

List of Directors



Kimikazu Sugawara
Chairman of the Board
(Representative Director)



Mamoru Kadokura
President
(Representative Director)



Minoru Tanaka
Executive Vice President
(Representative Director)



Shinichiro Kametaka
Member of the Board,
Senior Managing
Executive Officer



Shinobu Ishihara
Member of the Board,
Senior Managing
Executive Officer



Akira Iwazawa
Member of the Board,
Managing Executive
Officer



Kazuhiko Fujii
Member of the Board,
Managing Executive
Officer



Yasuaki Nuri
Member of the Board,
Managing Executive
Officer



Katsunobu Doro
Member of the Board,
Managing Executive
Officer



Jun Enoki
Member of the Board,
Managing Executive
Officer



Takeo Inokuchi
Independent Member
of the Board



Mamoru Mohri
Independent Member
of the Board

Audit & Supervisory Board Members

Hideyuki Matsui
Masami Kishine
Hiroshi Fujiwara (Outside)
Yasuhiro Uozumi (Outside)

Managing Executive Officers

Atsushi Kawakatsu
Ikuo Aoi
Fuminori Hoya
Masaaki Kimura
Yoshiki Takeoka
Yasuhiro Sumi

Shinji Mizusawa
Takamune Yasuda
Kazuo Ochiai
Hitoshi Yahara
Minetoshi Marufuji
Kan Okabe

Executive Officers

Haruhiko Maki
Riichi Nishimura
Toshio Komori
Masahiro Ueda
Takuo Ishibashi

Yasuyoshi Ueda
Osamu Ishida
Etsuo Yoshiike
Naoki Furukawa
Hiroyuki Deguchi

Corporate Governance

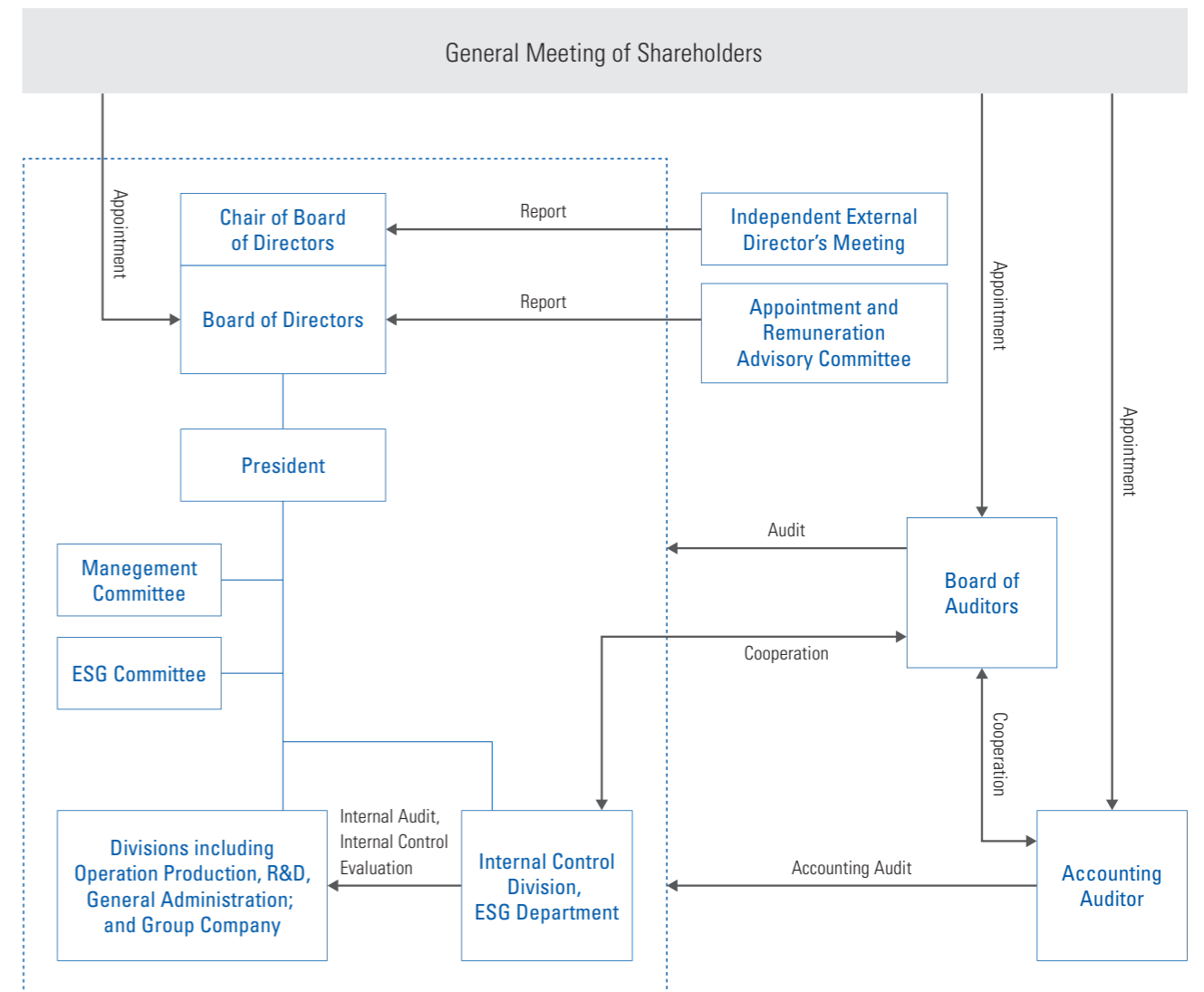
For details, see our website.
<https://www.kaneka.co.jp/en/esg/governance/corporate/>

Basic Policy

Guided by our Corporate Philosophy, Kaneka aims to achieve sustainable growth, improve medium- to long-term corporate value, and build trust among all stakeholders, including shareholders, investors, cus-

tomers, local communities, vendors, and employees, realizing optimum corporate governance to fulfill our social responsibility.

Diagram of Corporate Governance System



Corporate Governance

Corporate Governance Structure

Organizational Design

We currently have two independent external directors and two independent external auditors. Since both the overseeing of business operations by the Board of Directors and auditing by the Board of Auditors are functioning well, Kaneka has chosen to be a Company with Board of Auditors under the Companies Act.

Directors and the Board of Directors

The Board of Directors seeks to ensure efficient and effective corporate governance in order to realize the company's sustainable growth and increase corporate value in the medium to long term.

The Board of Directors exercises its oversight functions on overall management to ensure fairness and transparency, as well as to appoint management positions, evaluate and determine remuneration, evaluate serious risks and determine strategies to counter them, and make the best decisions on important business operations. The Board of Directors makes resolutions on important matters related to the management of the Kaneka Group after deliberation by the Management Committee, which includes the president. There are at most 13 members on the Board of Directors. Of these, two are independent external directors to strengthen the oversight function. Directors serve for a period of one year to clearly define management responsibilities.

Auditors and the Board of Auditors

Auditors and the Board of Auditors seek to ensure healthy and sustainable corporate growth and to establish a structure with good corporate governance that can gain social trust by checking on the performance of directors in regard to their duties.

The Board of Auditors comprises four members, two of whom are independent external auditors in principle, and performs audits in coordination with the Accounting Auditor and the ESG Department Internal Control Division's. Auditors are given space to periodically exchange views with the president, and monitor the state of business operations when necessary, by attending key meetings of the Board of Directors and those of the Management Committee, which decides on the implementation of important matters, as well as division head meetings.

Appointment and Remuneration Advisory Committee / Independent External Director's Meeting

The Appointment and Remuneration Advisory Committee discusses the remuneration of Directors and the appointment of Director and Auditor candidates to report to the Board of Directors. The Independent External Director's Meeting discusses the effectiveness of the Board of Directors to report to the Chair of the Board of Directors.

Implementation of Business Operations

Kaneka has adopted the executive officer system to harmonize the oversight function of directors with the implementation function of business operations, which also facilitates decision-making and clearly defines roles. The Board of Directors decides on key management strategies and business operations of the entire Kaneka Group, while executive officers assume responsibility for business operations. Division heads, including executive officers appointed by the Board of Directors, are given extensive authority over daily business execution. Monthly division head meetings are held to enable the directors and auditors to directly hear progress reports from each division head. The Internal Control Division of the ESG Department evaluates the effectiveness of internal control and conducts an internal audit.

Standards for Independence of External Directors/Audit & Supervisory Board Members

We have defined the Standards for Independence of External Directors/Audit & Supervisory Board Members to guarantee the independence of independent external directors and auditors in practice. The standards are disclosed in our notice of convocation general meeting of shareholders, corporate governance report, etc.

Selection Criteria for Directors

At Kaneka, directors are selected by the Board of Directors, on the basis of character, judgment, expertise and experience as well as ethics without limitations on gender, age, nationality and other attributes, after deliberation by the Appointment and Remuneration Advisory Committee, which is comprised of representative directors and independent external directors.


Analysis and Evaluation of Effectiveness of the Board of Directors

Kaneka regularly implements an analysis and evaluation of the effectiveness of the Board of Directors, and discloses a summary of the evaluation results. Specifically, the Chair of Board of Directors periodically receives reports from the Independent External Director's Meeting and opinions from the internal directors. Based on these reports, the current status of operations of the Board is evaluated. In the evaluation process in fiscal 2018, the Independent External Director's Meeting held discussions focusing on the operation of the Board of Directors (number of meetings held, frequency, length, contents of information provided beforehand, contents of agendas, deliberations, etc.), role of external directors, and risk management. Based on the discussion results, the Board of Directors conducted a self-evaluation. As a result, it has been confirmed that the Board of Directors functions effectively in making decisions on important matters for the Group such as risk management and supervising business execution. We will continue to enhance the effectiveness of our Board of Directors through effectiveness evaluations.

Our Efforts to Strengthen the Governance Capacity

2006	<ul style="list-style-type: none"> Introduced the executive officer system Changed the number of directors from 21 to 13 Formulated the Basic Policy on Internal Control System
2011	<ul style="list-style-type: none"> Appointed an outside director
2013	<ul style="list-style-type: none"> Formulated the Criteria for Independence of Outside Directors
2015	<ul style="list-style-type: none"> Increased the number of outside directors from 1 to 2 Formulated the Basic Policy on Corporate Governance Established the Appointment and Remuneration Advisory Committee Established the Independent Outside Officers Meeting
2016	<ul style="list-style-type: none"> Commenced the effectiveness evaluation on the Board of Directors
2019	<ul style="list-style-type: none"> Revised part of the Basic Policy on Corporate Governance

Business Risks and Uncertainties

 For details, see our website. <https://www.kaneka.co.jp/en/esg/governance/risk/>

Basic Policy

Our basic risk management policy is that each division identifies operational risks and other types of risks that it may face, takes appropriate preventive measures, and responds appropriately in cooperation with other relevant divisions if a risk manifests itself.

For preventive measures against potential risks including those related to ethics and legal compliance, the Compliance Subcommittee of the ESG Committee oversees the development and implementation of the company-wide plans.

When a risk occurs or is likely to occur, the ESG Committee handles the risk in cooperation with the relevant divisions.

We regularly check whether the above-mentioned activities are implemented properly to prevent our risk management system from falling into mere formality, and strive to maintain and improve its effectiveness.

Business-Related Risks

Factors that may significantly affect the performance and the financial position of the Kaneka Group include those described below.

Please note that the matters described are only those that we considered risks as of March 31, 2019 and that this is not an exhaustive list of risks borne by the Group.

1. Risks related to the Group's ability to maintain operational advantages and trends in the Japanese and overseas economic environments
2. Risks associated with the globalization of our business (fluctuations in foreign exchange rates and overseas business development)
3. Risks of price fluctuations of raw materials and fuels
4. Risks associated with product liability, industrial accidents and large scale disasters
5. Risks associated with the protection of intellectual property rights
6. Impact of environment related regulations
7. Risks associated with legal action
8. Other risks

See the Financial Section for more details

Strengthening of Information Security

Kaneka Group has established a Basic Information Management Policy, and works to disseminate it to all employees, thereby ensuring appropriate management of information.

Basic Information Management Policy

1. Observance of laws/regulations and rules

The trust and confidence of society and customers is the most precious asset the Group must protect. Complying with laws and regulations, social norms, and internal regulations/procedures is the basic principle that all individuals engaged in business activities should follow.

2. Protection of confidential information

Confidential information concerning manufacturing processes, research, sales, etc. is the source of the Group's competitiveness. All individuals engaged in business activities must be fully aware of this, and must not leak such information or use it for illicit purposes. In particular, data requiring strict handling, such as personal information and information entrusted as confidential from other entities, must be identified as such and managed strictly by the person in charge of information management at each company.

3. Establishment of systems/structures

In order to sustain and expand the Group's business, it is essential to make effective use of information and increase the efficiency of business operations. In addition to establishing rules regarding information security and continuing to improve information systems to ensure safe, effective use of information, the persons responsible for information management should be determined to ensure appropriate information management.

4. Implementation of training and awareness-raising programs

With the strengthening of Group management and increased use of external resources, people with diverse values and ethics are involved in Kaneka's business operations. To ensure smooth cooperation with these members, efforts should be made to raise awareness of information security risks and to enhance and continue training on information security including ethical aspects.

To protect its information assets from risks including cyberattacks, Kaneka Group continues striving to enhance security levels, by utilizing the knowledge of external experts. Since fiscal 2018, measures have been taken to reduce risks associated with rapid change in the information security environment, including reviewing existing facilities and introducing various security tools. Stratified training programs, audits, drills, and e-learning education are held regularly to improve employees' information security literacy.

Compliance

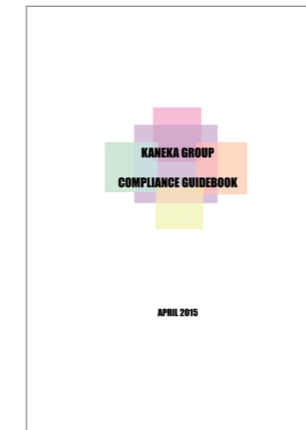
 For details, see our website. <https://www.kaneka.co.jp/en/esg/governance/compliance/>

Basic Policy

Viewing compliance as an important management issue, we implement various initiatives to ensure all directors and employees comply with all applicable laws and regulations.

Compliance Awareness Raising

Our corporate Intranet provides ready access to our Compliance Guidebook, which provides a clear explanation of our Ethical Code of Conduct as well as the laws and regulations to be observed by all of our directors and employees. Additionally, a variety of training sessions and meetings, and activities of the Compliance Subcommittee ensure that we strictly adhere to our compliance policies.



Compliance Guidebook

Self-Check in Training Session

The compliance online course for all employees, launched in 2014, was expanded to include Group companies in Japan in 2016; employees from 43 companies participated in fiscal 2018.

Training sessions on the Antimonopoly Act are conducted regularly with all of managerial officers from the Kaneka and Group companies in Japan who are involved in sales, purchasing, and business development, all of whom are required to submit a pledge.

Internal Audits and Establishment of Consultation Hotlines

The scope of ESG evaluation audits, which are carried out for all Group companies in Japan, the U.S. and Europe, was expanded to include those in China in fiscal 2018. Going forward, Group companies outside Japan will be included as well.

We have also set up compliance consultation hotlines both internally and with outside law firms in order to answer inquiries from those within the Group. We strive to respond quickly to provide a rapid resolution to any concerns that may arise.



A compliance training session

Intellectual Property

For details, see our website. <https://www.kaneka.co.jp/en/esg/intellectual-property/>

Basic Policy

Kaneka's Intellectual Property Department, operating directly under the President, secures intellectual property rights such as patents for our R&D results, aiming to provide prompt solutions to help resolve social issues.

From the global perspective, the intellectual property staff are allocated to each site in the Americas, Europe, and Asia, with the Department serving as a center, to respond directly to local issues.

The Department formulates and implements intellectual property strategies for each division, including establishment of patent portfolios covering upstream to downstream business, in cooperation with the business and R&D divisions.

Our invention incentive programs include patent application incentives, patent master incentives for the acquisition of a certain number of registered patents, and overseas patent registration incentives. Increasing application incentives for employees actively creates intellectual property.

We respect the intellectual property rights of other companies and, to avoid disputes, we conduct careful patent searches, securing patent clearance at each phase of development including theme proposal, commercialization, and specification changes.

Establishment of Patent Portfolio and Execution of Patent Rights

In fiscal 2018, we acquired patent rights mainly in priority areas contributing to our "Wellness-First Management." In Japan, patents were registered for resin compositions with superior moldability, made of marine biodegradable Kaneka Biodegradable Polymer PHBH, for "Kaneka Luce," an organic EL lighting device with a tiltable/rotatable light-emitting surface, and for margarine containing fermented butter.

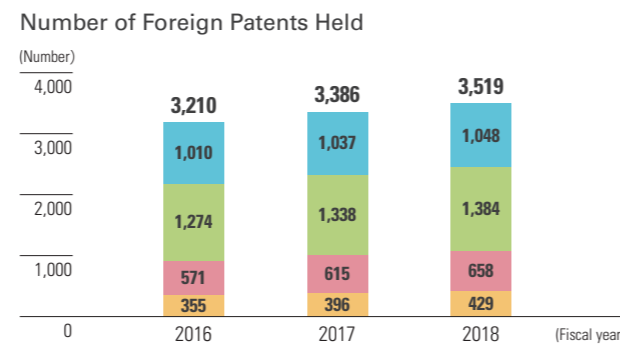
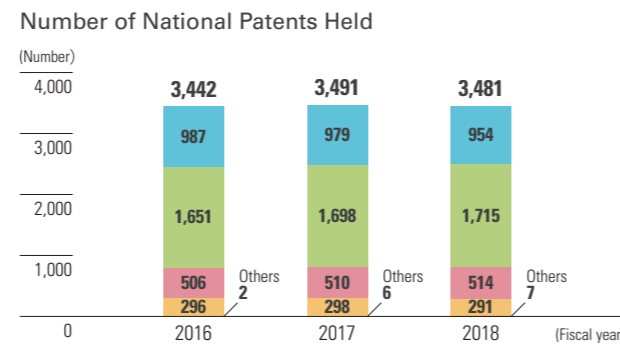
Outside Japan, we acquired patent rights for hybrid organic EL elements that produce a color closer to natural light, for a plant-growth promoting agent following "Kaneka Peptide," and for a manufacturing method of oxidized and reduced forms of coenzyme Q10, mainly in the U.S.

Executing intellectual property rights, we administratively prosecuted three companies that illegally produced and sold wig products under the name of "Kanealon" in China and confiscated labels and products infringing on our trademark right. In Europe, based on patent rights, we issued warnings to six companies involved in distributing and selling reduced

form of coenzyme Q10, blocked the marketing of infringing products, and replaced them with our regular products.

Number of Patents Held

More than 200 domestic patents were newly registered in fiscal 2018, as in last year, toward transforming our business portfolio. Meanwhile, some product patents expired, so the total number of domestic patents remained almost the same. Foreign patents continued to increase in all SUs, reflecting our recent efforts to strengthen our foreign patent portfolio. Consequently, domestic and foreign patents held by the Group as of the end of fiscal 2018 numbered 3,481 and 3,519, respectively. In particular, globalization of businesses significantly increased the number of foreign patents in the Health Care and Nutrition SUs, our new priority areas.



■ Nutrition SU ■ Health Care SU
■ Quality of Life SU ■ Material SU

ESG Promotion

For details, see our website. <https://www.kaneka.co.jp/en/esg/promotion/prm/>

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 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 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.

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.

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.

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.

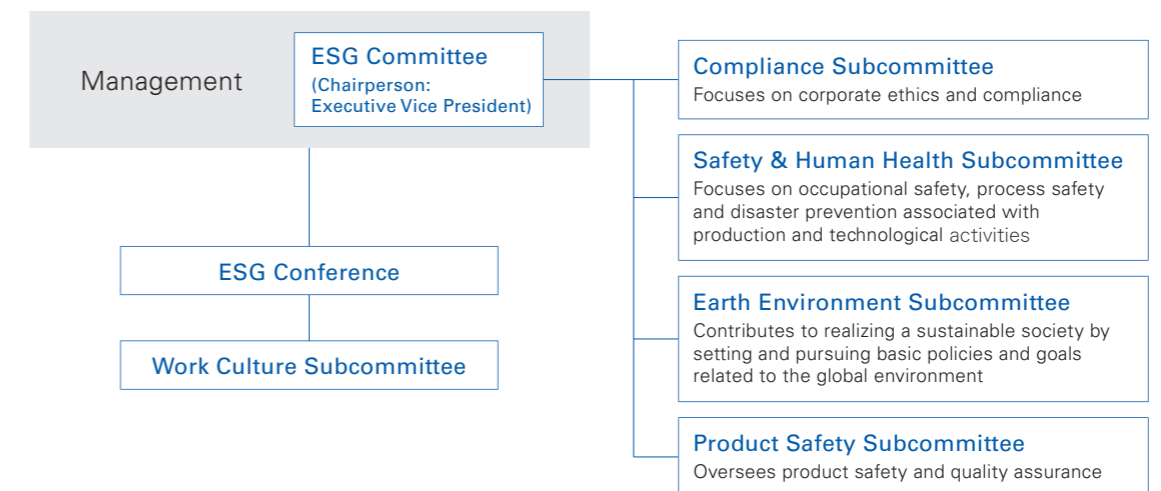
We also conducted ESG evaluation audits relating to competition laws, including the Antimonopoly Act, for all business operations divisions, 28 Group companies in Japan, and 14 outside Japan.

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.

Diagram of ESG Promotion System



Environment

 For details, see our website. <https://www.kaneka.co.jp/en/environment/esg/env/>

Basic Policy

In keeping with our ESG Charter, we at the Kaneka Group will contribute to realizing sustainable development and the enrichment of society by conserving resources and reducing environmental impacts at each stage of the entire product lifecycle.

Important matters pertaining to the protection of the global environment are decided by the ESG

Committee. Meanwhile, issues on global environment protection are shared and further discussed at the management meeting, the Plant Management Committee, and other meetings. The medium-term management plan also focuses on strengthening initiatives on important matters to further improve our ESG management.

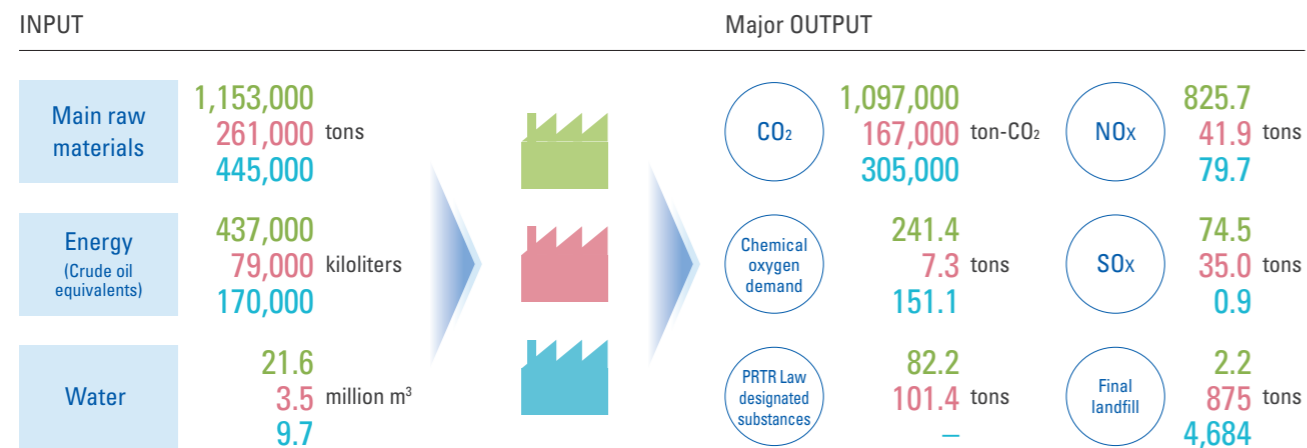
Material Balance in Production Activities

Kaneka Group is working to reduce environmental impacts by aggregating the status of energy and resource inputs and material outputs through emissions and products to grasp production activity volume, targeting Kaneka and Group companies within

and outside Japan.
In fiscal 2018, while the inputs remained unchanged from the previous fiscal year, the outputs showed a decrease of NOx by 41.1 tons (4.1%) and of final landfill waste by 476.7 tons (7.8%).

Material Balance in Production Activities (FY 2018)

■ Kaneka ■ Group companies in Japan 46 ■ Group Companies outside Japan 15



Biodiversity

Considering the impacts of our businesses on ecosystems, we at Kaneka strive to develop technologies, materials and products that have less environmental impacts, as well as to mitigate environmental impacts of our production.

As part of our corporate social responsibility efforts, we also collaborate with stakeholders outside the company in biodiversity conservation activities.

Since 2012, we have been involved in the Kaneka Forestry for the Future project aimed at conserving a private forest in Taka Town, Hyogo Prefecture. Employees at the Takasago Manufacturing Site thin out the forest in spring and autumn for more efficient CO₂ absorption. The carbon sink since the start of the

project amounts to 1.93 tons-CO₂.
Since 2012, we have operated the Settsu-no-mori Kaneka Biotope on the premises of the Osaka Manufacturing Site in collaboration with the Settsu Firefly Society, to create a firefly habitat in Settsu City. When fireflies appear, we hold a firefly viewing gathering, inviting local residents.
Employees at the Shiga Manufacturing Site have joined the Walnut School's efforts to conserve the Konooka Biotope, a precious natural environment of Lake Biwa, as a steering committee member. We learn the importance of natural environment, interacting with seasonal creatures and nature together with local residents.



Kaneka Forestry for the Future (Takasago Manufacturing Site)



Settsu-no-mori Kaneka Biotope (Osaka Manufacturing Site)



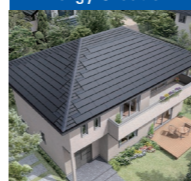





Walnut School (Shiga Manufacturing Site)

Eco-Friendly Products

Kaneka Group is engaged in various environmental initiatives. Focusing on eco-friendly management from fiscal 2017, we will define, enhance, and expand our

eco-friendly products*.

* Products that can contribute to reducing global environmental impacts at the stages of customer use, disposal and recycling, compared to conventional products

Energy Creation	Energy Storage	Energy Saving	Energy Saving	Waste Reduction	Chemical Pollution Prevention
					
Product name VISOLA SoltileX GRANSOLA	Product name Residential electricity storage systems	Product name Kaneppearl	Product name Eperan	Product name PHBH	Product name KANEKA Surfactin
Intended use Solar power generation systems	Intended use Residential stationary batteries	Intended use Residential/automotive foams	Intended use Automotive parts Package cushioning materials	Intended use Biodegradable Polymer (Packaging materials, garbage bags, foams)	Intended use Biosurfactant, Cleaning agents
Reason for environmental contribution Creating energy with houses equipped with this product	Reason for environmental contribution Storing energy by houses equipped with this product	Reason for environmental contribution Saving energy as insulation and lightweight residential/automotive materials	Reason for environmental contribution Saving energy as lightweight automotive parts	Reason for environmental contribution A naturally derived and biodegradable polymer that has little environmental impact when discarded	Reason for environmental contribution A naturally derived and biodegradable material friendly to the environment

TOPICS

Development of T-Green Multi Solar, an exterior system that generates electricity utilizing the outer wall and window surfaces of buildings

We have developed, in partnership with Taisei Corporation, the exterior system "T-Green Multi Solar," which generates electricity through photovoltaic laminates integrated into wall and window surfaces of buildings. With high efficiency in generating electricity, its multi-functionality (providing natural light, high visible light transmission, heat shielding and thermal insulation), and flexibility in building design, the system also functions as an independent emergency power source during times of disaster.

We will actively propose this system as an energy-creation technology towards realization of urban-type ZEBs (Zero Energy Buildings) to companies engaged in environmental management, companies reinforcing their BCPs, public facilities acting as bases during disasters, and condominium residences aiming to strengthen their LCP (Life Continuity Performance).

* "T-Green" is a registered trademark of Taisei Corporation.



Sample of utilization (The exterior of a small-to medium-sized building)

Environment

Climate Change

We are undertaking efforts to address climate change, with the Earth Environment Subcommittee established under the ESG Committee. We are working to promote energy-efficient use to reduce CO₂ emissions through various measures, for example by utilizing our own environmental capital investment program.

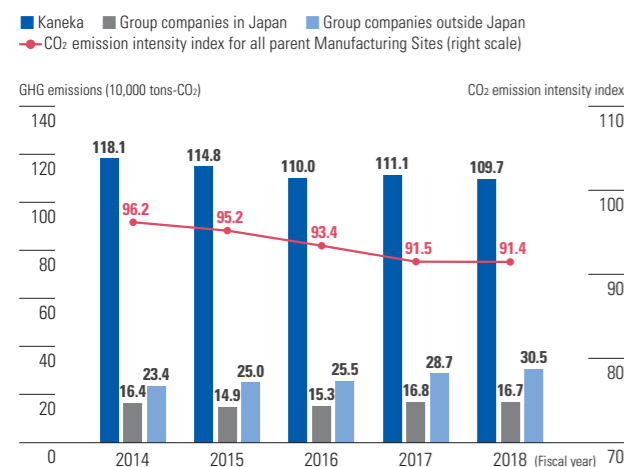
We also use carbon-Life Cycle Analysis (cLCA) to calculate CO₂ emission reduction benefits by quantitatively assessing CO₂ emissions throughout product lifecycle, making comparisons with similar products. We also calculate indirect greenhouse gas (GHG) emissions (Scope 3) associated with our business activities through supply chains.

The energy-origin CO₂ emission intensity index*¹ for all parent Manufacturing Sites in fiscal 2018 was 91.4, achieving our fiscal 2020 target of 93.2 in advance.

Our greenhouse gas (GHG) emissions*² decreased 1.3% from the previous year to 1,097,000 metric tons of CO₂, mainly through reducing the CO₂ emission coefficient of electricity.

We will continue to streamline our production processes through innovation to reduce CO₂ emissions.

GHG Emissions and Energy-origin CO₂ Emission Intensity Index (Baseline year: 2013)



*¹ A ratio of energy-origin CO₂ emissions per unit of output of a product, which is indexed against the baseline year of fiscal 2013 as 100.

*² GHG emissions, calculated in accordance with the Act on Promotion of Global Warming Countermeasures, are the total amount of energy-origin CO₂ emissions, non-energy origin CO₂ emissions, and the CO₂ equivalent of methane and N₂O emissions.

Pollution Control and Waste Reduction

Kaneka engages in production activities in compliance with the standards specified in the Air Pollution Control Act and the Water Pollution Control Act as well as the criteria included in agreements made with local governments.

We will continue to comply with these standards and reduce the emission of volatile organic compounds (VOC) and chemical substances subject to the Pollutant Release and Transfer Register (PRTR) Act, including six toxic air pollutants set independently by us.

Since waste reduction leads to maintaining and improving the global environment through resource savings, cost cutting, and CO₂ emission reduction, Kaneka Group promotes the 3Rs (Reduce, Reuse, and Recycle) company-wide, and has achieved zero emissions*³ for 13 years consecutively. We also facilitate continuous improvement activities through process analysis using Material Flow Cost Accounting (MFCA).

*³ Zero emission defined by Kaneka: The final landfill waste must be less than 0.5% of the generated waste.

Safety / Quality

For details, see our website. <https://www.kaneka.co.jp/en/esg/social/safety-quality/>

Occupational Safety, Process Safety and Disaster Prevention

Placing the top priority for management on safety, we have established the Basic Policy on Safety, under which all employees as well as all persons working at the Kaneka Group and our partner companies aim for no accidents and no disasters.

To share the importance of safety, members of top management inspect plants to check the on-site situation and create an opportunity to talk with employees.

Through our safety-related efforts, the actual safety situation is evaluated by the Safety and Human Health Subcommittee to clarify important matters related to safety that should be addressed in the following fiscal year, which are finally decided by the ESG Committee.

Key challenges worked on in fiscal 2018 were: (1) promoting establishment of safety efforts on a global scale, (2) enhancing awareness of danger and risk identification capabilities, (3) familiarizing the operation of company-wide risk management, and (4) creating a corporate culture where employees enjoy good health and feel motivated.

We will work to achieve no-accident and no-disaster operations by determining the real causes of individual accidents and disasters, making employees thoroughly aware of basic safety actions, implementing risk assessment, instructing employees to make preoperative risk predictions, and sharing information on accidents and disasters.

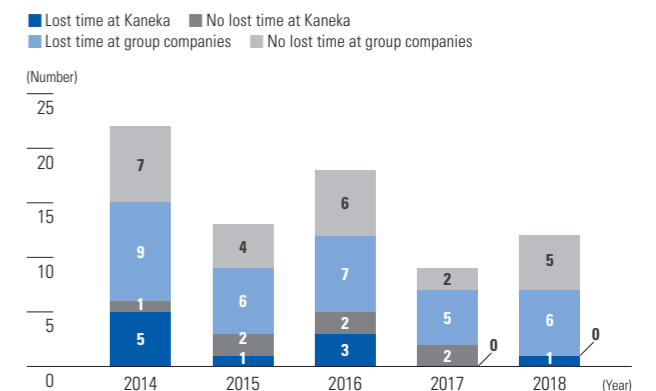
Basic Safety Policies

- **Safety forms our management foundation, and is the basis of all corporate activities.**
We take action with priority given to ensuring safety in all activities in the company.
- **Safety is the foundation of local and worldwide communities' confidence in Kaneka.**
We do our best to develop their trust.
- **Safety is based on our belief that "All accidents can be prevented."**
We always move forward without being satisfied with lukewarm results.
- **Safety is the responsibility of every employee in accordance with his/her duties.**
We fulfill our responsibilities by mutually clarifying the duties we have assumed.
- **Safety must be maintained continuously.**
We ensure safety through steady efforts on a daily basis.

Efforts to Ensure Zero Accidents

In 2018, 12 occupational accidents occurred in the Kaneka Group, of which seven resulted in lost work time, and five did not. Although occupational accidents have been decreasing for the past five years, we have promoted safety activities in compliance with the Zero Accident Principles to boost personal safety awareness. The accident frequency rate has decreased throughout the Kaneka Group due to reducing the number of occupational accidents at Group companies within and outside Japan. Kaneka's accident frequency and severity rates have reached zero. Group companies that achieve good safety performance are commended by the President based on the internal standards. By sharing excellent safety activity examples, we aim to raise safety awareness to achieve zero accidents.

Accidents Resulting/Not Resulting in Lost Time



The number of occupational accidents includes those among employees at Kaneka and partner companies working in the Kaneka Group.

Accident Frequency Rate and Accident Severity Rate

Area	All Kaneka Group		Kaneka		Group Companies in Japan and Overseas	
	2017	2018	2017	2018	2017	2018
Accident Frequency Rate	0.31	0.23	0.00	0.00	0.47	0.36
Accident Severity Rate	0.01	0.02	0.00	0.00	0.01	0.03

Accident Frequency Rate: An index that shows the frequency of occupational accidents that caused death and/or injury by indicating the number of casualties per total 1 million actual working hours

Accident Severity Rate: An index that shows the level of severity of occupational accidents by indicating the number of lost work days per total 1,000 working hours. Both rates are calculated targeting employees at Kaneka and Group companies.

Safety / Quality

Implementation of Disaster Drills

Disaster drills are conducted annually in cooperation with local governments at all parent Manufacturing Sites to improve disaster coping skills in case of emergency situations.

In fiscal 2018, we implemented comprehensive disaster drills based on a scenario of a large-scale earthquake followed by a fire caused by hazardous material leakage.



Comprehensive disaster drill held in cooperation with the local government

Comprehensive Disaster Drills

Manufacturing Site	Date	No. of Participants	Details
Takasago Manufacturing Site	December 14, 2018	2,079	The Manufacturing Site held a joint firefighting drill with the Takasago City Fire Department based on the scenario of an earthquake resulting in a fire caused by combustible gas leakage.
Osaka Manufacturing Site	October 25, 2018	1,101	The Manufacturing Site held a joint firefighting drill with the Settsu City Fire Department based on the scenario of an earthquake resulting in a fire caused by combustible gas leakage.
Shiga Manufacturing Site	November 14, 2018	479	The Manufacturing Site held a firefighting drill based on the scenario of an earthquake resulting in a fire in a production building.
Kashima Manufacturing Site	October 18, 2018	130	The Manufacturing Site held a firefighting drill based on the scenario of an earthquake resulting in a fire caused by high-pressure gas leakage (West area).
	November 17, 2018	230	The Manufacturing Site held a damage expansion prevention drill with the East Industrial Complex Joint Facility Team on the scenario of an earthquake resulting in high-pressure gas leakage (East area).

Mental Health Care

Mental health care activity is necessary to maintain employees' mental health. In addition to providing care to those with high stress levels, identified through stress checks (which were introduced in 2016), we continue efforts to improve the workplace environment based on the stress check results. Such efforts involve conducting stress check group analysis for each workplace, identifying problems based on the analysis results, and working to solve the identified problems.

We also provide opportunities to help employees relieve stress, including a seminar on sleep.



Seminar on how to have good quality sleep

Product Responsibility

The Product Safety Subcommittee under the ESG Committee and its implementation bodies, namely the Product Safety Review Conference and Quality Management Conference, are responsible for all matters relating to product safety and quality assurance within the Kaneka Group.

Quality Management

We at the Kaneka Group strive to benefit society and satisfy our customers, through providing a stable supply of safe and reliable products. To that end, we undertake quality management activities to ensure the safety and quality of our products at all stages of design, development, manufacturing and sales.

In fiscal 2018, related activities included the following:

- We checked product inspection implementation at all parent Manufacturing Sites and found no serious compliance violations.
- We held four Quality Management conferences, inviting persons in charge of quality management in each business division, to instill the policy and instructions of the Product Safety Subcommittee, exchange views, and share information on product quality.
- We undertook a range of activities to build the capacity of our employees, including through outside seminars and in-house lectures by external experts.

Product Safety Review Conference

Due to expanded business operations and diversified activities of the Group, we need to conduct an increasing number of reviews of our new services and products targeted at general consumers.

To respond to emerging opportunities in a timely and speedy manner, in fiscal 2018 the Product Safety Review Conference and its administration office carried out related pre-consultations (hearings).

Chemical Substance Management

Internationally, regulatory systems are becoming more stringent in order to achieve appropriate management of chemical substances related to consumer products. We strictly follow Japanese and international laws and regulations, and also actively offer information for the proper handling of our products, through displaying the Globally Harmonized System of Classification and Labelling of Chemicals (GHS*) labels and providing a safety data sheet for products.

* GHS: A worldwide system for classifying and labelling chemicals according to their hazardous properties

Audits and Inspections

Companies within the Kaneka Group regularly undergo reviews and audits by external organizations, based on established standards and criteria such as the ISO 9001 standards.

In addition, we are working to improve our performance through ESG safety and quality inspections and internal auditing.

In fiscal 2018, related activities included the following:

- We conducted an inspection with external experts in the fields of functional food and food, electrical and electronic materials, and high-performance resin.
- We continued to clarify the strengths and weaknesses of our product quality through quantitative evaluation and conducted an audit at all Group companies in Japan through self-inspection using an audit checklist.
- We continued to develop and train internal auditors to further improve internal audit capabilities.

Implementation of internal audits led to enhancing the self-inspection and improvement capabilities of each Group company.

We will optimize the quality management system with the Product Safety Subcommittee serving as a center and through the improvement of frontline execution.