



Basic Management Policy

**Aiming for the goal of making the world healthy—
“Wellness First” (Human-Driven Management)**

Trust & Respect

Trust People & Mutual Respect is a tradition that has continued since Kaneka's founding

Trial & Error Experiment Driven Company

The limitless adventure of repeated renewals for a new portfolio

Strengthening the Management Platform

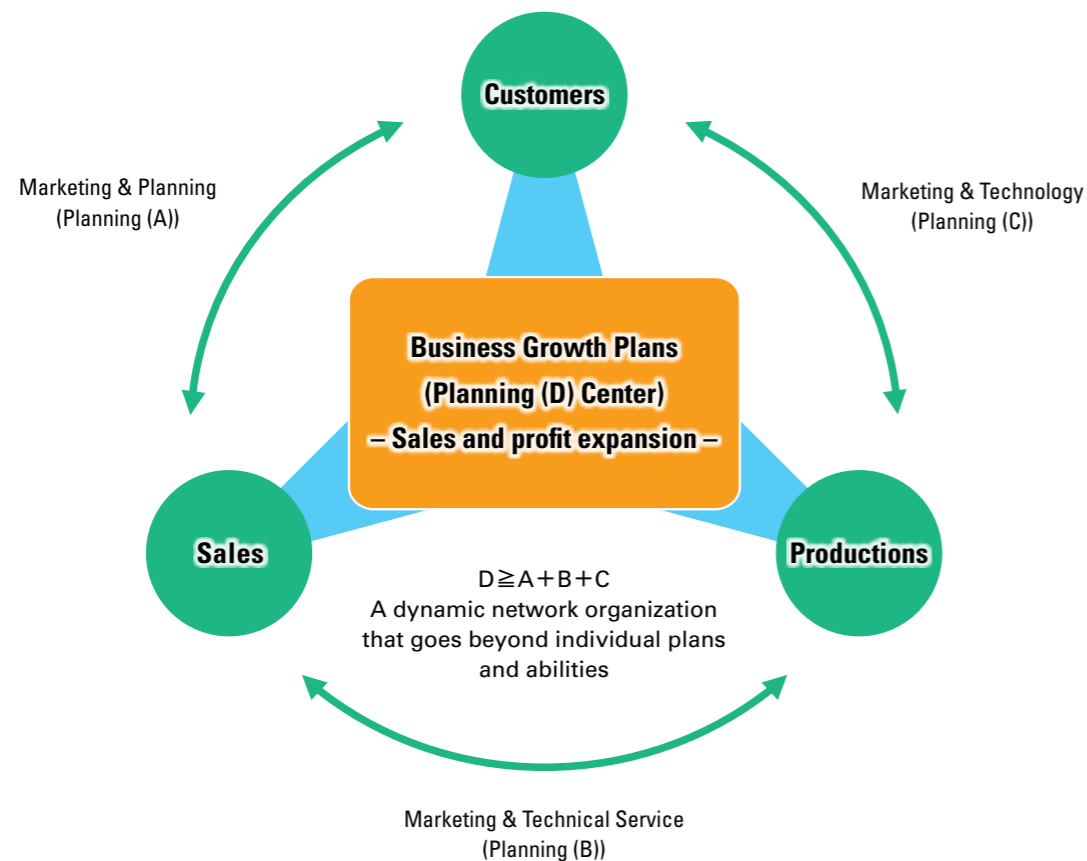
Innovate and upgrade operations through digital transformation (DX)
A new personnel system for increasing employee motivation and productivity

Selection and Concentration

Tackling the three crises with a focus on Life Science
Active investment in research and development
Targeting rapid growth by investing resources in leading-edge businesses

Integrating Management Strategy

Manufacturing Means Applying **R2B+P**
→ Enhancement of four planning functions and capabilities



Priority Strategies



P. 40

The Path of Hybrid Management Promoting Portfolio Transformation

P. 46

R2B Strategy Trial & Error Experiment Driven Company Portfolio Transformation Engine

- Research to Business
Innovate from a Market Perspective Not Technology
- Empowerment of Idea Craftsperson

P. 54

Human Resource Strategy Human Driven Company A lean, high-quality team and merit-based appraisal

- Development of Human Resources Centered on the 1-on-1 Program
Making dreams a reality by “lighting a fire in people’s hearts”
- Promotion of Diversity
Diverse individuality delivers unique Kaneka value
- Promotion of Wellness
Coworkers with the same aspiration engage in work with vitality

P. 62

Global Strategy Think Global, Act Local

- The Best Glocal Kaneka Way

P. 64

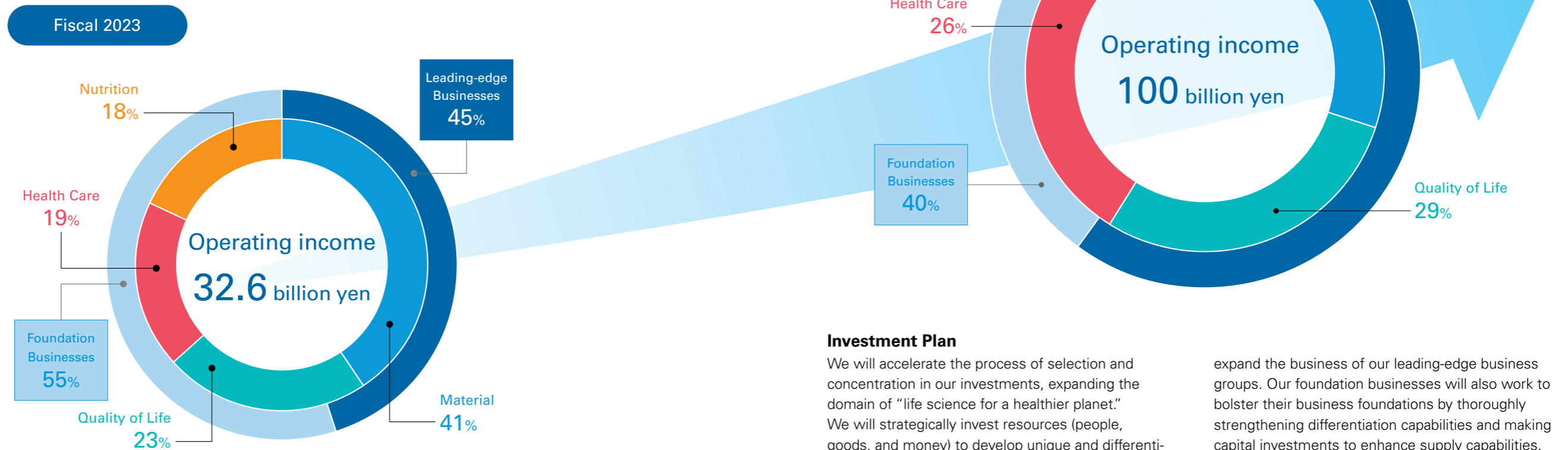
Manufacturing Strategy From hands-on manufacturing experience, we build our business to last 100 years into the future

- Digital Transformation (DX)
We will transform our production plants into cutting-edge facilities to excel in global competition
- Carbon Neutral (CN)
Creating manufacturing sites that embody sustainability to promote global health

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)



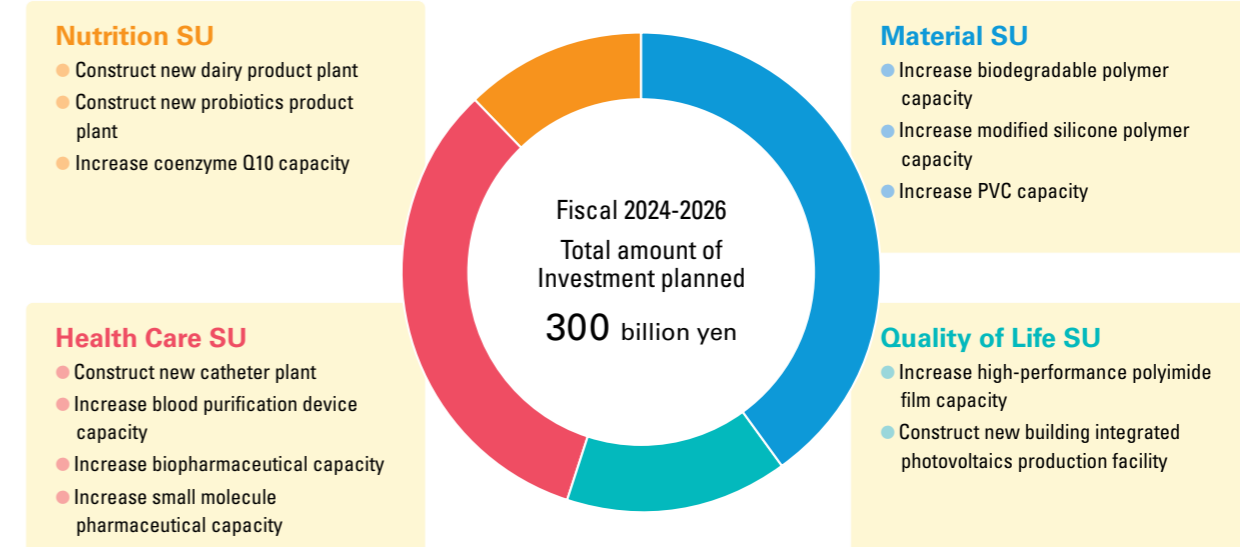
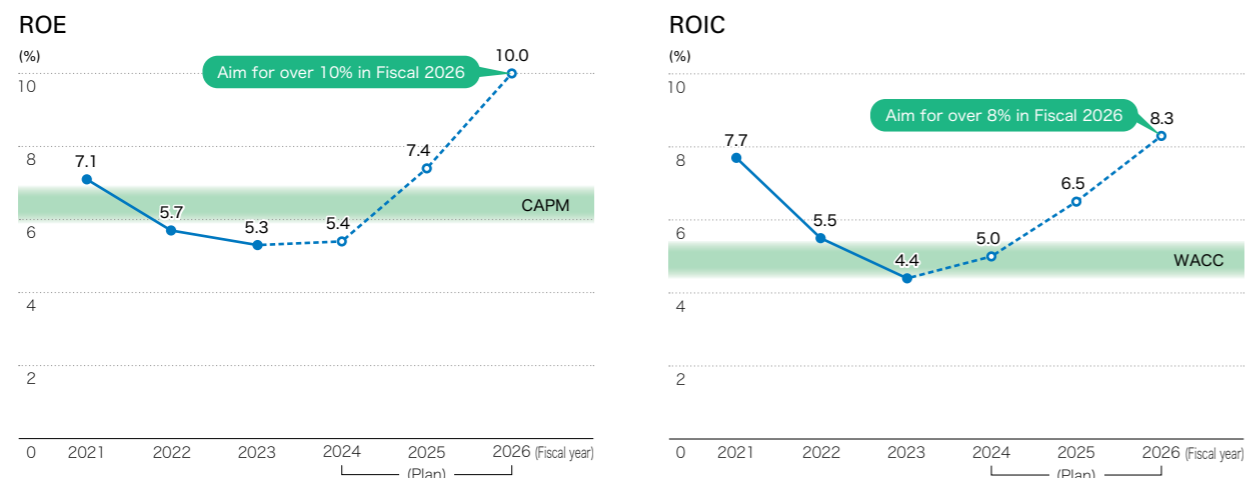
Investment Plan

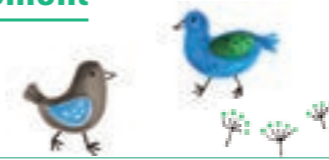
We will accelerate the process of selection and concentration in our investments, expanding the domain of "life science for a healthier planet." We will strategically invest resources (people, goods, and money) to develop unique and differentiated technologies that cannot be copied. We will

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

We aim to enhance corporate value by steadily strengthening earning capabilities, decreasing the cost of capital, and reducing strategic shareholdings.





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

Social issues to be solved



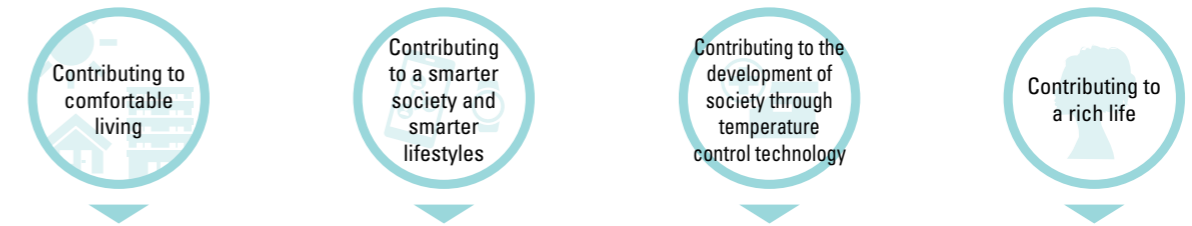
Solutions provided by the Material Solutions Unit

| | |
|---|--|
| <h4>Vinyls and Chlor-Alkali SV</h4> <p>Our integrated production system includes chloride monomers, polymers, and special vinyl chloride resin. The goal of these products is to continue contributing to society by supporting daily life and infrastructure.</p> <p>Chemicals Caustic soda, Sodium hypochlorite, Hydrochloric acid</p> <p>Polyvinyl chloride KANEVINYL™</p> <p>Cross-linked PVC Kaneka XEL™, KANEVINYL™</p> <p>PVC-PVAc polymers KANEVINYL™</p> | <h4>Performance Polymers (MOD) SV</h4> <p>These plastic materials that provide heat, weather, and flame resistance help to support daily lifestyles and infrastructure by being versatile and applicable to a variety of fields—including construction, automotive, industrial, appliances, and equipment.</p> <p>Impact modifiers Kane Ace™B, Kane Ace™M</p> <p>Processing aids/ Specialty additives Kane Ace™PA</p> |
| | <h4>Performance Polymers (MS) SV</h4> <p>Kaneka's unique resin materials allow the creation of sealing, adhesive, and coating agents whose properties include superb weather resistance, elasticity, and adhesion. We provide a variety of solutions in construction, industry, information equipment, and other fields.</p> <p>Silyl-terminated polyether KANEKA MS POLYMER™, KANEKA SILYL™</p> <p>Acrylic silicon polymer KANEKA GEMLAC™</p> |

Quality of Life Solutions Unit

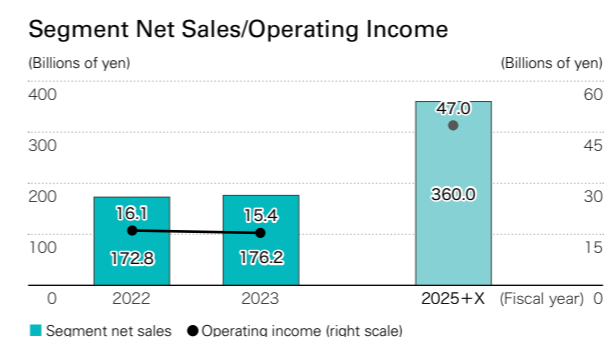
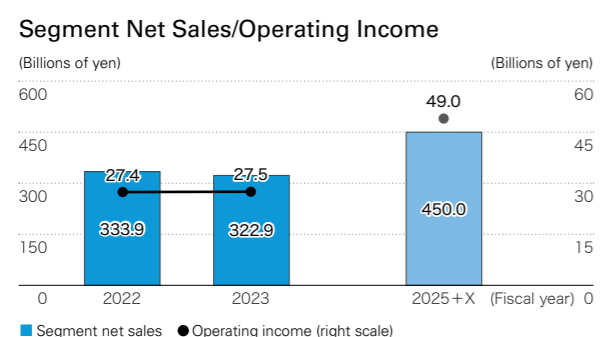
To produce the leading edge of the enhancement of the quality of life through the power of materials
Quality of Life Pathfinder

Social issues to be solved



Solutions provided by the Quality of Life Solutions Unit

| | |
|---|---|
| <h4>Foam & Residential Techs SV</h4> <p>Kaneka helps make lives better, whether it's cushioned packaging, fish boxes, insulation to make homes comfortable, bumper core material that makes cars lighter and safer, or constant-temperature shipping packaging.</p> <p>Polypropylene foam made with the bead method Eperan-PP™</p> <p>Polystyrene foam made with the bead method Kanepearl™</p> | <h4>PV & Energy management SV</h4> <p>Solar cells are the leading renewable energy solution. Our photovoltaic power systems can be integrated into the roofs, windows, and walls so that the building materials themselves generate electricity.</p> <p>Roof-integrated photovoltaics VISOLA™, others</p> <p>T-Green™ Multi Solar "T-Green™" is a registered trademark of Taisei Corporation.</p> |
| <h4>E & I Technology SV</h4> <p>Chemistry can make electronic equipment that is smaller, performs better, and is more beautiful. We create new value, value that pioneers cutting-edge fields and makes people's lives better.</p> <p>Super heat-resistant polyimide film Pixeo™, Apical™</p> <p>Optical acrylic resin Kaneka Optical Acrylic Resin</p> | <h4>Performance Fibers SV</h4> <p>Fiber products are integral to our lives. In developing KANEKALON™/ KANE-CARON™, unique fiber products unlike those of other companies, we have provided consumers around the world with new value for a variety of situations.</p> <p>Materials for hair attachments KANEKALON™</p> <p>Performance fibers eco fur KANE-CARON™</p> |





Active Human Life Solution

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




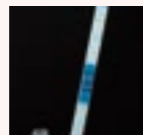




Health Care Solutions Unit

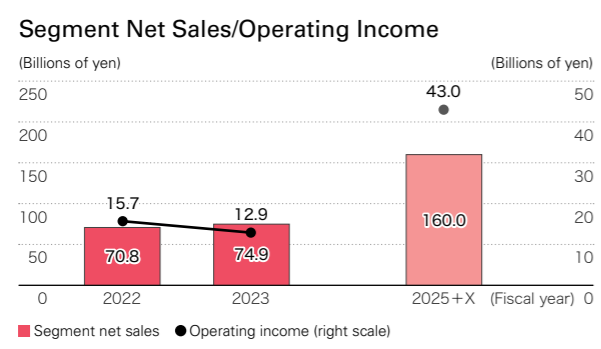
To create a world where advanced medical means are available to as many people as possible
Medical Edge Explorer

Social issues to be solved



Solutions provided by the Health Care Solutions Unit

| | |
|---|---|
| <p>Medical SV</p> <p>Our range of solutions so far includes catheters for blood vessel treatment and blood purification systems. With an extensive product lineup that meets a wide range of medical needs, we help advance medical technology.</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>Medical device Balloon catheter for vessel stenosis dilatation</p> </div> <div style="text-align: center;">  <p>Adsorption type blood purification device Rheocarna™</p> </div> </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;">  <p>Regenerative medicine and cell therapy Cell washing concentration system</p> </div> <div style="text-align: center;">  <p>Genetic diagnostic products</p> </div> </div> | <p>Pharma & Supplemental Nutrition SV (Pharma)</p> <p>Using biotechnology and synthesis technology, we contribute to medicines in many fields, from synthetic pharmaceuticals to cutting-edge biopharmaceuticals. We continue to provide solutions to pharmaceutical companies around the world.</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>APIs and intermediates for small molecule pharmaceuticals</p> </div> <div style="text-align: center;">  <p>Affinity chromatography resin for purification of monoclonal antibody KANEKA KanCap™ series</p> </div> </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;">  <p>Products and services for biopharmaceuticals</p> </div> <div style="text-align: center;">  <p>Transdermal medicine</p> </div> </div> |
|---|---|







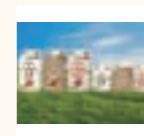
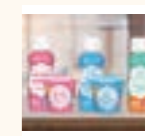


Nutrition Solutions Unit

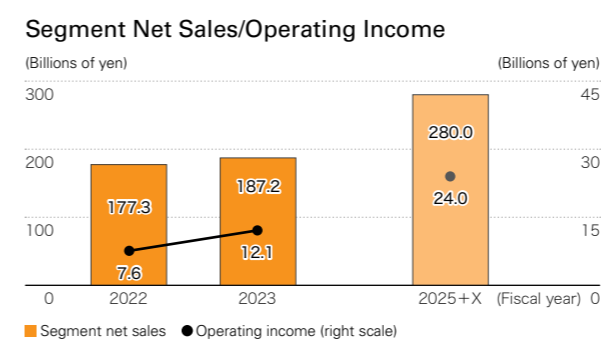
To re-innovate food and health
Nutrition Value Chain Innovator

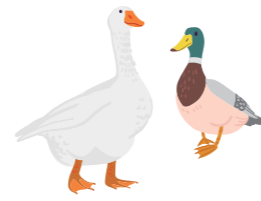
Social issues to be solved



Solutions provided by the Nutrition Solutions Unit

| | |
|---|--|
| <p>Pharma & Supplemental Nutrition SV (Supplemental Nutrition)</p> <p>We have spent years utilizing our fermentation technology to develop dietary ingredients; for example, we successfully established industry-level production of ubiquinol, the reduced and active form of coenzyme Q10, which was difficult previously. It is our desire to contribute to people's health the world over.</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>Dietary ingredients Kaneka Ubiquinol™</p> </div> <div style="text-align: center;">  <p>Dietary supplements Watashi no Chikara™ Supplement series</p> </div> </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;">  <p>Dietary ingredients Floradapt™ series (AB-Biotics probiotics)</p> </div> <div style="text-align: center;">  <p>Dietary ingredients Kaneka Glavonoid™ (Licorice glabra polyphenol)</p> </div> </div> | <p>Foods & Agris SV</p> <p>The foodstuff market continues to demand greater nutrition, wider variety, and new tastes. By fusing our array of technologies such as fermentation and oil and fat processing, we offer solutions that boost the value of food.</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>Milk/Milk beverages "Milk for Bread" series</p> </div> <div style="text-align: center;">  <p>Yogurt Watashi no Chikara™ Q10 yogurt series</p> </div> </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;">  <p>Margarine/Shortening NOVA™, EMPEROR™, EVER LIGHT™</p> </div> <div style="text-align: center;">  <p>Whipping cream/Cream for kneading and other uses LACHENTE™/FRANJE™</p> </div> </div> |
|---|--|





Trial & Error Experiment Driven Company

Portfolio Transformation Engine

Research and development at Kaneka, a research and development company, is the largest driving force behind portfolio transformation.

Research changes business, and research and development that is business-focused, speedy and of a certain scale promotes what we call Research to Business, R2B.

In our R2B strategy, to implement research in society, we have built an R2B system by which our diverse researchers collaborate and try to combine heterogenous things.

In addition, so that individual researchers, as "idea craftsman," can fully demonstrate their diverse abilities, we conduct training for promotion of research DX and the creation of intellectual property.

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"

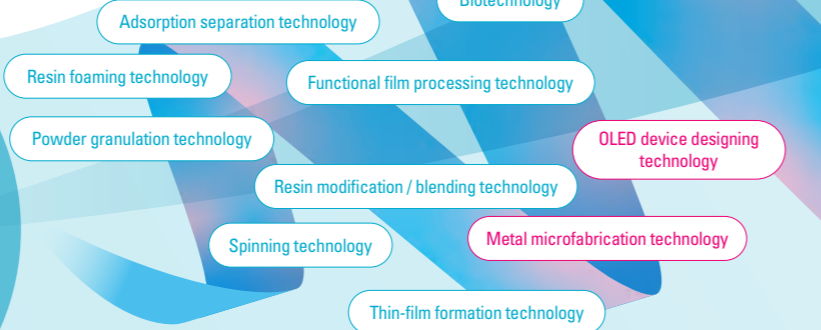
From R&D to R&B, and on to R2B

- Global research network
- Solution provider
- Social implementation

Clustering domains

Born small and grow big

Open Innovation
Self-developed
Technologies with
Introduced Technologies



Key Technologies and Key Drivers for the Future



Environment / Energy

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

Food

Wellness





Research to Business

Innovate from a Market Perspective Not Technology

The seeds of innovation emerge from unexpected combinations of differing technologies and differing fields.

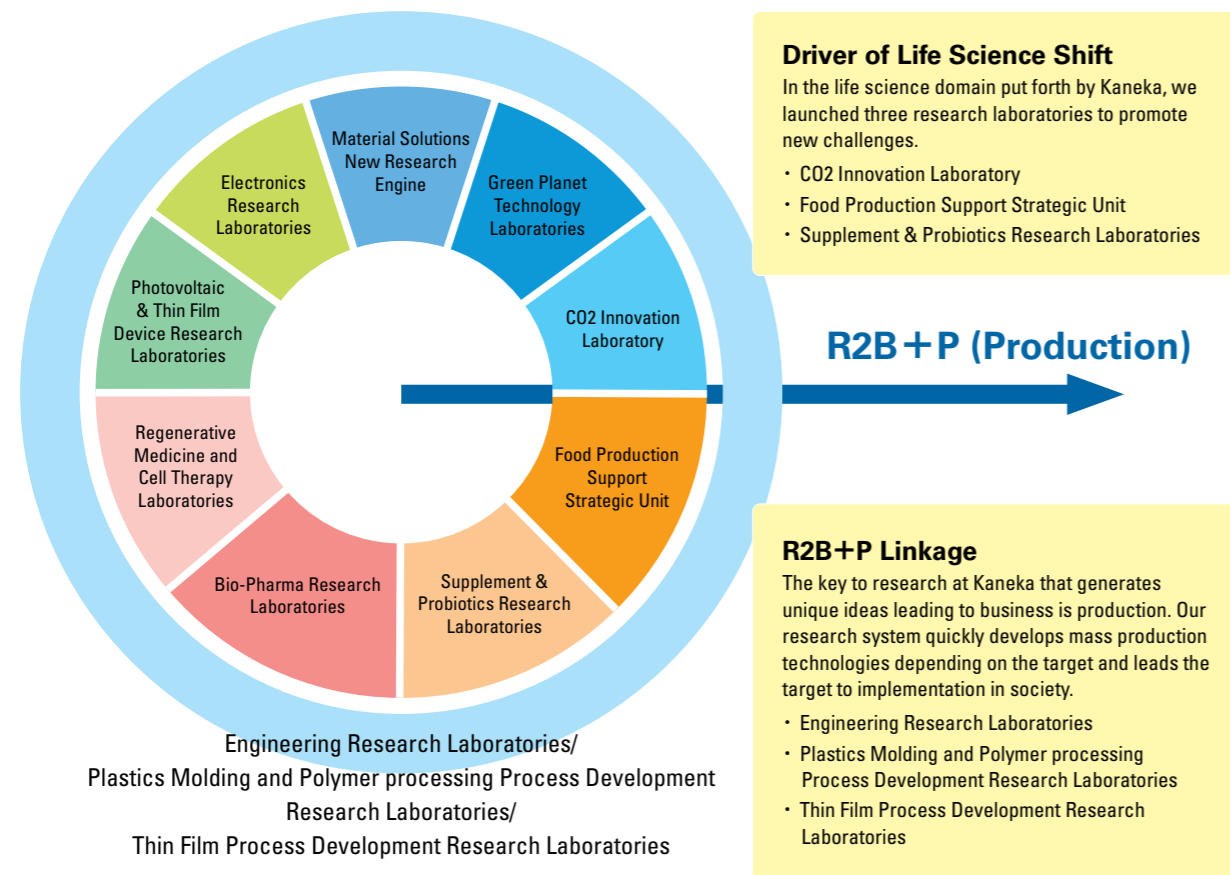
In Kaneka's R2B, the R2B system is maintained while constantly making improvements from the standpoint of increasing opportunities for these differing people and things to meet.

R2B+P System Generates Innovation

Since 2024, all 12 R2B laboratories form a system, and we firmly established an R2B system for business fields of the Solutions Unit. In particular, for

issues of importance requiring speed, we work to respond as appropriate by creating a project system.

R2B Laboratories Network



R2B Conducted via a Hybrid System

Accelerating the Societal Implementation of Green Planet™

Kaneka biodegradable polymer Green Planet™ is made from 100% biomass and has high biodegradability, so there is strong market need for it as a product that contributes to solving environmental issues. A large coffee chain adopting it for their straws was major news.

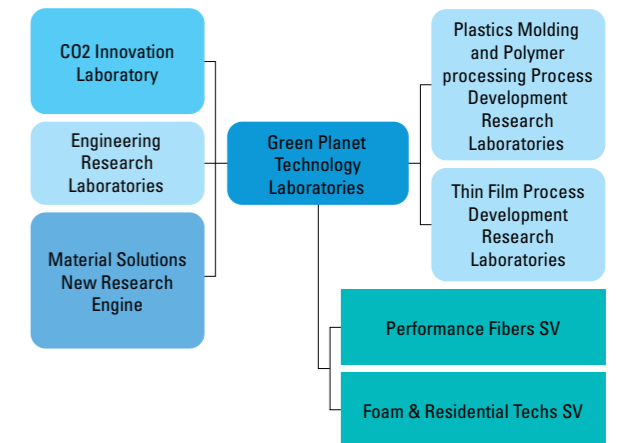
In R2B, along with high-efficiency cultivation and production technologies, the development of advanced mold processing technologies is being conducted on a company-wide basis centering on Green Planet Technology Laboratories.

In fiscal 2024, application development is also expanding, including adoption of foam molding products. Going forward, business will expand through the development of new applications.



BRAVIA™ packaging materials using Green Planet™ and image of use
“BRAVIA™” is a registered trademark or trademark of Sony Group Corporation or its affiliates.

Diagram of Related Organizations for Development of Green Planet™ Processing Technologies



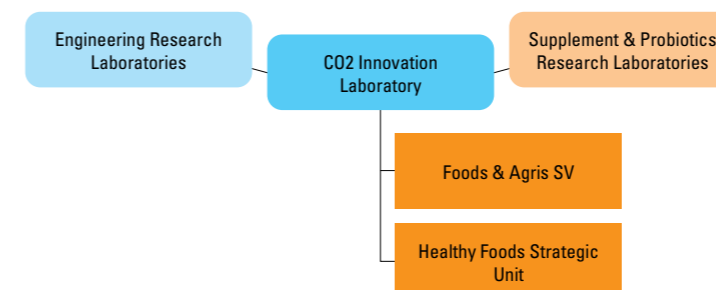
CO₂ Usage Technologies for the Future

We are developing future technologies that directly use CO₂ as a raw material as we strive to reduce environmental impact. Technology for producing Green Planet™ using CO₂ as a raw material is set to be used in bench equipment, with operations slated for fiscal 2025.

Moreover, we are developing biomanufacturing technologies and are also conducting R2B to create new markets through hybrids with our health and food product technologies.



System for Developing Production Technologies for Polymers, etc., Using CO₂ as a Raw Material



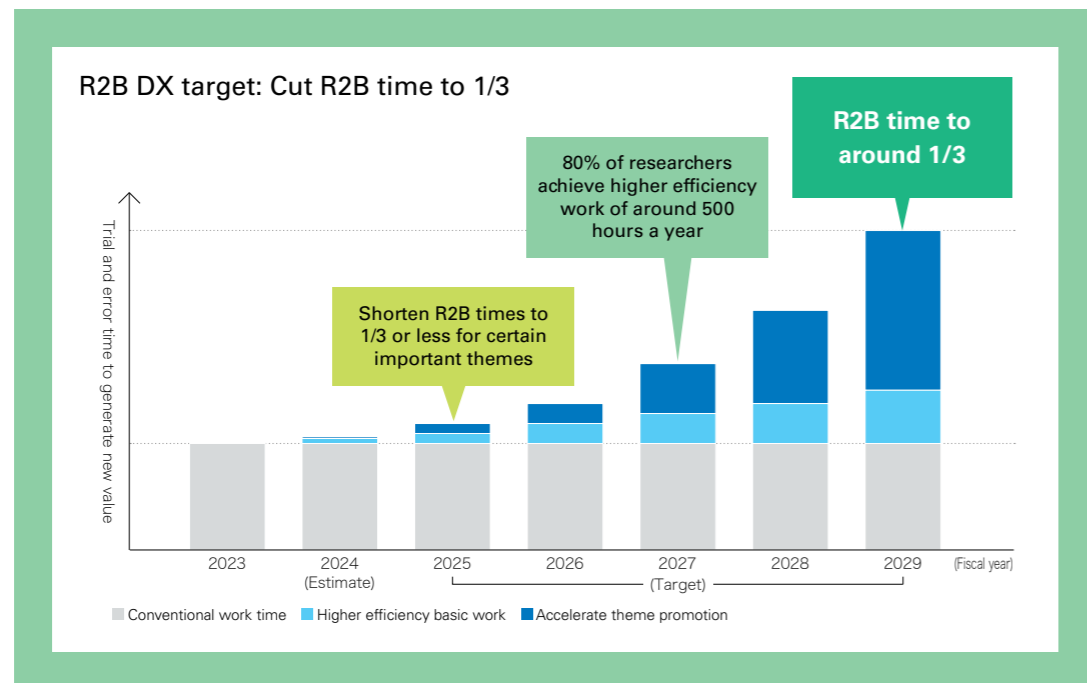
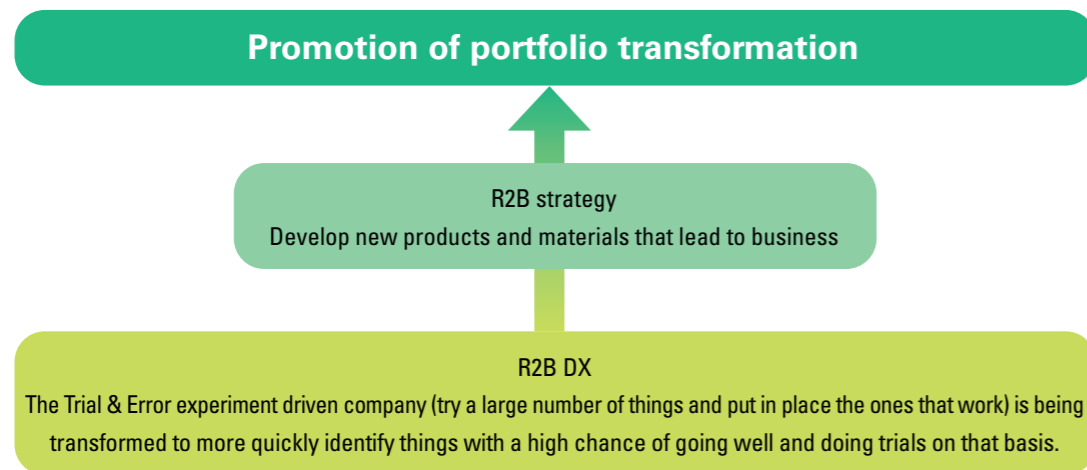


Empowerment of Idea Craftsperson

Each and every Kaneka “idea craftsperson” in R2B is responsible for the process of creations. Researchers actively generating ideas and the mindset for making them tangible are robustly supported by our R2B strategy, which promotes innovation.

Accelerating Ideas via DX

To carry out more advanced, higher speed research and development to realize the R2B strategy, we are engaged in digital transformation both by incorporating cutting-edge technologies and utilizing digital infrastructure.



Strengthen R2B DX Leaders

In order to solve important company issues with DX, we are setting R2B DX themes and strengthening leader human resources. Technology is being developed to shorten R2B times, including estimates of required levels from the tens of thousands of resin formulations, and

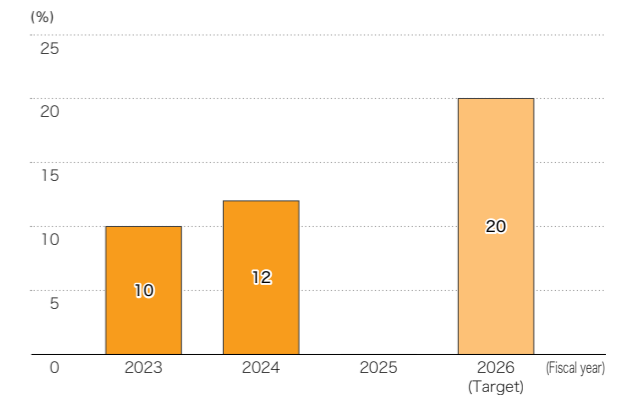
development of gene screening technology using AI. In addition, technology for automating and saving labor for manufacturing processes for Green Planet™ and solar power modules is contributing to research and business.

| DX Leaders | Fiscal 2023 | Fiscal 2024 | Fiscal 2026 (target) |
|----------------------------------|-------------|-------------|----------------------|
| Material & Bio Informatics Field | 3 people | 4 people | 8 people |
| Process Informatics Field | 5 people | 12 people | 14 people |

Improving the DX Skills of Researchers

Through an external educational program, we provide the opportunity for researchers to improve their skills. Good examples are emerging, including automation of image processing work and increased efficiency of genetic analysis, and through internal meetings, information is shared to spread it throughout the organization.

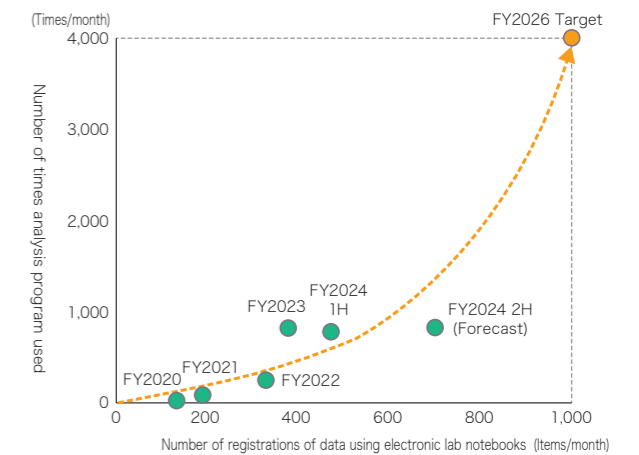
Percentage of Researchers Participating in DX Meetings

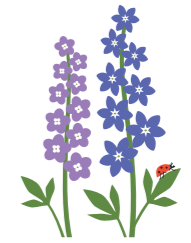
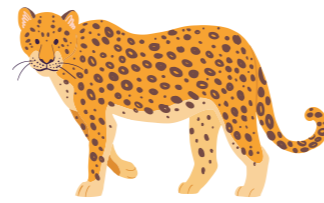


R2B Work Transformation

We introduced an electronic lab notebook system to digitize research records and make analysis work more advanced and efficient using the accumulated data. In the field of resin development where the Company has accumulated a rich storehouse of knowledge in particular, data accumulation on the electronic lab notebook made progress and its searchability was improved. Going forward, we will focus on data utilization, drawing on past knowledge to create experiment plans and analyze experiment results, as we contribute to accelerating the R2B process.

Results of Using Electronic Lab Notebooks





Empowerment of Idea Craftsperson

R2B Intellectual Property Strategy

Intellectual property is important results generated by R2B idea craftsperson. We have built training and

support systems for creating intellectual property and utilizing it in business.

Training System for Personnel Involved in Intellectual Property

From new employees to the leader class, we create content based on the level and conduct training on intellectual property. This consists of training for

sales personnel on trademarks and copyrights and also programs for utilizing market information. We continue to expand the scope of this training.

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 | | |

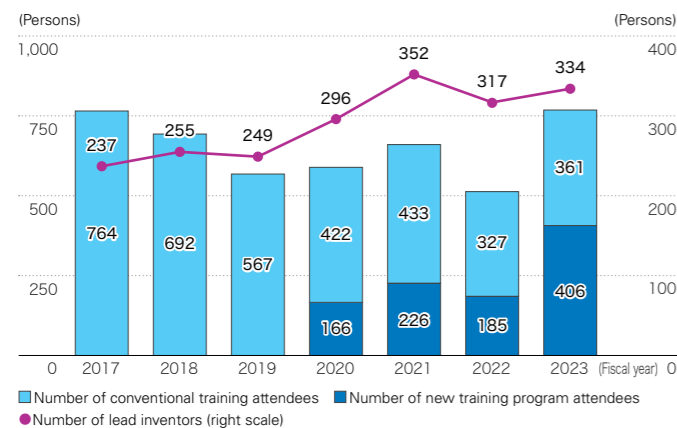
Development of Idea Craftsperson: Invention Discovery Program

An idea craftsperson from the standpoint of creating intellectual property can be thought of as being a lead inventor that centrally contributes to basic invention ideas and conceptual ideas, solving technical problems, and verifying the feasibility of the invention.

From this standpoint, in addition to the existing training program provided by the Intellectual Property

Department, we started a new program in fiscal 2020 to identify inventions in a discussion format. Since the start, the number of lead inventors has been increasing. Through the program, researchers are connected to one another, and by sharing diverse viewpoints, opportunities are created to form new ideas.

Number of Participants and Lead Inventors



Creations of Idea Craftsperson Go Beyond Fields

At Kaneka, innovation tends to be generated through hybrid R2B in which researchers go beyond their own fields.

For this reason, researchers engage in R2B across fields by collaborating with one another and introducing technologies from outside the Company

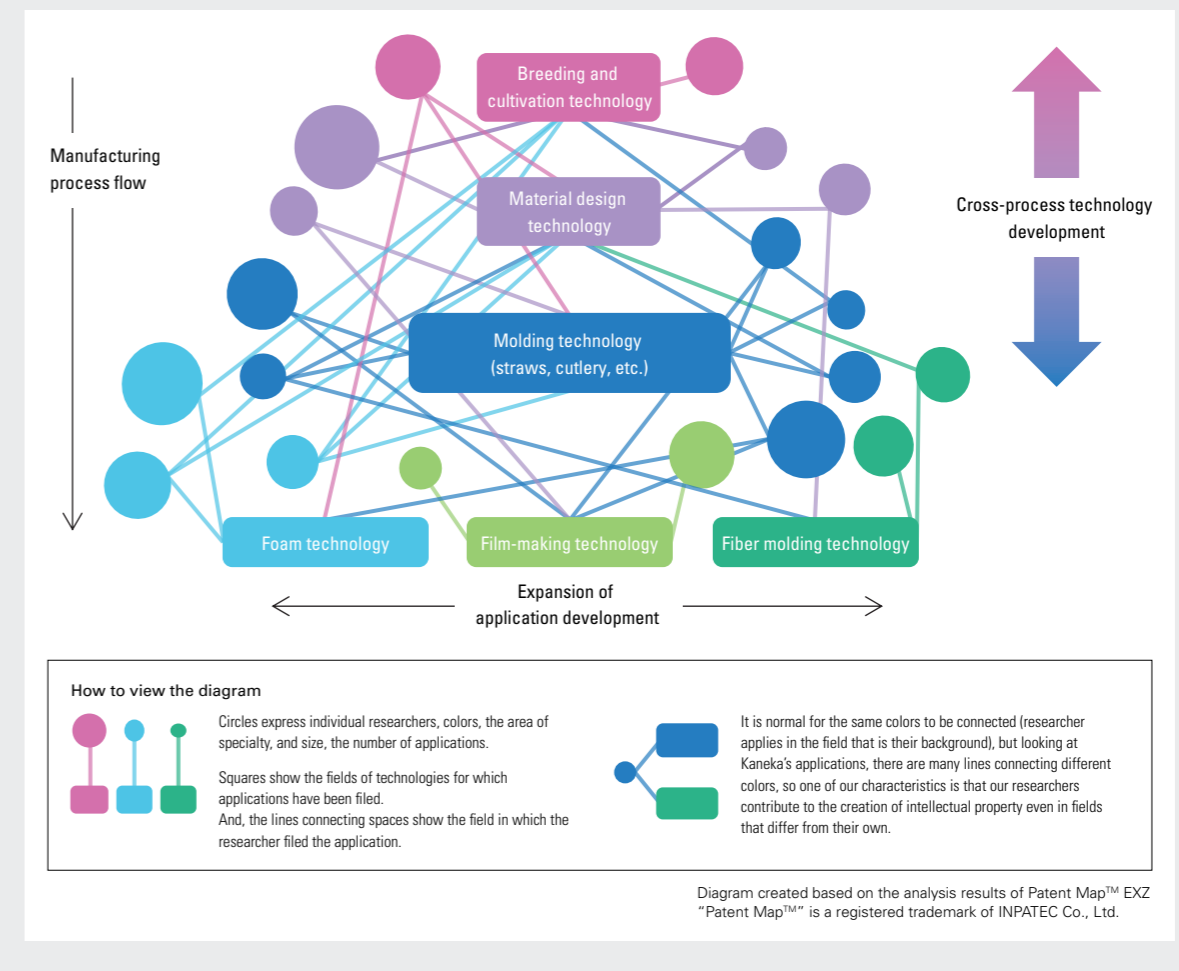
while drawing on their own background of strengths. This is the ideal Kaneka researcher. We execute a policy of promoting research with a wide field of view not limited to inside the Company but one that goes outside as well.

Example: Expanded scope of technologies and researchers involved in Green Planet™

Kaneka biodegradable polymer Green Planet™ involved researchers with differing backgrounds, in breeding and cultivation, material design, and mold processing, which broadened the technology. Researchers specialized in molding processes

expanded their range to R2B on resin formulation and resin cultivation, and researchers specialized in breeding, cultivation and production technologies expanded their range to R2B in mold processing, which contributed to broadening applications to foam, films, and fibers.

Filed Technologies and Applicant Map (covers applications from 2019 to 2023)





Human Driven Company

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

We believe that people grow through their work, while companies grow through their people, and in our human resources strategy we promote worker growth by establishing an environment for taking on challenges so that each employee can fully demonstrate their abilities.

Dialogue through the Kaneka 1-on-1 program raises motivation and through synergies between job roles and conventional off-the-job training we develop our human resources.

In addition, to ensure that diverse human resources generate diverse ideas,

we not only promote women's participation and advancement,

we make mid-career hires of people with diverse specialties and have introduced

a matching program to expand the range of activity of senior employees.

We work to maintain an environment for demonstrating abilities and to foster bonds between coworkers, and also maintain the physical and mental health of employees and encourage them to take on the challenge of daily work.

Trust & Respect

Promotion of Diversity

Diverse individuality delivers unique Kaneka value

Promotion of Wellness

Development of Human Resources Centered on the 1-on-1 Program

Making dreams a reality by "lighting a fire in people's hearts"

Coworkers with the same aspiration engage in work with vitality





Development of Human Resources Centered on the 1-on-1 Program

Making dreams a reality by “lighting a fire in people’s hearts”

Through the Kaneka 1-on-1 program, we develop human resources who learn and choose on their own, and take on challenges. Kaneka supports each employee in realizing their dreams and their vision of how they wish to be. Beyond the career paths grown employees will take and beyond the challenges they will enthusiastically engage in, there awaits new value not present before and the transformation of the Kaneka Group.

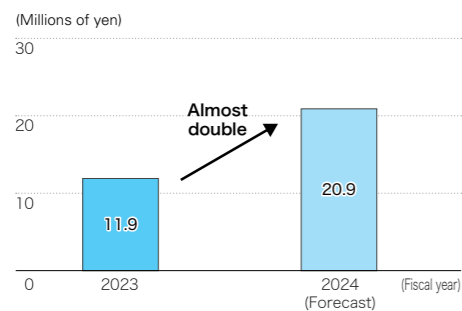
Daily Management Itself Is 1-on-1

Raising the Quality of the 1-on-1 Program

The 1-on-1 program was introduced in fiscal 2018. Superiors constantly maintain a medium- to long-term development vision for their staff members (subordinates) and provide specific feedback, while staff members gain an understanding of their strengths and areas for improvement, which can raise the quality of actions for growth. To promote

dialogue focused on growth and improve the quality of the 1-on-1 program, we have conventionally held workshops for executives, and in fiscal 2023 we started workshops for division heads and staff members. In fiscal 2024, we plan to further expand the workshops and approximately double the amount spent on training.

Kaneka 1-on-1 and Career Design Training Expenditures



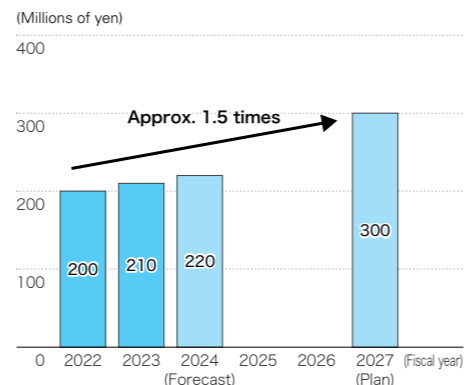
| Areas that will be deepened | |
|-----------------------------|--|
| Division heads | Based on the idea of spending 80% of one's energy on subordinate development, be aware of one's impact as a leader |
| Executives | As superiors, connect member growth and job results, and through dialogue achieve both |
| Regular employees | As company members, visualize your own plan for growth and raise the quality of dialogue |

All employees will effectively utilize dialogue opportunities and accelerate lifetime growth as people and on the job, aiming to develop organizational capacities for producing results as an organization.

To respond to the motivation of employees seeking to improve their skills, we will expand off-the-job training programs and plan to invest 300 million yen in human resources development in fiscal 2027 (1.5 times more than fiscal 2022).

In addition, in line with Kaneka's global strategy, we provide language training to employees seeking career development overseas, and both selective and voluntary English training receive more applications than the number being recruited.

Total Amount Spent on Training



Challenges for the Next Generation of Human Resources

Development of the Next Generation of Leaders

Hitotsubo-no-Tane Momi Juku, our training program led by top management, has trained 121 people since it started in fiscal 2015, of which 31 are division heads.

The chairman, president, and executive vice president take part in all sessions, spending a total of 12 days (about 100 hours) over eight months and directly giving advice to raise the viewpoints of the participants.



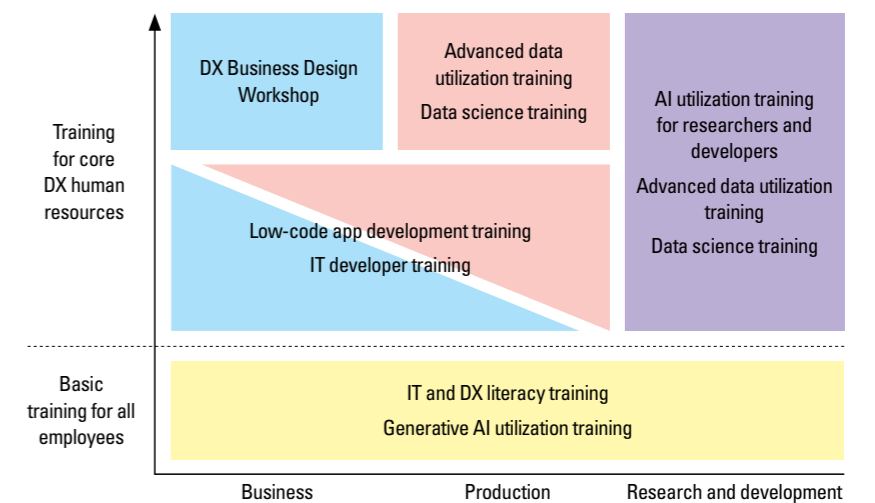
DX Human Resources Development

We are focused on training core human resources for DX and are also expanding the scope to the business planning field.

At workplaces for business, production, research and development, DX is autonomously promoted centering on core human resources to generate new value.

In addition, for all employees, we have started IT and DX literacy training and also have introduced training on utilizing generative AI along with a large-scale practice test.

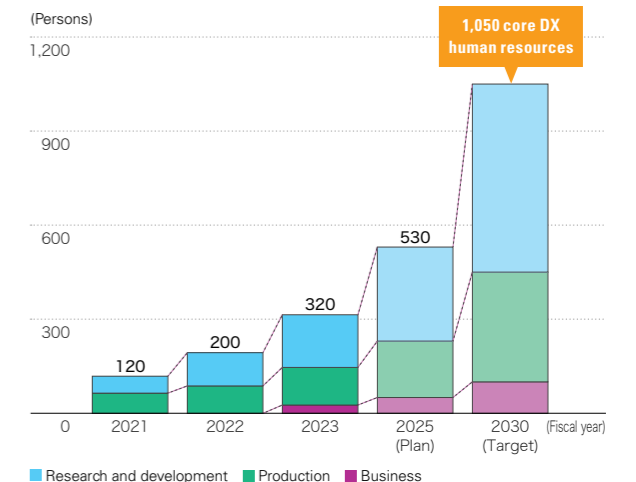
DX Curriculum System Diagram



<Examples of DX Results at the Workplace>

- Demand prediction using AI
- Improved productivity from optimal production planning using optimized calculation technology
- Control automation by embedding AI in plant processes
- Succession of know-how, knowledge and past data using generative AI
- Ideas for new businesses at the Business Design Workshop

Expansion of Human Resources Utilizing AI and Data





Promotion of Diversity

Diverse individuality delivers unique Kaneka value

Kaneka is striving for a diversity of ideas whereby diverse human resources deliver new value.

Since 2023, diversity has been added to the evaluation items for executives, and initiatives are being conducted at the workplace level.

We promote people without regard for educational background or years of experience and our executive team already has diverse backgrounds.

We are currently focused on policies for further expanding the opportunities for women to participate and advance.

Promoting Women's Participation and Advancement Pivoting on Growth

Growth Opportunities at the Assistant Manager and Executive Levels

We support proactive challenges and promotions by encouraging the growth of individuals through the 1-on-1 program without regard for gender. For women, who have few leader role models, Kaneka establishes opportunities for dialogue with Independent Member of the Board Yuko Sasakawa at the executive level and Independent Member of the

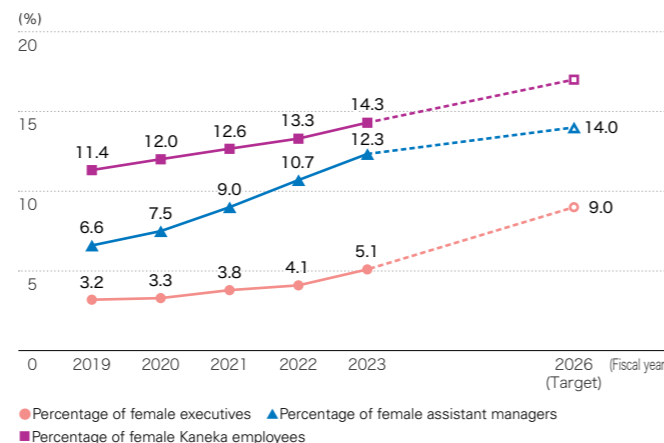
Board Hiromi Miyake at the assistant manager level. This teaches participants the stance of accepting changes in role expectations as opportunities and provides the chance to gain insights. Among participants in the initiative, there have been people promoted the next fiscal year and others who have taken on the challenge of a new business.



Promotions after Challenges

By strengthening programs of job placements, training, and mid-career hiring, we continue efforts to raise the percentage of women in executive positions. We are planning to have 80 women in executive positions in fiscal 2026, a percentage of 9%. Over the medium to long term, we are also focused on assistant manager training to provide candidates for executive positions.

Trends and Prospects for Female Executives and Candidates



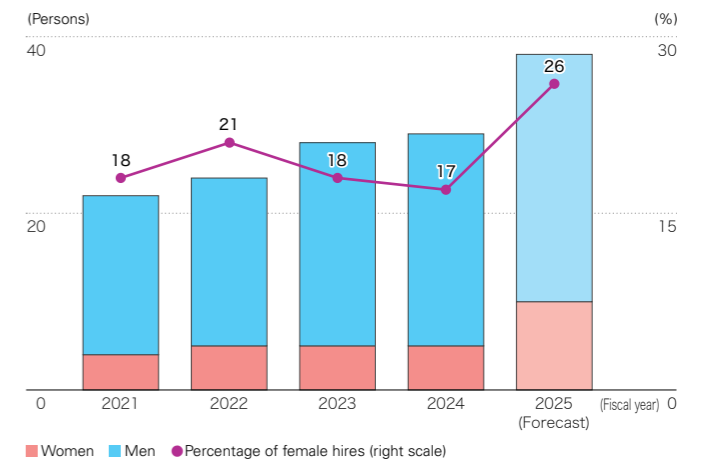
Hiring of Human Resources that Freely Excel

Efforts to Hire Women

In new hiring for administrative positions, we are hiring around the same number of women as men. At the same time, the female hiring ratio for technical positions continues to be lower than for administrative positions. In fiscal 2023, we substantially upgraded our new graduate recruitment seminar aimed at women in the sciences, establishing opportunities to introduce our programs for work-life balance and the careers and mindsets of women working in technical positions. As a result, we are expecting an increase in female hires for technical positions joining the company in fiscal 2025.



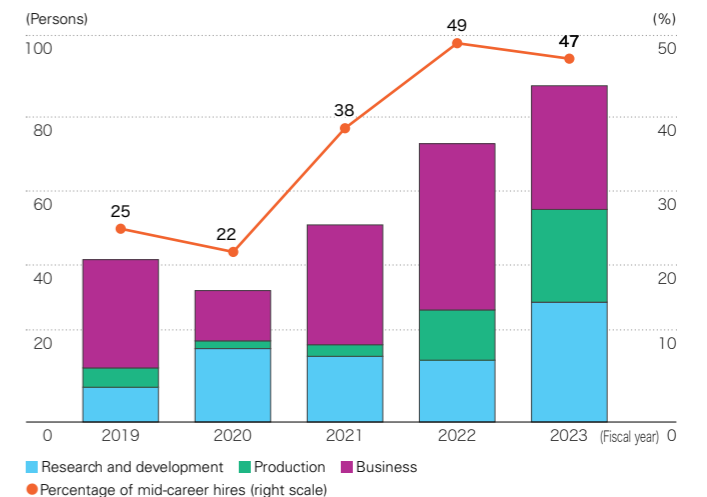
New Hires for Technical Positions



Acquiring Diverse Experience and Specialties

We actively conduct mid-career hiring so that diverse employees respect one another and can demonstrate their abilities. We maintain a mid-career hiring ratio of over 40% each year to help rejuvenate the organization and to leverage diverse experience and specialties for business growth. Promotions do not consider years of service and approximately 20% of executives are mid-career hires.

Mid-Career Hires in Each Area





Promotion of Wellness

Coworkers with the same aspiration engage in work with vitality

Establishing a corporate culture and environment where employees can excel with a robust vitality is an ongoing process without a final goal.

Having a healthy organization that is actively rejuvenated and having firm bonds in which employees support one another in taking on challengers is the foundation supporting Kaneka's healthy management.

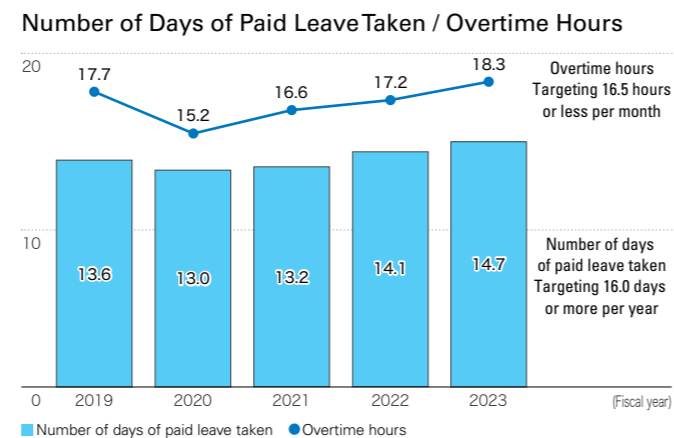
Goals of Our Vision for Health

Coworkers : Employees who spend their healthy and vibrant lives, and work on their jobs
Organization: A workplace where everyone can work healthy and freely as one team, and each person can develop and show the full potential of one's unique character and ability

Forming the Foundation for a Healthy, Active Life

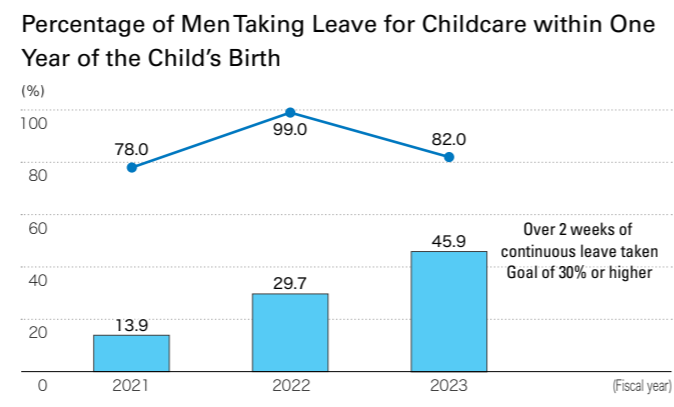
Maintaining an Environment Where It Is Easy to Work

Maintaining physical and mental health and an environment where work can be promoted while workers are refreshed leads to a way of working that increases productivity and to reforms to the work culture. In fiscal 2025, we are aiming for 16.0 days of paid leave taken and 16.5 hours of overtime per month.



Raising Awareness for Active Support of Childbirth and Childcare

An "iku-boss" seminar was held for superiors as a message to support work-life balance. The seminar's aim was to raise awareness of management at workplaces where diverse human resources actively take part and of developing the workplace, promoting a positive cycle in the organization at the workplace level. As one indicator, the percentage of men taking at least two weeks of continuous leave for childcare within one year of the child's birth was over 30% and continues to rise each year.



* Percentage of childcare leave taken, including past years, calculated on the basis of the amended law as of April 2023.



Fostering One Team

Opportunities to Build Unity

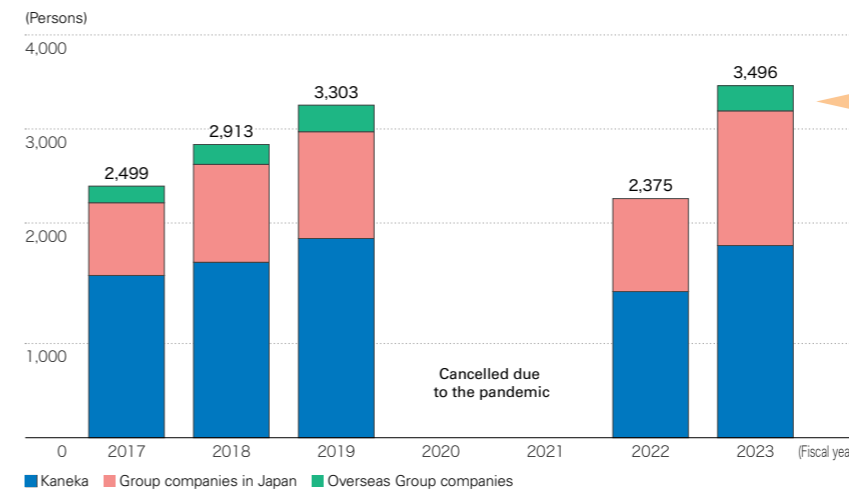
"Run, Run, Run. Kaneka" is a sports event to deepen ties within the Kaneka Group started in fiscal 2014. It is major festival centering on running—the main event is a group Ekiden—where Kaneka Group employees from inside and outside Japan gather together in the same place.

The initiative makes ties tangible, with all of the Kaneka Group becoming one team under one flag.

Out of ties between other departments and Group companies, new discoveries and creations emerge.



Number of Participants in Run, Run, Run. Kaneka

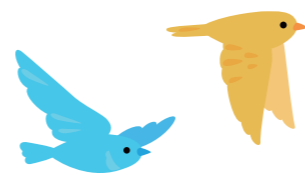


In fiscal 2023 around 3,500 people participated, a level that exceeded pre-pandemic levels (2019). A total of 32 Group companies participated from overseas, a new record high, and 43 domestic Group companies also participated, over three times the amount when the event first started (13 companies).

Many runners from Kaneka take part in the Hokkaido marathon, which Kaneka has co-sponsored since 2013, primarily high-ranking runners from the Run, Run, Run. Kaneka Ekiden.

On the day of the race, Hokkaido Group companies and many people involved cheer on the runners from the side of the road despite the hot summer heat, together adding to the excitement of the event.

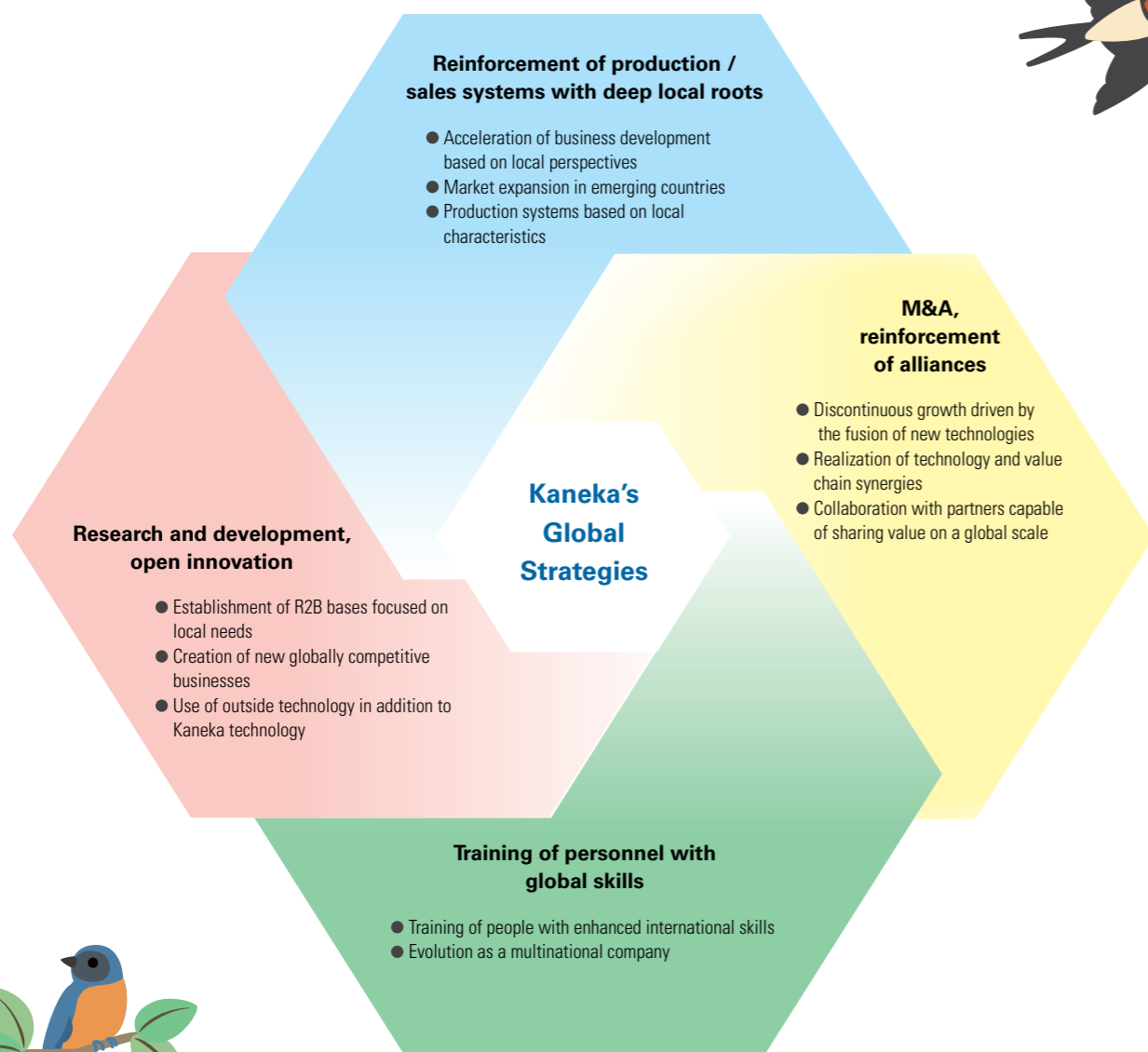




Think Global, Act Local

Our global network enabling business development deeply rooted in 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. 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 lands, 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.



The Best Glocal Kaneka Way

We are promoting the Glocal Kaneka Way to formulate an overall optimal strategy on a core of Global Centers and to pursue local adaptability to optimize local resources.

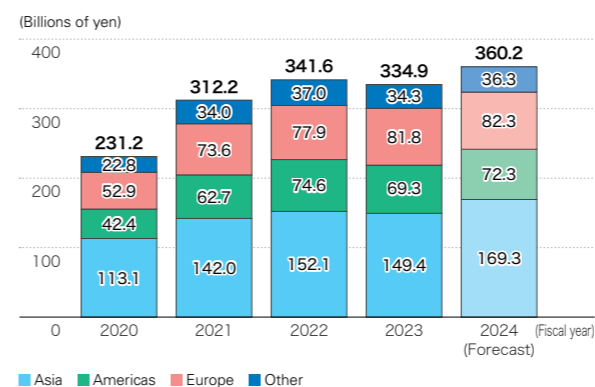
Moving Key Business Activities Overseas

We are steadily increasing overseas sales by pursuing Kaneka transforms and growth drivers in global markets.

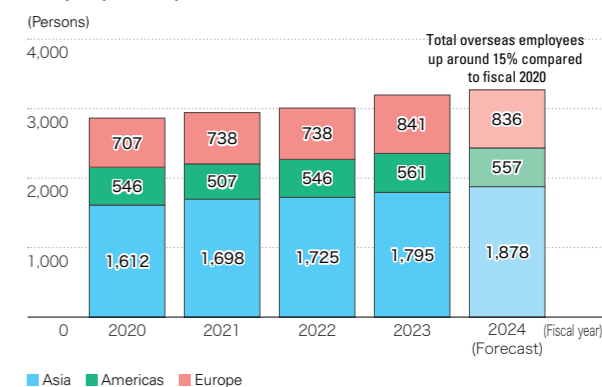
Along with promoting the localization of management, we are boldly appropriating management

resources to overseas. We will thoroughly strengthen local activities through borderless R2B activities and by taking a market-out approach to market development in which local trends and the latest needs are captured.

Overseas Sales



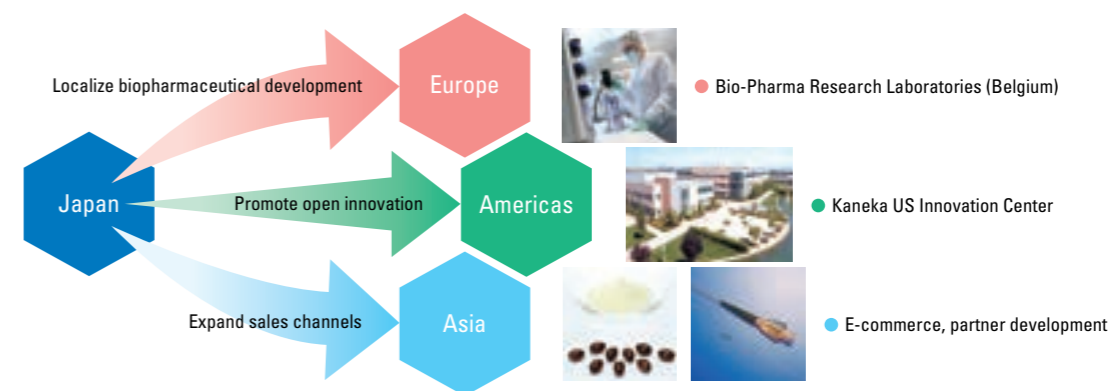
Employees by Overseas Area (Consolidated)



Accelerating Global Development in the Life Sciences

Centering on the life sciences, we are accelerating global development by localizing R2B and open innovation sites, expanding market development

sites in areas of demand, promoting business alliances and M&A, and developing optimal sales channels.



< Acquisition of EndoStream Medical Ltd. >



In the medical business, in December 2024 we made EndoStream Medical Ltd. a subsidiary, a company that has innovative technologies in the field of cerebrovascular disease. By combining its technologies with the manufacturing technologies of Kaneka, we are conducting a wide range of business development in medical devices to expand our business portfolio.

Cerebral aneurysm treatment device "Nautilus™"
 "Nautilus™" is a trademark of EndoStream Medical Ltd.



From hands-on manufacturing experience,

We build our business to last 100 years into the future

The Manufacturing Site Is a Value Center

We will build up a Kaneka's unique manufacturing site 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.

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.

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.



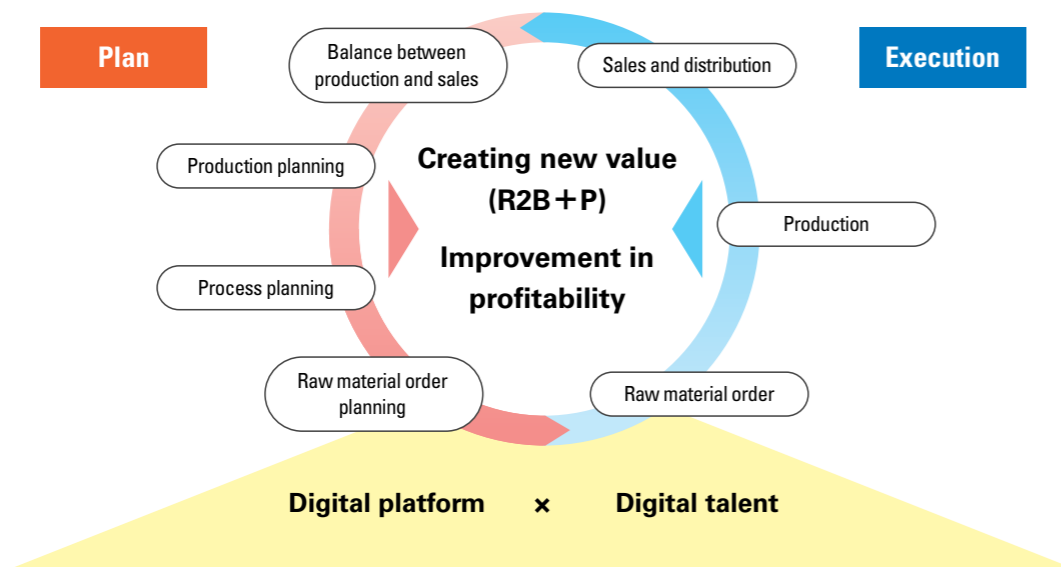


Digital Transformation (DX)

We will transform our production plants into cutting-edge facilities to excel in global competition

We will leverage AI and digital technology across the entire supply chain, linking R2B, production, and business areas to allow our people to shift toward more creative work.

Surpassing human limits and systematizing human intuition and expertise (Craftspersonship)



| DX roadmaps | 2020 | 2030 | Progress |
|--|--|--|----------|
| Creating new value Shifting people to creative work | <ul style="list-style-type: none"> Promotion of FOZ (*1) Link planning and execution to maximize profits Use R2B+P to scale and monetize business | <ul style="list-style-type: none"> The Tomatoh Manufacturing Site's blood purifier manufacturing facility (FOZ Manufacturing Site) is now operational Construction has begun on a new medical catheter manufacturing plant at the Tomatoh Manufacturing Site (FOZ Manufacturing Site) Initiated efforts to achieve zero-energy status at our factories by utilizing photovoltaic technology | |
| Transforming work styles using AI and digital technology Enhancing planning and execution operations | <ul style="list-style-type: none"> Using AI to enhance work done by staff Enhancing production management, including production planning and raw material order management Using AI to stabilize production processes | <ul style="list-style-type: none"> Adopting technology for AI-based demand forecasting Establishing and deploying AI-driven production planning optimization technology: Case study 1 Enhancing AI image analysis: Case study 2 Using generative AI to pass down expertise | |
| Strengthening our digital platform Strengthening our infrastructure Developing digital talent | <ul style="list-style-type: none"> Enhancing data storage and communication infrastructure Developing talent skilled in AI and data utilization, as well as those skilled in digital transformation planning | <ul style="list-style-type: none"> We have begun developing a digital twin to integrate our global production sites within a virtual environment We have begun strengthening security measures in the Operational Technology OT (*2) domain Increasing AI and data utilization personnel | |

*1 FOZ (Field Operation Zero): Zero field operations in manufacturing sites.

*2 OT (Operational Technology): Technology used to optimally control and operate factory equipment.



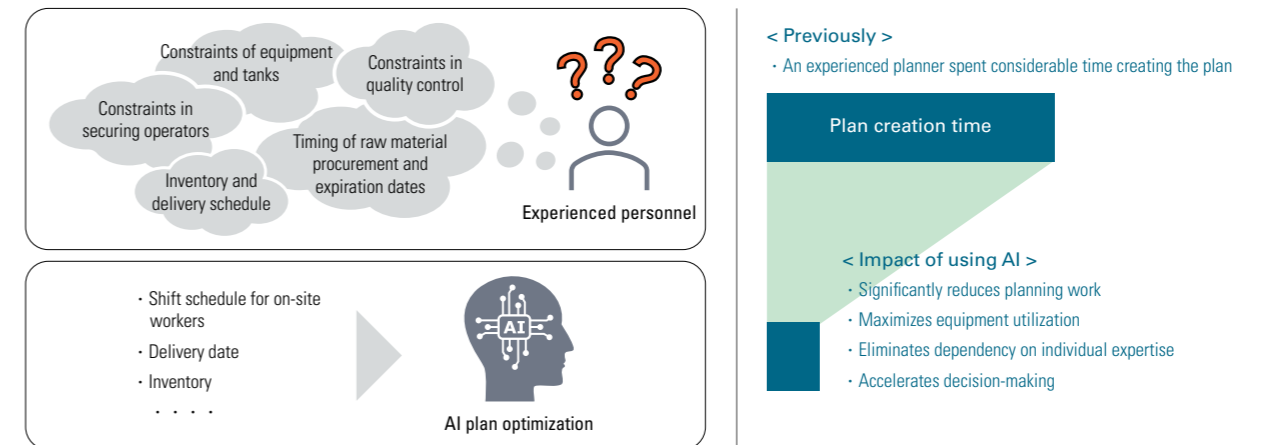
< Case study 1 >

Plan Optimizing production planning with Kaneka's unique R2B+P approach

Creating production plans that consider manufacturing constraints and customer demands previously depended on experienced personnel. However, our R2B team is now closely collaborating with the

production site to use AI to automate this work. This initiative focuses on developing AI technology and increasing personnel who can use AI and data. We are also broadening areas of application.

Image of production planning optimization and impact of application



< Previously >

An experienced planner spent considerable time creating the plan

Plan creation time

< Impact of using AI >

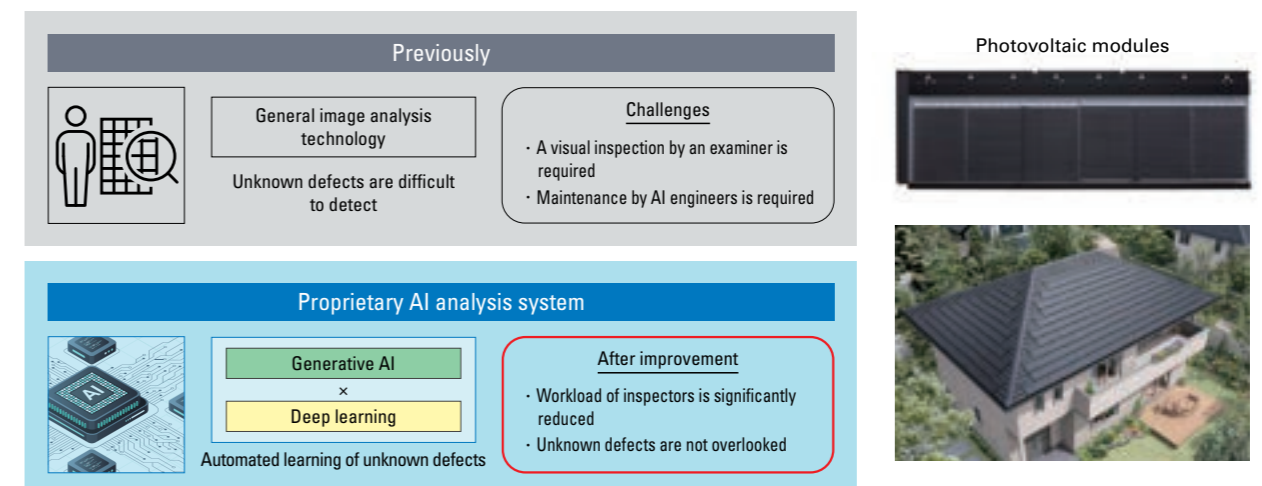
- Significantly reduces planning work
- Maximizes equipment utilization
- Eliminates dependency on individual expertise
- Accelerates decision-making

< Case study 2 >

Execution Combining generative AI and deep learning to automate solar cell inspection

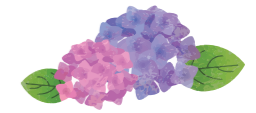
When inspecting micro-defects in solar cells with established image analysis techniques, maintaining inspection accuracy and detecting unknown defects proved difficult. Through collaborative research with Nara Institute of Science and Technology, we developed a unique AI analysis system that integrates generative AI and deep learning. We have used this

innovation to automate our inspection processes. This technology goes beyond traditional deep learning by not relying on past data. It will enhance not only our solar module manufacturing sites, but also drive the realization of FOZ in our production processes.





Carbon Neutral (CN)



Creating manufacturing sites that embody sustainability to promote global health

Kaneka Group supports the principles of the TCFD. Through scenario analysis, we identify climate-related risks and opportunities and develop strategies for the medium to long term.

We have also joined the GX League (*1) to advance our carbon neutrality initiatives.

Based on these principles, Kaneka Group aims to cut its

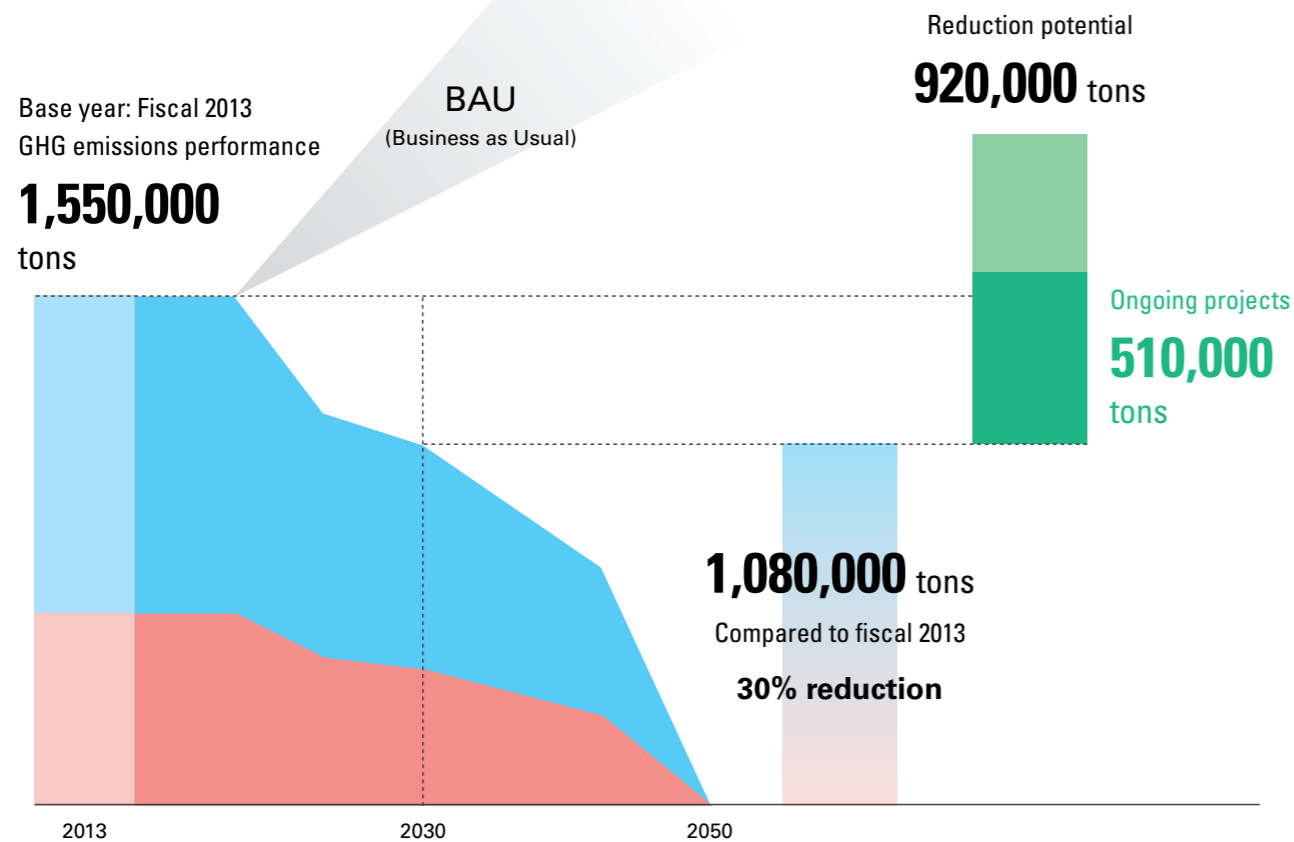
Scope 1 and 2 GHG emissions by 30% by 2030, compared to fiscal 2013 levels.

We aim to achieve carbon neutrality for domestic and international subsidiaries by 2050.

We will continue to use our established production expertise to reduce GHG emissions.

We will implement new development themes and advance ongoing energy saving initiatives at our manufacturing sites.

We will also collaborate across external organizations to contribute to global health.



*1 GX League: An initiative aimed at achieving carbon neutrality by 2050 and driving societal change. It involves collaboration with businesses, government, and academia committed to Green Transformation and sustainable growth.

Approach to Setting GHG Emission Reduction Targets

We aim to cut GHG emissions by 470,000 tons, or 30%, from the fiscal 2013 baseline by 2030. We anticipate reducing emissions by 510,000 tons by fiscal 2024 through fuel conversion at the Takasago Manufacturing Site and other measures.

To balance future business growth with emission reductions, we will identify potential GHG emission cuts through energy saving process innovations. We will develop economically viable plans that consider internal carbon pricing.

| | GHG emissions reduction theme total potential | Ongoing projects | Progress |
|---|---|---------------------|--|
| 1. Fuel conversion | 310,000 tons | 310,000 tons | Decision to divest from coal: 310,000 tons |
| 2. Energy saving | 300,000 tons | 26,000 tons | Operational |
| 3. Process innovation | 100,000 tons | 4,000 tons | Operational |
| 4. Use of renewable energy, low CO ₂ emission factor for electricity and steam power | 210,000 tons | 170,000 tons | Kaneka Malaysia Decision to introduce biomass boilers, etc. 70,000 tons Power company emission factor reduction 100,000 tons |
| GHG emissions reduction Total | 920,000 tons | 510,000 tons | |

Progress to Date

1) Projects that have progressed to a highly feasible phase

Scope 1: We have decided to accelerate our coal phase-out by three years, moving the target from 2030 to 2027. The Takasago Manufacturing Site is progressing as planned with the installation of a new gas turbine cogeneration system. This initiative aims to phase out coal and reduce GHG emissions by 2027.

Scope 2: Kaneka Malaysia has finalized a contract with a supplier to switch to biomass-derived steam by 2026. We expect this to reduce GHG emissions by approximately 30,000 tons. At the Takasago Manufacturing Site, we anticipate reducing GHG emissions by approximately 100,000 tons due to lower emission factors from the power company.

2) Unlocking potential

We are not only investigating GHG emission reduction themes within our domestic and international group companies, but also exploring external

partnerships. By sourcing low-GHG energy, we are expanding our potential to reduce GHG emissions.



Carbon Neutral (CN)

Disclosure of Information in Line with TCFD Recommendations

In March 2021, Kaneka announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Governance

The Global CSV (Quality Environment) Center at the Corporate Manufacturing Integrity Center manages the risks and opportunities related to climate change. We collaborate with business, production, and research divisions to address climate change risks and formulate prevention strategies. Proposals are reviewed by the Engine of Sustainability Management, led by the Executive Vice President from the Global CSV (Quality Environment) Center. We work closely with all departments to implement solutions. In particular, the DX & Carbon Neutral Committee, part of the Engine of Sustainability Management, leads our manufacturing strategy for carbon

neutrality. This committee collaborates with business units, staff departments, manufacturing sites, research centers, and group companies. Together, they integrate digital transformation with carbon neutrality efforts in manufacturing. The activities of the DX & Carbon Neutral Committee are reported to the Engine of Sustainability Management. Future action plans are then reviewed and decided, and these are incorporated into business plans and other strategies. Matters of particular importance are reported to the Board of Directors.

Strategy

We have summarized the most significant climate change risks and opportunities for the Company in the table on the right. In fiscal 2023, we analyzed the expansion of solar power, the increased use of biomass plastics, and the rising demand for effective waste utilization as

significant business opportunities. We conducted this analysis under both the 1.5°C and 4°C scenarios and shared the findings with relevant departments. We have integrated the main strategies into our business plan, and will continue to advance these efforts.

Risk Management

The Global CSV (Quality Environment) Center leads scenario analysis on climate change risks and opportunities. We share the strategies with business units and integrate them into our business plans.

Production-related measures are proposed and reviewed by the DX & Carbon Neutral Committee and the Production DX & Carbon Neutral Project Committee.

Metrics and Targets

Kaneka Group aims to achieve carbon neutrality by 2050. As a milestone, we have set a target to reduce GHG emissions by 30% by 2030, compared to fiscal 2013. In fiscal 2023, Kaneka Group's total Scope 1 and Scope 2 GHG emissions amounted to 1,513 thousand tons-CO₂e, which is 97.9% of the levels recorded in fiscal 2013.

Kaneka's standalone Scope 3 emissions amounted to 3,006 thousand tons-CO₂e. Since fiscal 2022, we have been gradually expanding the scope of Scope 3 emissions calculations for our group companies. We plan to consider a strategy for reducing Scope 3 emissions in the future. Please visit our official website to view our performance up to fiscal 2023.

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 (● Risks/● Opportunities) | Countermeasures (◎ indicates priority areas) |
|-------------------|---|--|--|
| Regulatory/ Legal | Strengthening of GHG emissions regulations | ● Depreciation and amortization costs arising from GHG emissions reduction | · Introduction of Internal Carbon Pricing (ICP) system |
| Regulatory/ Legal | Increased operational costs due to introduction of carbon tax (incl. supply chain) | ● Increase in operating costs due to the introduction of carbon tax | ◎ Early fuel conversion of private power generator facilities · Continuous energy saving in existing manufacturing processes · Process innovation · Use of renewable energy and low CO ₂ emission factor electricity · Introduction of Internal Carbon Pricing (ICP) system |
| Technological | Acceleration of the circular economy | ● Increase in procurement costs due to taxes on the production of petrochemical-derived packaging plastics | ◎ 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 · Expanding the use of recycled materials |
| Market | Increased demand for biomass-based resins and decreased demand for fossil-based 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 | |
| Technological | Low-carbon trends affecting raw material and energy sources | ● Fluctuations in fuel costs due to price changes in crude oil, etc. | ◎ Early fuel conversion of private power generator facilities · Continuous energy saving in existing manufacturing processes · Use of renewable energy and low CO ₂ emission factor electricity |
| | | ● 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 · Expansion of self-delivery and microgrids · Enhancing and expanding insulating material for residential buildings (Kanelite Foam™) · Developing storage batteries |
| Acute | Impact of extreme weather events on our manufacturing sites 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 (Kaneppearl™, Kanelite Foam™) |