

# Kaneka

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Kaneka Integrated Report 2023



Sustainable Solutions for an Evolving World.

# Kaneka

Kaneka Integrated Report 2023

# The Dreamology Company

—Make your dreams come true—

## Trial & Error experiment driven company

KANEKA thinks “Wellness First.”

Kaneka contributes to the sustainability of the earth, develops its business in a “wellness-first” direction, energizes people, adds vibrancy to business, and helps build a happier society.

To make the world more wellness-first.

Kaneka takes an innovative approach to science, and seeks to fulfill people’s dreams by offering a wide variety of solutions.

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## “I Wake Up Every Morning to Dream”<sup>\*1</sup>



**Kimikazu Sugawara**  
Chairman and Representative Director

### I. “I Wake Up Every Morning to Dream”<sup>\*1</sup>

#### Creating Your Own Story

The caption at the beginning

was borrowed from the title of a book containing interviews with Haruki Murakami.

How awe-inspiring.

His works are full of paradoxes and metaphors that stimulate the imagination.

Some of you may be surprised,

but I chose it because I was stimulated

by the paradox of this phrase.

Perhaps it's because people are always looking for a little fairy tale (dream)

in their mundane daily life,

whether at work or in their everyday lives?

I chose it because I felt that

dreaming (and living)

is about creating your own story.



#### Feeling Is Missing

There is something I am very concerned about at this moment.

That is, to look at the origin of our purpose,

“KANEKA The Dreamology Company—Make your dreams come true.”

Quite some time has passed since we entered the era of a surplus of goods.

During that time, even though functions and performance have improved dramatically, have they been able to meet the diversified needs of people with different tastes?

What I think is that no matter how great

the quality of new products are,

they will not scale well if

another value-added “feeling” is missing.

Because to “feel” is to have someone say, “I love it!”

Convenience and efficiency can be managed quickly with the latest digital technology.  
If you communicate your objectives, the computer will gather information from all over the world.  
The wide range of media keeps us soaked with information.  
We have all become side-by-side holders of information.

## Idea Craftsman

However, I believe that the future belongs to those who have acquired “unspeakable wisdom” such as “intuition,” “tips,” “inspiration,” “technique,” and “a sixth sense.”

I refer to those who use this wisdom to make a difference or solve a problem as “idea craftsman.”

Rather than just technical theories or how-to’s, the information and knowledge they possess will ferment within them and mature into great wisdom.

I believe this is where “idea craftsman that can make your dreams come true” can shine.

Pattern recognitions (stereotyped ways of seeing things) that rely on past patterns do not last forever and will mutate at some point. If we let things be given to us, “something new” and “something different” will never be born.

We live in an age of idea craftsman, where “feeling” is more important than “knowing.”



## Let’s Remove the Rust of Our Five Senses.

We have become so accustomed to being given things that we have somehow forgotten how to feel with our bodies and think with our five senses.

Our five senses (sight, hearing, smell, touch, and taste) are our identity, our originality, and our very essence. The clues to our work are outside of the company. Let’s thoroughly watch the “changes and diversity of the times.” Let’s venture out of our area of expertise.

Step out into town, see, touch, and smell the sites. And dig deep into things to find their essence.

When we speak of the “Kaneka Way” or “Kaneka Spirit,” we are referring to a way of working that removes the rust of the five senses and transforms “knowing” into “feeling.” “Kaneka 1-on-1” is a training program for “idea craftsman.” Uniqueness and originality are born from refining one’s own sensitivity.

Our associates who “feel” this way are our pride and joy.



## “I Wake Up Every Morning to Dream”<sup>1</sup>

In “I Wake Up Every Morning to Dream,”

Haruki Murakami says,

“For a writer, writing is just like

dreaming while

waking up.

It’s an exorbitant experience

that doesn’t always allow

logic to intervene.

I wake up every morning to dream.”<sup>2</sup>

To make an analogy in my own unique way,

I believe

that business,

like a story written by a writer,

is actually a work of empathy and emotion that

wanders between dreaming (vision) and awakening (critical thinking).

The strategic story line

begins with tossing a few questions and scenarios

into the sky,

and the disparate concepts

gradually take shape and come down.

Irony and paradoxes are common languages.

Sometimes we need the help of metaphors

to understand certain complex situations.

“Business ideas” are similar to the feeling of waking up and chasing a dream.



## II. Life Focus Management — Limitless Adventure —

### Before We Are No Longer Able to Live on the Earth

I would like to talk about the “roots” that we value,

or in other words, our purpose management,

“KANEKA The Dreamology Company—Make your dreams come true.”

The Earth’s life, our lives, they are all chemical reactions.

This is the root.

If we go back in history to 4.6 billion years ago,

we can trace the birth

of the Earth and all life on it to a single source.

Life phenomena

can be described almost exclusively in the common language of chemical reactions.

The reason why Kaneka’s management policy

is to research the “mysteries of life” and support a society that nurtures life

is precisely because our universal understanding that

“life is a chemical reaction” is at its very origin.

This is why

animals, plants, and the Earth are featured in our integrated reports

However, cruelly, it is said that the root causes of the problems that humanity is facing have undoubtedly been sown by humans.

The global population has already exceeded 8 billion,

and the explosion in population has now

reached the point where it is

devastating the entire biosphere with the

“footprints” that humans continue to carve.

The natural world is becoming

increasingly overburdened.



## Chemistry of Life

If the “critical point” is exceeded, the situation could lead to dangerous climate change and mass extinctions. Unless we reduce the risks, future generations will be left with a depleted, emaciated world.

Life and the Earth are connected as one. In order for humans to survive as a “species,” we require a “chemistry of life” that changes our thinking patterns, zooms out, and reexamines the entire “Earth and all life on it” from the perspective of life on Earth.

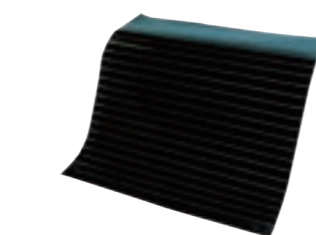
We must further our understanding of nature and rapidly deploy appropriate technology before we are no longer able to live on the Earth. This perspective is our purpose management, “KANEKA The Dreamology Company —Make your dreams come.”

Each research may appear different, but they are all connected to the big “life,” that is, life on Earth. This is the new frontier created by chemistry.

## Shift in Emphasis to Life Sciences

The definition of “life science” is the technologies and creative activities that use chemistry to make life on Earth healthier.

Kaneka’s “biomanufacturing,” such as the biodegradable polymer Green Planet™, genome editing technology, biopharmaceuticals, regenerative and cell medicine, organic dairy products business, supplements, and fermentation culture process technology, PV technology, and medical devices are all connected to the big “life,” that is, life on Earth.



They are all “new frontiers paved by chemistry” that Kaneka is taking up as a challenge.

Kaneka will drive the transformation of its portfolio by taking on the challenge of “R2B” in the life science area.

We will aggressively expand “life sciences for a healthier planet” and work to transform our business into a new, highly profitable structure.

## Hybrid Management of the Toy Box

Innovation is “a new combination that does things in a different way.” Combining different things in different business fields in a new way.

We call this “hybrid management.” Kaneka has a wide variety of different technologies. Just like a “toy box.”

The surprising combination of them creates creative and valuable solutions. Through this “hybrid management,” we will contribute to solving social problems.

Kaneka has created countless new combinations, including Green Planet™, a biodegradable polymer that combines biotechnology and polymer technology, and “Watashi no Chikara (My Energy)™ Q10 Yogurt,” which combines supplement products with food products. More products, technologies, and businesses will continue to emerge from our hybrid management. Please look forward to the hybrid management of the toy box.



## Limitless Adventures of a Human Driven Company

Kaneka is a human driven company.

It's all about people.

We will increase corporate value and drive growth through the growth of people.

Leadership and followership are important.

The captain of a ship unites the feelings of the crew to create a winning momentum.

"Kaneka 1-on-1" lighting a fire in people's hearts.

The progress of plans and the career and skill development of subordinates are facilitated by frequent dialogue between supervisors and subordinates.

Kaneka is a pioneer of the 1-on-1 system in Japan.

Today, society is surrounded by an atmosphere where communication is lacking without even realizing it.

The aftereffects of the COVID-19 pandemic have weakened the connections between people.

## Trust People & Mutual Respect

"Trusting colleagues and respecting differences" has been a Kaneka tradition spanning 70 years.

We will revitalize a culture in which customers and colleagues work together as one team with a sense of trust and respect.

I can't do it, it's impossible for me.

Say goodbye to such negativity.

Limitless adventure is our new theme.

Let's remove limits with positive thinking.



## Diversity: Creating New Value and Women's Participation

"Wow, I never thought of it that way!"

"Your perspectives are unique and always moving."

Diversity of ideas!

I want to fill Kaneka with such "idea craftsman."

I want to amaze the world with their creativity and human magic.

I work with this in mind.

My job is to bring out their unhindered performance as a stage director.

Unbound by gender, age, nationality, and other circumstances.

I want you to leap out of the box.

I want the hands of different and diverse employees to create new value.

This is what Kaneka considers diversity.

Diversity of DNA.

Only a company that attracts a diversity of human resources that cause change - can survive.

"Be different" is the keyword.

We actively promote the hiring and promotion of women.

The reason we wish to expand opportunities for women is because we want to inspire the world with the diversity of our ideas.

## A Network Connecting Global and Local

The place where our diverse employees can thrive is, of course, global.

When I think of domains on a global scale, I feel that the adventure is like putting my foot in someone else's shoe.

There are countless different shapes and sizes of shoes in the world, and when you step into those shoes,

you are able to

see the world through

someone else's eyes.

Only when you walk in those shoes

will your business start moving.



## Carbon Neutral/DX Initiatives

We aim to reduce GHG emissions by 30% by 2030.

Our goal is to achieve carbon neutral by 2050.

We aim to reduce GHG emissions mainly in Scope 1 by reducing energy consumption through fuel conversion of in-house power generation facilities and process innovation.

We are also considering the introduction of an internal carbon pricing system.

As for DX, we will continue to advance the sophistication of our digital platform by making full use of digital technology and materialize the concept of carbon-neutral production technology.

We are also working on a company-wide digital platform concept using the latest digital technology to promote operational innovation in research and development, sales, SCM, and back-office operations.

Through these efforts, we will create new values such as “creation of new businesses” and “transformation of work culture.”

As for human resources, there will be a major shift to creative work through the automation and streamlining of routine basic work through digitalization.

Our goal is to achieve 50% creative work by 2025 and 70% by 2030.

## Human-Driven Health Management —Wellness First

Kaneka aims to transform its portfolio with life science as the core, focusing on the three crises of global life:

“environment and energy,” “food,” and “Wellness” as domains.

“Wellness First —Human-Driven Management,” which aims to make the world healthier by addressing ESG issues, is an island that we are striving to create.



We want to be a value-creating company that contributes to people’s health and the enrichment of society. We will contribute to building a “sustainable society.”

It’s not “what will the future look like” but “what will we do with the future?” The key is not to forecast the future, but to plan it.

We must act proactively to anticipate changes in the global environment. The highest adaptability is the creativity to create a sustainable future for oneself. This is also where the idea craftsman come in.

## III. Gratitude and Prayers

Management is the field. The god of management lives in the details. Each and every thing that happens in the field, each and every change in each and every person in the field is management itself. Management is about shining a light on the details and moving the whole thing forward. I believe that it means to go back and forth between the entirety and the parts, and to adapt to change.

Nothing would make me happier than for you to read this report and understand the relationship between the entirety and the parts of management. Each one is a philosophy or policy itself.

Over the past year, we have also been engaged in “Human-Driven Management.” I am reporting this with gratitude and prayers for all of you.





## IV. Discover Future

### —My Thoughts on the “Plan: The Three-Year Initiative” 2024—

#### The Three-Year Initiative

##### 1. We ended the Mid-term Plan.

We are transforming the Mid-term Plan into “Plan: The Three-Year Initiative.” A plan is a management initiative, and we set out to fulfill what we have set as a goal. Acting on and realizing the goal. And, above all, the “Plan: The Three-Year Initiative” is a creative mechanism.



When it comes to Mid-term Plans, the implicit assumption that the present moment can be postponed always arises. Nothing starts. The present moment doesn't change.

A plan, in the first place, is to decide on the present by looking ahead at tomorrow, and then moving quickly in the present moment (towards tomorrow). But the present moment is frozen within the confines of the Mid-term Plan.

So, let's demolish the “Mid-term Plan” box and throw it away.

It is a limitless treasure box filled with curiosity and dreams. “Plan: The Three-Year Initiative” is about this transformation.

##### 2. Putting Culture Front and Center in Management.

I believe that Kaneka's culture, with our free and open atmosphere and spirit of challenge, known as “Kaneka Way, Kaneka Spirit,” is what we must value most.

Always doing what others don't do and making new proposals. I believe the fundamental source of Kaneka's strength is our youthfulness in creating new things. I believe it is our duty as managers to pass this source down to the next generation, and even generations after that. However, teamwork is vital for managing a hybrid company like Kaneka, with such a diverse range of business areas, over the next 50 years.

Management team members must share a common awareness of the current condition (Status Quo) as well as our vision. Furthermore, I believe communicating this clearly to all employees is most important. So that all of Kaneka's employees become one team. Communicate with each other.

Therefore, today, we have chosen a flag (catch phrase) for all of us to share a common understanding and vision that is essential for Kaneka to continue shining in the next era.

Discover Future : Leap towards tomorrow  
Stay Positive, Stay Hungry: The only option for survival is to change now  
Change & Create New : Discard courageously and create a new tomorrow



### 3. Sorting Out Issues Is Hypothetical Thinking

Technological innovation is astounding, with new things emerging one after the other.

What we thought would remain stable is changing dramatically.

With the given business assumptions quickly crumbling, the standard way of thinking that we can predict the future is no longer viable for planning.

In most planning, despite the future being unknown, numbers and scenarios are set as assumptions and strategies are implemented as though the future will remain unchanged.

The key is to think about what success means and to work backwards from the final goal.

Backcast how things should be in order to achieve the desired results, and then write out the initiative as a hypothesis.

Also consider what some checkpoints might be to make them more concrete.

Even so, if there is a gap between your assumptions and reality, you can consider alternative hypotheses. Sorting out issues is hypothetical thinking.



### 4. Plans Are Options for the Future

Humans are creatures that are bent on maintaining the status quo.

A sense of helplessness when under pressure, or naive wishful thinking (that we can figure it out), is not enough to ignite a team's passion. They are just excuses to escape reality.

It is important to identify the factors that will be the source of choice (market growth, market prices, competitor response, customer response, etc.) when uncertainty is high, and to act first to the extent that the risk does not become too great after hypothesizing about these futures.

That marks the start of the options for the future.

If the hypothesis is correct and it swings upward, we will move to invest in additional resources.

On the other hand, if there is a downturn, we can change the policy.

Even though there is much uncertainty about the future, if we don't start anything, we will never have a chance.

Let's zoom out and zoom in on the situation, organize the issues, and stay ahead of the changes while on the move.

Take the first step with hypothetical thinking.

We are at the crossroads of a strategic shift.

Think about shifting strategies from a meta-perspective.

Make 2024 a remarkable breakthrough year.

We will discuss Kaneka's unique management strengths, which are unique to Kaneka in light of the changing times.

Discover Future!

Choose your own future based on your sense of mission and values.

Let's design

a future unique to Kaneka from a meta-perspective.

Exciting: Does the image of the future make your heart dance?

Unique : Is Kaneka's character tightly woven in?

Can do : Do you and those around you want to do it and believe it is possible after hearing about it?



## Draw Your Own Plot

What do you want to do?

Imagine all you want to create.

I believe that creation is the combination or rearrangement of two or more unexpected elements.

Creating something new.

And making it useful.

That is all.

It is very simple.

Innovation, Schumpeter says, is an example of creativity.

Let's be frank.

How many people spend years or decades

following someone else's plan,

despite having only one life to live?

We are too caught up.

With a limited mindset.

In walking a well-worn path.

## Shu-Ha-Ri

Shu-Ha-Ri is a term originally used in Kabuki, martial arts, and tea ceremonies to describe the process of passing down the master's craft in training.

Learn the forms in "Shu," break them in "Ha,"

and transcend to new heights in "Ri."

I would like to establish such an algorithm in Kaneka

that scales the "craftsman" of creativity

to a "mechanism" of routine.

The new Kaneka Way/Kaneka Spirit.

1. The workplace will not only adhere to the "forms," but will also normalize new initiatives that transcend their boundaries. Exactly what Shu-Ha-Ri recommends (out of the box).

By doing so, I want to build an organization culture that encourages innovation.

2. Next, the innovations generated in the field are made into new "forms."

This will enable expansion across the organization.

3. Finally, I want to replace old "forms"

and wisdom with new ones.

I want to establish a new algorithm for the 21st century.

## Closing Remarks

First, ask yourself these questions.

Is the current approach working?

Is my current way of living and working alright?

If we always strive to express ourselves,

we will naturally be able to live,

work, and be as creative as we envision.

The "Plan: Three-Year Initiative" plan

is a creative mechanism

to progress toward

the goal.



\*1 Haruki Murakami, "I Wake Up Every Morning to Dream: Haruki Murakami Interview Collection 1997-2011," Bungeishunju (Bunshu Bunko), 2012

\*2 Same as above, P.165

### “Declaration of Kaneka United”

#### 1 Corporate Philosophy

With people and technology growing together into creative fusion, we will break fresh ground for the future and tie in to explore New Values. We are also committed to challenge the environmental issues of our planet and contribute to upgrading the quality of life.

#### 2 Corporate Ideals

##### Toward an Even More Impressive and Productive Future

Hold in your hands the future you have always dreamed of. We are a highly perceptive and collaborative value-creating group or, as we like to say, a “Dreamology Company.\*” We want to look at the future from the same perspective as our customers. The future that Kaneka visualizes is one that connects us with our customers.

\* “Dreamology” is an expression coined from ‘dream’ and ‘ology’ (science). Our “Dreamology Company” is a “highly perceptive and collaborative value-creating group.”

#### Five “ties”

1. Tie to the future	As a research and development company brimming with creative energy and passion, we will create future-oriented businesses that leap beyond current market needs and back them up with new product development, thus protecting the global environment and contributing to the quality of life.
2. Tie to the world	We are determined to become a truly global enterprise with diverse human resources working together on a global scale. Our presence will be felt in markets around the world, including newly emerging ones.
3. Tie with value	We are proud of our unity and identity as the Kaneka Group and will take on the challenges of value creation and business innovation through close collaboration.
4. Tie for innovation	We will never cease to pursue innovation, fusing wisdom from both internal and external sources without getting caught up in organizational compartmentalization and conventional ways of doing things.
5. Tie with people	We in the Kaneka Group believe that the wellspring of corporate growth resides in human resources and will continue to seek innovation as we cultivate and nurture our valued employees.

In 2018, Kaneka Group established the ESG Charter, aiming to evolve its ESG management.

#### 3 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.

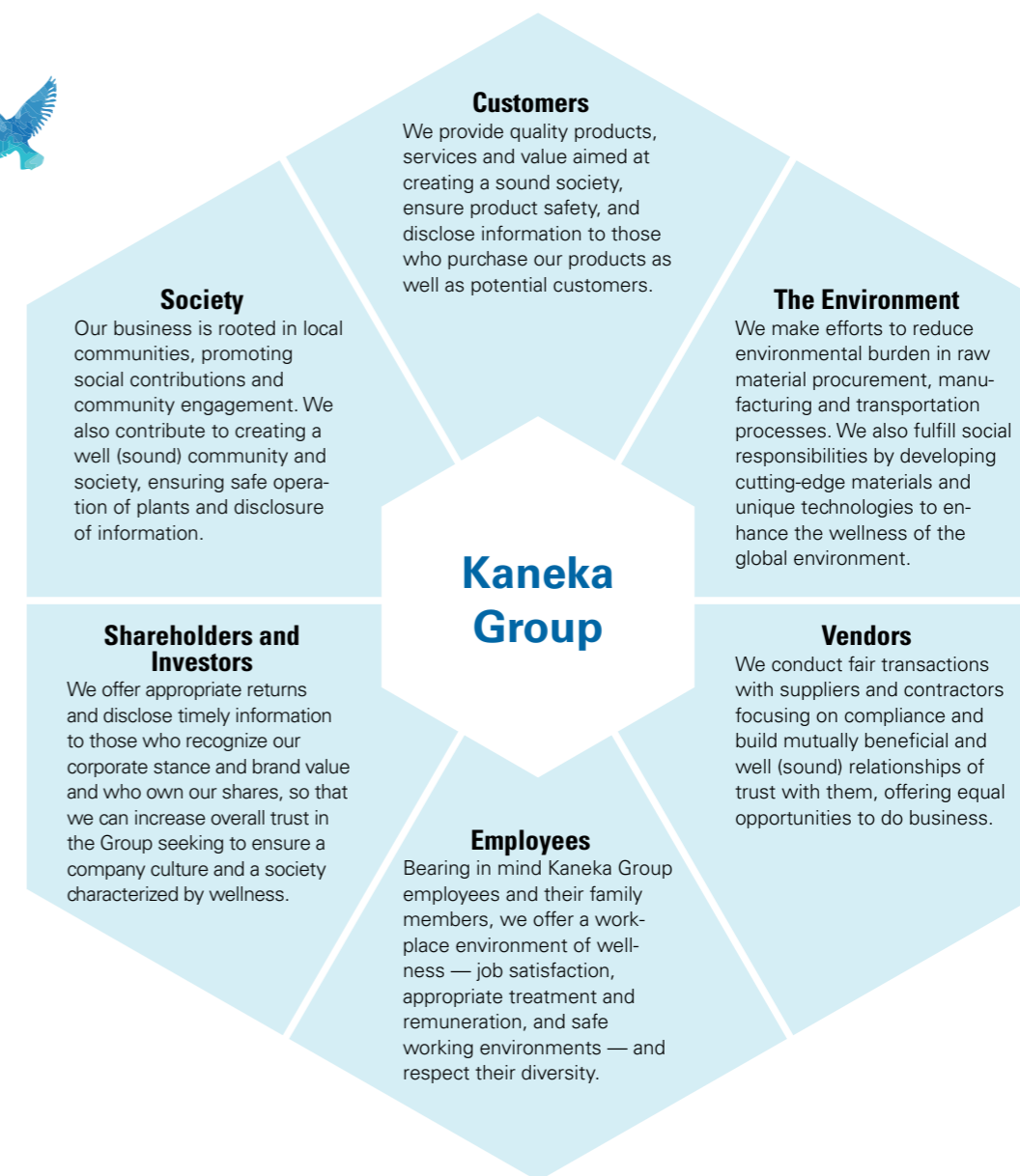
- ① We bring innovation to lifestyles and the environment by harnessing the unlimited potential of chemical materials to help communities achieve sustainability. (Earthology Chemical Solution)
- ② By adopting a unified approach to food and medicine that is defined by a focus on chemistry, we provide 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.

As good citizens, we look towards the same future as all stakeholders from the same viewpoint.

Based on the “Declaration of Kaneka United,” we provide valuable solutions through our mission of Kaneka thinks “Wellness First.”



#### WE SUPPORT



#### Support for the United Nations Global Compact

In March 2015, 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 Kaneka 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.

### Purpose Management and Three Value Drivers

The backbone of our innovation consists of two management systems: “Kaneka Tower” and “Triple package as management system transformation.”

#### Kaneka Tower

Key basic structure of our management model  
– Its viewpoint and perspective (what is valued) –

#### [Purpose]

Ability to grow tall

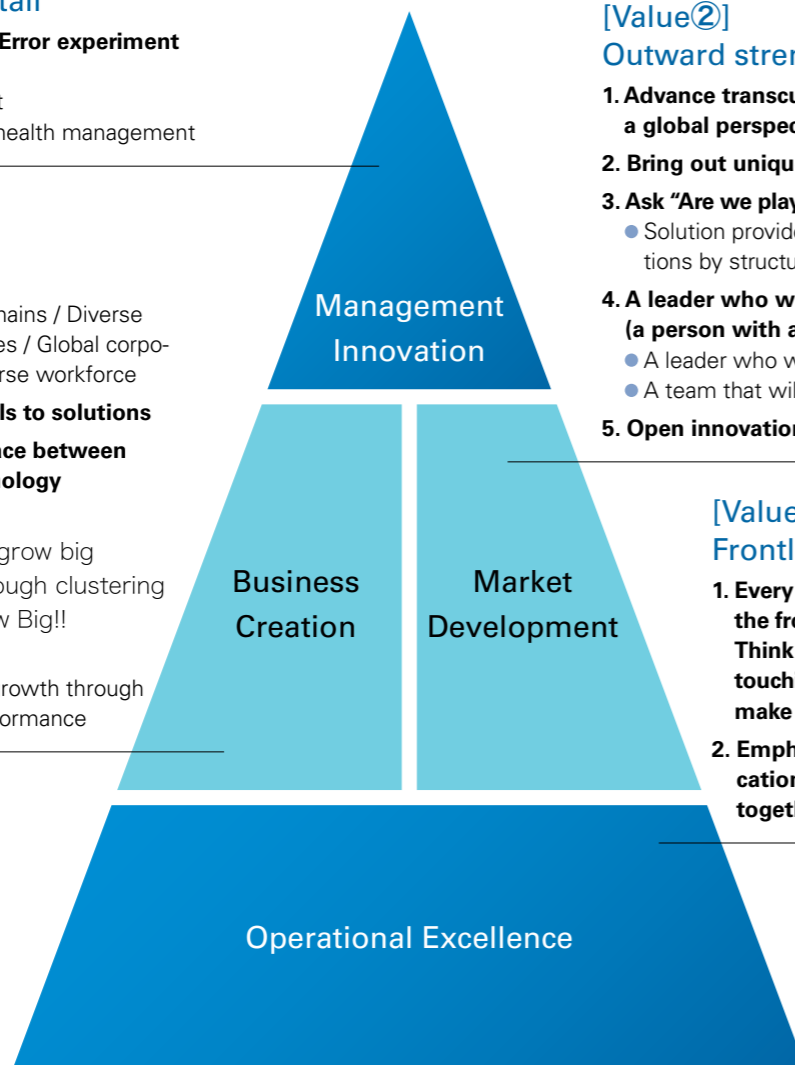
Kaneka as a “Trial & Error experiment driven company”

- ESG management
- “Wellness First” health management

#### [Value①]

Inner strengths

- 1. Diversity**  
Broad business domains / Diverse range of technologies / Global corporate activities / Diverse workforce
- 2. Shift from materials to solutions**
- 3. Serve as an interface between markets and technology**
- 4. From small to big**
  - Start small and grow big
  - Cell division through clustering
  - Born small, Grow Big!!
- 5. “Kaneka 1-on-1”**  
Facilitate personal growth through employees’ job performance



#### [Value②]

Outward strengths

- 1. Advance transculturation from a global perspective**
- 2. Bring out uniqueness**
- 3. Ask “Are we playing a useful role?”**
  - Solution provider that provides solutions by structuring customers needs
- 4. A leader who will face challenges (a person with an edge)**
  - A leader who will influence people
  - A team that will unite to tackle issues
- 5. Open innovation**

#### [Value③]

Frontline execution

- 1. Every value is created on the frontline**  
Think by seeing, hearing, and touching on the frontline to make decisions
- 2. Emphasize Value Communication to link the frontlines together**

Don't Forecast the Future, Plan It

Demonstrate Adaptability

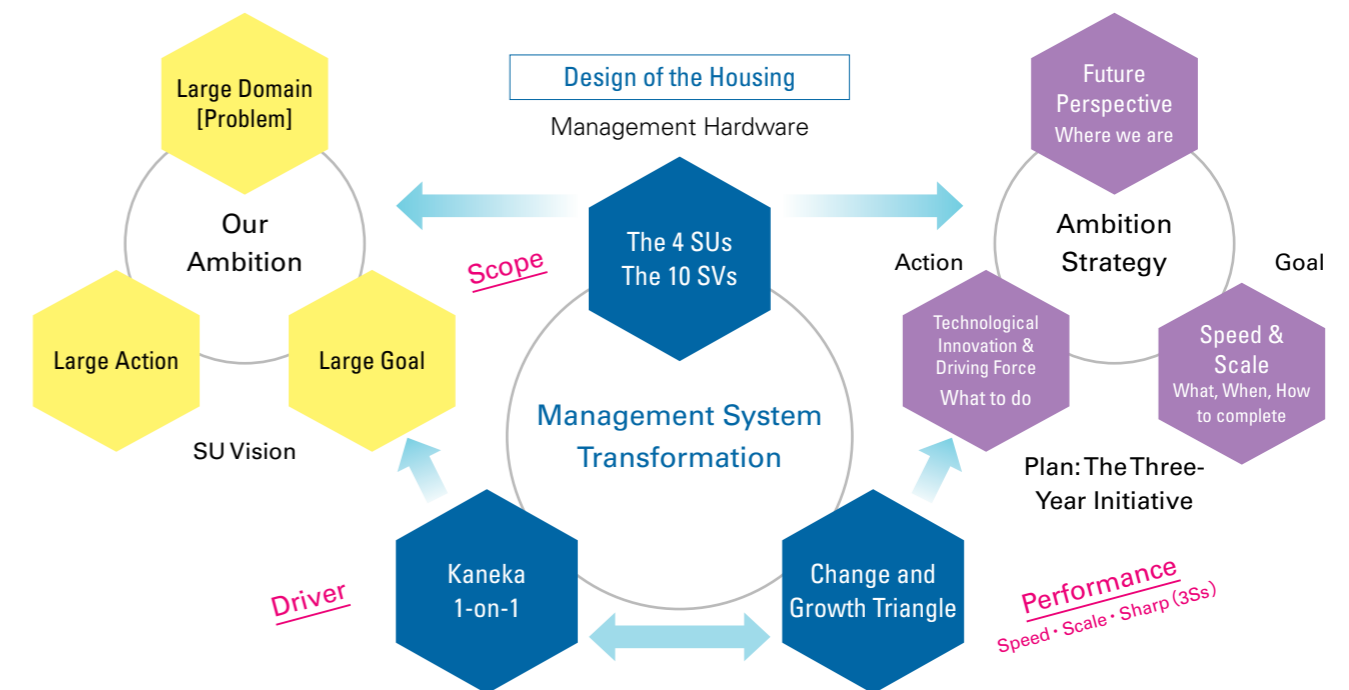


**Trial & Error experiment driven company**  
We try new things without fear of failure.  
We enjoy answers produced from accumulated experiments.  
We continue to be a “Trial & Error experiment driven company,” creating unique solutions.



#### Management System

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



Leadership that lights a fire in people's hearts

《Management Software》  
Implementation of the new personnel system (Kaneka 1-on-1)  
Growth of people and work

Plan: The Three-Year Initiative

Growth strategy from the viewpoint of the Change and Growth Triangle

#### Work Culture Innovation

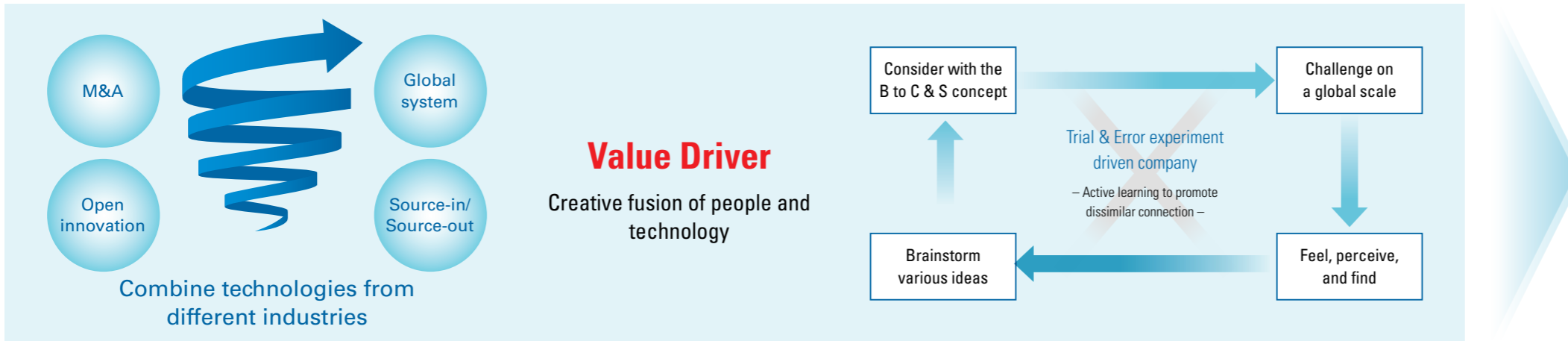
Effective use of time, information, and people  
Maximization of organizational productivity

- Renaissance (Recovering Our Humanity) -

### Advancement of Kaneka's value creation process (based on creative fusion of people and technology)



<p>Kaneka's Meaning of Existence Purpose</p>	<p>Providing solutions through innovative material development across our global network through the repeated creative fusion of people and our breakthrough technology</p>	<p>Resolution of Social Issues KANeka thinks "Wellness First."</p>
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**Environment / Energy**

We realize a society where everyone can enjoy nature's bounty, using clean and sustainable resources and energy.

**Food**

We realize a society where safe, secure and highly nutritious food is available to everyone and where food producers are also satisfied.

**Wellness**

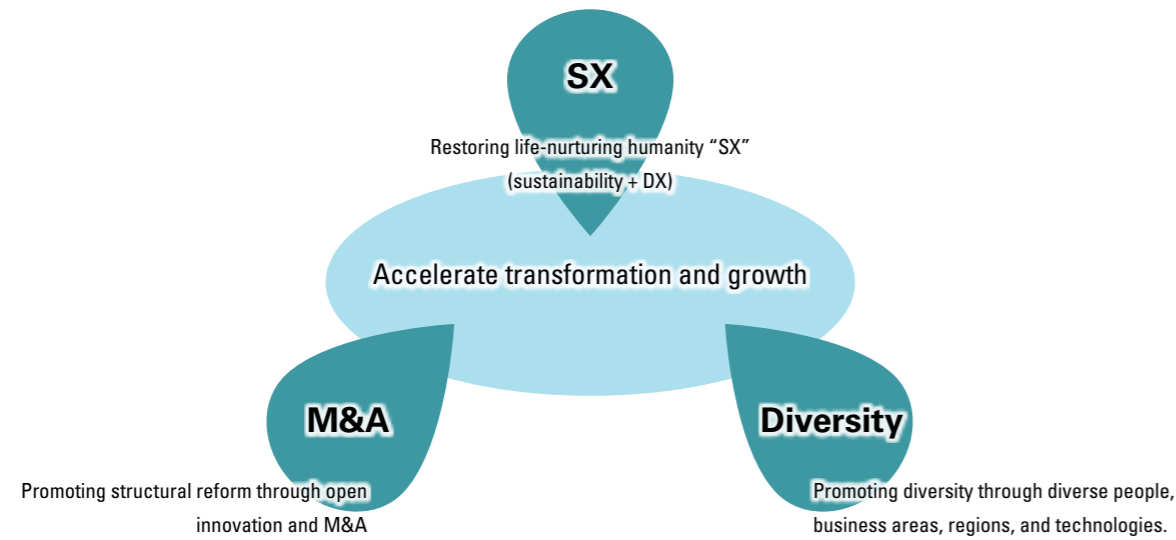
We realize a society where everyone has access to leading-edge medical services and can continue to live a healthy and vibrant life.



### Basic Management Policy



### Three Focal Points



### Five Initiatives

- Strengthening the Asian Strategy**
- Advancing Digital Transformation (DX)**
- Advancing Carbon Neutrality**
- Alliances and M&As**
- Diversity Committee**

### Priority Strategies

**Discover Future:  
Designing a future that is “exciting,” “unique,” and “can do”**

#### P. 28 The Path of Hybrid Management

Promoting Portfolio Transformation  
Earthology Chemical Solution  
Active Human Life Solution

#### P. 34 R2B Strategies

R2B+P—A Support for Hybrid Management  
Accelerating Hybrid Management with R2B × DX  
R2B Intellectual Property Strategies

#### P. 44 Human Resource Strategies

Human Resource Development  
Development of human resources and leaders centered on Kaneka 1-on-1  
Promotion of Diversity  
Going beyond differences to a diversity nurtures individuality  
Promotion of Wellness  
Employees who thrive in taking on challenges; organizations and groups that are connected by bonds

#### P. 54 Global Strategies

Think Global, Act Local  
Our global network enabling business development deeply rooted in local communities

#### P. 56 Manufacturing Strategies

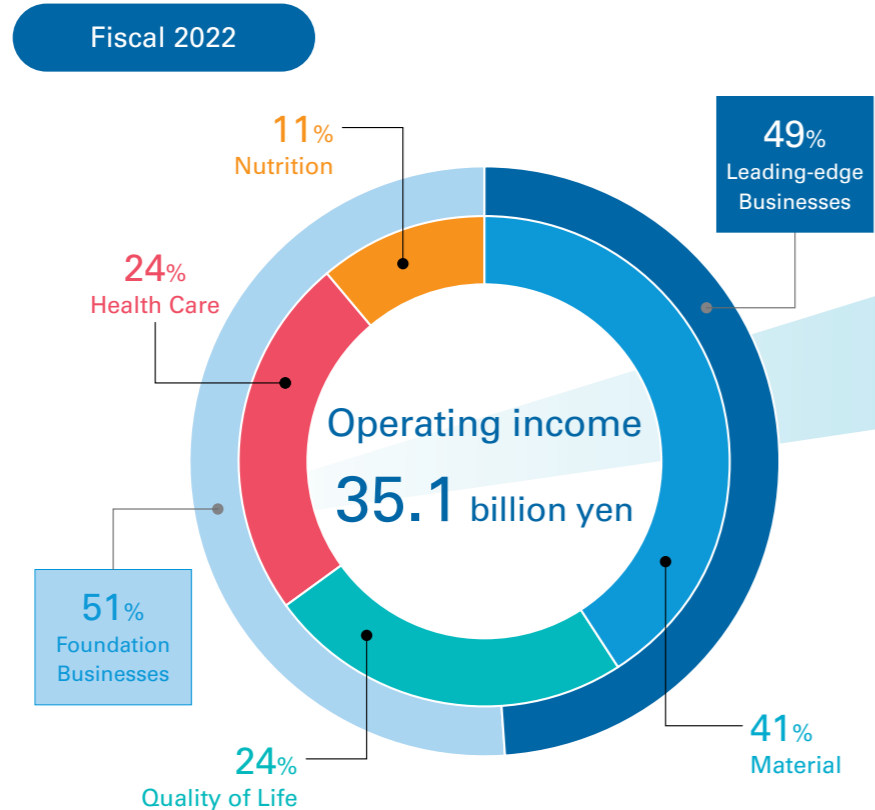
Carbon Neutrality  
Digital Transformation (DX)



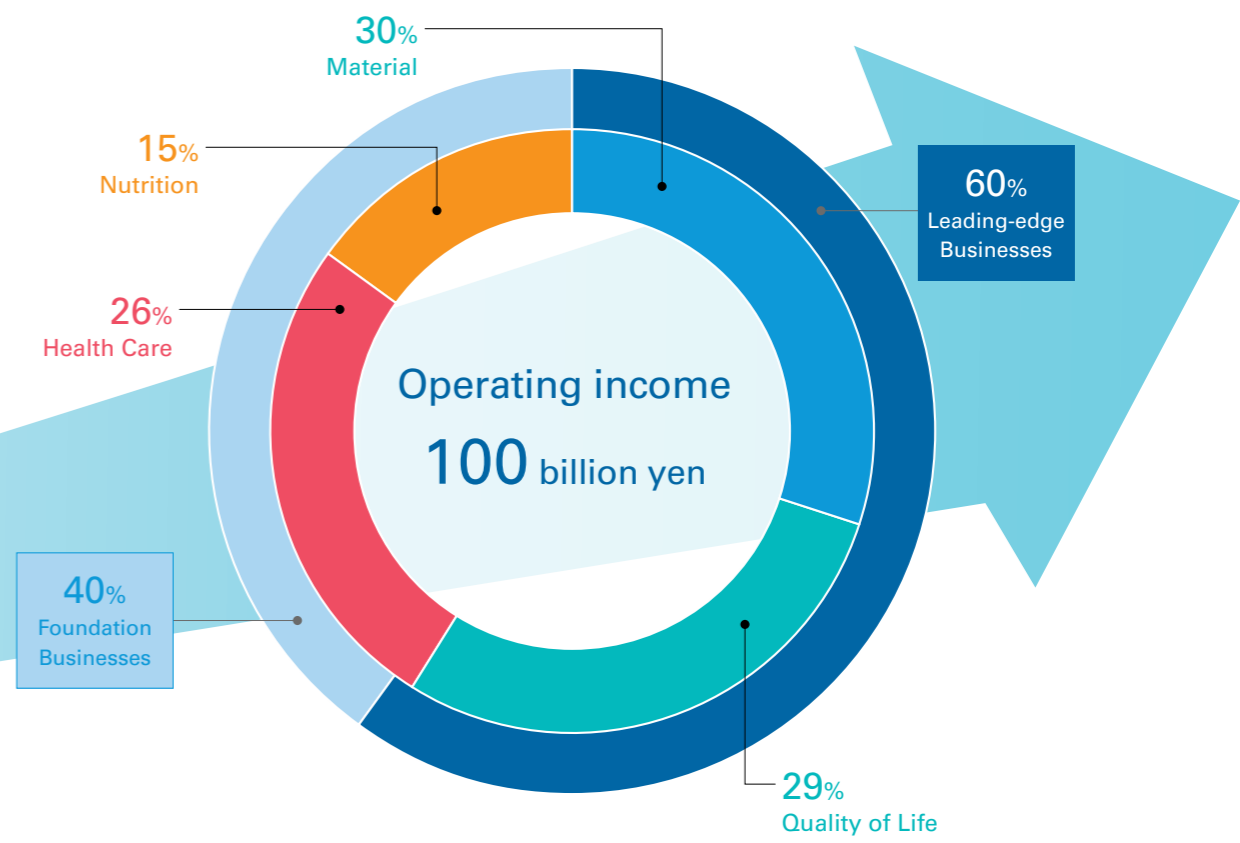
### Promoting Portfolio Transformation

We will accelerate the transformation of our business portfolio through hybrid management. We aim to create unique and valuable new solutions, combining a wide variety of different technologies and solutions to help solve social issues.

#### Operating Income Ratio by Solutions Unit (SU)



#### Fiscal 2025 + X

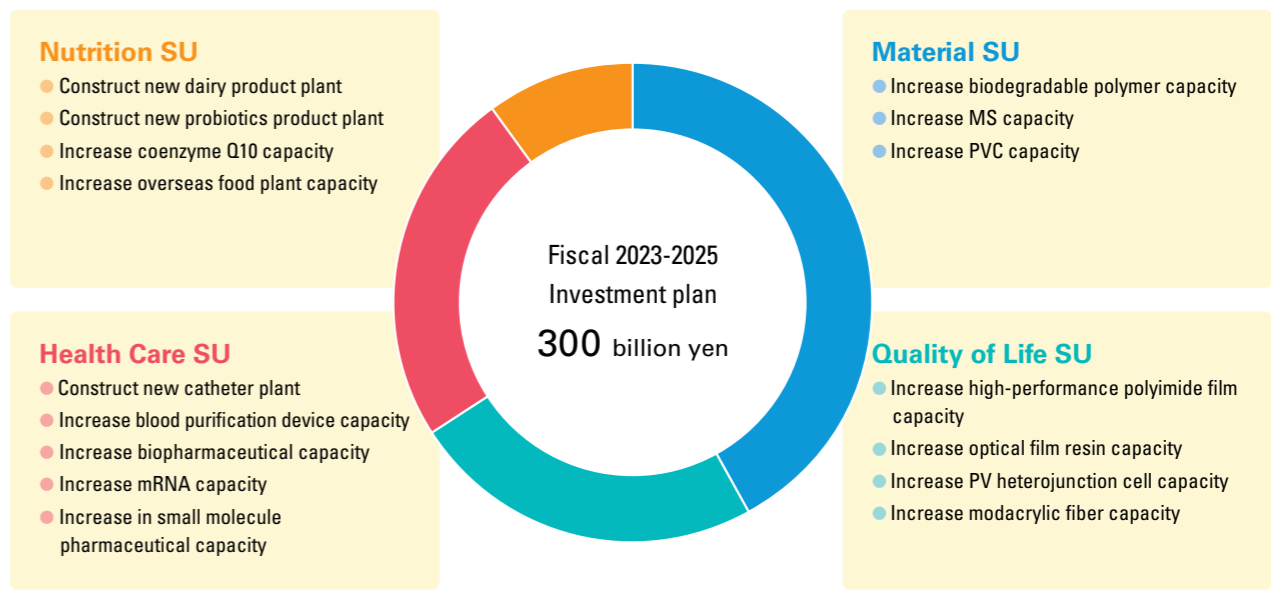
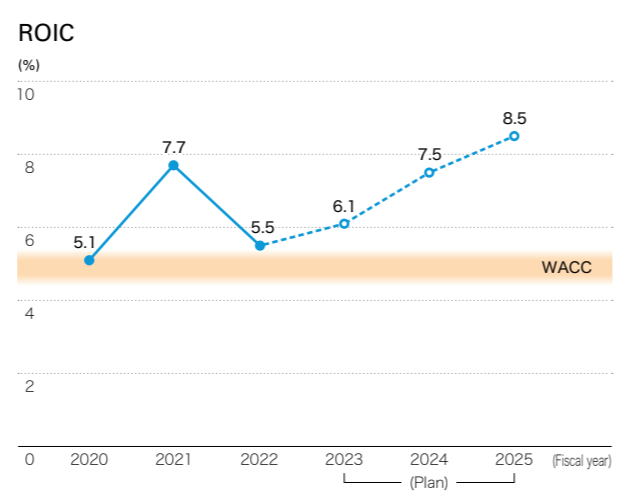
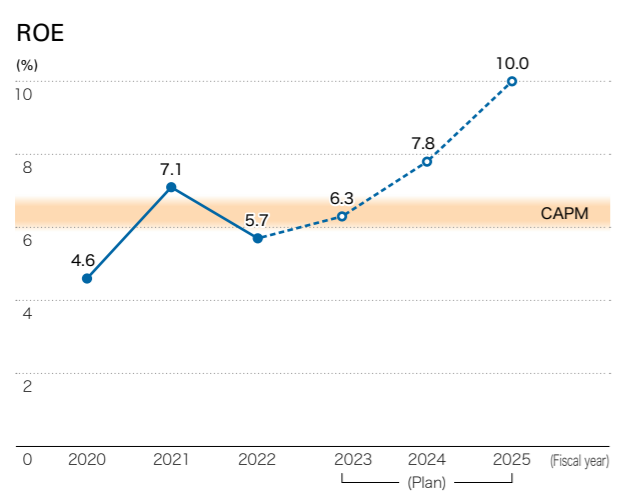


#### Investment Plan

We will accelerate the process of selection and concentration in our investments, expanding the domain of "life science for a healthier planet." We will strategically invest resources (people, goods, and money) to develop unique and differentiated technologies that cannot be copied. We will expand

the business of our leading-edge business groups. Our foundation businesses will also work to bolster their business foundations by thoroughly strengthening differentiation capabilities and making capital investments to enhance supply capabilities.

#### Capital Return Indicators





### 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 Solutions Unit

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

#### Quality of Life Solutions Unit

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

Social issues to be solved



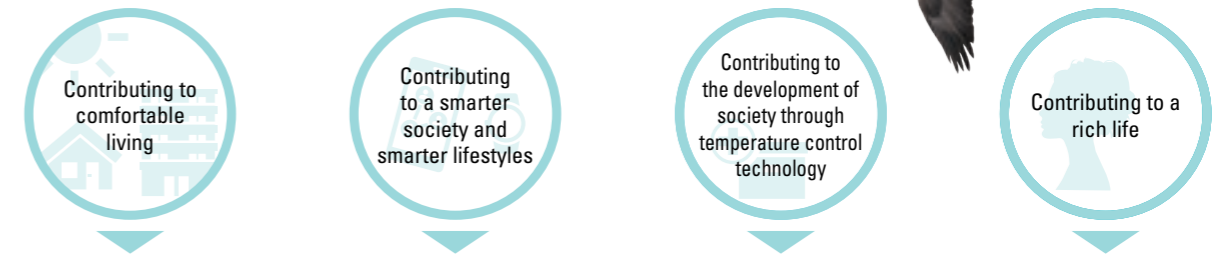
Solutions provided by the Material Solutions Unit

[Automotive] Lightweighting and increased fuel efficiency  
[Aerospace] Lightweighting and increased functionality

[Social infrastructure]  
Infrastructure development in response to global population growth and urbanization

[Environmental issues]  
Solving the marine microplastics pollution problem

Social issues to be solved



Solutions provided by the Quality of Life Solutions Unit

[Energy saving]  
ZEH/ZEB design and construction

[Digital devices]  
Lightweight, compact, wearable, high performance

[Transportation solutions]  
Products requiring temperature control, such as pharmaceuticals

[New functional textiles]  
Textiles that make living spaces more vivid

#### Major product lines by Solutions Vehicle (SV)

##### Vinyls and Chlor-Alkali SV



Chemicals  
Caustic soda, sodium hypochlorite, hydrochloric acid

Polyvinyl chloride  
KanevinyI™

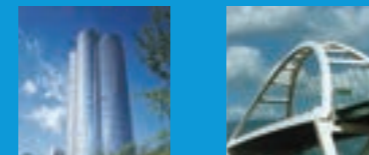
##### Performance Polymers (MOD) SV



Impact modifiers  
Kane Ace™B, Kane Ace™M

Processing aids/Specialty additives  
Kane Ace™MPA

##### Performance Polymers (MS) SV



Silyl-terminated polyether  
KANEKA MS POLYMER™, KANEKA SILYL™

Acrylic silicon polymer  
KANEKA GEMLAC™



Cross-linked PVC  
Kaneke XEL™, KanevinyI™

PVC-PVAc polymers  
KanevinyI™

#### Major product lines by Solutions Vehicle (SV)

##### Foam & Residential Techs SV



Polypropylene foam made with the bead method  
Eperan-PP™

Polystyrene foam made with the bead method  
Kanepearl™

##### PV & Energy management SV



Roof-integrated photovoltaics  
VISOLA™, others

Photovoltaic power generation systems for public and industrial installations  
GRANSOLA™

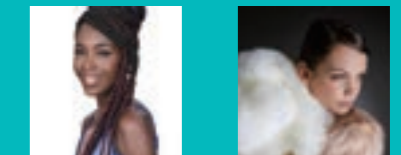
##### E & I Technology SV



Super heat-resistant polyimide film  
Pixeo™, Apical™

Optical acrylic resin  
Kaneka optical acrylic resin

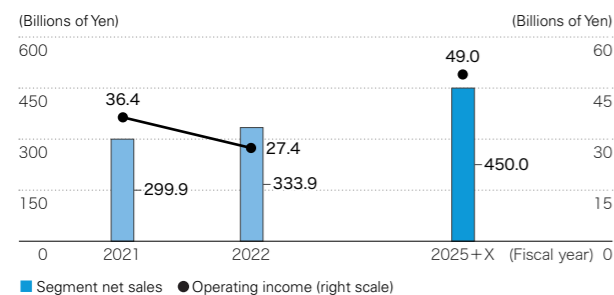
##### Performance Fibers SV



Materials for hair accessory products  
KANEKALON™

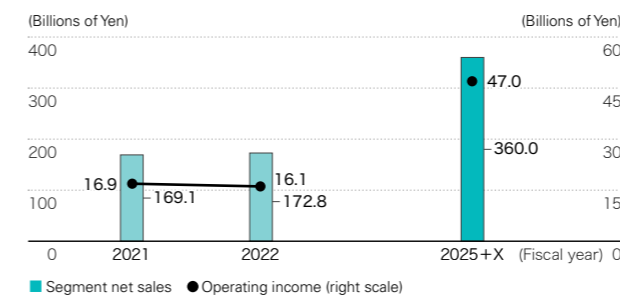
Performance fibers eco fur  
KANECARON™

#### Segment Net Sales/Operating Income



- Strengthening the glocal supply system of local production for local consumption
- Developing new products and providing solutions that meet the needs of each market.
- Shifting to high-value-added areas

#### Segment Net Sales/Operating Income

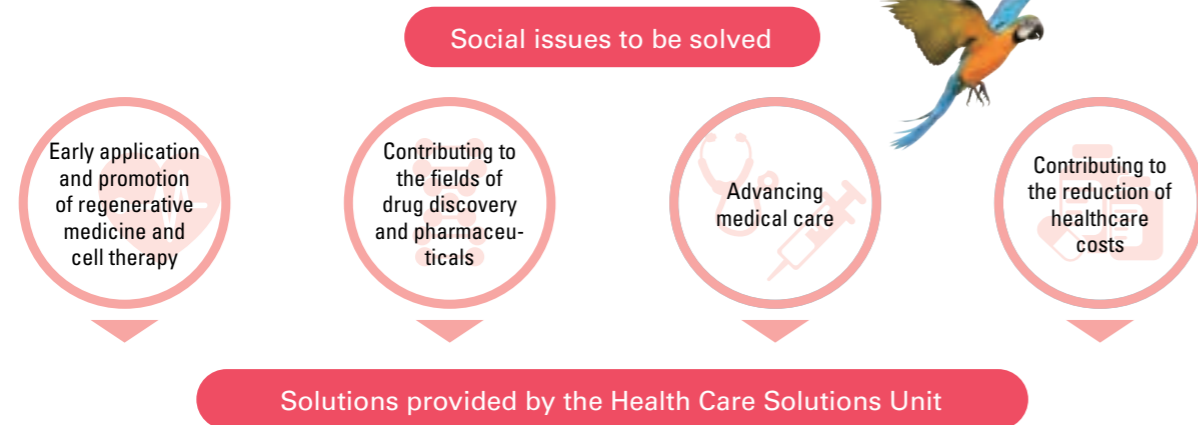


- Providing a wide range of solutions using the power of superior materials and unique services
- Business expansion leveraging breakthrough technologies

### Active Human Life Solution

#### Health Care Solutions Unit

To create a world where advanced medical means are available to as many people as possible  
Medical Edge Explorer










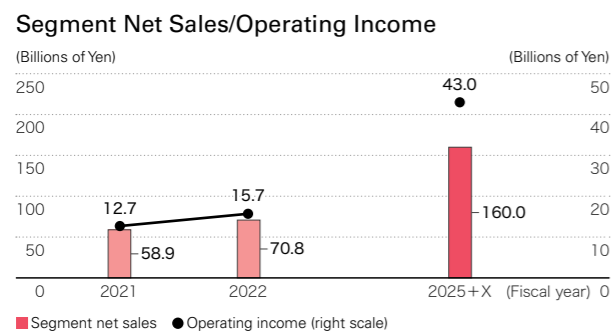
**[Regenerative medicine and cell therapy]**  
Early application and promotion of regenerative medicine and cell therapy  
Automated cell culture system, drug discovery support

**[Leading-edge pharmaceuticals]**  
Chromatography resin for purification of monoclonal antibody, biopharmaceuticals, nucleic acid pharmaceuticals

**[Leading-edge medical devices]**  
Drug-coated balloon

**[Small molecule pharmaceuticals]**  
Active pharmaceutical ingredients, generics

Major product lines by Solutions Vehicle (SV)	Medical SV	Pharma & Supplemental Nutrition SV (Pharma)
	 Medical device Balloon catheter for vessel stenosis dilatation	 Affinity chromatography resin for purification of monoclonal antibody KANEKA KanCap™ series
	 Adsorption type blood purification device Rheocarna™	 APIs and intermediates for small molecule pharmaceuticals
	 Regenerative medicine and cell therapy Cell washing concentration system	 Products and services for biopharmaceuticals
	 Genetic diagnostic products	 Transdermal medicine



- Accelerating R2B and promoting the use of external resources through activities such as M&A and open innovation
- Delivering unique, cutting-edge medical solutions to global markets

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.

#### Nutrition Solutions Unit









To re-innovate food and health  
Nutrition Value Chain Innovator

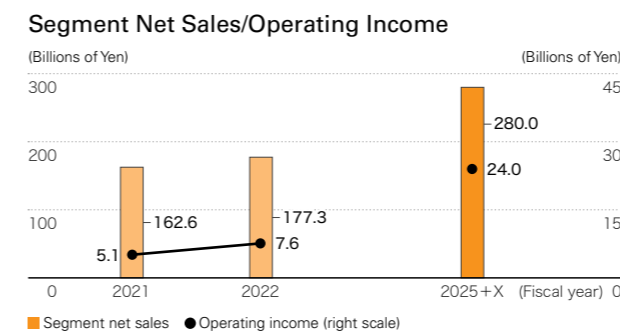


**[Dietary supplements and health foods business]**  
Dietary supplements that help maintain and improve health

**[High-value-added foods]**  
Functional oils and fats, antifreeze materials

**[Food production support]**  
High-performance fertilizer, fish meal substitute feed

Major product lines by Solutions Vehicle (SV)	Pharma & Supplemental Nutrition SV (Supplemental Nutrition)	Foods & Agris SV
	 Dietary ingredients Kaneka Ubiquinol™	 Milk/Milk beverages "Milk for Bread" series
	 Dietary supplements Watashi no Chikara™ Supplement series	 Yogurt Watashi no Chikara™ Q10 yogurt
	 Dietary ingredients Floradapt™ series (AB-Biotics probiotics)	 Margarine/Shortening NOVA™, EMPEROR™, EVER LIGHT™
	 Dietary ingredients Kaneka Glavonoid™ (Licorice glabra polyphenol)	 Whipping cream/Cream for kneading and other uses LACHENTE™/FRANJE™



- Delivering solutions that contribute to production in the fields of food diversification, food enrichment, disease prevention, wellness, agriculture, livestock, and fishery
- Using digital technology to strengthen customer contact points and brands

### Accelerating the Flow from Research to Business

Kaneka has delivered value to society through “hybrid management.” This approach involves fusing the functions of research and business to create unique products and services, implementing them and expanding their scale. We will promote this fusion of research and business and further strengthen this mindset, which is an evolution from R&D to R&B. We will further accelerate the flow from research to business, from “R&B” to “R2B.”

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

Promoting innovation through three “I”s

- Impactful
- Innovative
- Implementable

A group of individuals who believe in serendipity and set the stage for happenstance with “Scientific Mindset”

From R&D to R&B, and on to R2B

- Global research network
- Solution Provider
- Social implementation

Clustering domains

Born small and grow big

Macromolecular technology

Self-developed Technologies

Fermentation technology

Open Innovation  
Self-developed Technologies with Introduced Technologies

Drug-coated balloon technology

Cell separation and culturing technology

Microbial biopharmaceutical production technology

Precision polymerization technology

Bioorganic synthesis technology

Biotechnology

Adsorption separation technology

Resin foaming technology

Functional film processing technology

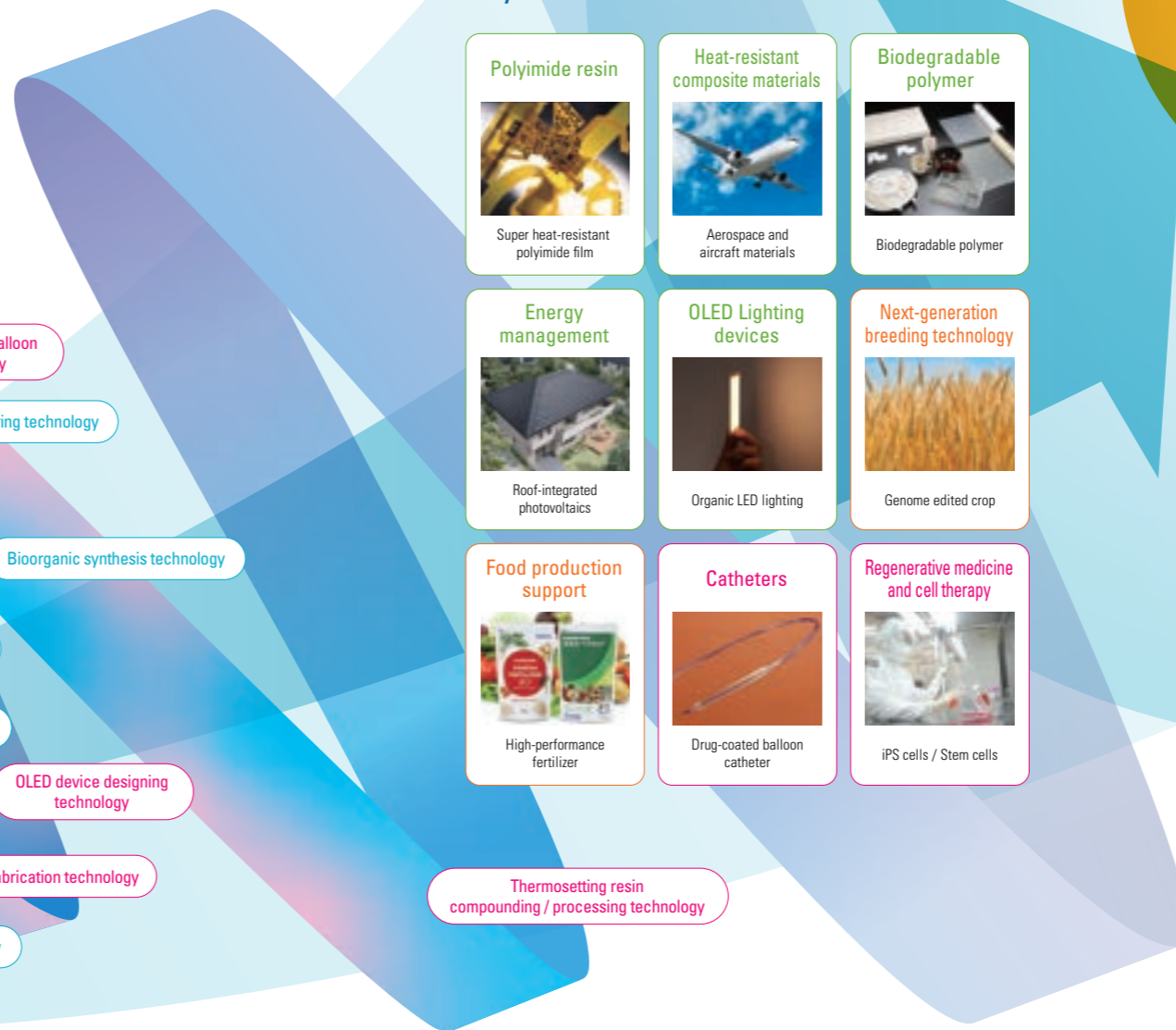
Powder granulation technology

Resin modification / blending technology

Spinning technology

Metal microfabrication technology

Thin-film formation technology



Key Technologies and Key Drivers for the Future

Polyimide resin



Super heat-resistant polyimide film

Heat-resistant composite materials



Aerospace and aircraft materials

Biodegradable polymer



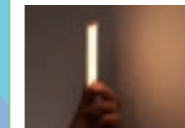
Biodegradable polymer

Energy management



Roof-integrated photovoltaics

OLED Lighting devices



Organic LED lighting

Next-generation breeding technology



Genome edited crop

Food production support



High-performance fertilizer

Catheters



Drug-coated balloon catheter

Regenerative medicine and cell therapy



iPS cells / Stem cells

Thermosetting resin compounding / processing technology

Environment / Energy

Three Crises  
Resolution of Social Issues  
Social Implementation of New Materials and Systems

Food

Wellness



### R2B+P

## A Support for Hybrid Management

Hybrid management in various technologies and fields has been key to our growth.

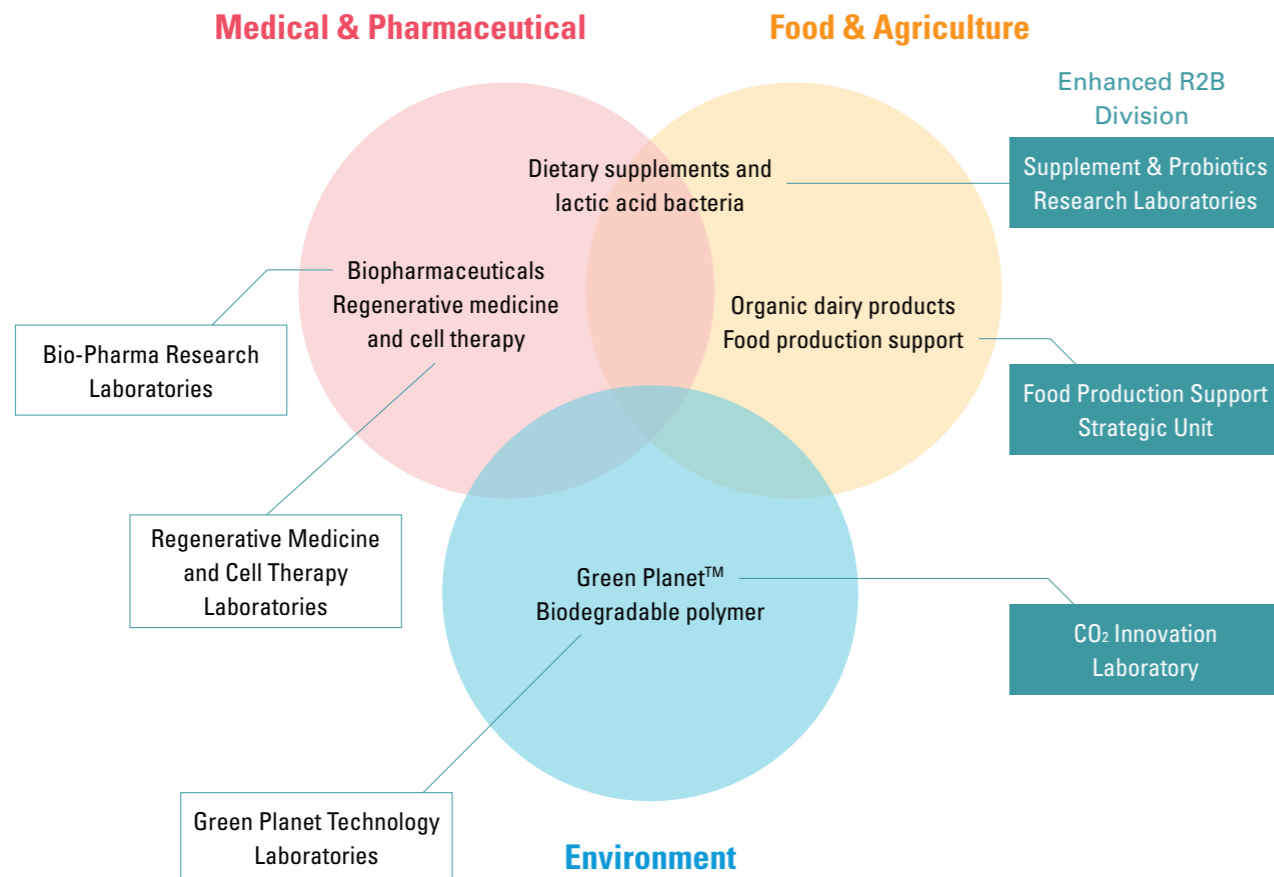
Focusing on the concept of “life science for a healthier planet,” we drive innovation that uses business at scale to change society.

### Kaneka’s Biomanufacturing

Kaneka is an advanced biomanufacturing company that started out with technologies for yeast and other fermentation. We have accumulated biomanufacturing technologies that have garnered attention in various fields such as pharmaceuticals,

agriculture, and environmental fields. We are enhancing our R2B system to expand our strengths and accelerate research and development in the life sciences field.

### Kaneka’s Biomanufacturing Contributes to Three Strategic Areas



### Evolution of Green Planet™ Biomanufacturing Technology

#### Advances in Green Planet™ Molding Technology

A key challenge in terms of promoting the use of Green Planet™ has been the difficulty of molding process. Amid developments in cultivation and compounding technology and in processing technology, solutions are now emerging to technical challenges in our functional product groups such as thin-walled deep-drawn blisters, films, and fibers.



#### Increasing Production Capacity

We have made progress in joint development and product launches with major brand holders in Japan, the U.S., and Europe. Construction of the new 15,000 ton capacity facility at the Takasago Manufacturing Site is progressing as planned toward launch. We have also begun studies focusing on our next phase of overseas expansion.



#### Green Planet™ Manufacturing Process Using CO<sub>2</sub> as a Raw Material

In our research and development to produce Green Planet™ using CO<sub>2</sub> as a direct raw material, we are making progress in developing technology based on gas fermentation. This research and development was selected for the Green Innovation Fund Project promoted by the Japanese government, and we are working toward the construction of a demonstration plant. Furthermore, we are developing biomanufacturing technology using CO<sub>2</sub> as a raw material. We will further accelerate research and development with a view to combining it with our health and food technology.





### A Hybrid of Food and Health

#### Providing Coenzyme Q10 in a Variety of Forms

We are developing new healthy foods by combining our food processing technology with functional food ingredients. “Watashi no Chikara (My Energy)™ Q10 Yogurt” is a food application that combines technologies to enable the intake of coenzyme Q10 in a “reduced form” even in food.

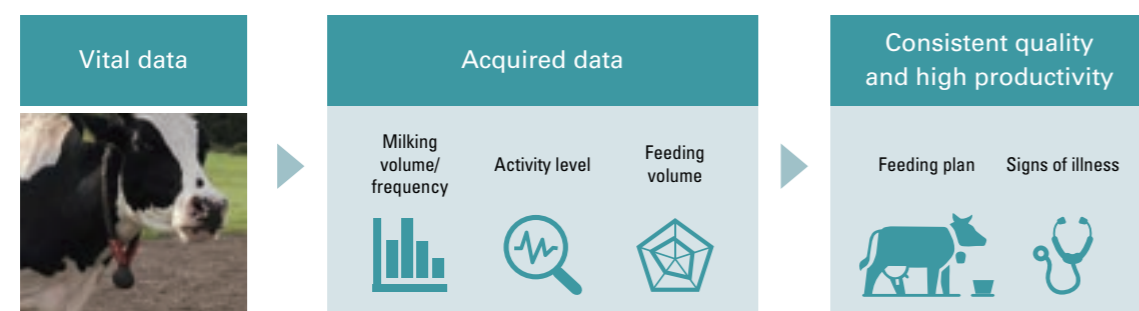


#### Combining Dairy Farming and Chemistry in a New Organic Dairy Farming Process

At Betsukai Wellness Farm, we are building a new dairy farming process by combining chemical plant operation and design technology with dairy farming. Positioning the barn as a kind of production plant, we provide an environment that is favorable for the cows. We then use data on each cow to maintain consistent quality and production volume.



#### Use of Data in Organic Dairy Farming



### Deploying Energy Solutions

#### Expansion to Diverse Applications

In the photovoltaic business, we offer unique products for the architectural and automotive fields, delivering high-efficiency power generation performance and design characteristics. Applications of these products to building exterior walls and windows have earned strong recognition for their contribution to mitigating climate change.

#### Development of Next-Generation Perovskite Solar Cells

To increase power generation performance and expand the range of applications, we are also focusing on developing perovskite solar cells. By combining polymer technology accumulated in the resin area with existing silicon-type solar cell technology, we are also developing tandem products that achieve new levels of high efficiency in electric power generation.



T-Green™ Multi Solar, a photovoltaic power generation system integrated with building external walls and windows, receives the Fiscal 2023 Minister of the Environment Award for Climate Action from Japan's Minister of the Environment

“T-Green™” is a registered trademark of Taisei Corporation. (Courtesy of Taisei Corporation)

### Developing the Medical Device Business through Open Innovation

Our medical device business is backed by best-in-class processing technology. A key strength is manufacturing that targets the precise needs of physicians.

We are combining external technologies and tackling challenges in new areas as we strive to advance solutions to meet growing demand for extending healthy life expectancy.

In the area of catheters for intravascular treatment, for example, we acquired Japan Medical Device Technology Co., Ltd. (“JMDT”), making it a wholly owned subsidiary. By integrating JMDT’s bioresorbable stents technology, we aim to expand our business in the stent treatment area.



Bioresorbable stents developed by Japan Medical Device Technology Co., Ltd.\* (Above: Stent before expansion, below: stent after expansion)

\* A stent is a small, expandable, and tubular metal mesh that is used as a medical device to treat narrowed or occluded coronary arteries. A catheter loaded with a stent is transported to the treatment site where the stent is implanted to restore blood flow. Bioabsorbable stents are taken up by the body a certain period of time after implantation, ensuring that they do not interfere with treatment after recurrence.

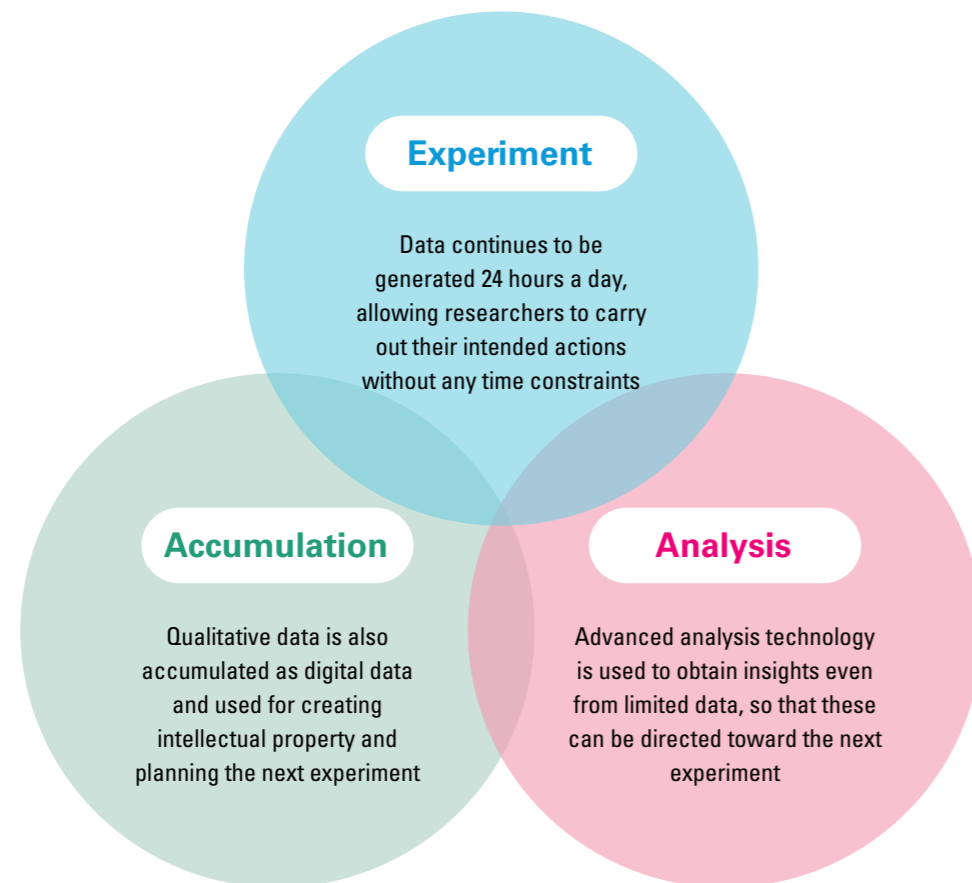


# Accelerating Hybrid Management with R2B × DX

## Digital transformation in R2B

We are pursuing a company-wide strategy of digital transformation aimed at creating new value. As we work toward transforming R2B, we are incorporating cutting-edge simulation and data analysis technologies and routinizing the use of digital infrastructure.

### Transforming R2B with Digital



**Research and development timeframe shortened to 1/3**

### Accelerate value creation

Scale up to the next production and business phase  
 Develop applications for other fields  
 Creation of intellectual property rights, etc.

### Elevating and Expanding Our Use of Digital

We are developing our human resources for each level of digital use. Personnel with advanced technical skills are responsible for leading the resolution of issues facing the entire Company and influencing the organization as a whole. We are advancing our development of personnel

skilled in digital technologies. To routinize the accumulation of data and enable a large pool of researchers to use advanced analysis techniques, we are building an environment for digital technologies and hold workshops promoting their use.

#### LEVEL 4: Driving Company-wide impact

##### R2B DX leader personnel

	2023	▶	2025 targets
Material Informatics (MI)	3		8
Process Informatics	5		14

Ensure that the number of personnel who are assigned to specialized teams and who lead digital transformation initiatives on key issues for the Company corresponds to the number of research and development departments

#### LEVEL 3: Using for departmental challenges

##### R2B DX Liaison Meeting (\*)

##### Participation by R2B personnel

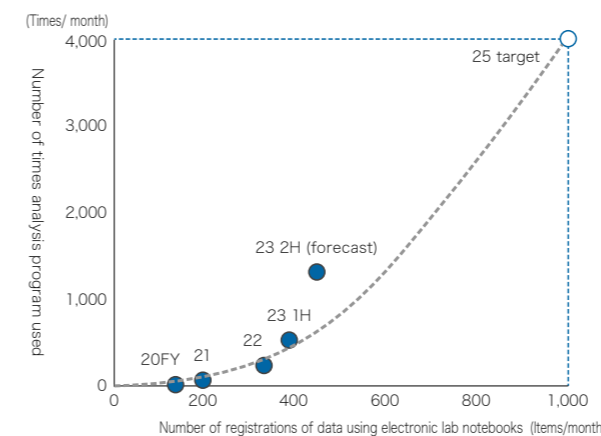


\* Online exchange meeting to share use cases and technical issues

Aim to have several personnel embedded within each department who are assigned to each team and work with digital transformation leaders to apply analysis technology

#### LEVEL 2: Seeing the results of applying data

##### Results of using electronic lab notebooks



##### Routinize data accumulation

We have also put in place a mechanism for importing analog data, increasing the number of electronic lab notebooks registered.

##### Promoting data analysis

In fiscal 2023, we started a workshop for mastering the MI program. Use by participants has helped to increase use of the analysis program.

#### LEVEL 1: Understanding the value of using data

##### Attendance of e-learning course on DX fundamentals

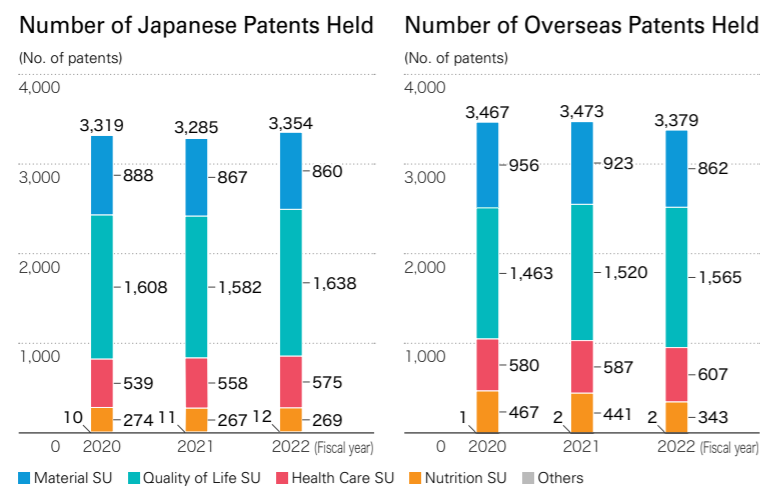




### R2B Intellectual Property Strategies

We steadily capture the output of our activities and secure intellectual property rights, striving to acquire intellectual property such as results and know-how. In addition, non-research employees also understand the importance of intellectual property and use it in their work.

#### Basic Policy of Intellectual Property



In fiscal 2022, we were newly granted 305 Japanese patents and 243 overseas patents. At the same time, we actively abandoned unused patents to manage our intellectual property expenses efficiently. At the end of fiscal 2022, the number of patents held was 3,354 Japanese patents and 3,379 overseas patents, roughly level with the previous fiscal year. In 2019, we established an employee invention reward system for patent applications to incentivize R2B members to apply for patents. This has led to a rise in the number of patent applications filed, helping to expand our intellectual property portfolio.

#### Developing Human Resources for Intellectual Property

In promoting education on intellectual property, we create content tailored to each level, from new hires to leader roles. We are working to encourage the discovery of inventions by investing in training for researchers and engineers. The training aims to foster awareness of how results obtained through

R2B+P activities can yield Intellectual Property rights that can then be used in business. We also provide sales employees with training on topics such as trademarks and copyrights, as well as expanding the range of programs aimed at using market information.

#### Overview of IP Education Program

		Search	Creation of rights	Strategy	Brands, contracts, copyrights
Leadership level	Management	Analysis of data use	Handling screening Invention discovery	Creation of themes Use of market information	Contract Trademarks and brands Copyright
Mid-level	Application				
New hires and junior staff	Foundation	Tool operation	Understanding of system		

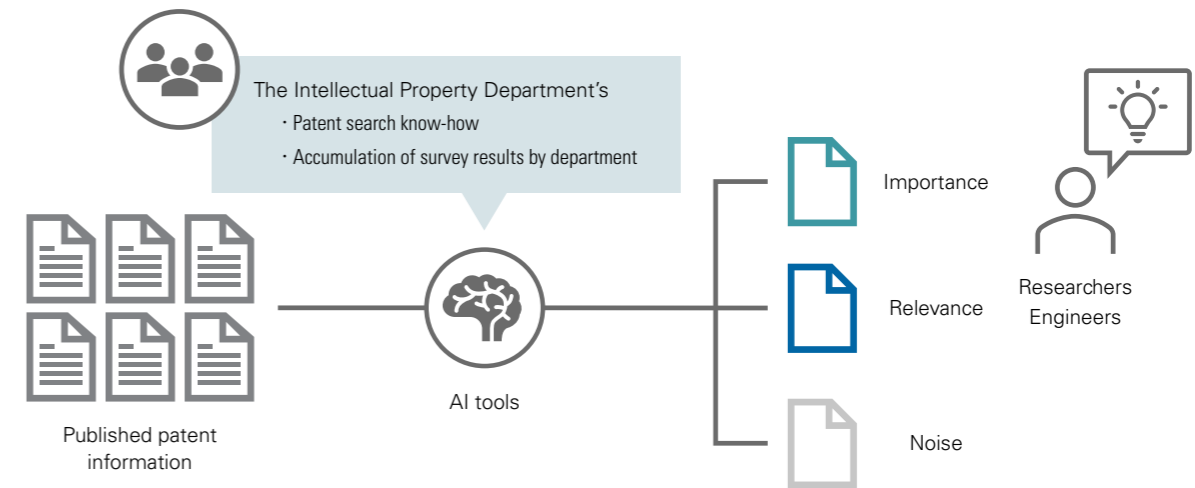
\* Program whose scope of attendance includes sales employees

### Intellectual Property × DX: Upgrading Our Operations through DX

#### Using AI in Patent Searches

We have started using AI tools in patent searches. For example, in our pre-application technology survey in fiscal 2022, about 20% of the survey was carried out using AI tools. We have also introduced AI tools to the patent search work done by R2B member, which has reduced the labor hours

required for the search. By combining the know-how of the Intellectual Property Department with AI tools, we maintain the quality of investigations and contribute to improving the efficiency of research and development.



#### Using Intellectual Property Information in Business Development

We are promoting information analysis and information utilization initiatives such as IP landscape™. In fiscal 2022, we strengthened our efforts by establishing a new group within the Intellectual Property Department that specializes in analyzing and using information. This group coordinates with each business division to develop strategies for a range of

research and development and business issues. By understanding customer value and analyzing the competitive environment, we aim to improve our business competitiveness.

IP landscape™ is a registered trademark of Masayuki Shobayashi, patent attorney at Shobayashi International Patent & Trademark Office.

#### Using Patent Scores

We use patent analysis tools to review our patent portfolio, referencing the value of our patents. We conduct a portfolio review that focuses on the value of each patent, conducting an inventory check of the rights we hold. In determining whether we need to

maintain the rights to registered patents, we tap into the insights of the Company's technology and business leaders, assess the cost of maintenance, and check the objective patent score.





### Human Driven Company

A lean, high-quality team and merit-based appraisal

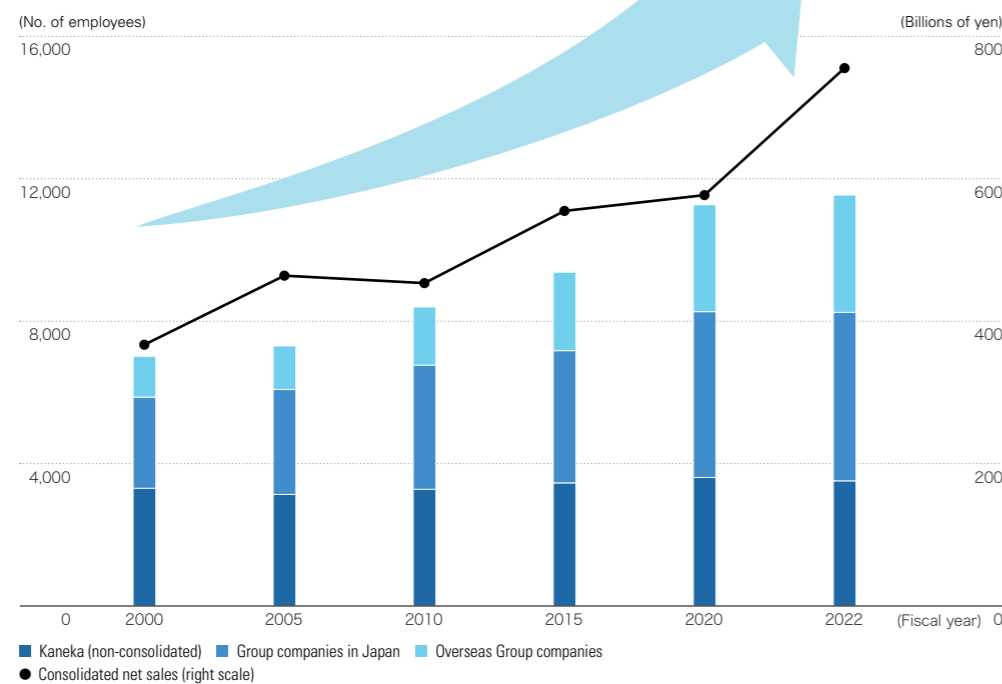
➔ Our philosophy since our founding

Since its founding in 1949, Kaneka has been guided by the philosophy that utilizing the talents of each employee is essential for business growth. We develop our people, assigning, promoting, and rewarding them based on their abilities. That approach has been key to the growth of our business.

Today, as employee attributes and values diversify, it is becoming ever more important to develop human resources in a way that encourages individuality.



Kaneka Group Employees and Consolidated Net Sales



### The Three Pillars of Human Resource Strategies

Our growth is driven by the willingness of each employee to take on challenges.

We will achieve change by creating an environment of openness to challenges, providing opportunities to employees and fostering their growth.

Our human resource strategy is based on The Three Pillars: Human Resource Development, Promotion of Diversity, and Promotion of Wellness.

#### Human Resource Development

Development of human resources and leaders centered on Kaneka 1-on-1

Since 2018, we have been carrying out Kaneka 1-on-1, a system that aims to drive company growth through personal growth by "lighting a fire in people's hearts."

#### Trust & Respect

#### Promotion of Diversity

By going beyond attributes and tapping into diversity, we bring forth new ideas. In this way, we aim to continue delivering unique Kaneka value that amazes the world.

#### Promotion of Wellness

We are working to improve the wellness of each employee and of our organization. At the heart of this are the ties between our employees.







# Human Resource Development

## Development of human resources and leaders centered on Kaneka 1-on-1

### Kaneka 1-on-1

We introduced Kaneka 1-on-1 in 2018 with the aim of using personal growth to drive the Company's growth. A pillar of our human resource development is the

idea that **"people grow through their work, while companies grow through their people."** Our personnel system, which evaluates goal setting and personal growth, is based on this concept.

### Adding Further Depth

We are continuing efforts to enhance the quality of dialogue so that we can add further depth to Kaneka 1-on-1.

#### Examples of Specific Initiatives

##### Holding workshops for business division heads

By allowing business division heads to reaffirm the aims of Kaneka 1-on-1, these workshops help to anchor the system in the organization.

##### Ongoing 1-on-1 training for executives

We provide training for supervisors to enable them to improve their coaching skills and enhance the quality of their dialogues (a total of 594 people have undergone the training).

##### Various forms of 1-on-1 experiments tailored to different workplace situations

We are experimenting with 1-on-1s tailored to different workplace situations. For example, in addition to the usual 1-on-1s between supervisors and direct reports, department heads conduct 1-on-1s with all members who are not direct reports. Going forward, we will expand our success stories horizontally to other workplaces so that we can raise the quality of our 1-on-1 dialogues across the entire organization.

### Developing the Next Generation of Leaders through Hitotsubu-no-Tane Momi Juku

Hitotsubu-no-Tane Momi Juku, our training program led by top management, aims to train the next generation of management leaders. The chairman, president, and executive vice president join all sessions, a total of 13 days (about 100 hours) over a period of 8 months, directly giving advice. We are

working to increase the participation of women in executive positions and to develop candidates who could become female leaders. Since the program began, a total of 26 division heads have been chosen from among the participants.

#### Number of Participants in Hitotsubu-no-Tane Momi Juku

Fiscal year	2019	2020	2021	2022	2023	Cumulative total since start of course
Number of participants	12	12	12	12	12	109
Of which, female	0	0	3	3	3	10



### Training Content Renewal and Change

#### Training for Newly Appointed Executives

We provide opportunities for new executives to learn about leadership and management, mainly in the first year following their promotion.

#### Examples of Specific Initiatives

##### Workshops on creating a rewarding workplace

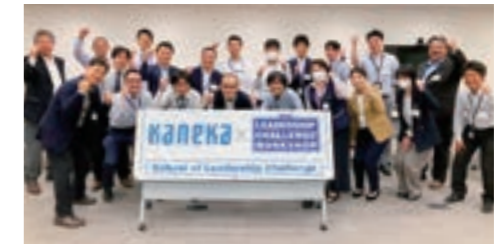
Held to ensure that executives understand their roles and responsibilities and direct them toward creating a positive workplace culture.

##### Leadership Challenge Training

Aims to teach leadership fundamentals that can be put into practice to establish conduct.

##### Lecture for newly appointed executives by Independent member of the board Yuko Sasakawa

Independent member of the board Yuko Sasakawa gave a lecture on the perspective and mindset required of a leader.

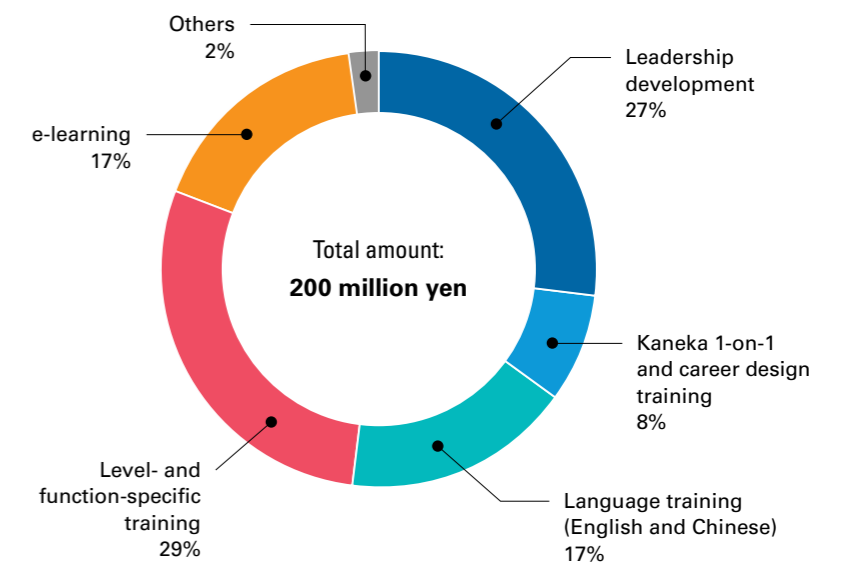


#### Expanding Learning Opportunities

We have expanded our training curriculum with language training (English and Chinese) and e-learning so that we can meet the diverse learning needs of our employees.

We plan to ramp up our investment in areas such as digital education and global human resource development by 1.5 times over the next five years.

#### Results of Company-wide Training in Fiscal 2022





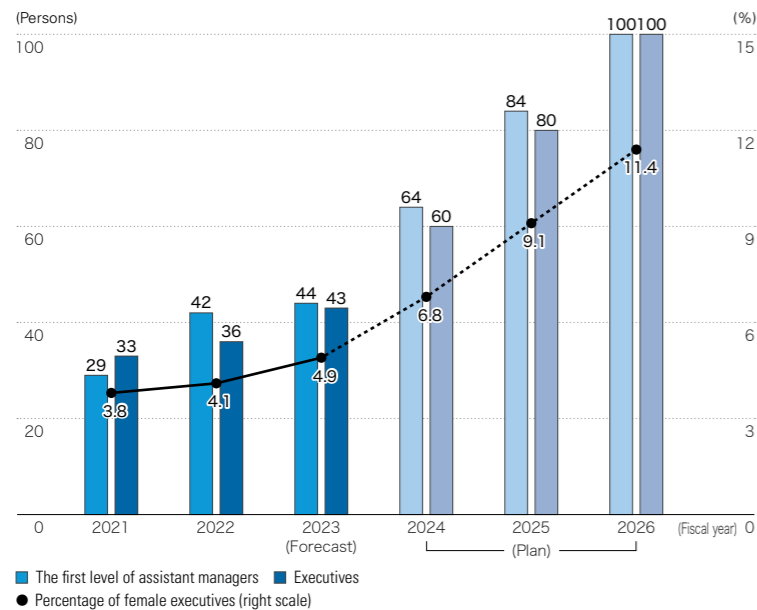
### Promotion of Diversity

Going beyond attributes to a diversity that nurtures individuality

We are promoting diversity with the aim of making Kaneka an organization where diverse employees with different talents can create new value.

#### Active Participation of Female Employees

Female Executives and Candidates



Percentage of female executives (target): Fiscal 2026 11%

We are steadily increasing the number of female executives and female first level assistant managers (executive candidates). We are promoting the active participation of women through our systems and also by raising awareness. Such initiatives include providing systems to support a healthy work-life balance, facilitating communication with women in senior ranking positions, and efforts to encourage male employees to take childcare leave.

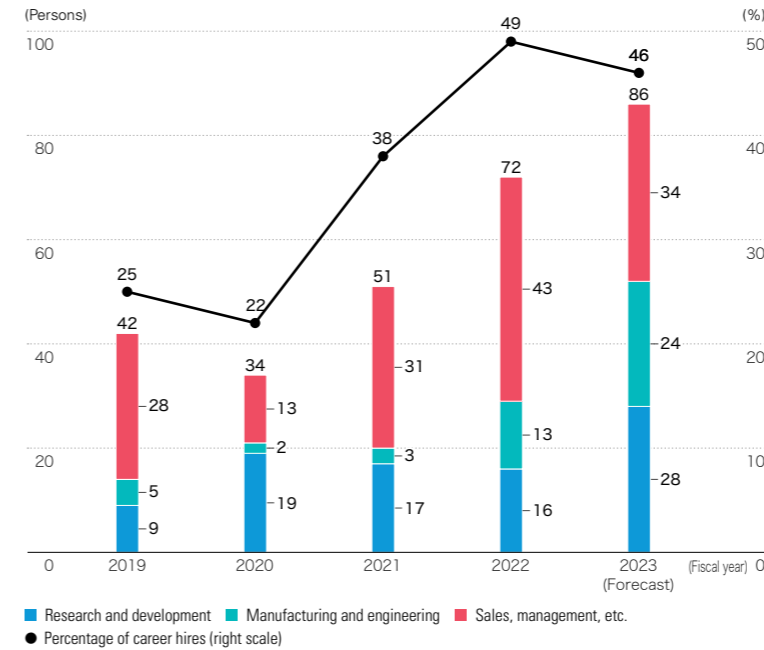
#### Promoting the Active Involvement of Senior Employees

In 2021, we introduced a job-based system for senior employees. The system matches departmental recruitment needs with the duties and work styles desired by senior employees when they are

rehired at retirement age. Every year, more than 90% of Kaneka's senior employees choose to be rehired.

#### Acquiring Diverse Experiences and Expertise

Mid-career Hires by Field



Percentage of career hires (approximate): Over 40% each year

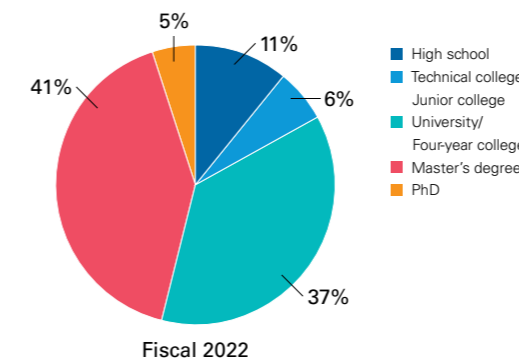
In recent years we have recruited mid-career hires across a wide range of fields such as research and development, manufacturing, engineering, sales, and management. The number of mid-career hires is continuing on an upward trend. We will continue to aim for over 40% mid-career hires each year as we work to diversify the experience and expertise of the members of the organization.

#### Merit-Based Promotion

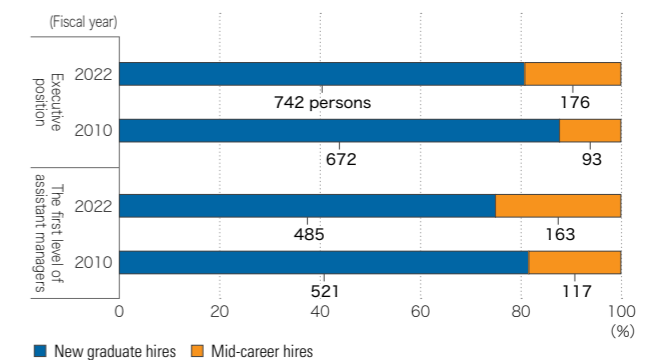
Since Kaneka was founded, we have promoted people to executive positions based on their ability and regardless of their educational background. The same applies to the number of years of service.

About 20% of our executive positions are now held by mid-career hires. We will continue to appoint people from diverse backgrounds to executive positions.

Composition of Executive Team by Educational Background



Percentage of Executive and First Level Assistant Manager (Executive Candidate) Positions That Are Held by Mid-Career Hires



#### Reflecting Diversity Efforts into Evaluations of Executives

From fiscal 2023, we added diversity (diversification of human resources in one's own organization) as a new evaluation item in evaluations for executive positions. At Kaneka, we see diversity as encompassing not only promoting the advancement of

women, but also creating a supportive workplace and the promoting diverse human resources. With this in mind, we encourage the promotion of diversity in each organization from an evaluation standpoint also.





## Promotion of Wellness

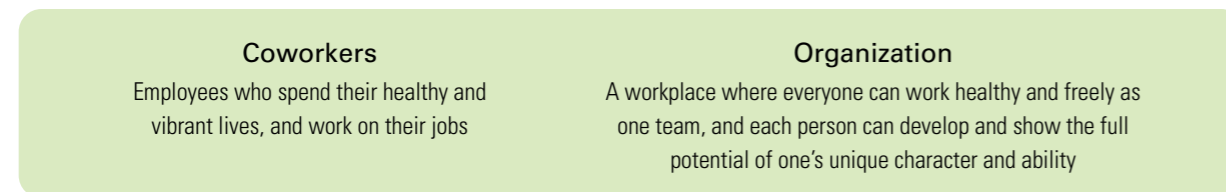
Employees who thrive in taking on challenges; organizations and groups that are connected by ties

At its core, the promotion of wellness focuses on enabling each coworker in the Kaneka Group to work with energy and enthusiasm.

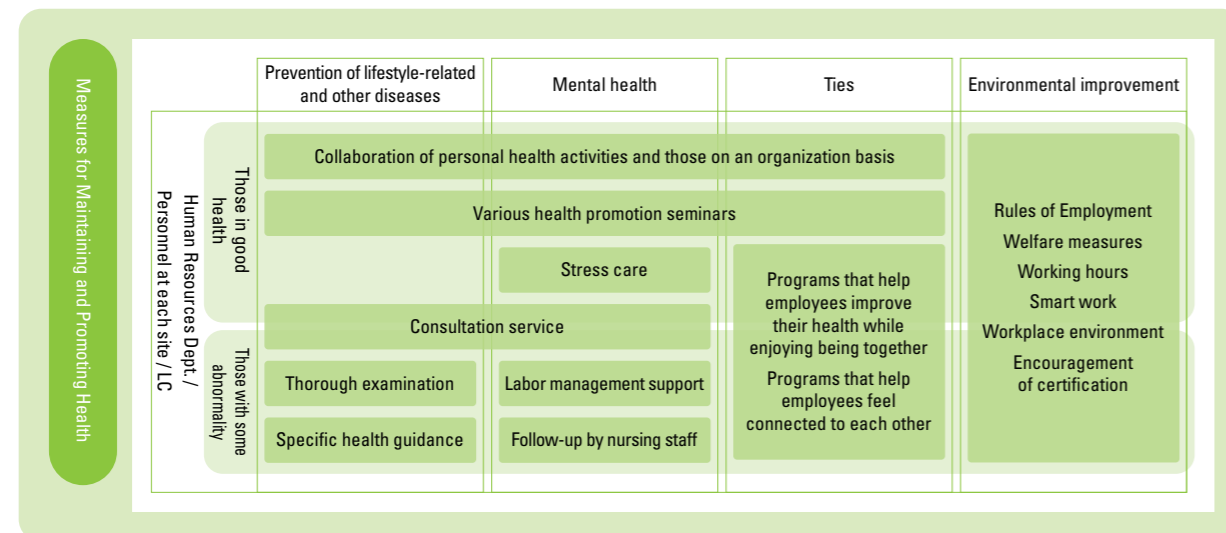
### Promotion System

The Engine of Sustainability Management will lead a company-wide task force.

#### Goals of Our Vision for Health



#### Measures for Maintaining and Promoting Health



#### Wellness Promotion System



### Sports × Kizuna Challenge

With the theme of forming ties through sports, we provide opportunities to take on challenges toward big goals.

#### Training Plan

The participants who gathered had wide range of goals from improving their health by addressing a lack of exercise to completing a full marathon. They enjoyed socializing while working up a sweat under the guidance of a professional coach.



#### The Hokkaido Marathon

Kaneka sponsored this event as a Premier Partner. Around 100 runners from the Kaneka Group took part, while many other employees turned out to cheer them on.



#### Run, Run, Run. Kaneka

Aimed at strengthening ties throughout the Group, this is the largest sporting event in Kaneka. A record number of around 3,500 people gathered at the Nagai Stadium for the event in 2023. For the first time in four years, we welcomed visitors from our overseas Group companies (242 people from 14 countries). The program included a group Ekiden and other activities, and a great time was had by all.



### A Casual Approach to Health Promotion

We provide opportunities for all employees to engage in health promotion in a casual way.

#### Walking Project

##### Walking Challenge 30

- Ahead of the day, each participant set a goal for the Ekiden event with the aim of improving their physical strength and health. (Participants: 720)
- On the day of the event, participants walked 3.3 km (about 40 minutes) along the same course as the Ekiden runners. (Participants: 128)

### Work Culture Transformation

Kaneka's goal in work culture transformation is to enable smart work. We foster an environment and culture where employee can refine their imagination,

creativity, and intuition, to work more efficiently and productively.

#### Creating a Workplace That Fosters Creativity and Enhances Efficiency

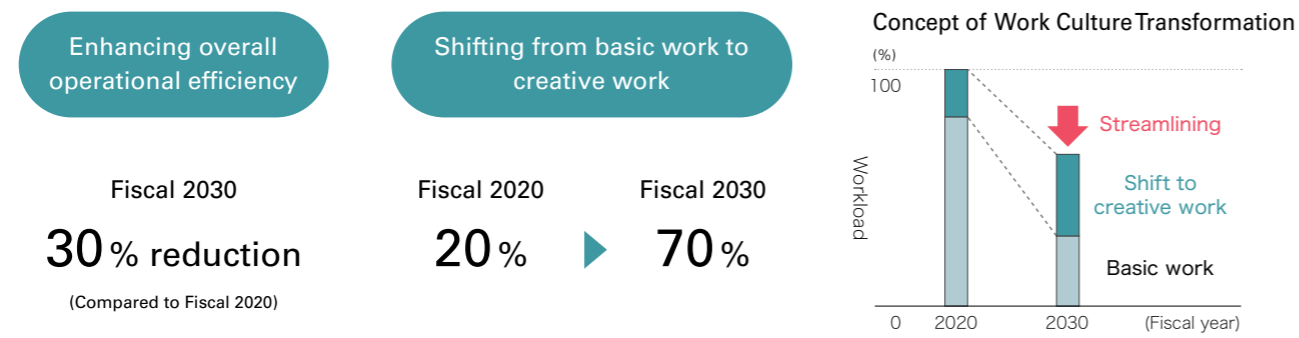
At our head offices in Tokyo and Osaka, we have switched to a free address system. By encouraging people to gather and move around, we aim to provide a workspace where communication that had become fragmented can be restored. We plan to roll out this system to other locations such as office buildings at our manufacturing sites so that we can improve the work environment.



#### Shifting to Creative Work through the Use of Digital

By using AI and data, we will not only enhance operational efficiency and digitalization, but also create new value and transform our corporate culture.

As well as developing a digital infrastructure, we will foster a digital usage culture. In fields other than manufacturing and research and development, such as sales, marketing, and logistics, we will work to promote work culture transformation.



Enhancing overall operational efficiency

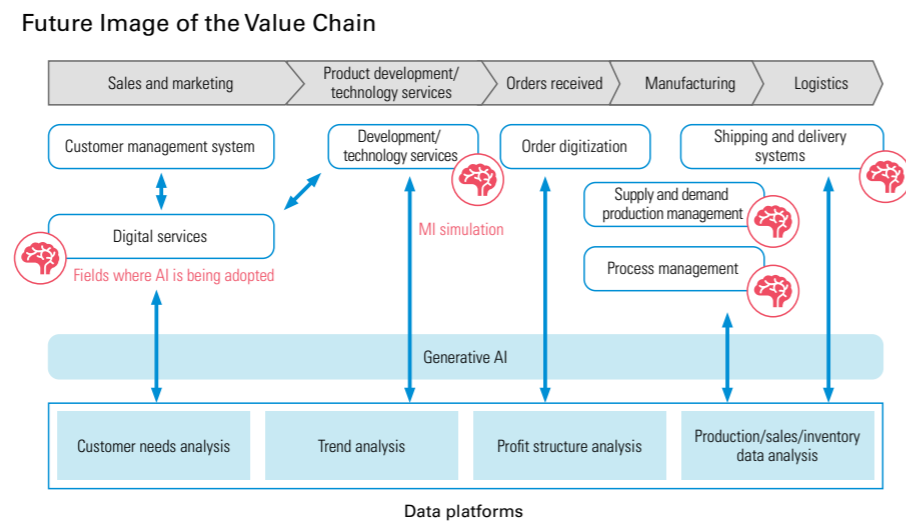
Fiscal 2030  
**30% reduction**  
(Compared to Fiscal 2020)

Shifting from basic work to creative work

Fiscal 2020: 20%  
Fiscal 2030: 70%



We are promoting automation through the use of real-time data and AI in planning systems to optimize the entire value chain. We are also developing a data platform to support self-service digital transformation in each division.





## Think Global, Act Local

Our global network enabling business development deeply rooted in local communities

We aim to become a company that delivers unique technologies and products all over the world, in order to save human lives and resolve social issues. To do so, we promote activities deeply rooted in local communities worldwide. We advance transculturation from a global perspective. There is no border in chemistry, and when we do business in foreign land, we focus on conducting local-based business (glocal business) by overcoming cultural differences. Our goal is to become a company with a global presence by offering valuable solutions to the world market in a timely manner.



We establish a headquarter in each region in order to make speedy business development that makes much closer connection with the local community.

Each of 4 "Solutions Units" draws up a global strategy for products and services it handles that incorporates both domestic and overseas subsidiaries, and develop business activities based on such strategy.

We have approximately 50 overseas subsidiaries, as well as 2 research institutes in 20 countries of overseas. The consolidated number of employees is approximately 11,500, and among them, 3,000 are working in overseas sites.

## Global Network Strategies

Globally, our regional headquarters take the lead in drawing up and executing growth strategies with scale and speed. Tapping into the strengths of our Group companies with their local characteristics

enables us to create business models matched to market needs. Through this interlocking of our regional and local operations we are accelerating the realignment and growth of our global business.

### Function of Headquarters in Each Region

#### Europe

Within Europe, target environment and wellness as business opportunities, working to expand the biopharmaceutical business and develop environment-related products.



Kaneka Europe Holding N.V.

#### Asia

Strengthen local marketing system and map out a market-out type growth strategy that matches growing and expanding market trends.



Kaneka Asia Co., Ltd.

#### The Americas

Use M&A, alliances, etc., mainly in the healthcare and electronics fields, to develop large-scale business.



Kaneka Americas Holding, Inc.

### Group Companies with Distinctive Strengths



#### AB-Biotics, S.A.

AB-Biotics sells unique probiotic products that have effects such as reducing the risk of disease. It is the center of our global probiotic business due to its robust research and development capabilities, which use original probiotic strains owned by the Company.



#### Kaneka Eurogentec S.A.

This biopharmaceuticals CDMO has world-class pharmaceutical production technology. Kaneka Eurogentec provides drug discovery companies around the world with plasmid DNA and proteins as active pharmaceutical ingredients for biopharmaceuticals.

Kaneka Eurogentec, as the core of our biopharmaceuticals business, is leading the strengthening of differentiated technology and driving business expansion.

### From Practical Applications at the Manufacturing Site, We Will Create the Future

#### The Manufacturing Site Is a Value Center

We will build up a Kaneka's unique manufacturing site in the future by fusing the creativity of technology and innovation with digital technology.

With a manufacturing-first approach based on the concept of a safe and reliable plant, we will focus on maximizing and monetizing our business.

#### Realizing a Plant That Creates New Value and Embodies Sustainability

We will speed up our efforts in digital transformation, incorporating cutting-edge technology to evolve our production plants, and increase the speed and scale of our commercialization of new products.

To achieve carbon neutrality, we are tackling the challenge of company-wide efforts and advancing each theme ahead of schedule.

With our energy solution technology, we will also contribute to decarbonizing society, starting with local governments.

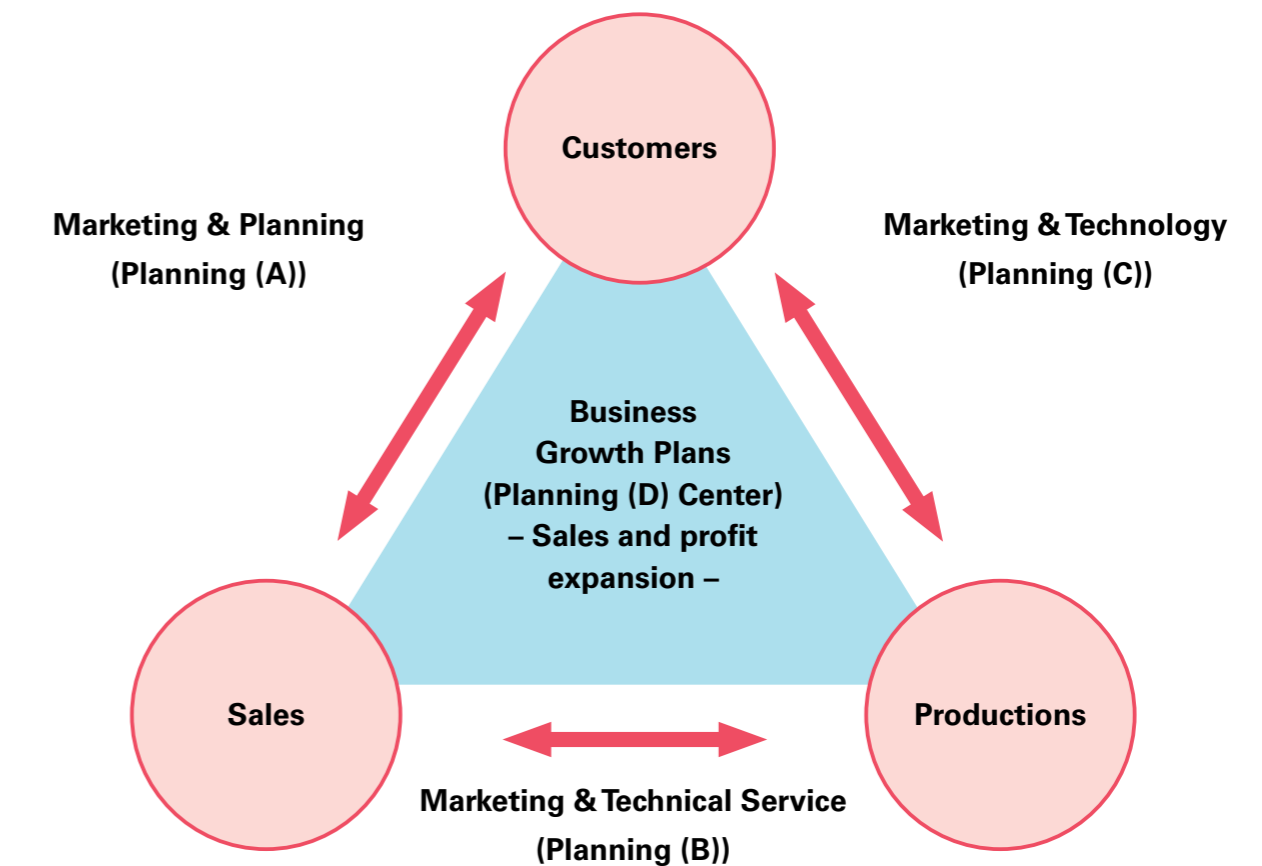
#### Integration of Manufacturing and R2B+P

By strengthening our R2B+P initiative, which strongly integrates R2B and manufacturing, and scaling up our creativity as part of our routine, we will quickly and competitively implement new technologies.



### Manufacturing Means Applying R2B+P

→ Enhancement of four planning functions and capabilities



Designing of Production  
Designing of Functionality  
Designing of Costs

$$\text{Planning (D) (Center)} \geq (A) + (B) + (C)$$

**Dynamism in Management  
(Dynamic Network Organization)**



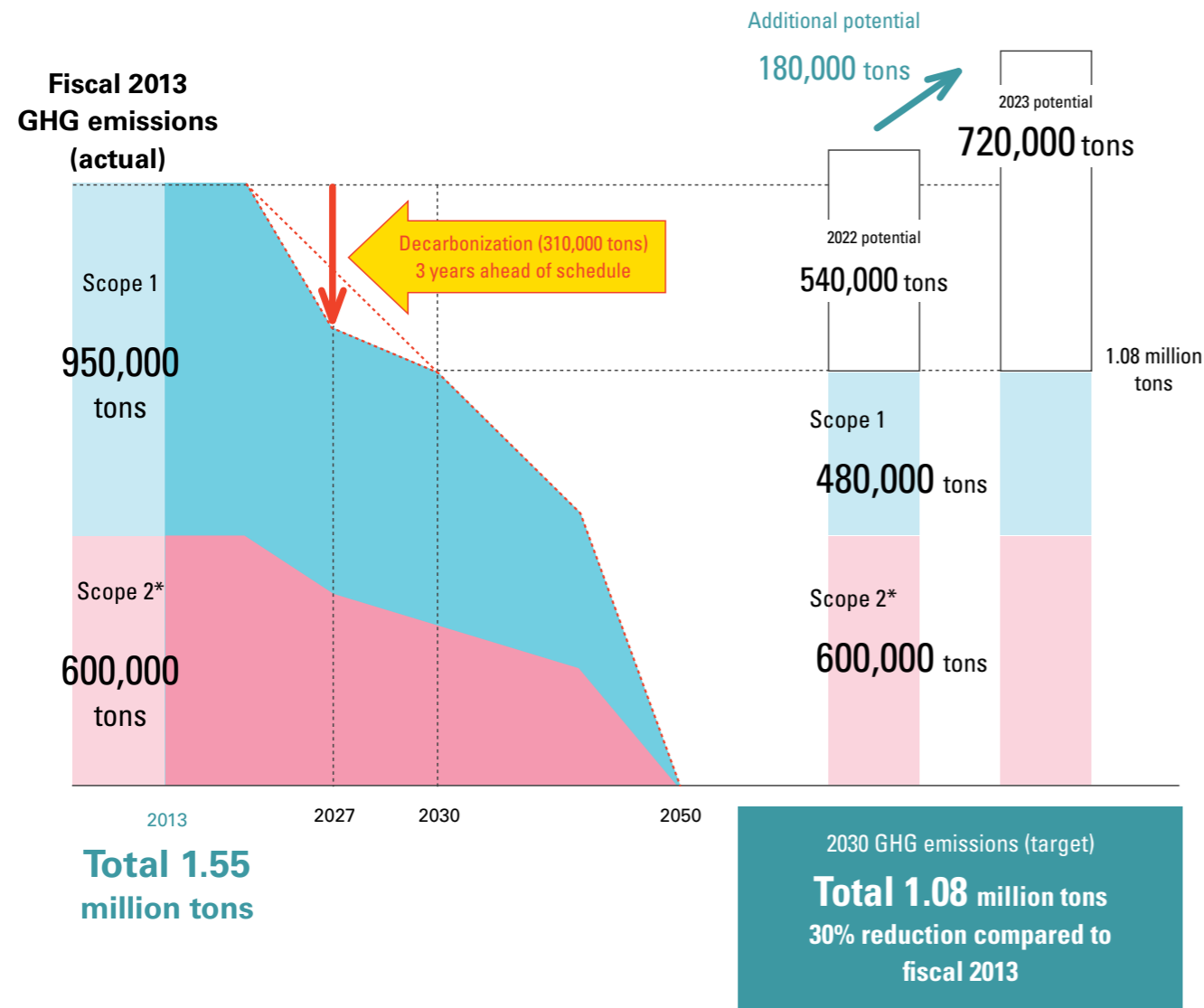


### Carbon Neutrality

The Kaneka Group aims to reduce Scope 1 and 2 GHG emissions, which include domestic and overseas Group companies, by 30% by 2030 (compared to fiscal 2013) and to achieve carbon neutrality by 2050.

For Scope 1 emissions, we will upgrade our coal boilers to gas turbine co-generation equipment, thoroughly save energy through the efficient recovery of plant exhaust heat, and promote process innovation for energy-intensive equipment.

For Scope 2 emissions, we will promote the use of renewable energy and low CO<sub>2</sub> emission factor for electricity.



\* Since the CO<sub>2</sub> emission factor for electric power companies are subject to change, we expect our emissions to be equivalent to those of fiscal 2013.

### Progress to Date - Identifying GHG Emissions Reduction Themes -

In fiscal 2023, we carried out research activities into GHG reduction themes at our domestic and overseas Group companies for the GHG emissions

reduction of 30% set in our 2030 target. We expanded our reduction themes, including potential ones, to a cumulative total of 720,000 tons.

#### GHG Emissions Reduction Theme Potential

Item	Fiscal 2022 Uncovered potential	Fiscal 2023 Additional potential	GHG emissions reduction theme Total potential
1) Fuel conversion	310,000 tons	-	310,000 tons
2) Energy saving	90,000 tons	110,000 tons	200,000 tons
3) Process innovation	100,000 tons	-	100,000 tons
4) Use of renewable energy, low CO <sub>2</sub> emission factor for electricity and steam power	40,000 tons	70,000 tons	110,000 tons
<b>Reducing GHG Emissions Total</b>	<b>540,000 tons</b>	<b>180,000 tons</b>	<b>720,000 tons</b>

#### 1) Fuel Conversion

We are planning to move our decarbonization ahead of schedule by three years (expecting to achieve it by 2027 instead of 2030). Takasago Manufacturing Site plans to install a new gas turbine co-generation system in 2027 as part of our decarbonization and GHG emissions reduction measures. In addition, we will, as appropriate, select type of fuel, including non-fossil fuels, and the amount of electricity that we purchase, balancing economic efficiency and environmental contribution.

#### 2) Energy Saving

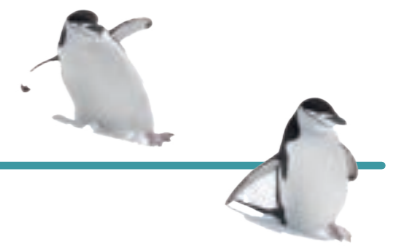
We investigated the implementation of exhaust heat recovery technology using heat pumps, including at our domestic Group companies. Together with our ongoing energy saving efforts, this has added a potential reduction of 110,000 tons.

#### 3) Process Innovation

The vinyl chloride monomer production innovation pilot will begin demonstrating GHG reductions in 2024. We plan to include the production of Green Planet™ in our uses for hydrogen and CO<sub>2</sub> in the production process.

#### 4) Use of Renewable Energy, Low CO<sub>2</sub> Emission Factor for Electricity and Steam Power

As a Scope 2 reduction measure, Kaneka Malaysia will switch to biomass-derived steam in 2025. Kaneka Group will expand the installation of in-house photovoltaic power generation systems on plants and other premises in Japan and overseas as we promote the use of renewable energy. At our overseas plants, we plan to use low CO<sub>2</sub> emission factor for electricity.



## Digital Transformation (DX)

We will transform our operations to meet the needs of the new era. We will achieve digital transformation by promoting production innovation using digital technology and by advancing a digital platform for business throughout the Company.

DX roadmap	2020	2030	Progress
<b>Creating new value</b> Technology establishment and mass production through R2B+P Reform of contacts with markets and customers	Digital marketing Production DX & Carbon Neutral Project Committee	· Started study of carbon footprint · Expanding field-led digital themes (Results: 30 projects, approx. 600 million yen/year)	
<b>Field Operation Zero</b> Zero on-site work in the plant	Optimizing costs through production and logistics Using AI to check operational safety Shift to monitoring-driven operations Stabilizing production process	· Setting goals for development of basic technologies for optimizing production plans · Achieved FOZ at Tomatoh Manufacturing Site	
<b>Strengthening digital platform</b> Strengthening infrastructure Developing digital talent	Data/communication infrastructure, use of AI Developing human resources for AI and data utilization, and DX planning	· Core system (ERP) update · Expanding human resources for AI and data utilization · Updating the internal network · Deploying integrated data infrastructure	

### Strengthening Digital Platform

#### Digital Talent

We are expanding the number of personnel who can carry out AI and data utilization in-house, including at domestic Group companies.  
 Fiscal 2023 cumulative total: 320  
 Fiscal 2030 target: A roughly threefold increase to 1,050

#### AI Infrastructure

At our production sites, AI is being implemented mainly by highly trained digital personnel. We are proceeding with verification of the effectiveness and risk of using generative AI in each business area.

#### Data Integration/Communication

Data integration: We are gradually expanding the integrated data infrastructure that connects production to business.  
 Communication: We are strengthening the communication network that supports digital transformation by expanding IT devices, utilizing images, etc.

### Increasing Productivity with Field Operation Zero

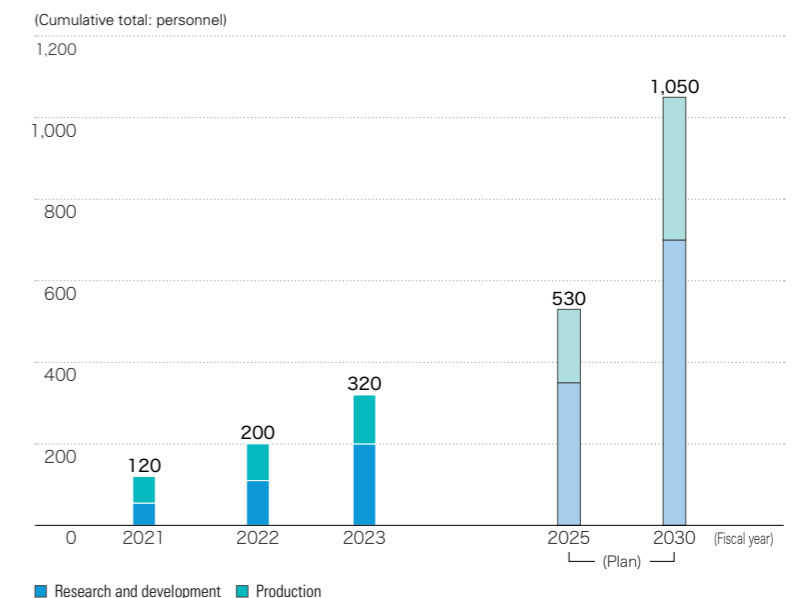
At the Tomatoh Manufacturing Site (Hokkaido), which is scheduled for launch in May 2024, we will improve productivity by fully automating the medical device production line. We will promote the introduction of renewable energy using our own photovoltaic power generation systems and realize a manufacturing site with a low environmental impact.



### Field-Led AI and Data Utilization That Is Unique to Kaneka

At each site, highly trained digital personnel take the lead in using AI and data infrastructure to solve problems. As of the end of fiscal 2023, we have taken on 120 themes, of which 30 projects have yielded results of approximately 600 million yen per year. We aim to train up to 1,050 AI and data utilization personnel by 2030, and will promote 100 themes per year (results: approximately 2 billion yen/year).

#### Expansion of Human Resources Utilizing AI and Data



AI and Data Utilization Themes		Impact (Millions of yen/year)
Optimal operation Automatic control	· Optimal automatic operation of the drying process · Automatic adjustment of molecular weight in culture processes, etc.	300
Anomaly prediction (Equipment and quality)	· Detecting equipment anomalies to improve operating rate · Prediction system for foaming conditions, etc.	200
Image and sound analysis	· Reducing losses by monitoring the coating furnace exit · Detection of print stains, etc.	50
Plan optimization (Production/sales/inventory)	· Optimization of inventory provisions · Production planning optimization, etc.	50
Total		600



## List of Directors (June 29, 2023)

Chairman of the Board  
(Representative Director)



Kimikazu Sugawara

President  
(Representative Director)



Minoru Tanaka

Member of the Board  
Executive Vice President



Kazuhiko Fujii



Shinichiro Kametaka

Member of the Board  
Senior Managing Corporate  
Executive Officer



Mamoru Kadokura

Member of the Board  
Managing Executive Officer



Katsunobu Doro



Jun Enoki



Toshio Komori

Independent Member of the Board



Mamoru Mohri



Jun Yokota



Yuko Sasakawa



Hiromi Miyake

Audit & Supervisory  
Board Member

Masami Kishine  
Shinobu Ishihara  
Hiroshi Fujiwara  
Yasuhiro Uozumi

Senior Managing  
Corporate Executive  
Officer

Akira Iwazawa  
Yasuaki Nuri  
Masaaki Kimura

Managing Executive Officer

Atsushi Kawakatsu  
Yoshiki Takeoka  
Kazuo Ochiai  
Shinji Mizusawa  
Kan Okabe  
Osamu Ishida  
Takuo Ishibashi

Satoshi Suzuki  
Masashi Nishikawa  
Satoru Katayama  
Masahiro Ueda  
Etsuo Yoshiike  
Riichi Nishimura

Executive Officer

Yasuyoshi Ueda  
Naoki Furukawa  
Hiroyuki Deguchi  
Isao Otsu  
Masanobu Yamada  
Ryuichi Maruyama  
Katsutoshi Shichijo  
Ken Matsumoto  
Shozo Ishizaka  
Takeo Watanabe  
Hiroshi Ando  
Ryou Shimizu  
Masanobu Sugawara

## Corporate Governance

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

Kaneka believes that a working corporate governance function is extremely important for realizing diverse, global business growth and maintaining the optimal allocation of corporate resources to the R&D, production and sales activities that support that growth. It is also essential for realizing sustainable growth together with the medium- to long-term improvement of corporate value. From that perspective, Kaneka is working to enhance corporate governance, both to ensure transparency and fairness in decision-making and to build more dynamic management through swift, bold

decisions. Kaneka believes the following basic items are particularly important in those efforts.

- Respecting and ensuring the equality of shareholder rights
- Collaborating with other stakeholders in the value-creation process
- Ensuring transparency through the timely, appropriate disclosure of information
- Strengthening the oversight and strategic recommendation functions of the Board of Directors by leveraging the independence and insight of its independent member of the board
- Appropriately communicating and encouraging understanding of Kaneka's corporate philosophy and policies among all stakeholders
- Conducting a constructive dialogue with shareholders based on an understanding of Kaneka's corporate policies

### Efforts to Strengthen the Governance Capacity

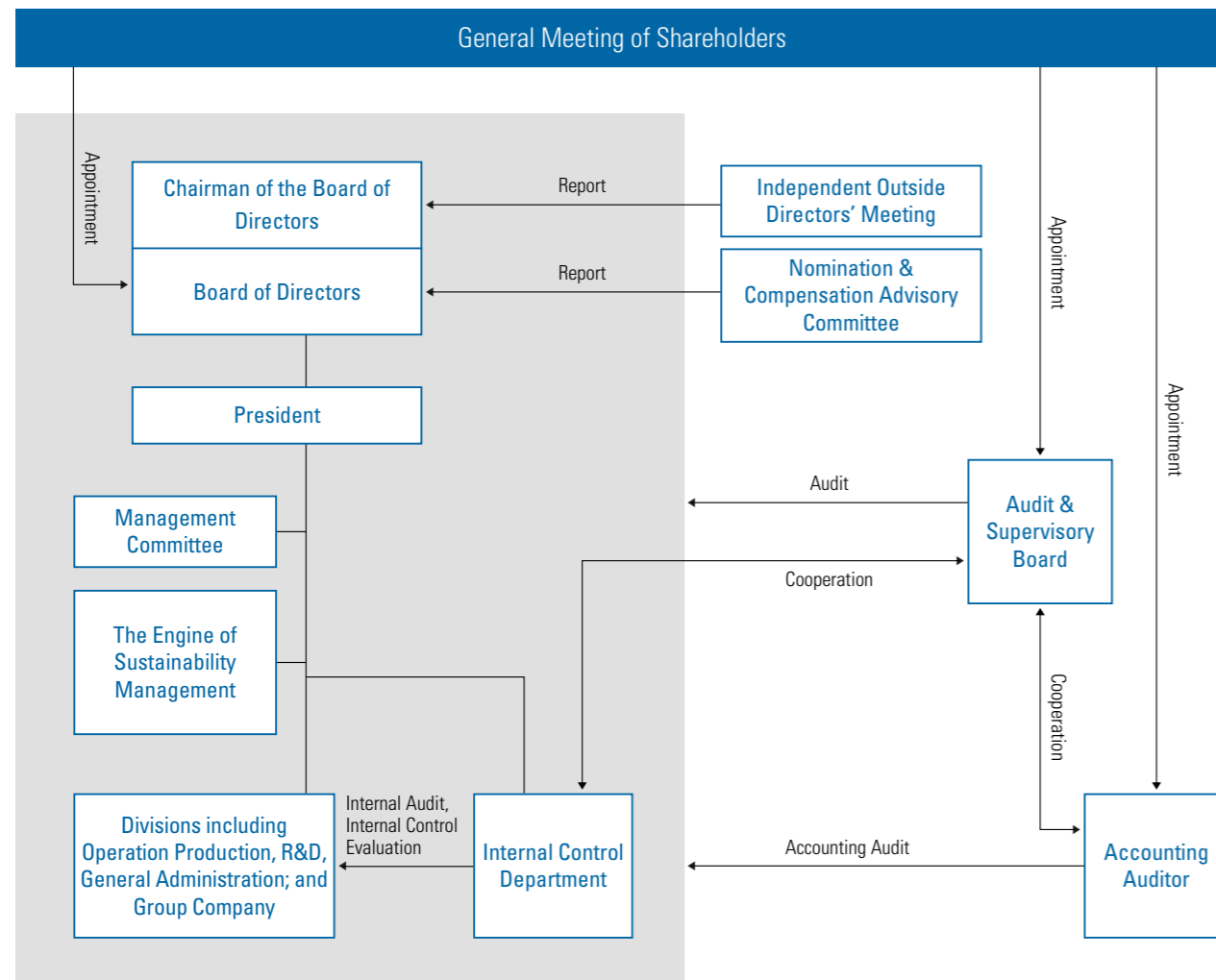
	2006–	2010–	2020–
Separation of management and execution	2006 Introduced the executive officer system 2006 Changed the number of directors from 21 to 13		
Outside directors		2011 Appointed an outside director 2015 Increased the number of outside directors from 1 to 2	2020 Increased the number of outside directors from 2 to 4 2022 Appointment of one female director 2023 Increased the number of female directors from 1 to 2
Committees		2015 Established the Nomination & Compensation Advisory Committee 2015 Established the Independent Outside Director's Meeting	2021 Majority of the Nomination & Compensation Advisory Committee is the Independent Outside Directors
Internal control system	2006 Formulated the Basic Policy on Internal Control System		
Corporate governance	2015 Formulated the Basic Policy on Corporate Governance		
Independence criteria for outside directors	2013 Formulated the Criteria for Independence of Outside Directors		
Effectiveness evaluation	2016 Commenced the effectiveness evaluation on the Board of Directors		



## Corporate Governance

### Corporate Governance Structure

Diagram of Corporate Governance System



### Organizational Design

We currently have four independent outside directors and two independent outside Audit & Supervisory Board Members. Since both the overseeing of business operations by the Board of Directors and auditing by the Audit & Supervisory Board are functioning well, Kaneka has chosen to be a Company with Audit & Supervisory Board under the Companies Act.

Main items	
Organizational structure	Company with Audit & Supervisory Board
Term of office of directors	1 year
Adopted executive officer system	Yes
Organization that assists the president in decision making	Management Committee
Voluntary advisory body to the Board of Directors	Nomination & Compensation Advisory Committee
Other important bodies	Independent Outside Directors' Meeting

### 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, four are independent outside directors, in principle, to strengthen the oversight function. Directors serve for a period of one year to clearly define management responsibilities. The Board of Directors met 14 times in fiscal 2022. (The rate of attendance by Directors and Audit & Supervisory Board Members was 98.8%). Based on the rules of the Board of Directors, it discussed and decided on the mid-term management plan, annual budget, financial policy, key personnel, quarterly/year-end accounts, and strategic investments. The Board of Directors also received and discussed reports on each business division with regard to progress on the mid-term management plan and the monitoring of issues.



## Corporate Governance

### Audit & Supervisory Board Members and the Audit & Supervisory Board

Audit & Supervisory Board Members and the Audit & Supervisory Board 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 Audit & Supervisory Board comprises four members, two of whom are independent outside members, and performs audits in coordination with the

Accounting Auditor and the Internal Control Department. Audit & Supervisory Board Members are given space to periodically exchange views with the representative director, 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.

### Nomination & Compensation Advisory Committee / Independent Outside Directors' Meeting

We have established the Nomination & Compensation Advisory Committee and Independent Outside Directors' Meeting. The Nomination & Compensation Advisory Committee discusses remuneration of Directors, and candidates for Directors and Audit & Supervisory Board Members, and reports them to the Board of

Directors. The Independent Outside Directors' Meeting discusses the effectiveness of the Board of Directors to report to the Chairman of the Board of Directors. In order to increase neutrality, the majority of the Nomination & Compensation Advisory Committee are the independent outside 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 handle business operations in their respective areas of responsibility. The Executive Officers' Meeting is held monthly to share management policies and issues with the aim of

achieving management goals speedily. 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 Audit & Supervisory Board Members to directly hear progress reports from each division head. The Internal Control Department evaluates the effectiveness of internal control and conducts an internal audit.



### 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, after deliberation by the Nomination & Compensation Advisory Committee, which is comprised of directors and independent outside directors.

We are expanding diverse businesses globally. In order for the Board of Directors to make accurate and prompt decisions and supervise these corporate activities, we place great importance on appointing

directors with different backgrounds such as diverse knowledge, experience, and expertise. Specifically, we expect knowledge, experience, and abilities related to business, global, technology, diversity and corporate & governance. We also believe that the Board of Directors as a whole has a well-balanced knowledge, experience, and abilities, and is composed of an appropriate number of people. In selecting directors, no restrictions are made in terms of gender, age or nationality.

### Skills Matrix of the Members of the Board

Name	Position in the Company	Fiscal 2022 attendance at Meetings of the Board of Directors	Knowledge, experience, and expertise				
			Business	Global	Technology	Diversity	Corporate & Governance
Kimikazu Sugawara	Chairman of the Board (Representative Director)	100%	○	○		○	○
Minoru Tanaka	President (Representative Director)	100%	○	○		○	○
Kazuhiko Fujii	Member of the Board, Executive Vice President	100%	○	○		○	
Shinichiro Kametaka	Member of the Board, Executive Vice President	100%	○	○		○	○
Mamoru Kadokura	Member of the Board, Senior Managing Corporate Executive Officer	100%	○	○	○	○	
Katsunobu Doro	Member of the Board, Managing Executive Officer	100%	○	○		○	
Jun Enoki	Member of the Board, Managing Executive Officer	100%	○	○		○	○
Toshio Komori	Member of the Board, Managing Executive Officer	-	○	○		○	○
Mamoru Mohri	Independent Member of the Board	100%		○	○	○	○
Jun Yokota	Independent Member of the Board	100%		○		○	○
Yuko Sasakawa	Independent Member of the Board	100%	○			○	○
Hiromi Miyake	Independent Member of the Board	-		○		○	○

Note: The above details are true as of the end of the 99th Annual General Meeting of Shareholders held on June 29, 2023. The table above does not show all the skills of each Member of the Board.



## Corporate Governance

### 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 Chairman of the Board of Directors periodically receives reports from the Independent Outside 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 2022, the Independent Outside 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 outside directors, information provision to outside 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.

### Standards for Independence of Outside Directors/Audit & Supervisory Board Members

We have defined the Standards for Independence of Outside Directors/Audit & Supervisory Board Members to guarantee the independence of independent outside directors and Audit & Supervisory Board

Members in practice. The standards are disclosed in our notice of convocation of general meeting of shareholders, corporate governance report, etc.

### Remuneration of Member of the Board, etc.

Matters relating to decision policies relating to the details of individual remuneration, etc., of Members of the Board.

#### How this policy is determined

The Company decided on this policy by resolution of the Board of Directors held on February 9, 2021

following deliberation by the Nomination & Compensation Advisory Committee.

#### Basic policy

The remuneration of our directors is appropriate, fair, and balanced. It aligns to the medium- to long-term interests of shareholders, increasing the motivation of Members of the Board toward maximizing the Company's corporate value.

Remuneration for internal directors consists of monthly remuneration as fixed remuneration, bonuses as

performance-linked remuneration, and stock option remuneration as non-monetary remuneration. Individual remuneration is determined according to the job responsibilities of each individual. For outside directors, only monthly remuneration is provided as fixed remuneration.

### Total Amount of Remuneration for Directors and Audit & Supervisory Board Members

Category	Personnel eligible for payment	Total amount paid	Total amount by type of remuneration		
			Basic remuneration	Performance-linked remuneration (bonus)	Non-monetary remuneration (stock option remuneration)
Directors (Of which, outside directors)	13 (5)	686 million yen (68 million yen)	530 million yen (68 million yen)	110 million yen (-)	45 million yen (-)
Audit & Supervisory Board Members (Of which, outside Audit & Supervisory Board Members)	4 (2)	82 million yen (34 million yen)	82 million yen (34 million yen)	-	-

Note: Amounts are rounded down to the nearest unit.

The amount for non-monetary remuneration (stock option remuneration) is the cost amount recorded for the most recent stock acquisition rights granted to eight directors excluding outside directors.

### Policy on Strategic-shareholding

Kaneka holds the minimum amount of strategic-shareholdings necessary for maintaining and strengthening business relationships, business alliances, and capital alliances.

Each year we periodically review our strategic-shareholdings after comprehensively assessing the appropriateness of the purpose of the holdings and the economic rationale in terms of the returns and risks associated with such holdings. When we determine that a holding is of low necessity, we reduce the

number of shares that we hold. Each year, we report on these initiatives to the Board of Directors and disclose an overview of them. In fiscal 2022, we sold four listed stocks as a result of the assessment described above.

In addition, the exercise of voting rights pertaining to the shares held by the policy will be carried out after determining the approval or disapproval of each individual proposal after setting the exercise criteria.

### Strategic-shareholdings

	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
Number of listed company stocks sold	1	4	3	4	12(*)
Total amount sold related to decrease in number of shares	397 million yen	859 million yen	36 million yen	2,283 million yen	2,889 million yen

\* Figures for the fiscal 2023 are up to the 3rd quarter

### Basic Policy for the Internal Control System and Status of Operation

The Company has established a Basic Policy for the Internal Control System by resolution of the Board of Directors. We periodically assess and review this policy as appropriate to ensure that our internal control system is effective. In fiscal 2022, we confirmed the status of operations with respect to (1) the compliance system and risk management system, (2) the

system for the efficient performance of duties by directors, and (3) the system for management of subsidiaries and the system for auditing by Audit & Supervisory Board Members.





## ESG Promotion

### 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

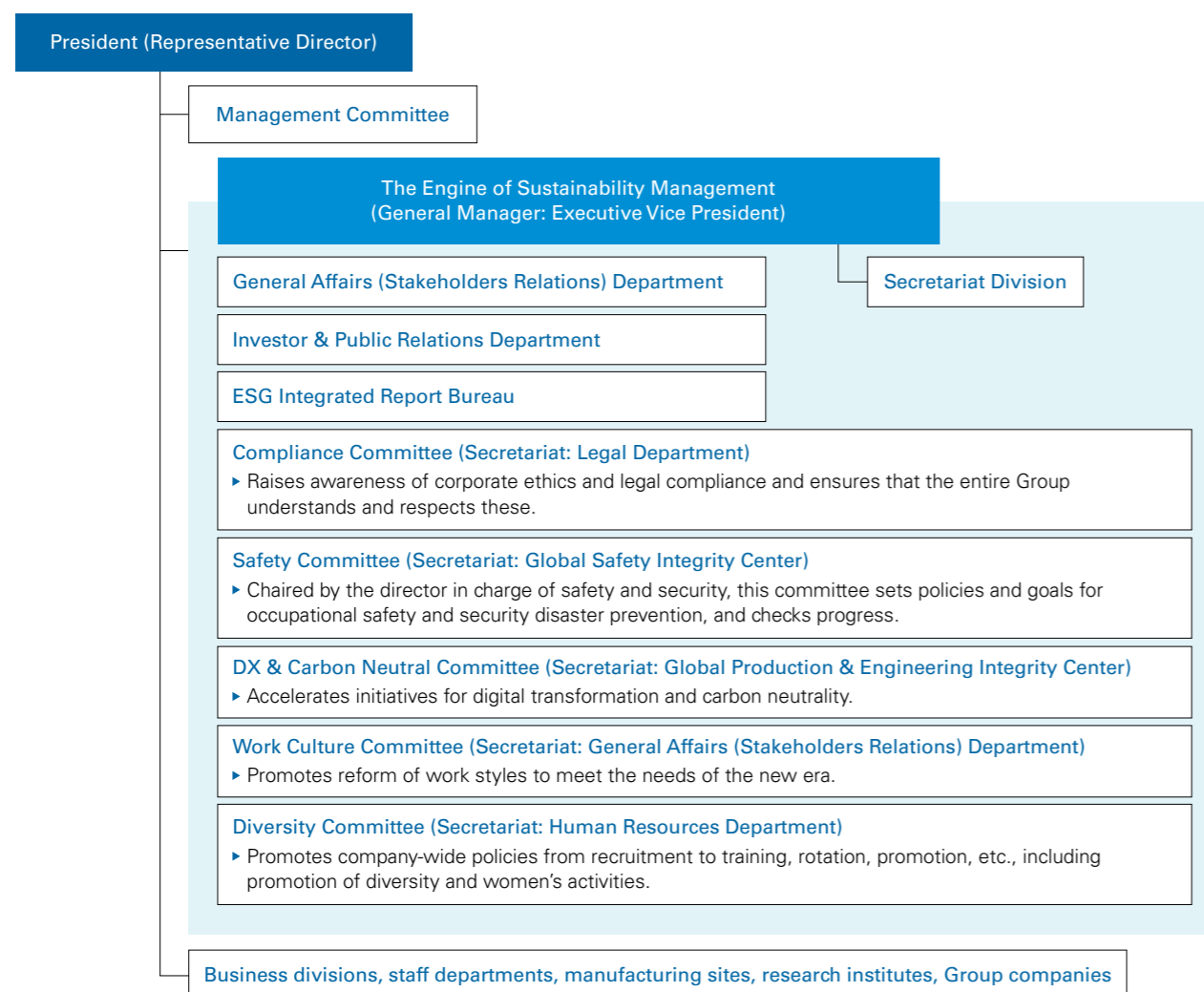
ESG Charter serves as an action agenda for each employee to materialize our Corporate Philosophy.

### Promotion System

We reorganized our ESG-related organization with the establishment of the Engine of Sustainability Management on April 1, 2022. It is tasked with overseeing and enhancing ESG management. The Engine of Sustainability Management consists of eight implementation organizational entities. These work to

promote ESG and the SDGs overseeing the activities of all related departments across the organization. We will work to protect the environment, to contribute to the restoration of humanity, and to strengthen “Wellness First” health management to support a society that nurtures life.

### Diagram of ESG Promotion System



## Business Risks and Uncertainties

### Basic Policy

Kaneka Group has formulated a basic risk management policy to respond to potential risks in business

operations, aiming for the goal of “Wellness First” to make the world healthy.

### Risk Management System

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 Committee oversees the development and implementation of the company-wide plans. When a risk occurs or is likely to occur, the

Compliance 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. For operational risks and other risks related to our business and financial situation, see the Financial Section.

### Enhancing Crisis Management Systems

Based on our basic risk management policy, we have set forth Crisis Management Regulations that define our basic system and roles for emergency response, providing emergency examples and clarifying ranks, etc. We will continue to fulfill our social responsibility by maintaining corporate activities while avoiding and reducing adverse effects on the Kaneka Group as much as possible.

In preparation for an emergency, we regularly conduct a disaster drill and a safety confirmation system drill. We also provide employees with the Crisis Management Handbook about the initial response. This handbook explains emergency procedures: proper incident notification, instructions, consultation, and response, as well as the smooth flow of information.

### Strengthening of Information Security

Information systems play a key role in all aspects of business activities. Based on our Basic Information Management Policy and Information Management Regulations, we have put in place a risk management system at the Kaneka Group that is led by management. Within the IoT Solutions Center (Information Systems Department), we have set up an organization for information security. Through this organization, which is headed by the information management manager who is the director in charge, we appropriately manage information to avoid information leakage and other risks, and promote effective use of information and efficiency in operations. To protect the Group’s information assets, we have introduced a global SOC\* and strengthened our threat detection and monitoring system (which operates 24

hours a day, 365 days a year). Drawing from the knowledge of external experts, we continuously strive to enhance security levels throughout the supply chain. In addition, we communicate our Basic Information Management Policy, Information Management Regulations, and Information Security Guidebook to all employees through training and other means to ensure that they understand and follow them, and provide e-learning and education and training on targeted attack e-mails and other topics. We also cooperate with each department and Group companies on training for information management personnel and other activities as we strive to ensure that personal information and other data is properly managed.

\* SOC (Security Operation Center): A system for monitoring and analyzing threats to information systems.

## Compliance

### Basic Policy

Viewing compliance as an important management issue, we implement various initiatives to ensure compliance among all directors and employees not only with all applicable laws and regulations, but also with business and social ethics. We aim to improve our

compliance activities by thoroughly implementing the ESG Charter and the Code of Ethical Conduct, which serve as the guidelines for the behavior of each director and employee, enabling us to build relationships of trust with our stakeholders.

### Promotion System

We have established, under the Engine of Sustainability Management, a Compliance Committee, an organization that supervises the corporate ethics and compliance of the Kaneka Group. The Compliance Committee meets twice a year to set compliance policies and targets for the Kaneka Group and to

check on progress. We also work to oversee and direct the entire Group on compliance matters, to check the status of awareness and compliance, and to establish and maintain the appropriate consultation and reporting hotlines.

### Internal Reporting and Establishment of Consultation Hotlines

To prevent compliance violations and ensure early detection and prevention, we have established whistleblowing (internal reporting) services within the Company and at outside law firms. The services are available to Kaneka Group directors and employees and their families, former employees who have resigned within the past year, and businesses with which the Company has relationships, including partner companies and suppliers.

We have also established a consultation hotline for harassment and assigned several counselors to each workplace, who are made up of Health Consultation

Office and Human Resources Department staff as well as labor union representatives. In fiscal 2022, there was one case of reporting and consultation. Fact-finding investigations and hearings were conducted, and the cases were handled in accordance with internal rules. The details of the case are reported regularly to the Compliance Committee. In addition, we have established rules on whistleblowing and employee employment regulations to ensure that whistleblowers and consultants are not subject to any discrimination.

### Anti-Corruption and Anti-Bribery Initiatives

As a signatory to the United Nations Global Compact, Kaneka Group has declared its commitment to “work against corruption in all its forms, including extortion and bribery,” as stated in the Ten Principles. Our Code of Ethical Conduct stipulates that we shall

strive to maintain lawful and sound relationships with political and government entities and with all our business partners. The Compliance Guidebook also provides an easy-to-understand explanation of corruption and bribery prevention.

### Respect for Human Rights

Human rights are the rights that anyone can feel, the right to live like a human being, which each and every one of us is born with. Since its foundation, Kaneka has practiced respect for humanity in its management. We have a fine tradition of maintaining a culture and climate that tries to make the most of the good qualities of each individual. We see respect for human rights as a fundamental principle that should be upheld by the Company and each of its employees.

Throughout our business activities, we strive to raise awareness of respect for individuality and human rights. To maintain a workplace environment where all employees feel healthy and fulfilled in their work and where there is no harassment, we will deepen awareness and understanding among employees and make the workplace environment a more comfortable place for them to work.

## Intellectual Property



### Basic Policy

Kaneka Group secures intellectual property rights, such as patents for our R2B+P results, aiming to provide prompt solutions to help resolve social issues. All our researchers and engineers recognize intellectual property as one of the outputs of R2B+P activities and actively seek to acquire intellectual property rights for their achievements including know-how. To respect the intellectual property rights of others

and avoid patent disputes, we make sure to carry out patent searches, trademark searches, and design surveys at various stages in the business development process, such as theme proposals, capital investments, commercialization, specification changes, and brand naming, taking every possible precaution to ensure clearance.

### Promotion System

The Intellectual Property Department, which operates directly under the President, works to secure and maintain the Kaneka Group’s intellectual property, which supports our business. At each of our regional headquarters in the Americas, Europe, and Asia, we have put a framework in place for assigning intellectual property specialists to respond directly to local issues. To mitigate intellectual property risks and prevent leaks of trade secrets at Group companies in Japan and overseas, we are also shoring up cooperation between the various Group companies and the Intellectual Property Department. Based on our Corporate Governance Code, which we revised in 2021, we continue taking actions to improve

our governance of intellectual property. The director in charge of the Intellectual Property Department receives reports and gives directions at monthly reporting meetings. In addition, intellectual property strategy meetings are held once a year for each division. These meetings are attended by general managers of the division, the research division, and the Intellectual Property Department. We will continue to strengthen the linkage between our intellectual property strategy and the business and research strategies of each division, with the aim of contributing to business performance.

### Respect for Rights

#### Internal Training - Information Leakage and Legal Compliance

To prevent our proprietary technology and know-how from being leaked, we provide intellectual property protection training to sales representatives. The training, which includes measures against leakage of confidential information, is provided when these staff are developing customers or providing samples. We

also regularly provide training to instill respect for the rights of others and strengthen compliance with laws and regulations on copyright, covering topics such as preventing copyright infringement when creating materials.

#### Protecting our Brands

To support the brand development of our mainstay products, we have acquired trademarks in countries around the world to protect the brands of global products such as KANEKA Biodegradable Polymer Green Planet™ and KANEKALON™ hair accessory products. We constantly monitor trademark applications around the world, working continuously to prevent others from licensing the same or similar trademarks. If an application for a similar trademark is detected, an objection is filed with each country’s patent office, which leads to others being prevented from licensing similar trademarks.

seminars in fiscal 2022 for sections of our organization such as business divisions that hold a large number of trademarks and the IR department.

To ensure that our trademarks are correctly used and applied in our business, we held separate trademark



## Environment

### Basic Policy

In keeping with our corporate philosophy, 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.

### Promotion System and Policy

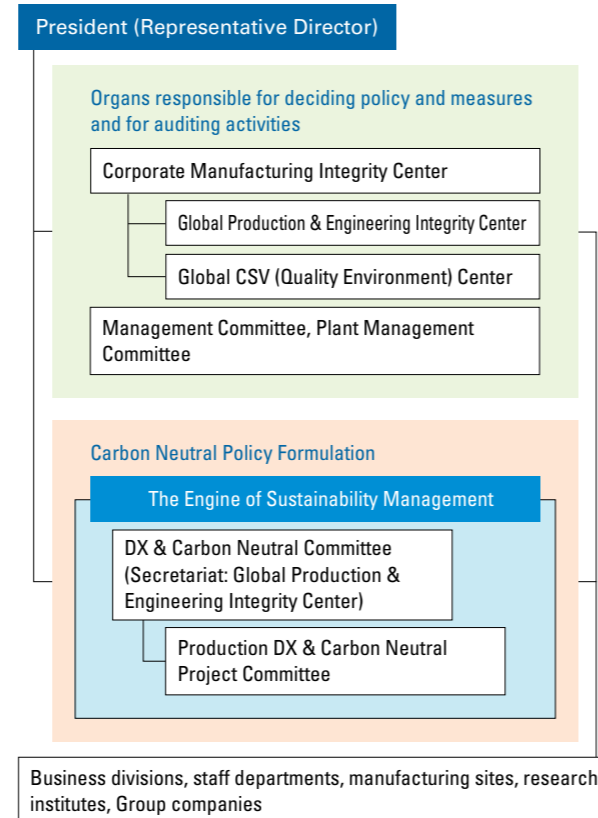
When dealing with important matters relating to global environment protection, the Corporate Manufacturing Integrity Center, which is under direct presidential control, and the Global CSV (Quality Environment) Center take the lead role in sharing the issues with the Management Committee, the Plant Management Committee, and other relevant bodies and then formulating policies and measures.

With specific focus on carbon neutrality, we have established a DX & Carbon Neutral Committee under the control of the Engine of Sustainability Management to accelerate initiatives.

In our business activities, we are taking steps to reduce environmental impact and ensure appropriate chemical substance management and information disclosure, with the Global CSV (Quality Environment) Center playing the central role in environment conservation activities.

Meanwhile, toward realizing a sustainable society, we have set out the Basic Policies for Responsible Care under which we ensure strict observance of laws protecting human health and safety and rigorous compliance with environmental legislation such as the Air Pollution Control Act and the Water Pollution Control Act and the criteria set out in related agreements. Internal auditing, ESG safety and quality inspections, and other tools are used to confirm compliance and to manage environmental impact and risk reduction.

#### Diagram of Promotion System



#### Basic Policies for Responsible Care

1. Protect the natural ecosystem and reduce environmental impact
2. Offer safe products and information
3. Develop products and technologies in consideration of the environment and safety
4. Reduce waste and promote the recycling of plastics
5. Enhance process safety, disaster-prevention, and occupational safety and health
6. Win public confidence



### Targets and Performance

Target		Fiscal 2022 performance
Energy intensity index (*1)	Average annual reduction of 1% or more	90.5 (all parent manufacturing sites) (0.1% year-on-year increase) Five-year average decrease of 0.3%
CO <sub>2</sub> emission intensity index (*2)	Average annual reduction of 1% or more (fixed emissions factor) Estimated fiscal 2022 performance 91.4 (fiscal 2030 target 84.3)	85.0 (all parent manufacturing sites)
Air and water pollution prevention		Strict compliance with standards set by Air Pollution Control Act/Water Pollution Control Act and with criteria agreed with local governments
Chemical substance emissions reduction	VOC emissions 1,800 tons or below	Due to increased production volume and changes in product mix, VOC emissions, at 1,821 tons, were not on target
Waste reduction	Kaneka final landfill disposal rate: 0.2% or below Zero emissions at Kaneka and Group companies in Japan	Kaneka final landfill disposal rate 0.038% Zero emissions achieved by Kaneka and Group companies in Japan based on final landfill disposal rate of 0.37% (*3)
Check legal compliance of waste disposal subcontractors		Visited disposal subcontractors where on-site survey was possible and carried out checklist-based inspection

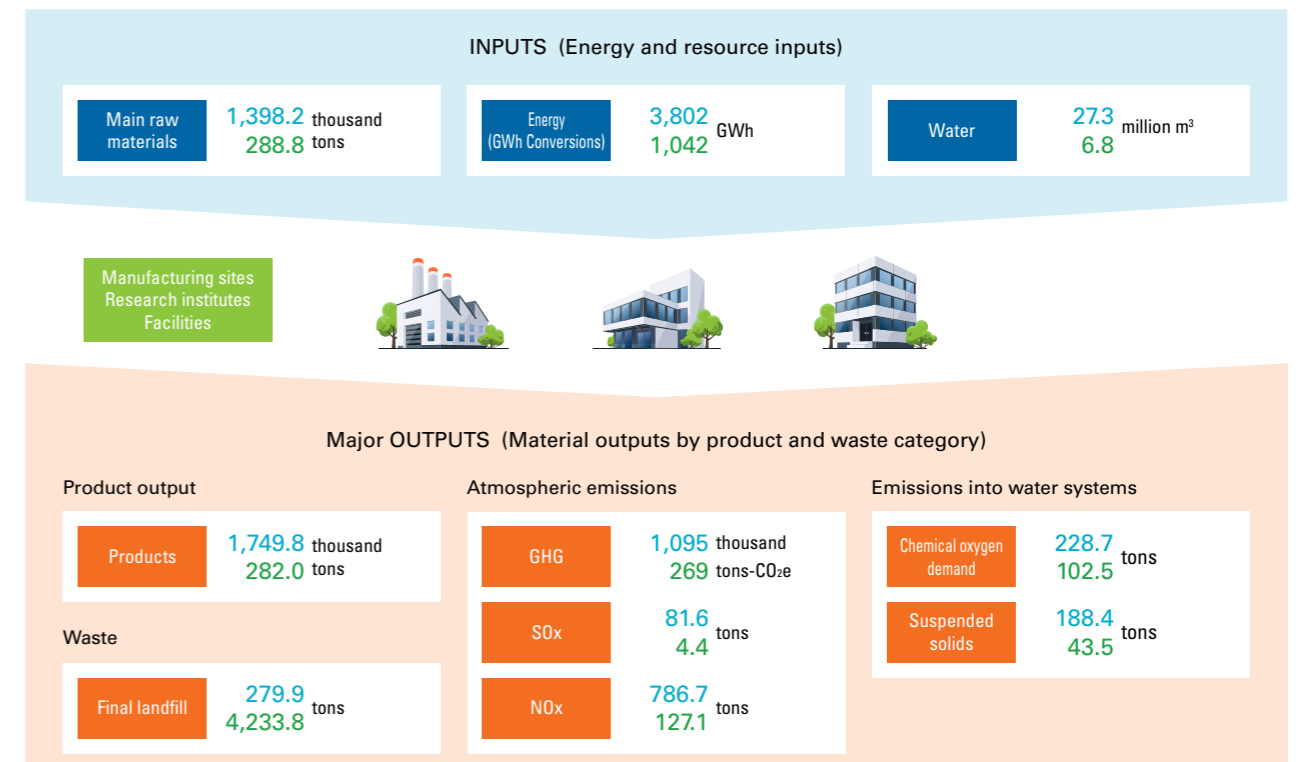
\*1 Energy intensity index: a value for energy intensity indexed against a value of 100 for fiscal 2013. The value is calculated by dividing manufacturing energy consumption by activity volume (all parent manufacturing site production volume).

\*2 CO<sub>2</sub> emission intensity index: a value for energy-origin CO<sub>2</sub> emission intensity indexed against a value of 100 for fiscal 2013. The value is calculated by dividing energy-origin CO<sub>2</sub> emissions by activity volume.

\*3 Zero emissions (Kaneka definition): final landfill disposal volume less than 0.5% of total generated waste.

### Material Balance in Production Activities (Fiscal 2022)

Kaneka and Group companies in Japan 47 Overseas Group companies 16





## Environment

### Information Disclosure in Line with TCFD

With people and technology growing together into creative fusion, we will break fresh ground for the future and tie in to explore New Values. We are also committed to challenge the environmental issues of our planet and contribute to upgrading the quality of life. Guided by this corporate philosophy, Kaneka Group will leverage its products and services to

#### Governance

To integrate and strengthen ESG management, we reorganized our ESG-related operations with effect from April 1, 2022, to establish a new organization known as the Engine of Sustainability Management with an executive vice president (director) as its general manager. Under its supervision, the DX & Carbon Neutral Committee is tasked with driving our carbon neutral production strategy.

The committee will promote carbon neutrality by accelerating initiatives that integrate DX with carbon

#### Strategy

To identify climate change-related business risks and opportunities and to set out relevant strategies, metrics, and targets, we formulated business impact scenarios in line with the 1.5 and 4 scenarios and analyzed the extent of the impacts in fiscal 2021. In fiscal 2022, we conducted a scenario analysis,

#### Risk Management

Risks related to climate change are managed by the Global CSV (Quality Environment) Center under the Corporate Manufacturing Integrity Center. In formulating risks related to climate change and prevention measures, after discussions with business divisions, manufacturing divisions, and research divisions, the

globally offer useful solutions to the issue of climate change, and will fulfill its social responsibilities regarding the various climate change-related impacts associated with the production and distribution processes. As part of this, we expressed our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in March 2021.

neutral activities in the manufacturing field while collaborating with business divisions, staff departments, manufacturing sites, research institutes, and group companies. Every three months, the committee will report on its activities to the Engine of Sustainability Management, who will discuss and decide the direction of its activities going forward, so that these can be reflected into strategies, major action plans, business plans, etc. The results will be reported to the representative director.

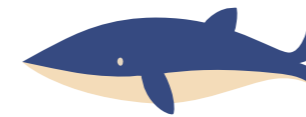
identifying transition risks and opportunities. Based on the findings of that analysis, this fiscal year we added physical risks to the items deemed to potentially have a severe impact on Kaneka's business in 2030. These are shown along with specific examples and countermeasures in the table on the right.

Global CSV (Quality Environment) Center of the Corporate Manufacturing Integrity Center presents its proposals and deliberations to the Engine of Sustainability Management, which addresses them in collaboration with each department.

### Major Climate Change Risks and Opportunities: Business Impact and Countermeasures

Type	Changes in society	The impact of climate-related risks and opportunities on the organization's business, strategy, and financial plans (● Climate change risk/● Climate change opportunity)	Countermeasures (◎ indicates priority areas)
Regulatory/legal	Strengthening of GHG emissions regulation	● Depreciation and amortization costs arising from GHG emissions reduction	· Enhancing and expanding eco-friendly products
Regulatory/legal	Increased operational costs due to introduction of carbon tax (incl. supply chain)	● Increase in operating costs due to the introduction of carbon taxes	◎ Early fuel conversion of private power generator facilities · Continuous energy saving in the existing manufacturing process · Process innovation · Use of renewable energy and low CO <sub>2</sub> emission factor for electricity · Introduction of internal carbon pricing (ICP) system (from fiscal 2024)
Technological	Acceleration of the circular economy	● Increase in procurement costs due to taxes on the production of petrochemical-derived packaging plastics ● Growing demand for products that contribute to the realization of a circular society, such as biodegradable plastics and low-carbon and decarbonization-related products	◎ Mass production of Kaneka biodegradable polymer Green Planet™ ◎ Promoting research and development to produce the Kaneka biodegradable polymer Green Planet™ from carbon dioxide and hydrogen
Market	Increased demand for biomass-based resins and decreased demand for fossil-based plastics	● Fluctuations in fuel costs due to price changes in crude oil, etc.	◎ Early fuel conversion of private power generator facilities · Continuous energy saving in the existing manufacturing process · Use of renewable energy and low CO <sub>2</sub> emission factor for electricity
Technological	Low-carbon trends affecting raw material and energy sources	● Increase in purchase and sales fares due to the introduction of decarbonization technology in transport vehicles and the transfer of credit purchase costs	· Reviewing procurement policies · Strengthening supply chain management initiatives
Market	Increased demand for renewable energy, energy networks, and energy-saving-related products	● Growing demand for materials for ZEB and ZEH	◎ Enhancement and expansion of products related to solar power generation · Enhancing and expanding insulating material for residential buildings (Kanelite Foam™) · Developing storage batteries
Extreme weather	Impact of extreme weather events on Company factories and supply chain	● Events caused by flooding due to heavy rainfall or water shortages. Such events could include production stoppages at our factories, supply chain disruptions, etc., leading to lost sales opportunities and increased building damage	· Assessing water risks at Kaneka Group sites · Periodically reviewing BCPs
	Increased demand for building materials in preparation for disasters caused by extreme weather events	● Higher sales of building materials products that curb damage caused by weather disasters	· Development of embankment foam (Kanepearl™, Kanelite Foam™)





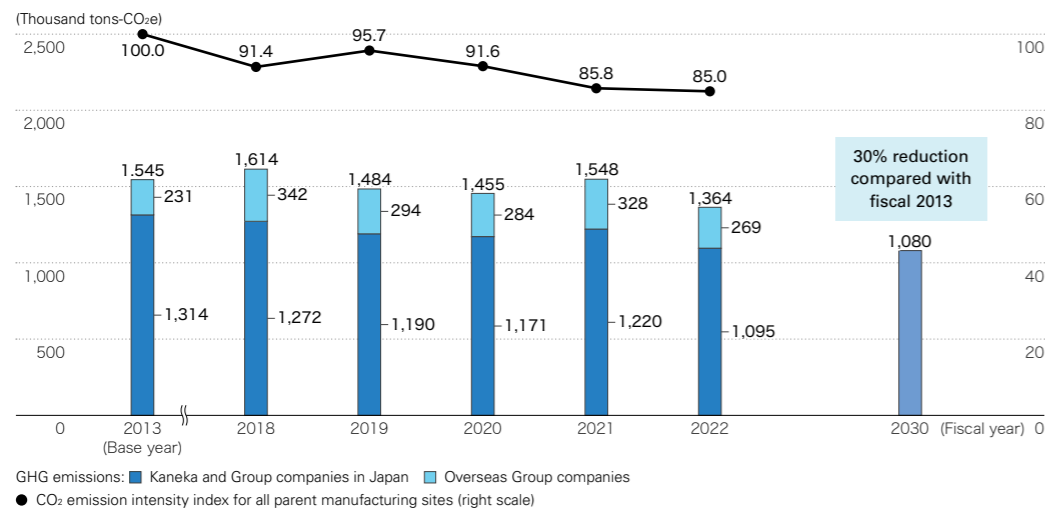
## Environment

### Metrics and Targets

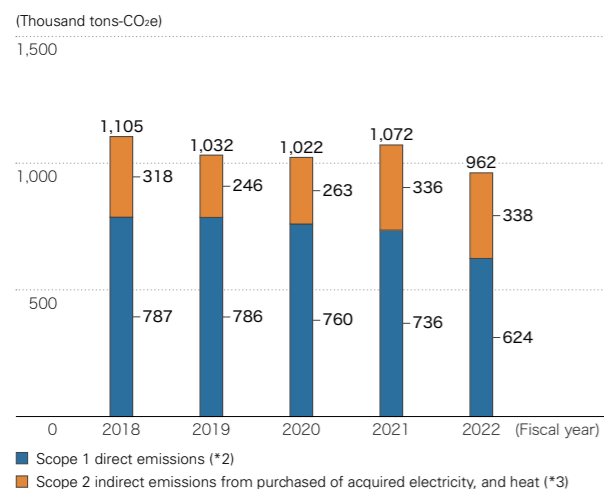
Kaneka Group will realize carbon neutral operations by 2050. As an interim milestone, we have set a target of reducing GHG emissions by 30% in 2030 compared to fiscal 2013.

In fiscal 2022, the sum total of Kaneka Group's Scope 1 and Scope 2 GHG emissions was 1,363.9 thousand tons CO<sub>2</sub>e (11.7% lower than fiscal 2013). Scope 3 emissions from the parent company Kaneka amounted to 2,884.1 thousand tons CO<sub>2</sub>e.

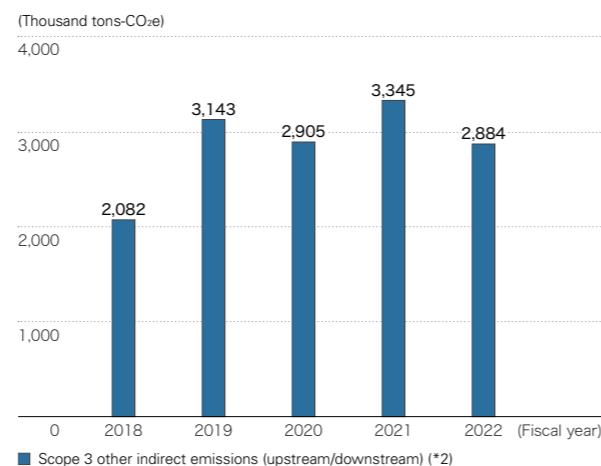
### GHG Emissions\*1 and Energy Origin CO<sub>2</sub> Emission Intensity Index



### Scope 1 and 2 Emissions (Kaneka)



### Scope 3 Emissions (Kaneka)



\*1 GHG emissions volume: a value indicating the sum total of energy-origin CO<sub>2</sub> emissions, non-energy-origin CO<sub>2</sub> emissions, and the CO<sub>2</sub> equivalents of methane and N<sub>2</sub>O emissions, calculated in accordance with the GHG protocol.

\*2 Non-energy CO<sub>2</sub> emissions and CO<sub>2</sub>-equivalent of methane and N<sub>2</sub>O emissions are included.

\*3 Scope 2 emissions calculated using the location-based method for Kaneka and Group companies in Japan were 519 thousand tons CO<sub>2</sub>e (including 449 thousand tons CO<sub>2</sub>e for Kaneka). For Group companies outside Japan, Scope 2 emissions were the same calculated using location-based and market-based methods.

### Climate Change Initiatives

To address global warming, we at the Kaneka Group are working to promote energy conservation and reduce CO<sub>2</sub> emissions through a range of measures, including our own environmental capital investment program.

We are implementing life cycle assessment (LCA) for our main products and intend to successively expand the range of products covered going forward. We are

also working to introduce carbon-life cycle analysis (cLCA) and indirect GHG emissions calculation. Carbon-life cycle analysis (cLCA) uses an LCA-based quantitative evaluation to calculate the contribution to GHG emissions reduction relative to comparable products. Indirect GHG emissions calculation covers business activities throughout the supply chain (Scope 3 emissions).

### Preventing Pollution and Managing Chemical Substances

We are working for the prevention of air and water pollution, the appropriate management of toxic chemical substances, and the reduction of related emissions.

Our production activities comply with the standards specified in the Air Pollution Control Act and the Water Pollution Control Act as well as the criteria in agreements with local governments.

To promote water conservation, we monitor our intake of water and take care to use it efficiently. Also in fiscal 2022, we conducted water risk assessments for each Kaneka Group site and the bases of Group companies in Japan and overseas. We use an assessment tool (Aquaduct Water Risk Atlas) to identify

areas with high water stress and, based on the proportion of water intake from water-stressed areas to total water intake, have confirmed that Kaneka Group as a whole does not face high water risks. Going forward, we will expand the scope of the assessment targets in terms of geographical location and time, and prioritize and implement measures based on results of the assessment.

In the area of chemical substance management, we reduce and control the emissions of volatile organic compounds (VOCs) and chemical substances subject to the Pollutant Release and Transfer Register (PRTR) Act, including six toxic air pollutants set independently.

### Reducing Waste and Recycling Resources

Reducing waste saves resources, cuts costs, and helps protect the environment by lowering CO<sub>2</sub> emissions. By following the 3Rs (Reduce, Reuse, and Recycle), we promote reduction and recycling of industrial waste as we strive for zero emissions from Kaneka and our Group companies in Japan. In addition, we are working to use our resources effectively based on our new target of improving the resource

recycling rate (\*4) for the Kaneka Group by 1% each year. We will continue promoting the 3Rs as well as the improvement activities through process analysis using Material Flow Cost Accounting (MFCA).

\*4 Volume of generated industrial waste that is recycled (total figure for industrial waste that is subject to reuse, recycling or heat recovery).

### Biodiversity

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

As part of our social contribution activity, we also

support, participate in, and cooperate with the biodiversity activities of outside bodies.

- Osaka Manufacturing Site: Settsu-no-mori Kaneka Biotope
- Shiga Manufacturing Site: Walnut School

## Safety (Process Safety and Disaster Prevention, Occupational Safety)

### Basic Policy

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

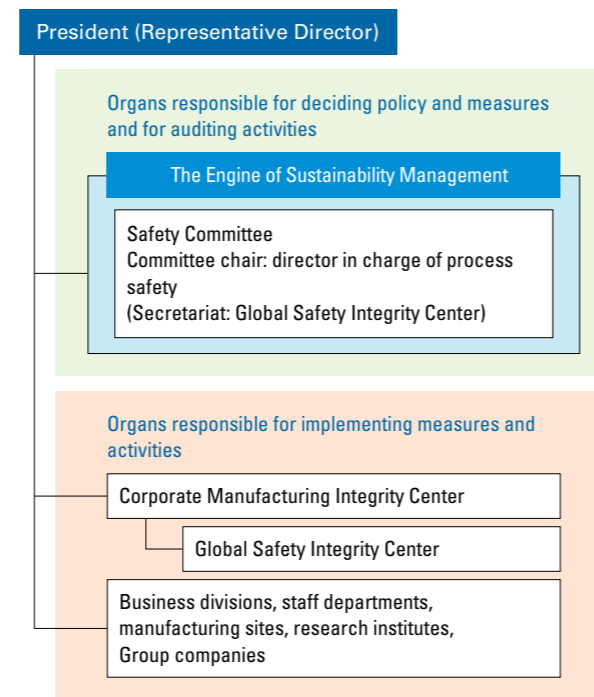
the Kaneka Group and our partner companies work to create safe and healthy workplaces, pursuing the goal of no accidents and no disasters.

### Promotion System and Policy

Established under the Engine of Sustainability Management, the Safety Committee sets policies and goals related to occupational safety, process safety, and disaster prevention and to check their implementation and progress.

As set out in our Basic Safety Policies, our Zero Accident Principles, and Kaneka Group Code of Conduct, we prioritize safety above all else, observe the principles of safety, and work to ensure that safe practice is taken on board and strictly adhered to. In this way we seek to guarantee safety and peace of mind through stable day-to-day manufacturing operations. In his greetings at New Year and on the yearly anniversary of our foundation, the president delivers a related message directly to employees.

### Diagram of Promotion System



### 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.

### Zero Accident Principles

- **All people, you and me, are indispensable**  
We ensure everyone is working safely. [Pledge of zero accidents]
- **Safety is everyone's responsibility**  
We do not miss sparing the time to seek safety. [Participation in safety]
- **There is no trick to safety**  
We always value a fundamental approach to it. [Adherence to safety basics]
- **Be aware of potential danger**  
We endeavor to eliminate safety risks. [Safety in advance]
- **Where there is carelessness, there is the possibility of an accident**  
We do not allow even a small chance of negligence. [99%, yet 0%]

### Safety Initiatives

Based on a shared commitment to safety first, management and frontline staff are working to foster a safe culture and ensure the intrinsic safety of equipment, thus inspiring public trust in the safety of our manufacturing sites. We work constantly to ensure that safety is thoroughly maintained. We have put in place the Zero Accident Principles, based on which members of top management lead our efforts to ensure that each employee follows the rules and puts them into action.

### Message from the President

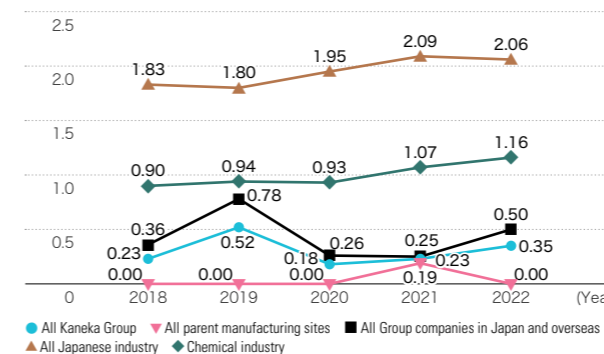
While continuing my plant tours, I have seen for myself how each plant is raising its safety awareness. You can see it taking hold on the shop floor. When it comes to safety, there is no such thing as perfection. We must always act with a sense of urgency. We must stay vigilant, focusing all our efforts on ensuring that throughout our operations we prioritize preventing accidents and disasters. We must not overlook even the most minute signs of danger, instead working thoroughly to foresee and forestall accidents and problems. Management will do its utmost to protect the lives, safety, and security of all our employees.

### Targets and Performance

Target	Fiscal 2022 performance
Strengthen process safety and disaster prevention Ensure occupational health and safety	1) Ensuring the safety of equipment and processes Internal third-party HAZOP (*) inspection, HAZOP competency improvement training, expansion of internal regulations on equipment, reducing risk of getting trapped or caught in processing and assembly plants 2) Fostering a safety culture Implementation of various safety training activities, guidance by external experts, promotion of experiential learning 3) Readiness for emergency Emergency response and evacuation drills and comprehensive disaster prevention drills carried out
Process accidents Occupational accidents	Zero accidents 1) Process accidents: 7 2) Occupational accidents: Accidents resulting in lost time: 7; accidents not resulting in lost time: 10.

\*HAZOP (Hazard and Operability Studies): A hazard identification technique used for chemical plants.

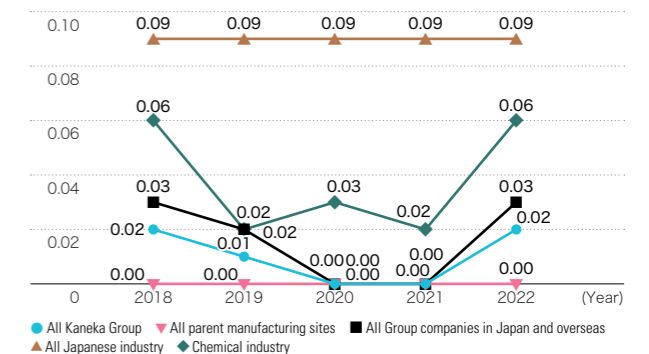
### Accident Frequency Rate



Accident Frequency Rate: An indicator 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.

Note: Frequency and severity rates are calculated for regular employees, contract employees, and temporary employees dispatched from outside the company. The scope of calculation does not include employees seconded to outside companies or employees of subcontractors.

### Accident Severity Rate



Accident Severity Rate: An indicator that shows the level of severity of occupational accidents by indicating the number of lost work days per total 1,000 working hours.

## Quality (Product Responsibility)

### Basic Policy

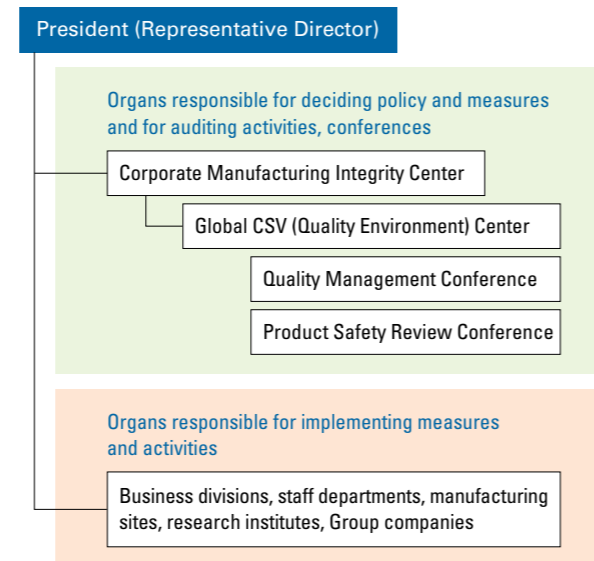
Aiming to benefit society and satisfy customers through a stable supply of safe and reliable products, Kaneka Group has set Quality Management Regula-

tions to ensure thorough day-to-day quality control and product safety at all stages, from product design and development to delivery to customers.

### Promotion System and Policy

The Global CSV (Quality Environment) Center operates the Quality Management Conference and the Product Safety Review Conference. Through these bodies, we coordinate quality assurance activities throughout the Kaneka Group and drive quality management, including product safety assurance, at all stages from product design and development to raw material procurement, manufacturing, storage, and transportation. Each of our businesses undergoes regular third-party auditing and inspection based on ISO 9001 and other established standards and regulations. We also take steps in-house to enhance our quality management system and thereby raise product quality standards through ESG safety and quality inspections and internal audits.

#### Diagram of Promotion System



### Product Responsibility Initiatives

#### Quality Assurance

- We held quality management conferences on four occasions, inviting personnel in charge of quality management in each business division, to instill the Company-wide policy and instructions and to exchange views on product quality assurance and share quality information.
- Through the Product Safety Review Committee, we put in place a system to ensure product safety and service for product launches, such as those of new medical devices and products related to Kaneka biodegradable polymer Green Planet™. To further enhance product safety, we have revised the review committee's standards for pharmaceutical intermediates.

Going forward, we will continue working to enhance the quality management system, through audits, inspections, and other checks and human resource training. In this way, we aim to ensure full compliance and product safety throughout the entire supply chain.

#### Chemical Substance Management

We take appropriate action at all stages of product development, manufacturing, transportation, sales, and disposal based on a clear grasp of the requirements of Japanese and international laws and regulations on the management of chemical substances, with each division adapting its response to its particular circumstances.

For raw material procurement, we have established the Green Procurement Standards to prevent mixing of chemicals prohibited under the Control Act. (\*1) When supplying products, we take active measures to publish information on the hazard level of the chemical substances, including displaying a GHS (\*2) label and providing a product safety data sheet.

\*1 Chemical Substances Control Act: Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc.

\*2 GHS: A worldwide system for classifying and labelling chemicals according to their hazardous properties.

## Supply Chain Management

### Basic Policy

Kaneka Group works to build relationships of trust with its business partners (suppliers) with the aim of mutual increase in corporate value. Under our Basic Procurement Policy, we pursue efficient procurement activities that also take account of fairness and equity in terms of ensuring safety and quality, protecting the global environment in areas such as climate change and biodiversity, showing respect for human rights, and ensuring legal compliance.

In 2015, we signed the United Nations Global Compact to show our agreement with its principles for voluntary action in the four areas of Human Rights, Labour, Environment, and Anti-Corruption. In 2018, with the aim of further evolving our ESG management, we additionally set out an ESG Charter as an action agenda for each individual employee to help realize our corporate philosophy. On this basis, we pursue procurement activities for a sustainable society.

#### Basic Procurement Policy

- We will engage in procurement activities that enhance the corporate value of both Kaneka and our business partners.
- We will endeavor to reduce environmental damage by engaging in green procurement.
- We will provide opportunities for business partners to make fair and rational transactions in consideration of quality, price, supply stability, technical development capabilities, environmental protection, and safety.
- We will abide strictly by the relevant Japanese and foreign laws and regulations.

### Responsible Procurement Initiatives

In all procurement activities within the framework of our business operations, we undertake responsible procurement and management of raw materials and other resources. Our Basic Procurement Policy requires the general manager of each business division to put in place and take charge of an appropriate system to manage procurement, including that of

mineral raw materials, with the cooperation of business partners. Additionally, as part of sustainable raw material procurement that takes due account of the environment and human rights, we have acquired RSPO supply chain certification.

### Declaration of Partnership Building

Based on the belief that it is important to actively work on strengthening the supply chain, Kaneka endorses the aims of the Council on Promoting Partnership Building for Cultivating the Future advanced by the Cabinet Office and other related ministries and agencies. We announced our Declaration of Partnership Building in October 2022. The aim is to build new partnerships by promoting cooperation, coexistence,

and coprosperity with business partners in the supply chain and other business operators seeking to create value.





## Communication with Stakeholders

### Basic Policy

Under its ESG Charter, which declares that ‘we fulfill our corporate responsibility by empowering individual employees to put our corporate philosophy into practice through serious, forward-looking effort,’ Kaneka Group, aspires as a good corporate citizen to a

sustainable future in partnership with all its stakeholders. We will work to build relationships of trust with stakeholders through active information disclosure and communication with the aim of realizing this sustainable society.

	Initiatives	Communication
Customers	Providing technology and product information and online store on our official website 	<ul style="list-style-type: none"> <li>Communication with customers through sales and marketing</li> <li>Information posting on websites and social media</li> <li>Exhibitions</li> <li>Quality assurance/customer support</li> </ul>
Society	Holding a sweet potato dig with small children and toddlers from the neighborhood 	<ul style="list-style-type: none"> <li>Interaction with local residents/participation in local events/dialogue</li> <li>Fostering youth development/hosting plant visits</li> <li>Supporting disaster reconstruction</li> <li>Participation in initiatives</li> </ul>
Shareholders and Investors	Issuing reports (To Our Shareholders) twice a year 	<ul style="list-style-type: none"> <li>Opinion exchange with investors/analysts, holding of business and results briefings</li> <li>Timely and appropriate information disclosure on the corporate website</li> <li>General Meeting of Shareholders</li> </ul>
Employees	Providing a workplace that supports employee health 	<ul style="list-style-type: none"> <li>Communication between employees</li> <li>Employee health consultations</li> <li>Labor-management dialogue</li> <li>Penetration of internal whistleblowing system</li> </ul>
Vendors	Providing an online store that connects household tables and bakeries nationwide by supporting the purchase and development of ingredients 	<ul style="list-style-type: none"> <li>Regular questionnaire surveys and dialogue with vendors</li> <li>Cooperation, coprosperity and coexistence with vendors</li> <li>Quality improvement in logistics operations</li> <li>Appropriate information disclosure</li> <li>Internal whistleblowing system</li> </ul>
The Environment	Carrying out local clean-up activities 	<ul style="list-style-type: none"> <li>Initiatives on global environment protection/resource conservation/environmental impact reduction</li> <li>Promotion of environmental impact reduction in raw material procurement</li> <li>Cleaning activities/local forest conservation/environmental conservation activities</li> <li>Appropriate information disclosure</li> </ul>

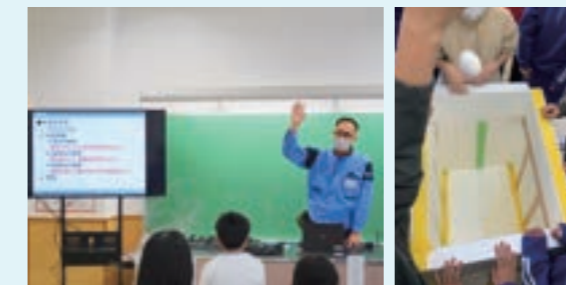
### Employees × Community/Society

#### Exploring Manufacturing and the Wonder of Chemistry

As part of Kaneka's efforts to support the education of the next generation in the community and society, we teach classes on manufacturing and on-site classes. Retired employees and current employees, including new hires, serve as lecturers. We conduct the Kaneka Manufacturing Class at elementary schools near Kaneka Takasago Manufacturing Site, Osaka Manufacturing Site, and Shiga Manufacturing Site. The aim of the class is to increase children's interest in and understanding of manufacturing. In the class, sixth graders assembled Scrollers II (a small self-powered rolling robot) kits, gaining a sense of the fun and satisfaction of making things.



Kaneka Manufacturing Class  
(Bottom right: Scrollers II craft kit)



A scene from a field trip class (photo on the right: A shock absorption experiment with eggs)

Elementary schools near the Kaneka Kashima Manufacturing Site are conducting field trip classes for chemical experiments based on a concept of “Let's get into science.” Using our own products, we conducted experiments around the properties of foamed polystyrene including foaming, shock absorption, and insulation properties, giving students a chance to experience the wonder of chemistry. We will continue supporting students' education with an emphasis on lighthearted fun.

#### Participating in TABLE FOR TWO Activities at the Company Cafeteria

Kaneka has been participating in TABLE FOR TWO (TFT) activities since 2010. TFT is a social contribution activity aimed at addressing food imbalance, whereby developing countries suffer from hunger and malnutrition, while developed countries have problems with obesity and lifestyle diseases. The employee cafeteria offers a menu with reduced calories to prevent obesity and lifestyle diseases. For every one of these meals that is bought at a company cafeteria, 20 yen is donated through TFT toward school meals for children in developing countries. In 2022, we donated the equivalent of 7,697 meals (153,940 yen). The program also started at the Kashima Manufacturing Site from December 2022. We will continue

activities to share meals and deliver hearty school lunches at employee cafeterias at all Kaneka factories.



© TABLE FOR TWO

The amount of 20 yen is equivalent to one school lunch serving in the supported regions.



## Consolidated Financial Statements

### CONSOLIDATED BALANCE SHEETS

KANEKA CORPORATION AND CONSOLIDATED SUBSIDIARIES

March 31, 2023 and 2022

Assets	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
<b>Current assets:</b>			
Cash and cash equivalents	¥ 40,699	¥ 40,712	\$ 304,793
Notes and accounts receivable – trade, and contract assets	170,154	164,128	1,274,276
Inventories	168,115	140,483	1,259,009
Short-term loans receivable from unconsolidated subsidiaries and affiliates	1,304	1,481	9,772
Other current assets	18,193	17,656	136,249
Allowance for doubtful accounts	(1,502)	(1,552)	(11,252)
Total current assets	396,964	362,910	2,972,849
<b>Property, plant and equipment:</b>			
Land	33,079	32,855	247,729
Buildings and structures	240,711	228,539	1,802,680
Machinery, equipment and vehicles	665,388	640,545	4,983,062
Construction in progress	32,062	24,105	240,113
Leased assets	17,963	6,549	134,531
	989,205	932,596	7,408,117
Less accumulated depreciation	(696,590)	(661,321)	(5,216,732)
Property, plant and equipment, net	292,615	271,275	2,191,385
<b>Intangible assets:</b>	16,189	14,977	121,243
<b>Investments and other assets:</b>			
Investment securities:			
Unconsolidated subsidiaries and affiliates	3,641	3,635	27,273
Other	53,913	55,107	403,753
Long-term loans receivable	597	660	4,473
Deferred tax assets	4,450	7,504	33,329
Other	14,550	11,190	108,970
Allowance for doubtful accounts	(283)	(300)	(2,123)
Total investments and other assets	76,870	77,796	575,676
	¥ 782,640	¥ 726,959	\$ 5,861,155

Liabilities and net assets	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
<b>Current liabilities:</b>			
Short-term loans payable	¥ 108,070	¥ 84,014	\$ 809,337
Current portion of long-term loans payable	8,420	5,978	63,059
Lease liabilities	1,037	641	7,769
Notes and accounts payable:			
Trade	88,663	92,068	663,999
Construction	7,610	6,353	56,996
Other	18,785	20,770	140,682
Income taxes payable	5,055	3,466	37,863
Accrued expenses	14,828	15,467	111,046
Other current liabilities	5,770	5,740	43,211
Total current liabilities	258,242	234,502	1,933,966
<b>Non-current liabilities:</b>			
Bonds payable	10,000	10,000	74,889
Long-term loans payable	33,706	28,627	252,429
Lease liabilities	14,709	3,569	110,159
Net defined benefit liability	20,829	31,559	155,990
Provision for directors' retirement benefits	318	295	2,381
Deferred tax liabilities	1,705	2,018	12,771
Provision for product warranties	2,057	2,331	15,406
Other non-current liabilities	4,648	1,850	34,809
Total non-current liabilities	87,974	80,253	658,838
<b>Contingent liabilities</b>			
<b>Net assets:</b>			
<b>Shareholders' equity:</b>			
Capital stock			
Authorized — 150,000,000 shares			
Issued — 68,000,000 shares	33,046	33,046	247,485
Capital surplus	32,245	31,392	241,485
Retained earnings	323,213	309,507	2,420,532
Less treasury stock, at cost — 3,106,293 shares in 2023			
2,761,323 shares in 2022	(11,407)	(11,528)	(85,428)
Total shareholders' equity	377,098	362,417	2,824,075
<b>Accumulated other comprehensive income:</b>			
Valuation difference on available-for-sale securities	22,204	21,331	166,288
Deferred gains or losses on hedges	(3)	(4)	(28)
Foreign currency translation adjustments	11,543	4,381	86,449
Remeasurements of defined benefit plans	6,529	(975)	48,897
Total accumulated other comprehensive income	40,273	24,732	301,607
<b>Subscription rights to shares</b>	622	619	4,661
<b>Non-controlling interests</b>	18,427	24,435	138,004
Total net assets	436,422	412,204	3,268,349
	¥ 782,640	¥ 726,959	\$ 5,861,155

\* The translation of the Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, using the prevailing exchange rate on March 31, 2023 which was ¥133.53 to U.S. \$1.00.

## CONSOLIDATED STATEMENTS OF INCOME

KANEKA CORPORATION AND CONSOLIDATED SUBSIDIARIES  
Years Ended March 31, 2023, 2022 and 2021

	Millions of yen			Thousands of U.S. dollars
	2023	2022	2021	2023
<b>Net sales</b>	¥ 755,821	¥ 691,530	¥ 577,426	\$ 5,660,313
<b>Cost of sales</b>	<b>556,895</b>	494,880	410,486	<b>4,170,564</b>
Gross profit	198,926	196,649	166,940	1,489,748
<b>Selling, general and administrative expenses</b>	<b>163,838</b>	153,086	139,395	<b>1,226,979</b>
Operating income	35,087	43,562	27,544	262,768
<b>Other income (expenses):</b>				
Interest and dividend income	1,917	1,648	1,445	14,360
Interest expenses	(1,965)	(1,064)	(1,259)	(14,719)
Gain on sales of investment securities	1,410	19	796	10,562
Depreciation of inactive non-current assets	(1,147)	(628)	(596)	(8,594)
Income from compensation for damage	—	—	1,624	—
Loss on disposal of property, plant and equipment	(1,839)	(1,638)	(2,402)	(13,774)
Loss on valuation of investment securities	(1,448)	—	—	(10,846)
Foreign exchange gains (losses), net	1,888	1,159	250	14,144
Equity in earnings of affiliates, net	137	132	109	1,027
Litigation expenses	—	—	(289)	—
Restructuring charges	—	(2,692)	—	—
Impairment losses	—	(1,059)	(897)	—
Product warranty expenses	—	(2,331)	—	—
Loss on disaster	—	—	(1,099)	—
Other, net	(1,666)	(703)	(3,025)	(12,483)
<b>Income before income taxes and non-controlling interests</b>	<b>32,373</b>	36,405	22,201	<b>242,446</b>
<b>Income taxes</b>				
Current	9,010	10,075	6,372	67,480
Deferred	(711)	(1,398)	(1,354)	(5,330)
<b>Net income</b>	<b>24,074</b>	27,728	17,184	<b>180,296</b>
Net income attributable to non-controlling interests	1,066	1,240	1,353	7,989
Net income attributable to owners of parent	¥ 23,008	¥ 26,487	¥ 15,831	\$ 172,307
			yen	U.S. dollars
<b>Net income per share—basic</b>	¥ 349.59	¥ 406.01	¥ 242.68	\$ 2.61
<b>Net income per share—diluted</b>	<b>348.66</b>	404.95	242.13	<b>2.61</b>
<b>Cash dividends applicable to the year</b>	<b>110.00</b>	110.00	100.00	<b>0.82</b>

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

KANEKA CORPORATION AND CONSOLIDATED SUBSIDIARIES  
Years Ended March 31, 2023, 2022 and 2021

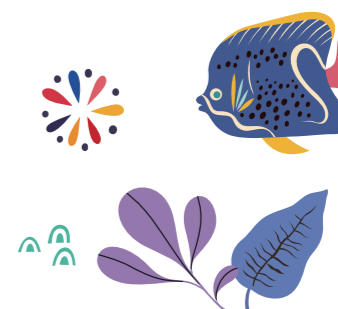
	Millions of yen			Thousands of U.S. dollars
	2023	2022	2021	2023
<b>Net income</b>	¥ 24,074	¥ 27,728	¥ 17,184	\$ 180,296
<b>Other comprehensive income:</b>				
Valuation difference on available-for-sale securities	882	455	6,746	6,611
Deferred gains or losses on hedges	0	5	93	6
Foreign currency translation adjustments	7,594	8,495	3,924	56,877
Remeasurements of defined benefit plans	7,509	1,179	5,825	56,237
Share of other comprehensive income of associates accounted for using equity method	1	(7)	10	9
Total other comprehensive income	15,989	10,128	16,600	119,742
<b>Comprehensive income</b>	¥ 40,064	¥ 37,856	¥ 33,784	\$ 300,039
Comprehensive income attributable to:				
Comprehensive income attributable to owners of parent	¥ 38,549	¥ 36,280	¥ 31,978	\$ 288,693
Comprehensive income attributable to non-controlling interests	1,515	1,575	1,806	11,345

\* The translation of the Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, using the prevailing exchange rate on March 31, 2023 which was ¥133.53 to U.S. \$1.00.

## CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

KANEKA CORPORATION AND CONSOLIDATED SUBSIDIARIES  
Years Ended March 31, 2023, 2022 and 2021

	Millions of yen			Thousands of U.S. dollars
	2023	2022	2021	2023
<b>Shareholders' equity</b>				
Capital stock				
Balance at beginning of year	¥ 33,046	¥ 33,046	¥ 33,046	\$ 247,485
Changes of items during the period	—	—	—	—
Total changes of items during the period	—	—	—	—
Balance at the end of current period	33,046	33,046	33,046	247,485
Capital surplus				
Balance at beginning of year	31,392	31,103	30,962	235,096
Changes of items during the period				
Increase by share exchange	789	—	—	5,913
Change in treasury shares of parent arising from transactions with non-controlling interests	63	289	141	475
Total changes of items during the period	853	289	141	6,388
Balance at the end of current period	32,245	31,392	31,103	241,485
Retained earnings				
Balance at beginning of year	309,507	289,544	280,265	2,317,884
Changes of items during the period				
Dividends from surplus—¥110.00 per share	(7,599)	(6,523)	(6,523)	(56,911)
Change of scope of consolidation	—	—	(21)	—
Net income attributable to owners of parent	23,008	26,487	15,831	172,307
Disposal of treasury stock	(5)	(1)	(7)	(39)
Increase by share exchange	(1,696)	—	—	(12,707)
Total changes of items during the period	13,706	19,963	9,278	102,648
Balance at the end of current period	323,213	309,507	289,544	2,420,532
Treasury stock				
Balance at beginning of year	(11,528)	(11,535)	(11,583)	(86,339)
Changes of items during the period				
Purchase of treasury stock	(8,051)	(4)	(3)	(60,296)
Disposal of treasury stock	30	10	52	228
Increase by share exchange	8,142	—	—	60,978
Total changes of items during the period	121	6	48	911
Balance at the end of current period	(11,407)	(11,528)	(11,535)	(85,428)
<b>Accumulated other comprehensive income</b>				
Valuation difference on available-for-sale securities				
Balance at beginning of year	21,331	20,863	14,246	159,749
Changes of items during the period				
Net changes of items other than shareholders' equity	873	468	6,616	6,538
Total changes of items during the period	873	468	6,616	6,538
Balance at the end of current period	22,204	21,331	20,863	166,288
Deferred gains or losses on hedges				
Balance at beginning of year	(4)	(9)	(103)	(35)
Changes of items during the period				
Net changes of items other than shareholders' equity	0	5	93	6
Total changes of items during the period	0	5	93	6
Balance at the end of current period	(3)	(4)	(9)	(28)



	Millions of yen			Thousands of U.S. dollars
	2023	2022	2021	2023
<b>Foreign currency translation adjustments</b>				
Balance at beginning of year	¥ 4,381	¥ (3,753)	¥ (7,395)	\$ 32,812
Changes of items during the period				
Net changes of items other than shareholders' equity	7,162	8,135	3,641	53,637
Total changes of items during the period	7,162	8,135	3,641	53,637
Balance at the end of current period	11,543	4,381	(3,753)	86,449
<b>Remeasurements of defined benefit plans</b>				
Balance at beginning of year	(975)	(2,160)	(7,956)	(7,304)
Changes of items during the period				
Net changes of items other than shareholders' equity	7,504	1,184	5,796	56,202
Total changes of items during the period	7,504	1,184	5,796	56,202
Balance at the end of current period	6,529	(975)	(2,160)	48,897
<b>Subscription rights to shares</b>				
Balance at beginning of year	619	516	482	4,635
Changes of items during the period				
Net changes of items other than shareholders' equity	3	102	34	26
Total changes of items during the period	3	102	34	26
Balance at the end of current period	622	619	516	4,661
<b>Non-controlling interests</b>				
Balance at beginning of year	24,435	23,424	22,128	182,993
Changes of items during the period				
Net changes of items other than shareholders' equity	(6,007)	1,010	1,295	(44,988)
Total changes of items during the period	(6,007)	1,010	1,295	(44,988)
Balance at the end of current period	18,427	24,435	23,424	138,004
<b>Total net assets</b>				
Balance at beginning of year	412,204	381,040	354,094	3,086,977
Changes of items during the period				
Dividends from surplus—¥110.00 per share	(7,599)	(6,523)	(6,523)	(56,911)
Change of scope of consolidation	—	—	(21)	—
Net income attributable to owners of parent	23,008	26,487	15,831	172,307
Purchase of treasury stock	(8,051)	(4)	(3)	(60,296)
Disposal of treasury stock	25	9	44	188
Increase by share exchange	7,235	—	—	54,184
Change in treasury shares of parent arising from transactions with non-controlling interests	63	289	141	475
Net changes of items other than shareholders' equity	9,537	10,905	17,477	71,423
Total changes of items during the period	24,218	31,163	26,945	181,371
Balance at the end of current period	¥ 436,422	¥ 412,204	¥ 381,040	\$ 3,268,349

\* The translation of the Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, using the prevailing exchange rate on March 31, 2023 which was ¥133.53 to U.S. \$1.00.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

KANEKA CORPORATION AND CONSOLIDATED SUBSIDIARIES  
Years Ended March 31, 2023, 2022 and 2021

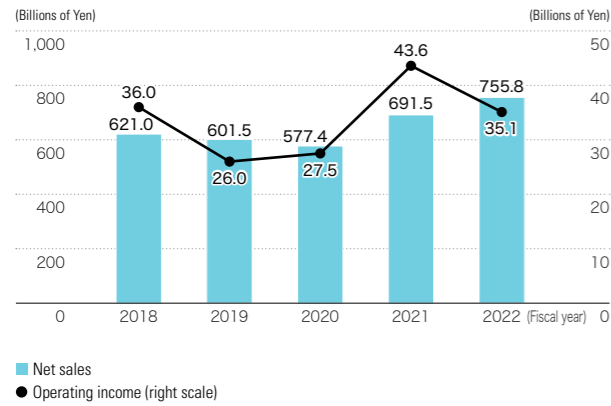
	Millions of yen			Thousands of U.S. dollars
	2023	2022	2021	2023
<b>Cash Flows from Operating Activities</b>				
Income before income taxes and non-controlling interests	¥ 32,373	¥ 36,405	¥ 22,201	\$ 242,446
Depreciation and amortization	39,456	37,953	36,262	295,488
Restructuring charges	—	2,692	—	—
Impairment losses	—	1,059	897	—
Product warranty expense	—	2,331	—	—
Insurance claim income	—	(1,671)	—	—
Income from compensation for damage	—	—	(1,624)	—
Increase (decrease) in net defined benefit liability	(139)	879	2,034	(1,043)
Increase (decrease) in allowance for doubtful accounts	(110)	162	59	(828)
Interest and dividend income	(1,917)	(1,648)	(1,445)	(14,360)
Interest expenses	1,965	1,064	1,259	14,719
Equity in earnings of affiliates, net	(137)	(132)	(109)	(1,027)
Loss (gain) on disposal of property, plant and equipment	630	498	765	4,719
Loss (gain) on sale of investment securities	(1,410)	—	—	(10,562)
Loss (gain) on valuation of investment securities	1,448	—	—	10,846
Gain on sales of investment securities	—	(19)	(796)	—
Decrease (increase) in notes and accounts receivable-trade	(3,474)	(25,608)	(246)	(26,019)
Decrease (increase) in inventories	(24,875)	(27,541)	8,838	(186,293)
Increase (decrease) in notes and accounts payable-trade	(4,785)	14,628	1,392	(35,841)
Others	(4,620)	3,328	6,221	(34,604)
Subtotal	34,402	44,381	75,710	257,636
Interest and dividend income received	1,942	1,717	1,533	14,545
Interest expenses paid	(1,955)	(1,085)	(1,325)	(14,645)
Proceeds from insurance income	1,177	512	—	8,817
Proceeds from compensation for damage	—	—	1,624	—
Income taxes paid	(6,856)	(11,419)	(3,502)	(51,345)
Net cash provided by operating activities	28,710	34,106	74,040	215,008
<b>Cash Flows from Investing Activities</b>				
Purchase of property, plant and equipment	(39,628)	(37,329)	(39,431)	(296,778)
Proceeds from sales of property, plant and equipment	87	—	—	653
Purchase of intangible assets	(2,363)	(2,601)	(2,965)	(17,700)
Purchase of investment securities	(909)	(77)	(74)	(6,811)
Proceeds from sales and distributions of investment securities	2,509	877	57	18,793
Proceeds from redemption of investment securities	—	—	104	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(336)	—	—
Payments of loans receivable	(99)	(398)	(874)	(741)
Collection of loans receivable	336	632	1,145	2,521
Others	(1,902)	(362)	(1,191)	(14,248)
Net cash used in investing activities	(41,970)	(39,595)	(43,229)	(314,311)
<b>Cash Flows from Financing Activities</b>				
Net increase (decrease) in short-term loans payable	21,814	6,606	(3,515)	163,366
Proceeds from long-term loans payable	13,541	9,119	776	101,409
Repayments of long-term loans payable	(6,198)	(9,390)	(11,712)	(46,421)
Repayments of lease obligations	(863)	(618)	(501)	(6,467)
Purchase of treasury stock	(8,051)	(4)	(3)	(60,296)
Proceeds from sales of treasury stock	0	0	0	3
Cash dividends paid	(7,599)	(6,523)	(6,523)	(56,911)
Proceeds from share issuance to non-controlling shareholders	0	0	—	0
Cash dividends paid to non-controlling interests	(284)	(231)	(260)	(2,127)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(6)	(63)	(162)	(51)
Net cash used in financing activities	12,352	(1,105)	(21,903)	92,505
<b>Effect of exchange rate change on cash and cash equivalents</b>	894	946	(198)	6,696
<b>Net increase (decrease) in cash and cash equivalents</b>	(13)	(5,647)	8,708	(100)
<b>Cash and cash equivalents at beginning of period</b>	40,712	46,360	37,606	304,894
<b>Increase in cash and cash equivalents resulting from change of scope of consolidation</b>	—	—	45	—
<b>Cash and cash equivalents at end of period</b>	¥ 40,699	¥ 40,712	¥ 46,360	\$ 304,793



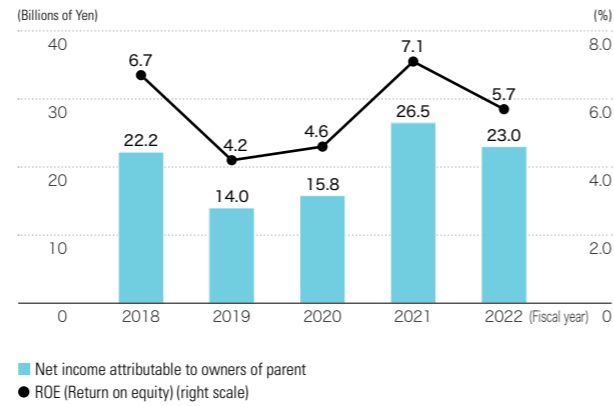


## Financial Highlights

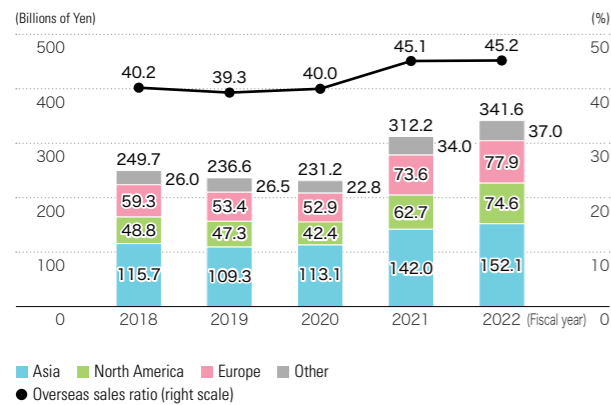
### Net Sales / Operating Income



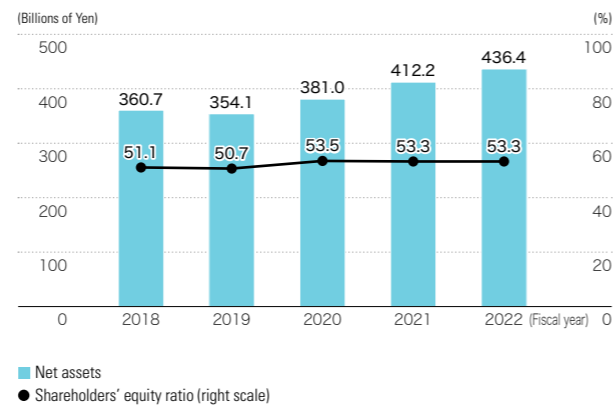
### Net Income Attributable to Owners of Parent / ROE



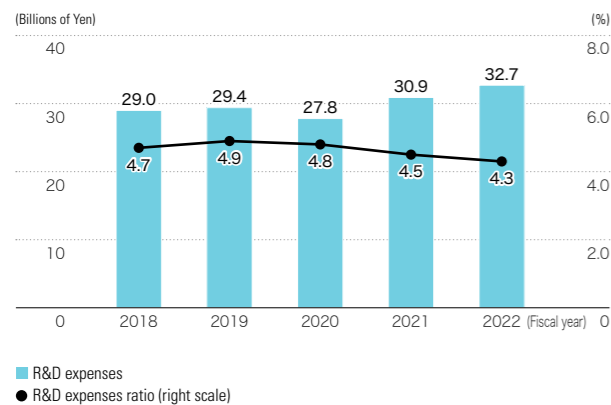
### Overseas Sales / Overseas Sales Ratio



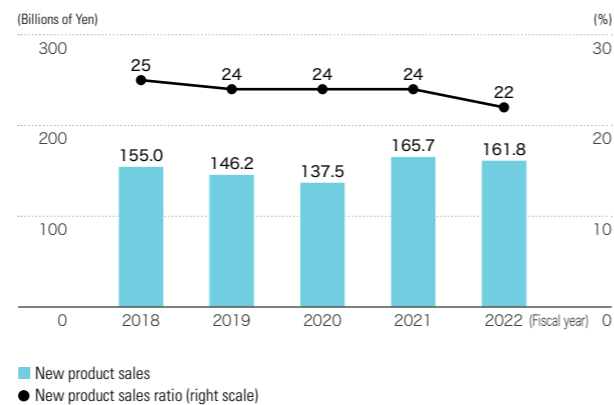
### Net Assets / Shareholders' Equity Ratio



### R&D Expenses / R&D Expenses Ratio

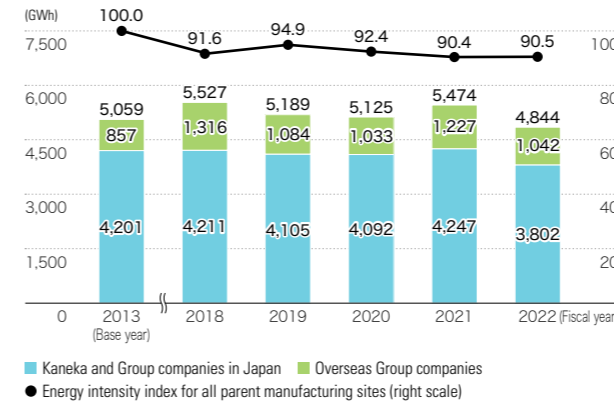


### New Product Sales / New Product Sales Ratio

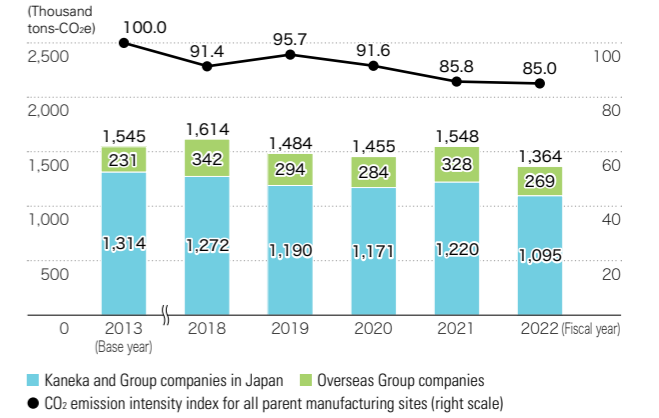


## Nonfinancial Highlights

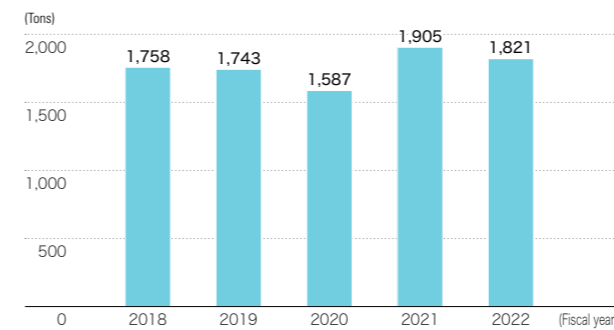
### Energy Consumption and Energy Intensity Index



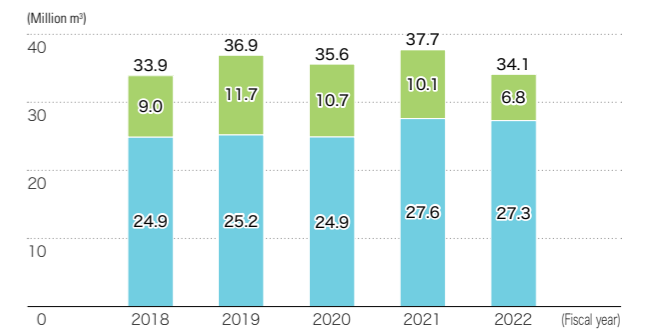
### GHG Emissions and Energy Origin CO<sub>2</sub> Emission Intensity Index



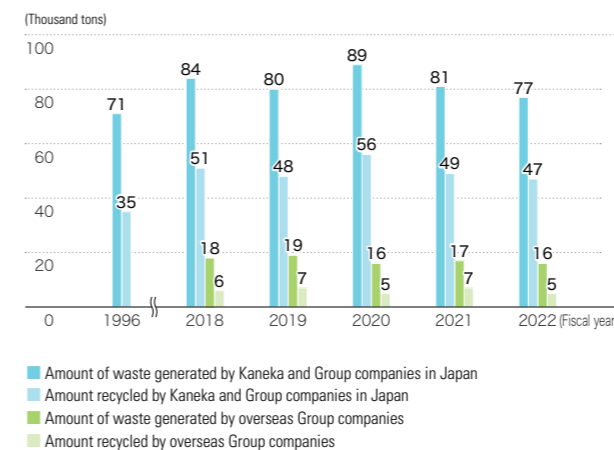
### Volatile Organic Compounds Emissions



### Water Consumption



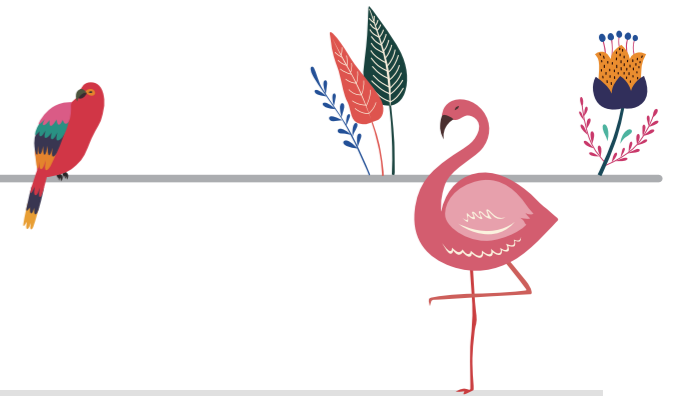
### Waste Generated and Recycled



### Volume and Rate of Waste Sent to Final Landfill

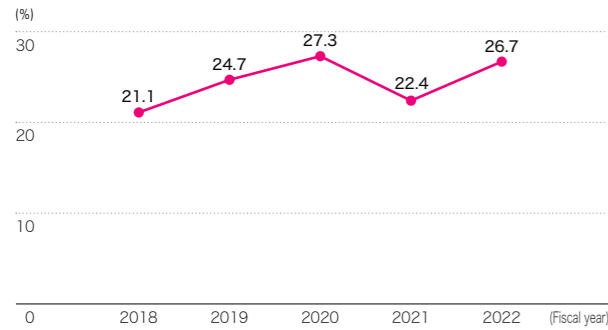




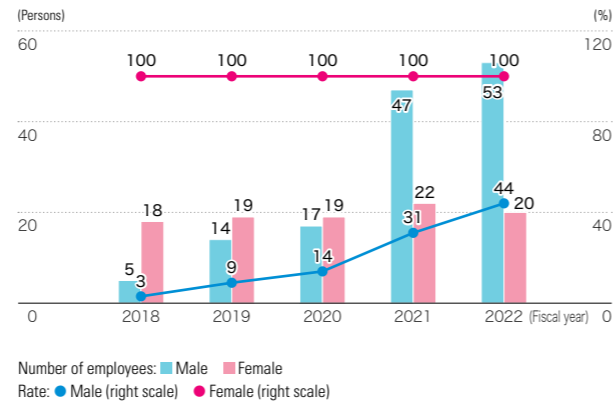


## Nonfinancial Highlights

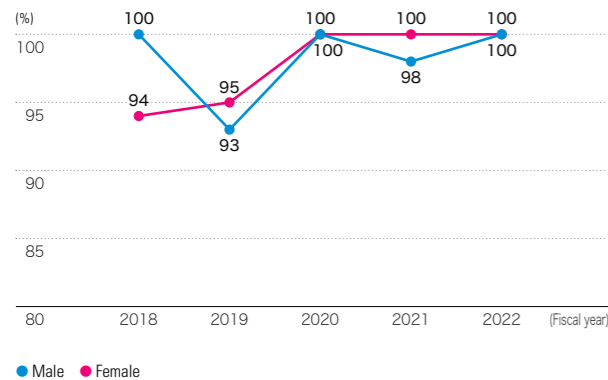
Percentage of Female Hires



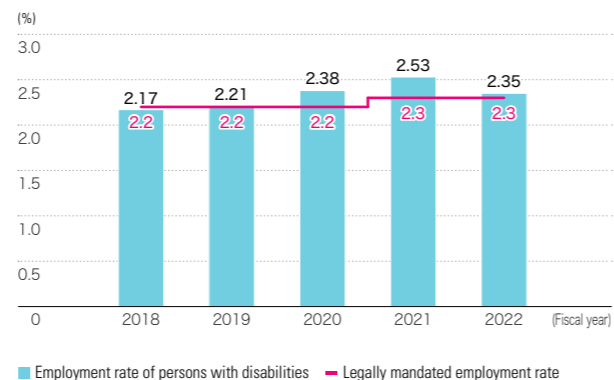
Number and Rate of Employees Taking Childcare Leave



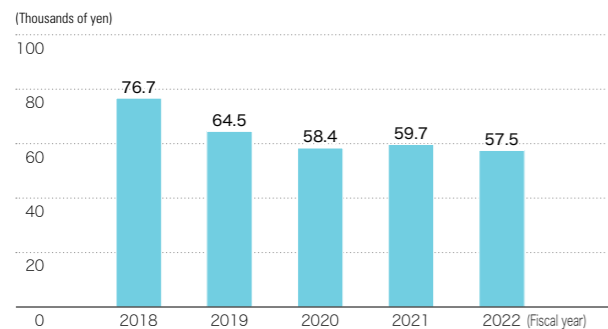
Return Rate of Employees Taking Childcare Leave



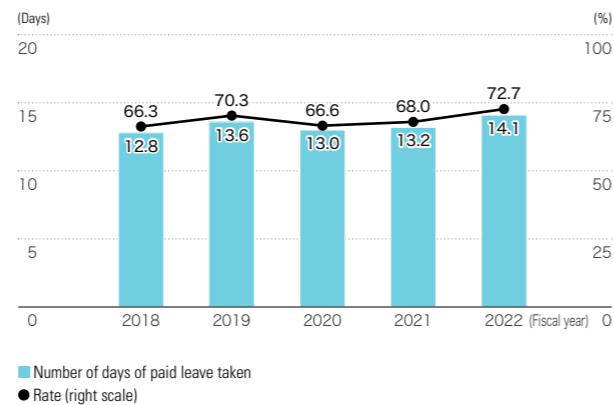
Employment Rate of Persons with Disabilities



Training Costs (per Person)



Number of Days and Rate of Paid Leave Taken



## Corporate Profile

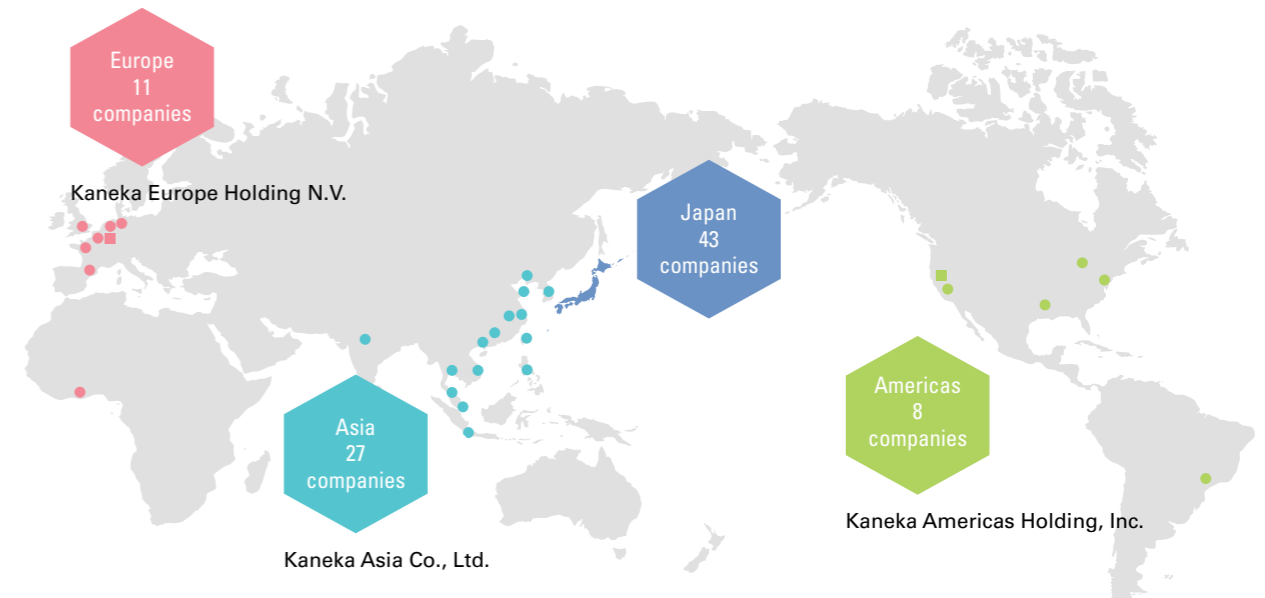
Corporate Profile (March 31, 2023)

<b>Name</b>	KANEKA CORPORATION
<b>Offices</b>	<p>Tokyo Head Office 1-12-32, Akasaka, Minato-ku, Tokyo 107-6028, Japan</p> <p>Osaka Head Office 2-3-18, Nakanoshima, Kita-ku, Osaka 530-8288, Japan</p>
<b>Date of Establishment</b>	September 1, 1949
<b>Paid-in Capital</b>	33,046 million yen
<b>Number of Employees</b>	11,545 (Including consolidated subsidiaries) 3,447 (Non-consolidated)

<b>Facilities in Japan</b>	<p>Sales Office Nagoya (Aichi Prefecture)</p> <p>Manufacturing Site Takasago (Hyogo Prefecture) Osaka (Osaka Prefecture) Shiga (Shiga Prefecture) Kashima (Ibaraki Prefecture)</p>
<b>Research Institutes</b>	<p>Material Solutions New Research Engine</p> <p>Electronics Research Laboratories</p> <p>Bio-Pharma Research Laboratories</p> <p>Agri-Bio &amp; Supplement Research Laboratories</p> <p>Regenerative Medicine and Cell Therapy Laboratories</p> <p>Photovoltaic &amp; Thin Film Device Research Laboratories</p> <p>Engineering Research Laboratories</p> <p>Process Development Research Laboratories</p> <p>Green Planet Technology Laboratories</p>
<b>Affiliated Companies</b>	111 Subsidiaries (Including 43 (in Japan) and 46 (overseas) consolidated subsidiaries)
<b>URL</b>	<a href="https://www.kaneka.co.jp/en/">https://www.kaneka.co.jp/en/</a>

Global Network (March 31, 2023)

We will establish a head office in each region so that we can run our business in a way that is rooted in the region. The Kaneka Group operates in 21 countries around the world, including Japan.

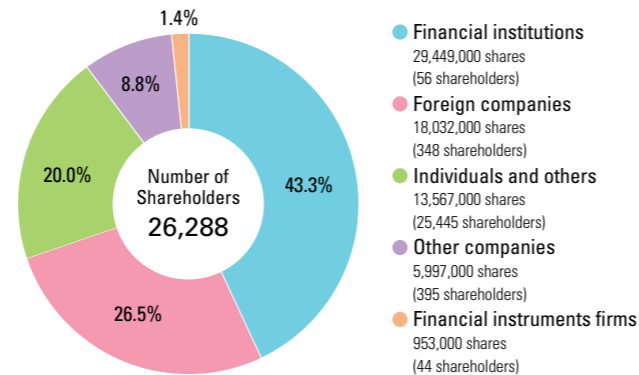


## Investor Information

### Stock Basic Information (March 31, 2023)

<b>Common Stock Traded</b>	Prime Market, Tokyo Stock Exchange
<b>Transfer Agent</b>	Mitsubishi UFJ Trust and Banking Corporation
<b>Accounting Auditor</b>	KPMG AZSA LLC
<b>Authorized Capital</b>	150,000,000 shares
<b>Issued Shares</b>	68,000,000 shares
<b>Number of Shareholders</b>	26,288

### Shareholder Composition



Notes: Share numbers are rounded down to the nearest thousand. Percentages are rounded to the nearest decimal point.

### Major Shareholders

Name of Shareholders	Share Units Owned (thousand shares)	Percentage of Total Shares Issued (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,279	11.22
Nippon Life Insurance Company	3,114	4.80
Sumitomo Mitsui Banking Corporation	3,091	4.76
Meiji Yasuda Life Insurance Company	2,825	4.35
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	2,369	3.65
MUFG Bank, Ltd.	2,308	3.56
Custody Bank of Japan, Ltd. (Trust Account)	2,193	3.38
Mitsui Sumitomo Insurance Company, Limited	2,104	3.24
Kaneka Business Partner Shareholding Association	1,283	1.98
Kaneka Employee Stock Ownership Plan	1,249	1.93

Notes: The numbers of Share Units Owned are rounded down to thousands of shares. The Percentage of Total Shares Issued is calculated by using deducting number of treasury shares from Number of Shares Issued and Outstanding and rounded to two decimal places. In addition to the above list, the Company maintains 3,106 thousand shares of treasury stock.

### Common Stock Price Range (Tokyo Stock Exchange; Yen)

Years ended March 31	2019	2020	2021	2022	2023
High	5,620	4,535	5,000	4,990	4,040
Low	3,640	2,112	2,406	3,165	3,175

Notes: Figures up to and including April 3, 2022 are stock prices quoted at the Tokyo Stock Exchange (First Section). Figures up from April 4, 2022 on are stock prices quoted at the Tokyo Stock Exchange (Prime Market).

### ESG Index and Socially Responsible Investing Evaluation

(as of December 2023)

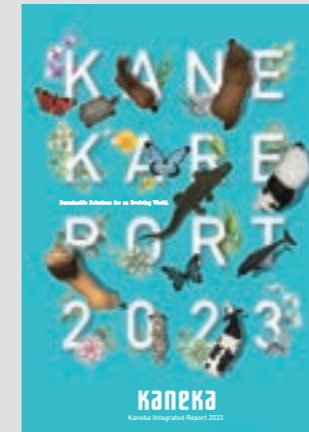
2024 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX



## Editorial Policy



The Kaneka Integrated Report 2023 was prepared as a booklet reporting financial and non-financial information. We hope that it will help stakeholders understand the Kaneka Group's medium- to long-term value creation. Kaneka Group is strengthening efforts for ESG management to contribute to the sustainability of the earth and the establishment of a sustainable society. In this report, we convey our strong determination toward our mission, "KANEKA thinks "Wellness First." We outline how we find a healthy balance between social value and economic value creation through our business so that we can help solve social issues. We hope that this will help our shareholders, investors, and other stakeholders deepen their understanding of our company.

### Cautionary Statement Regarding Forward-looking Statements

The forward-looking statements in this report are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable. Such statements do not constitute a commitment by the Company that they will be achieved. Actual results may differ significantly due to various factors.

### Reporting Organizations

The scope of reporting includes Kaneka and its consolidated group companies in Japan and overseas. However, the scope of data concerning Responsible Care activities covers Kaneka and 63 Group companies (47 in Japan and 16 overseas).

In this document, Kaneka Corporation is referred to as "the Company" or "Kaneka" and Kaneka Corporation and its group companies are referred to as "the Group" or "Kaneka Group." Where the text refers only to "Group companies," this does not include Kaneka Corporation.

The totals of figures presented in tables and graphs may differ due to rounding. Some items contain revisions to data from previous years.

### Referenced Guidelines

GRI Standards; Environmental Reporting Guidelines 2012 of the Ministry of the Environment; Environmental Accounting Guidelines 2005 of the Ministry of the Environment

### Information Tools

Kaneka Group posts a variety of information on its official website as a tool for communicating with stakeholders.

Financial information	<ul style="list-style-type: none"> <li>▶ Financial Results and Presentations</li> <li>▶ Reports (To Our Shareholders)</li> <li>▶ Integrated Report</li> </ul> <a href="https://www.kaneka.co.jp/en/ir/">https://www.kaneka.co.jp/en/ir/</a>
Non-financial information	<ul style="list-style-type: none"> <li>▶ Further details about the Kaneka Group's ongoing ESG activities are available on our website.</li> <li>▶ ESG activities</li> </ul> <a href="https://www.kaneka.co.jp/en/esg/">https://www.kaneka.co.jp/en/esg/</a>