

List of Directors (June 29, 2022)



Kimikazu Sugawara
Chairman of the Board
(Representative Director)



Minoru Tanaka
President
(Representative Director)



Kazuhiko Fujii
Executive Vice President



Shinichiro Kametaka
Executive Vice President



Shinobu Ishihara
Member of the Board,
Senior Managing
Executive Officer



Katsunobu Doro
Member of the Board,
Managing Executive
Officer



Jun Enoki
Member of the Board,
Managing Executive
Officer



Mamoru Kadokura
Member of the Board,
Senior Managing Corporate
Executive Officer



Takeo Inokuchi
Independent Member of
the Board



Mamoru Mohri
Independent Member of
the Board



Jun Yokota
Independent Member of
the Board



Yuko Sasakawa
Independent Member of
the Board

Audit & Supervisory Board Member	Senior Managing Corporate Executive Officer	Managing Executive Officer	Executive Officer		
Hideyuki Matsui	Akira Iwazawa	Atsushi Kawakatsu	Riichi Nishimura	Etsuo Yoshiike	Isao Otsu
Masami Kishine	Yasuaki Nuri	Yoshiki Takeoka	Masahiro Ueda	Naoki Furukawa	Masanobu Yamada
Hiroshi Fujiwara	Ikuo Aoi	Yasuhiro Sumi	Takuo Ishibashi	Hiroyuki Deguchi	Satoru Katayama
Yasuhiro Uozumi	Masaaki Kimura	Shinji Mizusawa	Yasuyoshi Ueda	Masashi Nishikawa	Katsutoshi Shichijo
	Toshio Komori	Kazuo Ochiai	Osamu Ishida	Satoshi Suzuki	Ryuichi Maruyama
		Hitoshi Yahara			
		Kan Okabe			

Corporate Governance

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

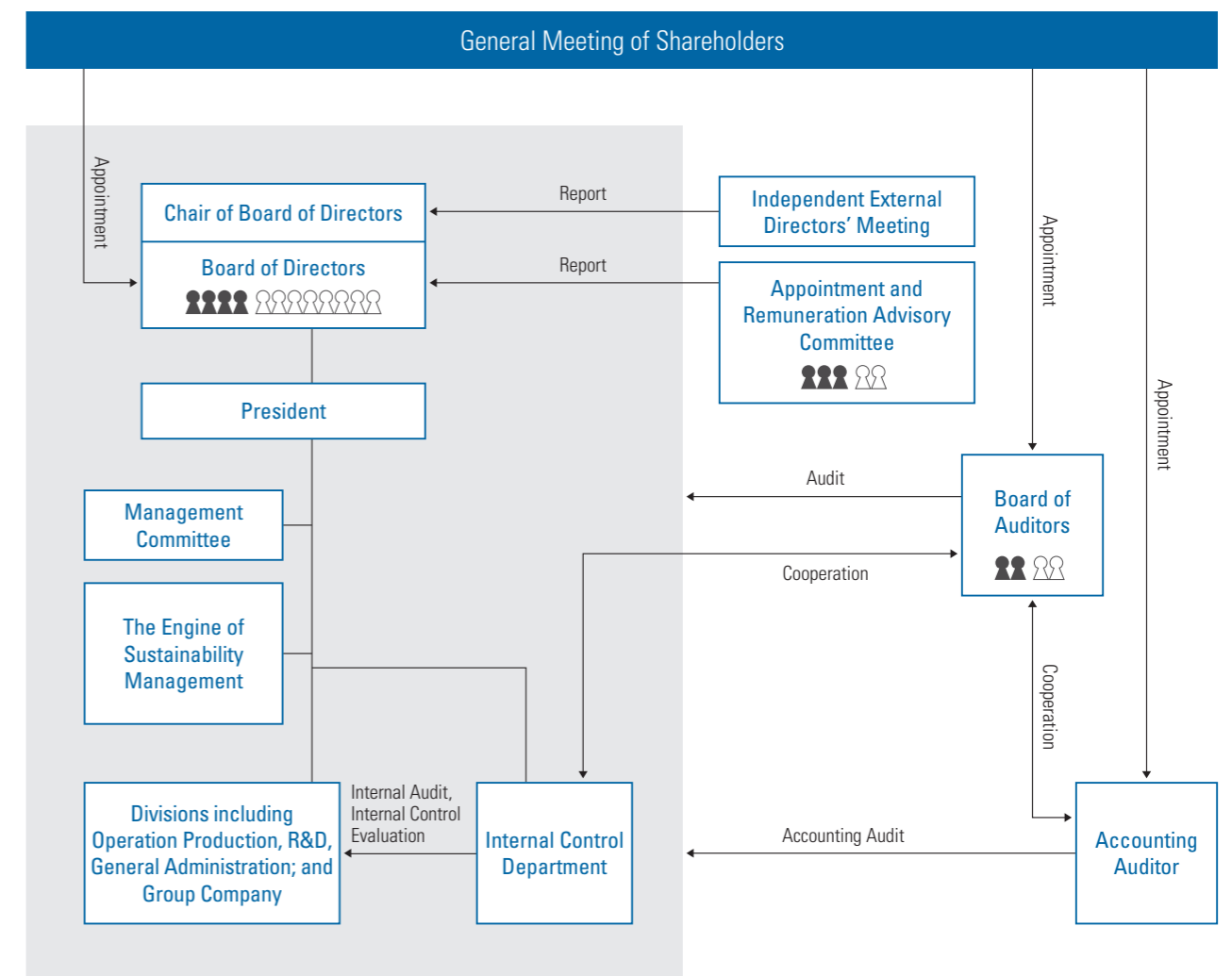
Basic Policy

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

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

Diagram of Corporate Governance System (June 29, 2022)

External Directors Internal Directors



Corporate Governance

Corporate Governance Structure

Organizational Design

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

Directors and the Board of Directors

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

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

Auditors and the Board of Auditors

Auditors and the Board of Auditors seek to ensure healthy and sustainable corporate growth and to establish a structure with good corporate governance that can gain social trust by checking on the performance of directors in regard to their duties. The Board of Auditors comprises four members, two of whom are independent external auditors in principle, and performs audits in coordination with the Accounting Auditor and the Internal Control Department. Auditors are given space to periodically exchange views with the president, and monitor the state of business operations when necessary, by attending key meetings of the Board of Directors and those of the Management Committee, which decides on the implementation of important matters, as well as division head meetings.

Appointment and Remuneration Advisory Committee / Independent External Directors' Meeting

We have established the Appointment and Remuneration Advisory Committee and Independent External Directors' Meeting. The Appointment and Remuneration 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 External Directors' Meeting discusses the effectiveness of the Board of Directors to report to the Chair of the Board of Directors. In order to increase neutrality, the majority of the Appointment and Remuneration Advisory Committee are the independent external 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 auditors to directly hear progress reports from each division head. The Internal Control Department evaluates the effectiveness of internal control and conducts an internal audit.

Selection Criteria for Directors

At Kaneka, directors are selected by the Board of Directors, on the basis of character, judgment, expertise and experience as well as ethics, after deliberation by the Appointment and Remuneration Advisory Committee, which is comprised of directors and independent external directors.

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

knowledge, experience, and expertise. Specifically, we expect knowledge, experience, and abilities related to business, global, technology, and corporate and governance. We also believe that the Board of Directors as a whole has a well-balanced knowledge, experience, and abilities, and is composed of an appropriate number of people.

In selecting directors, no restrictions are made in terms of gender, age or nationality.

A skill matrix covering each director is disclosed in the Notice of the Annual General Meeting of Shareholders.

Analysis and Evaluation of Effectiveness of the Board of Directors

Kaneka regularly implements an analysis and evaluation of the effectiveness of the Board of Directors, and discloses a summary of the evaluation results. Specifically, the Chair of Board of Directors periodically receives reports from the Independent External 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 2021, the Independent External 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 external directors, information provision to external directors, and risk management. Based on the discussion results, the Board of Directors conducted a self-evaluation. As a result, it has been confirmed that the Board of Directors functions effectively in making decisions on important matters for the Group such as risk management and supervising business execution. We will continue to enhance the effectiveness of our Board of Directors through effectiveness evaluations.

Our Efforts to Strengthen the Governance Capacity

2006	<ul style="list-style-type: none"> ▶ Introduced the executive officer system ▶ Changed the number of directors from 21 to 13 ▶ Formulated the Basic Policy on Internal Control System
2011	<ul style="list-style-type: none"> ▶ Appointed an external director
2013	<ul style="list-style-type: none"> ▶ Formulated the Criteria for Independence of External Directors
2015	<ul style="list-style-type: none"> ▶ Increased the number of external directors from 1 to 2 ▶ Formulated the Basic Policy on Corporate Governance ▶ Established the Appointment and Remuneration Advisory Committee ▶ Established the Independent External Directors' Meeting
2016	<ul style="list-style-type: none"> ▶ Commenced the effectiveness evaluation on the Board of Directors
2019	<ul style="list-style-type: none"> ▶ Revised part of the Basic Policy on Corporate Governance
2020	<ul style="list-style-type: none"> ▶ Increased the number of external directors from 2 to 4 ▶ Revised part of the Basic Policy on Corporate Governance
2021	<ul style="list-style-type: none"> ▶ Revised part of the Basic Policy on Corporate Governance (the Majority of the Appointment and Remuneration Advisory Committee are the independent external directors, etc.)
2022	<ul style="list-style-type: none"> ▶ Appointment of one female director

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

We have defined the Standards for Independence of External Directors/Audit & Supervisory Board Members to guarantee the independence of independent external directors and auditors in practice.

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

ESG Promotion

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

Basic Policy

In 2018, Kaneka Group established the ESG Charter to evolve its ESG management. Aiming to provide valuable solutions globally with a focus on chemistry, the

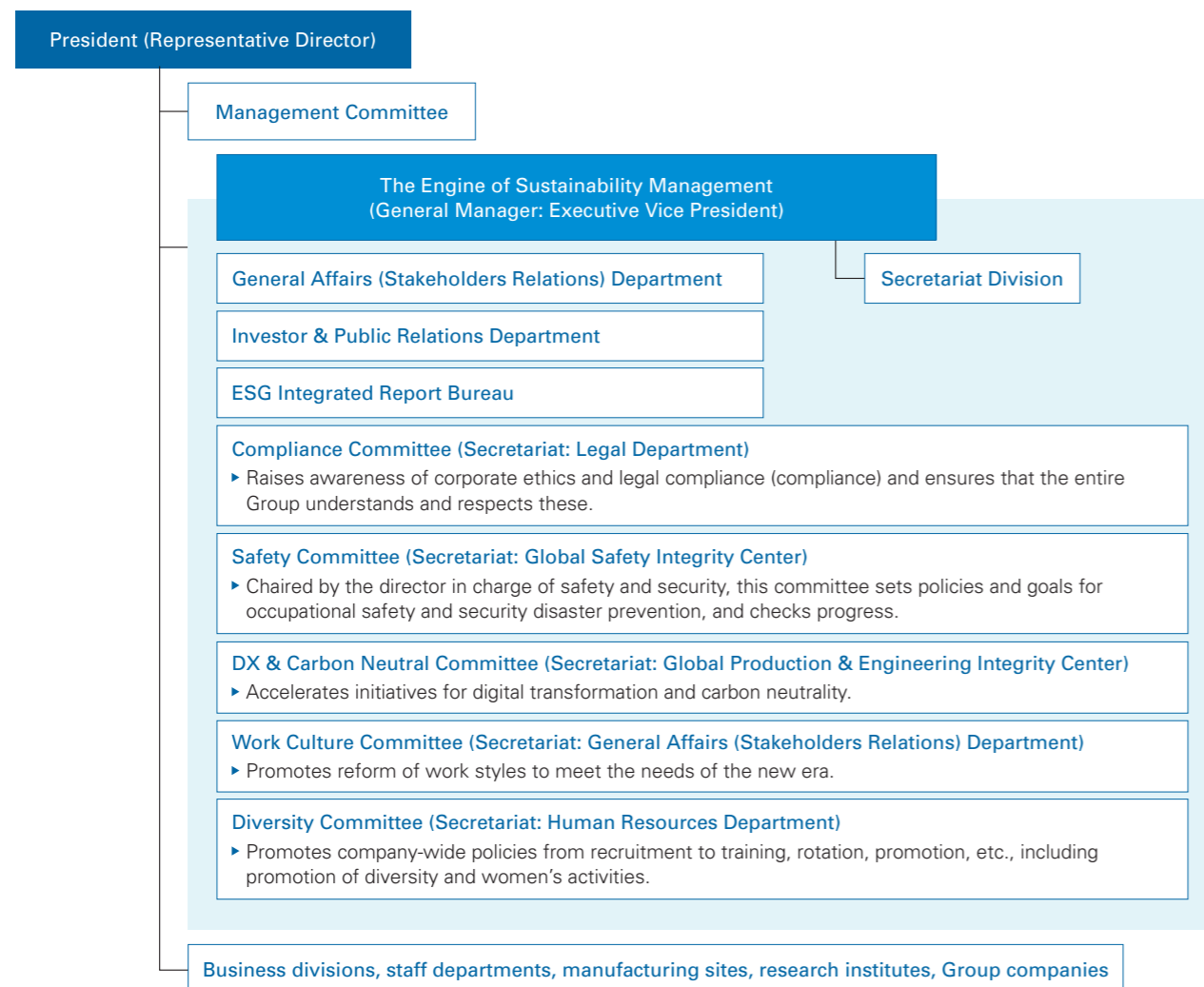
ESG Charter serves as an action agenda for each employee to materialize our Corporate Philosophy.

Promotion System

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

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

Diagram of ESG Promotion System (April 1, 2022)



Business Risks and Uncertainties

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

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.

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 includ-

ing 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.

Business-Related Risks

Factors that may significantly affect the financial status, performance results, and cash flow status of the Kaneka Group include those described below.

1. Risks related to the novel coronavirus (COVID-19) pandemic
2. Risks related to the Group’s ability to maintain operational advantages and trends in the Japanese and overseas economic environment
3. Risks associated with the globalization of our business
4. Risks of price fluctuations of raw materials and fuel

5. Risks associated with product liability, industrial accidents and large scale disasters
6. Risks associated with the protection of intellectual property rights
7. Impact of environment related regulations
8. Risks associated with legal action
9. Risks associated with information security
10. Other risks

Please note that the matters described are only those that we considered risks, but that this is not an exhaustive list of risks borne by the Group. See the Financial Section for more details.

Enhancing Crisis Management Systems

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

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

Strengthening of Information Security

Information systems play a key role in all aspects of business activities. Based on our Basic Information Management Policy, we have put in place a risk management system at the Kaneka Group that is led by management. We appropriately manage information to avoid information leakage and other risks, and we promote effective use of information and efficiency in operations. To protect our information assets from risks, we

review existing facilities and deploy new security systems and tools, and strive to enhance security levels by using the knowledge of external experts. In addition, we disseminate our Basic Information Management Policy to employees. We use the Information Security Guidebook along with hold training programs, audits, drills, and online courses to promote correct information management.

Compliance

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

Basic Policy

Viewing compliance as an important management issue, we implement various initiatives to ensure 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 each individual's behavior, enabling us to build relationships of trust with our stakeholders.

Promotion System

Established under the Engine of Sustainability Management, the Compliance Committee disseminates corporate ethics and compliance to ensure under-

standing and observance throughout the Kaneka Group.

Reinforcing Legal Compliance and In-house Training

The Kaneka Group carries out business activities globally and as various rules are strengthened around the world, it faces a need for even greater legal compliance.

The "Ethical Code of Conduct" and "Compliance Guidebook" that all of our directors and employees should follow are posted on the company's intranet. We strive to conduct our business activities in a fair, appropriate, and transparent manner.

In fiscal 2021, there were no serious violations of laws, regulations, or rules. Improving compliance is essential for our business activities since earning the trust of our stakeholders is vital. We will continue to

conduct various training programs to strengthen legal compliance and raise awareness.



Internal Reporting and Establishment of Consultation Hotlines

To prevent compliance violations and ensure early detection and prevention, we have established internal reporting and consultation services within the Company and at outside law firms.

In fiscal 2021, there were five cases of reporting and consultation concerning violation of internal rules, harassment, work content and work environment. Fact-finding investigations and hearings were con-

ducted, and the cases were handled in accordance with internal rules. The details of the cases are reported regularly to the Compliance Committee. In addition, we have established rules on whistleblowing and employee employment regulations to ensure that whistleblowers and consultants are not subject to any discrimination.

Respect for Human Rights

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

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

Sustainability — Environment —

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

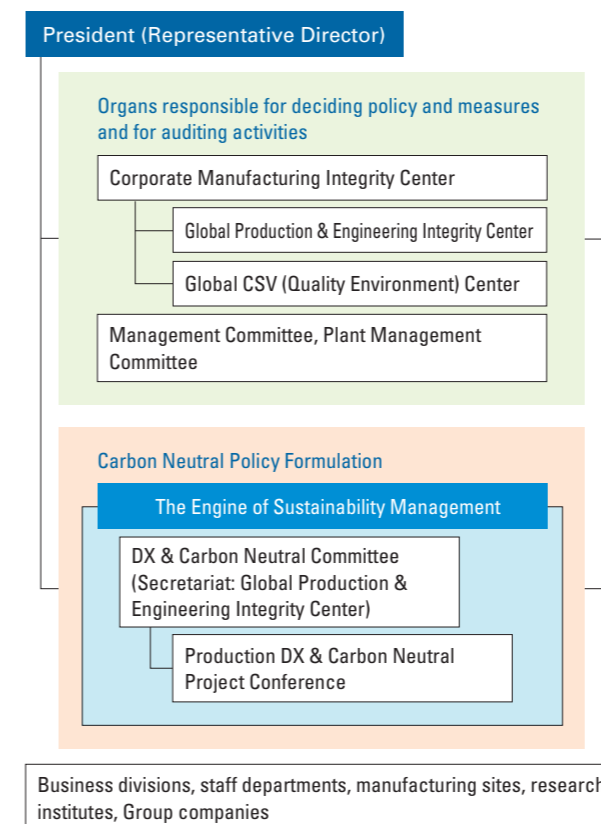
Basic Policy

In keeping with our corporate philosophy, we at the Kaneka Group will contribute to realizing sustainable development and the enrichment of society by

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

Promotion System and Policy

Diagram of Promotion System (April 1, 2022)



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

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

To also promote further enhanced ESG management as part of the Mid-Term Management Plan, we are strengthening initiatives on important matters.

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.

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

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

Business Foundation

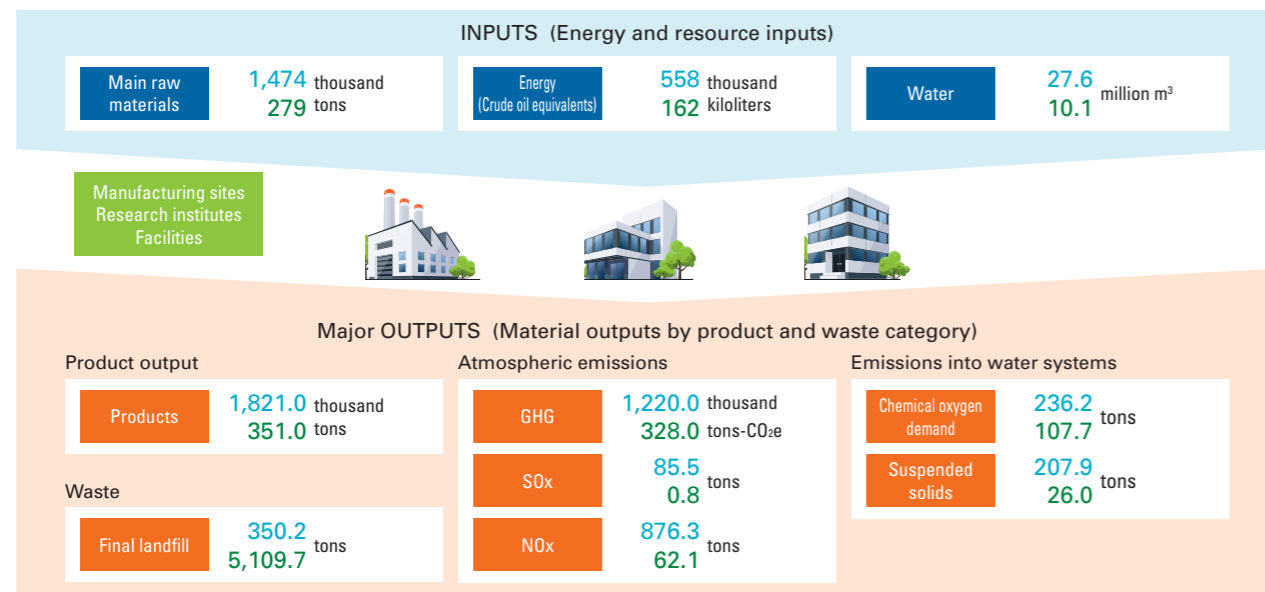
Sustainability — Environment —

Environmental Performance

Kaneka Group is working to reduce environmental impacts by aggregating the status of energy and resource inputs and material outputs through emis-

sions and products to grasp production activity volume, targeting Kaneka and Group companies within and outside Japan.

Material Balance in Production Activities (Fiscal 2021) Kaneka and Group companies in Japan 47 Group companies outside Japan 16



Eco-Friendly Products

Focusing on eco-friendly management, Kaneka Group has defined, enhanced, and expanded its eco-friendly products* since fiscal 2017.

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

<p>Energy Creation</p> <p>Product name VISOLA™/SoltileX™/GRANSOLA™</p> <p>Intended use Photovoltaic power generation systems</p> <p>Reason for environmental contribution Creating energy with houses equipped with this product</p>	<p>Energy Storage</p> <p>Product name Residential electricity storage systems</p> <p>Intended use Residential stationary batteries</p> <p>Reason for environmental contribution Storing energy by houses equipped with this product</p>
<p>Energy Saving</p> <p>Product name Kanepari™</p> <p>Intended use Residential/automotive foams</p> <p>Reason for environmental contribution Saving energy as insulation and lightweight residential/automotive materials</p>	<p>Energy Saving</p> <p>Product name Eperan™</p> <p>Intended use Automotive parts, Package cushioning materials</p> <p>Reason for environmental contribution Saving energy as lightweight automotive parts</p>
<p>Waste Reduction</p> <p>Product name Green Planet™</p> <p>Intended use Biodegradable Biopolymer (straws, cutlery)</p> <p>Reason for environmental contribution A naturally derived and biodegradable resin that has little environmental impact when discarded</p>	<p>Chemical Pollution Prevention</p> <p>Product name KANEKA Surfactin™</p> <p>Intended use Biosurfactant, Cosmetic, Cleaning agents</p> <p>Reason for environmental contribution A naturally derived and biodegradable material friendly to the environment</p>

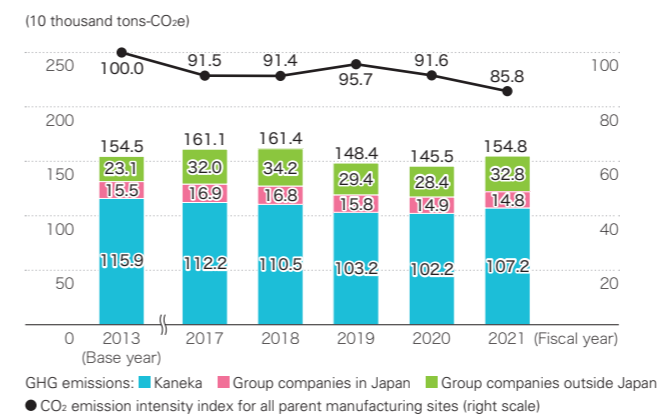
Climate Change Initiatives

To address global warming, we at the Kaneka Group are working to promote energy conservation and reduce CO₂ emissions through a range of measures,

including our own environmental capital investment program. In fiscal 2021, we met our index targets for both energy intensity and CO₂ emissions intensity.

	Target	Fiscal 2021 performance
Energy intensity index ^{*1}	Average annual reduction of 1% or more	90.4 (all parent manufacturing sites) 2.1% year-on-year reduction
CO ₂ emission intensity index ^{*2}	Average annual reduction of 1% or more (fixed emissions factor) Estimated fiscal 2021 performance 92.3 (fiscal 2030 target 84.3)	85.8 (all parent manufacturing sites)

GHG Emissions^{*3} and Energy Origin CO₂ Emission Intensity Index



*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).

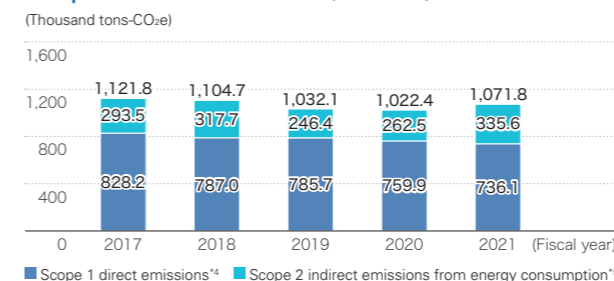
*2 CO₂ emission intensity index: a value for energy-origin CO₂ emission intensity indexed against a value of 100 for fiscal 2013. The value is calculated by dividing energy-origin CO₂ emissions by activity volume.

*3 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 emissions, calculated in accordance with the GHG protocol.

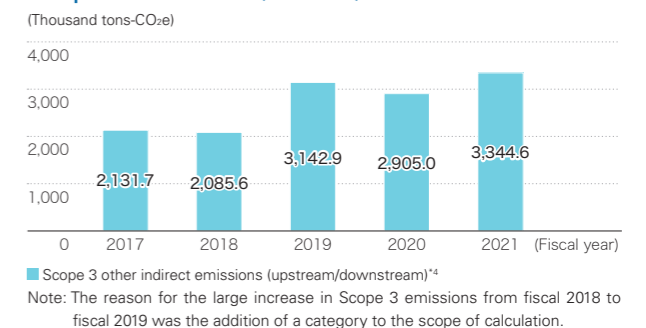
*4 Non-energy CO₂ emissions and CO₂-equivalent of methane and N₂O emissions are included.

*5 Calculated based on market standards. Scope 2 emissions calculated using the location-based method amounted to 407.2 thousand tons CO₂e.

Scope 1 and 2 Emissions (Kaneka)



Scope 3 Emissions (Kaneka)



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), which calculates the contribution to GHG

emissions reduction relative to comparable products, and indirect GHG emissions calculation, which covers business activities throughout the supply chain (Scope 3 emissions).

Information Disclosure in Line with TCFD

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

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

Governance

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

The committee will promote carbon neutrality by accelerating initiatives that integrate DX with carbon neutral activities in the manufacturing field. Every three months, the committee will report on its activities to management, who will discuss and decide the direction of its activities going forward.

Strategy

In fiscal 2020, to identify climate change-related business risks and opportunities and to set out relevant strategies, metrics, and targets, we formulated business impact scenarios in line with the 2 and 4 scenarios, as recommended by the TCFD, and analyzed the extent of the impacts.

In fiscal 2021, we conducted a review based on the 1.5 scenario in response to the Japanese government's declaration in October 2020 that it aims to reach carbon neutrality by 2050.

To reflect the impact of the wider social environment on the Kaneka Group's businesses, we assessed the

impact of climate change on our four business domains (Solutions Units) in the short term (5 years), medium term (10 years), and long term (30 years). We will continue to move forward with quantitative analysis based on climate change scenarios to identify the financial impact of climate change-related risks and opportunities.

By taking initiatives to balance risk, we aim to boost the competitiveness of each of our businesses and thereby deliver new value. In this way, we will turn risk to our advantage.

Risk Management

We are formulating a production strategy for decarbonization, with measures ranging from energy saving and process innovation to fuel conversion, that takes account of the Japanese government's energy policy

and other factors in the business environment. We will additionally use an internal carbon pricing system to ensure that investment projects deliver both environmental value and economic benefit.

Metrics and Targets

Reducing GHG Emissions

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

In fiscal 2021, the sum total of the Kaneka Group's Scope 1 and Scope 2 GHG emissions was 1,547.9 thousand tons CO₂e (0.2% increase from fiscal 2013).

Reducing Waste

The Kaneka Group is taking steps to reduce the generation of industrial waste and to promote its recycling. Kaneka and its Group companies in Japan have been working for zero emissions^{*1}, which they achieved in fiscal 2021.

Meanwhile, the Kaneka Group set the target of a 57% recycling rate^{*2} for fiscal 2021 and has been moving forward with related initiatives. The actual recycling rate for fiscal 2021 was 56.3%.

*1 Final landfill disposal less than 0.5% of total generated waste.

*2 Percentage of generated industrial waste that is externally recycled (i.e., outsourced industrial waste recycled through reuse or heat recovery).

Results of Assessment of Climate Change Risks and Opportunities (1.5 Scenario)

● Climate change risk ● Climate change opportunity Small ● Large

Climate change risks and opportunities		Material SU	Quality of Life SU	Health Care SU	Nutrition SU	Timing of impact
Regulatory/legal	Strengthening of GHG emissions regulation	●	●	●	●	Long term
Regulatory/legal	Increased operational costs due to introduction of carbon tax (incl. supply chain)	●	●	●	●	Long term
Regulatory/legal	Regulation of GHG emissions in agricultural and livestock sector				●	Medium to long term
Technological	Acceleration of the circular economy	●	●			Long term
Technological	Low-carbon trends affecting raw material and energy sources	●	●	●	●	Long term
Market	Structural change in automotive industry	●	●			Medium to long term
Market	Increased demand for biomass-based resins and decreased demand for fossil-based plastics	●	●			Long term
Market	Land competition between agriculture, forestry, and biomass production	●			●	Medium to long term
Market	Intensified competition in sustainable agricultural products				●	Long term
Market	Impact on price of metals (lithium, nickel, platinum) from expansion of new technologies	●	●			Long term
Market	Damage to stakeholder trust and weakening of brand due to delay in climate change response	●	●	●	●	Medium to long term
Reputational	Difficulty in securing human resources	●	●	●	●	Long term
Market	Increased demand for renewable energy, energy networks, and energy-saving-related products	●	●			Medium to long term
Chronic	Increased demand for reagents and therapeutics for infectious diseases			●		Long term

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. In fiscal 2021, we assessed water risk and identified

regions of high water stress. By calculating water intake from high water stress areas as a proportion of total water intake, we confirmed that the Kaneka Group as a whole is not exposed to a high level of water risk.

In the area of chemical substance management, we also 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.

Target		Fiscal 2021 performance
Air and water pollution prevention		<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Due to increased production volume and changes in product mix, VOC emissions, at 1,905 tons, were not on target

Reducing Waste and Recycling Resources

Since waste reduction leads to maintaining and improving the global environment through resource savings, cost cutting, CO₂ emission reduction and so on, we promote the 3Rs (Reduce, Reuse, and Recycle) company-wide. Through this effort, we promote

reduction and recycling of industrial waste. We will continue promoting the 3Rs as well as the improvement activities through process analysis using Material Flow Cost Accounting (MFCA).

Target		Fiscal 2021 performance
Waste reduction	<ul style="list-style-type: none"> Kaneka final landfill disposal rate: 0.2% or below Zero emissions at Kaneka and Group companies in Japan 	<ul style="list-style-type: none"> Kaneka final landfill disposal rate 0.053% Zero emissions achieved by Kaneka and Group companies in Japan based on final landfill disposal rate of 0.43%*
Check legal compliance of waste disposal subcontractors		<ul style="list-style-type: none"> Visited disposal subcontractors where on-site survey was possible and carried out checklist-based inspection

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

Biodiversity

Considering the impacts of our businesses on ecosystems, we at Kaneka strive to develop technologies, materials and products that have less environmental impact, as well as to mitigate the environmental impact of our production. As part of our social contribution activity, we also support, participate in, and cooperate with the biodiversity activities of outside bodies.

- Takasago Manufacturing Site: Kaneka Forestry for the Future
- Osaka Manufacturing Site: Settsu-no-mori Kaneka Biotope
- Shiga Manufacturing Site: Walnut School

Safety / Quality (Process Safety and Disaster Prevention, Occupational Safety)

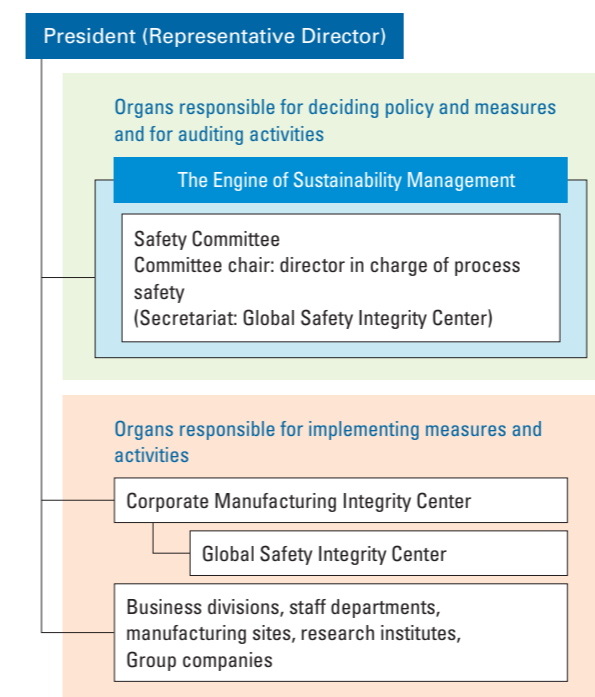
Basic Policy

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 and share the importance of safety with the goal of no accidents and no disasters.

Promotion System and Policy

Diagram of Promotion System (April 1, 2022)



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. In his greetings at New Year and on the yearly anniversary of our foundation, the president delivers a related message directly to employees.

Message from the President

On my frequent visits to our plants, I sense a growing safety awareness at each site and feel keenly that this commitment to safety has been taken fully on board by frontline staff. However, we must never imagine that we have perfected our safety system. Instead of relying on the fact that safety measures have been put in place, we must all take individual responsibility for ensuring the safety of our team. We in management will continue to work tirelessly to protect the lives of our employees and to ensure their safety and peace of mind.

As set out in our Basic Safety Policies, our Zero Accident Principles, and the 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.

Safety / Quality (Process Safety and Disaster Prevention, Occupational Safety)

Basic Safety Policies

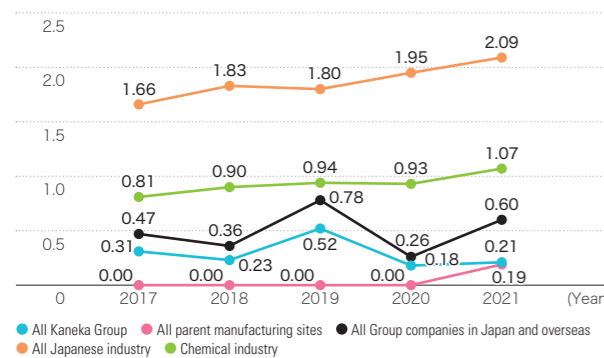
- **Safety forms our management foundation, and is the basis of all corporate activities.**
We take action with priority given to ensuring safety in all activities in the company.
- **Safety is the foundation of local and worldwide communities' confidence in Kaneka.**
We do our best to develop their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

Zero Accident Principles

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

Target	Fiscal 2021 performance
Strengthen process safety and disaster prevention	▶ ESG safety and quality inspections carried out at all parent manufacturing sites and 8 sites of 6 Group companies in Japan
Ensure occupational health and safety	▶ Emergency response and evacuation drills and comprehensive disaster prevention drills carried out in readiness for emergency
Process accidents	▶ Process accidents: 8
Occupational accidents	▶ Occupational accidents: Accidents resulting in lost time: 8; accidents not resulting in lost time: 9.
Zero accidents	

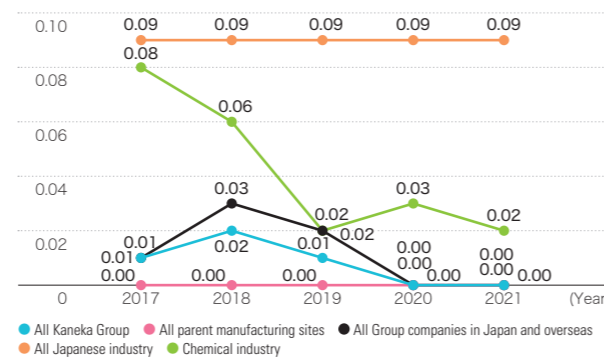
Accident Frequency Rate



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.

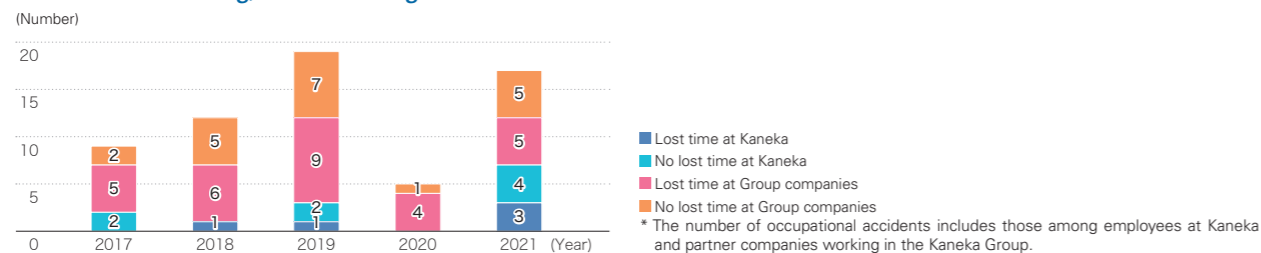
* Both rates are calculated targeting employees at Kaneka and Group companies.

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.

Accidents Resulting/Not Resulting in Lost Time



Efforts to Ensure Zero Accidents

Based on a shared commitment to safety first, management and frontline staff are advancing toward our goal of zero process accidents by working to foster a safe culture and ensure the intrinsic safety of equipment, thus inspiring public trust in the safety of our manufacturing sites.

Safe Culture

- Promotion of safety awareness: Safety management training for plant general managers and production supervisors
- Ensuring adherence to basic safety practice (the 3S's, greetings, handrail holding)
- Development of physical awareness of danger: Hands-on training to heighten sensitivity to danger based on learning through physical experience with virtual reality equipment

Equipment Safety

- Equipment safety assessment: Evaluation using HAZOP (Hazard and Operability)



Comprehensive Disaster Drills

We annually conduct comprehensive disaster drills, based on scenarios such as a large-scale earthquake or a fire caused by hazardous material leakage, jointly with local governments and local industrial facilities so that we can promptly and effectively respond to emergency situations.



Manufacturing Site	Date	Participants	Details
Takasago Manufacturing Site	December 13, 2021	2,078	An earthquake resulting in a hazardous material leakage
Osaka Manufacturing Site	November 10, 2021	1,024	An earthquake resulting in a fire
Shiga Manufacturing Site	December 20, 2021	446	An earthquake resulting in a fire
Kashima Manufacturing Site	March 7 and 14, 2022	120	A fire caused by flammable gas leakage

Safety Awards

In May 2021, our Shiga Manufacturing Site received the Safety Excellence Award in an award scheme operated by the Japan Chemical Industry Association to recognize business sites that conduct exemplary safety activities. Across the Kaneka Group as a whole, four companies received designation as a 'certified safe business site.'
Going forward, we will continue raising safety awareness toward our goal of zero accidents.



Safety / Quality (Product Responsibility)

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

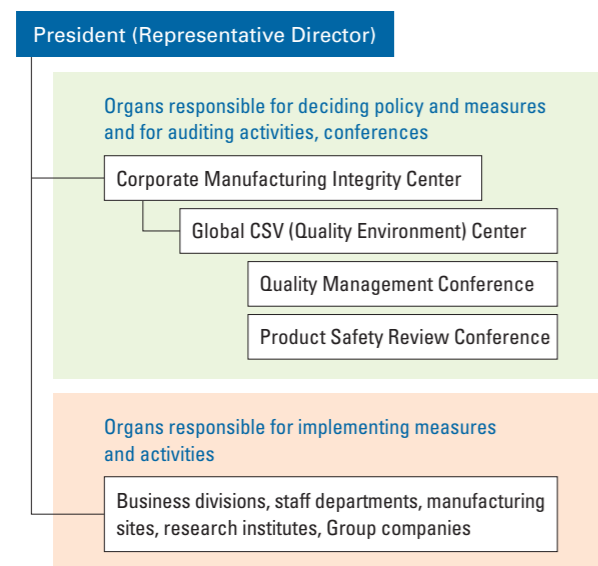
Basic Policy

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

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

Promotion System and Policy

Diagram of Promotion System (April 1, 2022)



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

Quality Assurance Initiatives

- We reviewed our systems to ensure strict legal compliance following the revision of the Pharmaceutical Affairs Law and confirmed the introduction of HACCP (hazard analysis and critical control point) in response to the revision of the Food Sanitation Act.
 - We held quality management conferences on four occasions, inviting personnel in charge of quality management in each business division, to instill the Company-wide policy and instructions and to exchange views on product quality assurance and share quality information.
 - To facilitate timely and speedy response to the demand for PCR test diagnostics during the continuing COVID-19 pandemic and to the market demand for sustainability-friendly solar roof systems, the administrative office of the Product Safety Review Conference conducted active pre-consultations to cover safety issues and put in place a service delivery system.
 - External experts were deployed by food-related Group companies to conduct ongoing checks on the operation status of quality management systems and hygiene management, including in the supply chain, as a way to further improve quality.
 - An internal audit checklist was sent to the production, sales, and administration divisions of Group companies for self-check to enhance the quality system while quantitative evaluation was carried out to identify its strengths and weaknesses. Where weaknesses were found, efforts were made in cooperation with the supervising business department to plan for the next fiscal year's checking operations as a way to target improvement.
- Going forward, we will continue working to enhance the quality management system, including in the supply chain, through audits, inspections, and other checks and human resource training. In this way, we aim to ensure full compliance and product safety.

Chemical Substance Management

We take appropriate action at all stages of product development, manufacturing, transportation, sales, and disposal based on a clear grasp of the requirements of Japanese and international laws and regulations on the management of chemical substances, with each division adapting its response to its particular circumstances. For raw material procurement, we have established the Green Procurement Standards to prevent mixing of chemicals prohibited under the Control Act.*1 When supplying products, we take active measures to convey information on the hazard level of the chemical substances, including displaying a GHS*2 label and

providing a product safety data sheet. We also take careful note of legislative trends. Among the changes in recent years have been revisions to Chinese law requiring advance registration of new chemical substances and revisions to South Korean occupational safety law and UK law on the registration, evaluation, authorization and restriction of chemical substances (REACH). Our response to these changes includes the use of external consultants.

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

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

Supply Chain Management

Basic Policy

The 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.

Responsible Procurement Initiatives

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

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

Declaration of Partnership Building

Based on the belief that it is important to actively work on strengthening the supply chain, Kaneka endorses the aims of the Council on Promoting Partnership Building for Cultivating the Future advanced by the Cabinet Office and other related ministries and agencies. We announced our Declaration of

Partnership Building in October 2022. The aim is to build new partnerships by promoting cooperation, coexistence, and coprosperity with business partners in the supply chain and other business operators seeking to create value.

Communication with Stakeholders

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

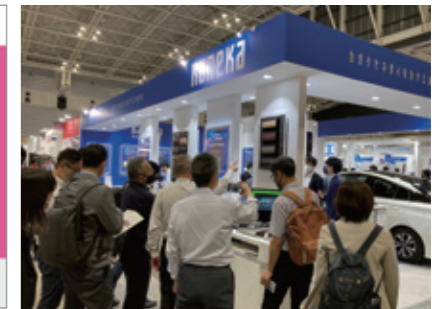
Basic Policy

Under its ESG Charter, which declares that 'we fulfill our corporate responsibility by empowering individual employees to put our corporate philosophy into practice through serious, forward-looking effort,' the 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.



Providing technology and product information and online store on our official website



Holding exhibitions



Sponsoring the UN World Food Programme (WFP) School Lunch Support Program as a Partner Company



Holding the Kaneka Manufacturing Class

Communication

- Interaction with local residents/participation in local events/dialogue
- Fostering youth development/hosting plant visits
- Supporting disaster reconstruction
- Participation in initiatives

Communication

- Opinion exchange with investors/analysts, holding of business and results briefings
- Timely and appropriate information disclosure on the corporate website
- General Meeting of Shareholders



Issuing reports (To Our Shareholders) twice a year

Communication

- Empowering of diverse human resources
- Employee health
- Labor-management links
- Internal whistleblowing system



Publishing four issues a year of "Kaneka News," an in-house newsletter that strengthens ties and relationships within the Company



Offering "Healthy Eating and Eating Environment" certified smart meals at plant canteens

Kaneka Group

Customers

Society

The Environment

Shareholders and Investors

Vendors

Employees

Communication

- Communication with customers through sales and marketing
- Information posting on websites and social media
- Exhibitions
- Quality assurance/customer support



Carrying out local clean-up activities

Communication

- 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

Communication

- Regular questionnaire surveys and dialogue with vendors
- Cooperation, coprosperity and coexistence with vendors
- Quality improvement in logistics operations
- Appropriate information disclosure
- Internal whistleblowing system



Providing an online store that connects with bakeries nationwide by supporting the purchase and development of ingredients