allowing for childcare leave to be taken in one-hour units (communication via administrative communication form)
Starting from April 2021:	Revision of the rules concerning accumulated leave (paid) Revision so that accumulated leave can be used when leave is necessary for the care of a child who is injured or ill for 5 or more working days in a row.
Starting from April 2024:	Creation of policy allowing annual paid leave to be taken in one-hour units

Goal 2: Introduction of a shortened work time system to expand a diverse set of working options

[Measures]

Starting from April 2020:	Interviews with employees regarding the current system, and analysis of results
Starting from April 2020:	Revision of childcare leave rules Modifications based on employee interviews. Ease conditions for using childcare leave from "child under three years of age" to "before the time of commencement of elementary school"
Starting from October 2021:	Communication of shorter working hours system to employees via in-house newsletter
Starting from April 2022:	Hold an explanation meeting with female workers who have returned to work after childcare leave and female workers who are currently caring for children

Goal 3: Support of participation in parenting when spouses give birth

[Measures]

Facilitate the taking of parental leave by male employees when their spouses give birth

Starting from May 2020:	Display pamphlets in each department that provide information about childcare leave for male employees.
Starting from April 2022:	Communication via in-house newsletter (including postings about examples of male employees using company childcare leave, etc.)
Starting from April 2022:	Hold a workshop for management

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 provide guidance on compliance with laws, regulations, and the Articles of Incorporation, the company conducts reviews of internal rules and employee rules when needed, and makes the results known throughout the company. In addition, we have established compliance rules and have a system in place for checking compliance.

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

Information relating to the execution of duties by directors is appropriately stored and maintained in each department to prevent disclosure of sensitive information in accordance with the rules for the management of confidential information.

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

The Board of Directors, the SD (System Design) Committee, the approval system, the design review, and the Production Preparation Council discusses, evaluates, and makes decisions about risks relating to important business matters. If a situation occurs that entails a risk of loss, a committee made up of the relevant departments will be established to deal with it. In addition, we have put together contingency response regulations and business continuity plans (BCPs) and have a system in place to respond to disasters.

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

The "KURABE Group Code of Conduct" has been created in order to ensure proper business operations in the corporate group, and a committee has been established for overseas subsidiaries to determine the measures to be taken to resolve problems. In doing so, we respond in a timely manner to issues that we believe require assistance, including business trips to overseas sites.

6. System for employees to assist the Corporate Auditors when required

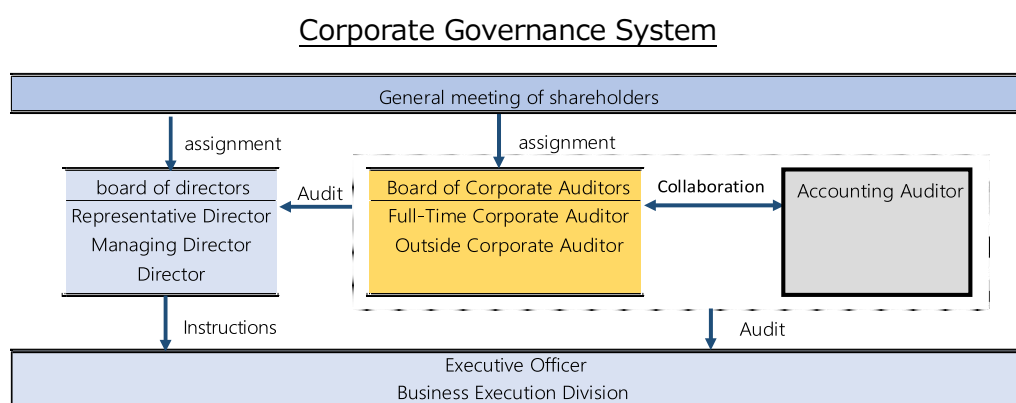
Depending on the contents of the audit, or as the auditor requires, the auditor shall appoint a staff member within the department concerned for assistance.

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.



CSR Promotion System



2020 Activity report



*View of the entrance to the new Miyakoda Kita Plant

For Customers



Addition of New Sites

•Consolidation and launch of development centers and product centers

With the aim of integration of R&D, in April 2021 the technical departments of the EX and AS business divisions were consolidated into a single site, and the Miyakoda Kita Plant (development center and product center) was opened. At the Miyakoda Kita Plant, a 300KW solar power generation panel has been installed to contribute to a carbon-free society.



•Launch of new sales offices

In April 2021, KURABE TRADING (GUANGZHOU) LIMITED (KTG) was launched in order to strengthen business operations in south-central China, one of the world's major markets.



KURABE TRADING (GUANGZHOU) LIMITED

Updated General Catalog

For the first time in 35 years, we have completely overhauled our entire catalog, and added new sections on our "Core Technology" and "Business Strengths."

Implemented Customer Satisfaction (CS) Survey

In fiscal 2020, the impact of COVID-19 was significant. For the first time, we conducted a web-based survey, and were able to hear from more customers than ever before. As a global corporation, we plan to survey our overseas customers as well.

Information Security

In order to maintain and improve the proper management of information assets, Kurabe aims to become ISO27001 certified by the end of 2021.

Presentations via the Web

Although the impact of COVID-19 severely limited the use of trade shows, we actively utilized the Web to communicate with our customers via presentations, product introductions and technical discussions.

Strengthening the Overseas Design Center (KURABE AMERICA)

The Technology Center at KURABE AMERICA designs, runs trial production, performs evaluation tests, and performs benchmarking studies focusing on car seat heaters and steering wheel heaters, to meet the product and development needs of the North American market.



New Product Information

Wraptube

With conventional tubes, customers had to pass through the tubes before they hit the terminals. This can be worked fully automatically by customers and then coated, so this tube greatly contribute to reduction in work steps for customers.



ISO6722 Wires

On the global market, wires that conform to the ISO standard are the mainstream. The lineup of ISO6722 wires is now being used mainly by European and American OEMs as lead wires for headlights.

Battery Heaters

Heaters from our company have been adopted to maximize the power of lithium-ion batteries in hybrid and electric vehicles.



Siloxane-Free Tubes

In the past, siloxane gas was produced in glass braided sleeving, which caused sensors to malfunction. A new siloxane-free tube is now available that does not produce siloxane gas at high temperatures and can be used near sensors with peace of mind.

Product Adoption Information

EXSS150

This is heat-resistant electric wire using a flexible PE resin mixture developed in 2019 as an insulator. It was adopted by the three major Japanese automakers in 2020.



Steering Wheel Heaters

In addition to the three major Japanese automakers, in 2020 our products were newly adopted by two Japanese manufacturers and one Western manufacturer and we are working to have them adopted in more products worldwide.



Anti-Fog Camera Heaters

In 2020, in addition to one of the leading Japanese automakers, we started delivering anti-fog camera heaters to a large Japanese manufacturer.



For Supply Chain



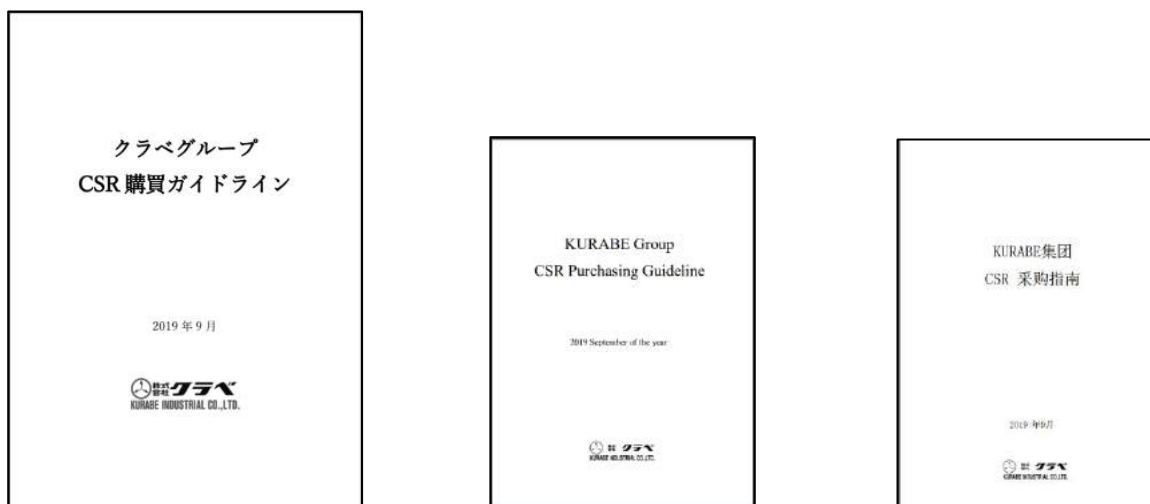
We Ensure Fair Dealing in Our Supply Chain

KURABE products are achieved through collaboration with a variety of suppliers. To that end, we work to maintain fair business practices and endeavor to build partnership relationships that aim to achieve sustainable growth.

KURABE Group CSR Guidelines

In order for the KURABE Group to achieve our Corporate Social Responsibility goals, it is important for our suppliers to understand and cooperate with them.

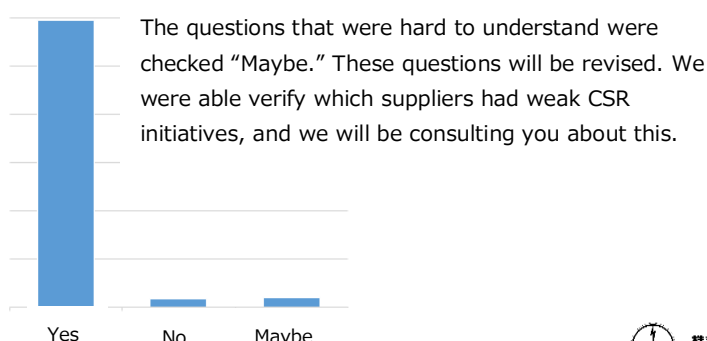
“CSR Purchasing Guidelines” will be established and distributed to our suppliers.



This year, we conducted a CSR survey of our suppliers, and confirmed their level of understanding.

項目	内容	理解度 (○が越多すほど理解度が高い)			備考
		はい	いいえ	どちらともいえない	
CSRについて	CSRとは何ですか。				
人権・労働環境	人権・労働環境とは何ですか。				
環境	環境とは何ですか。				
社会貢献	社会貢献とは何ですか。				
その他	その他				

Results of the CSR survey of 372 suppliers



The questions that were hard to understand were checked “Maybe.” These questions will be revised. We were able to verify which suppliers had weak CSR initiatives, and we will be consulting you about this.

For Society and the Environment



Report on our company's activities

to reduce the environmental impact of our products and business activities

Sites: Shinohara Plant, Hamakita Plant, Yuto Plant, Shonai Plant, Miyakoda Plant and corporate headquarters

① CO2 emissions (volume of carbon emissions per unit of sales)

(According to the periodical report of the Act on the Rational Use of Energy)

FY2018 (April 2018-March 2019)	FY2019 (April 2019-March 2020)	
0.465	0.424	8.8% reduction

We have received an S-class energy-conservation evaluation for the third straight year.

② Waste emissions (t)

	FY2018 (April 2018-March 2019)	FY2019 (April 2019-March 2020)	
Amount of waste (Breakdown)	1,090.46	1,093.72	0.3% increase
Amount of non-recyclables	402.41	374.05	7.0% reduction
Amount of recyclables	688.05	719.67	4.6% increase

We are mindful of reducing our environment impact by increasing our recycling rate and reducing the amount of waste that cannot be recycled.

③ Our Shinohara Plant has received ISO14001 certification, so now all of our domestic sites are ISO certified

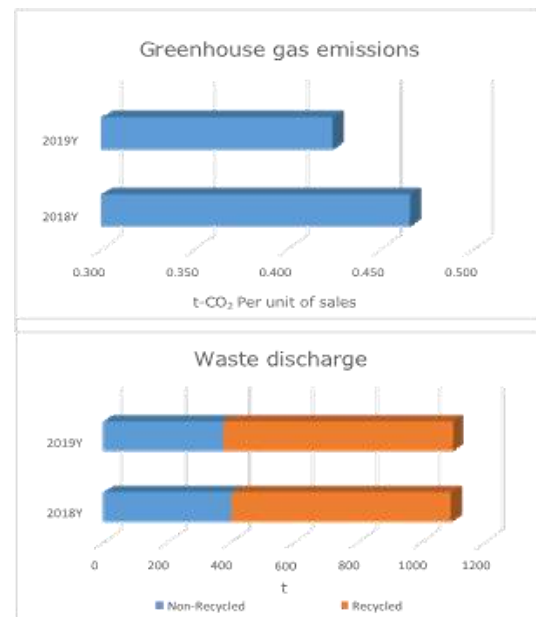
Certificate No.: JQA-EM1594

Expiration Date: May 31, 2022

Registration Scope: Shinohara, Hamakita, Yuto, Shonai, and Miyakoda plants, and corporate headquarters

④ Preparedness Training in Case of Emergencies

Anticipating the potential discharge of solvents and oil from locations where small quantities of hazardous materials are stored, we confirmed extent of the discharge and the feasibility of planned countermeasures.



For Employees



Human Resources Development

In spite of the COVID-19 disruptions, our employees were able to participate in distance learning and local training programs that were verified to be held under safe conditions. In fact, we spent more on employee training than during the previous year.



Occupational Safety and Health Activities

In order to maintain and improve the safety and health of workers and the comfort of the working environment, the company is working to obtain Safety and Health Management System ISO45001 certification at its corporate headquarters and six domestic production bases by the end of 2021.

In addition, disaster prevention drills were conducted as usual in October. Our sales offices participated by means of the safety confirmation system. The first edition of the Business Continuity Plan has been set up in our six domestic business locations.



Measures Against COVID-19 Infection

•Measures to prevent clusters of infections

Partitions have been installed in the cafeterias at the Hamakita and Miyakoda plants to prevent possible cluster infections. Other locations also try to avoid closed spaces, crowds, and close contact by staggering lunch breaks. Also, we immediately installed hand disinfection stations throughout all divisions. Even when disinfection supplies were hard to obtain, we cooperated with our suppliers and were able to have them available without running out of stock.



•Initiatives to manufacture masks in-house when they were in short supply

When masks disappeared from the market due to COVID-19, we produced masks in-house at the Yuto Plant, and distributed urethane masks to all employees. One year later, some employees still use their made-by-KURABE masks.



•Promotion of remote work

All of the computers of the sales office employees have been updated to laptops, making teleworking from home possible. In addition, our locations set up the required office equipment for conducting Web meetings and have built an environment in which meetings can take place in a timely manner even when business trips cannot be taken due to circumstances.

