

Two major systems as the backbone of management

As the backbone of management, two major systems increase social and corporate value



Trial & Error experiment driven company
 We try new things without fear of failure.
 We enjoy answers produced from accumulated experiments.
 We continue to be a "Trial & Error experiment driven company," creating unique solutions.

| Kaneka Tower (Key basic structure of our management model)

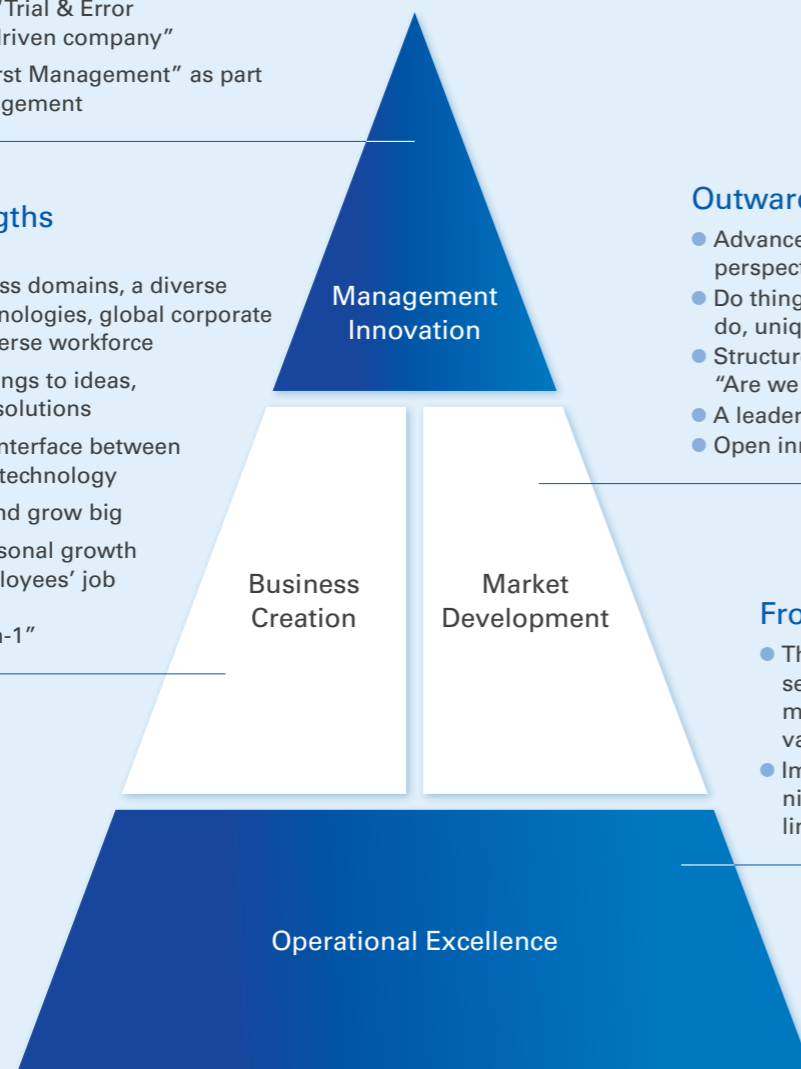
Valuing the Kaneka Tower as Kaneka's DNA, we aim to deepen our ESG management

Ability to grow tall

- Kaneka as a "Trial & Error experiment driven company"
- "Wellness-First Management" as part of ESG management

Inner strengths

- Diversity
Broad business domains, a diverse range of technologies, global corporate activities, diverse workforce
- Shift from things to ideas, materials to solutions
- Serve as an interface between markets and technology
- Start small and grow big
- Facilitate personal growth through employees' job performance "Kaneka 1-on-1"



Outward strengths

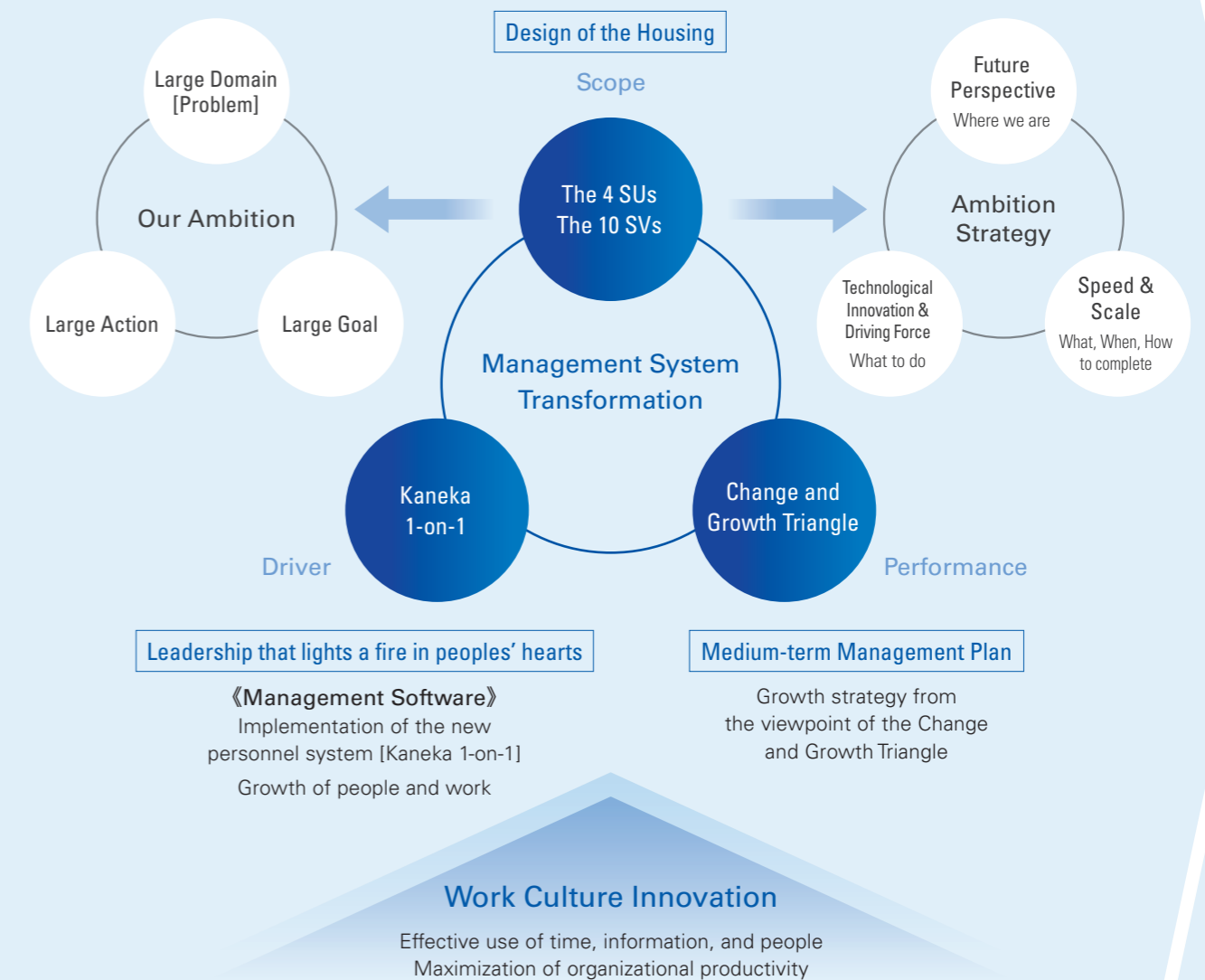
- Advance initiatives with a global perspective
- Do things that only Kaneka can do, uniqueness
- Structure customer needs; Ask "Are we playing a useful role?"
- A leader who will face challenges
- Open innovation

Frontline execution

- Think by exercising all five senses on the frontline, make decisions and create value
- Implement Value Communication to link the front-lines together

| The Triple Package as Management System Transformation

Further accelerate transformation to a solution provider based on a new management system



KANEKA's ESG

Providing visionary solutions for people, quality of life, and the environment



By providing valuable solutions globally, we will continue growing and building a reputation for contributing to the evolution of people's lives and the environment throughout the world.



Contribute to the advancement of life and the environment of people world wide through chemistry

Earthology Chemical Solution

We bring innovation to lifestyles and the environment by harnessing the unlimited potential of chemical materials to help communities achieve sustainability.

Material SU

Vinyls and Chlor-Alkali SV	
Performance Polymers (MOD) SV	Performance Polymers (MS) SV

Quality of Life SU

Foam & Residential Techs SV	E & I Technology SV
PV & Energy management SV	Performance Fibers SV

Solutions Unit vision

Measures



Material Value Creator

To support the advancement of life and the environment by drawing out the richness of the materials

Contribute to global environmental conservation and comfortable living

- Provide outstanding materials for evolving social infrastructure, mobility (lighter weight, more fuel efficient vehicles), and more
- Provide solutions where materials like biopolymers are of direct help to ecological society



Quality of Life Pathfinder

To produce the leading edge of the enhancement of the quality of life through the power of materials

Contribute to energy-saving and a rich life

- Deliver energy-efficient housing solutions→Create a high quality, sustainable housing market
- Provide unique materials and services that excel regarding both energy-saving and smart application needs

Active Human Life Solution

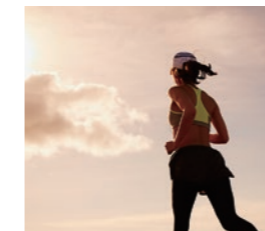
By adopting a unified approach to food and medicine that is defined by a focus on chemistry, we provide innovative solutions that empower people to live healthier lives.

Health Care SU

Medical Devices SV
Pharma & Supplemental Nutrition SV

Nutrition SU

Foods & Agris SV



Medical Edge Explorer

To create a world in where advanced medical means are available to as many people as possible

Contribute to a society advancing in age and medical sophistication

- Strengthen marketing and product development globally in cutting-edge medical fields including biopharmaceuticals, and regenerative medicine and cell therapy
- Proactively utilize open innovation and U.S. R&B bases
- Provide solutions that deliver value by fusing devices and medicine



Nutrition Value Chain Innovator

To re-innovate food and health

Contribute to health and a plentiful, varied diet

- Provide a broad range of solutions that help diversify and enrich people's diets
- Offer solutions that help prevent disease and promote health, and enhance the food materials lineup
- Deliver solutions that assist production in the fields of agriculture, livestock, and fishery

KANEKA thinks “Wellness First.”

Expanding technology for people and society to provide new value on a global scale



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.

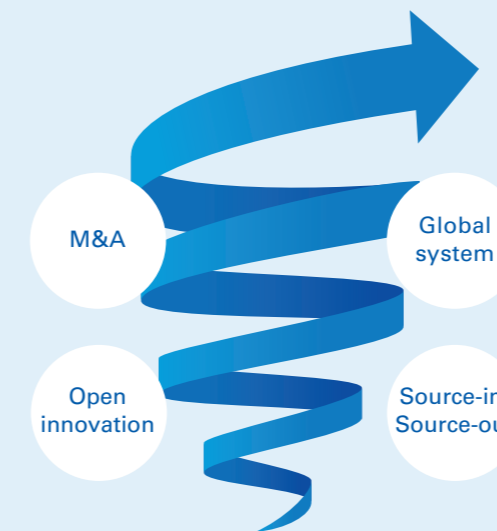
Creative fusion of people and technology

Business is conducted by people, and our technology underpins various products. We will provide new value on a global scale by encouraging healthy and vibrant people to repeat value communication from the perspective of B-to-B-to-C and the more social perspective of B-to-B-to-C-to-S in combination with our technology.



Create added value through open innovation

- Energy saving
- Ocean pollution control
- Social infrastructure
- Informatization
- Food production support
- Health promotion
- Medical sophistication



Combine technologies from different industries

In addition to management system reform, M&A-based discontinuous growth is also essential for achieving our long-term vision. By breaking away from our self-sufficiency policy and adopting open innovation, we will pursue technological innovation and cluster our business and products based on external technologies. Thus, we will acquire cutting-edge technologies and accelerate new business development to continue creating added value.

Three Crises Resolution of social issues

KANEKA thinks “Wellness First.”

Environment / Energy

Through the development of marine biodegradable polymer materials and a photovoltaic system installable on building walls, we aim to create a society where everyone can use clean and sustainable resources and energy.



Biodegradable Polymer PHBH



Building integrated photovoltaics (BIPV)

Food

By developing food production support products and producing high-value-added dairy products through cooperation with dairy farmers, we realize a society where safe, secure and highly nutritious food is available to everyone and where food producers are also satisfied.



KANEKA PEPTIDE



Milk for Bread / Café au lait for Bread

Wellness

By developing safe and highly effective supplements and other products to maintain and improve physical health, we realize a society where everyone has access to adequate medical services and can continue to live a vibrant and healthy life.



Kaneka Ubiquinol



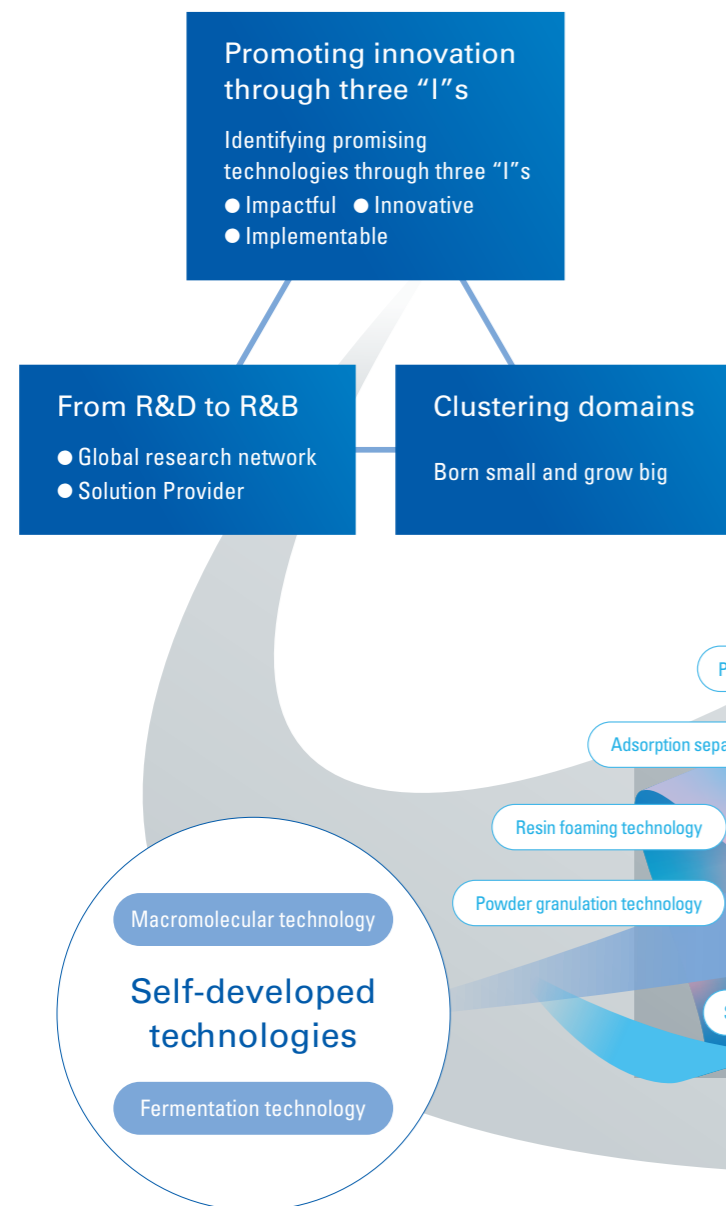
Floradapt (Lactic acid bacteria)

Resolving social issues through R&B (Research & Business)

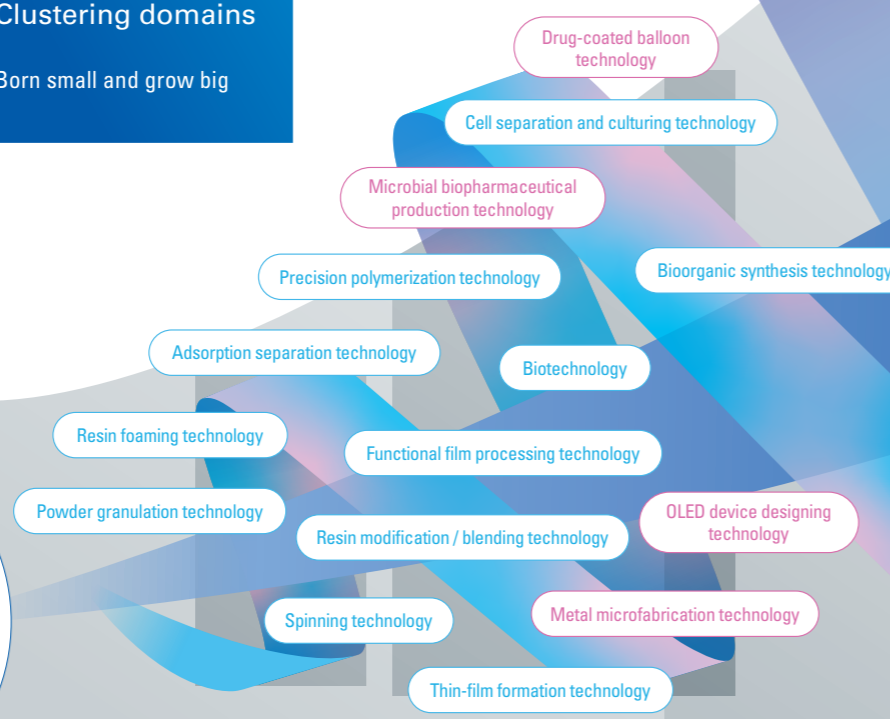
We have set the purpose of our R&D activities as “resolving social issues at the earliest opportunity possible by pursuing value from the perspectives of markets and customers through the proactive use of leading-edge technologies” and have redefined R&D as R&B (Research & Business).

We will work to ensure sustainable growth as a solution provider by sharpening our ability to identify technologies that help to resolve social issues and by developing overwhelmingly competitive technologies and materials and realizing their social implementation.

Actions to embody the concept of Kaneka as “Trial & Error experiment driven company”



Fusion of self-developed technologies with introduced technologies



Key technologies and key drivers for the future

Polyimide resin Ultra-heat-resistant polyimide film	Heat-resistant composite materials Aerospace and aircraft materials	Biodegradable plastics Biodegradable polymer
Energy management Photovoltaic modules integrated into roofing tiles	OLED Lighting devices Organic EL lighting	Next-generation breeding technology Genome edited crop
Food production support New high-performance fertilizer	Catheters Drug-coated balloon catheter	Regenerative medicine and cell therapy iPS cells / Stem cells

Thermosetting resin Compounding / processing technology

Environment / Energy

- Biodegradable materials for food and product packaging and containers
- Next-generation mobility materials (vehicles, aircraft, spacecraft)
- Next-generation information terminal materials
- High-efficiency photovoltaic models and see-through photovoltaic models that realize 100% renewable energy

Three Crises Resolution of social issues Social implementation of new materials and systems

Food

- Environmental stress-tolerant crops / Hypoallergenic crops
- High-performance fertilizer that accelerates the growth of crops and boosts their resistance to environmental stress, including climate change

Wellness

- Health maintenance / Frailty*¹ prevention
- Refractory disease: Innovative treatment
- Circulatory disease: Minimally invasive treatment*²

*1 A state where physical and mental weakness appears associated with decline in motor and cognitive functions caused by aging and decline in daily living function due to the impact of comorbid chronic diseases. It is possible to maintain and improve daily living function through appropriate intervention and support.

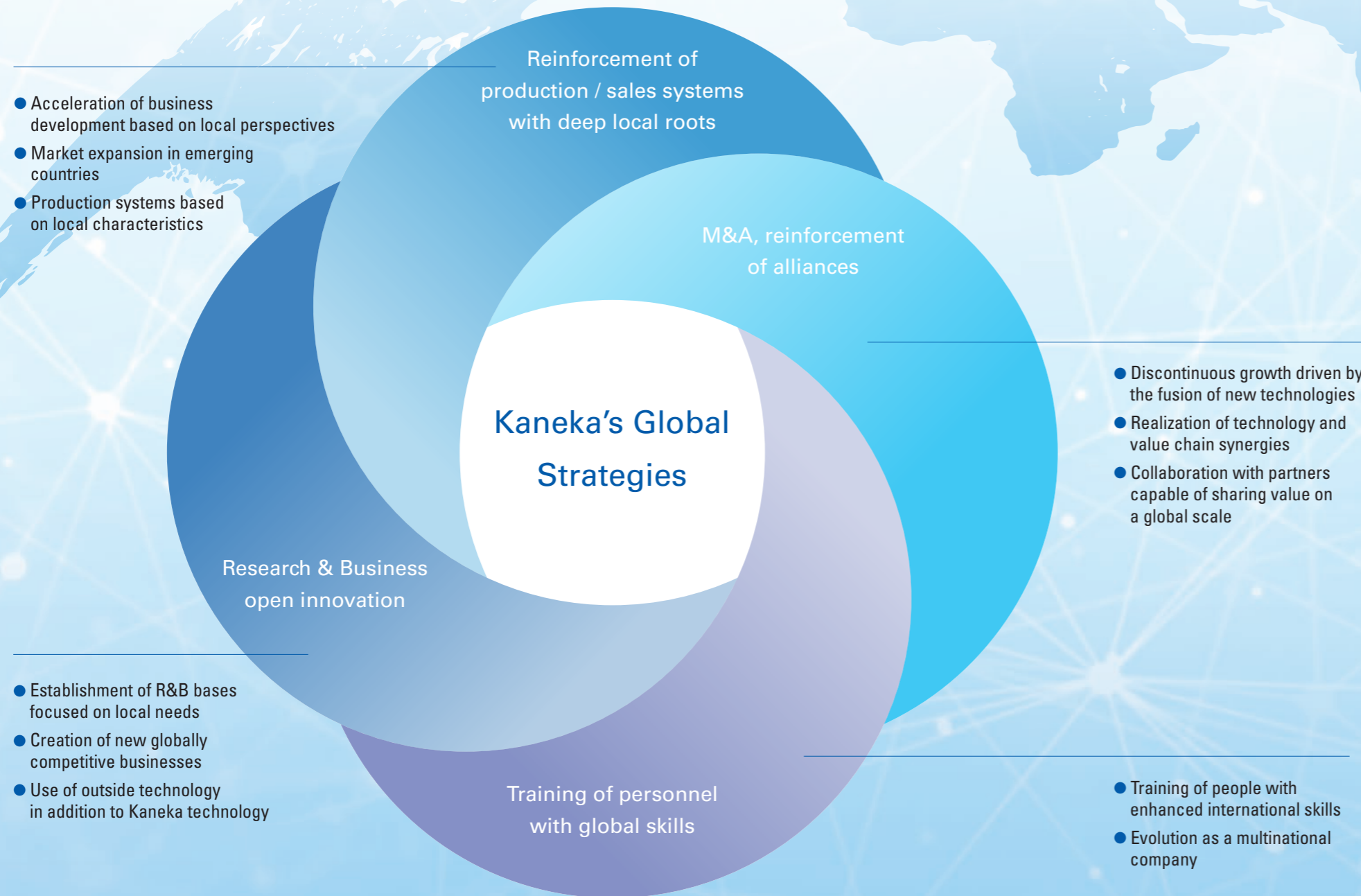
*2 Treatment that reduces burden on the patient's body.

Think Global, Act Local

Kaneka Group has always promoted business operations, leading the way in advance of other companies, on a world scale.

We are currently accelerating technological and material development tailored to regional characteristics around the world, with an emphasis on glocalization (local-based global business).

We will continue to promote business operations rooted in the local community and offer valuable solutions to the world market in a timely manner, aiming to become a company with a global presence.



Americas

Kaneka Americas Holding, Inc. (Regional headquarters)

- Create and expand new businesses in the Health Care, Nutrition (Lactic acid bacteria) and Aerospace fields
- Aggressively conduct M&A and open innovations
- Strategically utilize the Kaneka US Innovation Center and the Kaneka US Material Research Center
- Further strengthen production and sales foundations in existing businesses



Kaneka US Innovation Center



Kaneka US Material Research Center

Europe

Kaneka Europe Holding N.V. (Regional headquarters)

- Expand production capacity in growth fields and conduct M&A (Health Care, Material, QoL)
- Strategically use Kaneka's European Photovoltaics Research Laboratory
- Actively expand solutions business into new and untouched businesses and fields



Kaneka's European Photovoltaics Research Laboratory (Belgium)

Asia

Kaneka Asia Co., Ltd. (Regional headquarters)

- Maximize returns on large-scale capital investment
- Aggressively expand sales in China, ASEAN countries, and India
- Expand business in the Health Care and E & I fields

Wellness and growth of individual employees as a source of innovation and value creation

Being a “Human-Driven Company” is the DNA of Kaneka. Considering that it is individual employees who generate the results and value of work and realize innovation, we are involved in various activities to ensure that employees and organizations can maintain health and achieve high productivity.

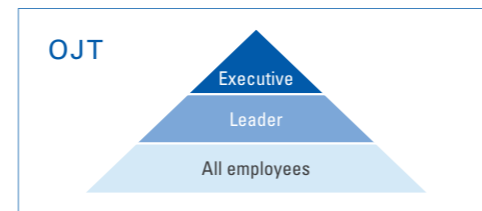
Development of leadership that lights a fire in peoples’ hearts —Human resource development with a focus on Kaneka 1-on-1



- I. Set the business goals and implement
- II. Communicate with each boss about progress for goals

Off-JT

- Hitotsubu-no Tane Momi Juku
- Kaneka Creative Corner
- The Leadership Challenge Workshop
- Language training
- e-Learning, etc.



The growth of people and the results of work are like the two sides of one coin. We aim to simultaneously realize human resource development and goal achievement through Kaneka 1-on-1.

We regularly conduct workshops and coaching training programs, measure their effects, and provide feedback to improve value communication.

We also conduct training programs for employees, including those at group companies within and outside Japan, to develop future executive candidates and leaders who strongly lead businesses and operations. Some participants in the programs have been appointed to division chief and executive positions at overseas group companies.

Development of leaders

Program Name	Content	Fiscal 2016 No. of participants	Fiscal 2017 No. of participants	Fiscal 2018 No. of participants	Total from the start of the program No. of participants
Hitotsubu-no Tane Momi Juku	Lectures and exercises by the top management and first-class instructing staff targeted at future leaders and management personnel	13	12	12	49
Kaneka Creative Corner	Lectures and exercises by the top management and first-class instructing staff targeted at future leaders of national staff	10	12	12	34
The Leadership Challenge Workshop	Acquiring and practicing leadership skills and follow-up	(outside Japan) 102	(outside Japan) 24	(outside Japan) 21	(outside Japan) 428
		(in Japan) 197	(in Japan) 236	(in Japan) 288	(in Japan) 951

* Aggregated data for Kaneka and group companies in and outside Japan.

Work culture innovation

To make effective use of time, information, and human resources and maximize the productivity of organizations and employees from the perspectives of “Life in Work” and “Work in Life,” we have formed the Work Culture Committee under the ESG Conference to streamline business processes and change office environments. We also work to enhance value communication and create a robust organization where members are united toward the same purpose.

We have promoted the reform of working practices by introducing various systems that allow employees to choose a flexible working style, includ-

ing the adoption of telecommuting. We have also introduced shorter and staggered work hours programs and a babysitting expense aid system to help employees achieve a better work life balance. We will create a more flexible working environment in anticipation of the continuing declining birthrate and aging population.

We will continue to review and expand existing systems and create a more employment-friendly corporate culture to ensure for all employees a satisfying work and personal life.

Diverse workforce

Active promotion of female employees

We are trying to resolve various social issues as a solution provider. Promoting the participation of personnel with diverse values in the workplace is one of the important initiatives for this.

For female employees, we have advanced efforts to increase their recruitment (employment rate of women who graduated from technical colleges and universities: 33%) and expand the range of occupational opportunities (active assignment of women to manufacturing divisions as well as R&D, sales, and staff divisions) for the past several years. We are building a corporate culture where women actively participate in the workplace and promoting the proactive appointment of female managers to expand opportunities for women to demonstrate their abilities in business and management, thereby turning ideas unique to women into solutions.

Hiring and support of employees with various nationalities

Of approximately 11,000 employees of the Kaneka Group, approximately 3,000 with foreign nationalities are engaged in operations worldwide, playing an active role.

Under the circumstances where we are expanding our business globally, we further increase the recruitment of employees with foreign nationalities. We also focus on developing future global leaders by having them gain experience in countries other than their home country through the Study Abroad Program and the Overseas Trainee Dispatch Program.

Human Resource Strategies – Human Driven Company

Employment of persons with disabilities

The employment rate of persons with disabilities in Kaneka in fiscal 2018 was 2.17%. We will expand the range of occupational opportunities to increase the recruitment of persons with disabilities, reinforce efforts to create a welcoming workplace, and support employment efforts by group companies, aiming to increase their employment rate in the entire Kaneka Group.

Employment of senior citizens

Considering senior employees after retirement age to be a great asset to the company, we accommodate those who wish to continue their employment up to age 65.

We conduct career design training for 50- and 55-year-old employees to encourage them to keep working with enthusiasm after age 60.

In anticipation of the advent of the 100-year life-span, we are planning to create a new system where senior employees can autonomously shape their careers and work with high motivation.

Provision of opportunities to become more aware of lifestyle modification

We consider it most important that all employees at the Kaneka Group and their family members lead colorful lives in good health, mentally and physically.

To this end, we provide various opportunities (contents) to help individual employees raise their health awareness and change their behavior, so that they can improve self-care awareness and establish a healthy lifestyle. Many employees actively participate in these activities.

- Toward increasing awareness of lifestyle modification, distribution of a wearable device to all interested employees so that energy intake and consumption and sleeping hours can be visualized
- Implementation of the Walking Challenge event, commending those who show excellent performance in terms of walking distance
- Introduction of healthy menus, including smart meals, at canteen
- Provision of hands-on programs, including an office yoga program and a seminar on sleep
- Abolition of office smoking areas and prohibition of smoking during working hours to eliminate passive smoking

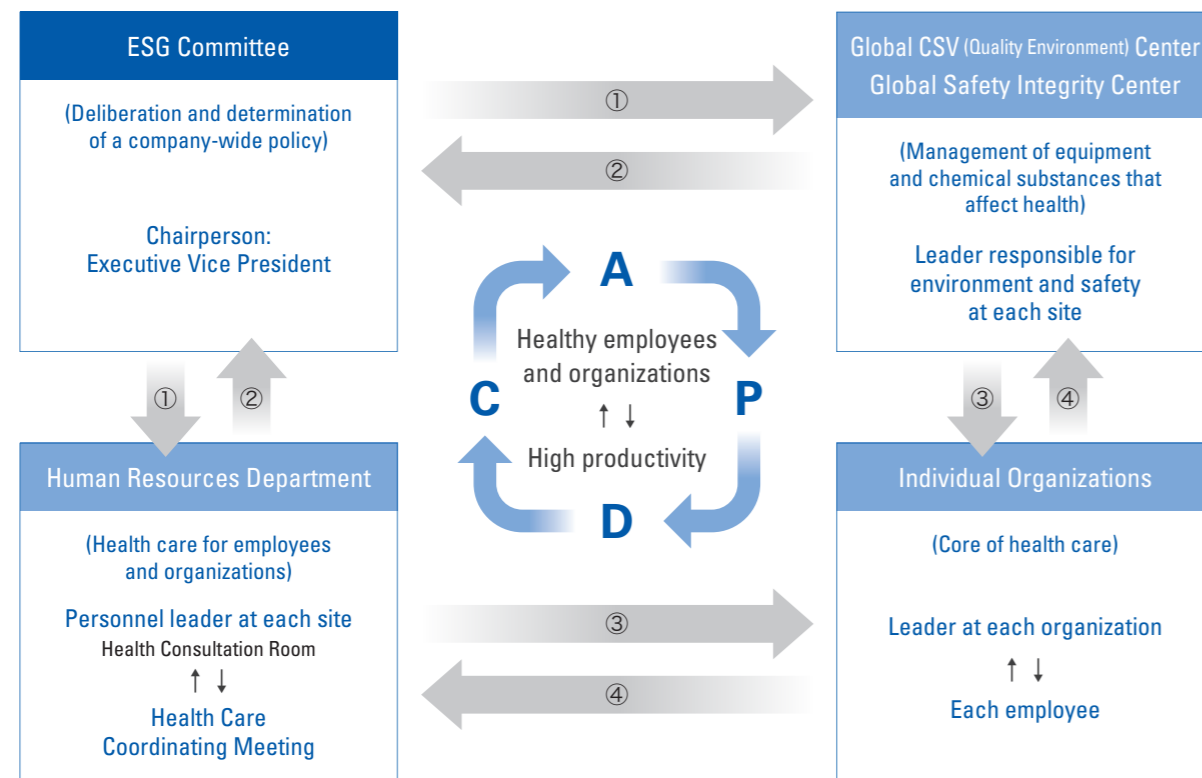


Wearable device distributed to employees

Lifestyle visualized through application software

Wellness of employees

System toward health maintenance and promotion



① Approval / Instruction ② Report / Proposal ③ Monitoring / Health improvement guidance ④ Consultation

In 2018, we established the Health Care Promotion Standards to improve the health care system on a company-wide basis.

Running on a company-wide basis

We are making various efforts to encourage running to help employees enhance health awareness, maintain and improve fitness, and increase physical strength.

- Conducting a running training session and a seminar on running to support those who wish to improve their full marathon time, to start some form of exercise to improve their health, and to make running a habit
- Continuing to hold the long-distance relay race "Run, Run, Run. Kaneka," in which employees from Kaneka group companies in Japan and overseas and our partner companies gather together

No. of participants in the race

Fiscal year	2016	2017	2018
No. of participants	950	2,031	2,288

- Sponsoring the Hokkaido Marathon



Office yoga program provided



Time trial to participate in the Hokkaido Marathon



Long-distance relay race "Run, Run, Run. Kaneka 2018"