



List of Directors (June 27, 2024)

Chairman of the Board
(Representative Director)



Kimikazu Sugawara

President
(Representative Director)



Kazuhiko Fujii

Member of the Board
Executive Vice President



Shinichiro Kametaka



Mamoru Kadokura

Member of the Board
Managing Executive Officer



Katsunobu Doro



Jun Enoki



Toshio Komori



Masaaki Kimura

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

Managing Executive Officer

Atsushi Kawakatsu
Yoshiki Takeoka
Shinji Mizusawa
Kazuo Ochiai
Kan Okabe
Riichi Nishimura
Masahiro Ueda

Takuo Ishibashi
Osamu Ishida
Satoshi Suzuki
Masashi Nishikawa
Etsuo Yoshiike
Satoru Katayama
Naoki Furukawa

Executive Officer

Yasuyoshi Ueda
Hiroyuki Deguchi
Isao Otsu
Masanobu Yamada
Katsutoshi Shichijo
Ryuichi Maruyama
Ken Matsumoto

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

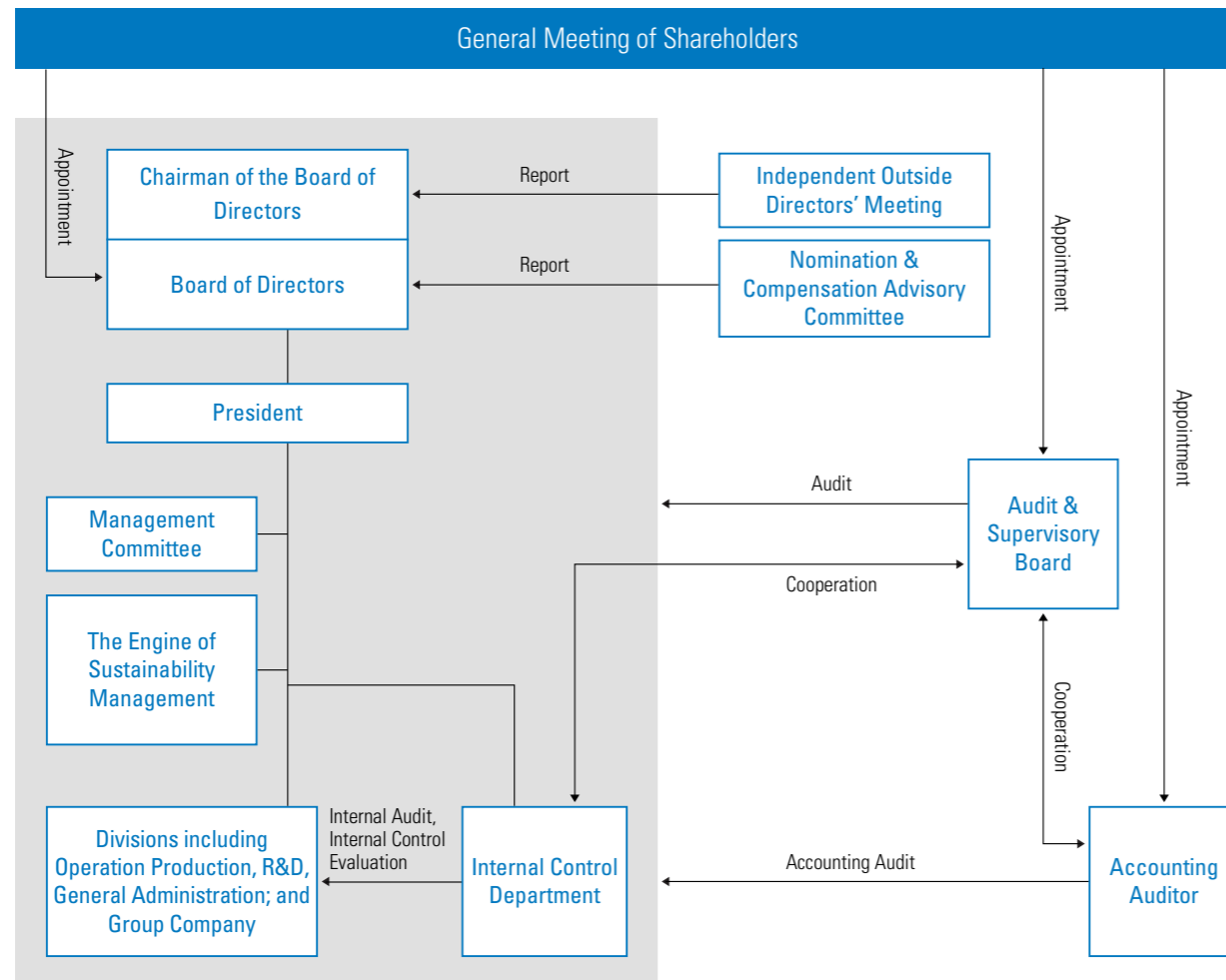
Efforts to Strengthen the Governance Capacity

	2006–	2011–	2021–
Corporate Philosophy	2009 Established the "Declaration of Kaneka United" 2018 Established the "ESG Charter"		
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 Directors' 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 2023. (The rate of attendance by Directors and Audit & Supervisory Board Members was 100.0%). 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.

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.



Corporate Governance

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 expertise related to business, global, technology, diversity and corporate & governance. We also believe that the Board of Directors as a whole has well-balanced knowledge, experience, and expertise, 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 2023 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%	○	○		○	○
Kazuhiko Fujii	President (Representative Director)	100%	○	○		○	○
Shinichiro Kametaka	Member of the Board, Executive Vice President	100%	○	○		○	○
Mamoru Kadokura	Member of the Board, Executive Vice President	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	100%	○	○		○	○
Masaaki Kimura	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	100%		○		○	○

Note: The above details are true as of the end of the 100th Annual General Meeting of Shareholders held on June 27, 2024. The table above does not show all the skills of each Member of the Board.



Analysis and Evaluation of Effectiveness of the Board of Directors

Each year, Kaneka 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 Directors' 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 2023, the Independent Outside Directors' 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

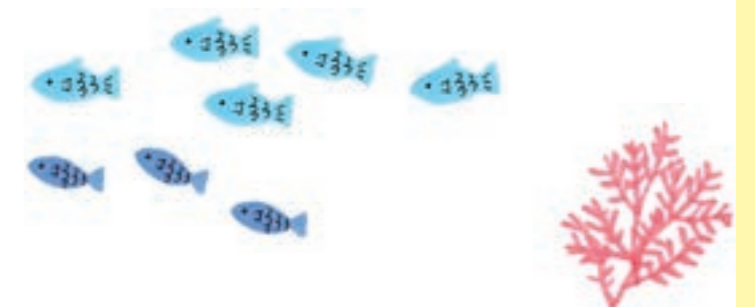
We have defined the Standards for Independence of Outside Directors/Audit & Supervisory Board Members to guarantee the independence of independent outside directors and Audit & Supervisory Board

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

Support Framework for Outside Directors/Outside Audit & Supervisory Board Members

For outside directors, the secretariat of the Board of Directors seeks to provide full explanations of the background, purpose, and content of proposed agenda items for Board meetings in advance. Outside directors attend Board meetings and make appropriate remarks based on their wealth of knowledge. They also receive monthly business reports from directors and share opinions as appropriate. In addition, they meet regularly with the representative directors and attend meetings of the Nomination & Compensation Advisory Committee and the Independent Outside Directors' Meeting to exchange views.

Outside Audit & Supervisory Board Members attend meetings of the Board of Directors and the Audit & Supervisory Board, where they make appropriate remarks. They also receive monthly reports from the full-time Audit & Supervisory Board Members on auditing operations, exchanging views and discussing critical matters. Furthermore, they meet with the representative directors and attend the Independent Outside Directors' Meeting to exchange opinions. We have established a secretariat for the Audit & Supervisory Board and appointed assistants to support Board Members in their duties.





Corporate Governance

Remuneration of Members 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)	14 (5)	706 million yen (68 million yen)	547 million yen (68 million yen)	110 million yen (-)	49 million yen (-)
Audit & Supervisory Board Members (Of which, outside Audit & Supervisory Board Members)	5 (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) 49 million yen is the cost amount recorded for the most recent stock acquisition rights granted to eight directors excluding outside directors.



Policy on Strategic Shareholdings

Kaneka holds the minimum number 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 2023, we sold 17 listed stocks including partial sales 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 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Number of listed company stocks sold	4	3	4	17	8(*)
Total amount sold related to decrease in number of shares (million yen)	859	36	2,283	8,834	2,801

* Figures for fiscal 2024 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 2023, 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 (4) 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

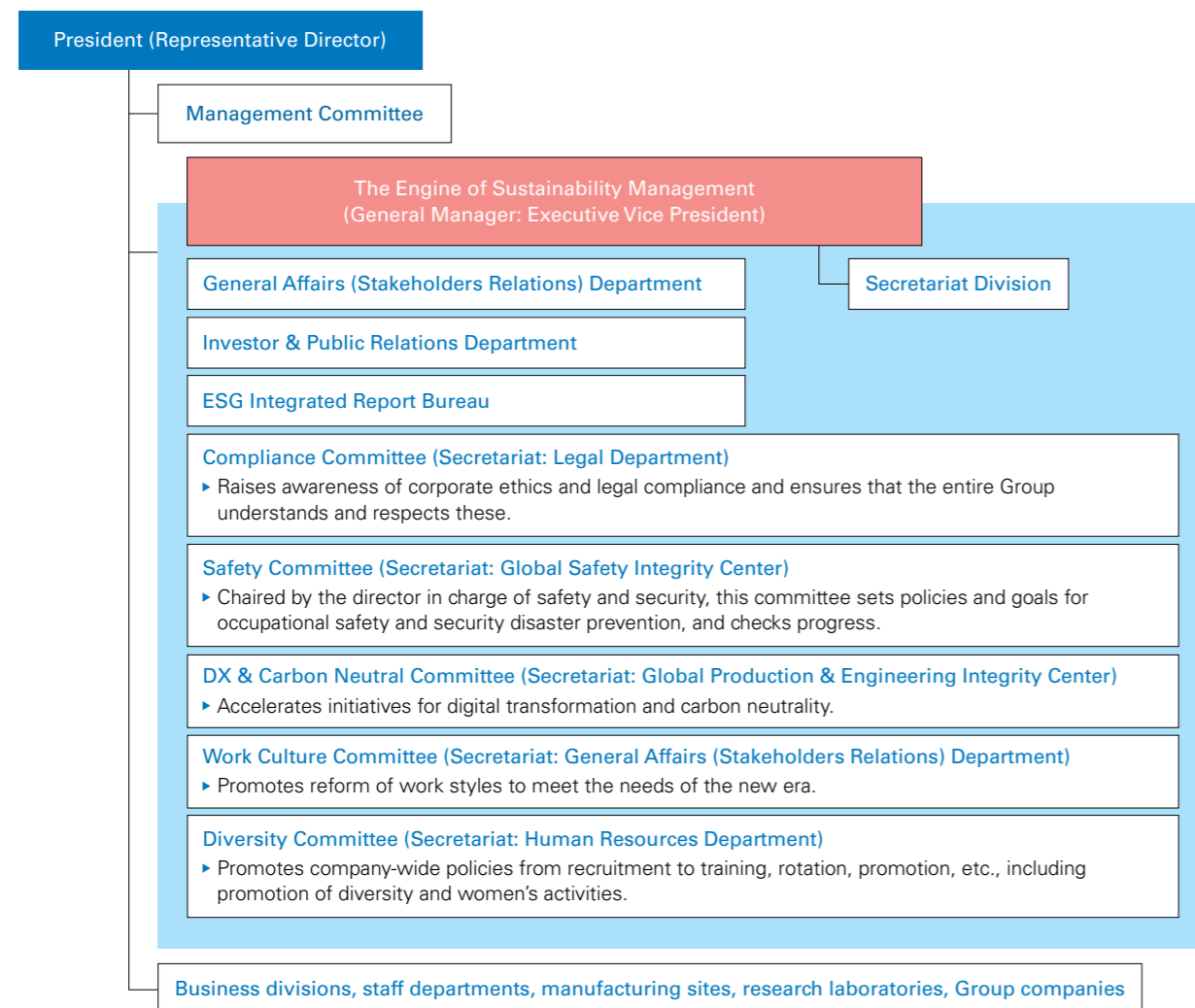
chemistry, the ESG Charter serves as an action agenda for each employee to materialize our Corporate Philosophy.

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 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.

We believe that protecting information assets from all kinds of threats, including cyberattacks, unauthorized access, data breaches, and other risks arising from inside and outside the Group, is a key management issue. Aware of the importance of managing information and their responsibilities in this regard, all directors and employees in the Kaneka Group are committed to properly managing information.

We have put in place a risk management system at the Kaneka Group that is led by management. Within the IoT Solutions Center (Information Sys-

tems Department), we have set up an organization for information security. Through this organization, which is headed by the Group 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. The Kaneka Group is working to reinforce various security measures to prevent serious information security incidents.

In fiscal 2023, there were zero serious information security incidents resulting in suspension of operations, leaks of personal information, or other damage.



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 remediation, we have established whistleblowing (internal reporting) services within the Company and at outside law firms. The whistleblowing 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. The rules on whistleblowing stipulate the reporting framework and response when there is a consultation, and delineate the responsibilities of those involved, to ensure that whistleblowers and

consultants are not subject to adverse treatment in violation of the Whistleblower Protection Act. Kaneka's internal rules stipulate that members who receive consultations through the whistleblowing services or various other forms of consultation must maintain rigorous confidentiality and protect personal information, and prohibit the leaking of information. In fiscal 2023, there were five cases of reporting and consultation. Fact-finding investigations and hearings were conducted, and the cases were handled in accordance with rules on whistleblowing and other criteria. Details of the cases are reported to the Compliance Committee chair.

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

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 consideration for human rights.

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.



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

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.

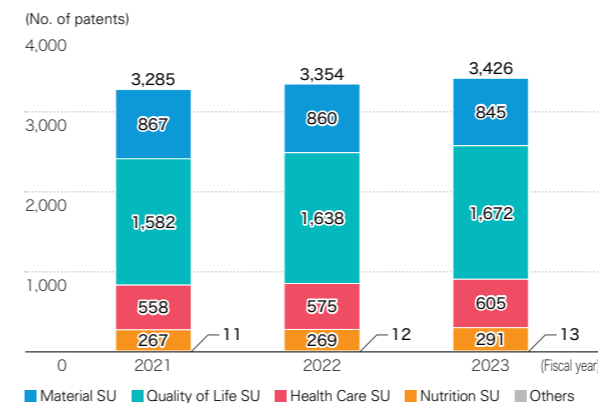
improve our governance of intellectual property. The director in charge of the Intellectual Property Department receives reports and gives directions at monthly reporting meetings. In addition, in line with our intellectual property strategies, meetings are held once a year for each division. These meetings 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.

Creation of Intellectual Property

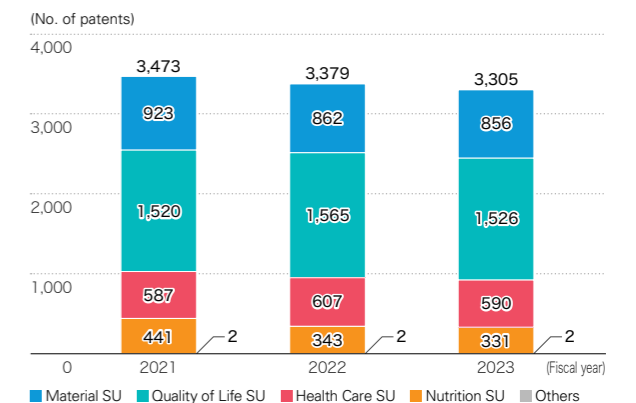
To strengthen the business portfolio, Kaneka proactively files patent applications in Japan and overseas and works to acquire rights. In fiscal 2023, we filed 316 new patents in Japan and 239 patents overseas. At the same time, we are working to efficiently manage the costs of intellectual

property. As a result of actively surrendering dormant patents, we held 3,426 patents in Japan and 3,305 patents overseas as of the end of fiscal 2023, roughly the same number as the previous year. We will continue our efforts to build an even robust intellectual property portfolio.

Number of Japanese Patents Held



Number of Overseas Patents Held





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

Promotion System and Policy

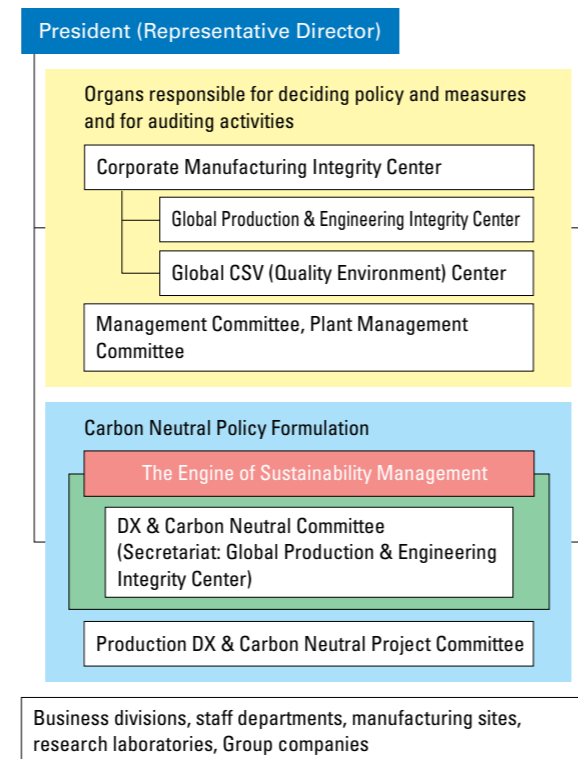
When dealing with important matters relating to global environment protection, the Corporate Manufacturing Integrity Center, which operates directly under the President, and the Global CSV (Quality Environment) Center take the lead role in sharing the issues with the Management Committee, the Plant Management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

conserving resources and reducing environmental impacts at each stage of the entire product lifecycle.

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

Fiscal 2023 target		Fiscal 2023 performance
Energy intensity index (*1)	Average annual reduction of 1% or more	96.3 (all parent manufacturing sites) (106.3% year-on-year change (*2)) Five-year average change rate 100.4%
CO ₂ emission intensity index (*3)	Average annual reduction of 1% or more (fixed emissions factor) Estimated fiscal 2023 performance 90.4 (fiscal 2030 target 84.3)	83.3 (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	Target achieved: VOC emissions of 1,687 tons
Waste reduction	Kaneka final landfill disposal rate: 0.2% or below Zero emissions (*4) at Kaneka and Group companies in Japan	Kaneka final landfill disposal rate 0.09% Zero emissions achieved by Kaneka and Group companies in Japan based on final landfill disposal rate of 0.39%
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 The main reason for the increase is the new inclusion of non-fossil energy in calculations in line with revisions to the Energy Conservation Act.
 *3 CO₂ emission intensity index: a value for energy origin CO₂ emission intensity indexed against a value of 100 for fiscal 2013. The value is calculated by dividing energy origin CO₂ emissions by activity volume.
 *4 Zero emissions (Kaneka definition): final landfill disposal volume less than 0.5% of total generated waste.

Material Balance in Production Activities (Fiscal 2023)

INPUTS (Energy and resource inputs)	OUTPUTS (Material outputs by product and waste category)		
	Products	Into the atmosphere	Into water systems
Main raw materials	Products	GHG (Scope 1, 2)	Chemical oxygen demand
1,567 thousand tons	1,914 thousand tons	1,513 thousand tons-CO ₂ e	290.9 tons
Energy (GWh Conversions)	As waste	SO _x	Nitrogen
5,301 GWh	Final landfill	51.2 tons	138.4 tons
Water	4,096 tons	NO _x	Phosphorous
33.0 million m ³	External recycling	841.6 tons	3.7 tons
	54,567 tons	Soot and dust	Suspended solids
	External reduction	21.0 tons	235.4 tons
	10,553 tons	PRTR Law designated	PRTR Law designated
		150.7 tons	35.5 tons

Kaneka Group companies in Japan 48
 Overseas Group companies 16



Environment

Climate Change Initiatives

To address global warming, we are working to promote energy conservation and reduce CO₂ 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).

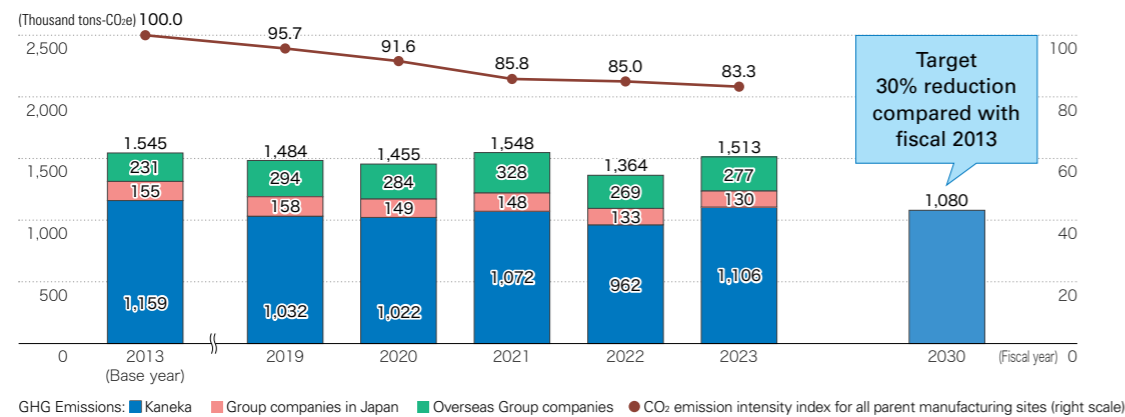
Actions to Reduce GHG and CO₂ Emission Intensity

We are working to reduce CO₂ emission intensity, using a CO₂ emission intensity index as an indicator for management, based on CO₂ emissions from energy consumption associated with production activities.

In fiscal 2023, the index for all parent manufacturing sites was 83.3, achieving our fiscal 2023 target of 90.4 (toward a fiscal 2030 target of 84.3). GHG emissions for the Kaneka Group as a whole were

1,513 thousand tons-CO₂e, up 10.9% from the previous fiscal year, due in part to increased production volume. Going forward, we will continue to take energy saving actions and, based on our strategy for carbon neutrality, will work to reduce GHG emissions by means of actions such as streamlining production processes through innovation and switching to alternative fuels.

GHG Emissions (*1) and Energy Origin CO₂ Emission Intensity Index



Kaneka Group Scope 1 and 2 Emissions (Fiscal 2023)

	Kaneka	Group companies in Japan	Overseas Group companies	Total
Scope 1 direct emissions (*2)	662	64	125	851
Scope 2 indirect emissions from purchased or acquired electricity, steam, heat and cooling (*3)	444	66	152	663
Total	1,106	130	277	1,513

Note: Amounts reported here may not fully match, due to rounding.

*1 GHG emissions volume: a value indicating the sum total of energy origin CO₂ emissions, non-energy origin CO₂ emissions, and the CO₂ equivalents of methane and N₂O, and NF₃ emissions, calculated in accordance with the GHG protocol.

*2 Non-energy CO₂ emissions and CO₂ equivalent of methane, N₂O, and NF₃ emissions are included.

*3 Scope 2 emissions calculated using the location-based method were 464 thousand tons-CO₂e for Kaneka and 69 thousand tons-CO₂e for Group companies in Japan. For overseas Group companies, Scope 2 emissions were the same calculated using location-based and market-based methods.

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. To conduct water risk assessments for each Kaneka Group site and the bases of Group companies in Japan and overseas, we used an assessment tool (Aqueduct 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, and 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

As to reducing waste, we are promoting 3Rs (Reduce, Reuse, and Recycle) initiatives to save resources, cut costs, help protect the environment by lowering CO₂ emissions, and use limited resources effectively. 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 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

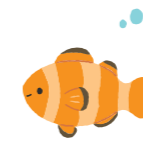
Considering the impacts of our businesses on ecosystems, we at Kaneka strive to develop technologies, materials and products that have less environmental impact, as well as to mitigate the environmental impact of our production.

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

- Takasago Manufacturing Site: Kaneka Forestry for the Future (reopened in June 2024)
- Osaka Manufacturing Site: Settsu-no-mori Kaneka Biotope
- Shiga Manufacturing Site: Walnut School

Participation in Biodiversity Activities

- Keidanren Initiative for Biodiversity Conservation
- Japan Business and Biodiversity Partnership



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.

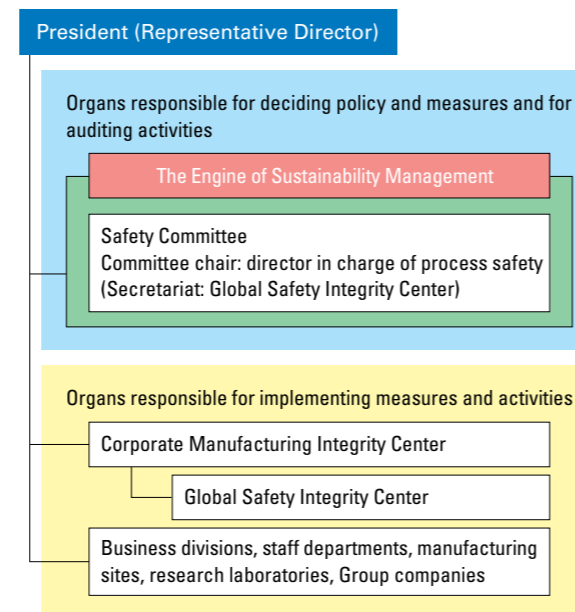
Promotion System and Policy

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.

A member of management makes in-person visits to manufacturing sites to confirm the situation on the ground and talk with employees, reaffirming the importance of placing top priority on safety. In his greetings at New Year and on the yearly anniversary of our foundation, the president also delivers a related message directly to employees.

Diagram of Promotion System



Message from the President (2024 Anniversary of our foundation)

Kaneka has built up trust by steadily supplying valuable products. Manufacturing is a fundamental value, serving as a cornerstone of trust. The stable operation of manufacturing sites begins with ensuring safety. Workplaces are hazardous places, where even a moment's carelessness can lead to a major accident. Always keep this in mind as you maintain a sense of urgency about ensuring a safe workplace.

Continuing to make steady efforts to deliver stable value to customers is a vital mission for Kaneka.

As part of our internal audits, we conduct ESG safety and quality inspections of all Kaneka manufacturing sites and Group companies in Japan and overseas.

We check the progress of activities from various standpoints: occupational safety and health, process safety and disaster prevention, environmental conservation, the quality assurance of products at various stages of manufacture, chemical substance

management, and compliance. ESG safety and quality inspections confirm the status of on-site safety management at manufacturing sites and the implementation of safety activities based on the key policies of the Safety Committee. Areas requiring improvement are shared between the head offices and manufacturing sites. We draft improvement plans with a one-year timeframe and implement PDCA cycles throughout the year.

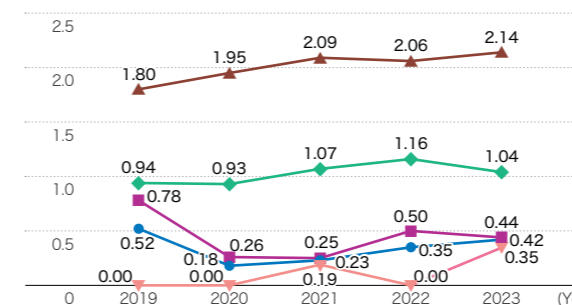
Basic Safety Policies
<ul style="list-style-type: none"> ● Safety forms our management foundation, and is the basis of all corporate activities. We take action with priority given to ensuring safety in all activities in the company. ● Safety is the foundation of local and worldwide communities' confidence 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
<ul style="list-style-type: none"> ● 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%]

Targets and Performance

Fiscal 2023 target		Fiscal 2023 performance
Ensure occupational safety and health Strengthen process safety and disaster prevention	Zero accidents	1. ESG safety and quality inspections Conducted at all Kaneka manufacturing sites: 18 Group companies in Japan and three Group companies overseas, in accordance with the Kaneka Group ESG Safety and Quality Inspection Implementation Standards. 2. Readiness for emergency Emergency response and evacuation drills and comprehensive disaster prevention drills carried out
Occupational accidents Process accidents	Zero accidents	(Occupational accidents) Serious accidents: 1, Accidents resulting in lost time: 11, Accidents not resulting in lost time: 4 Process accidents: 6

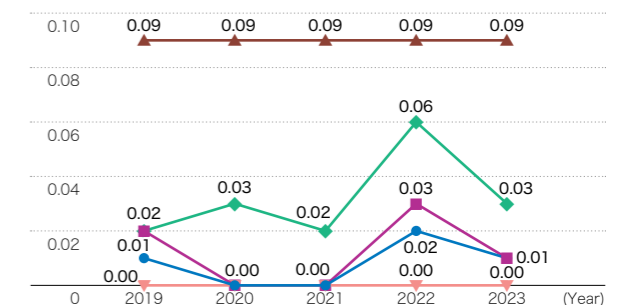
Accident Frequency Rate



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.

Scope: Includes manufacturing sites with regular employees, contract employees, and temporary employees dispatched from other companies. The Tomatcho (Hokkaido) Manufacturing Site, completed in August 2024, is not included in 2023 results. Employees seconded to or from other companies and employees of partner companies are not included.

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. The number of lost work days is calculated as equivalent to the number of days lost from work due to an accident resulting in work absence.

Quality (Product Responsibility)



Basic Policy

Aiming to benefit society and satisfy customers through a stable supply of safe and reliable products and services, Kaneka Group has set Quality Management Regulations to ensure thorough day-to-day

quality control and product safety across the supply chain, from product design and development to delivery to customers.

Promotion System and Policy

The Global CSV (Quality Environment) Center coordinates quality assurance activities throughout the Kaneka Group and drives quality management, including product safety assurance, at all stages from product design and development to raw material procurement, manufacturing, storage, transportation, sales, and disposal.

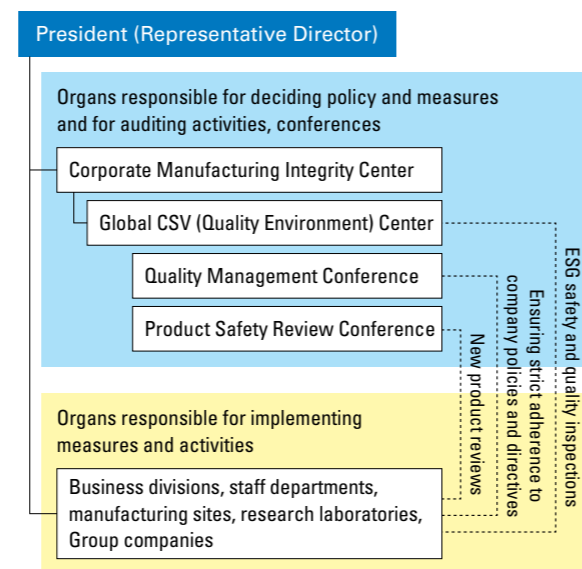
We hold quality management conferences, inviting personnel in charge of quality management in each business division, to instill Group-wide policies and instructions.

For new product launches, a Product Safety Review Conference meeting chaired by the Global CSV (Quality Environment) Center Director is held to ensure product safety.

We conduct ESG safety and quality inspections of business divisions, manufacturing sites, research laboratories, and Group companies to confirm their quality assurance efforts. Each of our businesses also undergoes regular third-party auditing and inspection and internal audits based on ISO 9001 and other established standards and regulations.

In this way, we take steps to enhance our quality management system and thereby raise product quality standards.

Diagram of Promotion System



Targets and Performance

Fiscal 2023 target	Fiscal 2023 performance
Inspection of Operation of Quality Management System	<ul style="list-style-type: none"> We convened quality management leaders from all business units for quarterly quality management conferences. These sessions reinforced company-wide action plans and directives, while facilitating the exchange of ideas and sharing of quality assurance information. We held a product safety review conference for two new products set to launch, ensuring their safety and robust service systems. We implemented improvements to address issues identified through the ESG safety and quality inspections of all Kaneka manufacturing sites and 16 departments of Group companies in Japan and overseas.
Ensuring thorough compliance with laws and regulations governing chemical substances	<ul style="list-style-type: none"> We held two liaison meetings, bringing together chemical substance management personnel from eight business divisions that handle chemical products. We conducted internal training on chemical management through seminars and e-learning.

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 a Roundtable on Sustainable Palm Oil (RSPO) supply chain certification for a portion of our palm oil procurement.

Green Procurement Based on Basic Procurement Policy

Based on the Basic Procurement Policy, Kaneka Group declared its commitment to pursue green procurement, aiming to reduce the burden on the environment. Based on this commitment, we have established the Green Procurement Standards. In fiscal 2023, we revised our list of target substances to reflect the addition of regulated substances to

REACH regulations in the EU. We also revised the Green Procurement Standards. Recognizing that green procurement initiatives are one of the most important elements of our environmental protection activities, we will continue to work actively with our business partners going forward.



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 efforts,’ 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.

Stakeholder	Communication
 Customers	<ul style="list-style-type: none"> ● Communication with customers through sales and marketing ● Information posting on websites and social media ● Exhibitions ● Quality assurance/customer support
 Society	<ul style="list-style-type: none"> ● Interaction with local residents/participation in local events/dialogue ● Fostering youth development/hosting plant visits ● Supporting disaster reconstruction ● Participation in initiatives
 Shareholders and Investors	<ul style="list-style-type: none"> ● Opinion exchange with investors/analysts, holding of business and results briefings ● Timely and appropriate information disclosure on the corporate website ● General Meeting of Shareholders
 Employees	<ul style="list-style-type: none"> ● Communication between employees ● Employee health consultations ● Labor-management dialogue ● Penetration of internal whistleblowing system
 Vendors	<ul style="list-style-type: none"> ● Regular questionnaire surveys and dialogue with vendors ● Cooperation, coprosperity and coexistence with vendors ● Quality improvement in logistics operations ● Appropriate information disclosure ● Internal whistleblowing system
 The Environment	<ul style="list-style-type: none"> ● Initiatives on global environment protection/resource conservation/environmental impact reduction ● Promotion of environmental impact reduction in raw material procurement ● Cleaning activities/local forest conservation/environmental conservation activities ● Appropriate information disclosure



Supporting the Activities of the UN World Food Programme

Kaneka supports the mission of the UN World Food Programme (WFP) to eliminate hunger and poverty and, as part of its ESG activities, has continued to provide support as a partner in the corporate program of the Japan Association for the World Food Programme (JAWFP) since 2013. In Africa, where our KANEKALON™ business has expanded, we provide school meals to children who cannot attend school and to children who are chronically malnourished. We also sponsored two charity events organized by JAWFP: WFP Walk the World 2023 and WFP Essay Contest 2023. We will continue to support the betterment of nutritional conditions and

broader learning opportunities for children in Africa, making the world a healthier place.



Participation in Initiatives

Believing in the importance of working with industry organizations to address social issues and help build a sustainable society, the Kaneka Group participates in and collaborates with various initiatives to advance these aims.

Participation in GX League

This initiative, led by the Ministry of Economy, Trade and Industry, brings together companies, government agencies, and academic institutions to achieve sustainable growth, with the aim of achieving carbon neutrality by 2050 and transforming the entire socio-economic system of the future.



Participation in the Clean Ocean Materials Alliance (CLOMA)

There are growing calls for efforts on a global scale to address the issue of marine plastic waste that is affecting the entire planet. CLOMA is a platform both for strengthening collaboration among a wide range of stakeholders across industries and for accelerating innovation.



Clean Ocean Material Alliance

