

ESG Promotion

Management Approach

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.

ESG Charter

Putting the Corporate Philosophy Into Practice

1. We offer solutions characterized by value to global markets and contribute to the evolution of lifestyles and the environment through innovative chemistry.

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

2. We fulfill our social responsibility by empowering individual employees to put our corporate philosophy into practice through serious, forward-looking effort.

- 1 We actively contribute to our communities by cultivating understanding of the cultures and customs of the countries and regions where we do business and by pursuing corporate activities that are deeply rooted in those communities.
- 2 We operate our businesses in a fair and impartial manner based on the principles of free competition and legal compliance.
- 3 We're committed to communicating with shareholders and other stakeholders and to making information about our operations available in a timely and appropriate manner.
- 4 We strive to foster an organizational culture that respects the personalities and uniqueness of all employees so that they can enjoy good health, feel motivated, and make the most of their abilities.
- 5 Reflecting a commitment to make safety the top priority in our operations, we work to create safe and healthy workplaces, ensure product safety, and protect and preserve the

environment.

ESG Promotion System

To achieve ESG management, the ESG Committee is working to resolve environmental, social, and governance issues, coordinating the Compliance Subcommittee, the Safety & Human Health Subcommittee, the Earth Environment Subcommittee, and the Product Safety Subcommittee.

In April 2019, the ESG Conference was newly established to set policy directions to promote ESG management, wellness-first management, and work culture innovation, aiming to enhance sustainable corporate value.

■ ESG Promotion System (through Fiscal 2021)



We will reorganize our ESG-related organization, which will involve establishing the Engine of Sustainability Management on April 1, 2022. It will be tasked with overseeing and enhancing ESG management.

- The Engine of Sustainability Management is to consist of the General Affairs (Stakeholders Relations) Department, Investor & Public Relations Department, ESG Integrated Report Bureau, Compliance Committee, Safety Committee, DX & Carbon Neutral Committee, Work Culture Committee, and Diversity Committee, all serving as implementation organizational entities.
- The Engine of Sustainability Management is to provide oversight of activities carried out by the implementation organizational entities from a managerial perspective.
- We will establish the Science Communications Bureau within the Investor & Public Relations Department to strengthen scientific information dispatch. The General Affairs (Stakeholders Relations) Department and the Investor & Public Relations Department will work together to strengthen IR / SR activities.
- The Compliance Committee disseminates corporate ethics and compliance to ensure understanding and observance throughout the Kaneka Group.
- The Safety Committee, with the director in charge of process safety as the chair sets policies and goals related to occupational safety, process safety, and disaster prevention and checks the progress of goals.
- The Work Culture Committee will promote work style reforms in response to the new era.

- The Diversity Committee will promote companywide measures such as recruitment, training, rotation, and promotion regarding the promotion of diversity, especially the promotion of women's advancement.

■ ESG Promotion System (as of April 1, 2022)



ESG Promotion

ESG Promotion Activities

ESG Committee

In fiscal 2020, the ESG Committee met twice, and the four subcommittees met individually (Compliance: twice, Safety & Human Health: once, Earth Environment: twice, Product Safety: twice), and efforts were made to resolve environment, social, and governance issues.

The ESG Committee assessed the implementation status of each Subcommittee's activities, shared information on key issues, deliberated the fiscal 2021 action policy plan, and decided on necessary management measures.

ESG Inspections

To inspect the legal and regulatory compliance status of the Kaneka Group and to improve its occupational safety and health performance, ESG inspections are carried out, comprising ESG safety and quality inspections and ESG evaluation audits, targeting all Group companies within and outside Japan.

To monitor progress of ESG activities, we conduct ESG safety and quality inspections to check the progress of activities from the standpoints of safety/hygiene, environmental conservation and quality assurance of product/commodity/work in process. ESG evaluation audits to ensure compliance with the Antimonopoly Act. Kaneka's Environmental Health and Safety Management Regulations and Quality Management Regulations clearly define the actions and responsibilities expected of Group companies. Encouraging employees to be proactive, we endeavor to reduce environmental impacts and occupational accident risks, as well as to improve our crisis response capabilities in case of natural disasters and product accidents.

In fiscal 2020, we conducted ESG safety and quality inspections at all parent manufacturing sites, three sites of three Group companies in Japan, focusing on serious risk management, compliance, implementation of basic safety actions (greetings, 3Ss, and handrail holding) and especially the 3Ss, and internal audits.

We also conducted ESG evaluation audits relating to competition laws, including the Antimonopoly Act, for 15 divisions out of all business operations divisions of Kaneka, 28 Group companies in Japan, and 20 outside Japan.

ESG Education

We engage in educational activities to promote ESG within the company through training sessions and our Intranet.

In fiscal 2020, we created a new section on our internet entitled “How do we act for the SDGs?” which gives an overview of the SDGs and efforts close at hand to achieve them, and in the company, we displayed posters that encourage employees to go paperless and save water and electricity.

We will continue to enhance employees’ understanding of ESG to resolve social issues through corporate activities.



How do we act for the SDGs ?

Support for the United Nations Global Compact

In March 2015, Kaneka Group became a signatory to the United Nations Global Compact. The UN Global Compact is a voluntary code of conduct through which the top management of signatory companies commit themselves to take action aimed at achieving ten principles in the four areas of Human Rights, Labour, Environment, and Anti-Corruption. As Kaneka Group with a global network, we actively share information about our commitment to global sustainable growth as a responsible corporate citizen with our stakeholders and the international community.

WE SUPPORT



United Nations Global Compact

■ The Ten Principles of the UN Global Compact

| | |
|--------------|---|
| Human Rights | <ul style="list-style-type: none"> • Principle 1 : Businesses should support and respect the protection of internationally proclaimed human rights; and • Principle 2 : make sure that they are not complicit in human rights abuses. |
| Labour | <ul style="list-style-type: none"> • Principle 3 : Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; • Principle 4 : the elimination of all forms of forced and compulsory labour; • Principle 5 : the effective abolition of child labour; and • Principle 6 : the elimination of discrimination in respect of employment and occupation. |
| Environment | <ul style="list-style-type: none"> • Principle 7 : Businesses should support a precautionary approach to environmental challenges; |

| | |
|-----------------|--|
| | <ul style="list-style-type: none">• Principle 8 : undertake initiatives to promote greater environmental responsibility; and• Principle 9 : encourage the development and diffusion of environmentally friendly technologies. |
| Anti-Corruption | <ul style="list-style-type: none">• Principle 10 : Businesses should work against corruption in all its forms, including extortion and bribery. |

ESG Promotion

Promoting Responsible Care

Promoting Responsible Care

Since 1995, Kaneka Group has put in place policies governing safety and Responsible Care(*), and internal regulations ensuring effectiveness of the Responsible Care approach.

In September 2008, we signed the Declaration of Support for the Responsible Care Global Charter and announced that we would undertake Responsible Care activities worldwide. The Responsible Care Global Charter was revised at the board meeting of the International Council of Chemical Associations (ICCA) in May 2014. Responding to the revision, we signed the revised Responsible Care Global Charter in October 2014 to continue to actively promote our Responsible Care activities.

* Responsible Care refers to actions undertaken on a voluntary basis by the chemical industry to promote improvements in aspects of environmental, safety, and health performance, throughout the entire process from the development of chemical products to their manufacture, usage and disposal. The initiatives and achievements are communicated to the public to raise public confidence in their operations. Kaneka has been actively promoting this approach since 1995 as a founding member of the JCIA Responsible Care Committee (former Japan Responsible Care Council) established by the Japan Chemical Industry Association.



Signed the Responsible Care Global Charter revised in 2014

Basic Policies for Responsible Care

In keeping with our corporate philosophy, we at the Kaneka strive to ensure the conservation of resources and reduce environmental impact throughout the entire product lifecycle, while working to help realize the sustainable development and prosperity of society.

Basic Policies for Responsible Care

1. Protect the natural ecosystem and reduce environmental impact

Focusing on the impact of corporate activities on the global environment and the ecosystem, we endeavor to reduce environmental impact and promote resource conservation and energy saving throughout the lifecycle of products.

2. Offer safe products and information

We endeavor to offer products that are safe to distribute and use, and to provide adequate information on the products such as instructions on how to use and handle products correctly.

3. Develop products and technologies in consideration of the environment and safety

Upon the development of new products, we give consideration to the environment and safety throughout the lifecycle of the products to the greatest extent possible, and endeavor to develop products and technologies with low environmental impact.

4. Reduce waste and promote the recycling of plastics

We reduce waste associated with manufacturing and its processes. We actively develop technologies for the adequate disposal or recycling of plastic waste concerning our products in cooperation with relevant industries, and endeavor to dispose of and recycle waste in a proper manner.

5. Enhance process safety, disaster-prevention, and occupational safety and health

Safety and disaster prevention constitute the foundations of the local community's trust, and occupational health and safety are issues that need to be fulfilled by chemical companies. We persistently strive to make improvements in these areas.

6. Win public confidence

From the management to every employee, all our members shall act in compliance with laws, regulations, standards, etc. relating to environment and safety both at home and abroad. Our approach to Responsible Care as such shall be publicized accurately to the public, in hope of rightfully gaining public recognition and confidence.

Responsible Care Activities

We carry out a range of Responsible Care activities to further promote measures that can be taken by the chemical industry to protect human health and safety and preserve the environment. To ensure progress with respect to the six RC codes (environmental protection, process safety and disaster prevention, occupational safety and health, chemicals and product safety, distribution safety, and interaction/communication with the public), Kaneka has set up a system to guide its initiatives.

Environment

Management Approach

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.

Policy

Basic Policies for Responsible Care

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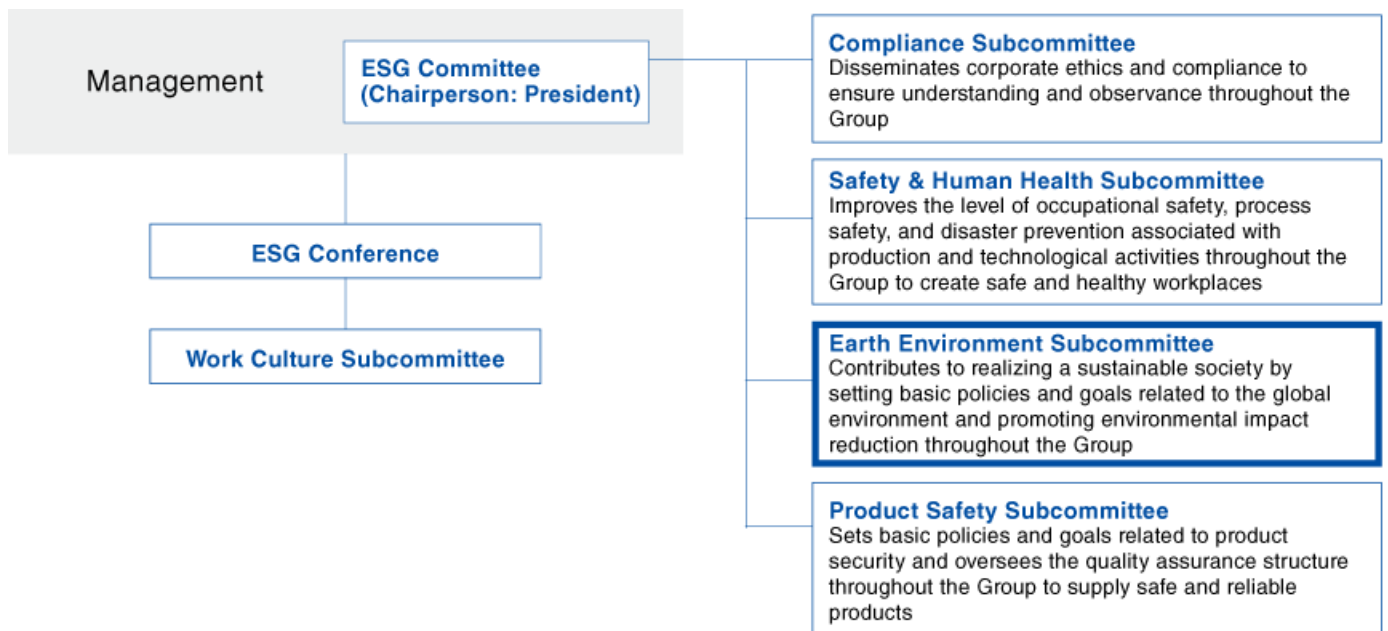
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Promotion System

Important matters pertaining to the protection of the global environment are decided by the Earth Environment Subcommittee and decided by the ESG Committee. Meanwhile, issues on global environment protection are shared and further discussed at the management meeting, the Plant Management Committee, and other meetings. The mid-term management plan also focuses on strengthening initiatives on important matters to further improve our ESG management.

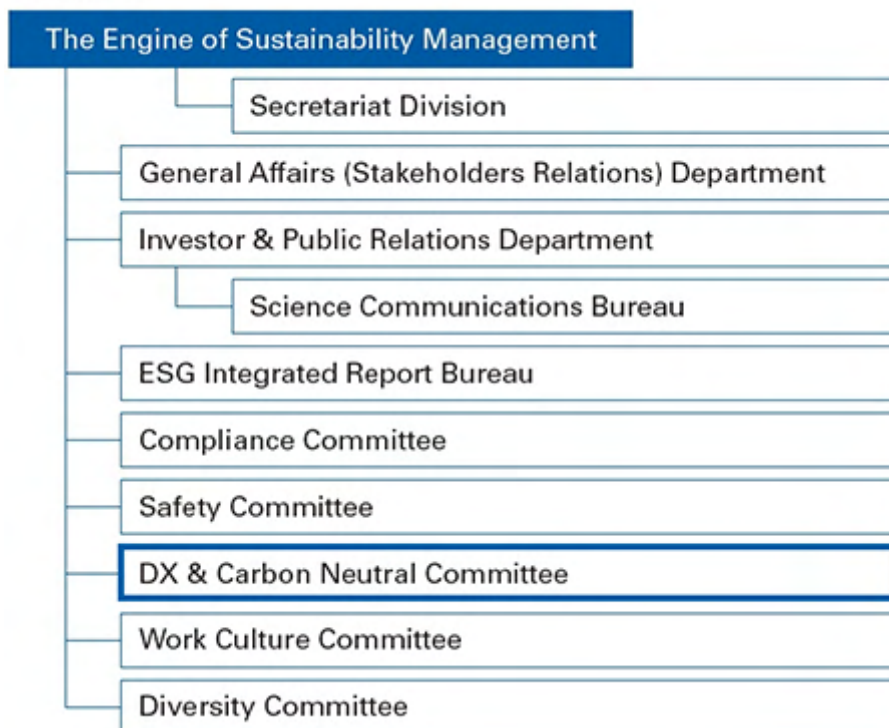
■ ESG Promotion System (through Fiscal 2021)



We reorganized our ESG-related organization on April 1, 2022. This involved establishing the Engine of Sustainability Management, which is tasked with overseeing and enhancing ESG management. Under the direction of the Engine, the DX & Carbon Neutral Committee determines various policies and measures.

■ ESG Promotion System (as of April 1, 2022)

Task Force



Environment

Environmental Management

By providing solutions that contribute to the global environment and a rich life and working to reduce environmental impacts and disclose timely information in fundamental business domains, Kaneka Group engages in various environmental initiatives.

To realize a sustainable society, Kaneka Group continues working to reduce environmental impacts and risks, by complying with environmental regulations and legislation, such as the Air Pollution Control Act and the Water Pollution Control Act, and with criteria in agreements with local governments and by checking compliance with them through various means, including internal audits and ESG safety and quality inspections.

Eco-Friendly Products

Focusing on eco-friendly management, Kaneka Group has defined, enhanced, and expanded its eco-friendly products (*1) since fiscal 2017.

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




Energy Creation

Product name
VISOLA™ / SoltileX™ / GRANSOLA™

Intended use
Photovoltaic power generation systems

Reason for environmental contribution
Creating energy with houses equipped with this product



Energy Storage

Product name
Residential electricity storage systems

Intended use
Residential stationary batteries

Reason for environmental contribution
Storing energy by houses equipped with this product




Energy Saving

Product name
Kanepear™

Intended use
Residential/automotive foams

Reason for environmental contribution
Saving energy as insulation and lightweight residential/automotive materials



Energy Saving

Product name
Eperan™

Intended use
Automotive parts, Package cushioning materials

Reason for environmental contribution
Saving energy as lightweight automotive parts



Waste Reduction

Product name
Green Planet™

Intended use
Biodegradable Biopolymer
(Packaging materials, garbage bags, foams)

Reason for environmental contribution
A naturally derived and biodegradable resin that has little environmental impact when discarded



Chemical Pollution Prevention

Product name
KANEKA Surfactin™

Intended use
Biosurfactant, Cleaning agents

Reason for environmental contribution
A naturally derived and biodegradable material friendly to the environment

Eco-friendly products have been defined as follows.

| Type of Environmental Contribution | Qualitative Definition |
|------------------------------------|--|
| GHG Reduction | Products reducing greenhouse gas (GHG) emissions |
| Energy Saving | Products lowering energy consumption |
| Energy Creation | Products creating energy |
| Energy Storage | Products storing energy |
| Waste Reduction | Products reducing waste |
| Resource Saving | Products achieving resource savings |
| Biomass | Products (derived from non-fossil materials) reducing reliance on fossil materials |
| Water Resources | Products saving water and improving the water environment |
| Chemical Pollution | Products preventing chemical pollution |
| Biodiversity | Products conserving biodiversity |

| Type of Environmental Contribution | Qualitative Definition |
|------------------------------------|--|
| Intermediate Materials | Intermediate materials essential to ensuring that finished products contribute to the environment |
| Disaster Control | Products helping disaster prevention and preparedness and reducing environmental impacts during a disaster |
| Adaptive Contribution | Products adapting to global warming |

Environmental Management Systems

We operate based on ISO 14001 and Eco-Action 21 environmental management systems, with the aim of reducing environmental impacts, preventing environmental problems, and responding quickly if any problems arise.

The ISO 14001 acquisition rate at Kaneka manufacturing sites is 100%.

■ ISO 14001 Certification

| Manufacturing Sites and Group Companies | Registration No. |
|---|------------------|
| Takasago Manufacturing Site | JCQA-E-0105 |
| Osaka Manufacturing Site | JCQA-E-0053 |
| Shiga Manufacturing Site | JCQA-E-0015 |
| Kashima Manufacturing Site | JCQA-E-0054 |
| Vienex Corporation | JSAE1511 |
| Osaka Synthetic Chemical Laboratories, Inc. | JCQA-E-0343 |
| Kaneka Solartech Corporation | JQA-EM6704 |
| Kanto Styrene Co., Ltd. | JEN-2024.0 |
| Sanvic Inc. | JMAQA-E841 |
| Showa Kaseikogyo Co., Ltd. Hanyu Headquarters Factory | E0062 |
| Cemedine Co., Ltd. Ibaraki Office, Mie Office | JCQA-E-0366 |
| Cemedine Co., Ltd. Kinuura Plant | 497791UM15 |

| Manufacturing Sites and Group Companies | Registration No. |
|---|------------------|
| Tatsuta Chemical Co., Ltd. Koga Plant | 4357081 |
| Tochigi Kaneka Co., Ltd. | JCQA-E-0256 |
| Kaneka Belgium N.V. | 97 EMS 002g |
| Kaneka (Malaysia) Sdn. Bhd. | EMS00400 |
| Kaneka Innovative Fibers Sdn. Bhd. | EMS00400 |
| Kaneka Eperan Sdn. Bhd. | EMS00400 |
| Kaneka Paste Polymers Sdn. Bhd. | EMS00400 |
| Kaneka Apical Malaysia Sdn. Bhd. | EMS00400 |
| Kaneka MS Malaysia Sdn. Bhd. | EMS00400 |

■ Eco-Action 21 Certification


| Group Company | Certification and Registration No. |
|---|------------------------------------|
| OLED Aomori Co., Ltd. | 0010329 |
| Kaneka Kanto Styrol Co., Ltd. | 0004259 |
| Kaneka Sun Spice Corporation | 0003556 |
| Kaneka Chubu Styrol Co., Ltd. | 0006600 |
| Kaneka Tohoku Styrol Co., Ltd. | 0010773 |
| Kaneka Nishinippon Styrol Co., Ltd. Headquarters, Saga Plant, Kagoshima Plant, and Nagasaki Plant | 0003949 |
| Kaneka Foods Manufacturing Corporation | 0003491 |
| Kaneka Foam Plastics Co., Ltd. Moka Plant | 0003247 |
| Kaneka Hokkaido Styrol Co., Ltd. | 0001805 |
| Kaneka Medix Corporation | 0001893 |
| Kyushu Kanelite Co., Ltd. | 0001637 |
| Kochi Styrol Co., Ltd. | 0011039 |


| Group Company | Certification and Registration No. |
|--|------------------------------------|
| Taiyo Yushi Corporation | 0003575 |
| Tokyo Kaneka Foods Manufacturing Corporation | 0003473 |
| Nagashima Shokuhin Co., Ltd. | 0003093 |
| Hokkaido Kanelite Co., Ltd. | 0001905 |

Material Balance in Production Activities

Kaneka Group is working to reduce environmental impacts by aggregating the status of energy and resource inputs and material outputs through emissions and products to grasp production activity volume, targeting Kaneka and Group companies within and outside Japan.

In fiscal 2020, the main raw material, energy consumption and water inputs decreased by 52 thousand tons (3.0%), 12 thousand kiloliters (1.7%) and 1.5 million m³ (4.0%), respectively from the previous year. The GHG, SO_x, COD and SS outputs decreased by 21.9 thousand tons-CO₂e (1.5%), 24.9 tons (28.4%), 81.6 tons (20.7%) and 37.3 tons (15.0%), respectively. Meanwhile, the product increased by 2.6 thousand tons (3.3%), the amount of externally recycled waste increased by 9,034 tons (17.3%) due to the increase in the amount of waste generated by Kaneka, and the final landfill waste output increased by 725.4 tons (12.0%) due to the differences in the product mix for some Group companies outside Japan.

For data of indicators related to climate change and environment protection, we have received third-party assurance to ensure the reliability and transparency of Data Sheet 2021  PDF.

For indicator data, some calculation methods have been changed. For details, please refer to “Calculation Methods for Data of Indicators related to Environment”  PDF.

■ Fiscal 2020 Results

INPUTS Energy and Resources

Legend (from top)
 Kaneka
 Group companies in Japan
 Group companies outside Japan

| Main raw materials |
|---------------------|
| 1,131 thousand tons |
| 273 thousand tons |
| 277 |

| Energy (Crude oil equivalents) |
|-----------------------------------|
| 446 thousand kiloliters |
| 74 thousand kiloliters |
| 146 |

| Water |
|----------------------------|
| 21.5 |
| 3.3 million m ³ |
| 10.7 |

Kaneka
 Group companies in Japan 46
 Group companies outside Japan 15

OUTPUTS Discharges, Recycling, and Products

■ Products
■ Into the atmosphere
■ Into water systems
■ As waste

| | | |
|---|--|----------------------------------|
| Products | GHG | SOx |
| 1,505 227 thousand tons 305 thousand tons | 1,022 155 thousand tons-CO _{2e} 284 | 48.9 12.8 tons 1.0 |
| NOx | Soot and dust | PRTR Law designated substances |
| 828.1 49.0 tons 63.9 | 22.3 1.1 tons 2.6 | 67.3 103.5 tons — |
| Chemical oxygen demand | Suspended solids | PRTR Law designated substances |
| 215.7 5.3 tons 90.7 | 183.4 6.1 tons 21.2 | 17.4 0.04 tons — |
| Nitrogen | Phosphorous | |
| 141.9 1.2 tons 2.4 | 4.9 0.1 tons 1.1 | |
| Final landfill | External recycling | External reduction |
| 29.4 450.1 tons 6301.1 | 47,420.7 8,330.1 tons 5,386.9 | 508.6 8,031.7 tons 2,330.6 |

Environmental Accounting

We efficiently and effectively promote environmental conservation activities by quantitatively grasping the investment and expenditure costs related to environmental conservation and the quantitative and economic impacts of environmental measures. We calculate these costs and effects based on the 2005 edition of the Environmental Accounting Guidelines by Japan's Ministry of the Environment with Kaneka's own unique way of thinking, targeting all parent manufacturing sites and 30 Group companies in Japan (manufacturing companies).

In fiscal 2020, environmental costs (investments) were 1,050 million yen, a decrease of 271 million yen from the previous fiscal year.

In terms of environmental costs (expenditures), pollution prevention costs decreased by 212 million yen, resource recycling costs increased by 203 million yen, and research and development costs decreased by 195 million yen due to a decrease in energy conservation initiatives.

Regarding the economic impacts of environmental measures, income earned from recycling and other activities increased by 58 million yen from the previous year; improved resource conservation and intensity yielded cost reductions of 1,326 million yen; and recycling and other activities yielded waste disposal cost reductions of 227 million yen. However, cost reductions due to energy conservation and other factors decreased by 203 million yen.

We will continue to appropriately grasp environmental accounting and promote environmental conservation.

■ Environmental Costs (Investments, Expenditures)

(Millions of yen)

| Cost Classifications | Main Efforts | Fiscal 2018 | | Fiscal 2019 | | Fiscal 2020 | |
|-------------------------------|---|-------------|--------------|-------------|--------------|-------------|--------------|
| | | Investments | Expenditures | Investments | Expenditures | Investments | Expenditures |
| Business Area | | 901 | 5,460 | 1,314 | 5,647 | 1,049 | 5,637 |
| 1. Pollution Prevention | Air and water pollution prevention | 899 | 3,476 | 1,293 | 3,550 | 947 | 3,338 |
| 2. Environmental Conservation | Addressing climate change and energy saving | - | - | - | - | - | - |
| 3. Resource Recycling | Waste processing, recycling, and reduction | 2 | 1,984 | 20 | 2,096 | 102 | 2,299 |
| Upstream and Downstream | Product recycling, collection, and processing | 0 | 6 | 0 | 8 | 0 | 25 |
| Management Activities | Environmental education for employees and environmental impact monitoring and measurement | 1 | 444 | 7 | 463 | 0 | 397 |
| Research and Development | Research and development of products contributing to environmental conservation | - | 7,477 | - | 9,364 | - | 9,169 |
| Social Activities | Greening, beautification, and disclosure of environmental information | 0 | 78 | 0 | 113 | 1 | 114 |
| Environmental Damage | Payment of sulfur oxide emission charges | 0 | 10 | 0 | 9 | 0 | 8 |
| Total | | 902 | 13,475 | 1,321 | 15,604 | 1,050 | 15,350 |

Note: Figures do not include global environment conservation investments and expenditures and research and development investments. Amounts reported here may not fully match, due to rounding.

■ Quantitative Impact of Environmental Conservation Efforts

| Category | Initiatives | Items | Units | Fiscal 2018 | Fiscal 2019 | Fiscal 2020 |
|--------------------------|--|--|---------------------------------|-------------|-------------|-------------|
| Pollution Prevention(*2) | Atmospheric and water discharges of hazardous substances | SOx emissions | Tons | 109.5 | 86.7 | 61.7 |
| | | NOx emissions | Tons | 867.6 | 871.7 | 877.1 |
| | | Chemical oxygen demand | Tons | 248.7 | 234.7 | 220.9 |
| | | PRTR Law-designated chemical emissions | Tons | 183.6 | 186.3 | 188.3 |
| Environment(*3) | Greenhouse gas emissions | GHG emissions | Thousand tons-CO ₂ e | 1,272.3 | 1,189.6 | 1,177.7 |
| | Energy consumption | Crude oil equivalents | Thousand kiloliters | 526.5 | 508.0 | 520.4 |
| Resource Recycling(*2) | Final landfill | Landfill | Tons | 877.2 | 760.8 | 479.5 |
| | External recycling | Amounts recycled | Tons | 51,000.7 | 47,263.3 | 55,750.8 |

*2 Data for prior fiscal years has been adjusted due to refinements.

*3 Due to a change in the calculation method of GHG emissions, electricity or steam sold by Kaneka to outside parties that was previously deducted from Kaneka's energy consumption under the Energy Saving Law (Act on the Rationalization etc. of Energy Use of Japan) is no longer deducted. Data for prior fiscal years has been recalculated accordingly.

■ Economic Impacts of Environmental Measures

(Millions of yen)

| Measures | Fiscal 2018 | Fiscal 2019 | Fiscal 2020 |
|--|-------------|-------------|-------------|
| Revenue from recycling | 213 | 131 | 189 |
| Cost reductions by better resource efficiency (output per unit of input) | -34 | 8 | 1,335 |
| Waste disposal cost reductions by recycling | 450 | 253 | 481 |
| Cost reductions by energy conservation | 247 | 227 | 24 |
| Total | 876 | 619 | 2,028 |

Environmental Investments (Kaneka)

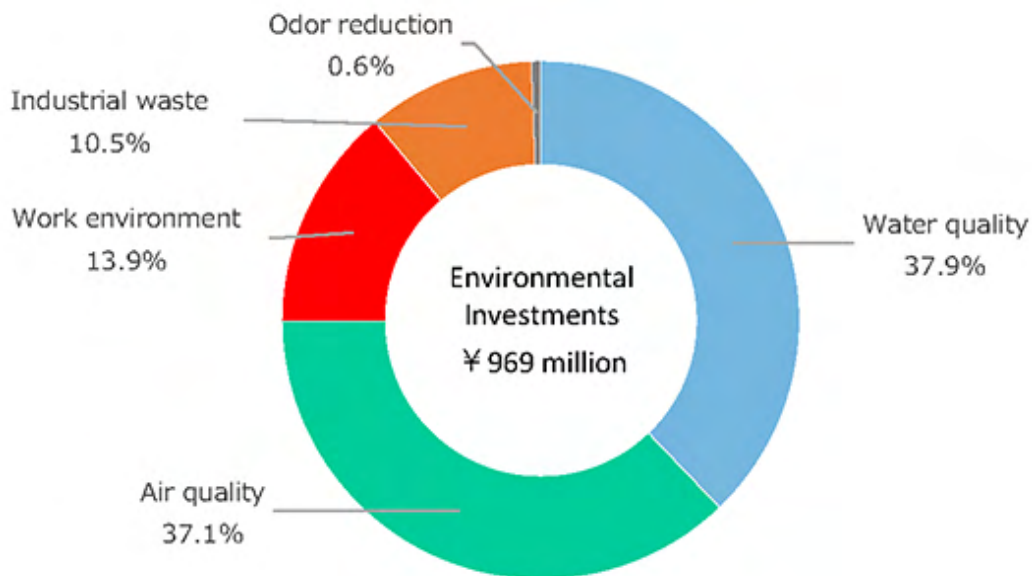
We continue to invest in environmental conservation.

Investments in fiscal 2020 totaled 969 million yen, which 37.9% was for water quality, 37.1% was for air quality, 13.9% was for the work environment, 10.5% was for industrial waste, and 0.6% was for odor control.

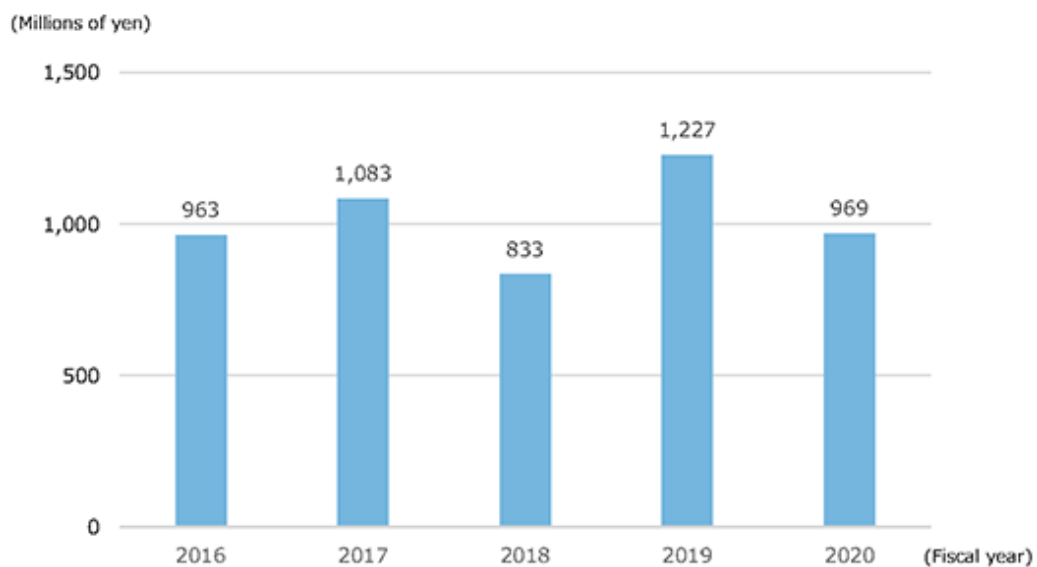
Environmental investment over the past five years averages about 1,015 million yen, leading with water quality (30.1%), followed by air quality (29.6%) and the work environment (23.4%).

We will continue to invest proactively to maintain and improve the environment.

■ Environmental Investments in Fiscal 2020



■ Cumulative Environmental Investments

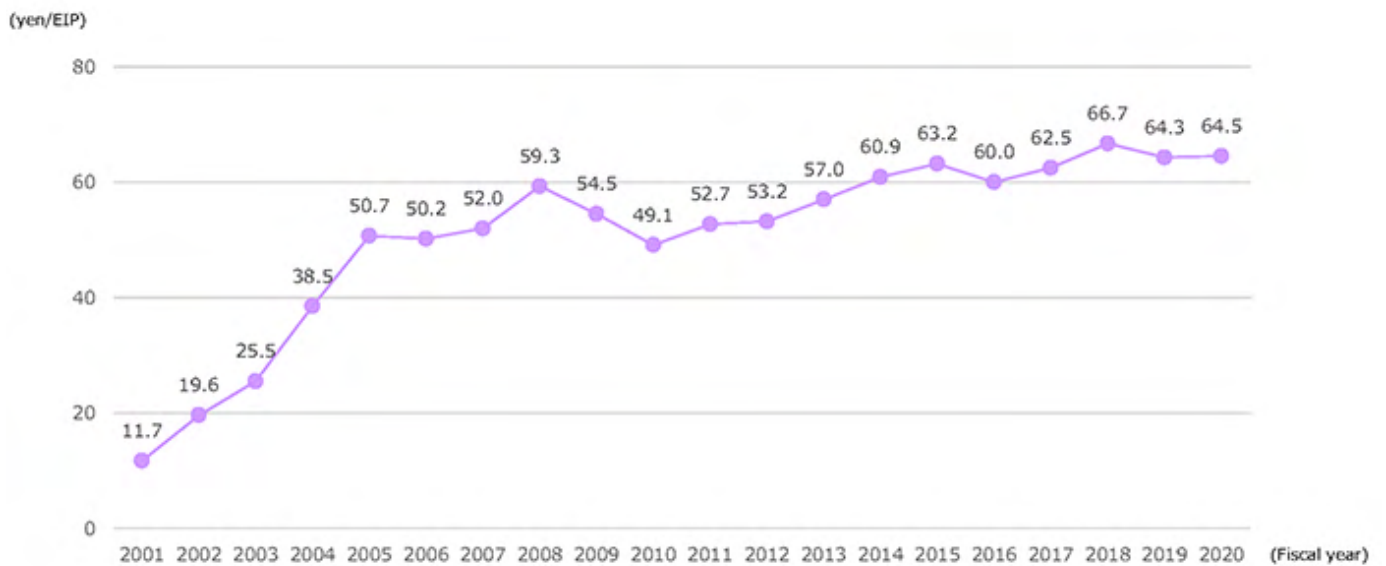


Environmental Efficiency (Kaneka)

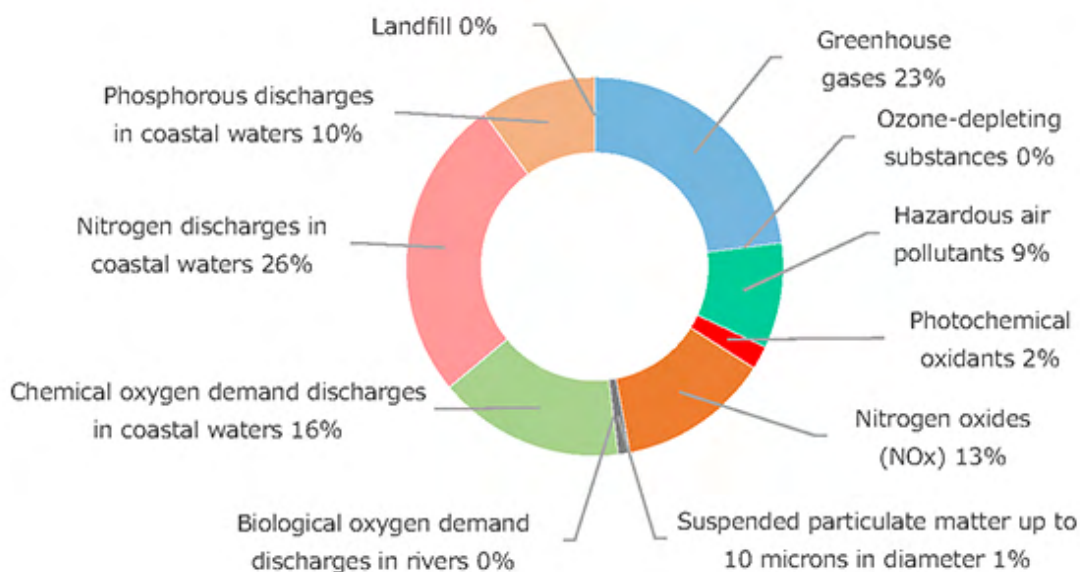
Our total environmental impact decreased by 4.6% from the previous year in fiscal 2020, primarily in terms of hazardous air pollutants, ozone-depleting substances, and discharges of phosphorous, COD, and nitrogen in coastal waters, while Environmental Impact Points (EIP) were 4.33 billion. In addition, environmental efficiency improved by 0.4% from the previous year.

The environmental impact of hazardous air pollutants, ozone-depleting substances, and discharges of COD, nitrogen, and phosphorous in coastal waters decreased from the previous year. As a result, our total environmental impact decreased by about 4.6%.

■ Environmental Efficiency



■ Details of Total Environmental Impact



| Fiscal Year | Net Sales (million yen) | Environmental Impact (100 million EIPs) | Environmental Efficiency (yen/EIP) |
|-------------|-------------------------|---|------------------------------------|
| 2018 | 304,951 | 45.7 | 66.7 |
| 2019 | 292,084 | 45.4 | 64.3 |
| 2020 | 279,774 | 43.3 | 64.5 |

CHECK & ACT

Under environmentally friendly management, we continue working to reduce environmental risks by complying with environmental regulations and legislation and criteria in agreements with local governments and by checking compliance with them through various means, including ISO 14001 internal audits and ESG safety and quality inspections.

We will also continue working to further reduce environmental impact and improve environmental efficiency by promoting energy conservation activities.

TOPIC

Green Bond (Environmental Bond) Issued

As its 7th unsecured straight bond, Kaneka issued a green bond (environmental bond) to procure funds for the manufacture and R&D of KANEKA Biodegradable Polymer Green Planet™ (“Green Planet™”) in September 2019. A green bond is an ESG bond, and fund usage is limited to projects that contribute to resolving environmental issues. It is the first such industrial bond issued by a Japanese chemical company.

Green Planet™ is a 100% plant-based polymer extracted from microorganisms that process plant oils and is biodegradable in the sea and soil. It is expected to contribute to reducing marine pollution caused by microplastics.



For the issuance of the green bond, Kaneka has established the Green Bond Framework, which conforms to the Green Bond Principles 2018 of the International Capital Market Association (ICMA) and the Green Bond Guidelines 2017 Edition of Japan’s Ministry of the Environment. To obtain eligibility for and transparency of this green bond and raise its appeal for investors, as a third-party evaluation, Kaneka has obtained a second opinion from Rating and Investment Information, Inc. (R&I) of how this framework conforms to the Green Bond Principles 2018 and the Green Bond Guidelines 2017 Edition. Kaneka has also obtained top-level evaluation in the

green bond assessment by R&I, the GA1 preliminary evaluation.

The relevant business segments of the green bond principles and the relevant development objectives of the SDGs are shown in the table below.

| Green bond principles / Green project categories | SDGs Development objectives |
|--|--|
| <ul style="list-style-type: none">• Pollution Prevention and Control• Eco-Efficient and/or Circular Economy Adapted Products, Production Technologies and Process |  |

Annual Reporting

- [Green Bond 2020 Annual Reporting \(PDF\)](#)  PDF
- [Green Bond 2021 Annual Reporting \(PDF\)](#)  PDF

Environment

Initiatives for Climate Change

To address prevention global warming, we at the Kaneka Group are working to promote energy conservation and reduce CO₂ emission intensity through various measures, for example by utilizing our own environmental capital investment program.

We also use carbon-Life Cycle Analysis (cLCA) to calculate CO₂ emission reduction benefits by quantitatively assessing CO₂ emissions throughout product lifecycle, making comparisons with similar products. We also calculate indirect greenhouse gas (GHG) emissions (Scope 3) associated with our business activities through supply chains.

Initiatives for Climate Change: Achieving TCFD and Carbon Neutrality

In March 2021, we expressed our support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. In fiscal 2020, we conducted a structural analysis of the group activities centered on risks and opportunities in line with the recommendations of TCFD, and from the perspective of importance and urgency, we have decided that the following items should be addressed: ① Reduction of GHG emissions, ② Contributing to a recycling-oriented society, and ③ Increasing production of food resources.

Our initiatives in line with the four TCFD recommendations: Governance, Strategy, Risk Management, and Metrics and Targets are as follows. For details, please see the Initiatives for [Climate Change section of Management Strategies > Toward Social Implementation of Solutions to “Make it Real”](#)

We will strengthen and accelerate our initiatives for the realization of carbon neutrality by 2050. For details, please see the Initiatives for [Carbon Neutrality section of Management Strategies > Toward Social Implementation of Solutions to “Make it Real”](#)

Energy Conservation Efforts

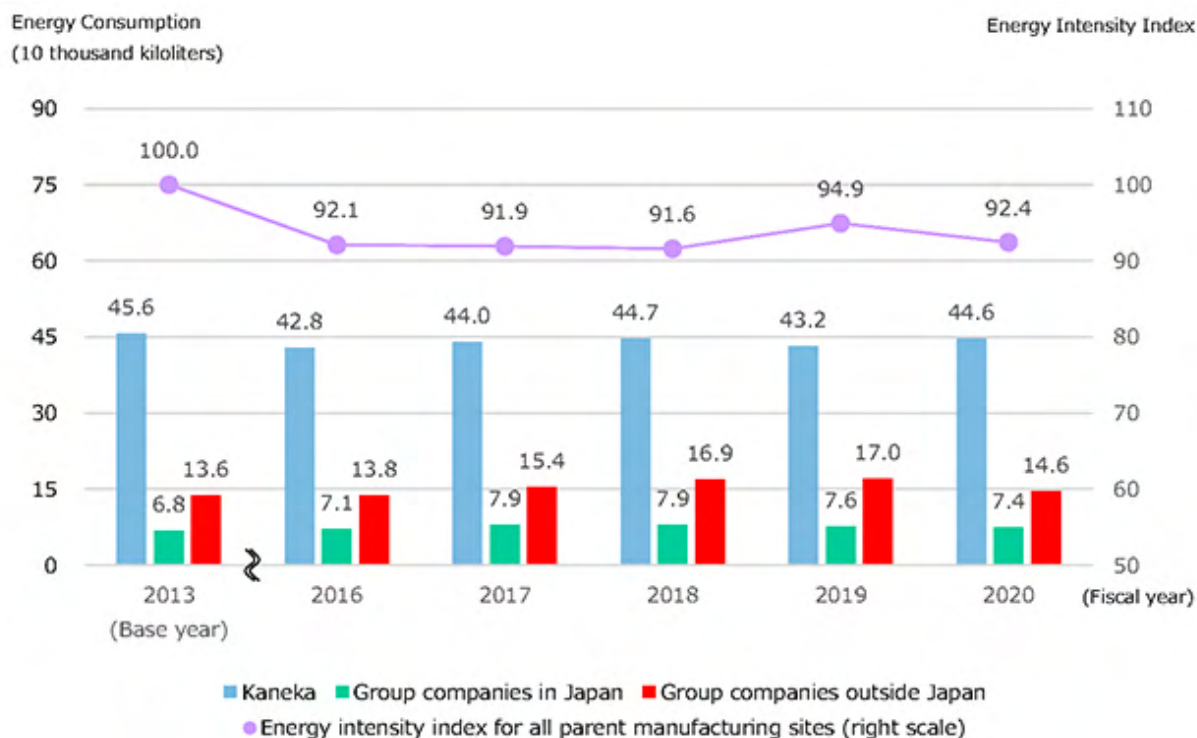
We are engaged in energy conservation activities, using the energy intensity index as an indicator for management.

The energy intensity index for all parent manufacturing sites in fiscal 2020 was 92.4, a decrease of 2.6% from the previous fiscal year, and reached our goal of an annual average decrease of 1%. The average rate of change over the five-year period was an increase of 0.1%, which did not reach our goal (an annual average decrease of 1%). This was due mainly to differences in the purchased fuel mix and other materials in fiscal 2016, the first year of the five-year period, as well as differences in the product mix, including a decrease in production volume.

Kaneka's energy consumption was 446 thousand kiloliters, an increase of 3.3% from the previous fiscal year, mainly due to an increase in production volume.

For details, please refer to “Calculation Methods for Data of Indicators related to Environment”  PDF.

■ Energy Consumption (Crude Oil Equivalents) and Energy Intensity Index



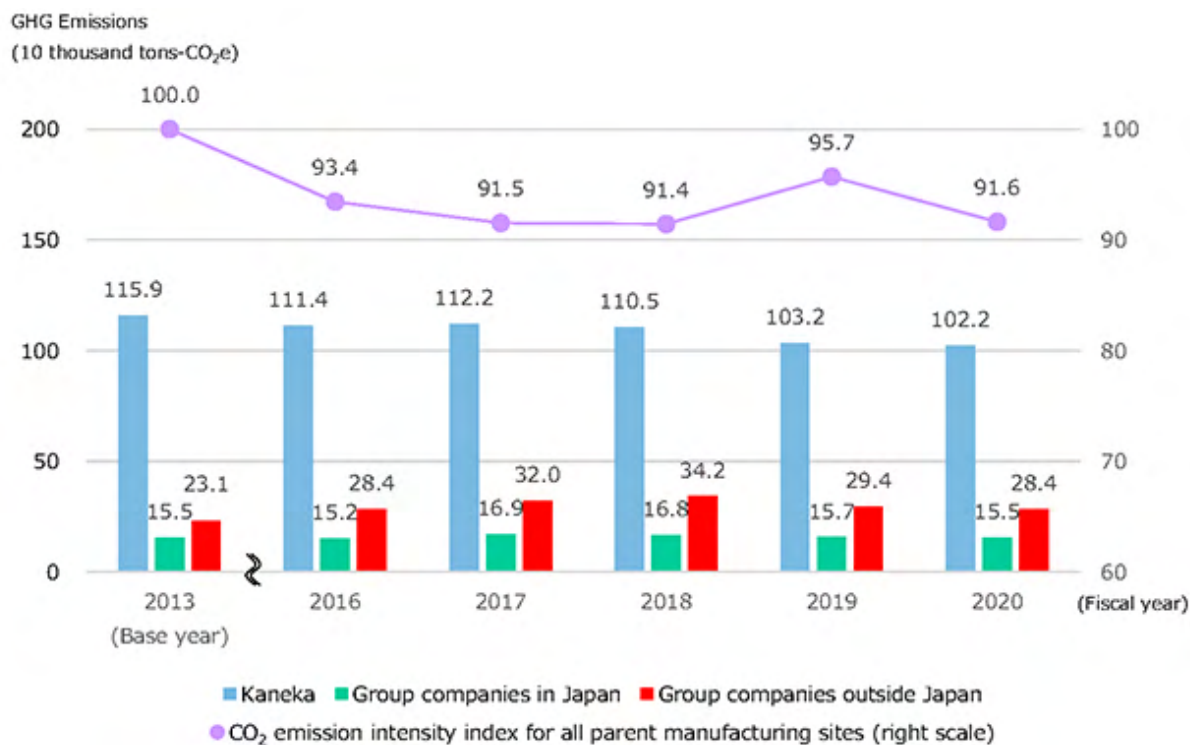
Note: Due to a change in the calculation method of GHG emissions, electricity or steam sold by Kaneka to outside parties that was previously deducted from Kaneka's energy consumption under the Energy Saving Law (Act on the Rationalization etc. of Energy Use of Japan) is no longer deducted. Data for prior fiscal years has been recalculated accordingly.

Initiatives to Cut CO₂ Emission Intensity

At Kaneka, 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 2020, the index for all parent manufacturing sites was 91.6, achieved our fiscal 2020 target of 93.2. Kaneka's GHG emissions decreased by 0.9% from the previous year to 1,022 thousand tons-CO₂e, due to a reduction in the CO₂ emission factor for electricity. We will continue to set medium to long term targets based on the carbon-neutral strategy now under discussion and streamline production processes through innovation to reduce GHG emissions.

■ GHG Emissions and Energy Origin CO₂ Emission Intensity Index



Note: The method for calculating GHG emissions has been changed to comply with the Greenhouse Gas Protocol, “A Corporate Accounting and Reporting Standard REVISED EDITION”. Data for prior fiscal years has been recalculated accordingly. GHG emissions originated from electricity and steam sold by Kaneka to outside parties that was previously deducted from Kaneka’s GHG emissions under the Act on Promotion of Global Warming Countermeasures is no longer deducted. In addition, emission factors for the purchased electricity of Kaneka and Group companies in Japan have been changed from the basic emission factors based on the Act on Promotion of Global Warming Countermeasures to adjusted emission factors.

GHG Emissions from Business Activities throughout the Supply Chain

We have calculated indirect GHG emissions (Scope 3) associated with our business activities through supply chains. The following tables show Kaneka's GHG emissions by scope and Scope 3 emissions calculated by category.

■ Scope 1 and 2 Emissions (Kaneka)

| Category | | Fiscal 2020 results (Thousand tons-CO ₂ e) |
|----------------------------------|---|--|
| Scope 1 | Direct emissions (*1) | 759.9 |
| Scope 2 | Indirect emissions from energy consumption (*2) | 262.5 |
| Total of Scope 1 and 2 emissions | | 1,022.4 |

■ Scope 3 Emissions (Kaneka)

| Category | | Fiscal 2020 results (Thousand tons- CO ₂ e) |
|----------|---|--|
| Scope 3 | Other indirect emissions (upstream/downstream) (*1) | 2,905.0 |

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

*2 As emission factors for electricity, the adjusted emission factor for each power company was used for calculation. GHG emissions calculated using the location-based method were 352.0 (+9.4%).

■ Scope 3 Emissions Calculated by Category (Kaneka)

| Category | | GHG emissions Fiscal 2020 results (Thousand tons- CO ₂ e) |
|----------|---|---|
| 1 | Purchased goods/services | 1,742.6 |
| 2 | Capital goods | 46.2 |
| 3 | Fuel-and energy-related activities not included in Scope 1 or Scope 2 | 148.8 |
| 4 | Upstream transportation and distribution | 20.9 |
| 5 | Waste generated in operations | 5.4 |
| 6 | Business travel | 2.3 |
| 7 | Employee commuting | 0.9 |
| 8 | Upstream leased assets | 0.0 |
| 9 | Downstream transportation and distribution | – (*3) |
| 10 | Processing of sold products | – (*3) |
| 11 | Use of sold products | – (*4) |
| 12 | End-of-life treatment of sold products | 528.7 |
| 13 | Downstream leased assets | 0.0 |
| 14 | Franchises | – (*5) |
| 15 | Investments | 409.2 |

| Category | GHG emissions Fiscal 2020 results (Thousand tons- CO ₂ e) |
|----------------------------|---|
| Total of Scope 3 emissions | 2,905.0 |

*3 GHG emissions for this category were not calculated because we were unable to determine a rational calculation method due to the high percentage of intermediate products.

*4 Some products generate emissions when used. However, since it was confirmed that this represented less than 0.1% of total Scope 3 emissions, such emissions were excluded from the calculation range.

*5 GHG emissions for this category were not calculated because we have no franchise stores.

Investments in Energy-Efficient Facilities

To continue reducing energy intensity and CO₂ emission intensity, we are implementing our own environmental capital investment program, with an annual budget of 200 million yen for small and medium investments that have a relatively long payback period, through activities in three areas – global warming prevention, effective use of resources, and environmental impact reduction – that are priorities in Kaneka's environmental management program. In fiscal 2020 we continued allocating a large portion of this fund to projects that address climate change, including broader initiatives such as visualizing energy consumption. Judging that these efforts have achieved a certain effect, we increased the annual budget to 300 million yen from fiscal 2021, and will continue to use this investment program effectively to promote actions which to reduce energy and CO₂ emission intensity.

■ Results of Our Own Environmental Capital Investment Program

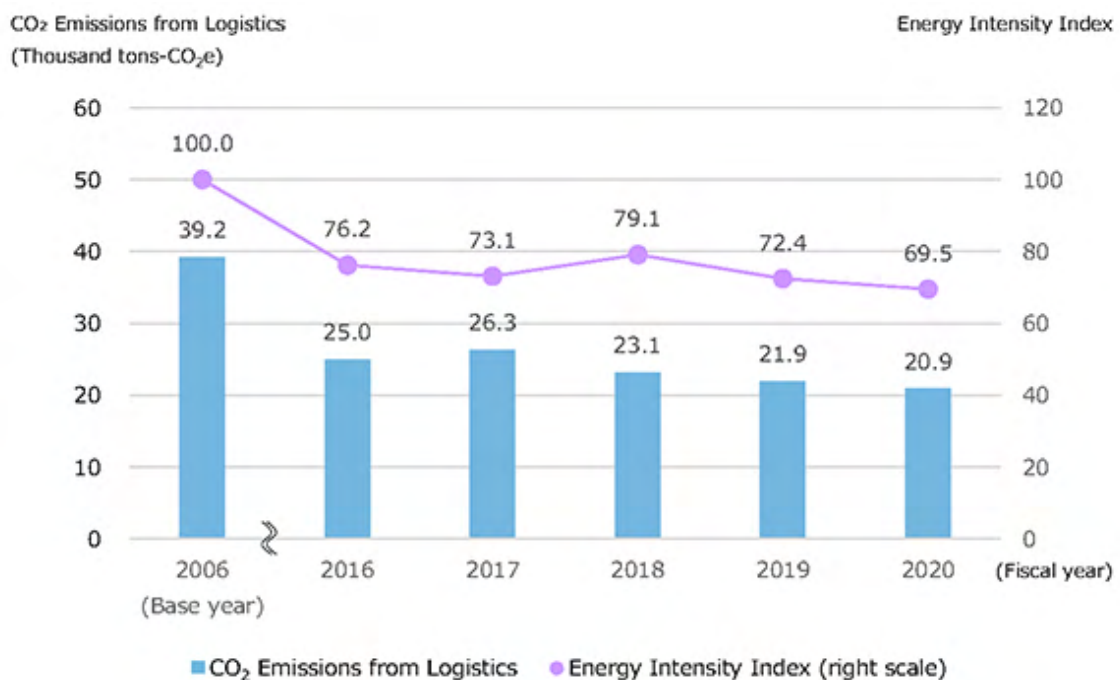
| Fiscal Year | Investments | Number | Reduced CO ₂ Emission of the Year |
|-------------|--------------|--------|---|
| 2016 | ¥200 million | 23 | 1,688 tons-CO ₂ |
| 2017 | ¥200 million | 15 | 1,654 tons-CO ₂ |
| 2018 | ¥200 million | 24 | 1,748 tons-CO ₂ |
| 2019 | ¥200 million | 29 | 1,227 tons-CO ₂ |
| 2020 | ¥200 million | 27 | 1,010 tons-CO ₂ |

Energy-Efficiency Initiatives in Logistics

To achieve an annual 1% reduction in energy intensity and a continuation of 1% improvement in five-year average energy intensity as a specified consigner under the amended Act on Rational Use of Energy, we continued working plant by plant towards implementing modal shifts, promoting joint distribution, and improving cargo load ratios.

In fiscal 2020, the transportation volume (ton-kilometer) decreased year-on-year. Meanwhile, our CO₂ emissions decreased by 1.0 thousand tons-CO₂ year-on-year due to the promotion of shipping transportation, resulting in an improvement of 2.9 points in the energy intensity index.

■ CO₂ Emissions and Energy Intensity Index from Logistics (Kaneka)



Response to the Fluorocarbons Emission Control Law

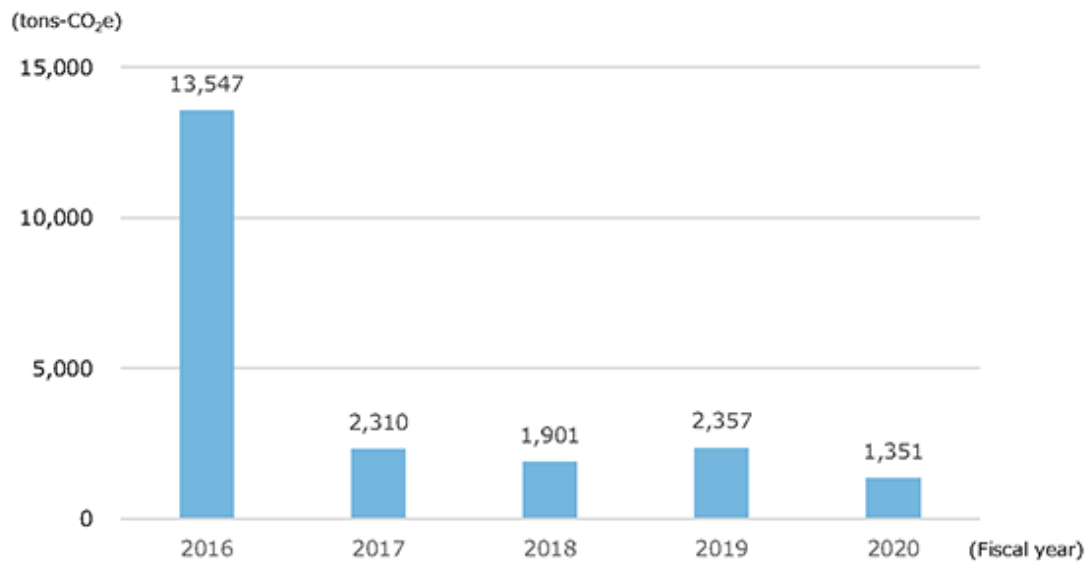
Complying with the Act on Rational Use and Appropriate Management of Fluorocarbons in Japan, we are promoting the replacement of aging equipment as well as strengthened management of equipment. The estimated leakage of fluorocarbons in fiscal 2020 at all manufacturing sites was 1,351 tons CO₂e, a decrease of 1,006 tons CO₂ from the previous fiscal year. Group companies in Japan, there were no estimated leakage of fluorocarbons exceeding 1,000 tons-CO₂.

To reduce the estimated leakage of fluorocarbons to less than 1,000 tons-CO₂, we will continue to systematically update aging equipment, selecting equipment with low global warming potential (*6) and promoting fluorocarbon-free production. We will also reduce the leakage of fluorocarbons by inspecting equipment to detect and eliminate fluorocarbon leaks at an early stage.

We plan to completely phase out equipment using CFCs by 2023, which is a specific fluorocarbons—ahead of the original target date of 2025.

*6 Global warming potential is a figure that shows, on the basis of carbon dioxide, how other greenhouse gases have the property of causing global warming.

■ Estimated Leakage of Fluorocarbons at Kaneka



Environment

Preventing Pollution and Managing Chemical Substances

Kaneka Group works to prevent air and water pollution and to ensure appropriate management of chemical substances toxic to humans and the environment and reduce their emissions.

Preventing Air and Water Pollution

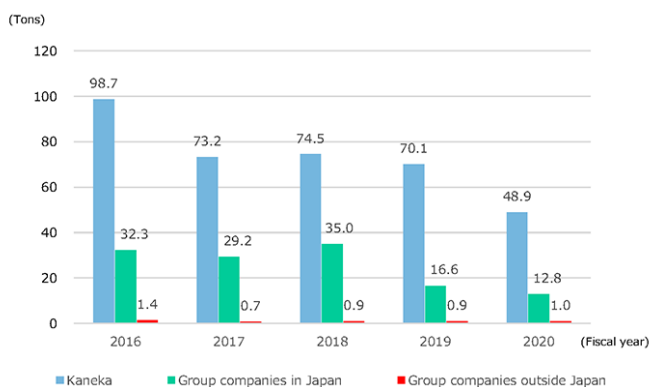
We are engaged in production activities in compliance with the standards specified in the Air Pollution Control Act and the Water Pollution Control Act as well as the criteria in agreements with local governments.

Regarding the atmosphere, SOx and NOx emissions from all parent manufacturing sites decreased, but soot and dust emissions increased in fiscal 2020 from the previous fiscal year. From Group companies in Japan, SOx emissions also decreased, but NOx emissions increased year-on-year.

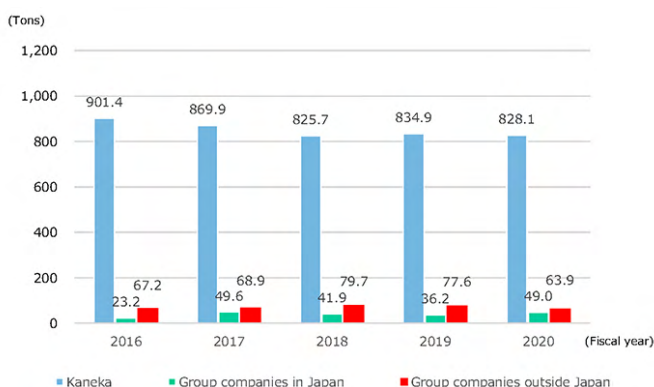
In terms of water, there was a decrease in chemical oxygen demand, nitrogen, and phosphorous emissions and an increase in suspended solid emissions at all parent manufacturing sites and non-manufacturing facilities. At Group companies outside Japan, chemical oxygen demand and suspended solid emissions decreased due to improved monitoring of wastewater processes and changes in processing conditions, influenced by the product types.

Note: In the past, an estimated value was used for facility operation hours in calculating soot and dust emissions of some manufacturing sites. To improve accuracy, we have adopted actual facility operation hours since fiscal 2020. Emissions calculated by the former method were 23.4 tons. In addition, to reflect the improved accuracy, values for water consumption, wastewater discharges, chemical oxygen demand in wastewater, nitrogen in wastewater, phosphorus in wastewater, and suspended solids in wastewater at Kaneka were revised in fiscal 2019.

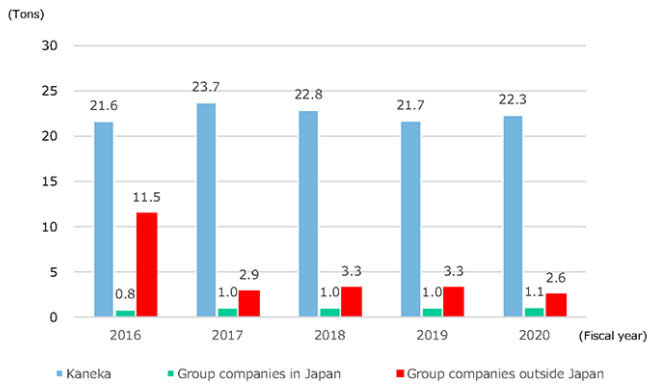
SOx Emissions



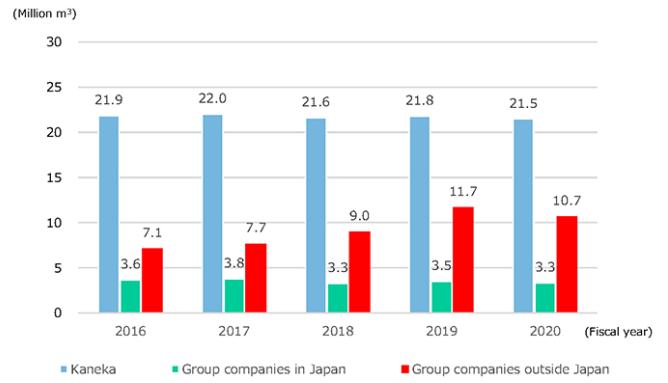
NOx Emissions



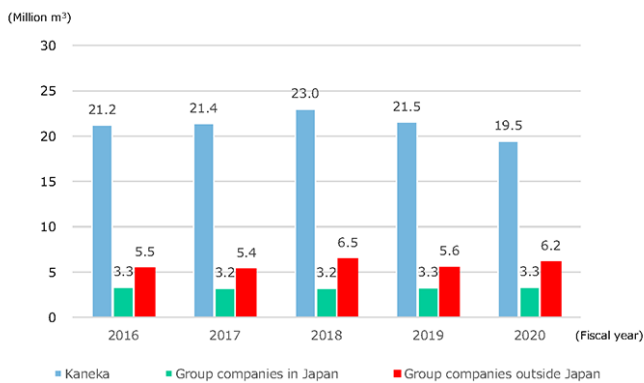
Soot and Dust Emissions



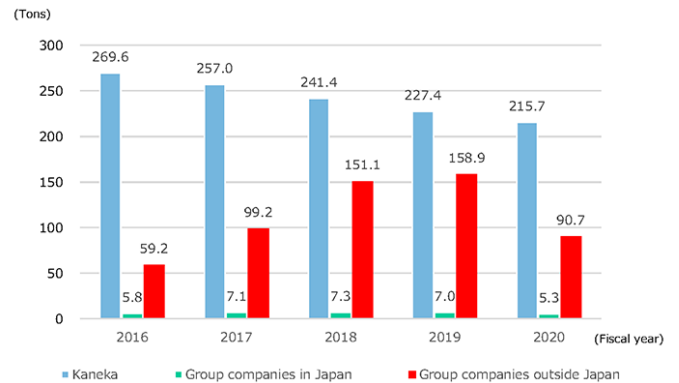
Water Consumption (*1)



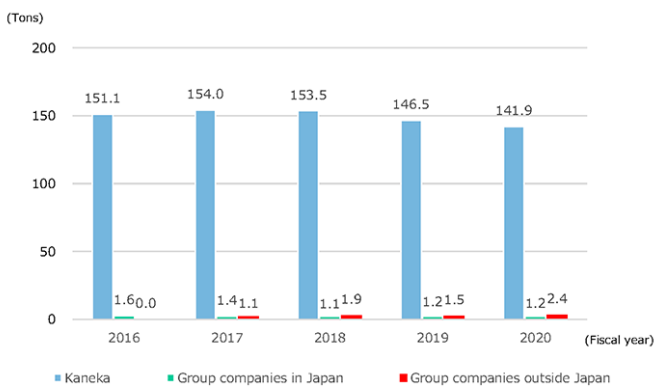
Wastewater Discharges (*1)



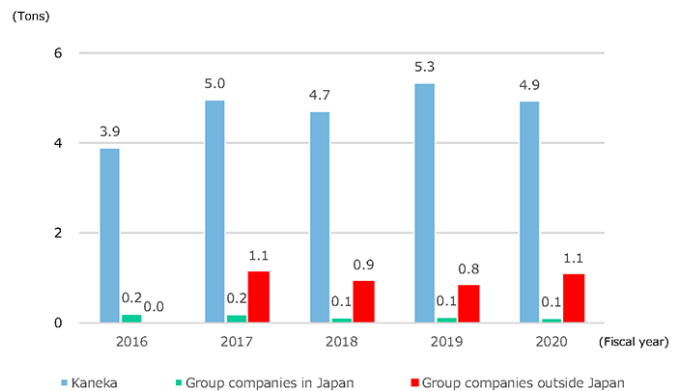
Chemical Oxygen Demand in Wastewater (*1)



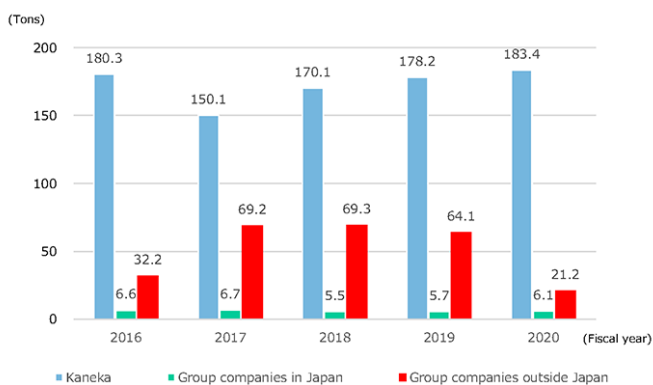
Nitrogen in Wastewater (*1)



Phosphorous in Wastewater (*1)



Suspended Solids in Wastewater (*1)



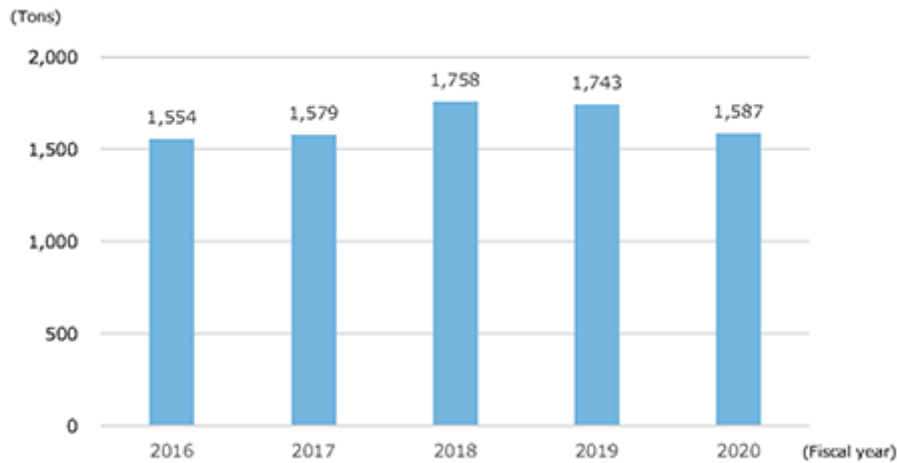
*1 Our water consumption and wastewater volume include those generated from non-manufacturing facilities other than the plant department.

Volatile Organic Compounds Emission Reductions

We are committed to reducing the emission of VOCs (*2), which are known to cause photochemical smog. In fiscal 2015, we at Kaneka set the goal of controlling VOC emissions to below 1,800 tons. In fiscal 2020, total emissions were 1,587 tons, a decrease of 9.0% from the previous fiscal year. We will continue our efforts to manage VOC emissions.

*2 Volatile Organic Compounds (VOCs) are organic chemical substances that cause suspended particulate matter and photochemical oxidants.

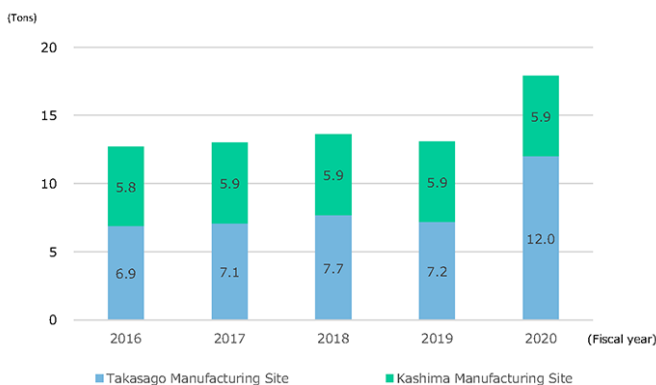
VOC emissions (Kaneka)



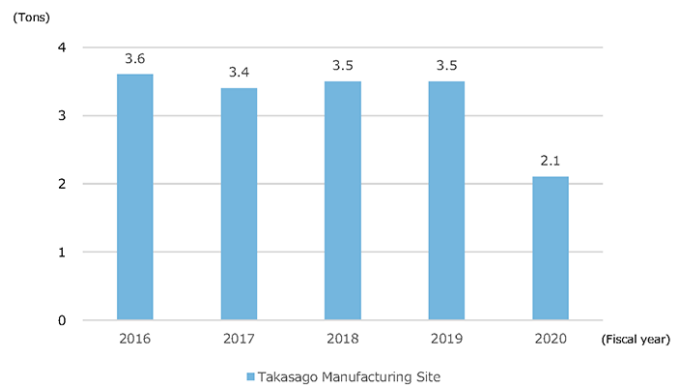
Hazardous Atmospheric Pollutants

Total emissions in fiscal 2020 of six hazardous atmospheric pollutants (shown by manufacturing site in the following graphs) were 24.8 tons, which represented a year-on-year increase of 15.9%. The reason for the increase in emissions was a process accident at the Takasago Manufacturing Site in which a polymerizer safety valve was tripped. This resulted in an increase in chloroethylene emissions. On the other hand, 1,2-dichloroethane and acrylonitrile emissions were down due to improvements in processes and equipment, while 1,3-butadiene emissions decreased due to a decrease in product manufacturing volume. We will continue to make efforts to control total emissions for environmental impact reduction.

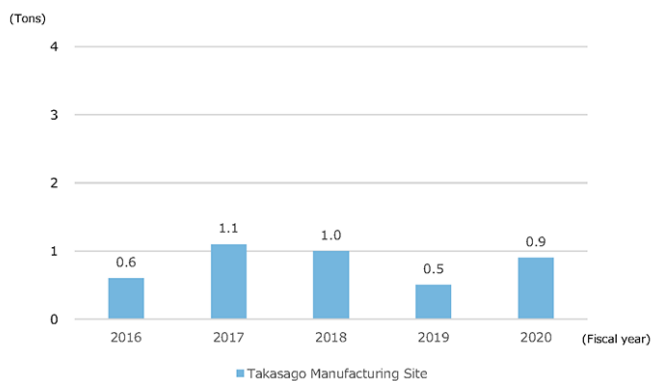
Chloroethylene Emissions



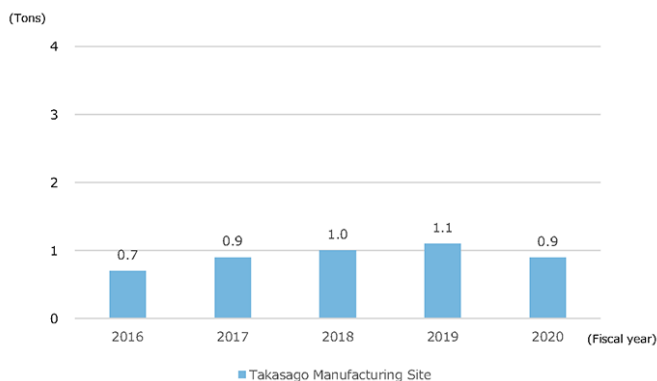
1,2-Dichloroethane Emissions



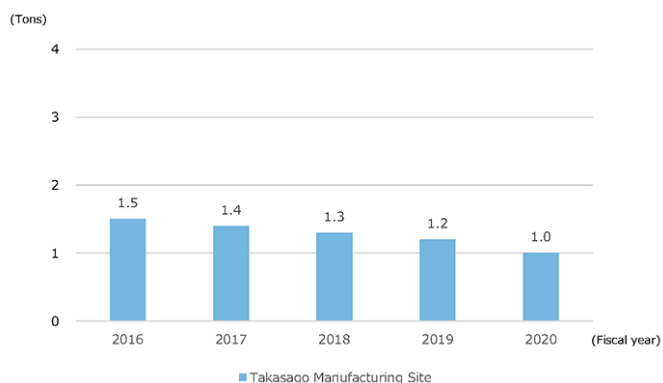
■ Chloroform Emissions



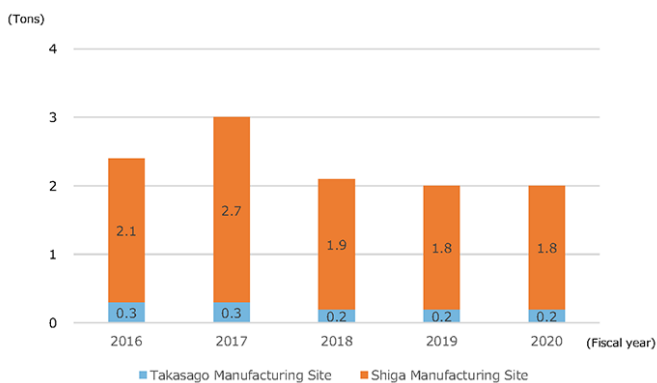
■ Acrylonitrile Emissions



■ 1,3-Butadiene Emissions



■ Dichloromethane Emissions



Substances Subject to the PRTR Law

Based on the Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement (PRTR Law), we calculate the release and transfer amount of chemical substances subject to the law.

In fiscal 2020, Kaneka's total discharge of the relevant substances was 84.7 tons, an increase of 5.5 tons from the previous fiscal year. The total discharge by Group companies in Japan was 103.5 tons, an increase of 3.6 tons compared to the previous fiscal year.

■ Kaneka Emissions Subject to the PRTR Law

(Kilograms)

| | Designated Number under Ordinance | Chemical Substances | Fiscal 2020 | | | | | Fiscal 2019 | |
|--|-----------------------------------|---------------------------------|-----------------------|----------------------------------|----------------------|-------------------|-------------|-------------|--------|
| | | | Emissions | | | | Transferred | Emissions | |
| | | | Atmospheric Emissions | Discharges into Public Waterways | Discharges into Soil | Internal Landfill | Total | Total | Total |
| Large Discharges of 10 Substances | 94 | Chloroethylene (vinyl chloride) | 17,900 | 200 | 0 | 0 | 18,100 | 980 | 13,300 |
| | 392 | N-hexane | 15,400 | 0 | 0 | 0 | 15,400 | 71,752 | 13,600 |
| | 275 | Sodium dodecyl sulfate | 0 | 8,400 | 0 | 0 | 8,400 | 0 | 8,200 |
| | 240 | Styrene | 5,230 | 38 | 0 | 0 | 5,268 | 13,770 | 5,449 |
| | 420 | Methyl methacrylate | 5,200 | 2 | 0 | 0 | 5,202 | 10 | 5,205 |
| | 134 | Vinyl acetate | 4,000 | 260 | 0 | 0 | 4,260 | 0 | 4,440 |
| | 7 | N-butyl acrylate | 3,910 | 0 | 0 | 0 | 3,910 | 2,630 | 4,150 |
| | 232 | N,N-dimethylfor-mamide | 2,500 | 1,000 | 0 | 0 | 3,500 | 360,000 | 3,430 |
| | 336 | Hydroquinone | 0 | 2,200 | 0 | 0 | 2,200 | 0 | 2,400 |
| | 157 | 1,2-dichloroethane | 2,100 | 10 | 0 | 0 | 2,110 | 0 | 3,480 |
| Total Other than the 10 Substances Above | | | 11,056 | 5,306 | 0 | 0 | 16,361 | 328,040 | 15,521 |
| Grand Total for All Substances | | | 67,296 | 17,416 | 0 | 0 | 84,711 | 777,182 | 79,175 |

Note: Of the 462 substances subject to the PRTR Law, Kaneka reports about 65 items.
Amounts reported here may not fully match, due to rounding.

| | Designated Number under Ordinance | Chemical Substances | Fiscal 2020 | | | | | Fiscal 2019 | |
|--|-----------------------------------|--|-----------------------|----------------------------------|----------------------|-------------------|-------------|-------------|---------|
| | | | Emissions | | | | Transferred | Emissions | |
| | | | Atmospheric Emissions | Discharges into Public Waterways | Discharges into Soil | Internal Landfill | | | Total |
| Large Discharges of 10 Substances | 232 | N,N- dimethylfor-mamide | 45,045 | 0 | 0 | 0 | 45,045 | 13,739 | 62,000 |
| | 300 | Toluene | 29,226 | 0 | 0 | 0 | 29,226 | 703,473 | 28,320 |
| | 186 | Dichloromethane (methylene dichloride) | 22,722 | 0 | 0 | 0 | 22,722 | 382,378 | 9,780 |
| | 296 | 1,2,4-trimethylbenzene | 2,268 | 0 | 0 | 0 | 2,268 | 0 | 2,309 |
| | 80 | Xylene | 2,116 | 0 | 0 | 0 | 2,116 | 0 | 2,152 |
| | 392 | N-hexane | 1,200 | 0 | 0 | 0 | 1,200 | 23,100 | 1,050 |
| | 355 | Bis (2-ethylhexyl) phthalate (DEHP) | 536 | 42 | 0 | 0 | 578 | 411 | 632 |
| | 56 | Ethylene oxide | 329 | 0 | 0 | 0 | 329 | 0 | 0 |
| | 127 | Chloroform | 50 | 0 | 0 | 0 | 50 | 450 | 255 |
| | 438 | Methylnaphthalene | 36 | 0 | 0 | 0 | 36 | 0 | 0 |
| Total Other than the 10 Substances Above | | | 0 | 1 | 0 | 0 | 2 | 35,372 | 601 |
| Grand Total for All Substances | | | 103,529 | 43 | 0 | 0 | 103,572 | 1,158,923 | 107,099 |

Note: Of the 462 substances subject to the PRTR Law, Group companies in Japan reports about 31 items. Amounts reported here may not fully match, due to rounding.

CHECK & ACT

We are working to reduce environmental impacts on air and water quality and ensure rapid response to any abnormality. The increase in emission by Group companies in Japan is mainly due to an increase in handling volume of dichloromethane. We will continue our efforts to reduce the discharge of chemical substances.

Environment

Reducing Waste and Recycling Resources

Through pursuing the 3Rs (*1) aimed at the reduction and recycling of industrial waste from our operations, Kaneka has been able to achieve zero emissions (*2) for 15 consecutive years. We are also working toward all Group companies in Japan being able to achieve zero emissions.

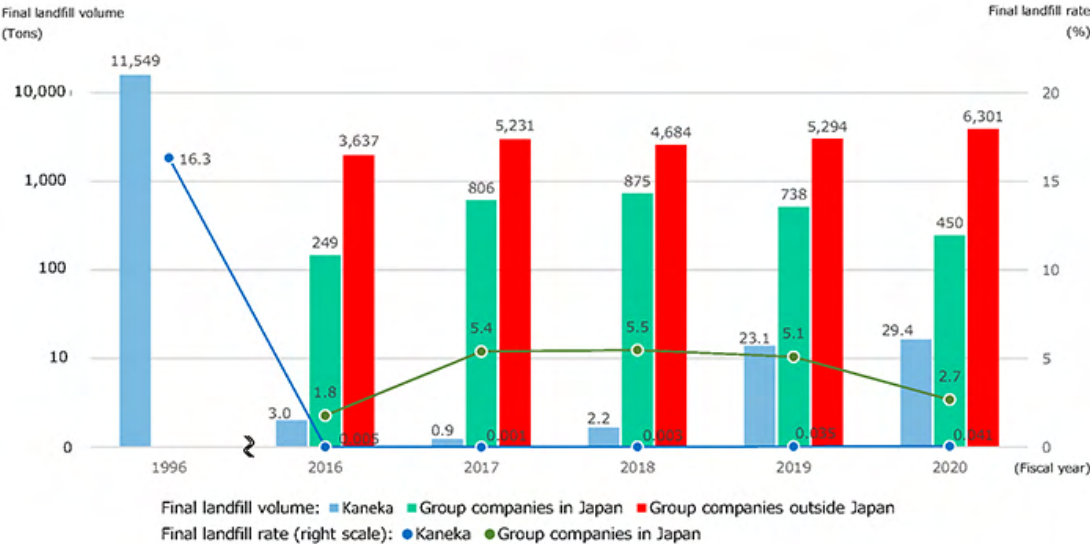
*1 3Rs refers to reduce, reuse and recycle.

*2 Zero emission definition by Kaneka: The final landfill waste must be less than 0.5% of the generated waste.

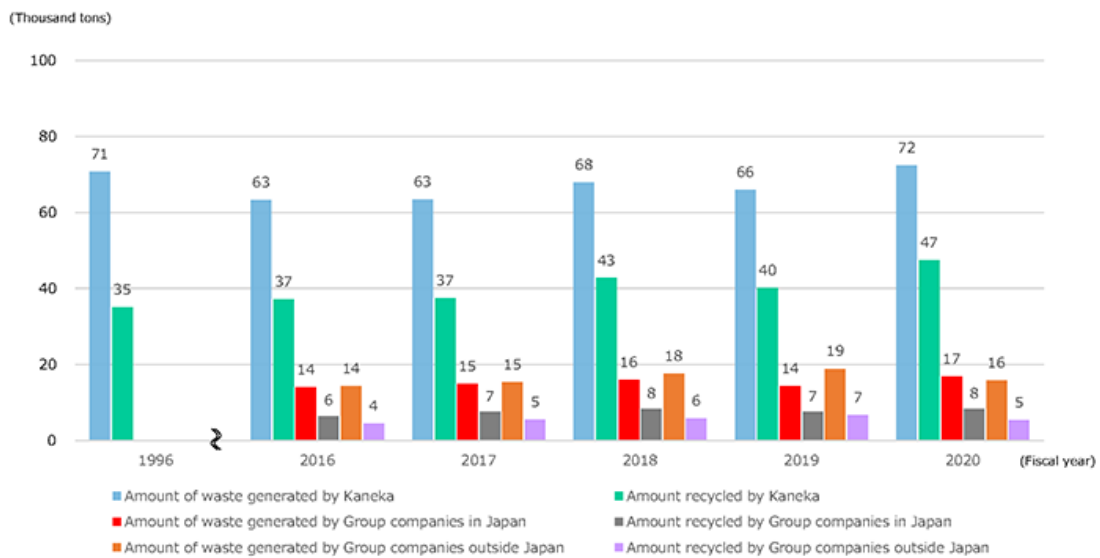
Cutting Industrial Waste Sent to Final Landfill

In fiscal 2020, we effectively achieved zero emissions, with a final landfill volume for all parent manufacturing sites of 29.4 tons, equivalent to a final landfill rate of 0.041%. The final landfill rate of 46 Group companies in Japan was 2.7%, showing an improvement of 2.4% from the previous year, but failed to achieve zero emissions.

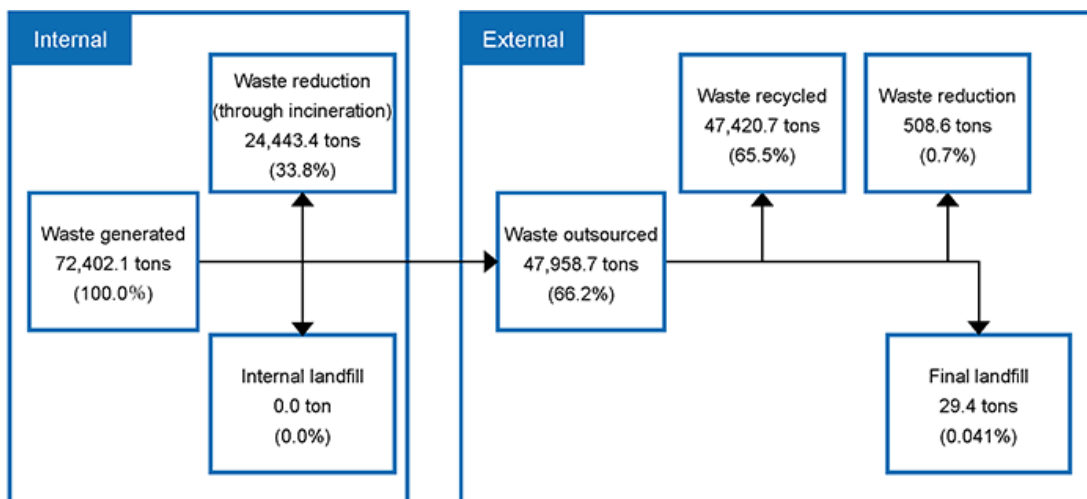
- Volume and Rate of Waste Sent to Final Landfill



Waste Generated and Recycled



Waste Flow: From Generation to Landfill (Fiscal 2020 results at Kaneka)



Proper Disposal of Industrial Waste

In fiscal 2020, we planned to visit waste disposal contractors regularly and carry out surveys based on a checklist, however prioritizing COVID-19 infection prevention, we postponed the site surveys until the following fiscal year. On the other hand, we carried out site surveys as a part of contracting with new contractors, referring to previous site survey reports for other companies.

3R Initiatives

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.

We at Kaneka and Group companies in Japan are pursuing activities at each of our production facilities, mainly

through the "3R" approach to achieve waste reduction and recycling of materials. We also facilitate continuous improvement activities through process analysis using Material Flow Cost Accounting (MFCA).

CHECK & ACT

For industrial waste, we will control waste generation to increase the recycling rate of waste from our operations at home and abroad.

Environment

Biodiversity

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

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

However, in fiscal 2020, major activities were not conducted to prevent COVID-19 infections.

Partnership for Biodiversity Conservation

We join the following initiatives.

- Promotion Partners of the Declaration of Biodiversity by Keidanren
- Japan Business and Biodiversity Partnership

Takasago Manufacturing Site “Kaneka Forestry for the Future”

Since 2012, employees at the Takasago Manufacturing Site have been involved in the Kaneka Forestry for the Future project aimed at conserving a private forest of about 15 hectares in Taka Town, Hyogo Prefecture. Training of newly hired employees has been used as a part of the project. Assisting each other on the forest terrain in cutting and transporting timber, the participants build solidarity and teamwork. Every year, new employees gather in the spring and employees and their families gather in the fall to carry out tree thinning. The carbon sink since the start of the project amounts to 2.08 tons-CO₂. We will continue this private forest preservation project.



Timber felling through cooperation among newly hired employees.

The photo shows the activity in fiscal 2019.



Tree thinning by employees and their family members

Osaka Manufacturing Site “Settsu-no-mori Kaneka Biotope”

Since 2012, we have operated the Settsu-no-mori Kaneka Biotope(*) on the premises of the Osaka Manufacturing Site in collaboration with the Settsu Firefly Society, to create a firefly habitat in Settsu City. Along with the appearance of fireflies in May and June, we open the Osaka Manufacturing Site to the public for a firefly viewing gathering. Since 2017, as the kickoff event of this gathering, we held an ensemble concert by the Japan Century Symphony Orchestra at the site.

We will continue our activities as a plant open to the local community.

* Biotope: A place where organisms live as they do in nature. In human environments such as cities, biotopes are artificial environments created to regenerate and preserve a natural habit.



“Firefly Evening Concert”

The photo shows the activity in fiscal 2019.



Adult firefly



Firefly viewing gathering

Shiga Manufacturing Site “Walnut School”

Employees at the Shiga Manufacturing Site have joined the Walnut School’s efforts to conserve the Konooka Biotope, a precious natural environment of Lake Biwa, as a steering committee member.

The Walnut School consists of members of local residents’ associations, including Shiga Prefecture, Otsu City, and the Shiga Manufacturing Site. We participated in its summer and autumn nature observation gatherings and regular activities, such as grass mowing, sidewalk maintenance, the updating of tree signs and so on.

The natural observation gatherings provide valuable learning opportunities for children to observe rare plants, wild birds, and insects in the biotope and to understand its importance.

We will continue to contribute to the conservation of the beautiful natural environment of Lake Biwa.



Nature observation gathering
The photo shows the activity in fiscal 2019.

Safety / Quality

Management Approach

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. As for product quality, aiming to benefit society and satisfy customers through a stable supply of safe and reliable products, Kaneka Group has set Quality Management Regulations to ensure product safety at all stages, from product design and development to delivery to customers.

Policy

Basic Policies for Responsible Care

1. Protect the natural ecosystem and reduce environmental impact

Focusing on the impact of corporate activities on the global environment and the ecosystem, we endeavor to reduce environmental impact and promote resource conservation and energy saving throughout the lifecycle of products.

2. Offer safe products and information

We endeavor to offer products that are safe to distribute and use, and to provide adequate information on the products such as instructions on how to use and handle products correctly.

3. Develop products and technologies in consideration of the environment and safety

Upon the development of new products, we give consideration to the environment and safety throughout the lifecycle of the products to the greatest extent possible, and endeavor to develop products and technologies with low environmental impact.

4. Reduce waste and promote the recycling of plastics

We reduce waste associated with manufacturing and its processes. We actively develop technologies for the adequate disposal or recycling of plastic waste concerning our products in

cooperation with relevant industries, and endeavor to dispose of and recycle waste in a proper manner.

5. Enhance process safety, disaster-prevention, and occupational safety and health

Safety and disaster prevention constitute the foundations of the local community's trust, and occupational health and safety are issues that need to be fulfilled by chemical companies. We persistently strive to make improvements in these areas.

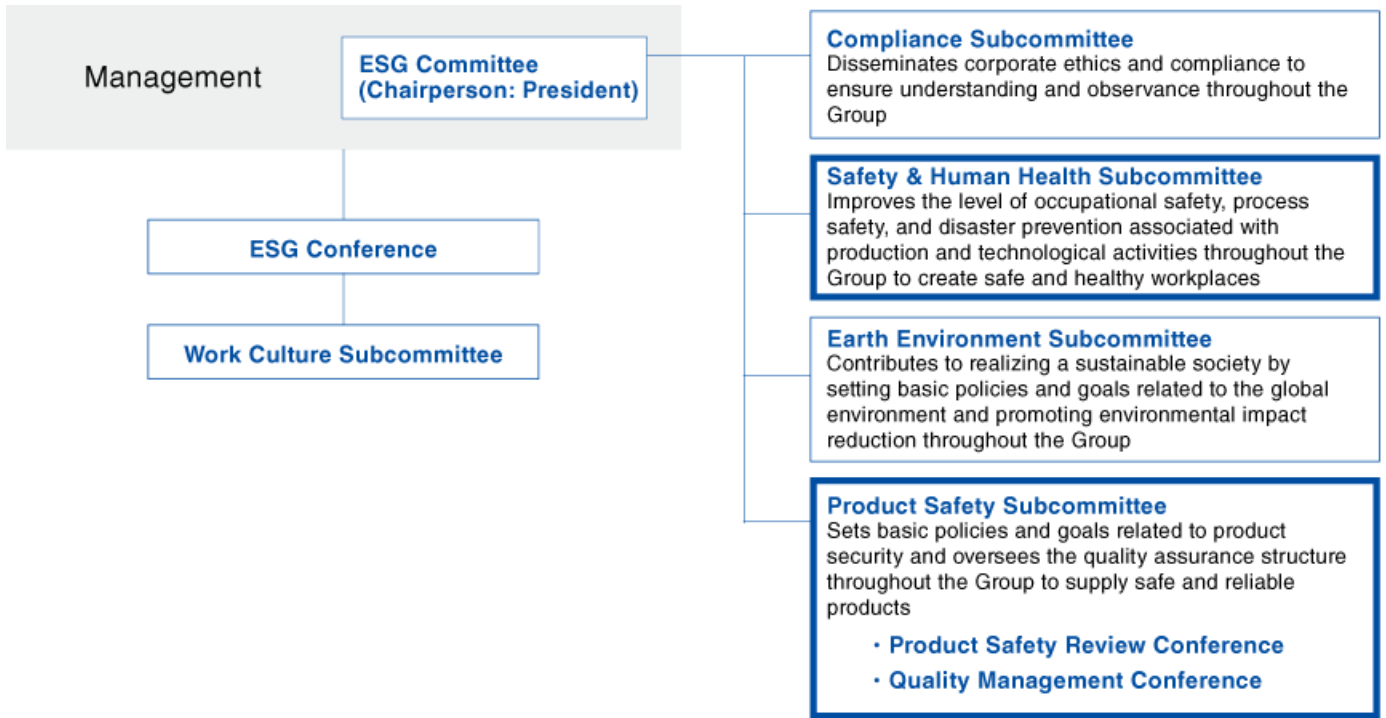
6. Win public confidence

From the management to every employee, all our members shall act in compliance with laws, regulations, standards, etc. relating to environment and safety both at home and abroad. Our approach to Responsible Care as such shall be publicized accurately to the public, in hope of rightfully gaining public recognition and confidence.

Promotion System

As for safety, the Safety & Human Health Subcommittee, with the director in charge of process safety as the chair, which was established in the ESG Committee, sets policies and goals related to occupational safety, process safety, and disaster prevention and checks the progress of goals. To share the importance of safety first between management and on-site staff, members of top management inspect plants to check the on-site situation and create an opportunity to talk with employees. All Group companies in and outside Japan are subject to ESG safety and quality inspections to check the progress of activities from the standpoints of safety/hygiene, environmental conservation and quality assurance of product/commodity/work in process. In fiscal 2020, we conducted ESG safety and quality inspections at all parent manufacturing sites, three sites of three Group companies in Japan, focusing on serious risk management, compliance, implementation of basic safety actions (greetings, 3Ss, and handrail holding) and especially the 3Ss, and internal audits. As for product quality, the Product Safety Subcommittee sets policies and goals related to product safety and quality assurance and checks the progress of the goals. Established as its implementation bodies, the Product Safety Review Conference and Quality Management Conference oversee the quality assurance structure throughout the Kaneka Group.

■ ESG Promotion System (through Fiscal 2021)



We reorganized our ESG-related organization on April 1, 2022. This involved establishing the Engine of Sustainability Management, which is tasked with overseeing and enhancing ESG management. Under the direction of the Engine, the Safety Committee, chaired by the director in charge of process safety, sets policies and goals related to occupational safety, process safety, and disaster prevention and checks the progress of goals.

As for product quality, the Global CSV (Quality Environment) Center sets policies and goals related to product safety and quality assurance and checks the progress of the goals.

■ ESG Promotion System (as of April 1, 2022)



Safety / Quality

Process Safety and Disaster Prevention

Targeting Zero Process Accidents

Placing the top priority for management on safety, the Kaneka Group share the importance of safety first between management and on-site staff and work to ensure zero process accidents. In fiscal 2020, we continued to work on the key challenges from the perspectives of ensuring the intrinsic safety of equipment and fostering a safe culture.

- **Ensuring the Intrinsic Safety of Equipment**
We are promoting equipment measures from the perspective of multiple protection based on risk assessment (safety assessment). We are also working to solve issues for establishing a smart plant by actively adopting DX.
- **Fostering a Safe Culture**
We have established the Zero Accident Principles to ensure that all employees, including members of top management, follow the rules and take actions toward fostering a safe culture.
In fiscal 2020, based on the belief that observance of rules is the basis of safety, particularly to have all employees recognize the importance of observance of rules, we checked the performance status of “greeting, 3Ss, handrail holding”. We also conducted questionnaires on safety awareness/control targeting all parent manufacturing sites to raise their awareness. Based on the questionnaire results, we promote discussion at the workplace to share the issues and seek solutions, which leads to increased safety awareness of all employees and fostering of safe culture in the organization.
To ensure safe and secure operations, it is also important to create a workplace environment where employees can work in good physical and mental health. Therefore, we are working on improvement of workplace environment, including measures against heat.

Although eleven process accidents, including minor accidents, occurred in fiscal 2020, there were no serious accidents related to process safety. When the accidents occurred, we promptly notified the relevant public fire department. And, we apologized to local residents and anyone affected by the disturbance.

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.

Implementation of Disaster Drills

We annually conduct comprehensive disaster drills, based on a scenario of a large-scale earthquake and a fire caused by hazardous material leakage, at all parent manufacturing sites jointly with local governments and an industrial complex so that we can promptly and effectively respond to emergency situations.

We advance countermeasures against natural disasters in order of priority, including promoting the earthquake-proofing of equipment in preparation for large-scale earthquakes, and implementing risk assessment for typhoons, heavy rains and floods, which have frequently occurred in recent years, based on hazard maps for all parent manufacturing sites and Group companies in Japan.

We also learn how to initially respond to a fire and how to use a hydrant to prevent the spread of a fire through daily training to ensure that we can immediately perform self-defense fire-fighting operations.

To constantly improve our disaster coping skills and strengthen anti-disaster activities, we join a hydrant operation competition held locally, ranking higher every year.

■ Comprehensive Disaster Drills

| Manufacturing Site | Date | Participants | Details |
|-----------------------------|-------------------|--------------|--|
| Takasago Manufacturing Site | December 17, 2020 | 2,075 | An earthquake resulting in a hazardous material leakage |
| Osaka Manufacturing Site | November 11, 2020 | 1,140 | An earthquake resulting in a fire caused by hazardous material leakage |
| Shiga Manufacturing Site | November 11, 2020 | 395 | An earthquake resulting in a fire |
| Kashima Manufacturing Site | March 18, 2021 | 70 | A hazardous material leakage |



Safety Best Practices

To further raise the level of safety across the Kaneka Group, we have issued 54 safety best practices, sharing information from the perspectives of safety measures, risk assessment, education, and the passing on of safety techniques. We will continue to share the best practices on a regular basis to raise safety awareness and facilitate safety behavior.

Plant Safety Initiatives

We previously conducted a variety of safety management and safety technology training in a group format, targeting newly appointed manufacturing department general managers, section managers, and safety & technology promoting expert. By switching to online venues and distributing audio materials, we have continued to carry out training seamlessly even during the COVID-19 pandemic.

We assess the safety of equipment using HAZOP (*). We make it compulsory that employees registered as evaluators through the in-house certification program should assess the safety of equipment. To foster safety evaluators, we annually hold a HAZOP workshop, inviting external experts as lecturers.

We have established a technique for assessing the risk of accidental chemical mixing and a method for evaluating thermal runaway in chemical reactions. We will continue to improve these safety techniques to ensure plant safety.

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

CHECK & ACT

To reduce the number of process accidents, we will work to ensure risk assessment and intrinsic safety by setting risk assessment standards and fostering safety evaluators. We will continue to make company-wide efforts to thoroughly prevent recurrence and similar accidents.

Safety / Quality

Occupational Safety and Health

Occupational Safety and Health Initiatives

Safety is a top management priority for the Kaneka Group, and it is our social mission to improve safety. To ensure safe and secure operations, we believe it is important to create a workplace environment where employees can work in good physical and mental health.

While being committed to continuing to protect safety, we have established the Zero Accident Principles, based on which all employees, including members of top management, make a point of following the rules. We also conduct ESG safety and quality inspections to check the safety management status of plants on-site. We assess the evidence of the status and share items that need improvement between the Head Office and the relevant plant. Based on a one-year-term improvement plan, we implement the PDCA cycle throughout the year. In 2020, five occupational accidents in the Kaneka Group, of which four resulted in lost time and one did not, a significant decrease from 19 cases in 2019. We will raise the safety awareness of every employee by promoting safety activities that adhere to the Zero Accident Principles, such as ensuring the safety of equipment and raising awareness of risk prediction.

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%}

Enhancing Our Occupational Safety and Health Management System

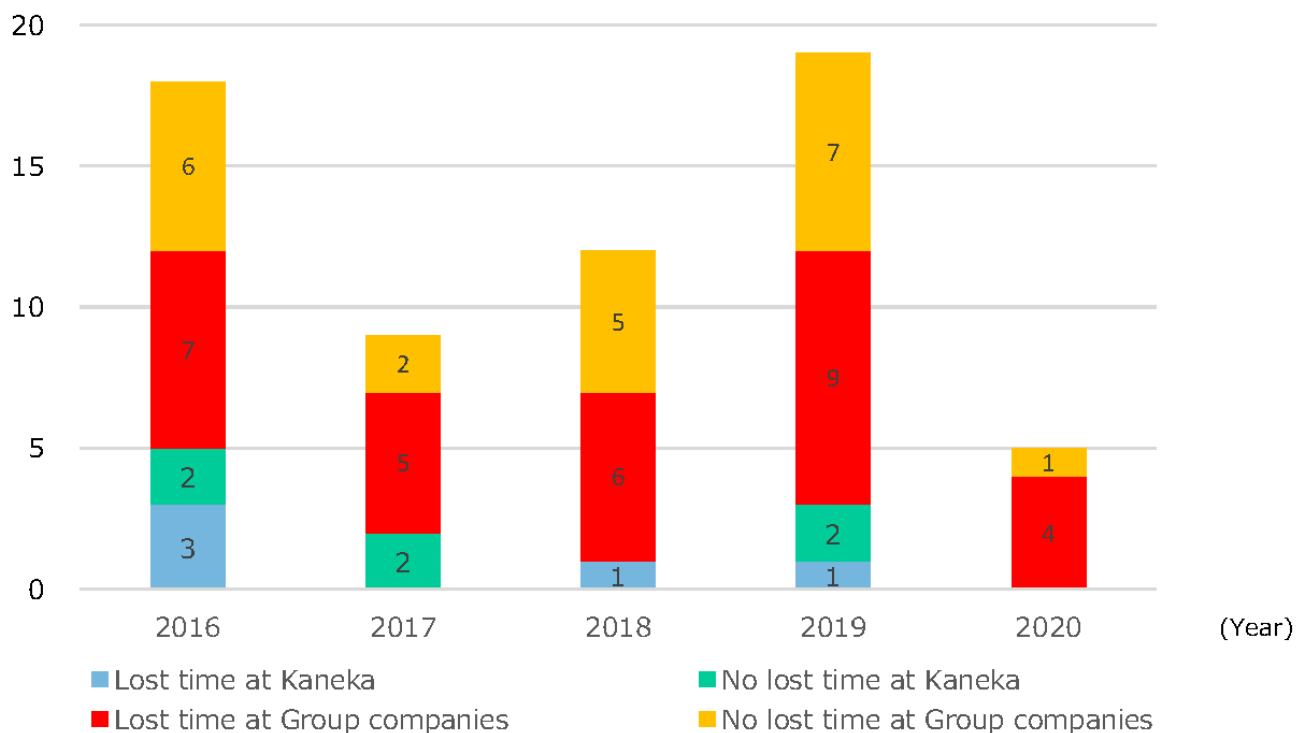
Our all parent manufacturing sites acquired Occupational Safety and Health Management System (OSHMS) certification from the Japan Industrial Safety & Health Association (JISHA) in fiscal 2007, and have continued our efforts to enhance these systems.

OSHMS Certifications

| Manufacturing Site | Location | Certification Date | Certification No. |
|-----------------------------|----------|--------------------|-------------------|
| Takasago Manufacturing Site | Hyogo | March 10, 2008 | 08-28-13 |
| Osaka Manufacturing Site | Osaka | August 21, 2007 | 07-27-10 |
| Shiga Manufacturing Site | Shiga | January 15, 2008 | 08-25-6 |
| Kashima Manufacturing Site | Ibaraki | December 13, 2010 | 10-8-26 |

Accidents Resulting / Not Resulting in Lost Time

(Number)



Note: The number of occupational accidents includes those among employees at Kaneka and partner companies working in the Kaneka Group.

■ Accident Frequency Rate and Accident Severity Rate

| Area | All Kaneka Group | | Kaneka | | Group Companies in Japan and Overseas | |
|-------------------------|------------------|------|--------|------|---------------------------------------|------|
| | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 |
| Accident Frequency Rate | 0.52 | 0.18 | 0.00 | 0.00 | 0.78 | 0.26 |
| Accident Severity Rate | 0.01 | 0.00 | 0.00 | 0.00 | 0.02 | 0.00 |

Note: 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.

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.

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

Prevention of Machine Accidents

To prevent machine accidents, such as being caught in machinery, we foster experts in comprehensive machine safety. In fiscal 2020, we registered 30 employees who acquired safety sub-assessor (SSA) (*) qualification as safety experts.

* Safety sub-assessor (SSA) qualification is provided to machine designers who have the basic knowledge and skills required to check the validity of machine safety.

Hands-on Safety Experience Programs

At all parent manufacturing sites, to let employees experience the fear of occupational accidents, we have them use hands-on safety experience equipment installed at each business site to learn the mechanisms of accidents and the functions of equipment.

For Group companies in Japan, we provide employees with the opportunity to gain simulated experience, using in-vehicle hands-on safety experience equipment, to raise their safety awareness. We also promote the introduction of a system that enables virtual reality that strongly evokes a sense of danger.



Safety Commendation

We present the President's Safety Award to all business sites that have achieved no accidents (no process accidents) and no disasters (no accidents resulting / not resulting in lost time) based on the internal standards. In fiscal 2020, the award was granted to four Group companies within and outside Japan. In addition, we have been certified as a Safety-conscious Company by the Japan Chemical Industry Association. We will continue to actively commend efforts to improve safety in order to raise safety awareness toward achieving zero accidents.

■ President's Safety Award for No Accidents and No Disasters based on the Internal Standards (Fiscal 2020)

| Group Company | Award for Zero Accident and Disaster Period |
|---------------------------------|---|
| Kaneka Shiga Manufacturing Site | December 14, 2015 — |
| Vienex Corporation | June 8, 2013 — |
| Kaneka Medical Tech Corporation | September 7, 2013 — |
| PT. Kaneka Foods Indonesia | January 17, 2014 — |

■ Certification as a Safety-conscious Company by the Japan Chemical Industry Association

| Group Company | Certification for Zero Accident and Disaster Period |
|---|---|
| Kaneka Shiga Manufacturing Site | December 14, 2015 — (7 years) |
| Kaneka Hokkaido Styrol Co., Ltd. Shibetsu Plant | August 28, 2009 — (11 years) |
| Tochigi Kaneka Co., Ltd. | May 26, 2012 — (8 years) |
| Showa Kaseikogyo Co., Ltd. | January 17, 2015 — (5 years) |

CHECK & ACT

In 2020, five occupational accidents occurred. To achieve zero accidents, we will work to promulgate basic safety actions to all employees, improve production line management, and strengthen the risk assessment foundation.

Safety / Quality

Product Responsibility

Quality Management

Kaneka Group strive to benefit society and satisfy customers through a stable supply of safe and reliable products. To that end, we undertake quality management activities to ensure product safety at all stages of product design and development, raw material procurement, manufacturing, and sales.

In fiscal 2020, related activities included the followings:

- Self check was conducted in each division to check the operation status of quality management system in the supply chain and recognize new challenges to seek further improvement.
- We provided education for the R&B-related divisions on operation standards of product safety review and utilized checklists to raise their product safety awareness.
- We checked product inspection implementation at the plants of Group companies and found no serious compliance violations.
- We held four Quality Management conferences, inviting persons in charge of quality management in each business division, to instill the policy and instructions of the ESG Committee and the Product Safety Subcommittee, exchange views, and share information on product quality.
- We undertook a range of activities to improve the capacity of our employees, including through outside seminars and in-house lectures by external experts.

Product Safety Review Conference

Due to expanded business operations and diversified activities of the Group, we need to conduct an increasing number of reviews of our new services and products targeted at general customers.

To respond in a timely and speedy manner to the supply of active pharmaceutical ingredients for Avigan® Tablet and sales of PCR test kits for COVID-19, in fiscal 2020, the administration office of the Product Safety Review Conference and its administrative office carried out related pre-consultations (hearings) to ensure safety.

Note: Avigan® Tablet is a registered trademark of FUJIFILM Toyama Chemical Co., Ltd.

Chemical Substance Management

We appropriately manage chemical substances at all stages of product development, manufacturing, transportation, sales, and disposal, following Japanese and international laws and regulations. For raw material procurement, we have established the Green Procurement Standards to prevent mixing of chemicals prohibited under the Chemical Substances Control Act (*1). When supplying our products, we actively offer information for the proper handling of our products by displaying the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) (*2) labels and providing a safety data sheet for products. In response to partial revisions of laws and regulations such as the Food Sanitation Act and introduction of a positive list system allowing only substances for which safety has been evaluated to be used in food utensils, containers and packaging, we joined the Food Contact Materials Safety Center, which was newly established in June, 2020 in the Japan Chemical Innovation and Inspection Institute, to collect accurate information.

*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.

Audits and Inspections

We regularly undergo reviews and audits by external organizations based on established standards and criteria, such as the ISO 9001 standards. In addition, we are working to improve our product quality by checking the performance of quality-related activities through ESG safety and quality inspections and internal auditing.

In fiscal 2020, related activities included the followings:

- For food-related Group companies, we started inspections by external experts to check the operation of the quality management system including the supply chain and the status of hygiene control to promote further improvement of quality management.
- For deficiencies found in audits and inspections at Group companies, we checked their improvement status through evidence to ensure improvement of the quality management system.
- We continued to clarify the strengths and weaknesses of our product quality through quantitative evaluation and conducted an audit at all Group companies in Japan, including the production, sales, and administration divisions, through self-check using an audit checklist.
- We held a Quality Internal Audit Secretariat Division Meeting and set the completion of complaint handling as a common confirmation item and checked the status for each division.

CHECK & ACT

We expanded the scope of inspection and check from manufacturing to the entire supply chain as well as from business division to the R&D division to ensure Group-wide commitment to product safety. We also continued to enhance our ability to inspect and improve product manufacturing as well as services for customers.

We will optimize the quality management system with the Global CSV (Quality Environment) Center serving as a center and through the improvement of frontline

execution.

Certification Acquisition Status

■ ISO 9001 Certification

| Division or Group Company (SV : Solutions Vehicle) | Major Products | Registry Organization and Number |
|--|---|----------------------------------|
| Vinyls and Chlor-Alkali SV | Caustic soda, hydrochloric acid, sodium hypochlorite, liquid chlorine, vinyl chloride monomers, polyvinyl chloride, polyvinyl chloride paste, heat-resistant polyvinyl chloride, and OXY chlorination catalyst | JCQA / JCQA-1263 |
| Performance Polymers (MOD)SV | Impact modifiers (Kane Ace™ B etc.), processing aids and specialty additives (Kane Ace™ PA etc.), toughener for thermosetting resins (Kane Ace™ MX), engineering resin for injection molding (Kaneka Hyperite™), zero birefringence PMMA material (Kaneka Hyperite™), and Acrylic film (Sunduren™) | LRQA / ISO9001-0066620 |
| Performance Polymers (MS)SV | Silyl-terminated polyether (Kaneka MS Polymer™ etc.), acrylic silicon polymer (Kaneka Gemlac™), terminally reactive liquid acrylic polymer (KANEKA XMAP™ etc.), and isobutylene-based thermoplastic elastomer (SIBSTAR™) | |
| Green Planet Project | Biodegradable polymer (KANEKA Biodegradable Polymer Green Planet™) | |
| Foam & Residential Techs SV | Bead technique-based polyolefin resins and molded products (Eperan™, Eperan PP™), bead technique-based expandable polystyrene (Kaneppearl™), and extruded polystyrene foam board (Kanelite™) | JCQA / JCQA-0673 |
| Hokkaido Kanelite Co., Ltd. | | |
| Kyushu Kanelite Co., Ltd. | | |
| E & I Technology SV | Ultra-heat-resistant polyimide films (Apical™, Pixeo™), optical film (Elmech™), bonded magnets (Kaneka Flux™), multi-layered insulation materials, PVC pipes for underground electric cables, high thermal-conductive graphite sheet (Graphinity™), thermal conductive elastomer, and flexible cover coat ink | LRQA / ISO9001-0077397 |

| Division or Group Company (SV : Solutions Vehicle) | Major Products | Registry Organization and Number |
|---|---|--|
| | Highly heat-resistant and light-resistant resins and molded products | DNV / 01635-2006-AQ-KOB-RvA/JAB |
| PV & Energy Management SV | Design, development, manufacturing, sales, and services of photovoltaic modules Sales and services of photovoltaic power generation system materials | JQA / JQA-QMA13200 |
| Kaneka Solartech Corporation | | |
| Kaneka Solar Marketing Corporation | | |
| Foods & Agris SV | Margarine, shortening, edible oils and fats, edible refined oils and fats, whipped cream, concentrated milk products, modified milk, fermented milk products, flour paste, butter cream, chocolate, frozen dough, cheese, mayonnaise, cooking fillings, prepared foods, yeast, antifreeze protein, antifreeze polysaccharide, and seasoning materials | JQA / JQA-QMA10274 |
| Takasago Manufacturing Site Foods Manufacturing Department | | |
| Kaneka Foods Manufacturing Corporation | | |
| Tokyo Kaneka Foods Manufacturing Corporation | | |
| Kaneka Foods Corporation | | |
| NJF Co., Ltd. | Production instruction of processing contractors | |
| OLED Business Development Project | Organic electroluminescent lighting | JMAQA / JMAQA-2532 |
| OLED Aomori Co., Ltd. | | |
| Showa Kaseikogyo Co., Ltd. | Plastic compounds | ASR / Q0556 |
| Tatsuta Chemical Co., Ltd. | Plastic film, plastic sheet | BVJ / 4503769 |

| Division or Group Company (SV : Solutions Vehicle) | Major Products | Registry Organization and Number |
|---|---|----------------------------------|
| Sanvic Inc. | Synthetic resin sheets and films | JMAQA / JMAQA-1824 |
| Tobu Chemical Co., Ltd. | Plastic wallpaper, vinyl chloride resin wallpaper | LRQA / YKA0958154 |
| Cemedine Co., Ltd. | Development and manufacture of general and industrial adhesives, sealants and special paints | JCQA / JCQA-0386 |
| Kanto Styrene Co., Ltd. | Manufacturing of polystyrene foam molded products | IIC / JN-1050.0 |
| Kaneka Foam Plastics Co., Ltd. Moka Plant | Bead technique-based polyolefin molded products | ASR / Q1919 |
| Kaneka Foam Plastics Co., Ltd. Kyusyu Plant | Bead technique-based polyolefin molded products | ASR / Q4509 |
| Tamai Kasei Co., Ltd. | A series of operations related to order receipt, manufacturing, inspection, and shipping of Phase Change Material (PCM) (Patthermo™) | ASR / Q4131 |
| Vienex Corporation | Electronic products | JSA / JSAQ2593 |
| Shinka Shokuhin Co., Ltd. | Modifiers for bread and confectionery, processed fruit products, outsourced products (margarine, cooking fillings, modified milk) | JQA / JQA-QMA15323 |
| Taiyo Yushi Corporation | Margarine, shortening, edible refined oils and fats, edible vegetable oils and fats, refined lard, other edible oils and fats, processed fats, dairy products, and food additives | JQA / JQA-QMA14671 |
| | Cosmetics for hair and skin care, dental care items, body soaps, and soaps for clothes, dish washing and house cleaning | BVJ / 4171923 |
| Kaneka Sun Spice Corporation | (1) Product design and development of spices and secondary processed products incorporating spices (2) Purchase and sales of general processed foods and their ingredients | JQA / JQA-QMA11351 |
| Nagashima Shokuhin Co., Ltd. | Frozen puff pastry dough and frozen cookie sheets | JQA / JQA-QMA15844 |

| Division or Group Company (SV : Solutions Vehicle) | Major Products | Registry Organization and Number |
|---|--|---|
| Tochigi Kaneka Corporation | Bonded magnets (Kaneka Flux™), multilayer insulation materials, and high thermal-conductive graphite sheet (Graphinity™) | LRQA / YKA0958035 |
| Kaneka Belgium N.V. | Modifier resins (Kane Ace™), bead technique-based polyolefins (Eperan™, Eperan PP™), modified silicone polymer (Kaneka MS Polymer™), and acrylic sol | AIB-VINCOTTE / BE-91 QMS 028i |
| Kaneka North America LLC | Ultra-heat-resistant polyimide films (Apical™), modifier resins (Kane Ace™, Kaneka Telalloy™), heat-resistant vinyl chloride resins, and modified silicone polymers (Kaneka MS Polymer™) | BSI / FM72722 |
| Kaneka (Malaysia) Sdn. Bhd. | Modifier resins (Kane Ace™) | SIRIM QAS / QMS 00900 |
| Kaneka Paste Polymers Sdn. Bhd. | Vinyl chloride paste resin | SIRIM QAS / QMS 00900 |
| Kaneka Apical Malaysia Sdn. Bhd. | Ultra-heat-resistant polyimide films (Apical™), High thermal-conductive graphite sheet (Graphinity™) | SIRIM QAS / QMS 00900 |
| Kaneka MS Malaysia Sdn. Bhd. | Modified silicone polymer (Kaneka MS Polymer™) | SIRIM QAS / QMS 00900 |
| Kaneka Innovative Fibers Sdn. Bhd. | Synthetic fibers | SIRIM QAS / QMS 00900 |
| Kaneka Eperan Sdn. Bhd. | Bead technique-based polyolefins (Eperan™, Eperan PP™) | SIRIM QAS / QMS00996 |
| Kaneka Eperan (Suzhou) Co., Ltd. | Bead technique-based polyolefins (Eperan™, Eperan PP™) | SGS / CN18/20031 |
| Kaneka (Foshan) High Performance Materials Co., Ltd. | Bead technique-based polyolefins (Eperan™, Eperan PP™) | Beijing East Allreach certification Center Co., Ltd. / USA19Q44009R1S |
| Kaneka (Thailand) Co., Ltd. | Bead technique-based polyolefin resins and molded products (Eperan™, Eperan PP™) | BSI / FM714676 |
| KSS Vietnam Co., Ltd. | Processed spices, herbs, dried vegetables, and mixed spices | Intertek Certification |

| Division or Group Company (SV : Solutions Vehicle) | Major Products | Registry Organization and Number |
|---|--|----------------------------------|
| | | Limited / CPRJ-2015-040996 |
| Kaneka Eurogentec S.A. | Products and services for research and development in life science | BSI / FS 638601 |
| Anaspec Inc. | Peptides, antibodies, synthetic resins, amino acids, and reagents for research | SQA/09.357.1 |

■ ISO13485 Certification (*1)

| Division or Group Company (SV: Solutions Vehicle) | Main Products | Registry Organization and Number |
|--|--|----------------------------------|
| Medical SV | Lixelle™, liposorber™, catheters, silascon™, and ED coil | TÜV SÜD / Q5 024736 0069 |
| Kaneka Medix Corporation | | |
| Kaneka Medical Vietnam Co., Ltd. | | |
| Kaneka Medical Tech Corporation | Endoscopic instruments | |
| Kaneka Eurogentec S.A. | Contract manufacturing of in vitro diagnostic oligonucleotides | BSI / MD 638600 |

*1 ISO 13485 is an international standard covering the comprehensive management system requirements for the design and manufacture of medical equipment.

■ ISO22000 Certification (*2)

| Production Unit or Group Company | Main Products | Registry Organization and Number |
|---|--|----------------------------------|
| Takasago Manufacturing Site Pharmaceutical Department | Coenzyme Q10 (Kaneka Q10™, Kaneka QH™) | SGS / JP10 / 030379 |

| Production Unit or Group Company | Main Products | Registry Organization and Number |
|----------------------------------|---|--|
| Kaneka Sun Spice Corporation | Spices and secondary processed products incorporating spices | JQA / JQA-FS0123 |
| KSS Vietnam Co., Ltd. | Processing of spices, herbs, dried vegetables, and mixed spices | Intertek Certification Limited / 38191405003 |
| Shinka Shokuhin Co., Ltd. | Modifiers for bread and confectionery, processed fruit products, outsourced products (margarine, cooking fillings, modified milk) | JQA-FS0286 |

*2 ISO 22000 is an international standard for food safety management systems.

■ Food Safety System Certification 22000 (FSSC 22000) (*3)

| Division or Group Company (SV: Solutions Vehicle) | Main Products | Registry Organization and Number |
|--|--|----------------------------------|
| Foods & Agris SV | Margarine, shortening, flour paste, butter cream, edible oils and fats, edible refined oils and fats, concentrated milk products, modified milk, cheese, whipped cream, yeast, fermented milk products, antifreeze protein, antifreeze polysaccharide, and seasoning materials | JQA / JQA-FC0047 |
| Takasago Manufacturing Site Foods Manufacturing Department | Margarine, shortening, edible oils and fats, edible refined oils and fats, whipped cream, concentrated milk products, modified milk, and yeast | JQA / JQA-FC0047-1 |
| Kaneka Foods Manufacturing Corporation | Margarine, flour paste, buttercream, cheese, fermented milk products, antifreeze protein, antifreeze polysaccharide, and seasoning materials | JQA / JQA-FC0047-2 |
| Tokyo Kaneka Foods Manufacturing Corporation | Margarine, shortening, flour paste, buttercream, and whipped cream | JQA / JQA-FC0047-3 |
| Taiyo Yushi Corporation | Margarine, shortening, edible refined oils and fats, edible vegetable oils and fats, refined lard, other edible oils and fats, processed fats, and dairy products (butter) | JQA / JQA-FC0044 |

| Division or Group Company (SV: Solutions Vehicle) | Main Products | Registry Organization and Number |
|---|---------------------------------------|----------------------------------|
| Nagashima Shokuhin Co., Ltd. | Frozen dough (pies and confectionery) | JQA / JQA-FC0109 |

*3 The Food Safety System Certification 22000 (FSSC22000) offers a complete certification Scheme for Food Safety Management Systems based on ISO 22000, ISO/TS 22002-1, and additional FSSC 22000 requirements.

■ ISO22716 Certification (*4)

| Group Company | Main Products | Registry Organization and Number |
|-------------------------|---|----------------------------------|
| Taiyo Yushi Corporation | Shampoos, conditioners, body soaps, and hand creams | BVJ / 4521945 |

*4 ISO 22716 is guidelines on the Good Manufacturing Practices (GMP) of cosmetic products.

■ ISO17025 Certification (*5)

| Group Company | Main Products | Registry Organization and Number |
|--|---|----------------------------------|
| Tokyo Kaneka Foods Manufacturing Corporation | Microbial testing (viable bacteria count, coliform count) | JAB / RTL04360 |

*5 ISO17025: General requirements for the competence of testing and calibration laboratories; Criteria based on which an accreditation body assesses whether the relevant testing and calibration laboratory can produce accurate measurement and calibration results.

CSR Procurement

Management Approach

Basic Policy

Based on the Basic Procurement Policy, the Kaneka Group seeks to mutually enhance corporate value with its business partners (suppliers) as we pursue efficient, fair, and equitable procurement activities to ensure safety and quality, conserve the natural environment in terms of climate issues and biodiversity, respect human rights, and comply with laws and regulations.

In 2015, we endorsed the principles for voluntary action of the United Nations Global Compact: human rights, labour, environment, and anti-corruption. Furthermore, Kaneka Group established the ESG Charter in 2018, aiming to evolve its ESG management. The Charter acts as a guideline to help each employee put the Corporate Philosophy into practice. Under the Charter, we are pursuing procurement activities aimed at building a sustainable society.

Policy

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.

CSR Procurement

CSR Procurement

Green Procurement Based on Basic Procurement Policy

Based on the Basic Procurement Policy, the 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.

We revised the Green Procurement Standards twice in fiscal 2020, after reviewing the target substances based on changes in relevant laws and regulations. In addition to disseminating information about the implementation of green procurement across all related divisions and establishing a procurement framework, we are carrying out a survey of suppliers' environmental management system certification and taking steps to prevent the use of prohibited substances in raw materials. We will work proactively with business partners in this area, recognizing that green procurement is a key initiative in promoting environmental protection activities.

Procurement Initiatives

Our procurement departments stay in close communication with our business partners, continually working with them to strengthen our partnerships.

Together with our business partners, we keep our eye on continually changing market conditions to create new value and to grow together.

Based on a questionnaire we administered in fiscal 2019 regarding the status of CSR procurement efforts, we held dialogues with our business partners in fiscal 2020 to share information on needed improvements and get initiatives up and running. We will continue to make needed improvements through communication with our business partners.

Initiatives for Logistics Safety

In fiscal 2020, jointly with our transportation contractors, we carried out year-long awareness-raising initiatives on-site and during transportation to promote safety in logistics operations. They included programs on risk prediction training, risk assessment of logistics and transportation contractors, and checking safety behavior during loading. We also held transport accident emergency reporting drills based on specific scenarios. At the Takasago Manufacturing Site, we held repeated simulated training on emergency handling of poisonous and

deleterious materials. Through continuous implementation of these activities, all staff members reaffirm how to take action in the event of accidents and the importance of prompt reporting to relevant departments to control emergency situations.



Training on emergency handling of poisonous and deleterious materials

CHECK & ACT

Kaneka Group continues to engage in procurement activities based on the Green Procurement Standards.

Human Resource Strategies

Human Driven Company Promoting “Wellness First” Health Management Active Participation of Diverse Workforce with Healthy and Vibrant People

Being a “Human Driven Company” is the DNA of Kaneka. Individual employees in good physical and mental health generate the results and value of work and realize innovation.

Also, it is essential to have a diverse workforce to develop diverse businesses.

As a “Trial & Error experiment driven company” continuously conducts learning and trials repeatedly, we treasure our forward-looking organizational culture.

Development of Human Resources and Leaders Centered on “Kaneka 1-on-1”

We develop our human resources through “Kaneka 1-on-1”, in order to achieve human resources development and development of our company at the same time.

Also, we have continuously conducted training programs for developing executive candidates and leaders who will become a driving force to lead our businesses and operations.

Toward the Active Participation of Diverse Workforce

There are approximately 11,000 employees (including 3,000 employees of foreign nationality) in the Kaneka Group working globally.

Kaneka is a “Trial & Error experiment driven company.”

We believe that new ideas and initiatives are born from respecting each other’s different values, and therefore provides opportunity for making challenges to various workforces with high motivation, regardless of age, gender or nationality.

We especially put our effort in increasing participation of females to our workforce, and particularly focus on expanding their recruitment and promotion.

Promotion of Wellness

We believe that promotion of wellness will create a healthy organization, and enable us show high productivity and creativity.

To ensure and both mental and physical health of employees, associated organizations connect organically each other to work on health promotion measures.

Human Driven Company Promoting “Wellness First” Health Management

Active Participation of Diverse Workforce with Healthy and Vibrant People

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Work Culture Innovation “Change pain to gain!”

The COVID-19 pandemic has drastically changed the conventional working environment. To respond to such changes, we have so far worked on (1) Improvement of telecommuting system, (2) Changes in meetings

and (3) Revision of the working environment. It has become established as a style to make short online meetings often and then taking actions.

We have also redesigned our business process and review systems to fit them to a new era. Furthermore, we are working on fully utilizing benefits of DX to create

a new business value and improve productivity significantly. We will continue to innovate toward smart work that leads to better working conditions and higher productivity.

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Work Culture Innovation “Change pain to gain!”

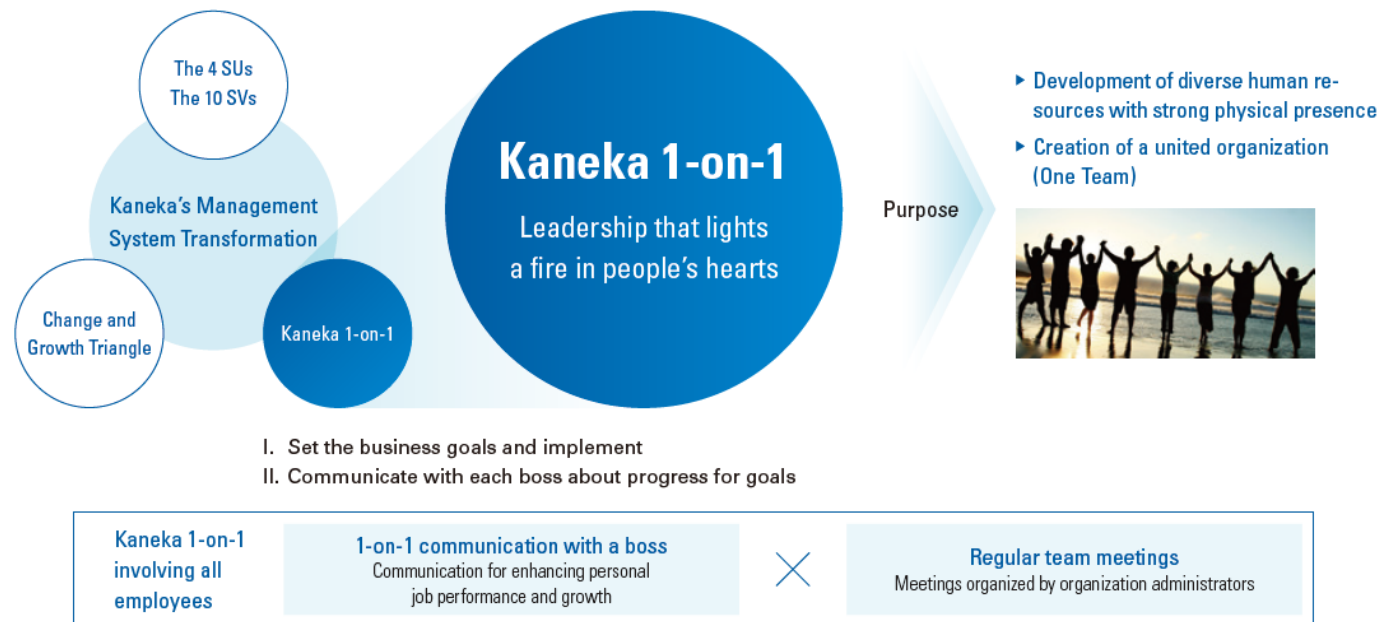
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Human Resource Strategies

Kaneka 1-on-1

“Kaneka 1-on-1” lighting a fire in people’s hearts



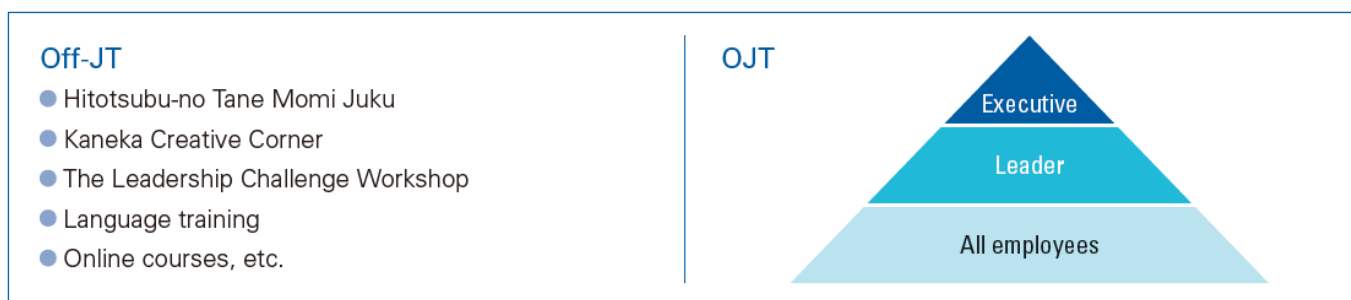
We aim to realize both human resource development and goal achievement at work through “Kaneka 1-on-1”. In addition to “1-on-1 communication with a boss”, we also organize “regular team meetings” in a minimum unit. We call the combination of these two as “Kaneka 1-on-1 involving all employees”, and we use it for developing a corporate culture where members think together about development of member’s ability, cooperation in a team, information sharing and way to resolve issues, and thus achieving good performance. Purpose of this program is to deepen relationship among employees with regular communication, causing them to act autonomously and spontaneously (improving their motivations), and develop human resources and improve organizational power through team meeting (formation of One Team). When this program started in fiscal 2018, it only subjected executives at first, but since the 3rd year of the program, it has gradually increased its subject to assistant managers and other employees. The program contributes for improving “the power of individual and the power of organization” while flexibly changing measures through communications. Also, in order to improve the coaching ability of bosses, we regularly hold a workshop for improving their communication skills. At the same time, we regularly measure effectiveness of this program by conducting survey and hearing of employees, and provide feedbacks, in order to improve our Value Communication. Since

fiscal 2021, to further improve quality of Kaneka 1-on-1 team meeting, we have started a workshop for team building.

Programs for Improving Quality of Communication

| Program Name | Content | ~Fiscal 2019 No. of participants | Fiscal 2020 No. of participants | Total from the start of the program No. of participants |
|------------------------|--|----------------------------------|---------------------------------|---|
| Kaneka 1-on-1 workshop | Lectures and exercises for improving the coaching ability (listening, recognizing and questioning) of bosses conducted by a lecturer specialized in communication for executives | 205 | 155 | 360 |

Development of Human Resources and Leaders Centered on “Kaneka 1-on-1”



Development of Leaders

We conduct training programs for employees, including those at Group companies in and outside Japan, to develop future executive candidates and leaders who will strongly lead businesses and operations. Some participants in the programs have been appointed to division chief and executive positions at overseas Group companies.

| Program Name | Content | Fiscal 2018 No. of participants | Fiscal 2019 No. of participants | Fiscal 2020 No. of participants | Total from the start of the program No. of participants |
|-----------------------------------|--|--------------------------------------|--------------------------------------|--|--|
| Hitotsubu-no Tane Momi Juku | Lectures and exercises by the top management and first-class instructing staff targeted at future leaders and management personnel | 12 | 12 | 12 | 73 |
| Kaneka Creative Corner | Lectures and exercises by the top management and first-class instructing staff targeted at future leaders of national staff | 12 | — (*1) | — (*1) | 34 |
| The Leadership Challenge Workshop | Acquiring and practicing leadership skills and follow-up | (outside) 21 (in Japan) 288 | (outside) 36 (in Japan) 187 | (outside) — (*1) (in Japan) 157 | (outside) 464 (in Japan) 1,295 |

*1 Cancelled due to the COVID-19 pandemic, etc.

Welcoming Workplace

To maintain a working environment without sexual or power harassment, we are working on to inform employees by including related information in the “Rules of Employment”, “Compliance Guidebook”, as well as our intranet. Also, for prevention of harassment and early response against the case, we have established consultation services in the Legal Department, the Human Resources Department, the Personnel at each site, the Health Consultation Room and labor union in each facility, and a lawyer office working for our company has established consultation and reporting services for our employees.

We consider “Respect for Human Rights” as a basis of what our company and employees must protect. We state in our ESG Charter and carry out that we strive to foster an organizational culture that respects the personalities and uniqueness of all employees so that they can enjoy good health, feel motivated, and make the most of their abilities. We also state the same materials in the “Rules of Employment” and “Ethical Code of Conduct”, and try to make this idea known through providing trainings.

| Program Name | Content | Fiscal 2018 No. of participants | Fiscal 2019 No. of participants | Fiscal 2020 No. of participants |
|---|---|------------------------------------|------------------------------------|------------------------------------|
| Introductory training for new employees | Providing explanation about issues such as sexual harassment, power harassment and national origin discrimination | 131 | 121 | 129 |
| Training for newly appointed executives | Human rights education provided by external specialist | 48 | 59 | 59 |

Human Resource Strategies

Active Participation of Diverse Workforce

We are trying to resolve various social issues as a Trial & Error experiment driven company. Considering that new ideas are generated from conflicts between and respect for different values, we promote active participation of diverse personnel with high motivation and leadership skills in the workplace, regardless of age, gender, or nationality.

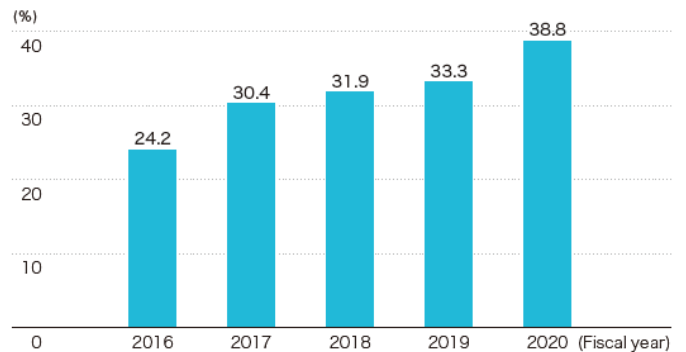
Active Promotion of Female Employees

As a major management policy, we promote diversity and the participation of female employees. We actively hire female employees, and lay out an action plan for preparing systems and workplace environment for promoting female employees to executive position.

• Increasing recruitment of female employees

The percentage of females among new recruits (from universities and technical colleges) has been increasing every year. After fiscal 2017, percentage of females among recruits exceeds 30% every year. In fiscal 2021 the percentage of females who were recruited as sales or administration staffs among college graduates exceeded 50%. We are also promoting mid-career recruitment of females as employees who are ready to go to work immediately.

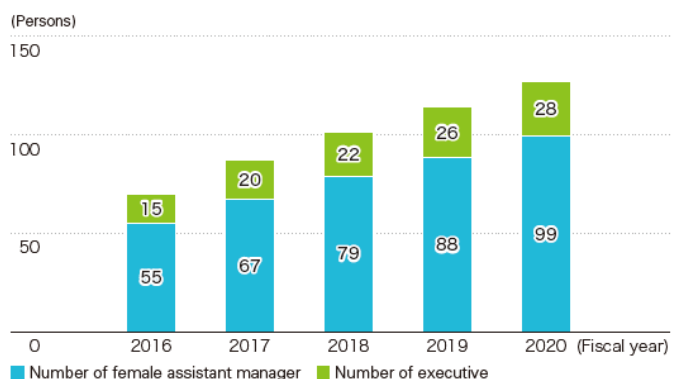
Percentage of female among new recruits (from universities and technical colleges)



• Facilitating promotion of female employees to executive position

We actively work on promoting female employees to executive position. In fiscal 2020, number of our female executives was 28. We set our goal in increasing that number threefold by the end of fiscal 2025. So far, we have been increasing number of female executives as well as their candidates steadily. Number of female assistant managers, which is a position just below the executive level, has become

Number of female executives and assistant managers



close to 100, and overall, number of female employees who pursue career and takes part in core works of an organization has been steadily increasing. We will continue accelerating such trend, and increase the number of female employees involved in business decision making.

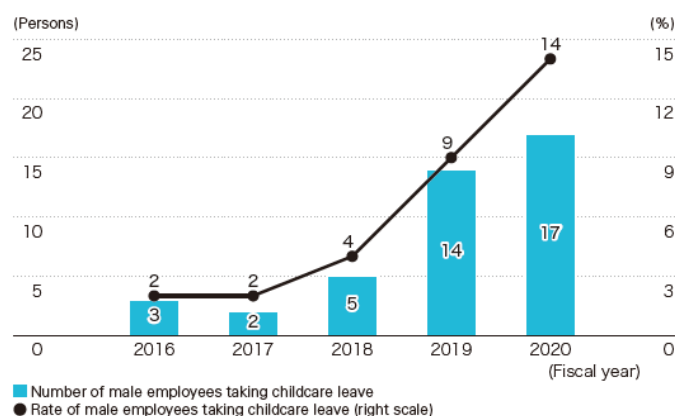
• **Organizing workshop**

In fiscal 2021, we gathered 10 female executives, and under the facilitation of external lecturers, had run a workshop titled as “Female Challenge Dialogue” for approximately 4 months in which they discussed about what they need to propose for executives in order to make female employees being promoted to even higher position and participating to company’s business even more. Based on opinions gathered in the workshop, we will plan and execute even more measures for increasing female employee’s participation.

• **Encouraging male employees to take childcare leave**

To establish a workplace environment where female employees can work more easily, one of the goals of our action plan is to encourage male employees to take childcare leave, and we are actively working on achieving it. The number of male employees taking childcare leave has been steadily increasing.

Number of male employees taking childcare leave



Action plans for promotion of active participation of female employees (Plan period: April 1, 2021 to March 31, 2026)

| | |
|----------|--|
| Target 1 | Increase the number of female executive threefold. |
| Target 2 | Increase the rate of male employees who take childcare leave for 2 consecutive weeks or longer within a year after their child is born to 30% or more. |
| Target 3 | Work on preparing workplace environment for female employees. |

Participation of Senior Employees

In order to let senior employees utilize their rich experiences and high skills, we started to establish a new reemployment system from May, 2021. Under the new system, job of senior employee is decided in accordance with one’s value and needs, by conducting job matching with job offers publicly offered from within our company. The matching is made based on one’s accumulated experience and skills.

All the employees who reached their retirement age in May, 2021 and wished to be reemployed are now actively participating our businesses. Also, we provide employees an opportunity to think about one’s career including their life after reaching the retirement age, and provide support for building their career after retirement as early as their 40s. In fiscal 2020, 115 persons participated to the career design training which targets employees of around 40 years old, and 157 persons participated to the life design training which targets employees who

has reached 50 years old.

We will create a system that helps senior employees use their experience and expertise to form a new career and increase their willingness to work.

Implementation of career development and life design support activities

| Program Name | Fiscal 2018 No. of participantsuitment of female | Fiscal 2019 No. of participants | Fiscal 2020 No. of participants |
|------------------------|---|---------------------------------------|---------------------------------------|
| Career-design training | 272 | 139 | 115 |
| Life-design training | 75 | — (*1) | 157 |

*1 A life planning booklet was distributed to employees.

Hiring and Support of Employees with Various Nationalities

Of about 11,000 employees in the Kaneka Group, about 3,000 employees of foreign nationality are engaged in operations worldwide.

Since fiscal 2019, We recruit school graduates not only in spring but also in fall, in order to hire more persons of foreign nationality. In fiscal 2020, 6 persons of foreign nationality joined our company (including those joined in fall). We want such newly recruited employees of foreign nationality to feel attached to their workplace and make active participation to business activities as early as possible. For this purpose, our Human Resources Department and their workplace cooperate together to support them for taking and reinforcing their OJT. Such support includes regular interviews by the Human Resources Department and providing skill program for one's needs.

Also, for employees in Group companies outside Japan, we work on creating opportunities for them to take training and expand their work experience in other sites in order for them to work together on a global scale.

Employment of Persons with Disabilities

The employment rate of persons with disabilities at Kaneka in fiscal 2020 was 2.38%.

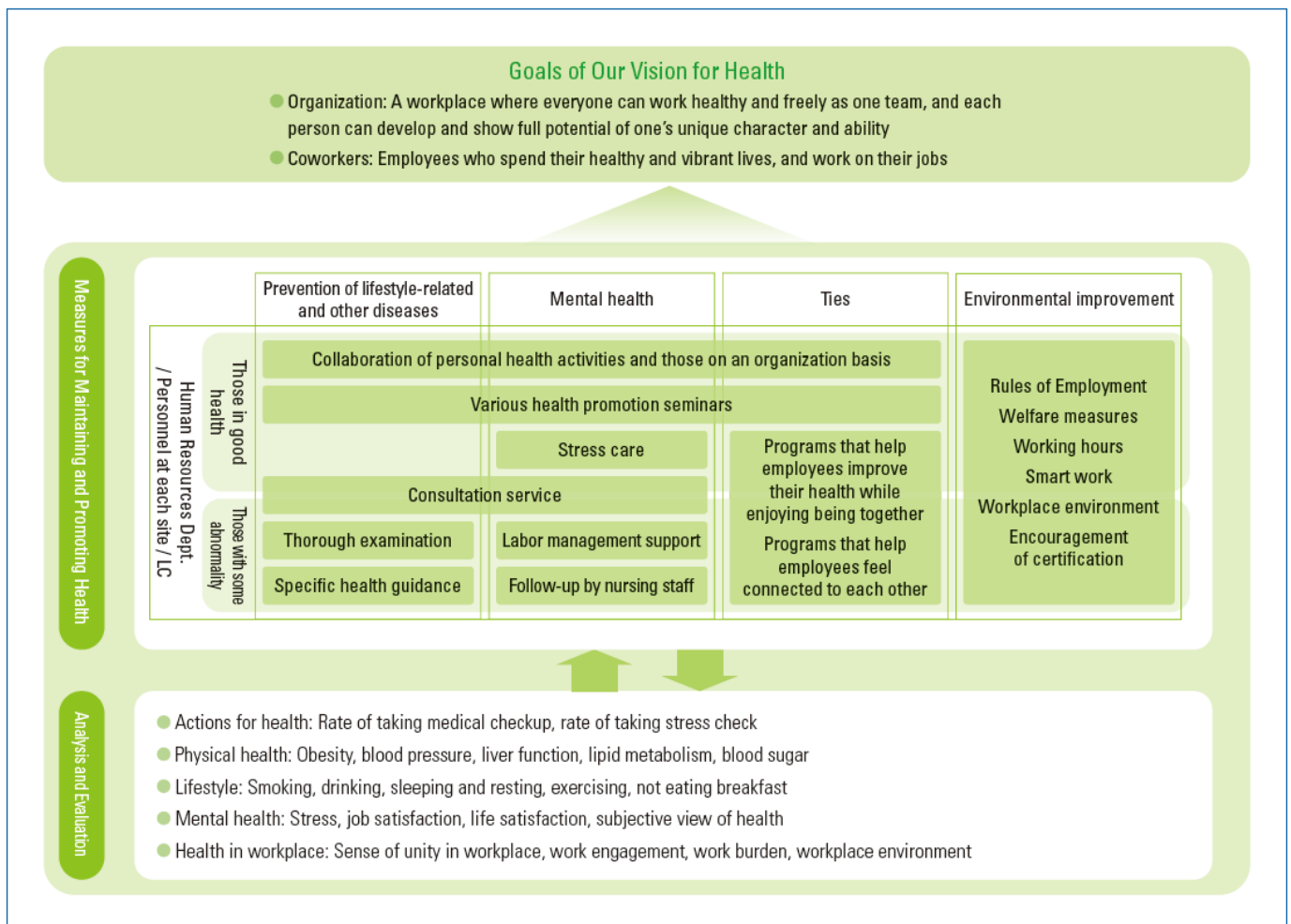
We will create a welcoming workplace, expand occupational fields, and support employment efforts by Group companies to increase their employment rate throughout the Kaneka Group.

Human Resource Strategies

Healthy and Vibrant ~“Wellness First” Health Management of Kaneka~

We aim to make each of our employees spending one’s life healthy and vibrant while developing one’s ability and showing one’s full potential at work, by making oneself healthier both mentally and physically. We are in the “age of coexistence with viruses”. With strong ties among our employees, we will unite ourselves even closer and create together a workplace where everyone can work positively and actively.

Health Management in the Kaneka Group



Process for Maintaining and Promoting Health

We monitor health condition and working environment of people and organizations through our unique system that includes medical checkup and interview (rate of taking them in fiscal 2020: 100%), stress check (rate of taking it in fiscal 2020: 96.8%), as well as self-assessment and questionnaire for employees.

With these measures, we identify health issues of each employee. After that, employees take health guidance or visit medical institution. High stress individuals take counselling with an industrial doctor.

Measures for Maintaining and Promoting Health

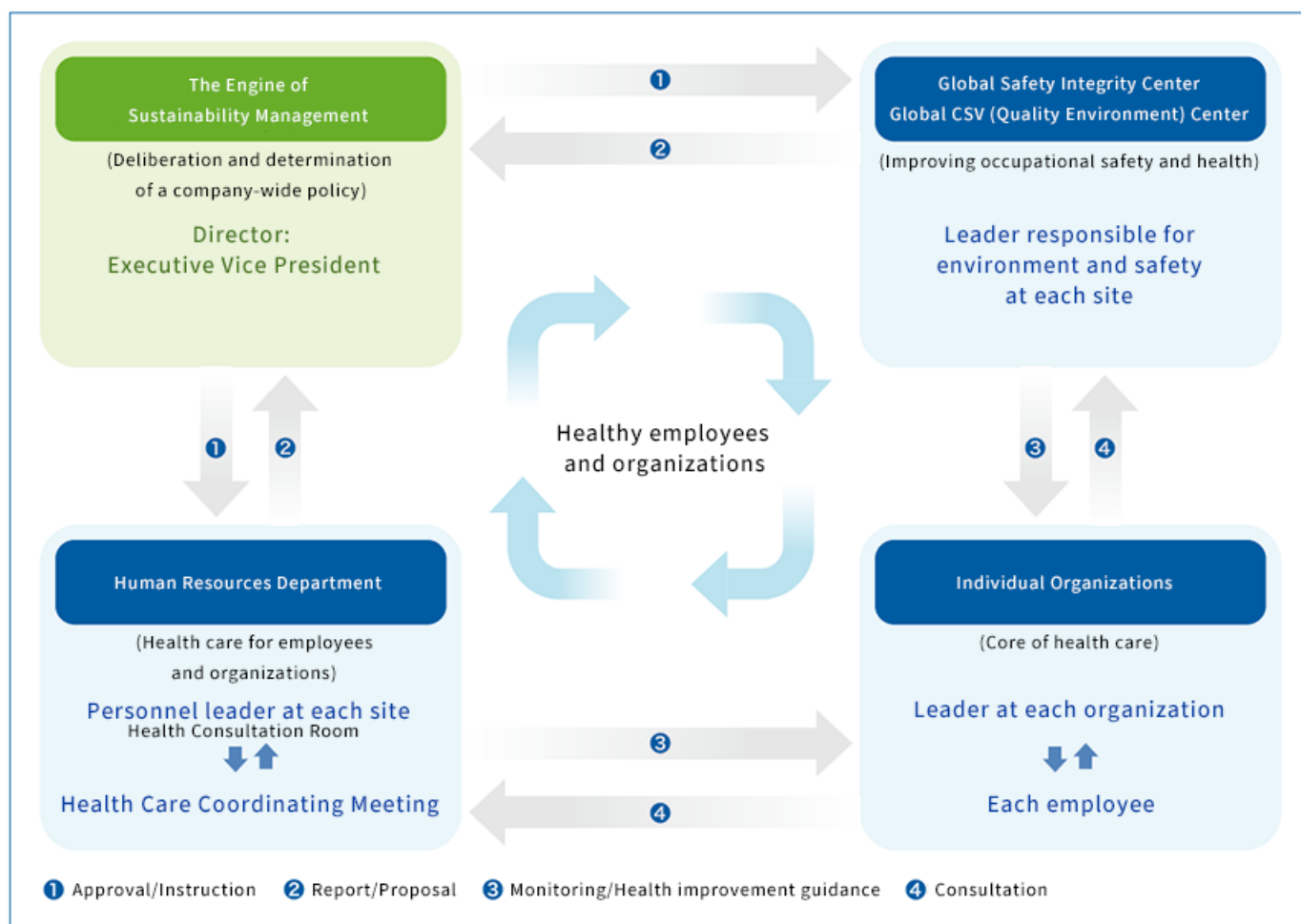
Measures for maintaining and enhancing health are planned and implemented from 3 perspectives: (1) “Prevention of illness and lifestyle diseases”, (2) “Mental health”, and (3) “Ties among people”.

In order to plan and implement such measures, the management, health insurance association, labor union and the Human Resources Department cooperate together to provide a menu for working on health promotion.

System for Health Maintenance and Promotion

In its efforts to maintain and improve the health of employees and organizations, the Engine of Sustainability Management decides on health management measures that will lead to solving management issues, and each division works together with the safety division, the Health Consultation Room (industrial physicians and nursing staff), the health insurance society, the labor union, the personnel at each site, and the general affairs division to carry out the measures.

System toward Health Maintenance and Promotion (As of April 1, 2022)



Providing an Opportunity for Improvement of Lifestyle

We provide various opportunities to help individual employees raise their health awareness and change their behavior so that they can improve self-care awareness and establish a healthy lifestyle. Even under the situation where all of us must coexist with viruses, many employees actively take part in them by using AI tools and other methods.

- In “Ekiaru (*1)”, an event using a health application, 403 teams consist of total 2,007 people from our Group companies participated.

*1 Ekiaru: An event that focuses on “walking”. Its participants walk for total 1,163.3km (equal to the distance between Tokyo Station and Sapporo Station) during the 1 month-long event period (5 persons/team)



- Conducting initiatives for improving “health” as per situation of each site, to enhance health awareness, maintain and improve fitness, and increase physical strength.

- Online marathon training sessions and seminars
- Constantly delivering programs such as sleep seminar and yoga seminar

- In cafeterias of our sites (Takasago Manufacturing Site, Osaka Manufacturing Site, Shiga Manufacturing Site, Kashima Manufacturing Site), we provide healthy menus for our employees. There are smart meals which are certified for “healthy meals and dietary environment”. Every Friday is a “non-fry day” while 8th, 31st (30th) of every month is a “vegetable day”.



- Our activities for raising awareness of health include online courses targeting different age groups (25, 35, 45 and 55 years old), promoting self care method, issuing a health-related newsletter, and seminars held by nursing professional for understanding health issues at each life stage.

- At the Tokyo and Osaka offices, we have offered two programs— RIZAP 15-min. training and Challenge+15min.—that allow employees working at the office or from home and their families to enjoy a period of refreshment during their lunch breaks.



- At Takasago Manufacturing Site, we have appointed a health promotion leader for each workplace and have developed and implemented activities across workplaces to achieve the health objectives of each individual and team.



- Strengthening subsidies for outpatient visits to stop smoking and flu vaccinations.

Mother Center for Wellness “KANEKA Wellness Center” Established in July, 2022 (Takasago Manufacturing Site)

We want to treasure humanity (Nature) through improving health. This is the idea behind of establishing KANEKA Wellness Center (hereinafter referred to as the Center).

To implement the aforementioned idea, the Center will aim at improving awareness for health and changing behaviors of people by attempting various health programs for 6 categories of people including “female”, “young persons”, “senior persons”, “families”, “groups” and “regions” to encourage each person starting a new habit for health improvement.

Examples of Planned Programs

- Women: Health literacy education on specific health themes for women (menstruation, childbirth, breast cancer, etc.), mental and physical health support seminars for periods of bodily change
- Seniors: Physical measurement sessions and training seminars on the importance of maintaining and improving leg strength, etc.

The center will be a place for practicing measures for maintaining and improving health, while feeling comfort and deep harmony. Its design is supervised by Kengo Kuma (*2), with the concept of “‘roof of earth’ blended in

a forest” embodying “coexistence and sense of unity between human and nature”.

The center is also equipped with our eco-friendly products such as photovoltaic modules built into a roof tile and solar circuit system, thus becomes a clean site blending into a nature.

The center will become fully operational from July, 2022, and will be a place where people can work on maintaining and improving their health.

*2 An architect and designer active around the world who is associated with designing the New National Stadium, the main stadium for the 2020 Tokyo Olympic and Paralympic Games.



Courtesy of © Kengo Kuma and Associates

Conducting Workplace Vaccination

Under the leadership of our COVID-19 task force (founded on March 4, 2020) led by the management, our Health Consultation Room, the Human Resources Department and affiliated persons of each site worked together to conduct workplace vaccination. We could offer 2 doses for approximately 5,000 people including employees in the Kaneka Group, their families, as well as members of business partners working in our companies. Putting top priority on protecting the health, lives, and safety of all Kaneka Group employees and their families, the task force also issues policies on infection control based on employees’ daily working status (working from home, in the office, in the field, etc.) and infection status at all Group companies in Japan and overseas. In the age of coexistence with viruses becoming normal, under the leadership of the management, we will establish a healthy organizational culture in which our company and individual employees cooperate to maintain everyone’s health so we can coexist with the viruses.

Social Contributions

Management Approach

Basic Policy

As a good corporate citizen, Kaneka Group engages in various activities to deepen stakeholder understanding, such as disaster reconstruction support, youth development, international contributions, and environmental conservation. Thereby, we work to build strong ties with communities and society as a highly open and transparent company.

In fiscal 2020, activities were held on a small scale or cancelled, due to the COVID-19 pandemic.

Social Contributions

Supporting Disaster Reconstruction

Establishment of the KANEKA UNITED Kizuna Foundation

In fiscal 2018, Kaneka decided to move toward ESG Management. KANEKA thinks “Wellness First.” Under this management philosophy, we established the KANEKA UNITED Kizuna Foundation in September 2019 to help areas severely affected by natural disasters, such as a typhoon and an earthquake, return to normal and healthy condition as soon as possible. The Foundation is financed by the company and regular voluntary contributions from our directors and employees who agree with the purpose of the Foundation. We regularly recruit new supporters and post an annual report each year, and the provision of donations is reported on our Intranet.

Disaster Reconstruction and Other Support

<Kaneka Africa Liaison Office>

- Provided food and other support to business partner beauticians hard hit economically by the COVID-19 pandemic.

<Kaneka Americas Holding, Inc.>

- In February 2021, made donations through the Kaneka Foundation to support food supplies to Harris County around Houston, Texas which suffered from a record cold front.

Social Contributions

Fostering Youth Development

Kaneka Group is active in efforts to foster youth development in communities where it operates. We will make a continuous contribution to local communities through youth development.

In fiscal 2020, activities were held on a small scale or cancelled, due to the COVID-19 pandemic.

Kaneka Manufacturing Class

We provide support to Core-Net, a certified non-profit organization that aims to foster youth development, using know-how from industry and the experience and knowledge of retired executives of companies. Core-Net is mainly involved in education support (manufacturing and science experiment classes for kindergarten, elementary, and junior high school students) and corporate support (entrepreneurship and vocational courses for senior high school and university students). Continuing from 2014, we worked together with Core-Net to annually offer Kaneka Manufacturing Classes, in which sixth graders assembled Scrollers II (a small self-powered rolling robot) kits, aiming to increase children's interest and improve understanding of manufacturing.

Every year, retired employees and newly hired employees of our company joined the class as lecturers at elementary schools near Takasago Manufacturing Site, Osaka Manufacturing Site and Shiga Manufacturing Site. In fiscal 2020, to prevent COVID-19 infections, we did not give face-to-face instructions. Instead, we prepared supplementary instruction materials to help students at Takasago Elementary School near Takasago Manufacturing Site experience the enjoyment and the sense of achievement that can come from creating something. We will continue to offer these classes.



<Takasago Manufacturing Site>

- Every year, third graders from the neighboring Takasago Elementary School are invited to visit the plant and make cakes. In fiscal 2020, provided ingredients so children could enjoy cake-making at the school.
- In a plot on the premises, together with local kindergarteners, elementary school students, and special needs students, we planted seedlings in the spring and did potato-digging in the fall. About 330 children participated altogether.
- Donated to an organization that works to foster youth.



Potato-digging

<Shiga Manufacturing Site>

- Offered the “Welcome Seniors” program to local sixth graders, where employees (in a research position) from the Shiga Manufacturing Site introduced specific jobs at Kaneka and had them think about working.



“Welcome Seniors”

<Kashima Manufacturing Site>

- Offered internships in the production department to local high school students.



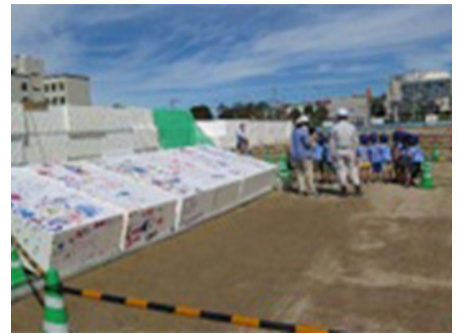
Internship

<Kaneka Americas Holding, Inc.>

- Provided a four-year scholarship of \$1,000 per year to local high school students through the Kaneka Foundation. This support has been ongoing for 26 years since 1994.
- Offered a broad range of support, including holding seminars and programs to local high schools and universities.

<Kaneka Kentech Co., Ltd.>

- We provided a place for learning for local children and students at the site where our product, the lightweight expanded polystyrene (EPS) blocks was used. The construction company of the business partner took the lead, and the experience of riding heavy machinery at the site, explanation of the features of polystyrene, paintings on the campus with EPS blocks and writing down dreams and hopes for the future, etc. We hold events and site tours to let people know that it is a material.



<Kaneka Hokkaido Co., Ltd.>

- As instructors, employees held bread-making training for students in the cooking class of a local high school.

<Shinka Shokuhin Co. Ltd.>

- Participated in a learning seminar to foster vocational awareness for high school students, introduced the company, and conducted a plant tour.
- Participated in a forum targeting junior high and high school students with the aim of fostering awareness of local job opportunities by offering chances to be exposed to the characteristics and appeal of local companies and gain a greater sense of familiarity.

<Tochigi Kaneka Corporation>

- Conducted on-site training in areas such as manufacturing operations and site cleaning for students from a local special needs school.

Social Contributions

Local Communities (Efforts of the Kaneka Group)

Kaneka Group engages in highly open and transparent corporate activities to build strong ties with communities and deepen stakeholder understanding as a good corporate citizen.

In fiscal 2020, activities were held on a small scale or cancelled, due to the COVID-19 pandemic.

With Local Communities and Environmental Initiatives

<Kaneka>

- Since September 2016, we have sponsored the Japan Century Symphony Orchestra as a corporate supporter.
- In addition to regular concerts, the orchestra focuses on community-based activities, such as educational programs to encourage children to become more familiar with music, and outreach concerts at hospitals and special needs schools.

<Kaneka, Taiyo Yushi Corporation>

- As a company using palm oil, gained full membership in the RSPO (Roundtable on Sustainable Palm Oil), a global non-profit organization that aims to promote sustainable palm oil production and use, focusing on the environment and human rights.
- Taiyo Yushi Corporation participated as a board company in the Japan Sustainable Palm Oil Network (JaSPON), founded to accelerate the procurement and consumption of sustainable palm oil in the Japanese market.

<Takasago Manufacturing Site>

- Co-sponsored and cooperated in the Akari (Lighting) Partner program for maintenance of surrounding road lighting.
- Co-sponsored the Hyogo Safety Day Gathering.
- Donated to the Red Feather Central Community Chest.

<Osaka Manufacturing Site>

- During the National Road Safety Campaign, distributed leaflets and called for traffic safety at the plant entrance and in the neighborhood.
- Carried out cleanup activities around the plant.



<Kashima Manufacturing Site>

- Traffic safety lecture for employees by police from the Kamisu station.
- Carried out cleanup activities around the plant.



Traffic safety lecture



Cleanup activities

<Kaneka Americas Holding, Inc.>

- Provided longtime support to the Armand Bayou Nature Center, a nearby large nature reserve.
- Supported the Galveston Bay Foundation working to preserve the Galveston Bay and marine creatures around the river mouth in the bay.
- Supported activities to conserve an environment in which sea turtles flourish and their natural habitat.
- Employees served as members of state and local non-profit organizations, carrying out support activities of the organizations.

<Kaneka Foods Corporation>

- Donated a newspaper rack to a neighborhood junior high school.
- Donated to the Japanese Red Cross Society.

<Kaneka Singapore Co. (Pte.) Ltd.>

- Donated requested items to facilities for the elderly.

<Kaneka Tohoku Styrol Co., Ltd.>

- Carried out cleanup activities around the plant, mowed neighborhood roadsides, removed snow.

- Donated to the local Red Feather Central Community Chest.



Snow removal work

<Kaneka Foods Manufacturing Corporation>

- Carried out cleanup activities of roads and parks around the industrial park.

<Kaneka Hoken Center Co., Ltd.>

- Donated to organizations such as an intractable disease treatment support center and an orphan scholarship fund.

<Kaneka Hokkaido Co., Ltd.>

- In the town of Numata, with which Kaneka had a comprehensive regional revitalization cooperation agreement, set up a booth inside the Numata Care Center including autonomic monitors and a cognitive function assessment system as part of health promotion for residents.

<Kaneka Medix Corporation>

- Participated in local forums.
- Provided parking space for local events.
- Supported the Ashigara Traffic Safety Association.
- Mowed grassy areas around the plant.



Providing event parking

<Kanto Styrene Co., Ltd.>

- Carried out cleanup activities around the plant.

<Shiga Denshi Co., Ltd.>

- Supported operation of organizations helping families of victims of crime.

<Taiyo Yushi Corporation>

- Held soapmaking classes to teach about the environmental impact of soap and sustainable palm oil and convey the importance of the SDGs and ethical consumption. Using video conferencing and other means, 23 classes were held, attended by 974 people, both individuals and groups.
- Provided sponges and soap to a neighborhood association.
- Carried out cleanup activities around the plant.



Soapmaking class



Cleanup activities

<Tatsuta Chemical Co.,Ltd.>

- Conducted plant tours for local facility users.

<Tamai Kasei Co., Ltd.>

- Carried out cleanup activities around the plant.



Cleanup activities

<Tokyo Kaneka Foods Manufacturing Corporation>

- Mowed grassy areas around the plant.

<Tochigi Kaneka Corporation>

- During National Road Safety Week around the New Year, called for traffic safety at intersections within the industrial park, among other activities.
- Participated in activities within the industrial park to check for damage to environmental facilities and in cleanup activities.

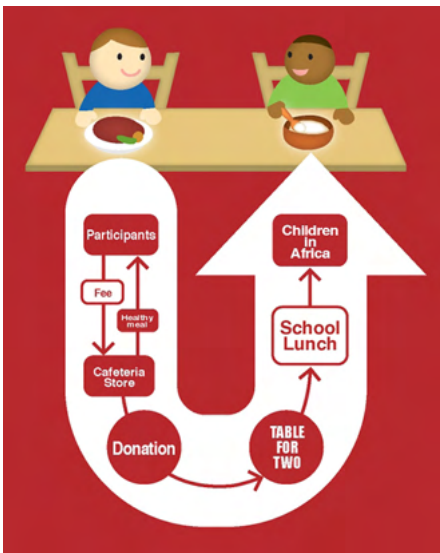
International Contributions

<Kaneka>

- As corporate partner, supported the school meal program of the United Nations World Food Programme (WFP) since 2013. In Africa, the largest market for Kanekalon synthetic performance fibers, made donations to support WFP activities, including providing school meals, aimed at increasing school registration rates and academic success, and distributing take-home meals aimed at encouraging school attendance in areas where girls' attendance rate is low.
- In fiscal 2020, sponsored WFP Charity Essay Contest 2020 hosted by the United Nations WFP. WFP Walk the World in Osaka 2020, which Kaneka and Kaneka Sun Spice Corporation have sponsored every year, was canceled due to the COVID-19 pandemic.

<Takasago Manufacturing Site, Osaka Manufacturing Site, Shiga Manufacturing Site, Tochigi Kaneka Corporation>

Continued to participate in the social contribution activities of Table for Two (TFT) by donating 20 yen for every TFT lunch bought at company cafeterias to school meals for children in developing countries. In fiscal 2020, made a donation of 188,220 yen equivalent to 9,411 school meals.



System of TFT



TFT menu (Shiga Manufacturing Site)

Awards and Certifications

<Takasago Manufacturing Site>

- Received Hyogo Prefecture Eco-Friendly Business Award for Excellence, given to businesses engaged in environment-friendly business activities, such as environmental conservation and creation activities and manufacturing, selling, and providing environmentally friendly products and services.
- Received the Takasago City Commendation Award (Group Division) for its donations to the city.

<Kaneka Hoken Center Co., Ltd.>

- Recognized as a Certified Health & Productivity Management Outstanding Organization 2021 (SME category).

<Kaneka Medix Corporation>

- Recognized as a Certified Health & Productivity Management Outstanding Organization 2021 (large enterprise category).



<Kaneka Your Health Care Co.,Ltd.>

- Recognized as a Certified Health & Productivity Management Outstanding Organization 2021 (SME category).



<Taiyo Yushi Corporation>

- Received a commendation for disaster prevention achievement from the Yokohama Disaster Prevention Association.



<Tatsuta Chemical Co.,Ltd.>

- Received a letter of appreciation for providing the city of Koga (Ibaraki prefecture) with face shields using company materials as a measure to prevent COVID-19 infection.

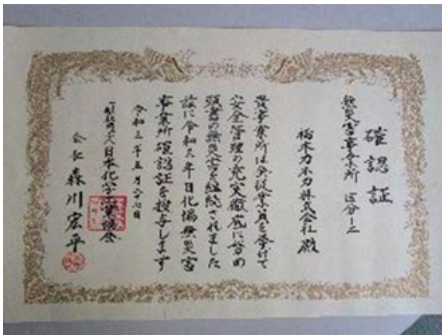
<Tokyo Kaneka Foods Manufacturing Corporation>

- Received a certificate of accident-free operation from the Tokorozawa Labor Standards Association for having continual accident-free operation for the 890,000 hours from May 24, 2018 to October 15, 2020 and for efforts to prevent industrial accidents.
- Obtained Silver (Excellent Health Company) certification from the Tokyo Chapter of the National Federation of Health Insurance Societies.



<Tochigi Kaneka Corporation>

- Received an accident-free company commendation from the Japan Chemical Industry Association.



Stakeholder Communication

Shareholder Reporting

We issue reports to shareholders twice per year and also publish them on our website for anyone to read. For topics the reports cover developments of the preceding period using photos and a readable format, and interim reports carry the President & Representative Director’s explanation of the company’s management strategy, as well as special articles of interest to shareholders. We fully redesigned the report cover in 2010 and adopted a larger page format in 2013, all in an effort to improve the look. We also print our publications using environmentally friendly vegetable ink and use easy-to-read Universal Design fonts.



Reports (for Shareholders)

Information Disclosure and Investor Relations

Kaneka prepares management strategy and plans based on its management philosophy, and in order to maintain the understanding and support of shareholders and other stakeholders, works to provide appropriate and timely information and enhance management transparency. We conduct briefings after announcing annual and quarterly results, with the Representative Director or Director in charge providing explanations. We also hold business briefing sessions and business inspection tours, where the Representative Director and Director in charge provide explanations. Our website also carries a variety of reports, including financial briefs, securities reports, quarterly reports, Kaneka integrated reports, and financial results briefing materials.

CHECK & ACT

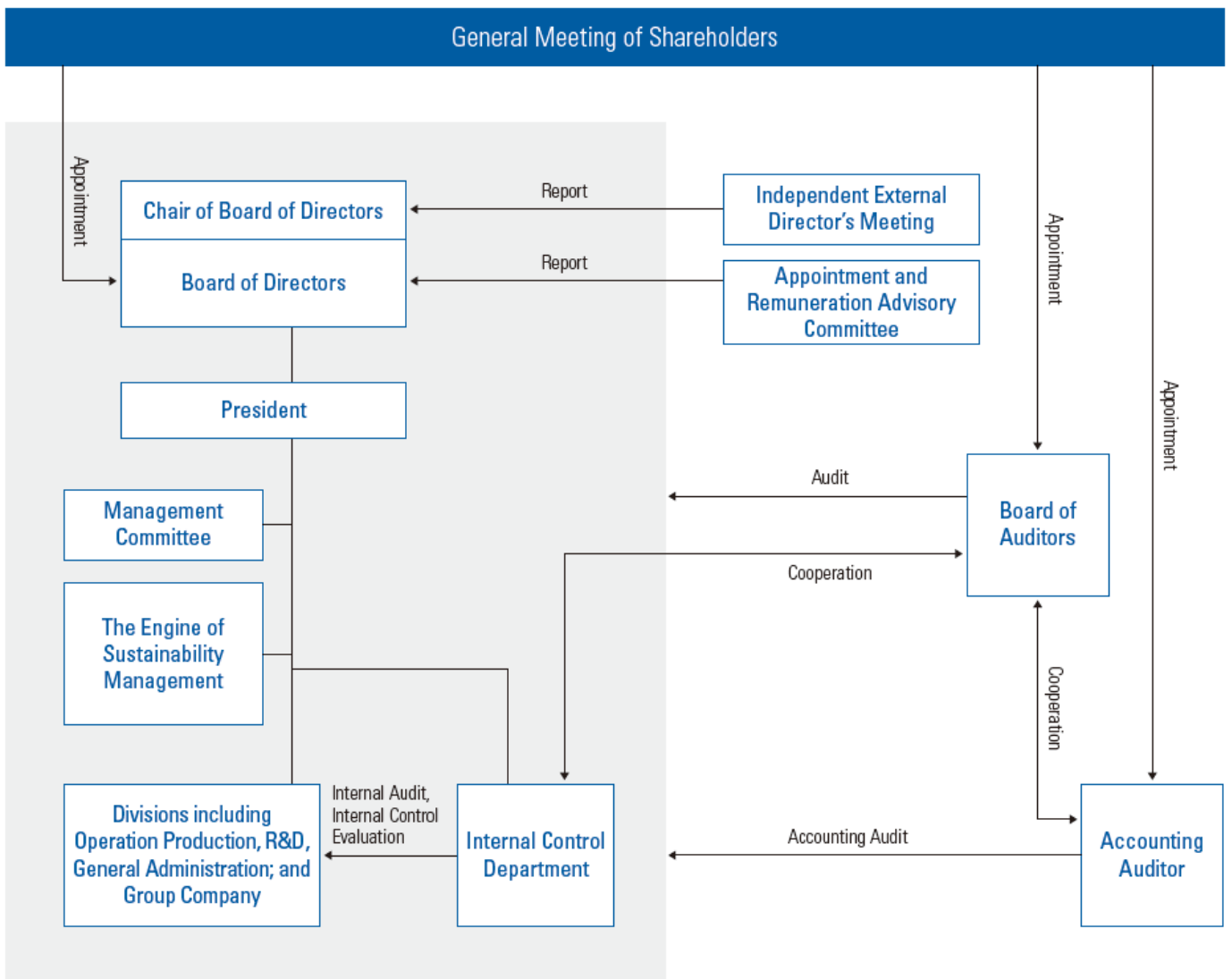
In this fiscal year, we will continue to build on our efforts in the previous fiscal year to ensure proper information disclosure to shareholders and investors.

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.

■ Corporate Governance System (as of April 1, 2022)



We reorganized our ESG-related organization on April 1, 2022, establishing the Engine of Sustainability Management, which is tasked with overseeing and enhancing ESG management.

We also changed the name of the the Internal Control Division of the ESG Department to the Internal Control Department.

▶ Please see here for the Board of Directors.

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 Director's Meeting

We have established the Appointment and Remuneration Advisory Committee and Independent External Director's Meeting. The Appointment and Remuneration Advisory Committee has discussed "Policy on Decisions on Individual Remuneration of Directors, etc." having the revision of the Companies Act reflected,

remuneration of Directors, and candidates for Directors and Audit & Supervisory Board Members, and has reported them to the Board of Directors. The Independent External Director's 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 is 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 without limitations on gender, age, nationality and other attributes, after deliberation by the Appointment and Remuneration Advisory Committee, which is comprised of directors and independent external directors.

We are expanding diverse businesses globally, and 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.

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 Director's Meeting and opinions from the internal Directors.

Based on these reports, the current status of operations of the Board is evaluated. In the evaluation process in fiscal 2020, the Independent External Director's Meeting held discussions focusing on the operation of the Board of Directors (number of meetings held, frequency, length, contents of information provided beforehand, contents of agendas, deliberations, etc.), role of 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 Director’s 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 (Majority of the Appointment and Remuneration Advisory Committee is the Independent External Directors, etc.) |

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.

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.

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 in the Engine of Sustainability Management 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.

Please note that the matters described are only those that we considered risks as of March 31, 2021 and that this is not an exhaustive list of risks borne by the Group.

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 environments
3. Risks associated with the globalization of our business
4. Risks of price fluctuations of raw materials and fuels
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. Other risks

▶ See the Financial Section for more details.

Enhancing Crisis Management Systems

Based on our basic risk management policy, we have set basic matters concerning emergency response (basic system, roles, emergency examples and ranks, etc.) in the Crisis Management Regulations. 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, which contains intelligible graphs of emergency initial response rules. This handbook explains emergency procedures: proper incident notification, instructions, consultation, and response, as well as the smooth flow of information.

Strengthening of Information Security

We appropriately manage information based on our Basic Information Management Policy 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, including cyberattacks, we strive to enhance security levels by using the knowledge of external experts. We also take measures to reduce risks associated with rapid change in the information security environment, including reviewing existing facilities and enhancing various security systems and tools.

Given that more employees engage in telecommuting due to the COVID-19 pandemic, we also seek to appropriately manage information on employees. In addition to disseminating our Basic Information Management Policy to employees, we hold training programs, audits, drills, and online courses, using the Information Security Guidebook.

In fiscal 2020, targeting information managers at Group companies in Japan, we confirmed the rapid response flow in the event of a cyberattack or security incident and, with the cooperation of the Osaka Prefectural Police Headquarters, provided lectures and training sessions to explain the current state of cyberattacks in Japan and demonstrate different kinds of cyberattacks. We will continue to hold regular sessions to strengthen information security.

Basic Information Management Policy

1. Observance of laws/regulations and rules

The trust and confidence of society and customers is the most precious asset the Group must

protect.

Complying with laws and regulations, social norms, and internal regulations/procedures is the basic principle that all individuals engaged in business activities should follow.

2. Protection of confidential information

Confidential information concerning manufacturing processes, research, sales, etc. is the source of the Group's competitiveness.

All individuals engaged in business activities must be fully aware of this, and must not leak such information or use it for illicit purposes. In particular, data requiring strict handling, such as personal information and information entrusted as confidential from other entities, must be identified as such and managed strictly by the person in charge of information management at each company.

3. Establishment of systems/structures

In order to sustain and expand the Group's business, it is essential to make effective use of information and increase the efficiency of business operations.

In addition to establishing rules regarding information security and continuing to improve information systems to ensure safe, effective use of information, the persons responsible for information management should be determined to ensure appropriate information management.

4. Implementation of training and awareness-raising programs

With the strengthening of Group management and increased use of external resources, people with diverse values and ethics are involved in Kaneka's business operations.

To ensure smooth cooperation with these members, efforts should be made to raise awareness of information security risks and to enhance and continue training on information security including ethical aspects.

Compliance

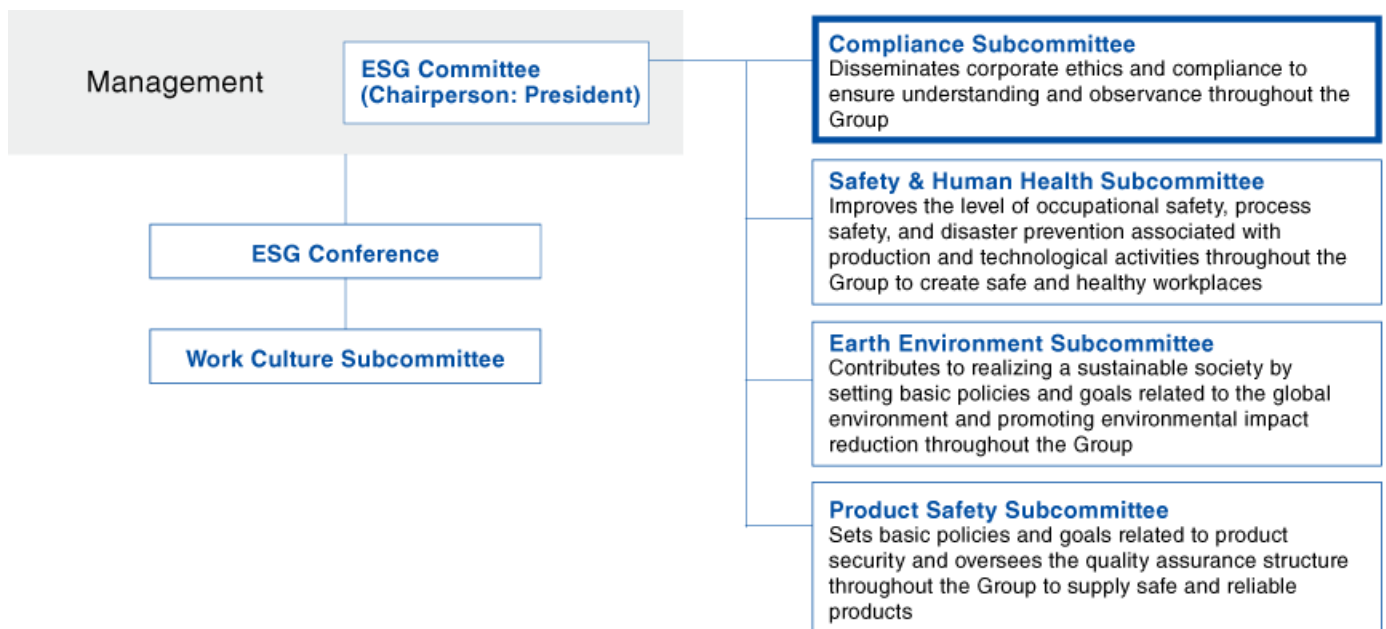
Basic Policy

Viewing compliance as an important management issue, we implement various initiatives to ensure all directors and employees comply with all applicable laws and regulations.

Promotion System

The Compliance Subcommittee in the ESG Committee is responsible for ensuring corporate ethics and compliance throughout the company while promoting and overseeing activities such as checking employees' understanding and observance and providing consultation hotlines.

■ ESG Promotion System (through Fiscal 2021)



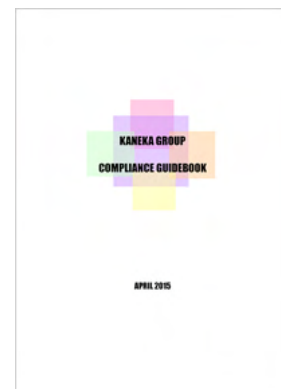
We reorganized our ESG-related organization on April 1, 2022. This involved establishing the Engine of Sustainability Management, which is tasked with overseeing and enhancing ESG management. Under the direction of the Engine, the Compliance Committee disseminates corporate ethics and compliance to ensure understanding and observance throughout the Kaneka Group.

■ ESG Promotion System (as of April 1, 2022)



Compliance Awareness Raising

The “Ethical Code of Conduct” and “Compliance Guidebook” that all of our directors and employees should follow are posted on the company’s intranet. In the Compliance Guidebook, laws and regulations such as the following are explained in an easy-to-understand manner: society (environmental safety / protection, prohibition of insider transactions, proper accounting), customers / business partners / competitors (compliance with Antimonopoly Act / Subcontracting Act), employees (respect for human rights / prohibition of discrimination, sexual / power harassment), company / company property (protection of confidential information, intellectual property), etc. Additionally, a variety of training sessions and meetings, and activities of the Compliance Committee ensure that we strictly adhere to our compliance policies.



Compliance Guidebook

Self-Check in Training Session

The compliance online course for all employees, launched in fiscal 2014, was expanded to include Group companies in Japan in fiscal 2016 to encourage employees to participate.

Training sessions on the Antimonopoly Act are conducted regularly with all of managerial officers from the Kaneka and Group companies in Japan who are involved in sales, purchasing, and business development, all of whom are required to submit a pledge.

Internal Audits and Establishment of Consultation Hotlines

We at the Kaneka Group conduct ESG evaluation audits related to the Antimonopoly Act. In fiscal 2020, audits were conducted for 15 divisions out of all business operations divisions of Kaneka 28 Group companies in Japan, and 20 overseas Group companies in US / Europe/ China / Malaysia.

We have also set up compliance consultation hotlines both internally and with outside law firms in order to answer inquiries from those within the Group. We strive to respond quickly to provide a rapid resolution to any concerns that may arise.

Intellectual Property

Basic Policy

Continuous creation of innovation is indispensable to achieving sustainable development of our society. We believe that intellectual property supports innovation. All our researchers and engineers recognize intellectual property as one of the outputs of R&B+P activities and actively seek to acquire intellectual property rights for their achievements including know-hows. For the acquired intellectual property rights, we regularly review our portfolio and manage our intellectual property expenditures so that we can efficiently invest resources to our core strategic sectors.

Moreover, the Intellectual Property Department promotes intellectual property activities in cooperation with the business and the R&D divisions, utilizing intellectual property landscape (IPL) that combines intellectual property and non-intellectual property information to exploit potential areas in which our strength can be utilized toward the resolution of social issues.

Meanwhile, we respect the intellectual property rights of other companies and promote routine surveys and preventive measures to avoid disputes.

In addition, we actively conduct educational activities to widely disseminate the importance of intellectual property throughout the company, including our Group companies.

The Intellectual Property Department supports development of valuable solutions for realizing “Kaneka thinks ‘Wellness First’”.

Strategic Intellectual Property Portfolio Construction

In fiscal 2020, we acquired and applied for patents mainly in the technological fields, which contribute to our wellness-first management. In these technological fields, in Japan, patents were registered for textiles and compositions made of marine biodegradable KANEKA Biodegradable Polymer Green Planet™, temperature controlled storage compositions which can replace dry ice and could be useful for the transportation of pharmaceuticals and specimens, culturing methods for multipotent stem cells, and blood purification devices. Outside Japan, we acquired patent rights for devices for detecting amplified nucleic acids for PCR tests and endoscopic clips for the gastrointestinal business, mainly in the U.S. For the temperature controlled storage compositions which can replace dry ice, we acquired the patent rights in Japan as well as in the U.S., Europe and China.

We also signed an agreement with Japan Tobacco Inc. to acquire its assets related to plant biotechnology. The acquired assets included patents, which reinforced our intellectual property portfolio. We will merge them with our existing technologies to achieve synergistic effects also from the perspective of intellectual property.

Efforts for Environmental Measures in Intellectual Property

SDGs-Related Patents

We utilize “PatentSight SDGs” in PatentSight®, provided by LexisNexis, to map and analyze our patents and technologies in relation to the 17 Sustainable Development Goals (SDGs). As a result, technologies related to biodegradable biopolymers, photovoltaic power generation systems, foams, and nucleic acid detection were listed as technologies potentially contributing to the target of Sustainable Development Goals.

Note: PatentSight® is a registered trademark of PatentSight GmbH.

Activities Related to WIPO GREEN

With the aims of contributing to the environment through intellectual property and facilitating licensing to other companies, we registered 23 technologies patents related to photovoltaic power generation systems to “WIPO GREEN” operation by the World Intellectual Property Organization (WIPO), a specialized agency of the United Nations. WIPO GREEN is a platform for promoting utilization of environment-related technologies, which was launched for supporting the development and diffusion of environment-related technologies.

We will continue to promote our intellectual property activities towards the establishment of a sustainable society.

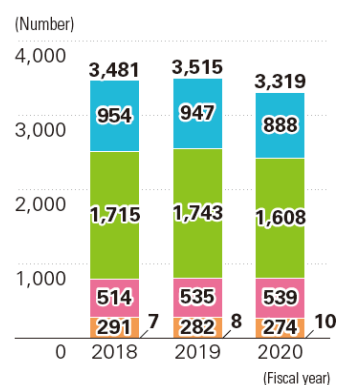
Number of Patents Held

We are actively filing domestic and foreign patent applications to secure intellectual property rights toward transforming our business portfolio.

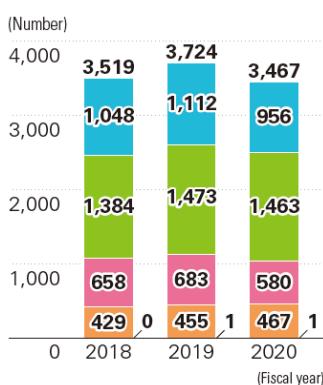
In fiscal 2020, 278 domestic patents and 318 foreign patents were newly registered. The number of registered patents increased from last fiscal year. Meanwhile, we are promoting efficient management of our intellectual property expenditures. As a result of active abandonment of unutilized patents, the number of patents held as of the end of fiscal 2020 was streamlined from the previous year, being 3,319 domestic and 3,467 foreign patents.

We will continue our efforts in promoting efficient management of intellectual property expenditures and, through cooperation with the Corporate Research & Business Division, reinforce our intellectual property portfolio.

Number of Domestic Patents Held



Number of Foreign Patents Held



Legend: Material SU (Blue), Quality of Life SU (Green), Health Care SU (Pink), Nutrition SU (Orange), Others (Grey)

“Divergent Discussion” and “Edge of Technology” as Starting Points!

- Cultivating the ability to identify future seeds

Kaneka is a “Trial & Error experiment driven company.” We believe only such a company can generate unconventional ideas and wisdom through failures and facilitate discussion that leads to the sprouting of new seeds. Researchers at the Kaneka Group are enthusiastically searching for future seeds with “divergent discussion” and “edge of technology” as keywords to identify themes that contribute to realizing a sustainable society through resolution of the three crises. Divergent discussion helps us to have multiple 360-degree perspectives, and the edge of technology refers to the forefront of cutting-edge technology that contributes to resolving social issues. These are starting points to create future seeds. Through divergent discussion and the edge of technology, we will cultivate the ability to create exciting seeds to achieve our mission “Kaneka thinks ‘Wellness First’”.



Report Download

Kaneka Group is strengthening efforts for ESG (Environment, Social, and Governance) management to contribute to the sustainability of the earth and the establishment of a sustainable society.

The Kaneka Integrated Report 2021 delivers information on how we contribute to resolving social issues, while keeping expectations high, by ensuring the creation of both social and economic value in a healthy manner through business activities. Thus, we aim to realize our management philosophy “Kaneka thinks ‘Wellness First’”.


We trust that our shareholders, investors, and other stakeholders understand the significance of the Kaneka Integrated Report 2021.





Report Download


▶ Kaneka Integrated Report 2021 Full Report (8.95MB)  PDF

I Management Philosophy (179KB)  PDF

II Top Message (943KB)  PDF

III Management Strategies (3.99MB)  PDF

IV Business Foundation (1.27MB)  PDF

V Appendices (562KB)  PDF

▶ Data Sheet 2021 (1.98MB)  PDF
























For data of indicators related to climate change and environment protection in the Data Sheet 2021, we have received the third-party assurance by KPMG AZSA Sustainability Co., Ltd. to ensure the reliability and transparency of data. The indicators subject to assurance are marked with the “★” symbols. We will continue to expand the scope of information covered which is assured, in the future.

Independent Assurance Report (1.08MB)  PDF

From the Editorial Team

Organizations Covered in This Report

Back Numbers of Report

- ▶ Kaneka Integrated Report 2020 (5.60MB)  PDF
- ▶ Data Sheet 2020 (3.70MB)  PDF
- ▶ Kaneka Integrated Report 2019 (6.07MB)  PDF
- ▶ Data Sheet 2019 (0.97MB)  PDF
- ▶ Kaneka Integrated Report 2018 (4.22MB)  PDF
- ▶ ESG Website 2017 (5.51MB)  PDF
- ▶ Kaneka Group CSR Report 2016 (8.01MB)  PDF
- ▶ Kaneka Group CSR Report 2015 (15.9MB)  PDF
- ▶ Kaneka Group CSR Report 2014 (15.0MB)  PDF
- ▶ Kaneka Group CSR Report 2013 (8.35MB)  PDF
- ▶ Kaneka Group CSR Report 2012 (6.11MB)  PDF
- ▶ Kaneka Group CSR Report 2011 (5.20MB)  PDF
- ▶ Kaneka Group CSR Report 2010 (4.41MB)  PDF
- ▶ Business Foundation 2020 (Detailed Version) Full Report (6.20MB)  PDF
- ▶ Business Foundation 2019 (Detailed Version) Full Report (8.10MB)  PDF
- ▶ Data Sheet 2018 (1.0MB)  PDF
- ▶ Kaneka Integrated Report 2017 (5.57MB)  PDF
- ▶ The Digest Edition 2016 (14.7MB)  PDF
- ▶ The Digest Edition 2015 (5.16MB)  PDF
- ▶ The Digest Edition 2014 (4.00MB)  PDF
- ▶ The Digest Edition 2013 (2.85MB)  PDF
- ▶ The Digest Edition 2012 (4.68MB)  PDF
- ▶ The Digest Edition 2011 (3.15MB)  PDF

From the Editorial Team

From the Editorial Team

Kaneka Integrated Report 2021, covering both financial and non-financial information, has been issued to enhance the understanding of our stakeholders regarding the Kaneka Group's value creation in the medium to long term.

It was created based on fiscal 2020 results and the latest Mid-Term Management Plan.

Organizations Covered in This Report

This report covers Kaneka Corporation and its consolidated subsidiaries both in Japan and other countries. The data on Responsible Care activities encompass the parent and 61 Group production subsidiaries (46 in Japan and 15 outside Japan).

▶ Organizations Covered in This Report

In this report, "Kaneka" refers specifically to Kaneka Corporation. "Kaneka Group" encompasses Kaneka Corporation and Group companies (its consolidated subsidiaries). References to "Group company / companies" do not include Kaneka Corporation.

Numerical values listed in the graphs and tables may not add up to the totals shown due to rounding, and some past data may be modified.

Third-Party Guarantee

For data of indicators related to climate change and environment protection in the Data Sheet 2021, we have received the third-party assurance by KPMG AZSA Sustainability Co., Ltd. to ensure the reliability and transparency of data. The indicators subject to assurance are marked with the "★" symbols. We will continue to expand the scope of information covered by the guarantee in the future.

▶ Data Sheet 2021 (1.98MB) PDF

Period Covered

Fiscal 2020 (April 1, 2020 to March 31, 2021). In some cases, reporting covers activities before or after fiscal 2020.

Reference Guidelines

This report has been produced with reference to the following sources:

- GRI Standards
- Environmental Reporting Guidelines (2012 edition) issued by the Ministry of the Environment of Japan
- Environmental Accounting Guidelines (2005 edition) issued by the Ministry of the Environment of Japan

Notes Regarding Future Prospects

Statements in this report regarding performance forecasts and other future prospects are based on currently available information and certain assumptions that we consider reasonable, and Kaneka Corporation does not guarantee their achievement. Actual results may differ greatly due to various factors.

Inquiries

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Tel: +81-6-6226-5091
Fax: +81-6-6226-5127

Organizations Covered in This Report

Organizations Covered in This Report

This report covers Kaneka and 61 Group companies (46 in Japan and 15 outside Japan) that conduct Responsible Care (RC) activities.

Regarding environmental accounting, all parent manufacturing sites and 30 manufacturing companies in Japan are covered.

KANEKA

<Manufacturing Sites>

- Takasago Manufacturing Site
- Osaka Manufacturing Site
- Shiga Manufacturing Site
- Kashima Manufacturing Site
- Foods & Agris Solutions Vehicle
Eniwa Office(*)

<Laboratories outside Manufacturing Sites>

- Toyooka Technical Center
- Foods & Agris Solutions Vehicle
Foods Technology Center
Development Group
- Process Development Research Laboratories
- Regenerative Medicine and Cell Therapy Laboratories
- Agri-Bio Research Center (*)

<Offices>

- Tokyo Head Office
- Osaka Head Office
- Nagoya Sales Office

* Energy and greenhouse gas emissions are not included in the total.

Group Companies in Japan

<Manufacturing Companies (30)>

- Kaneka Hokkaido Styrol Co., Ltd.
- Kaneka Tohoku Styrol Co., Ltd.
- Kaneka Kanto Styrol Co., Ltd.
- Kaneka Chubu Styrol Co., Ltd.
- Kaneka Nishinippon Styrol Co., Ltd.
- Kanto Styrene Co., Ltd.
- Kochi Styrol Co., Ltd.
- Kaneka Foam Plastics Co., Ltd.
- Hokkaido Kanelite Co., Ltd.
- Kyushu Kanelite Co., Ltd.
- Kaneka Sun Spice Corporation
- Kaneka Foods Manufacturing Corporation
- Tokyo Kaneka Foods Manufacturing Corporation
- Taiyo Yushi Corporation
- Nagashima Shokuhin Co., Ltd.
- Tamai Kasei Co., Ltd.
- Shinka Shokuhin Co., Ltd.
- Tatsuta Chemical Co., Ltd.
- Showa Kaseikogyo Co., Ltd.
- Tochigi Kaneka Corporation
- Vienex Corporation
- Osaka Synthetic Chemical Laboratories, Inc.
- Kaneka Solartech Corporation
- Sanvic Inc.
- Kaneka Medix Corporation
- OLED Aomori Co., Ltd.
- Kaneka Medical Tech Corporation
- Dia Chemical Co., Ltd.
- Cemedine Co., Ltd.
- Tobu Chemical Co., Ltd.

<Non-manufacturing Companies (16)>

- Kaneka Foods Corporation
- Hane Co., Ltd.
- Kaneka Kentech Co., Ltd.
- Kaneka Solar Marketing Co., Ltd.
- Kaneka Takasago Service Center Co., Ltd.
- Kaneka Osaka Service Center Co., Ltd.
- Shiga Denshi Co., Ltd.
- NJF Co., Ltd.
- Gene Frontier Corporation
- Kaneka Your Health Care Co., Ltd.
- SC Housing System Corporation
- Kaneka Hoken Center Co., Ltd.
- Kaneka Techno Research Corporation
- Kaneka Creative Consulting Corporation
- KM Transderm Ltd.
- Biomaster, Inc.

Group Companies outside Japan

<Manufacturing Companies (15)>

- Kaneka Belgium N.V.
- Kaneka Eurogentec S.A.
- Kaneka North America LLC
- Kaneka Singapore Co. (Pte) Ltd.
- Kaneka (Malaysia) Sdn. Bhd.
- Kaneka Eperan Sdn. Bhd.
- Kaneka Paste Polymers Sdn. Bhd.
- Kaneka Innovative Fibers Sdn. Bhd.
- Kaneka Apical Malaysia Sdn. Bhd.
- Kaneka MS Malaysia Sdn. Bhd.
- Kaneka Medical Vietnam Co., Ltd.
- Kaneka Eperan (Suzhou) Co., Ltd.
- HiHua Fiber Co., Ltd.
- Kaneka (Foshan) High Performance Materials Co., Ltd.
- PT.Kaneka Foods Indonesia