

We Are Implementing Sustainable, Human Driven Management.

Looking at Human Evolution and the Mystery of Viruses

Taking the Lead During a Pandemic

Since the spring of 2020, COVID-19 has spread like wildfire around the world.

The pandemic marks a decisive turning point, highlighting people's vulnerability to many and varied viruses and infectious diseases. We have witnessed the pandemic's devastating power to indiscriminately end the lives of so many people.

The political, economic and social systems that humankind has built up over many years have fallen into a state of dysfunction.

The Kaneka Group has shifted to a course of giving top priority to protecting the health, lives and safety of employees as well as their family members all over the world.

At the same time, numerous Kaneka products, successfully developed after many years of hard work, are being used in countries and regions worldwide and are valued as essential businesses. Kaneka takes great pride in this accomplishment.

This gives us an important mission. The supply of our products must never be disrupted.

Thus, we are making every effort to continue the stable operation of our plants worldwide, in conjunction with our efforts to protect employees against COVID-19 infections. Fortunately, we have fulfilled our duty to supply products without suffering any major negative impacts. I'm very thankful to see our employees rising to meet these challenges.

Turning Pain into Gain

The COVID-19 crisis has provided a chance for us to reaffirm the fact that "the current situation is the perfect opportunity for every member of the Kaneka Group to take the initiative to create a paradigm shift and become a paradigm changer from within, thereby turning pain into gain."

Social values have been changing drastically at a tsunami-like pace.

The paradigm for social systems is shifting at an unimaginable speed and scale. It is imperative for us to transform ourselves and anticipate and respond to these changes in a timely manner. The power of chemistry abounds with infinite potential to solve a variety of global issues.

These conditions offer an opportunity for Kaneka to take a huge leap forward.

For example, we have launched an Infection Initiative Team that will gather our Group's collective research experience (stock of research assets). Through this team, we will work to develop technologies that will contribute to the prevention of infections and viral therapy.

We, as a matter of course, have already supplied products that contribute directly to the fight against the COVID-19 crisis, such as vaccines, pharmaceuticals and testing kits as well as materials used in medical gloves (raw material for resin). Manufacturing such products to solve social issues have been driving Kaneka's growth.

From time immemorial, humankind has lived together with viruses.
Through research to investigate the mystery of viruses, we will ambitiously expand the possibilities for the co-existence of humankind and viruses.



Kimikazu Sugawara
Chairman and Representative Director



“Sustainability and Digital Transformation” as a Key Theme for Our Awareness of the Times

Improving Our Global Business Expansion and Innovation Capabilities

There are no signs of an end to the COVID-19 pandemic.

I believe that uncertain conditions, which are typical of an era of change, will continue for some time. On the other hand, the global economy will surely overcome the difficulties of the COVID-19 crisis as it follows a recovery track, and powerful initiatives backed by sustainability as a form of social justice will likely gain momentum. The science and technology revolution and digital transformation will drive a paradigm shift in society. Indeed, we are standing on the threshold of a new industrial age, shaped by trends such as the Fourth Industrial Revolution.

The world has progressed through the dawn of a technology era and has already entered an astonishing new phase of growth. Companies are pushing ahead with research into innovative, breakthrough technology, with the aim of developing so-called “glocal” markets based on the principle of local production for local consumption. Survival will be impossible unless new business models are created without any ties with precedent.

At Kaneka, we believe that this awareness of the times represents a bridge to the future. Based on this belief, we will continue to undertake activities on a global scale, working as hard as we can until we “become a foundation,” so to speak.

Recovering Our Humanity – Renaissance

With past experiences starting to become obsolete and thus worthless in some fields, we are entering a period of major upheaval that we have never experienced before. Digital technology (DX) is being implemented in society, and the business is heading to a “new normal” that will enable “environmentally friendly, healthy and safe living and sustainable society” at an unprecedented pace.

Initiatives to create a decarbonized society (a sustainable society) that aims for carbon neutrality are already accelerating in top gear.

In addition, changes in work styles and social systems have dramatically reshaped the business environment.

Kaneka believes that these kinds of initiatives (i.e., the global movement to realize sustainability) require efforts to recover our humanity through a renaissance.

We have developed a conceptual framework to better understand these social trends. Kaneka has identified three crises, “Environment and Energy,” “Food,” and “Wellness,” as crises of sustainability, and Kaneka has defined them as its business domains.

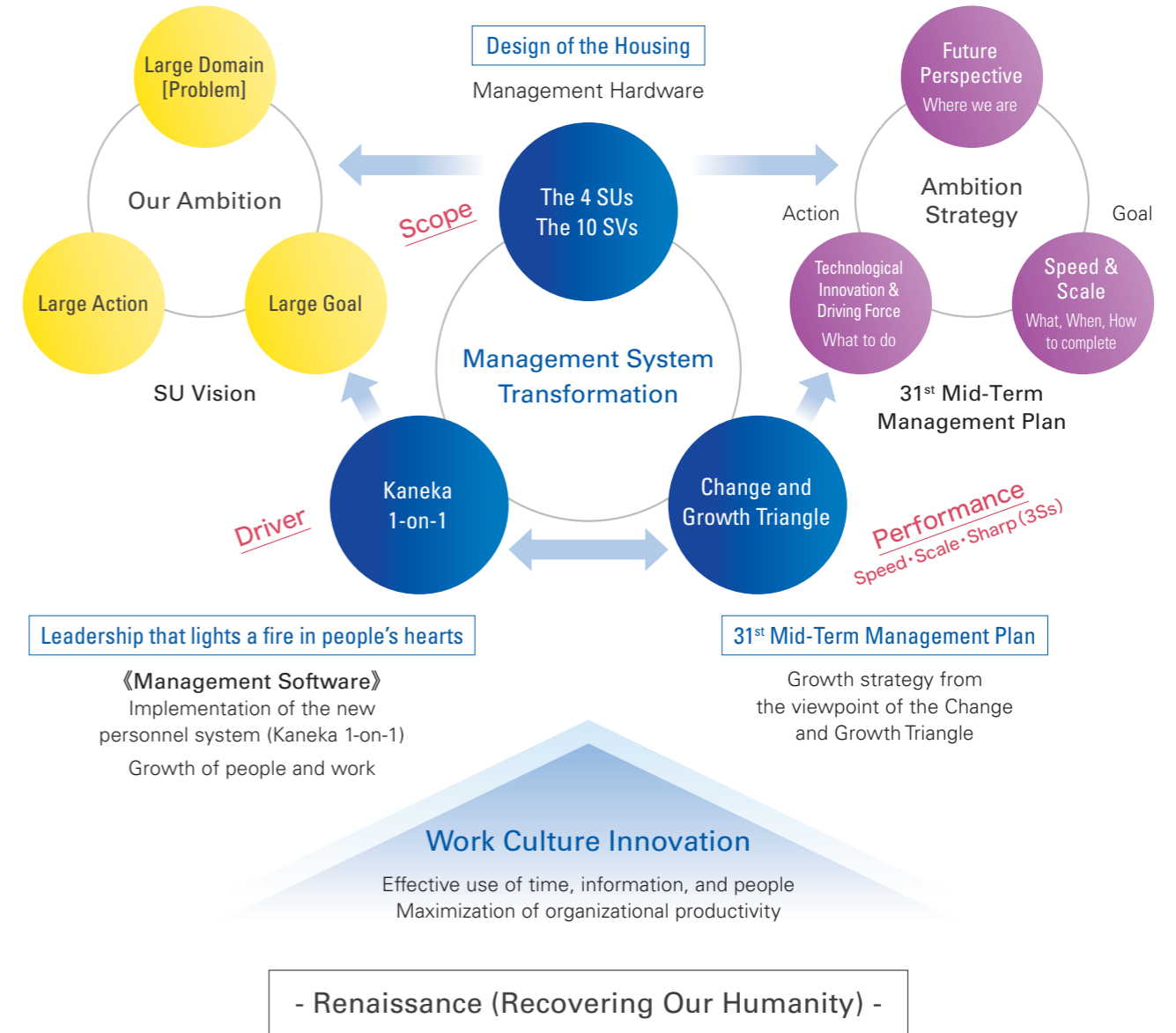
Our steps to strengthen our ESG and SDGs initiatives are also motivated by our desire to realize sustainability by building a sustainable society.

We will implement “Wellness First” health management to support a society that nurtures life, while preserving the global environment and contributing to the recovery of our humanity.

Considerations in the Mid-Term Management Plan

Never stop. Challenge for Change!

We positioned the “Renaissance (Recovering Our Humanity)” as the starting point for Kaneka’s Management System Transformation. In the Mid-Term Management Plan that started in the fiscal year ended March 31, 2021, we defined the plan’s sub-themes as “Change with Purpose” and “Grow with Results.” To achieve change and growth, we are pushing ahead with a plan that is focused on objectives and results. For reference, the basic outline of the plan is illustrated in the diagram below.



Increase Momentum and Leap Across the Stream

Without the Confidence to definitely win, we will be unable to generate the strong Momentum we will need to tackle ambitious goals.

We will rigorously strengthen winning Game Plans and Physical elements (Strategy). In addition, leaders will hone One Team Captaincy linking the whole and the individual.



A Mid-Term Management Plan in an Era of Major Uneasiness with No Clear Answers

In a VUCA* world, environmental changes are tumultuous. In this era of major uneasiness with no clear answers, I believe that the key to success is to clearly define our Purpose (raison d'être) as a company and fulfill the role of solving social issues. We are still only halfway to solving the many issues we face. Under the Mid-Term Management Plan, we are working so that we can overcome the many and varied threats of the COVID-19 crisis, and accelerate the transformation of our business portfolio, which we have targeted as our core ambition.

Strategic work is constantly like a marathon to a long-distance runner. I believe that strategic work requires a certain amount of time and distance to get started effectively as a whole. Above all else, it requires ambition. We will seek to package this ambi-

tion into a conceptual framework, put it on a timetable with specific dates, and drive growth with scale.

We will set our sights on developing Kaneka into a "living organism" that functions as a lean, responsive, and vibrant enterprise and design a regenerated new style work.

* VUCA: Volatility, Uncertainty, Complexity, Ambiguity.



Sustainable Selection and Concentration

Purpose of Management Policy

"Wellness First" Health Management to Achieve Sustainability (ESG Management)

1. The Dreamology Company

– **Make your dreams come true** –

Through chemistry, we will be a company that reduces environmental impact and proves useful to people's lives.

2. Solution provider

Based on the Triple Package as Management System Transformation, we will follow the path of a solution provider.

3. Trial & Error experiment driven company

With being a passionate "Trial & Error experiment driven company" that conducts a large number of trials but preserves only good ones as our behavioral guideline, we aim to be a "Value Creating Company" that transforms its businesses into a new portfolio while undergoing repeated regeneration.

Selection and Concentration

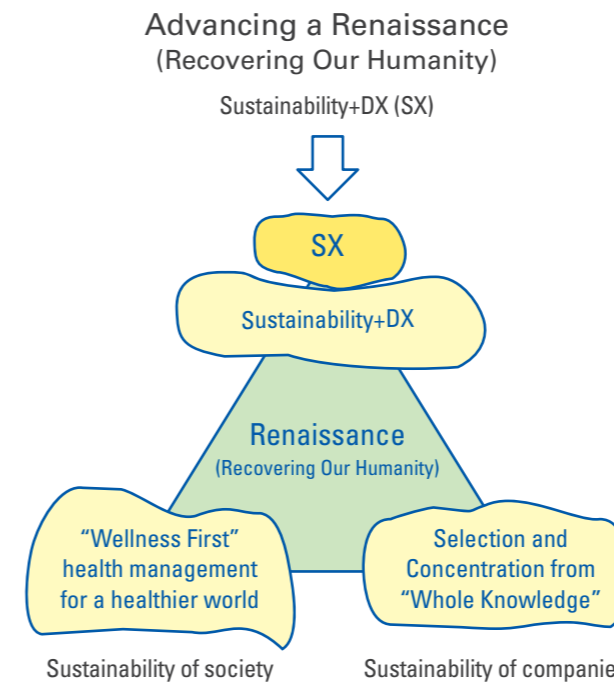
1. Domain

We will accelerate portfolio transformation with the three crises ("Environment and Energy," "Food," and "Wellness") as our business domains.

2. R&B (Research & Business)

We will push ahead with the development of innovative materials (breakthrough technology) and proactively invest management resources in research and development activities, which is an investment in the future.

3. Strengthen foundation businesses



DX and Kaneka 1-on-1

Strengthen the Management Platform

1. Speed up the implementation of new businesses into society

We will apply a "selection and concentration" approach to themes with scale and improve the productivity of R&B.

2. Business reforms and digital transformation

We are introducing a new personnel system matched to the times and striving to create a work culture focused on recovering human value in ways not possible with AI (Renaissance – Recovering Our Humanity). Through these efforts, we will create a highly productive organization and employees, where every individual generates value. (We will use digital transformation in work reforms, automated plants, etc.)

3. Kaneka 1-on-1

We will implement Kaneka 1-on-1 as a program to achieve both the growth of work and people, as targeted.

4. Open innovation

We will proactively carry out alliances and M&As, thereby accelerating the transformation of our business portfolio and accelerating discontinuous growth.

