

KURABE SUSTAINABILITY REPORT 2022

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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	35,000 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)

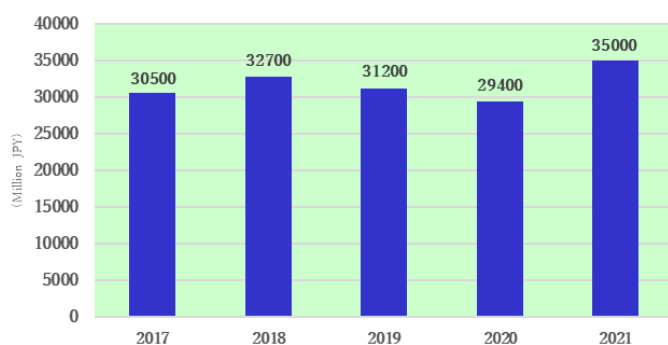


Head office and 6 domestic locations



3 plants in Vietnam and 1 in China

Annual Global Sales Consolidated Sales



35,000 million JPY for 2021

Main Products



Greetings From the President



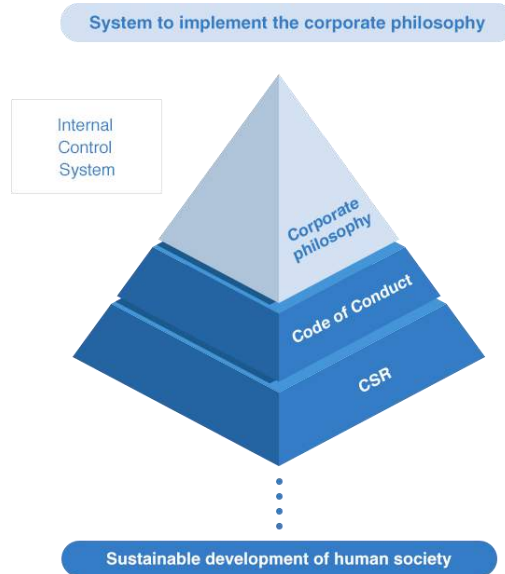
Our products range widely from special heat-resistant wires that are indispensable in the safe use of electrical equipment even in harsh environments, to heating elements that function safely and optimally in applications that emphasize reliability, such as in automotive applications, to a variety of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

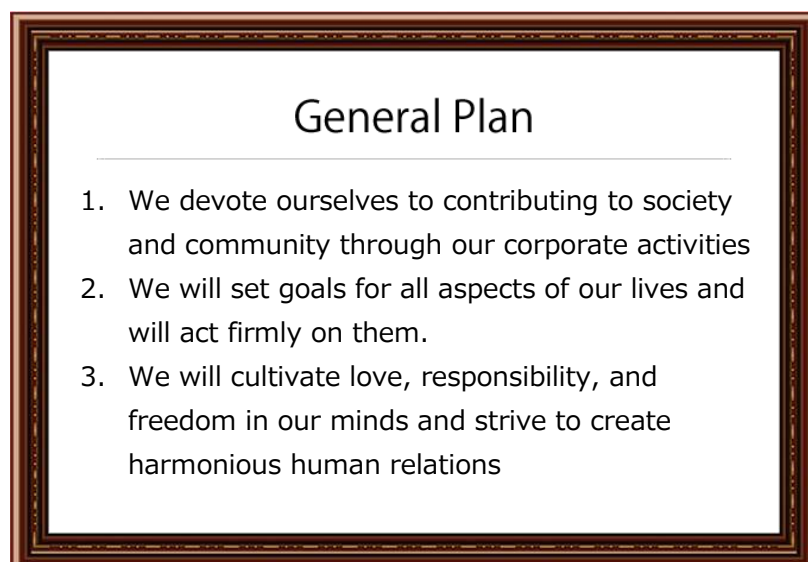
Under the banner of Chemitronics, we will continue to refine our specialized know-how in materials technology, electrical technology, and mechanical design technology, deepen our relationships with leading companies in various industries, and promote global development. As we advance into the future,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

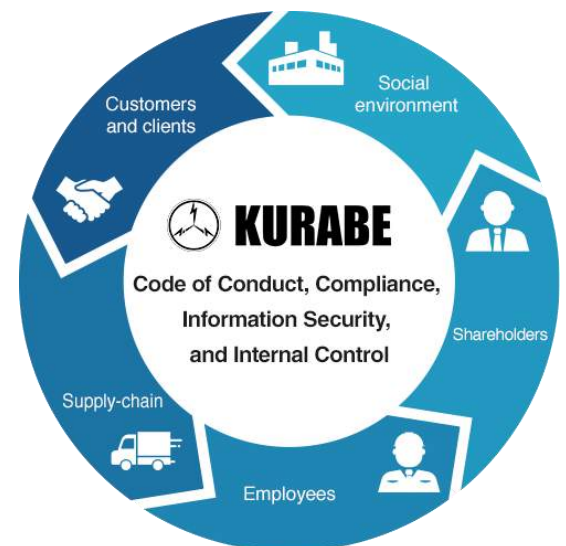
1. We respect human rights in Japan and abroad.
2. We observe laws, social norms, and domestic regulations
3. Our business and product development activities consider the environment and contribute to the sustainable development of human society.
4. We provide socially beneficial and safe products and 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 (ISO14001)

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	SGS	VN21/00175
KURABE INDUSTRIAL BAC NINH CO.,LTD.	August 2013	BVC	VN.4424349/E
KURABE INDUSTRIAL (SHANGHAI) CO.,LTD.	May 2005	NQA	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

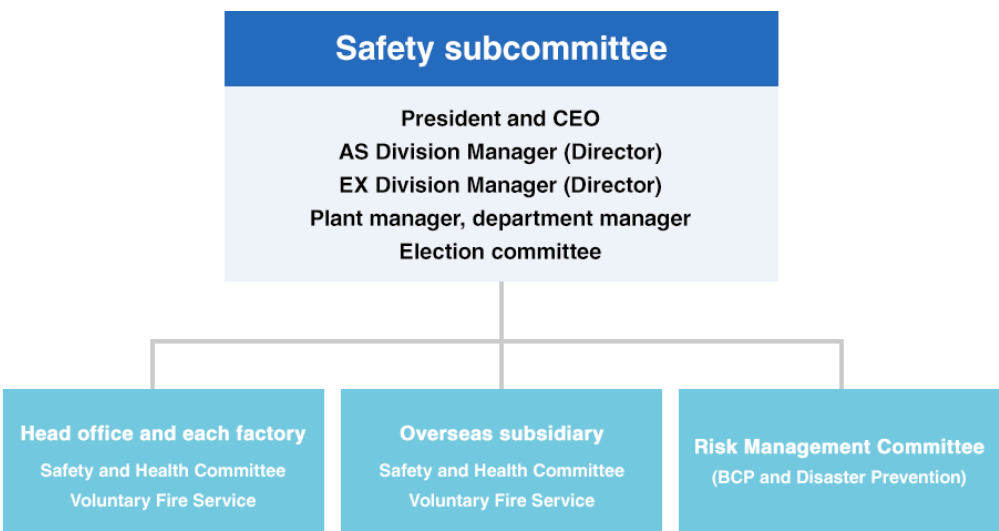
Our procurement activities take into consideration of important social aspects such as the environment and human rights. We also require our suppliers to practice CSR procurement following these standards.

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.

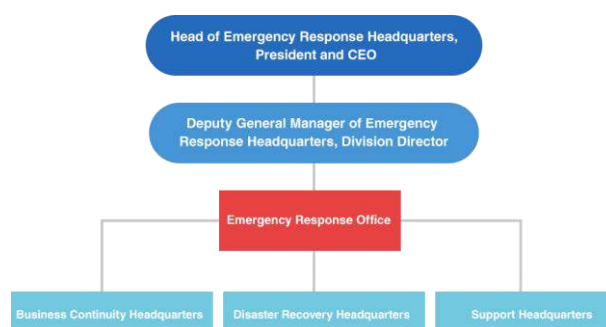
Business Continuity Plan

Basic Policy

We establish procedures for responding to unforeseen situations caused by natural disasters, accidents, disruptions, pandemics 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

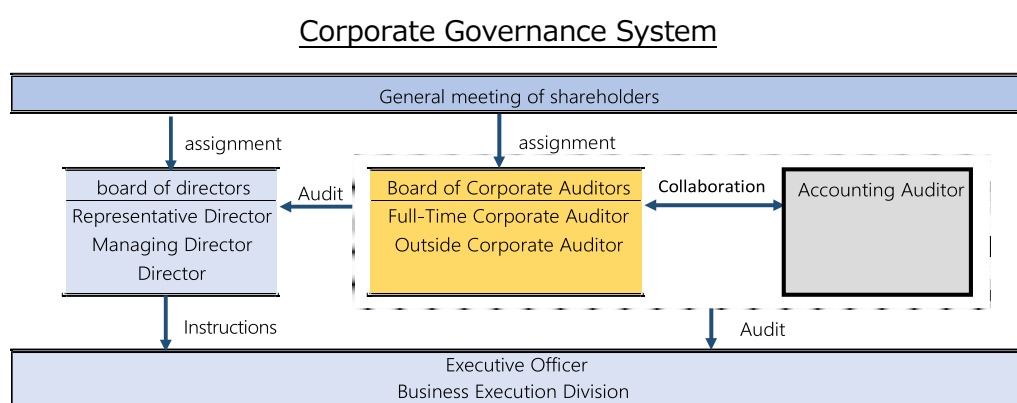
Depending on the contents of the audit, or as the auditor requires, the auditor shall appoint a staff member within the department concerned for assistance.

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

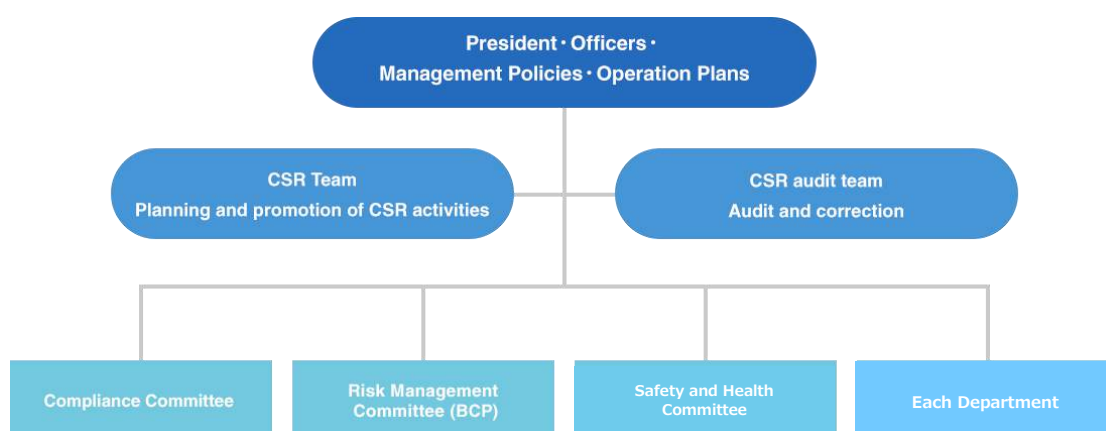
Directors and employees shall promptly report any violations of laws and regulations or any matters that may significantly harm the Company to the Audit & Supervisory Board members and the Audit & Supervisory Board.

8. Other Systems for Ensuring Effective Auditing by Corporate Auditors

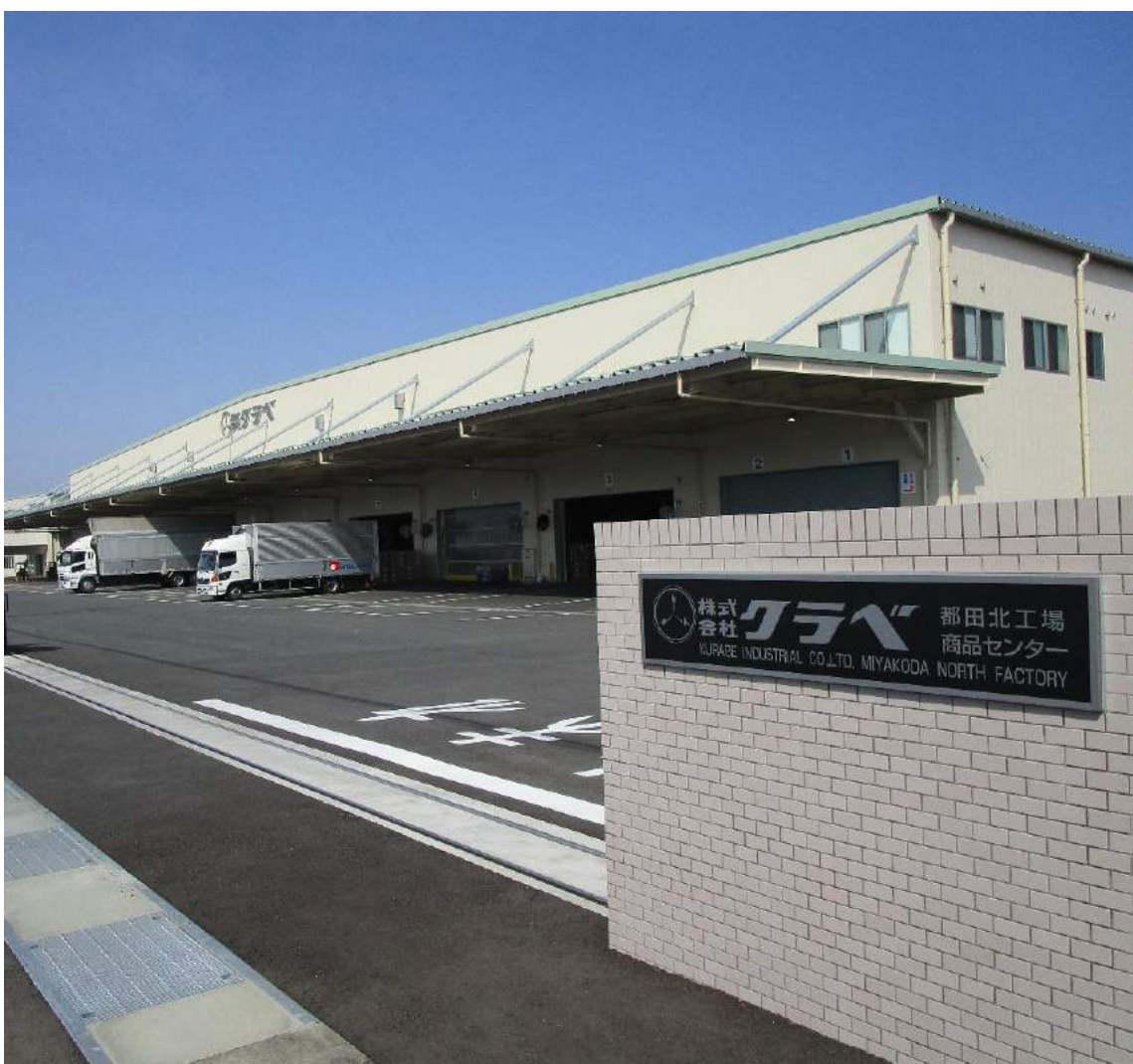
Corporate Auditors attend meetings of the Board of Directors to fulfill their duties, and attend meetings of the System Design (SD) Committee, which are held as necessary. To ensure that audits are conducted effectively, close communication with accounting auditors is maintained. In addition, the audits 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



2021 Activity report



*View of the entrance to the Miyakoda Kita Plant Logistics Center



For Customers

Establishing a Local-Production for Local-Consumption System

In order to promote global production and sales,
we will strive to build a local-production for local- consumption system in key global markets.
New plants are scheduled to start operation in 2 locations during 2023.

KURABE MEXICO INDUSTRIAL, S.A DE C.V.

Aguascalientes State, Mexico

Scheduled to start operation in the first half of 2023

Conceptual drawing



KURABE INDUSTRIAL(HUBEI) CO.,LTD.

Xiaogan City, Hubei Province, China

Scheduled to start operation in the first half of 2023



Contribution Towards Carbon Neutrality

As a member of the supply chain, we aim to switch
to solventless tubes by the end of 2022 as part of
the corporate-group-wide business to achieve
carbon neutrality by 2050.

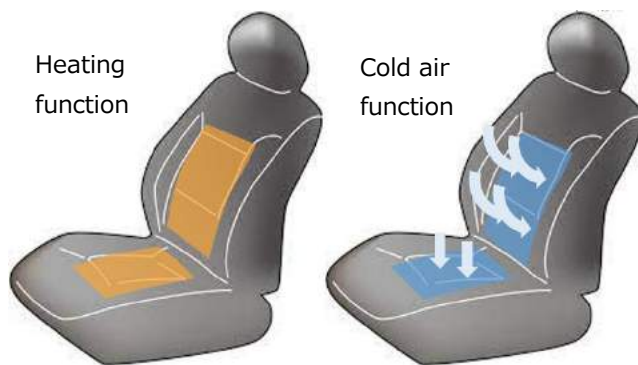


New Product Information

Fulbon FROW

The product uses fluorine-based mixture for insulation equipped with high resistance, oil resistance, flame retardance and flexibility. It is superior in flexibility and adhesiveness to mold resin compared to fluorine-resin cables such as PFA, FEP and ETFE.

(Usage examples) transmission, oil temperature sensor, wirings around engine/radiator, lead wire of AC generator.



Seat Ventilation

"This ventilation unit sucks air from the seat surface and backrest. Ventilation is secured through the tube or 3D net and the ventilation area and volume may be adjusted according to the seat shape. In addition, through our unique heating wire fusion method, it is possible to have both cooling and heating functions in combination with the heating device layout which is not restricted by the location of the vent hole made by non-woven fabric."

Microcomputer-controlled ECU

"Control circuit design and software development are carried out in-house. Through ECU design compatible with the company's various heating devices, maximum performance of heating products can be attained."

(Usage examples) Automotive steering heaters, seat heaters, seat ventilation with heating.



Product Adoption Information

<Anti-fog heater for camera>

In addition to 2 Japanese automobile manufacturers, the product was newly adopted by 1 Japanese automobile manufacturer in 2021

<Steering heater >

In addition to 5 Japanese automobile manufacturers, the product was newly adopted by 1 Japanese car manufacturer and 1 Western automobile manufacturer in 2021.

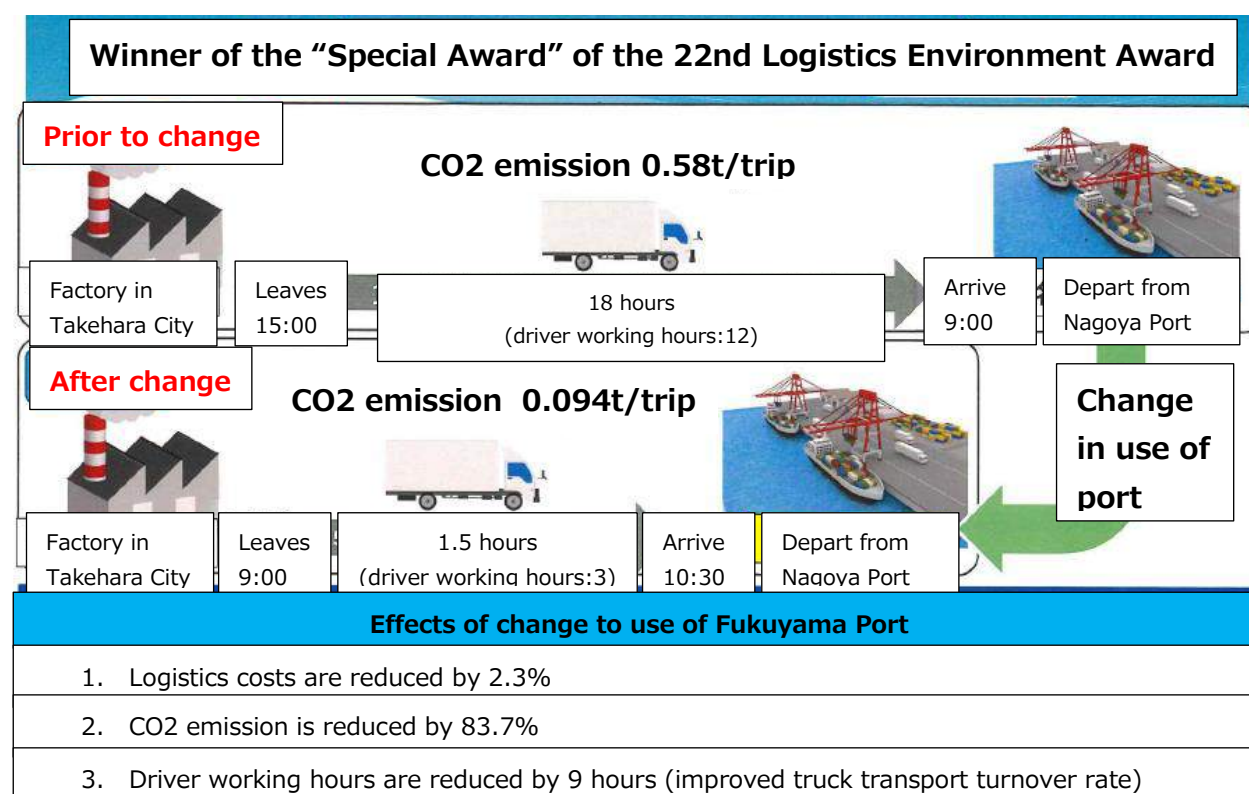
We are proactively promoting these products so that they may be further adopted globally.

For the Supply Chain

22nd (2021) Logistics Environment Award Winner

We received the “Special Award” of the Logistics Environment Award sponsored by Japan Association for Logistics and Transport jointly with Japan Express Hamamatsu Air Branch.

In transporting export goods from Hiroshima Prefecture to Vietnam, switching the port of export from Nagoya Port to Fukuyama Port made possible the revitalization of local ports and load reduction of drivers. By reducing the environmental burden and constructing a resource-saving, recycling-oriented society in the field of logistics, we will continue to proactively aim to attain a sustainable society.





For Society and the Environment

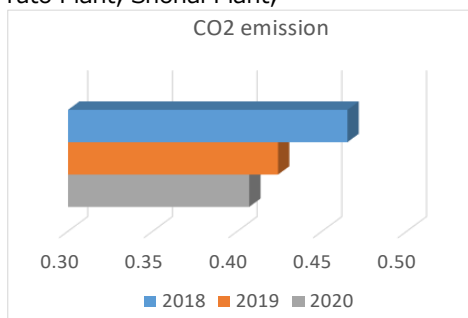
Environmental Load Reduction Activity Report

for our products and businesses

①CO2 emission (unit: CO2 per sales)

Calculation target: Shinohara Plant, Hamakita Plant, Yuto Plant, Shonai Plant, Miyakoda Plant, Headquarters, all domestic offices
(based on the period report of the Energy Conservation Act)

Year	CO2 per sales	Year-on-year ratio
2018	0.465	—
2019	0.424	-9%
2020	0.407	-4.00%



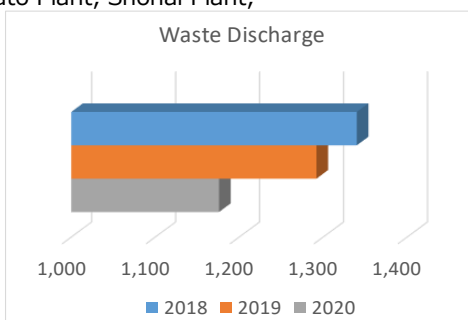
We are working on energy conservation and reducing CO2 emission.

②Waste discharge (unit: t)

Calculation target: Shinohara Plant, Hamakita Plant, Yuto Plant, Shonai Plant, Miyakoda Plant, Headquarters

Calculation period: January to December each year

Year	Discharged waste volume	Year-on-year ratio
2018	1,340	—
2019	1,292	-4%
2020	1,176	-9%



Through waste reduction, we are contributing to reducing our environmental impact.

③Operation of large-scale solar power generation

300W solar panels have begun operation at Miyakoda Kita Plant in May 2021, thereby contributing to carbon neutrality.



CO2 emission reduction performance 87t – CO2
(6 months after launching operation)



For Employees

Installation of EV battery outlets

Solar power panels have been installed on the roof of the Miyakoda Kita Plant. 3 outlets enabling EV batteries to be charged by solar power have been installed in the parking lot.



Occupational Health and Safety Activities

Occupational Health and Safety Management System ISO45001 has been obtained at the headquarters and 6 domestic production base offices strive to maintain and improve the health and safety of the workers as well as comfort in the workplace.



Covid-19 Measures

In order to prevent clusters, partitions in cafeterias and staggering mealtimes have been put in place. Other measures are continuing to be implemented to avoid the 3Cs (closed spaces, crowded places, close-contact settings). Also, test kits have been provided at each office to create an environment where tests can be promptly given for those feeling ill and for close contacts of the



Safe Operation Promotion Center Activities

As part of the activities of the Safe Operation Promotion Center, we aim to enhance employee awareness of safe operation, we invited employees to submit a safety operation slogan for Kurabe. From among the applicants, 2 outstanding slogans were chosen and drive recorders were awarded to the winners.



Regional Contribution, Sports Promotion

As part of contribution to the regional community and sports promotion, we have become an advertising sponsor for Jubilo Iwata and the Kurabe billboard has been installed at the Yamaha Stadium. As a benefit of sponsorship, we distribute Jubilo Iwata home game tickets to our employees by lottery.

