

Corporate Philosophy and Corporate Governance

Corporate Philosophy

Using innovative technologies, we strive to create a broad spectrum of life-enhancing products and services that work in harmony with people, society and environment.

Basic Policies for Corporate Activities

1. We contribute to society by providing useful products and services responsive to customers' and market's needs, and pursue the growth of our company simultaneously.
2. We conduct our activities in accordance with all the applicable laws and governmental regulations and also with applicable social and ethical standards.
3. We communicate properly and as appropriate with our investors and with the public.
4. We strive to produce safe products, and to anticipate, meet and comply with all applicable environmental standards.
5. We deal fairly in business and trade, and embrace the precepts of free and fair competition.
6. We strive to maintain a healthy and safe workplace, respect individuals of all origins and respect the rights of employees.
7. We take appropriate measures against unlawful and unethical conduct.

We have established an Ethical Code of Conduct based on our Basic Policies for Corporate Activities. This code provides fundamental guidelines that every employee should adhere to in the execution of their duties.

Corporate Governance

Kaneka believes that corporate governance is key to increasing corporate value based on its corporate philosophy of "In harmony with people, society and the environment, we strive to create a broad spectrum of life-enhancing products and services by using innovative technologies."

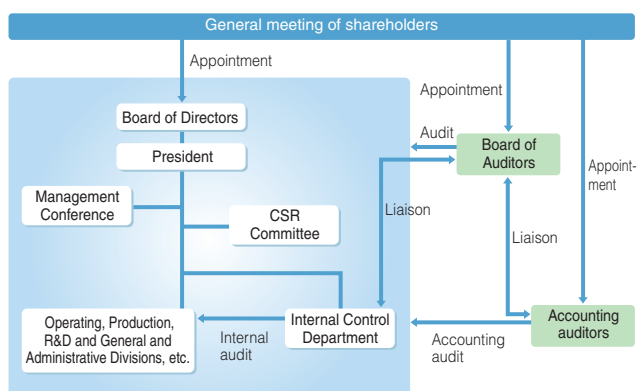
● Organization of corporate governance

Important issues affecting the management of Kaneka are first discussed at a Management Conference that includes the President and others, and are then approved by the Board of Directors.

Kaneka's executives conduct business in a manner suitable to each business type and category and based on its basic strategy of running diversified businesses. In terms of organization, we have adopted a system of divisions. While division managers are given extensive authority over daily business operations, senior officers are responsible for multiple divisions to ensure operational consistency on a corporate-wide scale. Division managers hold monthly meetings to report on the status of operations in their respective divisions directly to all directors and auditors. The Internal Control Department under the direct control of the President independently monitors the operations of each division.

Kaneka employs an auditor system. The Board of Auditors conducts audits in coordination with other parties concerned,

such as requiring the Internal Control Department to report as necessary on the status of internal audits and the accounting auditors to provide explanations on accounting audits. The certified public accountants who provided Kaneka with accounting audit services during the year are belonging to KPMG AZSA & Co.



Corporate Philosophy and Corporate Governance

Compliance

Kaneka believes that it is an important organizational management issue that company directors and employees comply with laws, regulations and corporate statutes in the execution of the business.

● System to ensure that the duties performed by directors and employees comply with laws, regulations and the articles of incorporation

- (1) In order to further strengthen our efforts for corporate social responsibility, we have established a CSR Committee¹ with the president as its chairperson. In addition to reorganizing our system for the promotion of responsible care activities, this will unify our CSR activities, including compliance with laws and regulations.
- (2) For compliance with corporate ethical standards as well as with laws and regulations, the Compliance Committee, which is under the CSR Committee, is responsible for the advancement and monitoring of necessary efforts. These include oversight of corporate-wide plans and tracking of their progress, verification of the actual state of compliance, and creation and operation of contact points that are suitably arranged for consulting and reporting.
- (3) Administrative departments² develop rules on functions under their control in view of compliance, plan and implement individual training programs, plan and promote specific activities including encouraging self-checking, and conduct inspections and audits to confirm the compliance status.
- (4) Moreover, for issues that exceed the purviews of administrative departments and cross over multiple areas, we have established organizations with specific duties underneath the CSR Committee. These committees, which oversee the advancement of plans, for example, include the Earth Environment Committee, the Central Committee on Environment, Safety & Human Health, the Product Safety Committee and the Plant Management Committee.
- (5) We will prevent any relationship with antisocial forces, and we will always respond resolutely as a unified corporation to any illegal or improper demands. We have also established positions that oversee responses to related issues within the company. In addition, we will advance the enhancement of our in-house systems to reject antisocial forces as we endeavor to gather and manage information and cooperate with police and other outside agencies and related organizations on a regular basis.
- (6) In order to assure the reliability of our financial reports, we will seek to organize and enhance our systems for internal control related to them, while our Internal Control Department conducts the necessary monitoring activities.

1: We established our CSR Committee on March 16, 2009.

2: Administrative departments are departments that supervise specific business functions of Kaneka and the entire Group, such as the Personnel Department, the General Affairs Department and the Finance and Accounting Department.

● Realizing thorough understanding among employees

In addition to including a compliance item in our Basic Policies for Corporate Activities, we have established an Ethical Code of Conduct that every employee should follow. This is always posted on our corporate intranet, and we are seeking to raise awareness about it among our staff. Moreover, we have prepared a Compliance Guidebook that includes these fundamental policies and standards as well as easy-to-understand explanations of situations that employees should maintain awareness of during their work. We distribute this guidebook to every person who works for a Kaneka Group company.

We instill the importance of compliance in our employees on the training opportunities such as employment, promotion, those held by business divisions and group companies as well as that for new overseas assignees.

We also conduct training about the Antitrust Law for business managers regularly, requiring every one of them to attend and submit a written oath.



Compliance Guidebook

● Consultation contacts

We have established contacts for compliance consultation both in-house and at the offices of independent lawyers that can answer questions about compliance from within the group and respond rapidly to realize a quick resolution should a problem occur.