

ESG Promotion

Management Approach

Basic Policy

In 2018, Kaneka Group established the ESG Charter to evolve its ESG management. Aiming to provide valuable solutions globally with a focus on chemistry, the ESG Charter serves as an action agenda for each employee to materialize our Corporate Philosophy.

ESG Charter

Putting the Corporate Philosophy Into Practice

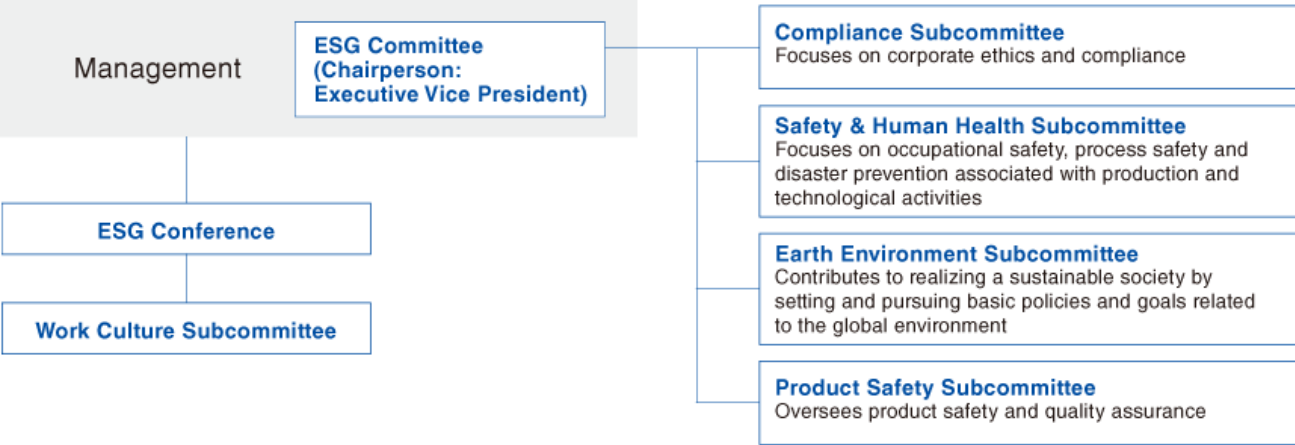
- 1. We offer solutions characterized by value to global markets and contribute to the evolution of lifestyles and the environment through innovative chemistry.**
 - 1** We bring innovation to lifestyles and the environment by harnessing the unlimited potential of chemical materials to help communities achieve sustainability. (Earthology Chemical Solution)
 - 2** By adopting a unified approach to food and medicine that is defined by a focus on chemistry, we provide innovative solutions that empower people to live healthier lives. (Active Human Life Solution)
- 2. We fulfill our social responsibility by empowering individual employees to put our corporate philosophy into practice through serious, forward-looking effort.**
 - 1** We actively contribute to our communities by cultivating understanding of the cultures and customs of the countries and regions where we do business and by pursuing corporate activities that are deeply rooted in those communities.
 - 2** We operate our businesses in a fair and impartial manner based on the principles of free competition and legal compliance.
 - 3** We're committed to communicating with shareholders and other stakeholders and to making information about our operations available in a timely and appropriate manner.
 - 4** We strive to foster an organizational culture that respects the personalities and uniqueness of all employees so that they can enjoy good health, feel motivated, and make the most of their abilities.
 - 5** Reflecting a commitment to make safety the top priority in our operations, we work to create safe and healthy workplaces, ensure product safety, and protect and preserve the environment.

ESG Promotion System

In line with the ESG Charter, the ESG Committee is addressing environmental, social, and governance issues, coordinating the Compliance Subcommittee, the Safety & Human Health Subcommittee, the Earth Environment Subcommittee, and the Product Safety Subcommittee.

In April 2019, the ESG Conference was newly established to set policy directions to promote ESG management, wellness-first management, and work culture innovation, aiming to enhance sustainable corporate value.

■ Diagram of ESG Promotion System



ESG Promotion

ESG Promotion Activities

ESG Committee

In fiscal 2018, the ESG Committee met twice, and the four Subcommittees met individually (Compliance: twice, Safety and Human Health: twice, Earth Environment: twice, and Product Safety: once).

The ESG Committee assessed the implementation status of each Subcommittee's activities, shared information on key issues, deliberated the fiscal 2019 action policy plan, and decided on necessary management measures.

ESG Inspections

To inspect the legal and regulatory compliance status of the Kaneka Group and to improve its occupational safety and health performance, ESG inspections are carried out, comprising ESG safety and quality inspections and ESG evaluation audits, targeting all Group companies within and outside Japan. To monitor progress of ESG activities, we conduct ESG safety and quality inspections for environmental protection, occupational health and safety, product safety, and quality assurance. ESG evaluation audits ensure compliance with the Antimonopoly Act.

Kaneka's Environmental Health and Safety Management Regulations and Quality Management Regulations clearly define the actions and responsibilities expected of Group companies. Encouraging employees to be proactive, we endeavor to reduce environmental impacts and occupational accident risks, as well as to improve our crisis response capabilities in case of natural disasters and product accidents.

In fiscal 2018, we conducted ESG safety and quality inspections at all parent Manufacturing Sites, 15 sites of 13 Group companies in Japan, and six sites of six Group companies outside Japan, focusing on serious risk management, compliance, 3Ss, and company-wide implementation of basic safety actions.

We also conducted ESG evaluation audits relating to competition laws, including the Antimonopoly Act, for all business operations divisions, 28 Group companies in Japan, and 14 outside Japan.

ESG Education

We engage in educational activities to promote ESG within the company through training sessions and our Intranet. In fiscal 2018, training sessions were conducted four times for new employees and twice for mid-career employees.

Support for the United Nations Global Compact

In March 2015, the Kaneka Group became a signatory to the United Nations Global Compact. The UN Global Compact is a voluntary code of conduct through which the top management of signatory companies commit themselves to take action aimed at achieving ten principles in the four areas of Human Rights, Labour, Environment, and Anti-Corruption. As a group with a global network, we actively share information about our commitment to global sustainable growth as a responsible corporate citizen with our stakeholders and the international community.

WE SUPPORT



United Nations Global Compact

■ The Ten Principles of the UN Global Compact

Human Rights	<ul style="list-style-type: none"> • Principle 1 : Businesses should support and respect the protection of internationally proclaimed human rights; and • Principle 2 : make sure that they are not complicit in human rights abuses.
Labour	<ul style="list-style-type: none"> • Principle 3 : Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; • Principle 4 : the elimination of all forms of forced and compulsory labour; • Principle 5 : the effective abolition of child labour; and • Principle 6 : the elimination of discrimination in respect of employment and occupation.
Environment	<ul style="list-style-type: none"> • Principle 7 : Businesses should support a precautionary approach to environmental challenges; • Principle 8 : undertake initiatives to promote greater environmental responsibility; and • Principle 9 : encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	<ul style="list-style-type: none"> • Principle 10 : Businesses should work against corruption in all its forms, including extortion and bribery.

ESG Promotion

Promoting Responsible Care

Promoting Responsible Care

Kaneka Group has put in place policies governing safety and Responsible Care(*), and internal regulations ensuring effectiveness of the Responsible Care approach.

* Responsible Care refers to actions undertaken on a voluntary basis by the chemical industry to promote improvements in aspects of environmental, safety, and health performance, throughout the entire process from the development of chemical products to their manufacture, usage and disposal. The initiatives and achievements are communicated to the public to raise public confidence in their operations. Kaneka has been actively promoting this approach since 1995 as a founding member of the JCIA Responsible Care Committee (former Japan Responsible Care Council) established by the Japan Chemical Industry Association.

Basic Policies for Responsible Care

In keeping with our corporate philosophy, we at the Kaneka strive to ensure the conservation of resources and reduce environmental impact throughout the entire product lifecycle, while working to help realize the sustainable development and prosperity of society.

Basic Policies for Responsible Care

1. Protect the natural ecosystem and reduce environmental impact

Focusing on the impact of corporate activities on the global environment and the ecosystem, we endeavor to reduce environmental impact and promote resource conservation and energy saving throughout the lifecycle of products.

2. Offer safe products and information

We endeavor to offer products that are safe to distribute and use, and to provide adequate information on the products such as instructions on how to use and handle products correctly.

3. Develop products and technologies in consideration of the environment and safety

Upon the development of new products, we give consideration to the environment and safety throughout the lifecycle of the products to the greatest extent possible, and endeavor to develop products and technologies with low environmental impact.

4. Reduce waste and promote the recycling of plastics

We reduce waste associated with manufacturing and its processes. We actively develop technologies for the adequate disposal or recycling of plastic waste concerning our products in cooperation with relevant industries, and endeavor to dispose of and recycle waste in a proper manner.

5. Enhance process safety, disaster-prevention, and occupational safety and health

Safety and disaster prevention constitute the foundations of the local community's trust, and occupational health and safety are issues that need to be fulfilled by chemical companies. We persistently strive to make improvements in these areas.

6. Win public confidence

From the management to every employee, all our members shall act in compliance with laws, regulations, standards, etc. relating to environment and safety both at home and abroad. Our approach to Responsible Care as such shall be publicized accurately to the public, in hope of rightfully gaining public recognition and confidence.

Responsible Care Activities

At Kaneka, we carry out a range of Responsible Care activities to further promote measures that can be taken by the chemical industry to protect human health and safety and preserve the environment. To ensure progress with respect to the six RC codes (environmental protection, process safety and disaster prevention, occupational safety and health, chemicals and product safety, distribution safety, and interaction/communication with the public), Kaneka has set up a system to guide its initiatives.

Responsible Care Education

At Kaneka, we conduct Responsible Care education activities in a thorough manner tailored to each of our facilities and employees' areas of responsibility. RC training is provided to staff members in their third year and to newly promoted executives, in order to deepen their understanding of, and to enable them to act on, our company's activities related to the RC codes: such as environmental protection; process safety and disaster prevention; occupational safety and health; and chemicals and product safety.

Participated in a Responsible-Care Community Dialogue

Community dialogues for fiscal 2018 were held by the JCIA Responsible Care (RC) Committee in Hyogo and Kashima on February 2, 2019 and February 15, 2019, respectively. The Takasago Manufacturing Site and the Kashima Manufacturing Site participated in the dialogues as a member company in Hyogo and a managing company in Kashima, respectively. Community dialogue is intended to introduce the activities of district RC member companies to community residents and administrative officials and enable them to have better understanding of our business activities. The activities are mainly composed of five codes: environmental protection, process safety and disaster prevention, occupational safety and health, chemical and product safety, and distribution safety.

In the dialogues, member companies gave presentations on their RC activities and outcomes.

We will continue to promote mutual understanding with local communities through RC activities.



Community dialogue in Kashima