

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 CO<sub>2</sub>e (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<sup>\*1</sup>, which they achieved in fiscal 2021. Meanwhile, the Kaneka Group set the target of a 57% recycling rate<sup>\*2</sup> for fiscal 2021 and has been moving forward with related initiatives. The actual recycling rate for fiscal 2021 was 56.3%.

<sup>\*1</sup> Final landfill disposal less than 0.5% of total generated waste.  
<sup>\*2</sup> 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