

# 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

We reorganized our ESG-related organization with the establishment of the Engine of Sustainability Management on April 1, 2022. It is tasked with overseeing and enhancing ESG management. The Engine of Sustainability Management consists of eight implementation organizational entities. These work to promote ESG and the SDGs overseeing the activities of all related departments across the organization. We will work to protect the environment, to contribute to the restoration of humanity, and to strengthen “Wellness First” health management to support a society that nurtures life.

### ■ Diagram of ESG Promotion System



# ESG Promotion

## ESG Promotion Activities

### 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 Group companies within Japan and overseas.

To monitor progress of ESG activities, we check safety management at our manufacturing sites from the standpoints of safety/hygiene, environmental conservation and quality assurance of product/commodity/work in process.

Carrying out an evidence-based evaluation of the status of checks, we share with the head office and manufacturing site any items requiring improvements. We conducted ESG safety and quality inspections in fiscal 2022 at all parent manufacturing sites and at nine sites of nine Group companies in Japan.

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.

We conduct ESG evaluation audits to ensure that our business activities and labor practices comply with laws and regulations. In fiscal 2022, we conducted audits at all Kaneka business divisions, 28 Group companies in Japan, and 20 Group companies overseas in the area of competition laws like the Antimonopoly Act in Japan. Executives of Kaneka and of certain Group companies in Japan who are involved in sales, purchasing, and business development are required to undergo antitrust law compliance training and submit a written oath. At Group companies in Japan, we confirmed the preparation status of issues related to the revision of the Labor Standards Act.

### ESG Education

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

In fiscal 2022, we posted a section on the company intranet entitled "Deepening Your ESG Understanding" and sought to disseminate information on the ESG-related social issues companies are called on to address, Kaneka's progress toward achieving ESG management, and initiatives related to our ESG Charter. As a way of bringing the SDGs into everyday experience, we put up posters around our premises that remind us to promote paperless work, save water, and save energy.

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

## 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"><li>• Principle 1 : Businesses should support and respect the protection of internationally proclaimed human rights; and</li><li>• Principle 2 : make sure that they are not complicit in human rights abuses.</li></ul>
Labour	<ul style="list-style-type: none"><li>• Principle 3 : Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</li><li>• Principle 4 : the elimination of all forms of forced and compulsory labour;</li><li>• Principle 5 : the effective abolition of child labour; and</li><li>• Principle 6 : the elimination of discrimination in respect of employment and occupation.</li></ul>
Environment	<ul style="list-style-type: none"><li>• Principle 7 : Businesses should support a precautionary approach to environmental challenges;</li><li>• Principle 8 : undertake initiatives to promote greater environmental responsibility; and</li><li>• Principle 9 : encourage the development and diffusion of environmentally friendly technologies.</li></ul>
Anti-Corruption	<ul style="list-style-type: none"><li>• Principle 10 : Businesses should work against corruption in all its forms, including extortion and bribery.</li></ul>



# ESG Promotion

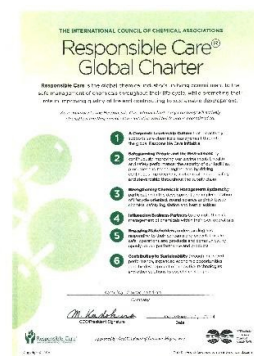
## Promoting Responsible Care

### 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

**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

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

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

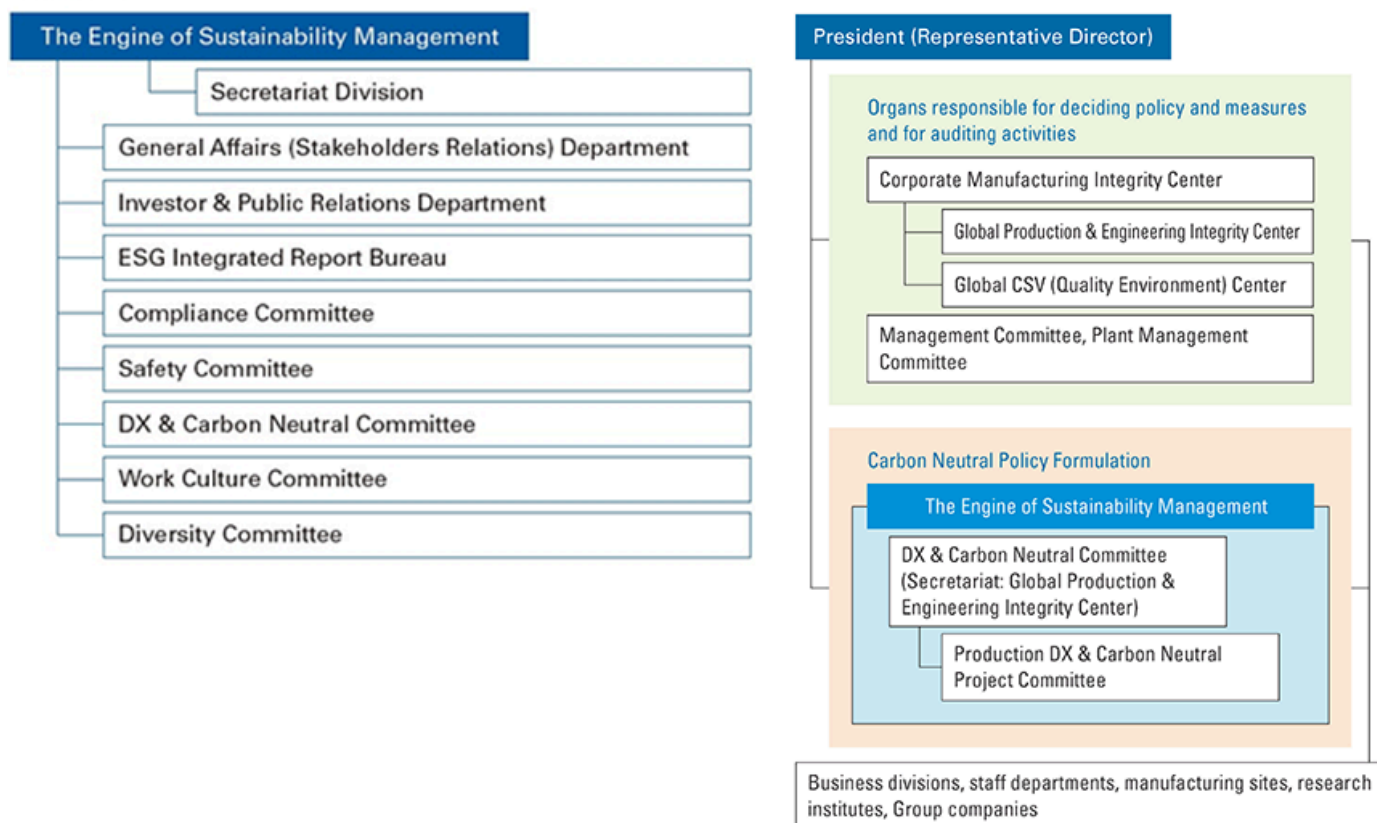
In our business activities, we are taking steps to reduce environmental impact and ensure appropriate chemical substance management and information disclosure, with the Global CSV (Quality Environment) Center playing the central role in environment conservation activities.

Meanwhile, toward realizing a sustainable society, we have set out the Basic Policies for Responsible Care under which we ensure strict observance of laws protecting human health and safety and rigorous compliance with environmental legislation such as the Air Pollution Control Act and the Water Pollution Control Act and the criteria set out in related agreements.

Internal auditing, ESG safety and quality inspections, and other tools are used to confirm compliance and to manage environmental impact and risk reduction.

## ■ Diagram of Promotion System

### Task Force



## Targets and Performance

Target		Fiscal 2022 performance
Energy intensity index (*1)	Average annual reduction of 1% or more	90.5 (all parent manufacturing sites) (0.1% year-on-year increase) Five-year average decrease of 0.3%
CO <sub>2</sub> emission intensity index (*2)	Average annual reduction of 1% or more (fixed emissions factor) Estimated fiscal 2022 performance 91.4 (fiscal 2030 target 84.3)	85.0 (all parent manufacturing sites)
Air and water pollution prevention		Strict compliance with standards set by Air Pollution Control Act/Water Pollution Control Act and with criteria agreed with local governments
Chemical substance emissions reduction	VOC emissions 1,800 tons or below	Due to increased production volume and changes in product mix, VOC emissions, at 1,821 tons, were not on target

Target		Fiscal 2022 performance
Waste reduction	Kaneka final landfill disposal rate: 0.2% or below Zero emissions at Kaneka and Group companies in Japan	Kaneka final landfill disposal rate 0.038% Zero emissions achieved by Kaneka and Group companies in Japan based on final landfill disposal rate of 0.37% (*3)
Check legal compliance of waste disposal subcontractors		Visited disposal subcontractors where on-site survey was possible and carried out checklist-based inspection

\*1 Energy intensity index: a value for energy intensity indexed against a value of 100 for fiscal 2013. The value is calculated by dividing manufacturing energy consumption by activity volume (all parent manufacturing site production volume).

\*2 CO<sub>2</sub> emission intensity index: a value for energy-origin CO<sub>2</sub> emission intensity indexed against a value of 100 for fiscal 2013. The value is calculated by dividing energy-origin CO<sub>2</sub> emissions by activity volume.

\*3 Zero emissions (Kaneka definition): final landfill disposal volume less than 0.5% of total generated waste.

## 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

Manufacturing Sites and Group Companies	Registration No.
Showa Kaseikogyo Co., Ltd. Hanyu Headquarters Factory	E0062
Cemedine Co., Ltd. Ibaraki Plant, Mie Plant	JCQA-E-0366
Cemedine Co., Ltd. Kinuura Plant	497791UM15
Tatsuta Chemical Co., Ltd. Koga Plant	E2271
Tochigi Kaneka Co., Ltd.	E2163
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
Kaneka (Thailand) Co., Ltd.	EMS727351

■ 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 Nishinippon Styrol Co., Ltd. Headquarters, Saga Plant, Kagoshima Plant, Nagasaki Plant, and Hiroshima Plant	0003949
Kaneka Foods Manufacturing Corporation	0003491
Kaneka Foam Plastics Co., Ltd. Moka Plant	0003247
Kaneka Hokkaido Styrol Co., Ltd.	0001805

Group Company	Certification and Registration No.
Kaneka Medix Corporation	0001893
Kyushu Kanelite Co., Ltd.	0001637
Kochi Styrol Co., Ltd.	0011039
Taiyo Yushi Corporation	0003575
Tokyo Kaneka Foods Manufacturing Corporation	0003473
Nagashima Shokuhin Co., Ltd.	0003093
Hokkaido Kanelite Co., Ltd.	0001905



# Environment


## Environmental Performance


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.

### Material Balance

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 Japan and overseas.

In fiscal 2022, the main raw material, energy consumption, and water inputs decreased by 66 thousand tons (3.8%), 630 GWh (11.5%) and 3.6 million m<sup>3</sup> (9.5%), respectively from the previous year. The outputs of product, GHG, NOx, COD, nitrogen, and phosphorus decreased by 139.9 thousand tons (6.4%), 184.0 thousand tons-CO<sub>2</sub>e (11.9%), 61.8 tons (6.3%), 12.8 tons (3.7%), 8.4 tons (5.4%), and 1.1 tons (21.7%), respectively. Meanwhile, due to the decrease in the amount of waste generated by Kaneka, the amount of recycled waste decreased by 2,520 tons (4.5%) and the final landfill waste output decreased by 946.2 tons (17.3%).

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 2023.  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 2022 Results

### INPUTS Energy and Resources

Legend (from top)

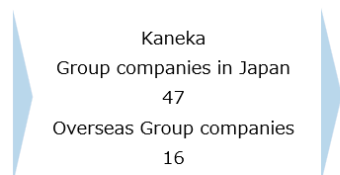
Kaneka and Group companies in Japan(\*1)

Overseas Group companies

Main raw materials
1,398.2 thousand tons
288.8 tons

Energy (GWh Conversions)
3,802 GWh
1,042

Water
27.3 million m <sup>3</sup>
6.8



### OUTPUTS Discharges, Recycling, and Products

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

Products	GHG (Scope1, 2)	SOx
1,749.8 thousand tons	1,095 thousand tons-CO <sub>2</sub> e	81.6 tons
282.0 tons	269 tons-CO <sub>2</sub> e	4.4 tons
NOx	Soot and dust	PRTR Law designated substances
786.7 tons	21.9 tons	152.4 tons
127.1 tons	3.6 tons	– tons
Chemical oxygen demand	Suspended solids	PRTR Law designated substances
228.7 tons	188.4 tons	16.2 tons
102.5 tons	43.5 tons	– tons
Nitrogen	Phosphorous	
144.8 tons	3.5 tons	
2.4 tons	0.5 tons	
Final landfill	External recycling	External reduction
279.9 tons	47,390.1 tons	5,304.3 tons
4,233.8 tons	5,497.7 tons	5,586.9 tons

\*1 Kaneka, 40 Kaneka consolidated subsidiaries in Japan, and seven non-consolidated subsidiaries. Consolidated subsidiaries in Japan do not include subsidiaries of Cemedine Co., Ltd.

## 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 2022, environmental costs (investments) were 893 million yen, a decrease of 3,095 million yen from the previous fiscal year. In terms of environmental costs (expenditures), pollution prevention costs, resource recycling costs, and research and development costs increased by 243 million yen, 60 million yen, and 2,657 million yen, respectively.

### ■ Environmental Costs (Investments, Expenditures)

(Millions of yen)

Cost Classifications	Main Efforts	Fiscal 2020		Fiscal 2021		Fiscal 2022	
		Investments	Expenditures	Investments	Expenditures	Investments	Expenditures
Business Area		1,049	5,637	3,987	6,048	893	6,350
1. Pollution Prevention	Air and water pollution prevention	947	3,338	3,737	3,881	835	4,124
2. Environmental Conservation	Addressing climate change and energy saving	-	-	-	-	-	-
3. Resource Recycling	Waste processing, recycling, and reduction	102	2,299	250	2,167	59	2,227
Upstream and Downstream	Product recycling, collection, and processing	0	25	0	25	0	24
Management Activities	Environmental education for employees and environmental impact monitoring and measurement	0	397	1	419	0	423
Research and Development	Research and development of products contributing to environmental conservation	-	9,169	-	9,219	-	11,876
Social Activities	Greening, beautification, and disclosure of environmental information	1	114	0	107	0	84
Environmental Damage	Payment of sulfur oxide emission charges	0	8	0	2	0	9
Total		1,050	15,350	3,988	15,820	893	18,766

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 2020	Fiscal 2021	Fiscal 2022
Pollution Prevention	Atmospheric and water discharges of hazardous substances	SOx emissions	Tons	61.7	85.5	81.6
		NOx emissions	Tons	877.1	876.3	786.7
		Chemical oxygen demand	Tons	220.9	236.2	228.7
		PRTR Law-designated chemical emissions	Tons	188.3	166.0	168.6
Environment	Greenhouse gas emissions	GHG emissions	Thousand tons-CO <sub>2</sub> e	1,177.1	1,219.6	1,095.3
	Energy consumption	GWh Conversions	GWh	4,092	4,247	3,802
Resource Recycling	Final landfill	Landfill	Tons	479.5	350.2	279.9
	External recycling	Amounts recycled	Tons	55,750.8	48,906.8	47,390.1

Regarding the economic impacts of environmental measures, revenue from recycling increased by 14 million yen year on year, while cost reductions by better resource efficiency (output per unit of input), waste disposal cost reductions by recycling, and cost reductions by energy conservation decreased by 115 million yen, 142 million yen, and 338 million yen, respectively.

## ■ Economic Impacts of Environmental Measures

(Millions of yen)

Measures	Fiscal 2020	Fiscal 2021	Fiscal 2022
Revenue from recycling	189	184	198
Cost reductions by better resource efficiency (output per unit of input) (*2)	1,335	-19	-134
Waste disposal cost reductions by recycling (*2)	110	448	306
Cost reductions by energy conservation	24	422	84
Total	1,657	1,035	453

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

\*2 When calculating fiscal 2022 results for certain business sites in Japan, it was found that positive and negative treatment was reversed for “Cost reductions by better resource efficiency (output per unit of input)” and “Waste disposal cost reductions by recycling.” The actual values for fiscal 2020 and fiscal 2021 have therefore been revised.

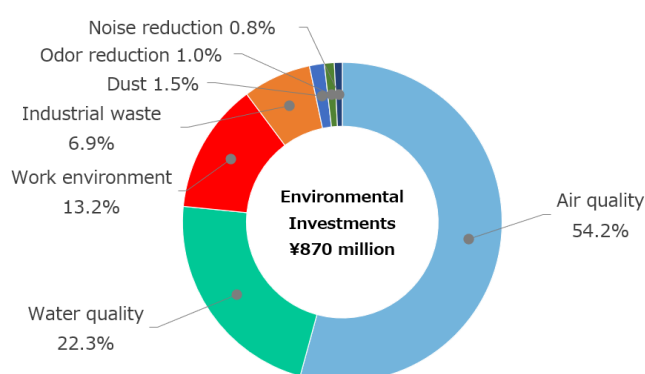
## Environmental Investments (Kaneka)

We continue to invest in environmental conservation.

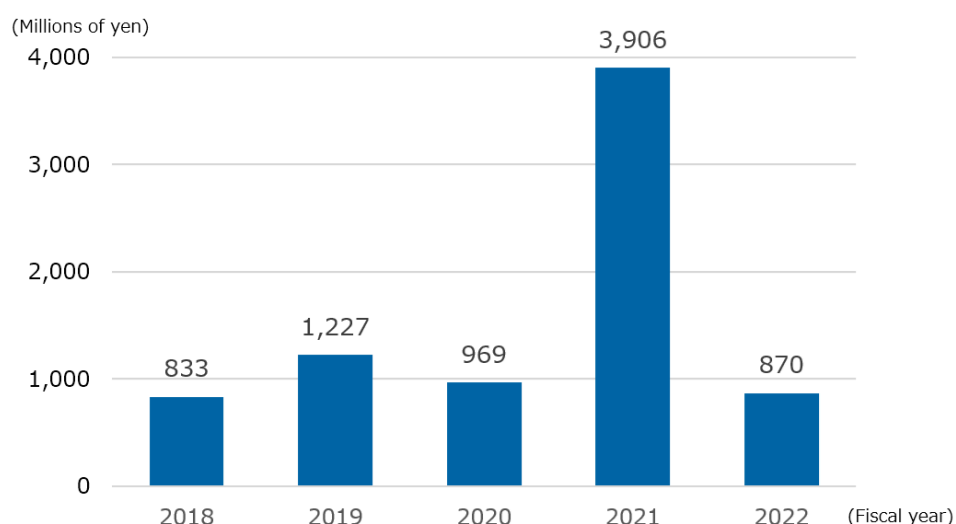
Environmental investments in fiscal 2022 totaled 870 million yen. Of this total, 54.2% was for air quality, 22.3% was for water quality, 13.2% was for the work environment, 6.9% was for industrial waste, 1.5% was for dust, 1.0% was for smell, and 0.8% was for noise reduction.

Environmental investment over the past five years averages about 1,560 million yen, leading with water quality (58.2%), followed by air quality (25.2%) and the work environment (9.31%). We will continue to invest proactively to maintain and improve the environment.

### ■ Environmental Investments in Fiscal 2022



### ■ Cumulative Environmental Investments



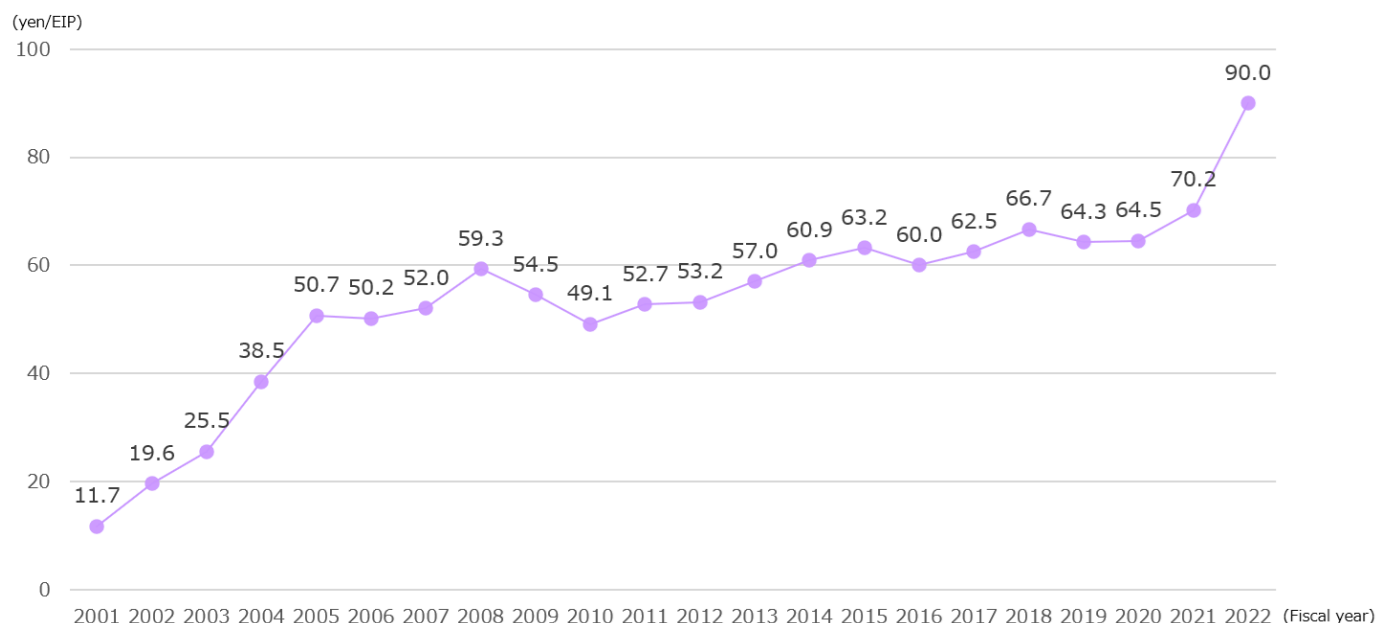
## Environment Efficiency (Kaneka)

Kaneka assesses the environmental impact of our production activities using Environmental Impact Points (EIPs), which are compiled using the JEPiX methodology, and we use these points to assess our environmental efficiency.

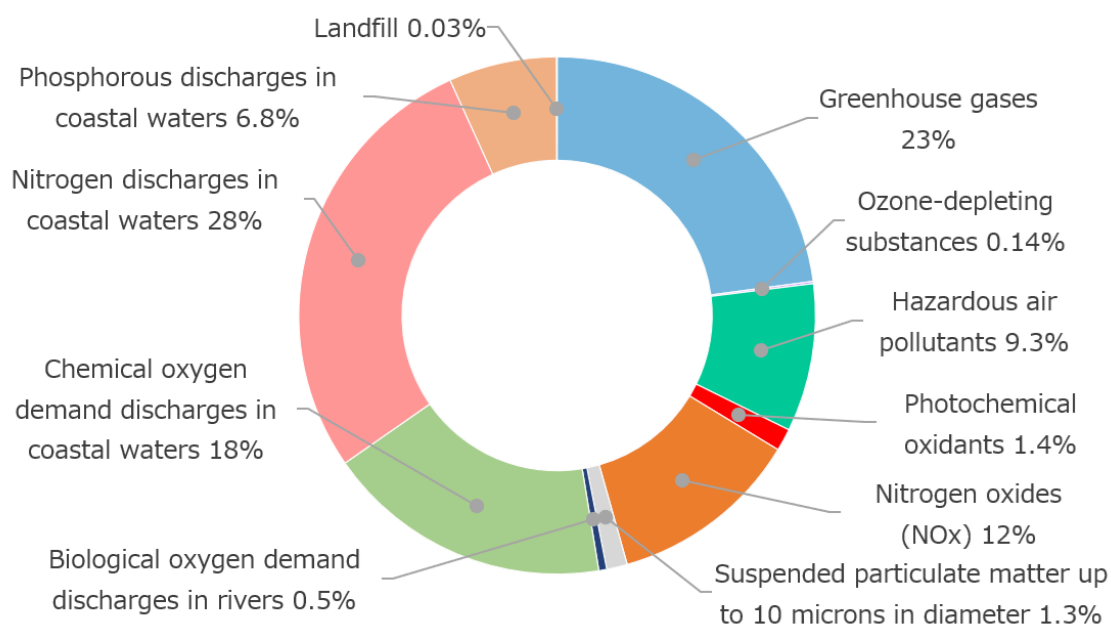
Our total environmental impact improved by 13.9% from the previous year in fiscal 2022, primarily due to decreases in

ozone-depleting substances, GHG, discharges of phosphorous and nitrogen in coastal waters, and NOx, etc., with EIPs at 4.10 billion. Environmental efficiency improved by 28.2% from the previous year.

#### ■ Environment Efficiency



#### ■ Details of Total Environmental Impact



Fiscal Year	Net Sales (million yen)	Environmental Impact (100 million EIPs)	Environmental Efficiency (yen/EIP)
2020	279,774	43.3	64.5
2021	334,675	47.7	70.2

Fiscal Year	Net Sales (million yen)	Environmental Impact (100 million EIPs)	Environmental Efficiency (yen/EIP)
2022	369,172	41.0	90.0

## 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.

### TOPICS

## 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"> <li>• Pollution Prevention and Control</li> <li>• Eco-Efficient and/or Circular Economy Adapted Products, Production Technologies and Processes</li> </ul>	   

## Annual Reporting

- [Green Bond 2020 Annual Reporting \(PDF\)](#)  PDF
- [Green Bond 2021 Annual Reporting \(PDF\)](#)  PDF
- [Green Bond 2022 Annual Reporting \(PDF\)](#)  PDF
- [Green Bond 2023 Annual Reporting \(PDF\)](#)  PDF



# Environment

## Climate Change Initiatives

To address global warming, we at the Kaneka Group are working to promote energy conservation and reduce CO<sub>2</sub> emissions through a range of measures, including our own environmental capital investment program.

We are implementing life cycle assessment (LCA) for our main products and intend to successively expand the range of products covered going forward. We are also working to introduce carbon-life cycle analysis (cLCA) and indirect GHG emissions calculation. Carbon-life cycle analysis (cLCA) uses an LCA-based quantitative evaluation to calculate the contribution to GHG emissions reduction relative to comparable products. Indirect GHG emissions calculation covers business activities throughout the supply chain (Scope 3 emissions).

### Initiatives for Climate Change: Information Disclosure in Line with TCFD

With people and technology growing together into creative fusion, we will break fresh ground for the future and tie in to explore New Values. We are also committed to challenge the environmental issues of our planet and contribute to upgrading the quality of life. Guided by this corporate philosophy, Kaneka Group will leverage its products and services to globally offer useful solutions to the issue of climate change, and will fulfill its social responsibilities regarding the various climate change-related impacts associated with the production and distribution processes. As part of this, we expressed our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in March 2021.

Fiscal 2022 performance  PDF

Fiscal 2021 performance  PDF

### Energy Conservation Efforts

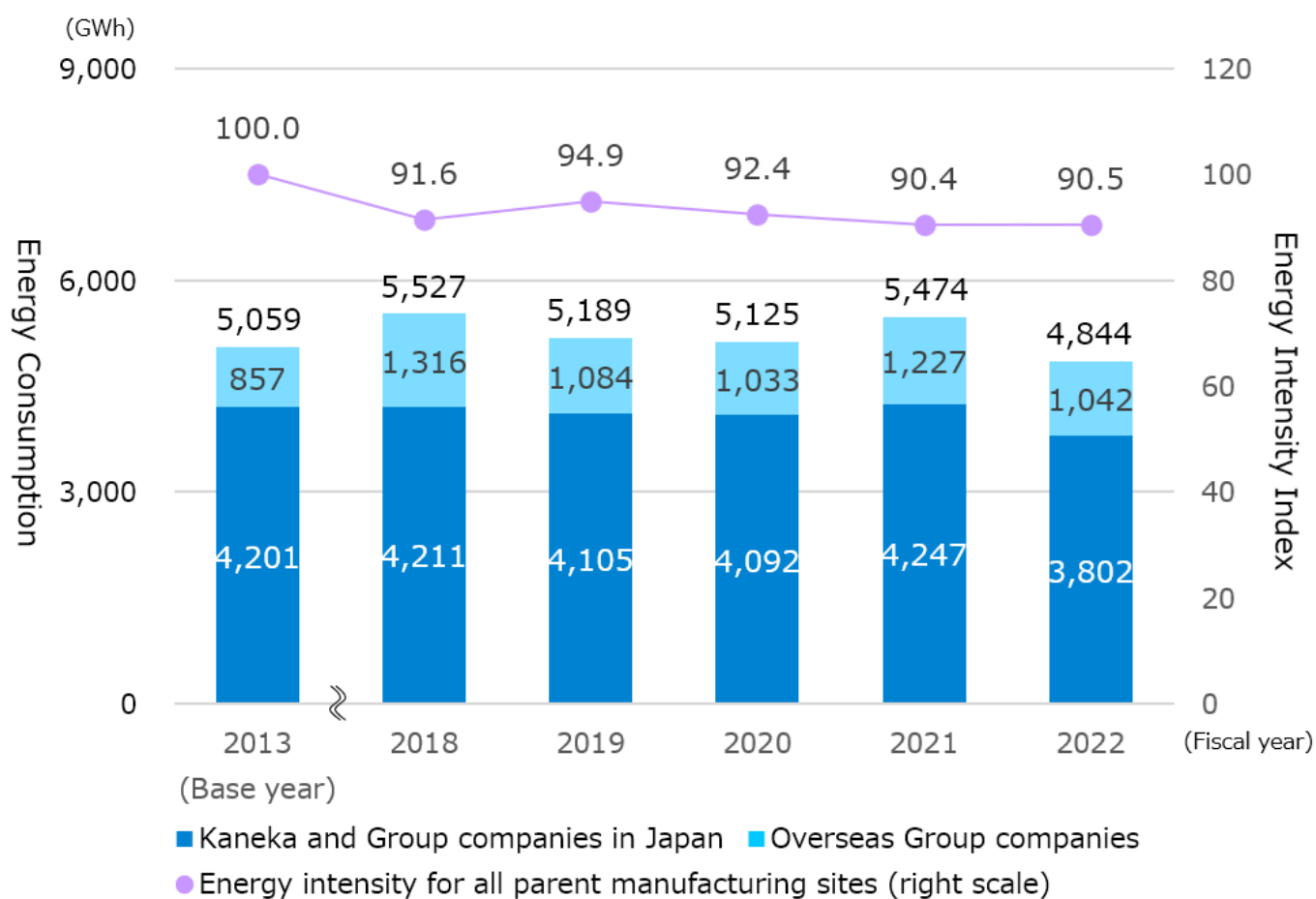
We are engaged in energy conservation activities, using the energy intensity index as an indicator for management. The energy intensity index for all parent manufacturing sites in fiscal 2022 was 90.5, an increase of 0.1% from the previous fiscal year. The average rate of change over the five-year period was a decrease of 0.3%, which did not reach our goal of an annual average decrease of 1%. The main factor behind not reaching our goal for an annual average decrease was lower production volume of products that significantly affect intensity. The main reason for not reaching our goal for the average rate of change of the five-year period was also that, compared to fiscal 2018, the production volume of products that significantly affect intensity was lower.

Kaneka and Group companies in Japan used 3,802 GWh, a decrease of 10.5% from the previous fiscal year, mainly due to a decrease in production volume.

## ■ Targets and Performance

Target		Fiscal 2022 performance	Evaluation
Energy intensity index	Average annual reduction of 1% or more	90.5 (all parent manufacturing sites) (0.1% year-on-year increase)	×
		Five-year average decrease of 0.3%	×

## ■ Energy Consumption and Energy Intensity Index



## ■ Kaneka Group Energy Consumption (Fiscal 2022)

	Kaneka and Group companies in Japan	Overseas Group companies	Total
Energy Consumption (GWh Conversions) (GWh/year)	3,802 (Of which Kaneka 3,328)	1,042	4,844
Energy Consumption (Crude Oil Equivalents) (Thousand kiloliters/year)	531 (Of which Kaneka 461)	138	669

## Initiatives to Reduce CO<sub>2</sub> Emission Intensity

At Kaneka, we are working to reduce CO<sub>2</sub> emission intensity, using a CO<sub>2</sub> emission intensity index as an indicator for management, based on CO<sub>2</sub> emissions from energy consumption associated with production activities.

In fiscal 2022, the index for all parent manufacturing sites was 85.0, achieving our fiscal 2022 target of 91.4 (toward a fiscal 2030 target of 84.3).

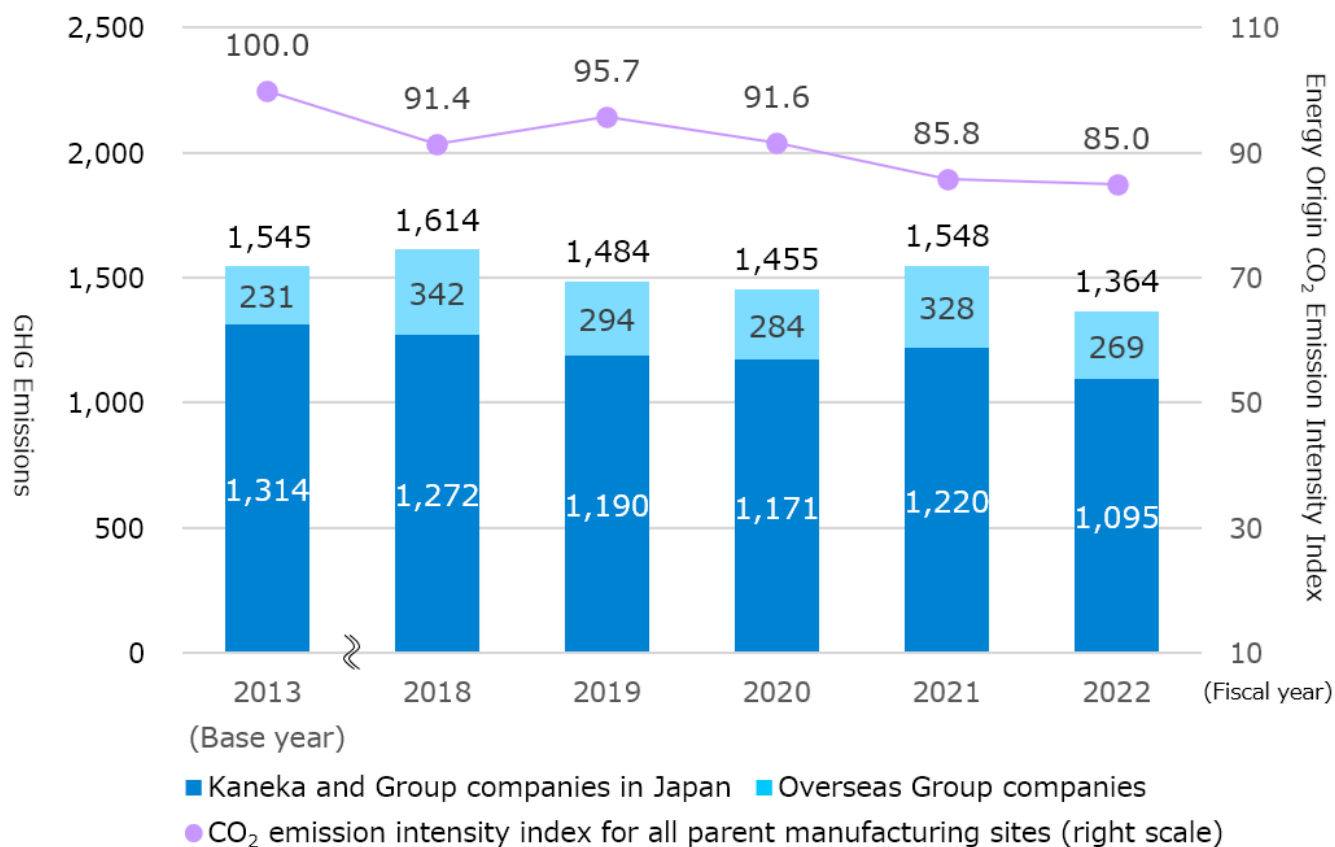
GHG emissions for Kaneka and Group companies in Japan decreased by 10.2% from the previous year to 1,095 thousand tons-CO<sub>2</sub>e, due to factors such as energy saving activities, lower production volume, and the use of energy with a lower CO<sub>2</sub> emission coefficient. Going forward, we will continue to take energy saving actions and, based on our strategy for carbon neutrality, will work to reduce GHG emissions by means of actions such as streamlining production processes through innovation and switching to alternative fuels.

## ■ Targets and Performance

	Target	Fiscal 2022 performance	Evaluation
CO <sub>2</sub> emission intensity index	Average annual reduction of 1% or more (fixed emissions factor) Estimated fiscal 2022 performance 91.4 (fiscal 2030 target 84.3)	85.0 (all parent manufacturing sites)	◎

■ GHG Emissions and Energy Origin CO<sub>2</sub> Emission Intensity Index

(Thousand tons-CO<sub>2</sub>e)



■ Scope 1 and 2 Emissions (Kaneka)

(Thousand tons CO<sub>2</sub>e/year)

(Fiscal year)	2019	2020	2021	2022
Scope 1 emissions	785.7	759.9	736.1	624.1
Scope 2 emissions	246.4	262.5	335.7	338.2
Total	1,032.1	1,022.4	1,071.8	962.3

Note: For energy supplier-owned co-generation systems installed on the Group's premises, emissions have been calculated based on fuel consumption at the facilities. However, from the fiscal 2022 results, we have changed the calculation method to one based on the consumption of heat and power generated at the facilities and purchased by the Group. This has lowered the ratio of Scope 1 to the total amount of Scope 1 and 2 emissions and increased the ratio of Scope 2 emissions.

■ Scope 1 and 2 Emissions (Fiscal 2022)

(Thousand tons CO<sub>2</sub>e/year)

	Kaneka and Group companies in Japan	Overseas Group companies	Total
Scope 1 direct emissions (*1)	689 (Of which Kaneka 624)	102	791
Scope 2 indirect emissions from purchased of acquired electricity, steam, heat and cooling (*2)	407 (Of which Kaneka 338)	166	573
Total	1,095 (Of which Kaneka 962)	269	1,364

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

\*1 Non-energy CO<sub>2</sub> emissions and CO<sub>2</sub>-equivalent of methane and N<sub>2</sub>O emissions are included.

\*2 Scope 2 emissions calculated using the location-based method for Kaneka and Group companies in Japan were 519 thousand tons CO<sub>2</sub>e (including 449 thousand tons CO<sub>2</sub>e for Kaneka). For overseas Group companies, Scope 2 emissions were the same calculated using location-based and market-based methods.

## 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. Kaneka has thus far based its calculation of Scope 3 emissions on Kaneka, the parent company. Starting from fiscal 2022 results, we have started to calculate some categories of Scope 3 emissions on a consolidated basis. A dash (“–”) in the table indicates that data that has not been calculated.

■ Kaneka Group Scope 3 Emissions Calculated by Category (Fiscal 2022) (Thousand tons CO<sub>2</sub>e/year)

	Category	Kaneka	Group companies in Japan	Overseas Group companies	Total
1	Purchased goods/services	1,707.6(*3)	–	–	1,707.6
2	Capital goods	55.9	–	–	55.9
3	Fuel-and energy-related activities not included in Scope 1 or Scope 2	153.4	–	–	153.4
4	Upstream transportation and distribution	21.4	–	–	21.4
5	Waste generated in operations	3.4	11.4	11.8	26.6
6	Business travel	4.0	0.5	0.4	4.9
7	Employee commuting	1.1	1.5	1.2	3.8
8	Upstream leased assets	0.0	–	–	0.0
9	Downstream transportation and distribution	(*4)	(*4)	(*4)	(*4)
10	Processing of sold products	(*4)	(*4)	(*4)	(*4)
11	Use of sold products	(*5)	(*5)	(*5)	(*5)
12	End-of-life treatment of sold products	539.8	106.8	235.0 (*6)	881.6
13	Downstream leased assets	0.02	–	–	0.02
14	Franchises	– (*7)	–	–	–
15	Investments	397.4	–	–	397.4

Category	Kaneka	Group companies in Japan	Overseas Group companies	Total
Total of Scope 3 emissions	2,884.1	120.2	248.4	3,252.7

\*3 Previously, the scope was raw materials (including intermediate products) used in each manufacturing process. From fiscal 2022, we changed the calculation to include those purchased as raw materials.

\*4 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.

\*5 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.

\*6 Kaneka Medical Vietnam Co., Ltd. is not included in the calculation because its products have not been converted to weight.

\*7 GHG emissions for this category were not calculated because we have no franchise stores.

#### ■ Scope 3 Emissions (Kaneka) (Thousand tons CO<sub>2</sub>e/year)

(Fiscal Year)	2019	2020	2021	2022
Total of Scope 3 emissions	3,142.9	2,905.0	3,344.6	2,884.1

Note: The reason for the large increase in Scope 3 emissions from fiscal 2018 to fiscal 2019 was the addition of a category to the scope of calculation. In addition, from fiscal 2022 we changed the method for obtaining raw material purchase data for Category 1.

## Investments in Energy-Efficient Facilities

To continue reducing energy intensity and CO<sub>2</sub> emission intensity, we are implementing our own environmental capital investment program, with an annual budget of 300 million yen (the budget was 200 million yen until fiscal 2020 but we increased it in fiscal 2021 to strengthen our climate change response). Investments are 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 2022 we continued allocating a large portion of this fund to projects that address climate change, including broader initiatives such as visualizing energy consumption. We will continue to use this investment program effectively to promote actions which to reduce energy and CO<sub>2</sub> emission intensity.

## ■ Results of Our Own Environmental Capital Investment Program

Fiscal Year	Investments (million yen)	Number	Reduced CO <sub>2</sub> Emission of the Year
2018	200	24	1,748 tons-CO <sub>2</sub>
2019	200	29	1,227 tons-CO <sub>2</sub>
2020	200	27	1,010 tons-CO <sub>2</sub>
2021	300	36	1,757 tons-CO <sub>2</sub>
2022	300	30	2,319 tons-CO <sub>2</sub>

## Eco-Friendly Products

Kaneka Group has focused on eco-friendly management since fiscal 2017. We have enhanced and expanded our lineup of eco-friendly products, which we define as products that help reduce the burden on the natural environment compared to conventional products at the customer use, disposal, and recycling stages (see the table below).

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

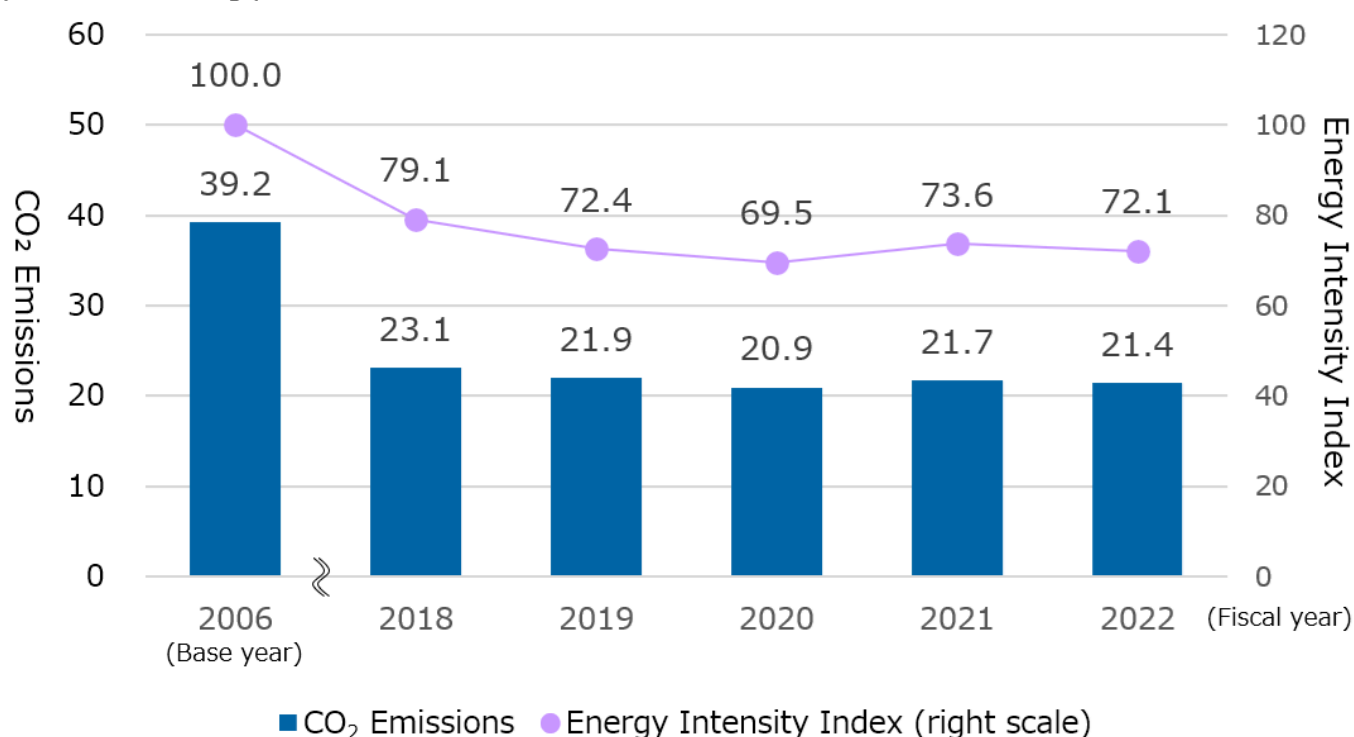
## Energy-Efficiency Initiatives in Logistics

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 towards implementing modal shifts, promoting joint distribution, and improving cargo load ratios.

In fiscal 2022, we availed of subsidies from the Ministry of Land, Infrastructure, Transport and Tourism for modal shift promotion projects and promoted the use of marine transportation. This resulted in an overall decrease of 0.3 thousand tons in CO<sub>2</sub> emissions. The result was a 2.0% decrease in the energy intensity index from the previous year.

### ■ CO<sub>2</sub> Emissions and Energy Intensity Index from Logistics (Kaneka)

(Thousand tons-CO<sub>2</sub>e)



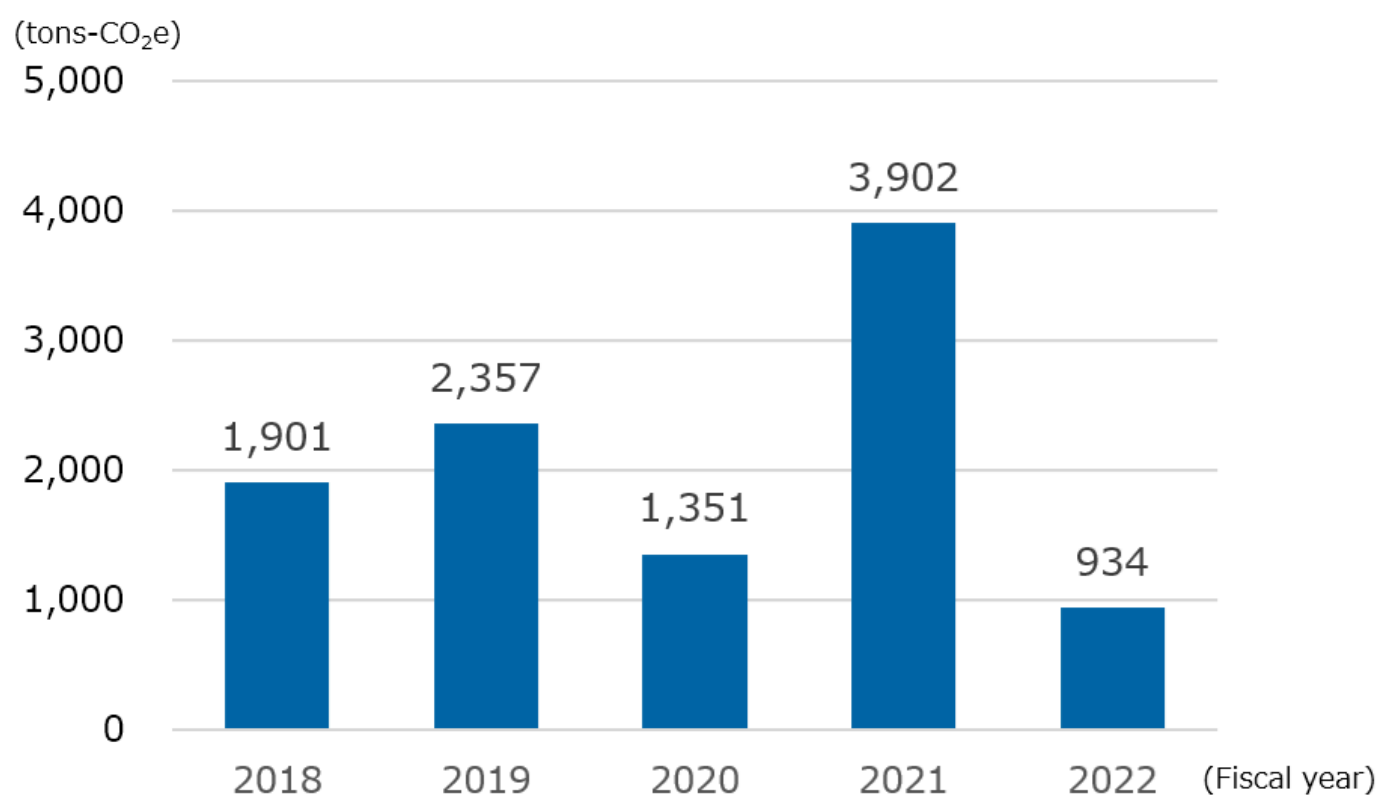
## Response to the Fluorocarbons Emission Control Law

Complying with the Act on Rational Use and Proper Management of Fluorocarbons in Japan, we are promoting the replacement of aging equipment that use specified fluorocarbons as well as strengthening our management of equipment.

The estimated leakage of fluorocarbons in fiscal 2022 at Kaneka was 934 tons-CO<sub>2</sub>e, which met our target for reducing the estimated leakage of fluorocarbons to 1,000 tons-CO<sub>2</sub>e or less. At Group companies in Japan, there were no estimated leakage of fluorocarbons exceeding 1,000 tons-CO<sub>2</sub>e. We will continue to systematically update aging equipment, selecting equipment with low global warming potential (\*8) and green refrigerant. We will also reduce the leakage of fluorocarbons by inspecting equipment to detect and eliminate fluorocarbon leaks at an early stage.

\*8 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 (Kaneka)



# Environment

## Preventing Pollution and Managing Chemical Substances

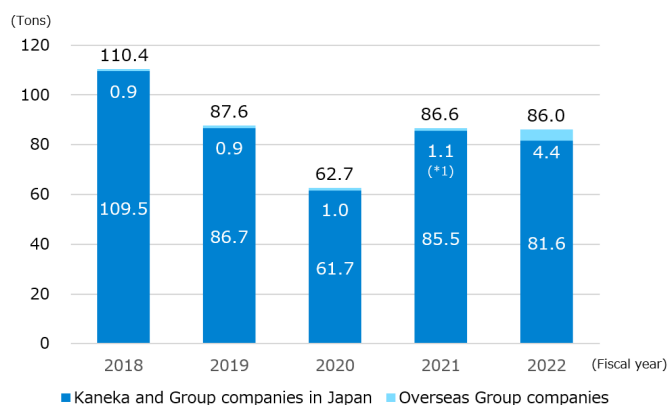
We are working for the prevention of air and water pollution, the appropriate management of toxic chemical substances, and the reduction of related emissions.

### Preventing Air Pollution

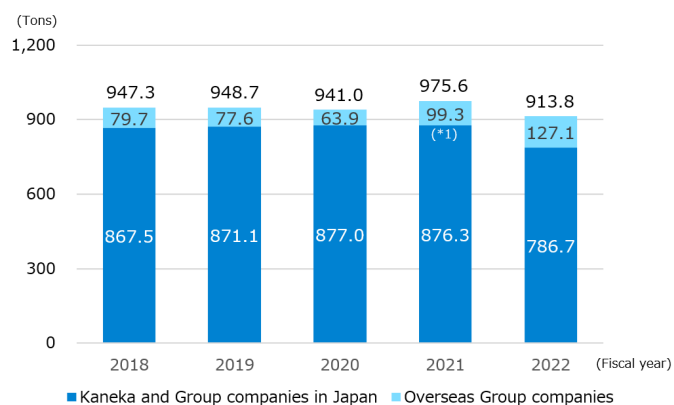
Our production activities comply with the standards stipulated in the Air Pollution Control Act as well as the criteria in agreements with local governments.

Regarding the atmosphere, SOx, NOx, and soot and dust emissions from all parent manufacturing sites decreased in fiscal 2022 from the previous fiscal year. This was due to the effect of reducing coal usage by curbing nighttime power generation and despite higher sulfur content of coal used in the boilers. From Group companies in Japan, SOx emissions also decreased, but NOx and soot and dust emissions increased year on year.

#### SOx Emissions

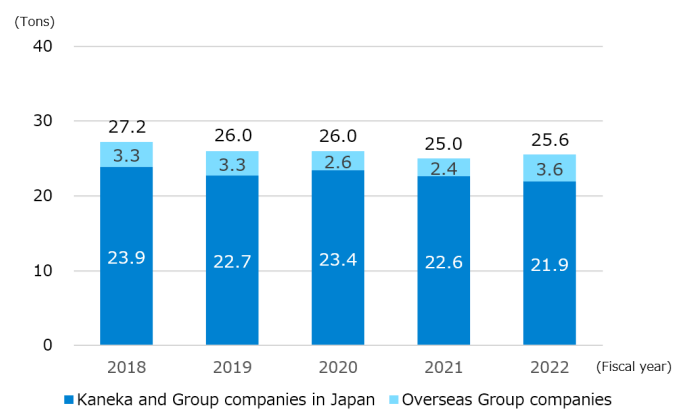


#### NOx Emissions



\*1 The calculation of fiscal 2021 SOx and NOx emissions for certain business facilities of overseas Group companies contained omissions. The fiscal 2021 values have therefore been revised.

## ■ Soot and Dust Emissions



## ■ Kaneka's Atmospheric Emissions

(Fiscal Year)	2018	2019	2020	2021	2022
SOx Emissions (Tons)	74.5	70.1	48.9	71.6	68.8
NOx Emissions (Tons)	825.7	834.9	828.1	830.7	738.9
Soot and Dust Emissions (Tons)	22.8	21.7	22.3	21.7	20.5

## Water Conservation

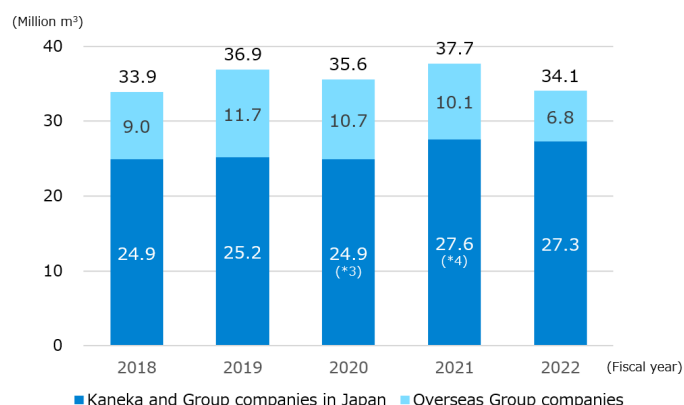
Our production activities comply with the standards stipulated in the Water Pollution Control Act as well as the criteria in agreements with local governments.

In fiscal 2022, Kaneka Group consumed 34.1 million m<sup>3</sup> of water and discharged 29.2 million m<sup>3</sup> of water. We monitor the amount of water intake and strive to use water efficiently.

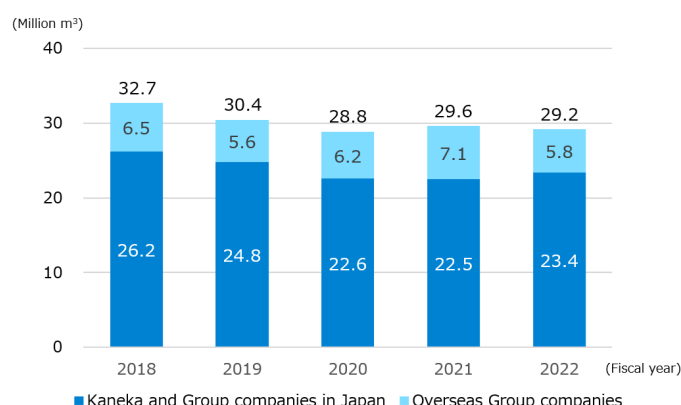
Also in fiscal 2022, we conducted water risk assessments for each Kaneka Group site and the bases of Group companies in Japan and overseas. We use an assessment tool (Aqueduct Water Risk Atlas) to identify areas with high water stress and, based on the proportion of water intake from water-stressed areas to total water intake, have confirmed that Kaneka Group as a whole does not face high water risks. Going forward, we will expand the scope of the assessment targets in terms of geographical location and time, and prioritize and implement measures based on results of the assessment.

In terms of preventing water pollution, Kaneka's COD, nitrogen, SS, and phosphorus emissions decreased. At Group companies in Japan, emissions of COD, SS, and nitrogen increased. At overseas Group companies, emissions of COD, nitrogen, and phosphorus decreased, while SS emissions increased. We will continue to maintain and improve the quality of water discharged into public waterways.

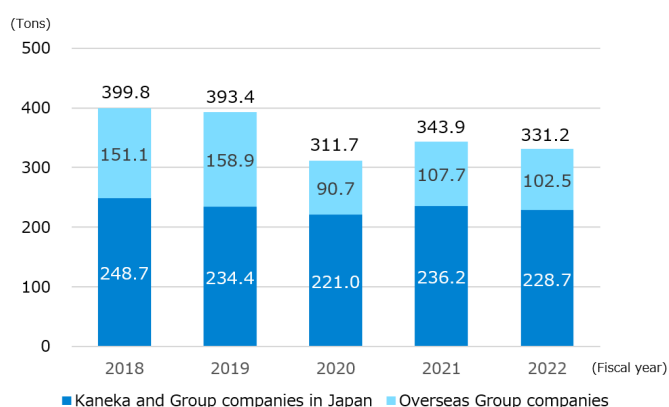
■ Water Consumption (\*2)



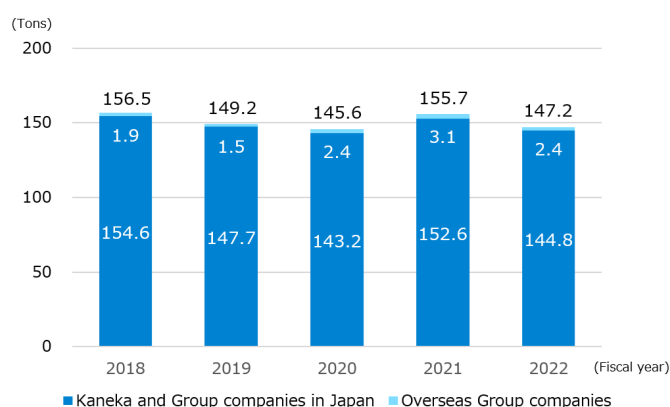
■ Wastewater Discharges (\*2)



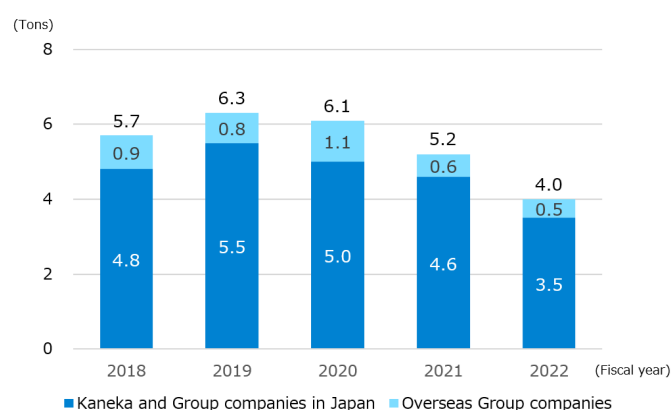
■ Chemical Oxygen Demand in Wastewater (\*2)



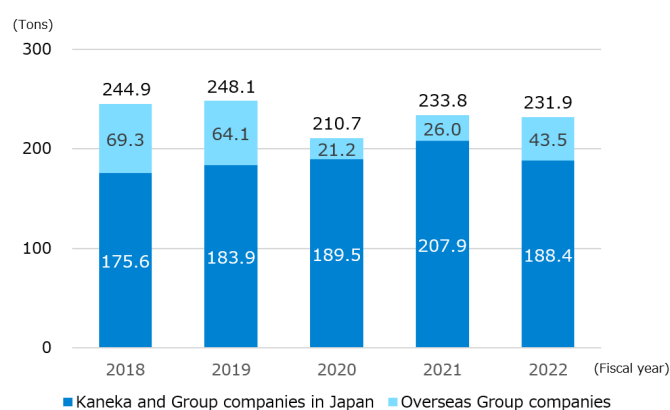
■ Nitrogen in Wastewater (\*2)



## ■ Phosphorous in Wastewater (\*2)



## ■ Suspended Solids in Wastewater (\*2)



\*2 Our water consumption and wastewater volume include those generated from non-manufacturing facilities other than the plant department.

\*3 Starting from the fiscal 2021 results, domestic group companies are subject to third-party assurance. A review of fiscal 2020 data revealed input errors, etc. The actual values for fiscal 2020 have therefore been revised.

\*4 Seawater consumption at some manufacturing sites in Japan was included in totals starting in fiscal 2021. Such consumption was previously not included, as measuring instruments were not set. Note that this seawater had already been included in wastewater discharges since previous years.

## ■ Kaneka Emissions into Bodies of Water

(Fiscal Year)	2018	2019	2020	2021	2022
Water Consumption (Million m <sup>3</sup> )	21.6	21.8	21.5	24.3	24.2
Wastewater Discharges (Million m <sup>3</sup> )	23.0	21.5	19.5	19.5	20.6
Chemical Oxygen Demand in Wastewater (Tons)	241.4	227.4	215.7	230.2	219.3
Nitrogen in Wastewater (Tons)	153.5	146.5	141.9	150.7	142.5
Phosphorous in Wastewater (Tons)	4.7	5.3	4.9	4.4	3.3
Suspended Solids in Wastewater (Tons)	170.1	178.2	183.4	199.7	176.5

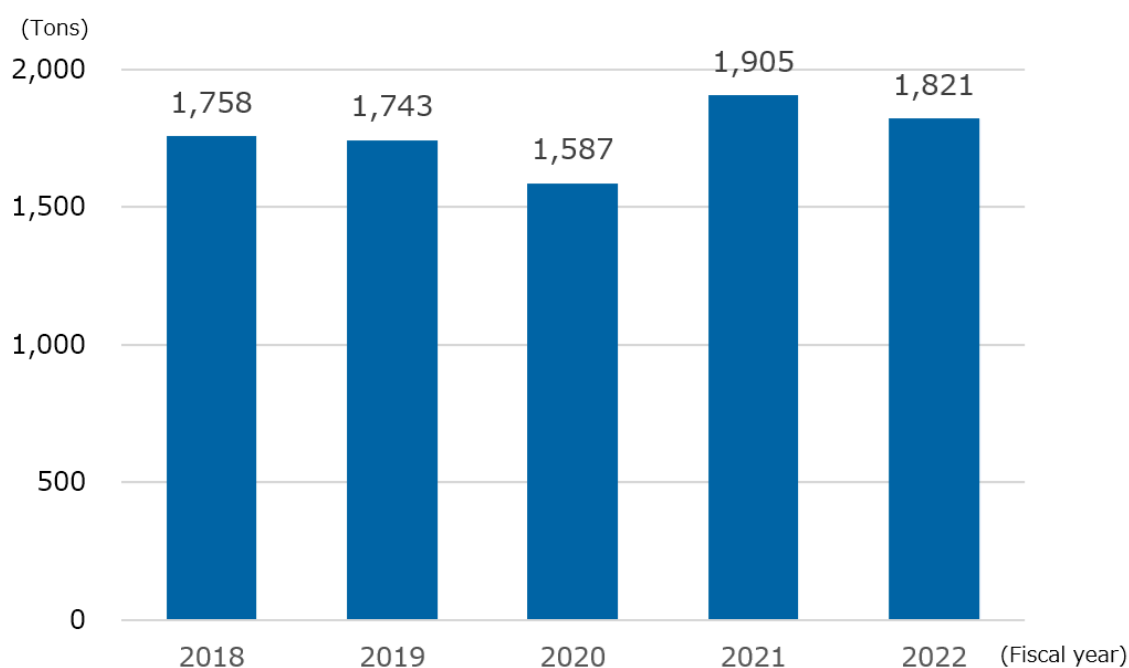
## Volatile Organic Compounds Emission Reductions

We are committed to reducing the emission of VOCs (\*5), 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 2022, total emissions were 1,821 tons, a decrease of 4.4% from the previous fiscal year, but we did not achieve our target. VOC emissions are significantly affected by the composition of production volume and product mix. For acetone, which accounts for 47% of VOC emissions, we are working to improve the recovery rate by increasing refrigeration capacity through refrigeration equipment upgrades. We will continue our efforts to manage and reduce VOC emissions.

\*5 Volatile Organic Compounds (VOCs) are organic chemical substances that cause suspended particulate matter and photochemical oxidants.

### ■ VOC Emissions (Kaneka)

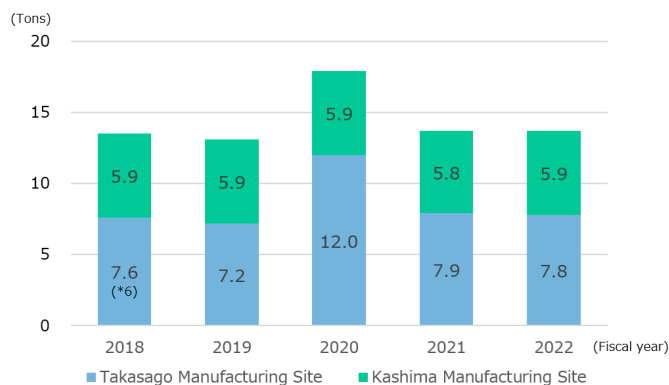




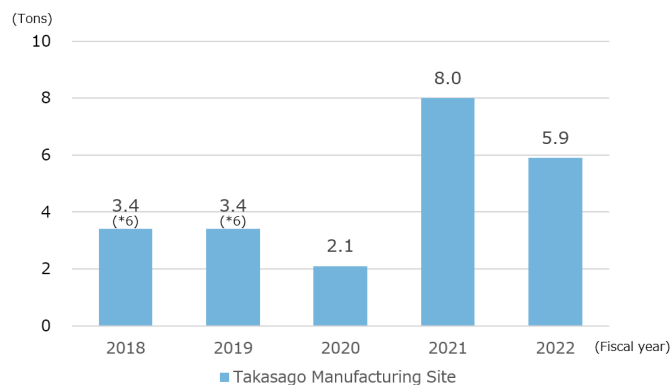
## Hazardous Atmospheric Pollutants

Kaneka is voluntarily aiming to reduce emissions of hazardous atmospheric pollutants (shown by manufacturing site in the following graphs). Total emissions of these six pollutants in fiscal 2022 were 24.1 tons, which represented a year-on-year decrease of 11.2%. The decrease was due to lower volume handled because of lower production. At the Takasago Manufacturing Site, we are working to strengthen facility management to curb emissions of these hazardous air pollutants. We will continue to make efforts to control total emissions to reduce environmental impact.

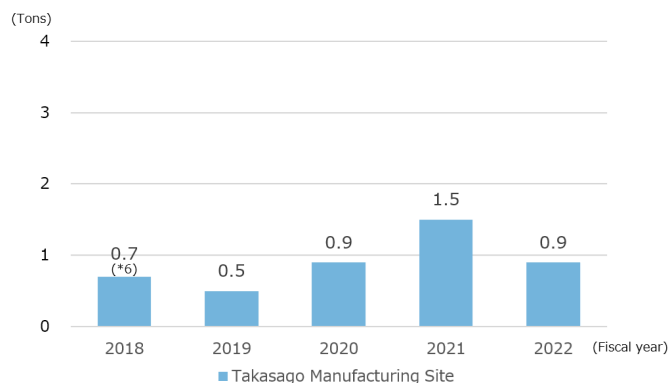
### Chloroethylene Emissions



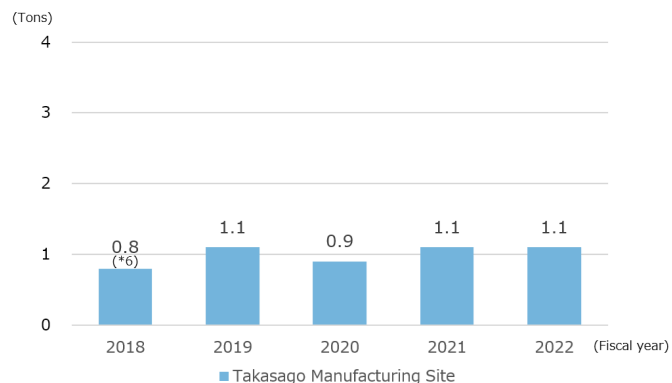
### 1,2-Dichloroethane Emissions



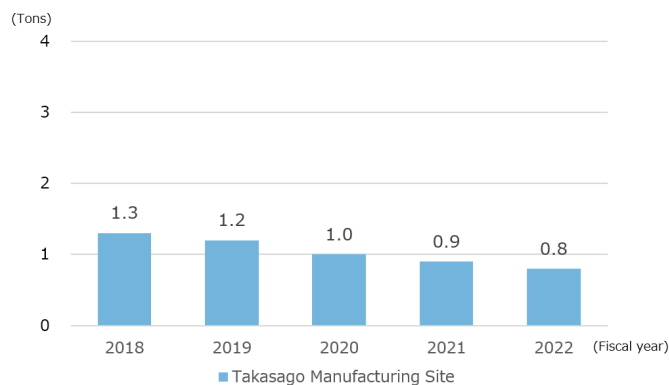
### Chloroform Emissions



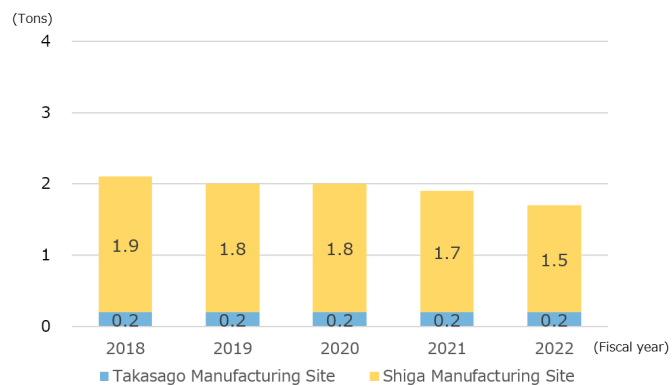
### Acrylonitrile Emissions



### 1,3-Butadiene Emissions



### Dichloromethane Emissions



\*6 A review of the data revealed input errors, etc. The values have therefore been revised.

## 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 2022, Kaneka's total discharge of the relevant substances was 93.0 tons, a decrease of 3.1 tons from the previous fiscal year. The total discharge by Group companies in Japan was 75.5 tons, an increase of 5.7 tons compared to the previous fiscal year.

### ■ Kaneka Emissions Subject to the PRTR Law (Kilograms)

	Designated Number under Ordinance	Chemical Substances	Fiscal 2022						Fiscal 2021
			Emissions					Transferred	Emissions
			Atmospheric Emissions	Discharges into Public Waterways	Discharges into Soil	Internal Landfill	Total	Total	Total
Large Discharges of 10 Substances	392	n-hexane	24,336	0	0	0	24,336	107,985	19,476
	94	Chloroethylene (vinyl chloride)	13,722	470	0	0	14,192	942	14,044
	275	Sodium dodecyl sulfate	0	8,479	0	0	8,479	0	8,479
	134	Vinyl acetate	6,191	295	0	0	6,486	0	6,168
	157	1,2-dichloroethane	5,943	33	0	0	5,976	0	8,005
	420	Methyl methacrylate	5,255	3	0	0	5,258	11	5,470
	240	Styrene	4,312	38	0	0	4,350	12,067	5,425
	7	n-butyl acrylate	3,306	0	0	0	3,306	4,005	3,670
	232	N,N-dimethylformamide	2,244	941	0	0	3,185	181,835	5,607
	123	3-chloropropene (allyl chloride)	2,827	0	0	0	2,827	0	3,107
Total Other than the 10 Substances Above			8,774	5,879	0	0	14,653	73,541	16,685
Grand Total for All Substances			76,911	16,137	0	0	93,048	380,386	96,136

Note: Of the 462 substances subject to the PRTR Law, Kaneka reports about 60 items.  
Amounts reported here may not fully match, due to rounding.

### ■ Group Companies in Japan Emissions Subject to the PRTR Law (Kilograms)

	Designated Number under Ordinance	Chemical Substances	Fiscal 2022						Fiscal 2021
			Emissions					Transferred	Emissions
			Atmospheric Emissions	Discharges into Public Waterways	Discharges into Soil	Internal Landfill	Total	Total	Total
Large Discharges of 10 Substances	232	N,N-dimethylformamide	41,111	0	0	0	41,111	24,596	26,035
	300	Toluene	19,763	0	0	0	19,763	336,233	21,009
	186	Dichloromethane (methylene dichloride)	7,336	0	0	0	7,336	133,576	14,273
	80	Xylene	2,517	0	0	0	2,517	0	2,486
	296	1,2,4-trimethylbenzene	2,696	0	0	0	2,696	0	2,662
	56	Ethylene oxide	700	0	0	0	700	0	351
	355	Bis (2-ethylhexyl) phthalate (DEHP)	489	33	0	0	522	251,257	759
	242	N,N-dimethylacetoamide	516	0	0	0	516	25,000	1,690
	392	n-hexane	240	0	0	0	240	4,130	470
	438	Methylnaphthalene	74	0	0	0	74	0	41

Designated Number under Ordinance	Chemical Substances	Fiscal 2022						Fiscal 2021
		Emissions					Transferred	Emissions
		Atmospheric Emissions	Discharges into Public Waterways	Discharges into Soil	Internal Landfill	Total	Total	Total
Total Other than the 10 Substances Above		50	2	0	0	52	18,944	103
Grand Total for All Substances		75,492	35	0	0	75,527	793,736	69,879

Note: Of the 462 substances subject to the PRTR Law, Group companies in Japan reports about 28 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.

# Environment

## Reducing Waste and Recycling Resources

To make effective use of limited resources, Kaneka seeks to reduce and recycle industrial waste from our operations through the 3Rs (\*1). We have been able to achieve zero emissions (\*2) for 16 consecutive years. We are also working toward all Group companies in Japan being able to achieve zero emissions. In addition, we are working to use our resources effectively based on our new target of improving the resource recycling rate (\*3) for the Kaneka Group by 1% each year.

\*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.

\*3 Recycling rate: Volume of generated industrial waste that is recycled (total figure for industrial waste that is subject to reuse, recycling or heat recovery).

### Reducing Industrial Waste Sent to Final Landfill and Increasing Recycling Rate

In fiscal 2022, Kaneka Group generated 93,092 tons of waste, a decrease of 5,403 from the previous fiscal year. The main reasons for this were lower waste generation due to reduced production volume and the product mix, and a lower volume of soot and dust generated achieved by curbing the amount of coal used at night and reducing the amount of coal ash.

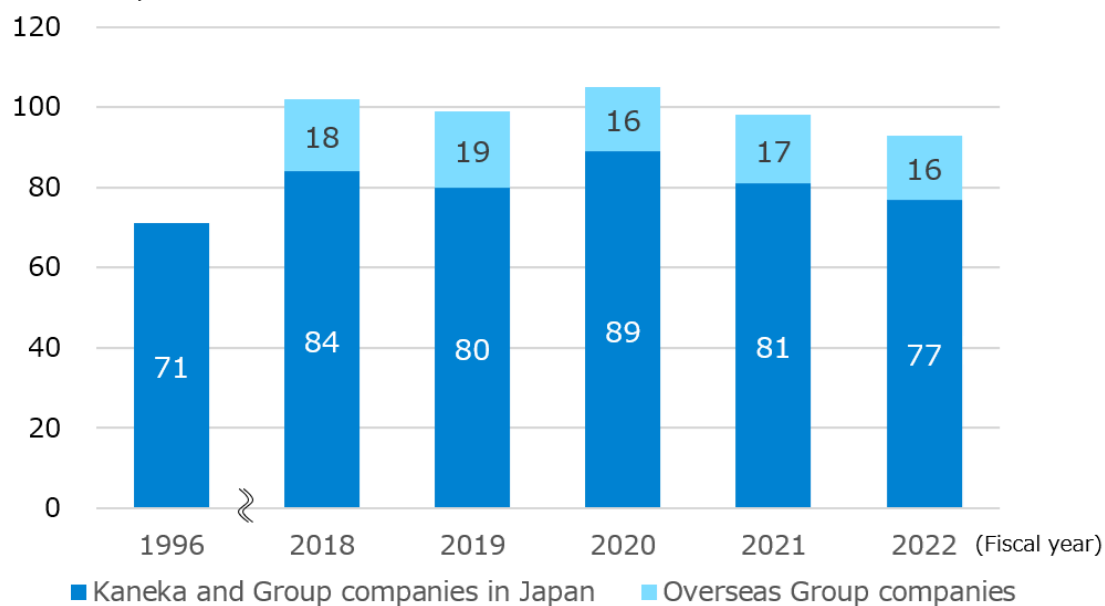
We effectively achieved zero emissions, with a final landfill volume for Kaneka of 23.7 tons, equivalent to a final landfill rate of 0.038%. For 47 Group companies in Japan, final landfill volume was down by 60 tons year on year, resulting in a final landfill rate of 1.8%. As a result, the final landfill rate for Kaneka and Group companies in Japan was 0.37%, effectively achieving zero emissions.

The final landfill volume of 16 overseas Group companies was 4,234 tons, a decrease of 876 tons from the previous fiscal year.

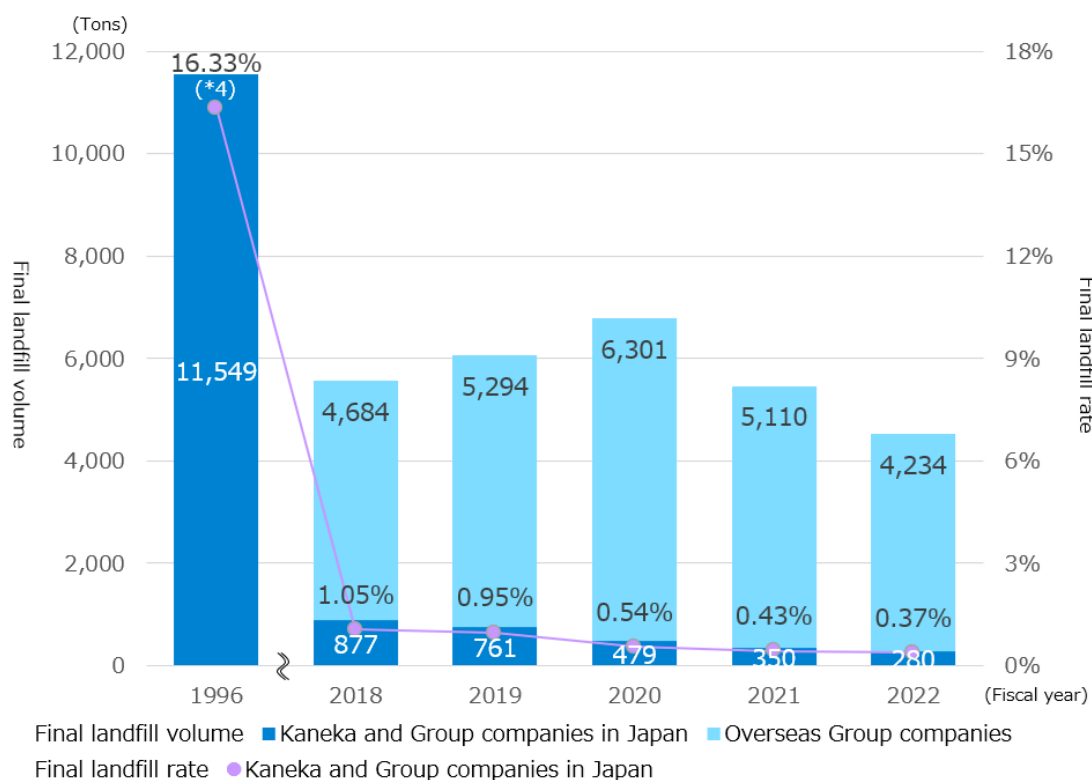
In fiscal 2022, Kaneka Group recycled 52,888 tons of waste. The recycling rate of waste for the Kaneka Group improved 0.5% from 56.3% in fiscal 2021 to 56.8%.

## ■ Waste Generated

(Thousand tons)



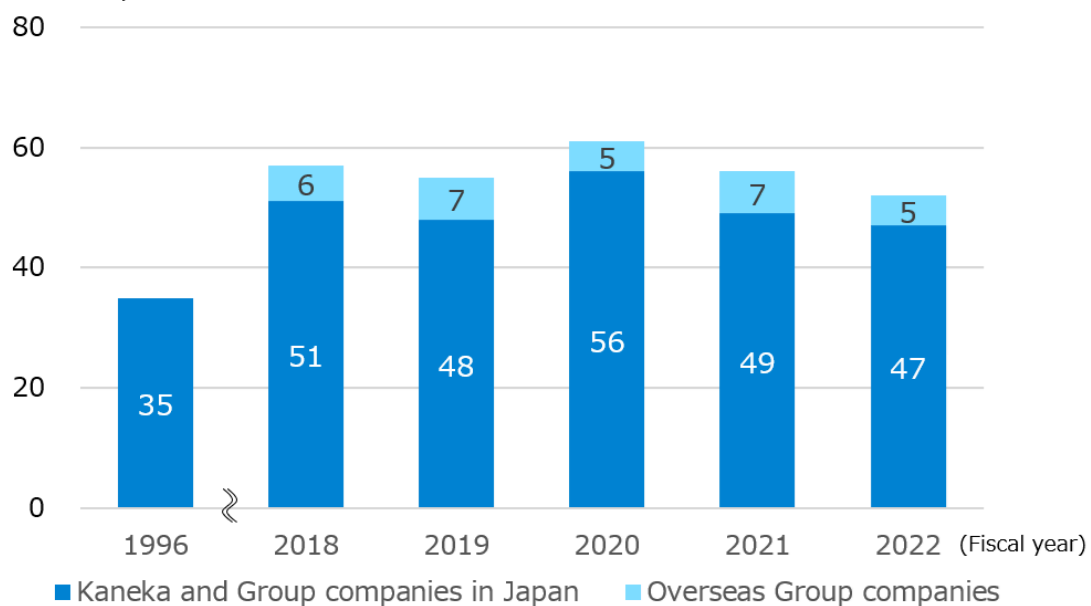
## ■ Volume and Rate of Waste Sent to Final Landfill



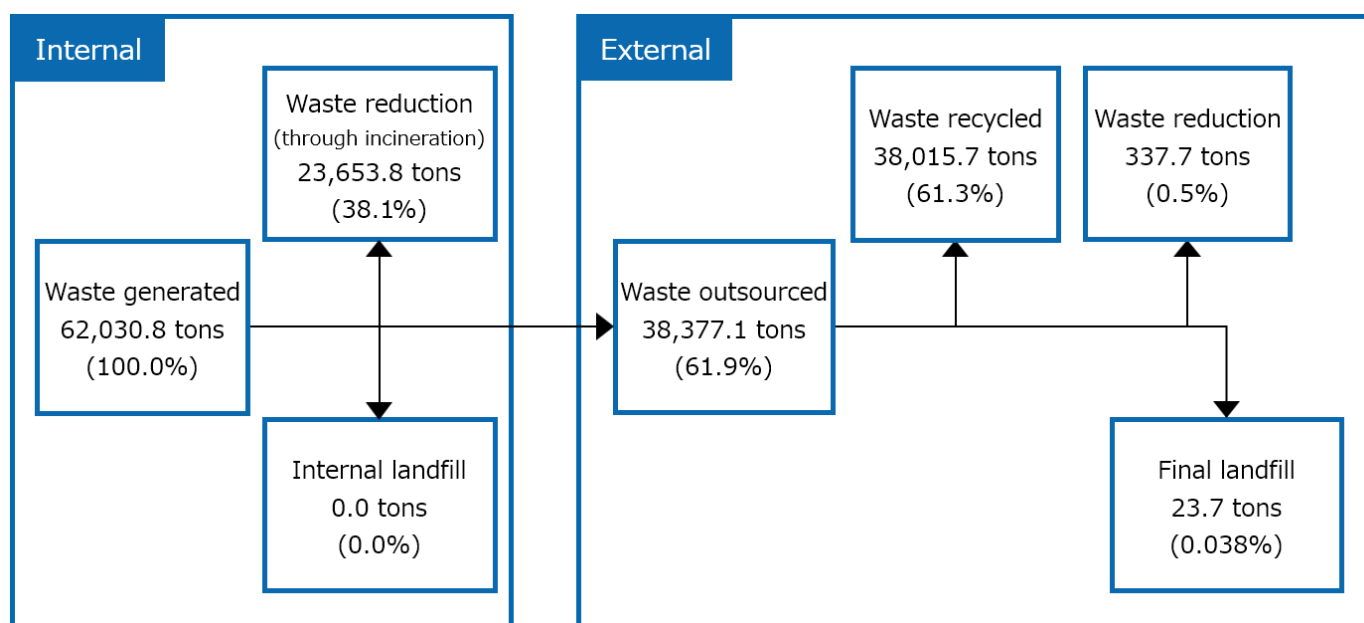
\*4 The rate of waste sent to final landfill for fiscal 1996 was incorrect due to a rounding error. The second digit after the decimal point was incorrect and has therefore been revised.

## ■ Waste Recycled

(Thousand tons)



## ■ Waste Flow: From Generation to Landfill (Fiscal 2022 results at Kaneka)



## ■ Waste at Kaneka

(Fiscal Year)	2018	2019	2020	2021	2022
Final landfilled (Tons)	2.2	23.1	29.4	34.5	23.7
Final landfilled (%)	0.003	0.035	0.041	0.053	0.038
Waste generated (Tons)	67,902	65,917	72,402	64,864	62,031
Waste Recycled (Tons)	42,711	40,060	47,421	39,719	38,016

## Proper Disposal of Industrial Waste

In fiscal 2022 as well, while considering the effect of COVID-19, we visited waste disposal subcontractors that allowed on-site visits and conducted surveys based on a checklist.

## Response to the Plastic Resource Circulation Act

### Status of Plastic Waste Generation and Reduction Targets

The amount of plastic waste generated, which was disposed of by outsourcing it as industrial waste was 1,742.8 tons at Kaneka and 2,786.4 tons at Group companies in Japan. Kaneka is working to reduce emissions and improve recycling rates with an initial goal of reducing the amount of plastic waste generated by 1% per year.

#### ■ Status of Plastic Waste Generation (Fiscal 2022) (Tons)

	Waste generated	Waste recycled	Waste incinerated	Landfill	Recycling rate (%)
Kaneka	1,742.8	1,599.2	142.4	1.2	91.8
Group companies in Japan	2,786.4	2,354.6	350.0	81.9	84.5
Total	4,529.3	3,953.8	492.4	83.1	87.3

### Providing Environmental Education on Resource Recycling

We provided e-learning-based environmental education for employees of Kaneka and Group companies in Japan. The modules covered the basic concept of a circular economy, Kaneka's policies and initiatives on resource recycling, and compliance with laws related to plastic resource recycling. Of the 5,486 employees eligible to take the e-learning course, 4,266 did so, an attendance rate of 77.8%.

In the feedback from employees who completed the e-learning course, 97% said they had developed a good overall understanding of the subject. There were many comments expressing an interest in learning more about examples of resource recycling efforts around the world and at other companies and specific examples of product design and voluntary recovery and recycling.

#### ■ Environmental Education Participants and Attendance Rate

	Number of employees eligible to attend	100% participants	Attendance rate
Kaneka	4,459	3,344	75.0%
Group companies in Japan	1,027	922	89.8%

Total	5,486	4,266	77.8%
-------	-------	-------	-------

## Promotion of the 3Rs

We are taking actions across the company to reduce waste, recognizing that this ties into the maintaining and improving the natural environment in terms of saving resources, cutting costs, and reducing CO<sub>2</sub> emissions, among other benefits.

Kaneka and Group companies in Japan are pursuing activities to reduce waste and recycle materials, mainly through a 3R approach at our various production facilities. We also facilitate continuous improvement activities through process analysis at Group companies in Japan using Material Flow Cost Accounting (MFCA).

## 3R Initiatives

### Initiatives by Kaneka

We are working on several initiatives to curb plastic waste emissions: (1) stabilizing manufacturing processes to improve yield; (2) process recycling of waste generated in manufacturing processes; (3) examining measures to prevent scale generation during plastic manufacturing; and (4) thorough sorting to recycle plastic waste. We are also working to reduce waste by converting plastic waste into valuable materials and to recycling plastic waste that would otherwise be outsourced for incineration.

### Initiatives by Group Companies in Japan

Tobu Chemical Co., Ltd. is working to recycle vinyl chloride resin paste sol waste generated in the wallpaper manufacturing process. The initiative has received a grant from the Ministry of the Environment after being chosen as a fiscal 2022 demonstration project for establishing a recycling system for plastics and other resources to support a decarbonized society. Previously, paste sol waste (around 200 tons/year) generated in the wallpaper manufacturing process has been incinerated. However, if paste sol waste, which is a mixture of vinyl chloride resin and diluent, is separated by distillation, the recovered diluent can be recycled as a raw material for wallpaper, while the vinyl chloride resin that is left over from distillation can be recycled as a raw material for PVC flooring. We are proceeding with the introduction of a recycling process for operation in fiscal 2023.

## 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.

#### Partnership for Biodiversity Conservation

We join the following initiatives.

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

#### 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 yearly kickoff event of this gathering, we have 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.

The photo shows the activity in the May 2023.



Entrance to “Settsu-no-mori Kaneka Biotope”



Firefly viewing gathering



Firefly Evening Concert

## 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

# 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, pursuing 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 thorough day-to-day quality control and 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

Established under the Engine of Sustainability Management, the Safety Committee sets policies and goals related to occupational safety, process safety, and disaster prevention and to check their implementation and progress. As set out in our Basic Safety Policies, our Zero Accident Principles, and Kaneka Group Code of Conduct, we prioritize safety above all else, observe the principles of safety, and work to ensure that safe practice is taken on board and strictly adhered to. In this way we seek to guarantee safety and peace of mind through stable day-to-day manufacturing operations. In his greetings at New Year and on the yearly anniversary of our foundation, the president delivers a related message directly to employees.

## Message from the President

While continuing my plant tours, I have seen for myself how each plant is raising its safety awareness. You can see it taking hold on the shop floor.

When it comes to safety, there is no such thing as perfection.

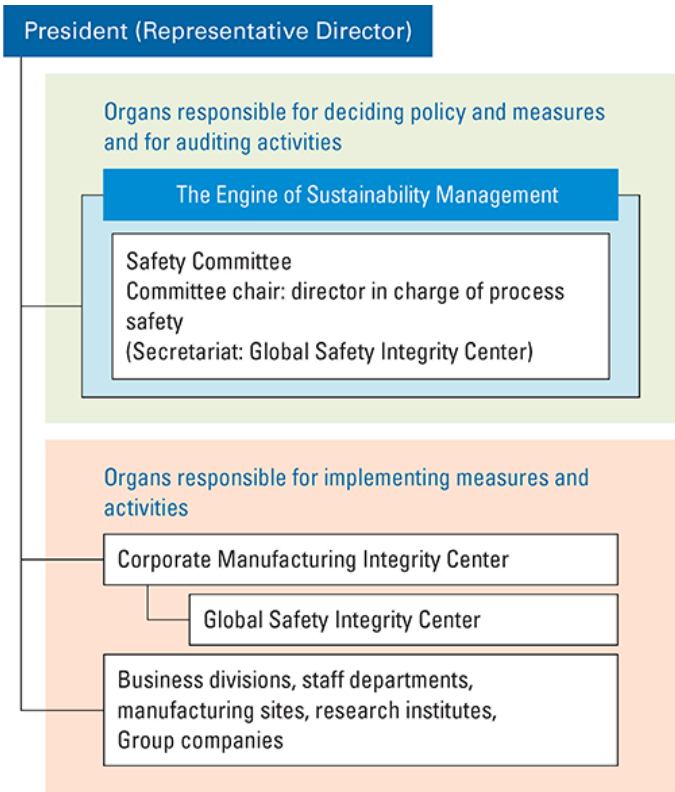
We must always act with a sense of urgency. We must stay vigilant, focusing all our efforts on ensuring that throughout our operations we prioritize preventing accidents and disasters.

We must not overlook even the most minute signs of danger, instead working thoroughly to foresee and forestall accidents and problems.

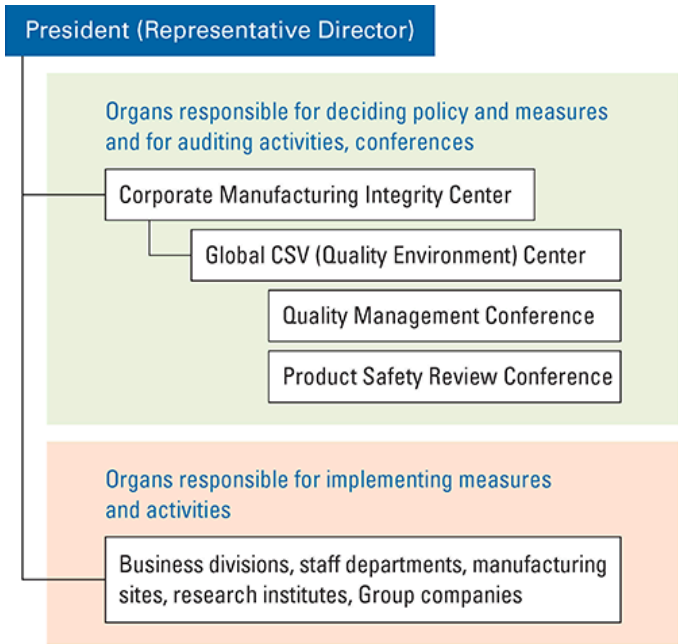
Management will do its utmost to protect the lives, safety, and security of all our employees.

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

Safety



Quality



Targets and Performance

Target		Fiscal 2022 performance
Strengthen process safety and disaster prevention Ensure occupational health and safety		1) Ensuring the safety of equipment and processes Internal third-party HAZOP (*) inspection, HAZOP competency improvement training, expansion of internal regulations on equipment, reducing risk of getting trapped or caught in processing and assembly plants 2) Fostering a safety culture Implementation of various safety training activities, guidance by external experts, promotion of experiential learning 3) Readiness for emergency Emergency response and evacuation drills and comprehensive disaster prevention drills carried out
Process accidents Occupational accidents	Zero accidents	1) Process accidents: 7

Target		Fiscal 2022 performance
		2) Occupational accidents: Accidents resulting in lost time: 7; accidents not resulting in lost time: 10.

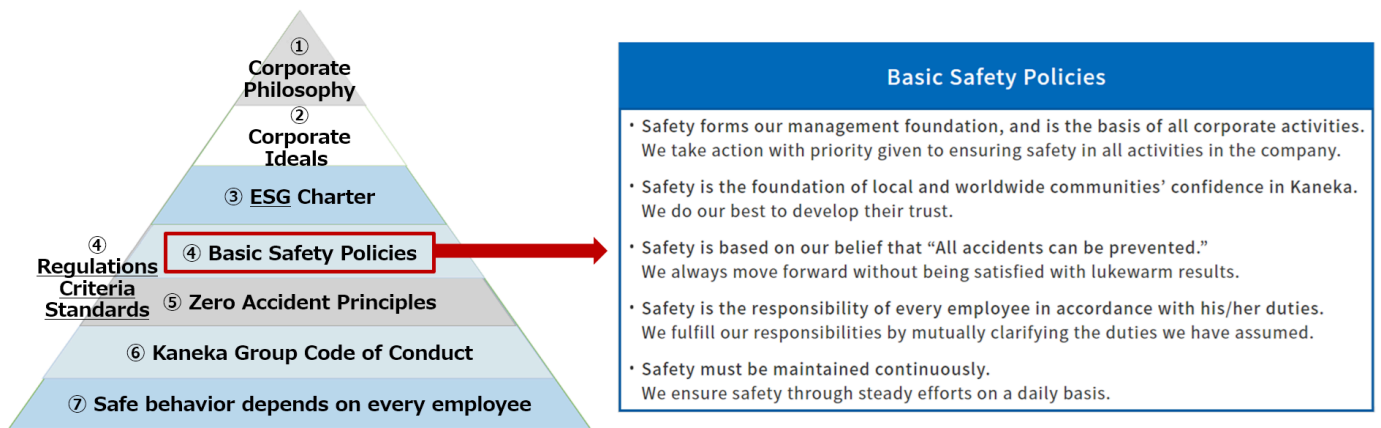
\* HAZOP (Hazard and Operability Studies): A hazard identification technique used for chemical plants.

# Safety / Quality

## Process Safety and Disaster Prevention

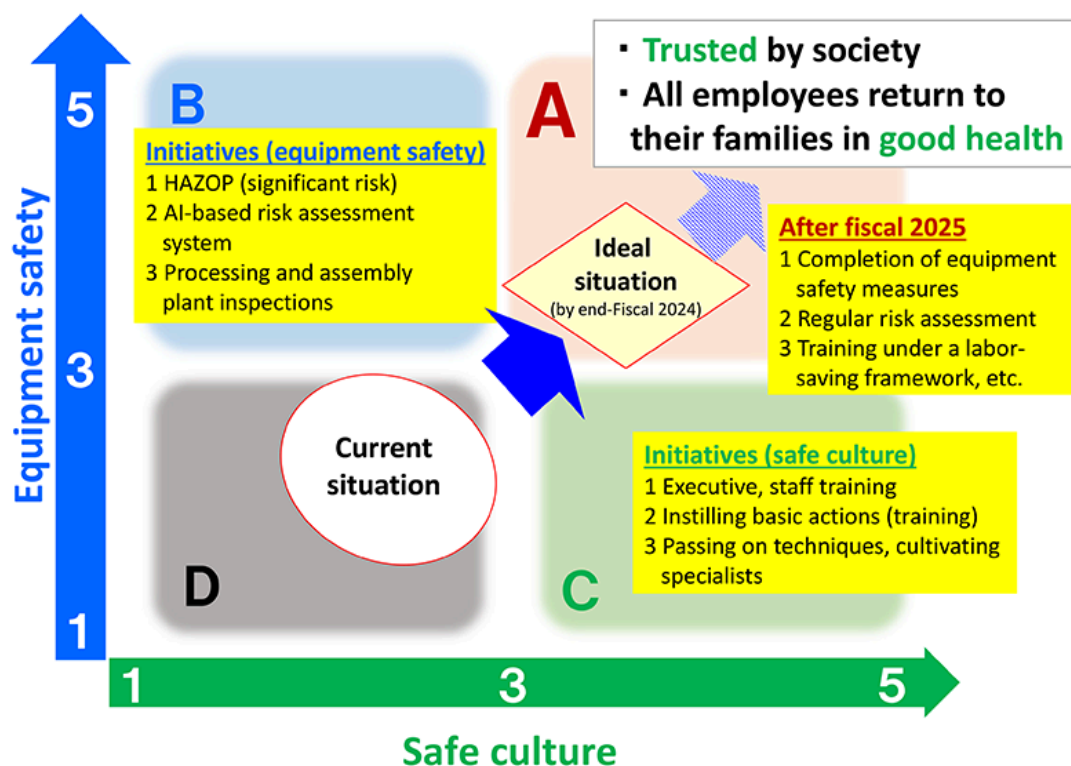
### Targeting Zero Process Accidents

Placing the top priority for management on safety, we have established the Basic Policy on Safety.



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





## Safe Culture

- Promotion of safety awareness: Communication from management, plant tours by the president, safety management training for plant general managers and production supervisors, review of process disaster risks with guidance from outside experts
- Following the rules: Ensuring adherence to and monitoring basic safety practice (the 3S's, greetings, handrail holding)
- Development of physical awareness of danger: Hands-on training to heighten sensitivity to danger based on learning through physical experience with virtual reality equipment

## Equipment Safety

- Improving equipment safety: We continued equipment improvement (design review) for risks extracted by HAZOP (\*1). We revised our plant safety standards to expand target processes and organizations.
- Preventing leaks with multiple layers of protection: To prevent leakage from storage tanks, we revised the KGSS (\*2) process safety implementation standards on the storage and handling of chemical substances and initiated risk assessments for all chemical storage facilities.
- Inspection of processing and assembly plants: To strengthen equipment safety measures at processing and assembly-type plants, we conduct inspections to assess the risk of workers getting trapped or caught in equipment. We are promoting further safety measures, including equipment improvements.

\*1 HAZOP (Hazard and Operability Studies): A hazard identification technique used for chemical plants.

\*2 KGSS (Kaneka Global Safety Standards): A set of standards shared across the Kaneka Group with the aim of ensuring onsite safety and security. We have put in place implementation standards (17 for occupational safety, 7 for process safety, and 1 for emergency response) under the respective management standards for occupational safety, process safety, and emergency response. A major feature of our approach is that each year we carry out gap assessments (of gaps between standards and actual conditions), and fill any gaps with the standards.

## Emergency Response Training

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



■ Emergency Response and Evacuation Drills (Examples in fiscal 2022)

No.	Training	Content (Purpose)
(1)	Undisclosed scenario training	Abnormal events and scenarios are not disclosed in advance. A third party introduces ad-lib elements to train training participants in making on-the-spot judgments and communication methods.
(2)	Comprehensive disaster drills	Assuming plant damage, the entire plant participates in these drills, with participation by government representatives. Training often uses undisclosed scenarios from (1). Serves also to convey safety and security to the government.
(3)	Drills for nighttime power outages	Training to carry out bare minimum activities in complete darkness (while wearing a headlamp, etc.).
(4)	Toxic gas leakage evacuation drills	Evacuation drills positing a chlorine gas leak, including at adjacent plants. Includes evacuating buildings, wearing a gas mask, and practicing gas concentration measurement.

■ Comprehensive Disaster Drills

Manufacturing Site	Date	Participants	Details
Takasago Manufacturing Site	December 19, 2022	2,112	An earthquake resulting in a fire caused by hazardous material leakage
Osaka Manufacturing Site	November 17, 2022	1,044	An earthquake resulting in a fire
Shiga Manufacturing Site	November 22, 2022	363	An earthquake resulting in a fire
Kashima Manufacturing Site	December 14, 2022	59	An earthquake resulting in a fire caused by hazardous material leakage

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.



## 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.

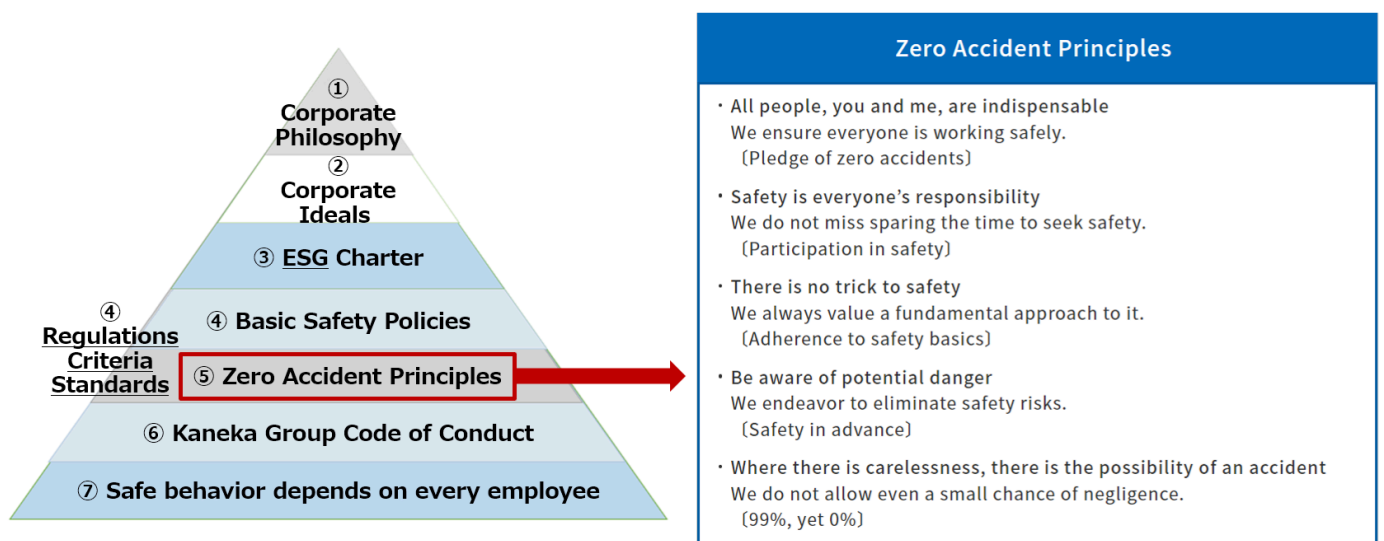
## CHECK & ACT

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



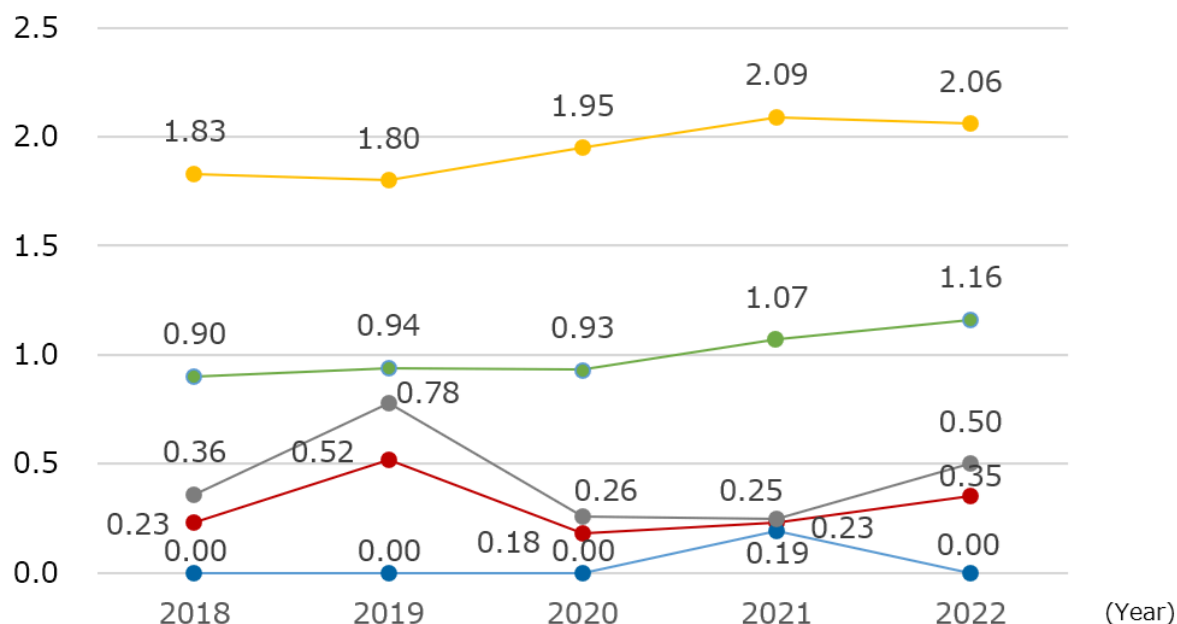
Safety is a top management priority for the Kaneka Group, and it is our social mission to improve safety. To ensure safe and secure operations, we believe it is important to create a workplace environment where employees can work in good physical and mental health.

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.

Severity rate and frequency rate are indicators for occupational accidents.

Occupational accidents in 2022 were caused by sudden unsafe actions and carelessness. The frequency rate across the Kaneka Group was 0.35, 0.12 points worse than the previous year. We will continue to improve the safety awareness of each employee and prevent occupational accidents by pursuing safety activities that adhere to the Zero Accident Principles, such as raising awareness of ways to make facilities safer and predict danger.

## ■ Accident Frequency Rate



- All Kaneka Group    ● All parent manufacturing sites    ● All Group companies in Japan and overseas
- All Japanese industry    ● Chemical industry

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.  
 Scope: Includes regular employees, contract employees, and temporary employees dispatched from other companies. Employees seconded to other companies and employees of partner companies are not included.

## ■ Accident Severity Rate

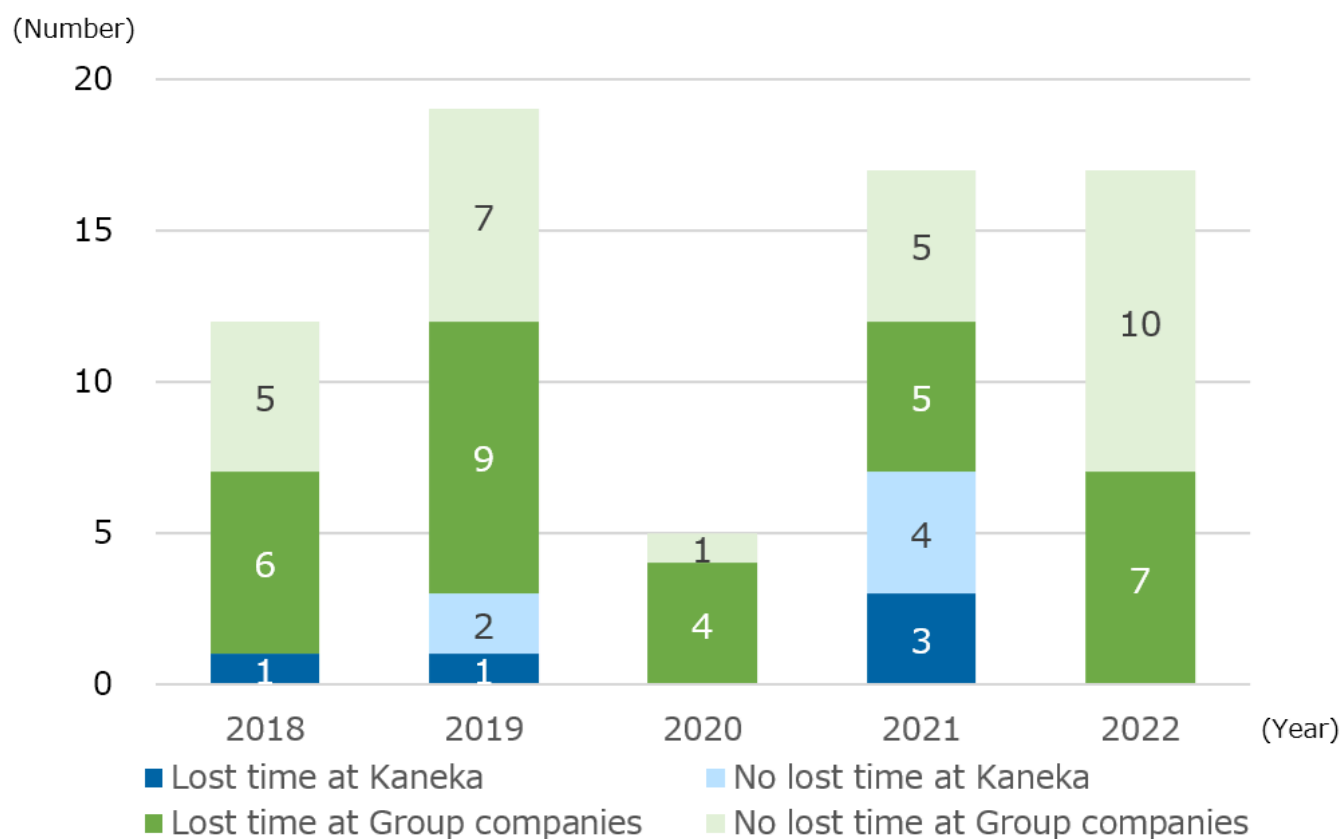


- All Kaneka Group    ● All parent manufacturing sites    ● All Group companies in Japan and overseas
- All Japanese industry    ● Chemical industry

Note: 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.

Scope: Includes regular employees, contract employees, and temporary employees dispatched from other companies.  
Employees seconded to other companies and employees of partner companies are not included.

■ Accidents Resulting/Not Resulting in Lost Time



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

## 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

## Prevention of Machine Accidents

To prevent machine accidents such as being caught in machinery and to raise the level of equipment safety assessment, we are fostering experts based on guidelines for comprehensive safety standards for machinery. As of fiscal 2022, we had registered a total of 72 comprehensive machine safety assessors certified as safety sub-assessors (\*) under our internal certification system.

\*Safety sub-assessor: A certification for machine designers with the basic knowledge and ability needed to confirm safety validity.

## Feeling Danger Physically: Experiential Learning

Kaneka Group is pursuing hands-on learning to enhance sensitivity to risks. In addition to conventional hands-on safety experience equipment, we newly introduced virtual reality-based learning equipment that allows participants to experience 16 simulation scenarios, including crashes, electric shocks, and explosions. All of the equipment is portable, allowing us to offer opportunities for hands-on learning to numerous employees and work to increase safety awareness.



Real learning experience of being caught in machinery



Virtual reality-based experiential learning

## Safety Awards

The Japan Chemical Industry Association presents the JCIA Safety Award recognizing business sites that conduct exemplary safety activities. Kaneka Group also presents 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 internal standards.

Going forward, we will continue raising safety awareness toward our goal of zero accidents.

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

Group Company	Certification for Zero Accident and Disaster Period
Kaneka Medix Corporation Kanagawa Office	January 1, 2011 —(11 years)

### ■ President's Safety Award for No Accidents and No Disasters based on the Internal Standards (Fiscal 2022)

Group Company	Award for Zero Accident and Disaster Period
Kaneka (Foshan) High Performance Materials Co., Ltd.	July 23, 2017 —
Kochi Styrol Co., Ltd.	November 2, 2016 —

## CHECK & ACT

In 2022, 17 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

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

#### Quality Management

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

#### Quality Assurance Initiatives (Fiscal 2022)

- We held quality management conferences on four occasions, inviting personnel in charge of quality management in each business division, to instill the Company-wide policy and instructions and to exchange views on product quality assurance and share quality information.
- Through the Product Safety Review Committee, we put in place a system to ensure product safety and service for product launches, such as those of new medical devices and products related to Kaneka biodegradable polymer Green Planet™. To further enhance product safety, we have revised the review committee's standards for pharmaceutical intermediates.
- We assessed the testing status of antibody drug purification products, products related to genetic testing and diagnosis, and raw milk at Betsukai Wellness Farm. We confirmed that the determined items were being carried out in the correct manner.
- For teams in our food business-related operations, we engaged with external experts to deepen their knowledge of hygiene management and increase their focus on delivering safer products to customers throughout the supply chain.
- We reviewed the self-check format internal audit checklist used by the production, sales, and administration divisions of Group companies to ensure that questions align with the actual activities of each division. Any weaknesses flagged by the quantitative evaluations can then be addressed through improvement efforts in cooperation with the supervising business department.



- We held a Quality Internal Audit Secretariat Division Meeting. We confirmed the operational status of our system for design and development activities for each project as a common confirmation item for each business division in the current fiscal year.
- Aiming to raise the quality assurance level of each employee, we sent employees to outside seminars, used e-learning materials on internal rules and standards, and brought in outside lecturers to hold workshops for the purpose of understanding the importance of consumer perspectives and improving the level of internal auditors.

Going forward, we will continue working to enhance the quality management system, through audits, inspections, and other checks and human resource training. In this way, we aim to ensure full compliance and product safety throughout the entire supply chain.

## Chemical Substance Management

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

We held a new division meeting for people in charge of chemical substance management, reviewing designated chemical substances in accordance with the revision of the Chemical Substances Control Law <sup>(\*3)</sup>. We circulated information internally on the addition of substances subject to labeling and notification due to revisions to the Industrial Safety and Health Law. In our internal training, we worked to improve the level of practitioners related to the preparation of major domestic laws and regulations such as the Chemical Substances Control Act and GHS labels and yellow cards <sup>(\*4)</sup>. To deepen knowledge among our employees, we also arranged for a guest speaker from outside the Company to give a lecture on the topic of chemical substances related laws in major countries overseas, which covered new chemical substance notification systems in key markets such as China, Korea, and the EU.

<sup>\*1</sup> Chemical Substances Control Act: Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc.

<sup>\*2</sup> GHS: A worldwide system for classifying and labelling chemicals according to their hazardous properties.

<sup>\*3</sup> Chemical Substances Control Law: A law on the assessment of releases of specified chemical substances into the environment and the promotion of improvements in their management.

<sup>\*4</sup> Yellow Card: A document describing first aid measures, etc., for use in the event of an accident during land transportation of chemical substances.

## Certification Acquisition Status (as of March 31, 2023)

### ■ 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

Division or Group Company (SV : Solutions Vehicle)	Major Products	Registry Organization and Number
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 (Kanepearl™), 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™), optical acrylic resin, polyimide varnish for flexible displays, 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 / ISO 9001-0077397
	Thermo-resistant, light-resistant transparent resin 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, radish sprout	JQA / JQA-QMA10274

Division or Group Company (SV : Solutions Vehicle)	Major Products	Registry Organization and Number
Takasago Manufacturing Site Foods Manufacturing Department	extract, enoki mushroom extract formulations, and seasoning materials	
Kaneka Foods Manufacturing Corporation		
Tokyo Kaneka Foods Manufacturing Corporation		
Kaneka Foods Corporation	Purchase, design, sales, technological services, and quality assurance for processed foods and raw materials, and sales of food processing machinery	
NJF Co., Ltd.	Production instruction of processing contractors	
OLED Business Development Project	Organic electroluminescent lighting	JMAQA / JMAQA- 2532
OLED Aomori Co., Ltd.		
Showa Kasei Kogyo Co., Ltd.	Plastic compounds	ASR / Q0556
Tatsuta Chemical Co., Ltd.	Plastic film, plastic sheet	BVJ / JP019571
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.	Bead technique-based polystyrene foam molded products	IIC / JN-1050.0
Kaneka Foam Plastics Co., Ltd.	Bead technique-based polyolefin molded products	ASR / Q1919
Tamai Kasei Co., Ltd.	A series of operations related to order receipt, manufacturing, inspection, and shipping of Phase Change Material (PCM) (Patthermo)	ASR / Q4131

Division or Group Company (SV : Solutions Vehicle)	Major Products	Registry Organization and Number
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	BJV / 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
Tochigi Kaneka Corporation	Design and manufacture of multilayer insulating materials, graphite sheets, development of graphene oxide	ASR / ISO-9001-Q4710
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 028j
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 (FPW)	SIRIM QAS / QMS 00900

Division or Group Company (SV : Solutions Vehicle)	Major Products	Registry Organization and Number
Kaneka Eperan Sdn. Bhd.	Development, manufacture of polyethylene foam, polypropylene foam beads and planks	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.	Development, manufacture of mini pellets and polyolefin beads, including product application development	BSI / FM714676
KSS Vietnam Co., Ltd.	Processed spices, herbs, dried vegetables, and mixed spices	Intertek Certification Limited / CPRJ-2015-040996
Kaneka Eurogentec S.A.	Development, production and sales of products and services for research and development in life sciences	BSI / FS 638601
Anaspec Inc.	Peptides, antibodies, synthetic resins, amino acids, and reagents for research	SQA/09.357.1

■ ISO 13485 Certification (\*1)

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

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

■ ISO 22000 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
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
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
Nagashima Shokuhin Co., Ltd.	Frozen dough (pies and confectionery)	JQA / JQA-FC0109
PT. Kaneka Foods Indonesia	Manufacturing of bread fillings and whipping creams, manufacturing of bread improver, manufacturing of speciality fats and blended margarines	SGS / ID22/00000151

Division or Group Company (SV: Solutions Vehicle)	Main Products	Registry Organization and Number
Kaneka Sun Spice Corporation Shiga Plant	Manufacture of spices, seasonings, curry powder and liquid spices (garlic, ginger, oil seasonings)	JQA / JQA-FC0281-1
Kaneka Sun Spice Corporation Ibaraki Plant	Manufacture of spices, seasonings, curry powder and liquid spices (garlic, ginger, oil seasonings)	JQA / JQA-FC0281-2

\*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
Kaneka Foods Manufacturing Corporation	Microbial testing (viable bacteria count)	JAB / 113749

\*5 ISO 17025: 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.

#### ■ IATF 16949 Certification(\*6)

Group Company	Main Products	Registry Organization and Number
Kaneka Eperan Sdn. Bhd.	Development, manufacture of polypropylene foam beads	SIRIM QAS / 0388920

\*6 IATF 16949 is a sector standard for quality management systems based on ISO 9001 with the addition of automobile industry-specific requirements.

# CSR Procurement

## Management Approach

### Basic Policy

Kaneka Group works to build relationships of trust with its business partners (suppliers) with the aim of mutual increase in corporate value. Under our Basic Procurement Policy, we pursue efficient procurement activities that also take account of fairness and equity in terms of ensuring safety and quality, protecting the global environment in areas such as climate change and biodiversity, showing respect for human rights, and ensuring legal compliance. In 2015, we signed the United Nations Global Compact to show our agreement with its principles for voluntary action in the four areas of Human Rights, Labour, Environment, and Anti-Corruption. In 2018, with the aim of further evolving our ESG management, we additionally set out an ESG Charter as an action agenda for each individual employee to help realize our corporate philosophy. On this basis, we pursue procurement activities for a sustainable society.

### 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

#### Responsible Procurement Initiatives

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

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

#### Green Procurement Based on Basic Procurement Policy

Based on the Basic Procurement Policy, Kaneka Group declared its commitment to pursue green procurement, aiming to reduce the burden on the environment. Based on this commitment, we have established the Green Procurement Standards.

In fiscal 2022, we revised our list of target substances to reflect the addition of regulated substances to REACH regulations in the EU. We also revised the Green Procurement Standards two times. Recognizing that green procurement initiatives are one of the most important elements of our environmental protection activities, we will continue to work actively with our business partners going forward.

#### Procurement Initiatives

Our procurement departments work to ensure readiness to ramp up business scale, including launching new plants. This includes continuing to explore potential new business partners. With the procurement environment in continual flux, it is vital to have strong relationships based on the co-creation of value both for us and our suppliers. With this in mind, we keep a steady flow of communication with each business partner as we work to strengthen our partnerships. In our CSR procurement efforts, we are sharing issues and making improvements based on the results of the questionnaire, survey, and interviews that we conducted of our business partners in 2019.

## Initiatives for Logistics Safety

In fiscal 2022, after putting in place annual plans for the environment, safety, and health, we worked with transportation companies to hold drills for vehicle oil leaks and provide forklift safety education among other activities aimed at raising safety awareness and preventing logistics accidents.

We are also transforming our logistics system to ensure that we can respond flexibly in the face of challenges such as the looming labor shortage and the so-called “2024 problem” in logistics (\*1). Examples of this transformation include combining deliveries, promoting modal shifts, systematizing our logistics to reduce waiting time for drivers, improving dispatch efficiency, and using automation to reduce time spent handling cargo.

Through changes like these, we are continuously working to address environmental issues and improve essential safety.

\*1 The “2024 problem” in logistics: The various challenges arising from laws related to work style reform taking effect from April 2024, which introduce a cap on drivers’ working hours.



Training on vehicle oil leak countermeasures



Forklift safety education

## Declaration of Partnership Building

Based on the belief that it is important to actively work on strengthening the supply chain, Kaneka endorses the aims of the Council on Promoting Partnership Building for Cultivating the Future advanced by the Cabinet Office and other related ministries and agencies. We announced our Declaration of Partnership Building in October 2022. The aim is to build new partnerships by promoting cooperation, coexistence, and coprosperity with business partners in the supply chain and other business operators seeking to create value.

### CHECK & ACT

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

## Human Resource Strategies

### Human Driven Company

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

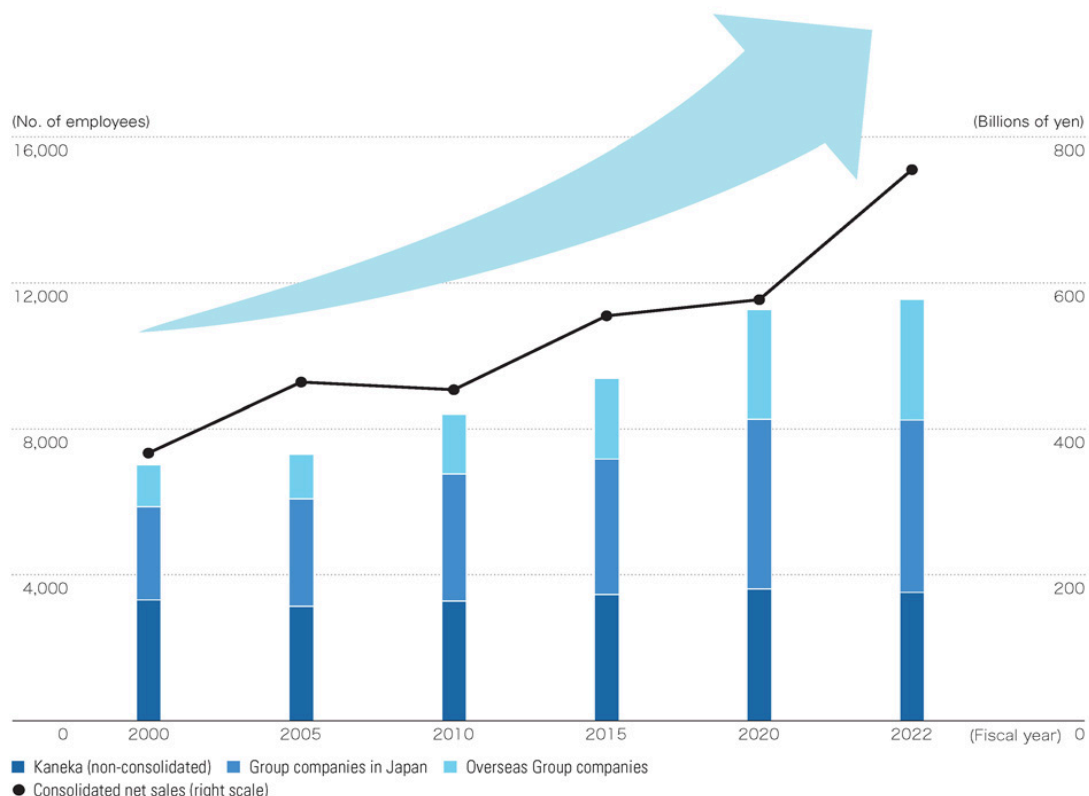
➡ Our philosophy since our founding

Since its founding in 1949, Kaneka has been guided by the philosophy that utilizing the talents of each employee is essential for business growth. We develop our people, assigning, promoting, and rewarding them based on their abilities. That approach has been key to the growth of our business.

Today, as employee attributes and values diversify, it is becoming ever more important to develop human resources in a way that encourages individuality.



## ■ Kaneka Group Employees and Consolidated Net Sales



## The Three Pillars of Human Resource Strategies

Our growth is driven by the willingness of each employee to take on challenges.

We will achieve change by creating an environment of openness to challenges, providing opportunities to employees and fostering their growth.

Our human resource strategy is based on The Three Pillars: Human Resource Development, Promotion of Diversity, and Promotion of Wellness.

### Human Resource Development

**Development of human resources and leaders  
centered on Kaneka 1-on-1**

Since 2018, we have been carrying out Kaneka 1-on-1, a system that aims to drive company growth through personal growth by "lighting a fire in people's hearts."

## Trust & Respect

### Promotion of Diversity

By going beyond attributes and tapping into diversity, we bring forth new ideas. In this way, we aim to continue delivering unique Kaneka value that amazes the world.

### Promotion of Wellness

We are working to improve the wellness of each employee and of our organization. At the heart of this are the ties between our employees.

# Human Resource Strategies

## Human Resource Development

Development of human resources and leaders centered on Kaneka 1-on-1

### Kaneka 1-on-1

We introduced Kaneka 1-on-1 in 2018 with the aim of using personal growth to drive the Company's growth. A pillar of our human resource development is the idea that **"people grow through their work, while companies grow through their people."** Our personnel system, which evaluates goal setting and personal growth, is based on this concept.

### Adding Further Depth

We are continuing efforts to enhance the quality of dialogue so that we can add further depth to Kaneka 1-on-1.

#### Examples of Specific Initiatives

##### Holding workshops for business division heads

By allowing business division heads to reaffirm the aims of Kaneka 1-on-1, these workshops help to anchor the system in the organization.

##### Ongoing 1-on-1 training for executives

We provide training for supervisors to enable them to improve their coaching skills and enhance the quality of their dialogues (a total of 594 people have undergone the training).

##### Various forms of 1-on-1 experiments tailored to different workplace situations

We are experimenting with 1-on-1s tailored to different workplace situations. For example, in addition to the usual 1-on-1s between supervisors and direct reports, department heads conduct 1-on-1s with all members who are not direct reports. Going forward, we will expand our success stories horizontally to other workplaces so that we can raise the quality of our 1-on-1 dialogues across the entire organization.

## Developing the Next Generation of Leaders through Hitotsubu-no-Tane Momi Juku

Hitotsubu-no-Tane Momi Juku, our training program led by top management, aims to train the next generation of management leaders. The chairman, president, and executive vice president join all sessions, a total of 13 days (about 100 hours) over a period of 8 months, directly giving advice. We are working to increase the participation of women in executive positions and to develop candidates who could become female leaders. Since the program began, a total of 26 division heads have been chosen from among the participants.



### ■ Number of Participants in Hitotsubu-no-Tane Momi Juku

Fiscal year	2019	2020	2021	2022	2023	Cumulative total since start of course
Number of participants	12	12	12	12	12	109
Of which, female	0	0	3	3	3	10

## Training Content Renewal and Change

### Training for Newly Appointed Executives

We provide opportunities for new executives to learn about leadership and management, mainly in the first year following their promotion.

## Examples of Specific Initiatives

### Workshops on creating a rewarding workplace

Held to ensure that executives understand their roles and responsibilities and direct them toward creating a positive workplace culture.

### Leadership Challenge Training

Aims to teach leadership fundamentals that can be put into practice to establish conduct.

### Lecture for newly appointed executives by Independent member of the board Yuko Sasakawa

Independent member of the board Yuko Sasakawa gave a lecture on the perspective and mindset required of a leader.

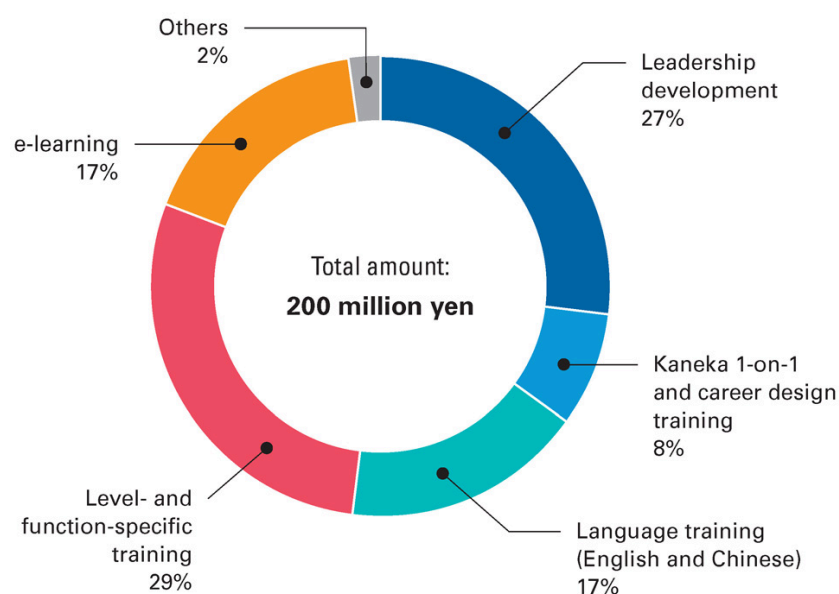


## Expanding Learning Opportunities

We have expanded our training curriculum with language training (English and Chinese) and e-learning so that we can meet the diverse learning needs of our employees.

We plan to ramp up our investment in areas such as digital education and global human resource development by 1.5 times over the next five years.

### ■ Results of Company-wide Training in Fiscal 2022



# Human Resource Strategies

## Promotion of Diversity

Going beyond attributes to a diversity that nurtures individuality

We are promoting diversity with the aim of making Kaneka an organization where diverse employees with different talents can create new value.

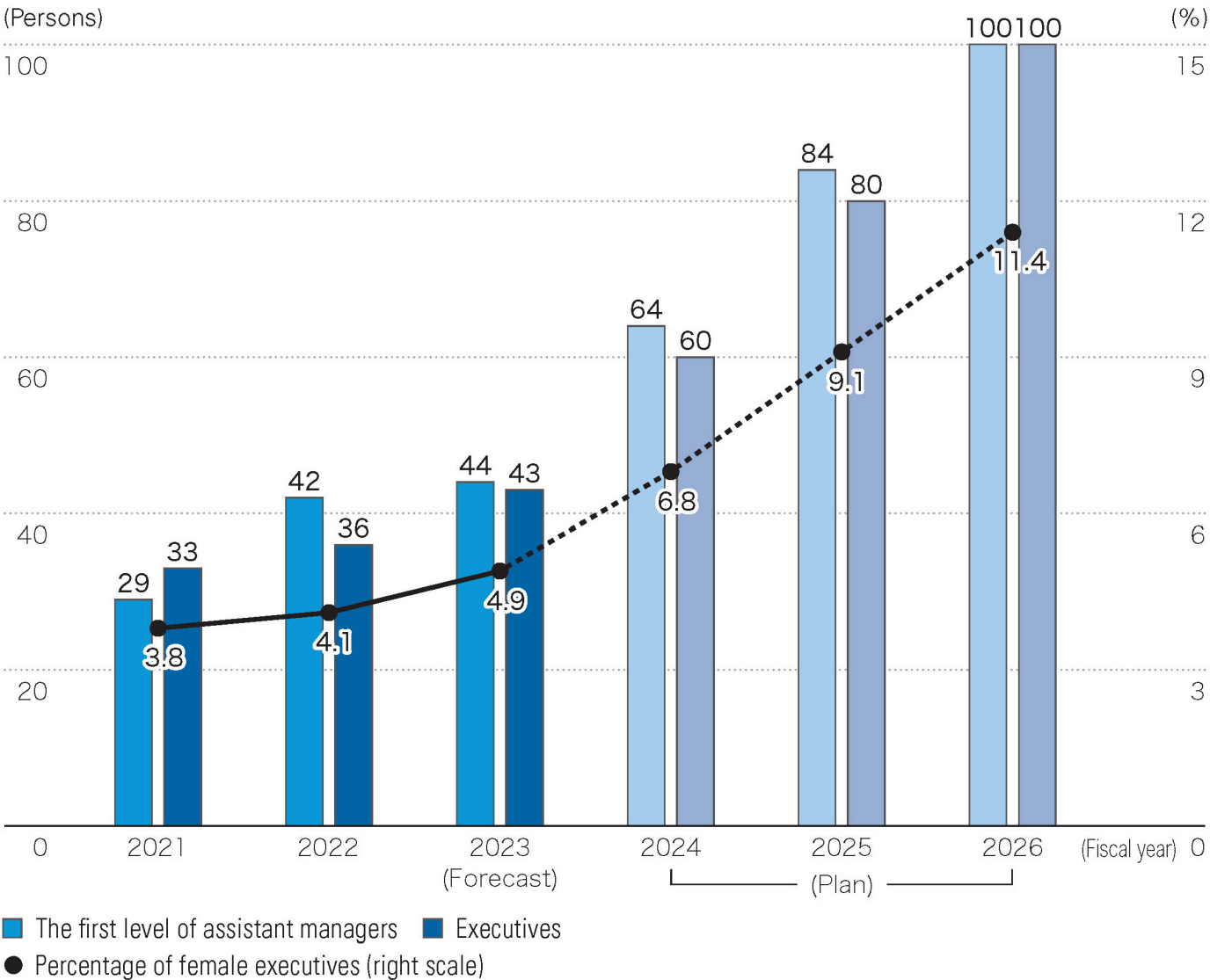
### Active Participation of Female Employees

Percentage of female executives (target): Fiscal 2026 11%

We are steadily increasing the number of female executives and female first level assistant managers (executive candidates). We are promoting the active participation of women through our systems and also by raising awareness. Such initiatives include providing systems to support a healthy work-life balance, facilitating communication with women in senior ranking positions, and efforts to encourage male employees to take childcare leave.



Female Executives and Candidates



Promoting the Active Involvement of Senior Employees

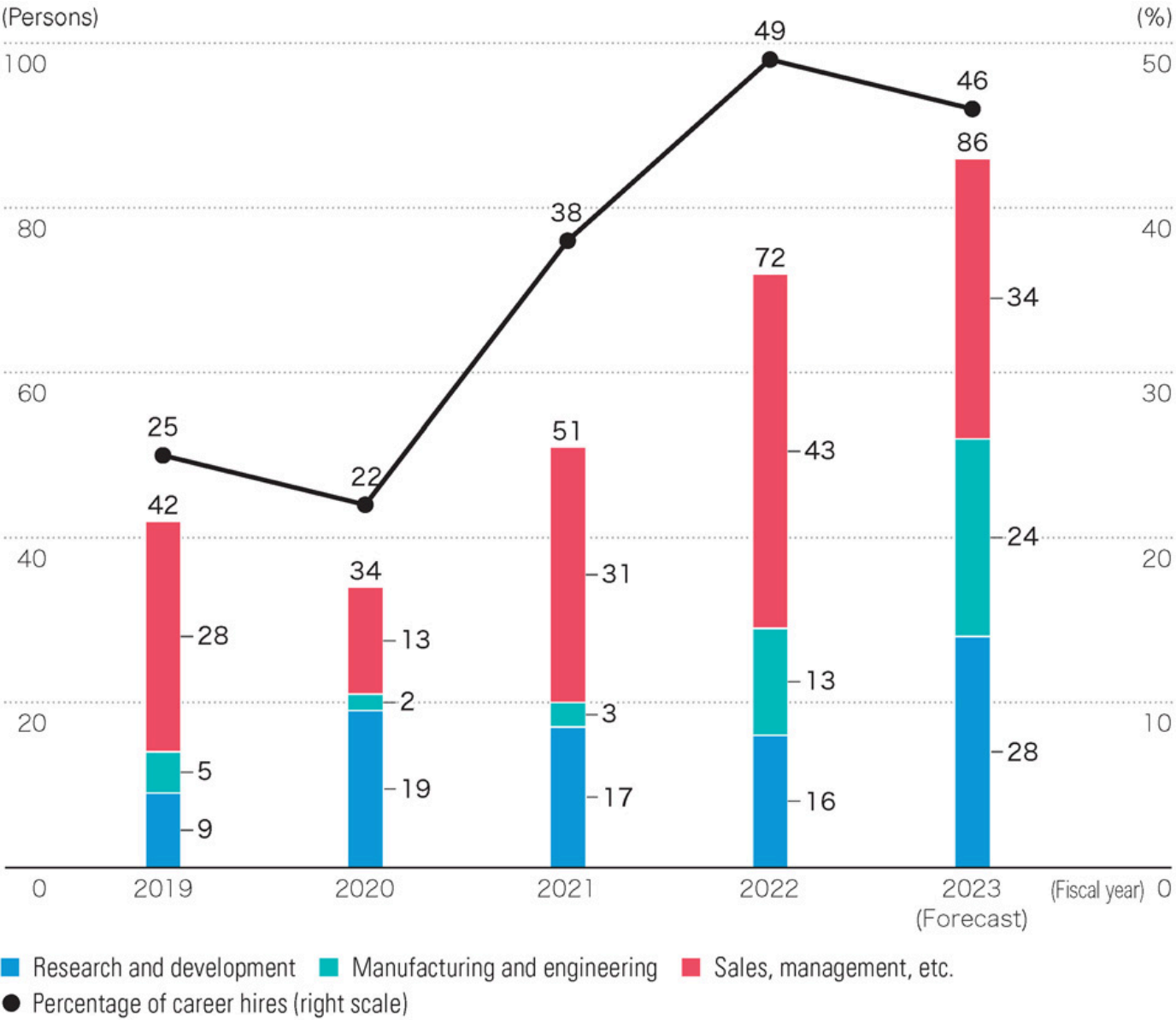
In 2021, we introduced a job-based system for senior employees. The system matches departmental recruitment needs with the duties and work styles desired by senior employees when they are rehired at retirement age. Every year, more than 90% of Kaneka’s senior employees choose to be rehired.

Acquiring Diverse Experiences and Expertise

Percentage of career hires (approximate): Over 40% each year

In recent years we have recruited mid-career hires across a wide range of fields such as research and development, manufacturing, engineering, sales, and management. The number of mid-career hires is continuing on an upward trend. We will continue to aim for over 40% mid-career hires each year as we work to diversify the experience and expertise of the members of the organization.

■ Mid-career Hires by Field

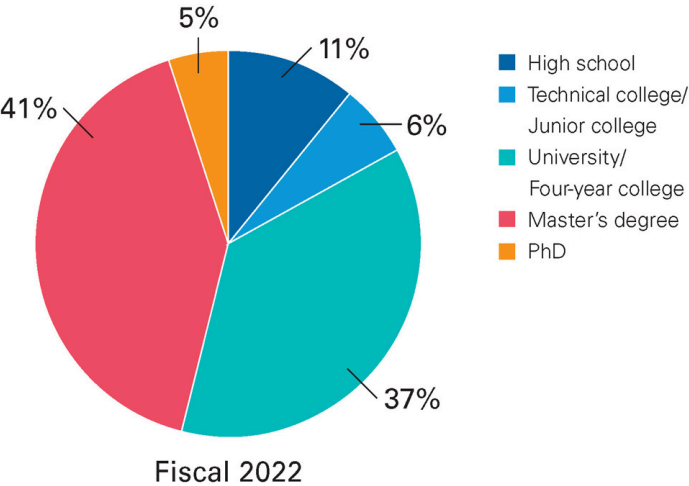


Merit-based Promotion

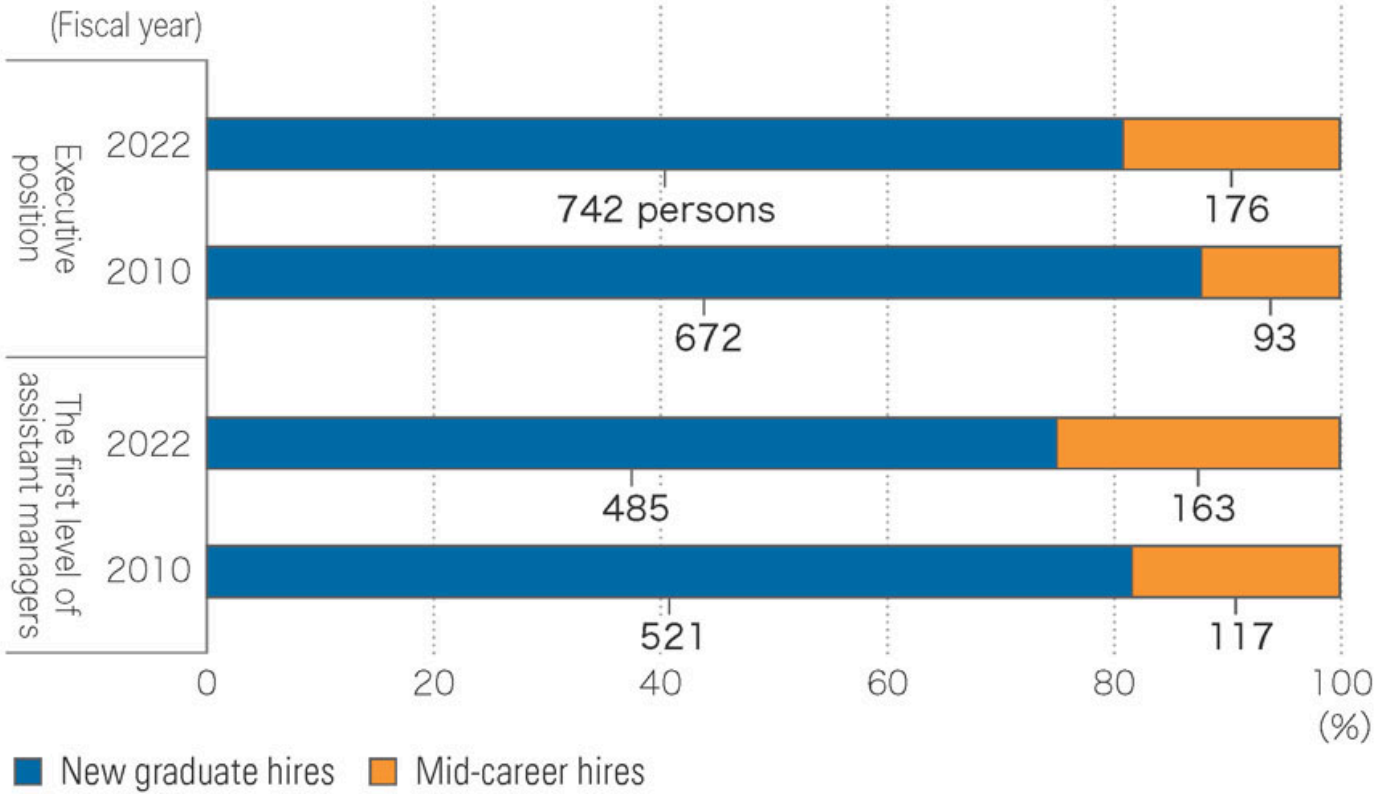
Since Kaneka was founded, we have promoted people to executive positions based on their ability and regardless of their educational background. The same applies to the number of years of service.

About 20% of our executive positions are now held by mid-career hires. We will continue to appoint people from diverse backgrounds to executive positions.

■ Composition of Executive Team by Educational Background



■ Percentage of Executive and First Level Assistant Manager (Executive Candidate) Positions That Are Held by Mid-Career Hires



Reflecting Diversity Efforts into Evaluations of Executives

From fiscal 2023, we added diversity (diversification of human resources in one’s own organization) as a new evaluation item in evaluations for executive positions. At Kaneka, we see diversity as encompassing not only promoting the advancement of women, but also creating a supportive workplace and the promoting diverse human resources. With this in mind, we encourage the promotion of diversity in each organization from an evaluation standpoint also.

# Human Resource Strategies

## Promotion of Wellness

Employees who thrive in taking on challenges;  
organizations and groups that are connected by ties

At its core, the promotion of wellness focuses on enabling each coworker in the Kaneka Group to work with energy and enthusiasm.

### Promotion System

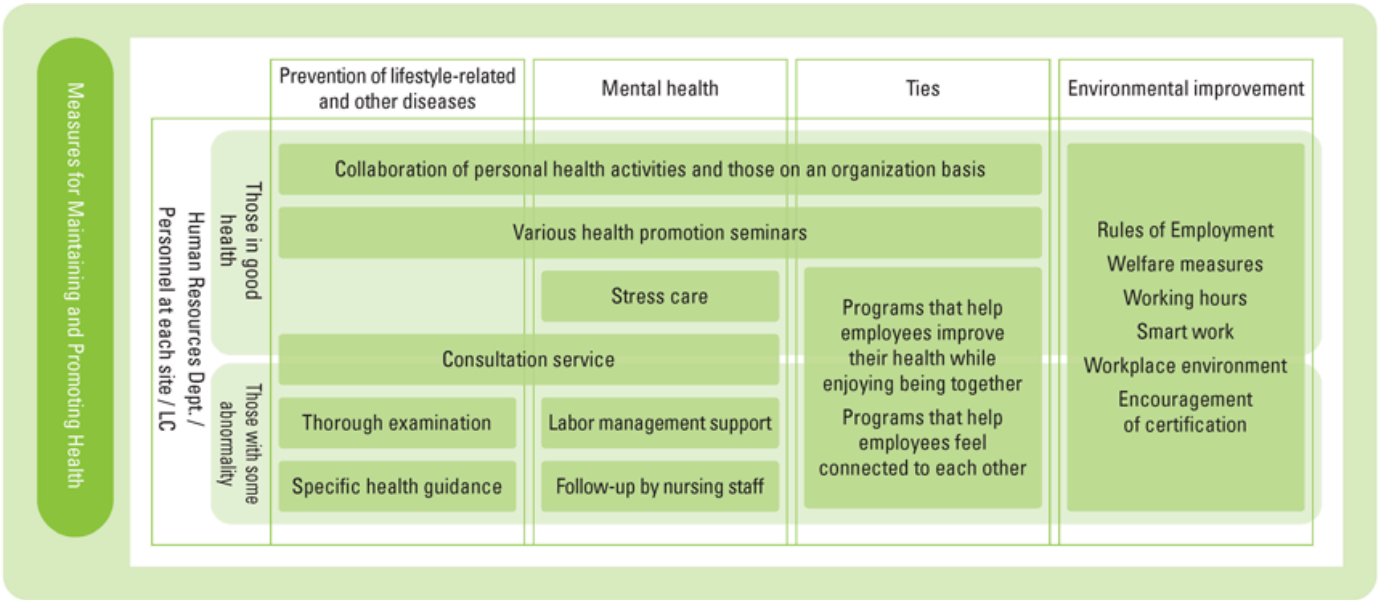
The Engine of Sustainability Management will lead a company-wide task force.

### Goals of Our Vision for Health

**Coworkers**  
Employees who spend their healthy and vibrant lives, and work on their jobs

**Organization**  
A workplace where everyone can work healthy and freely as one team, and each person can develop and show the full potential of one's unique character and ability

### Measures for Maintaining and Promoting Health



## Wellness Promotion System



## Sports × Kizuna Challenge

With the theme of forming ties through sports, we provide opportunities to take on challenges toward big goals.

### Training Plan

The participants who gathered had a wide range of goals from improving their health by addressing a lack of exercise to completing a full marathon. They enjoyed socializing while working up a sweat under the guidance of a professional coach.



### The Hokkaido Marathon

Kaneka sponsored this event as a Premier Partner. Around 100 runners from the Kaneka Group took part, while many other employees turned out to cheer them on.



### Run, Run, Run. Kaneka

Aimed at strengthening ties throughout the Group, this is the largest sporting event in Kaneka. A record number of around 3,500 people gathered at the Nagai Stadium for the event in 2023. For the first time in four years, we welcomed visitors from our overseas Group companies (242 people from 14 countries). The program included a group Ekiden and other activities, and a great time was had by all.



## A Casual Approach to Health Promotion

We provide opportunities for all employees to engage in health promotion in a casual way.

### Walking Project

Walking Challenge 30

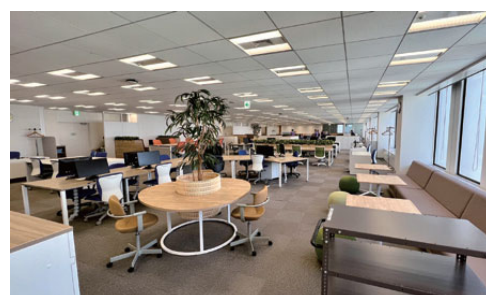
- Ahead of the day, each participant set a goal for the Ekiden event with the aim of improving their physical strength and health. (Participants: 720)
- On the day of the event, participants walked 3.3 km (about 40 minutes) along the same course as the Ekiden runners. (Participants: 128)

## Work Culture Transformation

Kaneka's goal in work culture transformation is to enable smart work. We foster an environment and culture where employees can refine their imagination, creativity, and intuition, to work more efficiently and productively.

### Creating a Workplace that Fosters Creativity and Enhances Efficiency

At our head offices in Tokyo and Osaka, we have switched to a free address system. By encouraging people to gather and move around, we aim to provide a workspace where communication that had become fragmented can be restored. We plan to roll out this system to other locations such as office buildings at our manufacturing sites so that we can improve the work environment.



### Shifting to Creative Work through the Use of Digital

By using AI and data, we will not only enhance operational efficiency and digitalization, but also create new value and transform our corporate culture.

As well as developing a digital infrastructure, we will foster a digital usage culture. In fields other than manufacturing and research and development, such as sales, marketing, and logistics, we will work to promote work culture transformation.

Enhancing overall  
operational efficiency

Fiscal 2030

**30% reduction**

(Compared to Fiscal 2020)

Shifting from basic work to  
creative work

Fiscal 2020

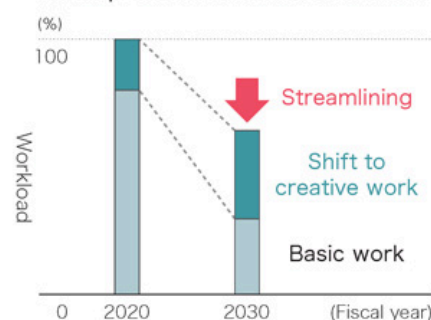
**20%**



Fiscal 2030

**70%**

Concept of Work Culture Transformation

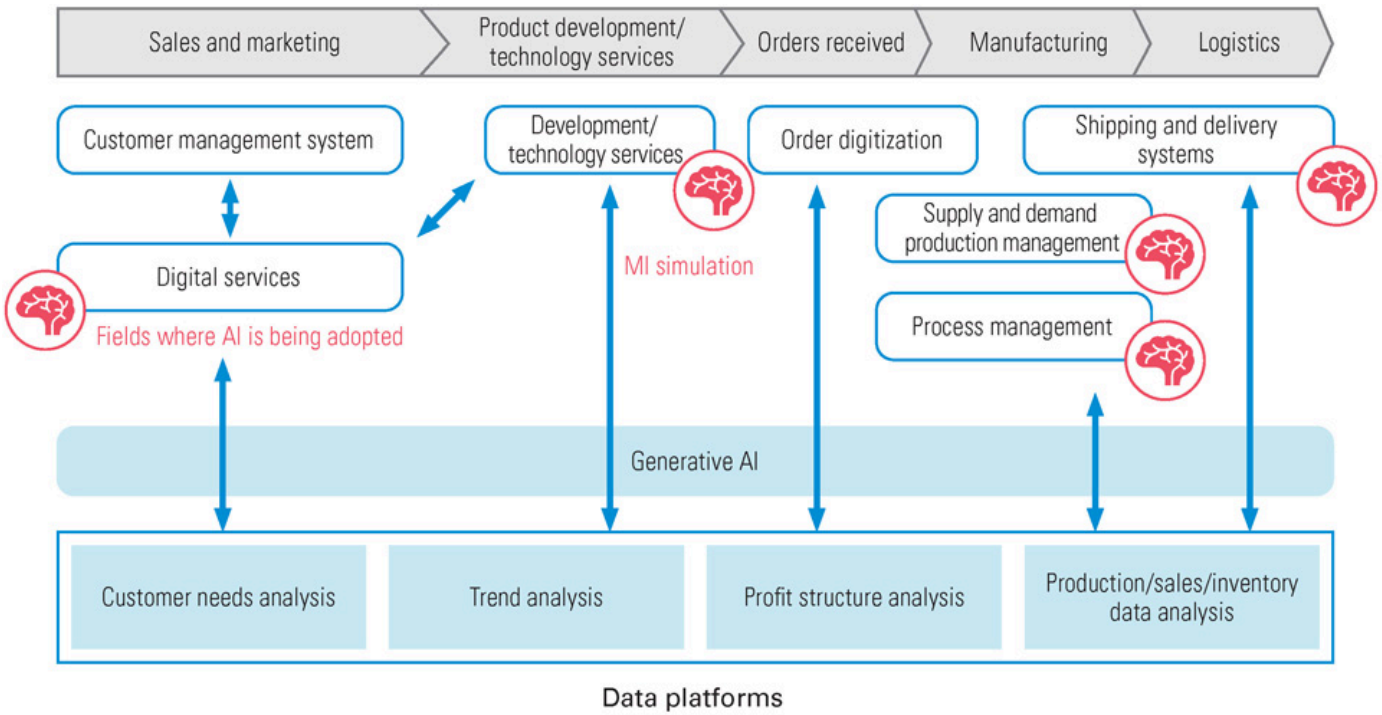




We are promoting automation through the use of real-time data and AI in planning systems to optimize the entire value chain.

We are also developing a data platform to support self-service digital transformation in each division.

■ Future Image of the Value Chain



## 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.



## Social Contributions

### Supporting Disaster Reconstruction and Other

#### 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 the company intranet.

#### Other Forms of Support

##### <Kaneka Belgium N.V., Kaneka Hoken Center Co., Ltd.>

- Donations to support groups for cancer and chronic disease patients and to facilities for pediatric cancer patients.

##### <Takasago Manufacturing Site, Osaka Synthetic Chemical Laboratories, Inc., Kaneka Sun Spice Corporation, Kaneka Hokkaido Styrol Co., Ltd.>

- Donated to Central Community Chest of Japan.

##### <Kaneka (Malaysia) Sdn. Bhd., Cemedine Co., Ltd., Tochigi Kaneka Corporation>

- Employees took part in blood donation activities.

# 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.

### Exploring Manufacturing and the Wonder of Chemistry

As part of Kaneka's efforts to support the education of the next generation in the community and society, we teach classes on manufacturing and on-site classes. Retired employees and current employees, including new hires, serve as lecturers.

Partnering with Core-Net, an NPO dedicated to educating the next generation, we conduct the Kaneka Manufacturing Class at elementary schools near Kaneka Takasago Manufacturing Site, Osaka Manufacturing Site, and Shiga Manufacturing Site. The aim of the class is to increase children's interest in and understanding of manufacturing. In the class, sixth graders assembled Scrollers II (a small self-powered rolling robot) kits, gaining a sense of the fun and satisfaction of making things.

Elementary schools near the Kaneka Kashima Manufacturing Site are conducting field trip classes for chemical experiments based on a concept of "Let's get into science." Using our own products, we conducted experiments around the properties of foamed polystyrene including foaming, shock absorption, and insulation properties, giving students a chance to experience the wonder of chemistry.

We will continue supporting students' education with an emphasis on lighthearted fun.



Kaneka Manufacturing Class



Scrollers II craft kit



A scene from a field trip class



A shock absorption experiment with eggs

## Efforts of the Kaneka Group

### <All parent manufacturing sites, Group companies in Japan and overseas>

- Regularly accepting local students for internships, onsite training, work experience, and workplace visits.
- Organizing plant and facility tours for local schools.



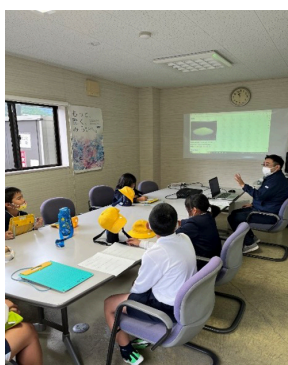
Work experience (Shinka Shokuhin Co., Ltd.)



Interns trying out product analysis  
(PT. Kaneka Foods Indonesia)



Try It Out Week, in which junior high school students  
experience manufacturing processes  
(Kaneka Foods Manufacturing Corporation)



Providing factory tours  
(Kochi Styrol Co., Ltd.)

### <Takasago Manufacturing Site, Kaneka Takasago Service Center Co., Ltd.>

- Planting seedlings in the spring and digging sweet potatoes in the fall in the fields on the grounds of the plant with local kindergarteners, elementary school students, and students from a special needs school.



### <Kaneka Americas Holding, Inc.>

- Providing scholarships to local high schools and universities.
- Providing educational programs for STEM subjects (science, technology, engineering, and mathematics).



### <Kaneka Africa Liaison Office>

- Holding quality and management seminars for hairdressers to help them increase their income and gain independence.



### <Kaneka (Thailand) Co., Ltd.>

- Making donations to local schools.

### <Cemedine Co., Ltd.>

- Sponsoring ROBOCON for technical colleges and ROBOCON for elementary schools.
- Presenting woodworking adhesives to new first-year students in Kameyama City, Mie Prefecture, and Koga City, Ibaraki Prefecture, two areas where we have manufacturing sites.
- Taking part in Bell Mark activities.



Sponsoring ROBOCON



# Social Contributions

## Local Communities (Efforts of the Kaneka Group)

### Connecting with local communities

<Kaneka, all parent manufacturing sites, Group companies in Japan and overseas>

- Supporting local festivals, fireworks festivals, and various events through donations and sponsorship of advertising. Also offering products and beverages.
- Participating in and cooperating with local fire drills and activities.
- Donating to local communities.



Participating in high-pressure gas disaster prevention drills  
(Tokyo Kaneka Foods Manufacturing Corporation)



Participating in events and offering products  
(Kaneka Hokkaido Co., Ltd.)



Participate in events  
(Kaneka (Malaysia) Sdn. Bhd.)



Participating in the Ghana YOSAKOI Festival  
(Kaneka Africa Liaison Office)

### <Kaneka>

- Sponsoring 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.



Touch the Orchestra



Playing a handmade trumpet

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

- Visiting facilities for the elderly and engaging with them through conversation and games, as well as donating daily necessities.



### <Kaneka Belgium N.V.>

- Supporting local symphony orchestras and musicians.

### <Tochigi Kaneka Corporation>

- Holding talk sessions with local schools that we support.
- Holding talk sessions with local companies on the topic of employment for people with disabilities.



### <PT. Kaneka Foods Indonesia>

- Donating products to community facilities such as nursing homes and children's shelters

## Environmental activities

### <All parent manufacturing sites, Group companies in Japan and overseas>

- Regularly conducting cleaning and beautification activities around our plants.
- Participating in and donating to environmental protection activities.



Osaka Manufacturing Site



Kaneka Sun Spice Corporation



Kaneka Hokkaido Styrol Co., Ltd.



Kaneka Solartech Corporation

### <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.



## International Contributions

### <Kaneka>

As corporate partner, have continued to support the school meal program of the United Nations World Food Programme (WFP) since 2013. In Africa, the largest market for Kanekalon synthetic performance fibers, supported school meals, aimed at increasing school registration rates and academic success, and distributed take-home meals aimed at encouraging school attendance in areas where girls' attendance rate is low.

Sponsored WFP Charity Essay Contest 2022 hosted by the United Nations WFP. Kaneka and Kaneka Sun Spice Corporation co-sponsored WFP Walk the World in Osaka 2022.

## TOPICS

### Participating in TABLE FOR TWO Activities at the Company Cafeteria

Kaneka has been participating in TABLE FOR TWO (TFT) activities since 2010.

TFT is a social contribution activity aimed at addressing food imbalance, whereby developing countries suffer from hunger and malnutrition, while developed countries have problems with obesity and lifestyle diseases.

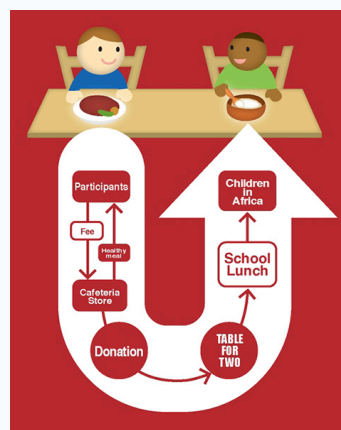
The employee cafeteria offers a menu with reduced calories to prevent obesity and lifestyle diseases. For every one of these meals that is bought at a company cafeteria, 20 yen is donated through TFT toward school meals for children in developing countries.

We donated the equivalent of 7,697 meals (153,940 yen) across all parent manufacturing sites in 2022 and 1,228 meals (24,560 yen) at Tochigi Kaneka in fiscal 2022.

The program also started at the Kashima Manufacturing Site from December 2022. We will continue activities to share meals and deliver hearty school lunches at employee cafeterias.



The amount of 20 yen is equivalent to one school lunch serving in the supported regions.





## Awards & recognition

### <Takasago Manufacturing Site>

- Received an award from Takasago City for donations to Takasago City.

### <Kashima Manufacturing Site>

- Recognized as a “Sports Yell Company” for proactive efforts to promote sports including as a way of supporting employee health.

### <Kaneka Americas Holding, Inc.>

- Received the Safety Award for outstanding achievements in safety including process safety.



### <Osaka Synthetic Chemical Laboratories, Inc.>

- Ako Shimizu Plant was recognized as an Excellent Workplace for its efforts on health and safety.



### <Kaneka Eperan (Suzhou) Co., Ltd.>

- There were no illegal acts or violations of labor guarantees to employees, and as a result of strict implementation, received AAAA grade certification from the Suzhou Industrial Park Labor Guarantee Credit Rating Organization.



### <Kaneka Hoken Center Co., Ltd.>

- Recognized as one of the 2023 Excellent Health Management Corporations (small and medium size corporation category).

### <Kaneka (Malaysia) Sdn. Bhd.>

- Received the Silver Award for the environment, protection regulations, process safety, etc. at the CICM Responsible Care Awards.



### <Tokyo Kaneka Foods Manufacturing Corporation>

- Received an accident-free record certificate from the Tokorozawa District Labor Standards Association in recognition of efforts to prevent industrial disasters, having achieved a continuous period of 1.66 million hours (from May 24, 2018 to October 15, 2022) with no accidents.
- Employees underwent training in cardiopulmonary resuscitation (CPR), how to use an AED, etc., and were awarded certificates of completion.
- Three employees were recognized as Excellent Workers for their efforts on health and safety.
- Continue to receive Silver Certification as an excellent health enterprise certification from the Tokyo Federation of Health Insurance Associations.



Certification for taking CPR and other courses

# Stakeholder Communication

## Basic Policy

Under its ESG Charter, which declares that ‘we fulfill our corporate responsibility by empowering individual employees to put our corporate philosophy into practice through serious, forward-looking effort,’ Kaneka Group, aspires as a good corporate citizen to a sustainable future in partnership with all its stakeholders. We will work to build relationships of trust with stakeholders through active information disclosure and communication with the aim of realizing this sustainable society.

## Communication with Stakeholders



## Customers

### Policy

We provide quality products, services and value aimed at creating a sound society, ensure product safety, and disclose information to those who purchase our products as well as potential customers.

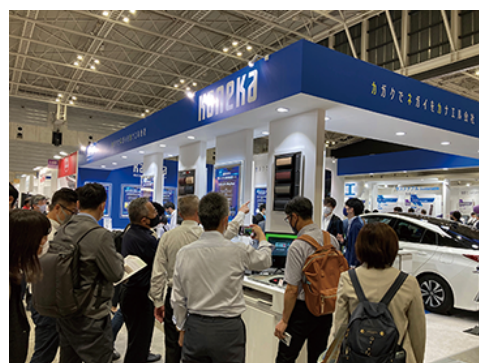
### Communication

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

► [Click here for information on our product responsibility initiatives.](#)



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



Holding exhibitions

## Society

### Policy

Our business is rooted in local communities, promoting social contributions and community engagement. We also contribute to creating a well (sound) community and society, ensuring safe operation of plants and disclosure of information.

### Communication

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

► [Click here for information on our community and social initiatives.](#)



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



Holding a sweet potato dig with small children and toddlers from the neighborhood

## Shareholders and Investors

### Policy

We offer appropriate returns and disclose timely information to those who recognize our corporate stance and brand value and who own our shares, so that we can increase overall trust in the Group seeking to ensure a company culture and a society characterized by wellness.

### Communication

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

▶ [Click here for IR information.](#)



Issuing reports (To Our Shareholders) twice a year

## Employees

### Policy

Bearing in mind Kaneka Group employees and their family members, we offer a workplace environment of wellness — job satisfaction, appropriate treatment and remuneration, and safe working environments — and respect their diversity.

### Communication

- Communication between employees
- Employee health consultations
- Labor-management dialogue
- Penetration of internal whistleblowing system

► [Click here for information on our HR initiatives.](#)



Providing a workplace that supports employee health



## Vendors

### Policy

We conduct fair transactions with suppliers and contractors focusing on compliance and build mutually beneficial and well (sound) relationships of trust with them, offering equal opportunities to do business.

### Communication

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

▶ [Click here for information on our CSR procurement initiatives.](#)



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

## The Environment

### Policy



We make efforts to reduce environmental burden in raw material procurement, manufacturing and transportation processes. We also fulfill social responsibilities by developing cutting-edge materials and unique technologies to enhance the wellness of the global environment.

#### Communication

- Initiatives on global environment protection/resource conservation/environmental impact reduction
- Promotion of environmental impact reduction in raw material procurement
- Cleaning activities/local forest conservation/environmental conservation activities
- Appropriate information disclosure

► [Click here for information on our environmental initiatives.](#)



Carrying out local clean-up activities

## 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. Kaneka believes that a working corporate governance function is extremely important for realizing diverse, global business growth and maintaining the optimal allocation of corporate resources to the R&D, production and sales activities that support that growth. It is also essential for realizing sustainable growth together with the medium- to long-term improvement of corporate value. From that perspective, Kaneka is working to enhance corporate governance, both to ensure transparency and fairness in decision-making and to build more dynamic management through swift, bold decisions. Kaneka believes the following basic items are particularly important in those efforts.

- Respecting and ensuring the equality of shareholder rights
- Collaborating with other stakeholders in the value-creation process
- Ensuring transparency through the timely, appropriate disclosure of information
- Strengthening the oversight and strategic recommendation functions of the Board of Directors by leveraging the independence and insight of its independent member of the board
- Appropriately communicating and encouraging understanding of Kaneka's corporate philosophy and policies among all stakeholders
- Conducting a constructive dialogue with shareholders based on an understanding of Kaneka's corporate policies

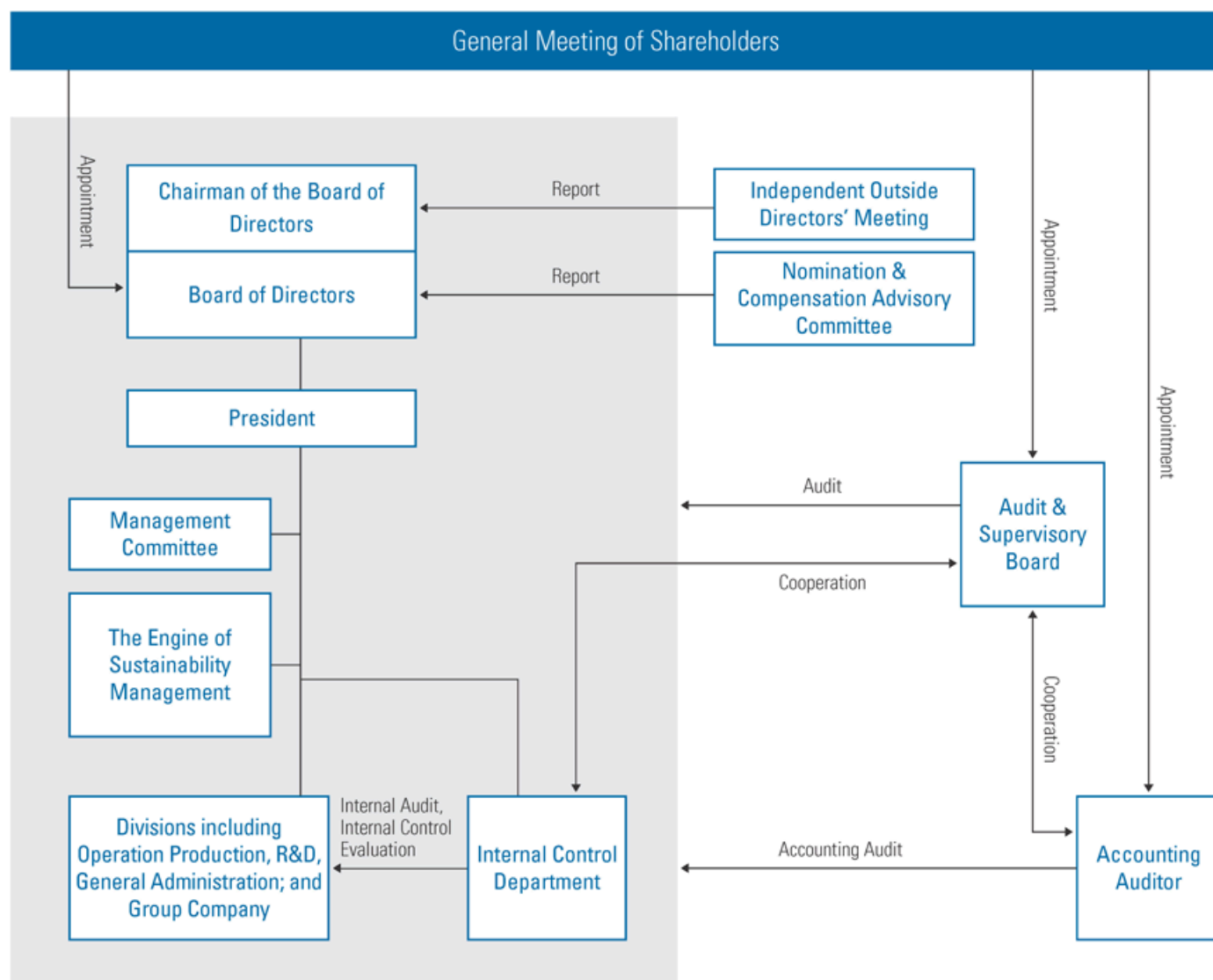
## Efforts to Strengthen the Governance Capacity

	2006-	2010-	2020-
Separation of management and execution	2006 Introduced the executive officer system 2006 Changed the number of directors from 21 to 13		
Outside directors		2011 Appointed an outside director 2015 Increased the number of outside directors from 1 to 2	2020 Increased the number of outside directors from 2 to 4 2022 Appointment of one female director 2023 Increased the number of female directors from 1 to 2

Committees		2015 Established the Nomination & Compensation Advisory Committee 2015 Established the Independent Outside Director's Meeting	2021 Majority of the Nomination & Compensation Advisory Committee is the Independent Outside Directors
Internal control system	2006 Formulated the Basic Policy on Internal Control System		
Corporate governance		2015 Formulated the Basic Policy on Corporate Governance	
Independence criteria for outside directors		2013 Formulated the Criteria for Independence of Outside Directors	
Effectiveness evaluation		2016 Commenced the effectiveness evaluation on the Board of Directors	

## Corporate Governance Structure

### ■ Diagram of Corporate Governance System



## Organizational Design

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

Main items	
Organizational structure	Company with Audit & Supervisory Board
Term of office of directors	1 year
Adopted executive officer system	Yes





Organization that assists the president in decision making	Management Committee
Voluntary advisory body to the Board of Directors	Nomination & Compensation Advisory Committee
Other important bodies	Independent Outside Directors' Meeting

## Directors and the Board of Directors

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

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

### ■ Composition of the Board of Directors

Internal directors	Outside directors	Ratio of female directors	Ratio of outside directors	Average years in position
<p>8</p> 	<p>4</p> 	<p>16.7%</p> 	<p>33.3%</p> 	<p>6.9 years</p>

Note: The above details are true as of the end of the 99th Annual General Meeting of Shareholders held on June 29, 2023.

The Board of Directors met 14 times in fiscal 2022. (The rate of attendance by Directors and Audit & Supervisory Board Members was 98.8%). Based on the rules of the Board of Directors, it discussed and decided on the mid-term management plan, annual budget, financial policy, key personnel, quarterly/year-end accounts, and strategic investments. The Board of Directors also received and discussed reports on each business division with regard to progress on the mid-term management plan and the monitoring of issues.

## Audit & Supervisory Board Members and the Audit & Supervisory Board

Audit & Supervisory Board Members and the Audit & Supervisory Board seek to ensure healthy and sustainable corporate growth and to establish a structure with good corporate governance that can gain social trust by checking on the performance of directors in regard to their duties.

The Audit & Supervisory Board comprises four members, two of whom are independent outside members, and performs audits in coordination with the Accounting Auditor and the Internal Control Department. Audit & Supervisory Board Members are given space to periodically exchange views with the representative director, and

monitor the state of business operations when necessary, by attending key meetings of the Board of Directors and those of the Management Committee, which decides on the implementation of important matters, as well as division head meetings.

### **Nomination & Compensation Advisory Committee / Independent Outside Directors' Meeting**

We have established the Nomination & Compensation Advisory Committee and Independent Outside Directors' Meeting. The Nomination & Compensation Advisory Committee discusses remuneration of Directors, and candidates for Directors and Audit & Supervisory Board Members, and reports them to the Board of Directors. The Independent Outside Directors' Meeting discusses the effectiveness of the Board of Directors to report to the Chairman of the Board of Directors. In order to increase neutrality, the majority of the Nomination & Compensation Advisory Committee are the independent outside directors.

### **Implementation of Business Operations**

Kaneka has adopted the executive officer system to harmonize the oversight function of directors with the implementation function of business operations, which also facilitates decision-making and clearly defines roles. The Board of Directors decides on key management strategies and business operations of the entire Kaneka Group, while executive officers handle business operations in their respective areas of responsibility. The Executive Officers' Meeting is held monthly to share management policies and issues with the aim of achieving management goals speedily. Division heads, including executive officers appointed by the Board of Directors, are given extensive authority over daily business execution. Monthly division head meetings are held to enable the directors and Audit & Supervisory Board Members to directly hear progress reports from each division head. The Internal Control Department evaluates the effectiveness of internal control and conducts an internal audit.

### **Selection Criteria for Directors**

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

We are expanding diverse businesses globally. In order for the Board of Directors to make accurate and prompt decisions and supervise these corporate activities, we place great importance on appointing directors with different backgrounds such as diverse knowledge, experience, and expertise. Specifically, we expect knowledge, experience, and abilities related to business, global, technology, diversity and corporate & governance. We also believe that the Board of Directors as a whole has well-balanced knowledge, experience, and abilities, and is composed of an appropriate number of people.

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

## ■ Skills Matrix of the Members of the Board

Name	Position in the Company	Fiscal 2022 attendance at Meetings of the Board of Directors	Knowledge, experience, and expertise				
			Business	Global	Technology	Diversity	Corporate & Governance
Kimikazu Sugawara	Chairman of the Board (Representative Director)	100%	○	○		○	○
Minoru Tanaka	President (Representative Director)	100%	○	○		○	○
Kazuhiko Fujii	Member of the Board, Executive Vice President	100%	○	○		○	
Shinichiro Kametaka	Member of the Board, Executive Vice President	100%	○	○		○	○
Mamoru Kadokura	Member of the Board, Senior Managing Corporate Executive Officer	100%	○	○	○	○	
Katsunobu Doro	Member of the Board, Managing Executive Officer	100%	○	○		○	
Jun Enoki	Member of the Board, Managing Executive Officer	100%	○	○		○	○
Toshio Komori	Member of the Board, Managing Executive Officer	—	○	○		○	○
Mamoru Mohri	Independent Member of the Board	100%		○	○	○	○
Jun Yokota	Independent Member of the Board	100%		○		○	○
Yuko Sasakawa	Independent Member of the Board	100%	○			○	○
Hiromi Miyake	Independent Member of the Board	—		○		○	○

Note: The above details are true as of the end of the 99th Annual General Meeting of Shareholders held on June 29, 2023. The table above does not show all the skills of each Member of the Board.

## Analysis and Evaluation of Effectiveness of the Board of Directors

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 Chairman of the Board of Directors periodically receives reports from the Independent Outside 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 2022, the Independent Outside 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 outside directors, information provision to outside directors, and risk management. Based on the discussion results, the Board of Directors conducted a self-evaluation. As a result, it has been confirmed that the Board of Directors functions effectively in making decisions on important matters for the Group such as risk management and supervising business execution. We will continue to enhance the effectiveness of our Board of Directors through effectiveness evaluations.



## Standards for Independence of Outside Directors/Audit & Supervisory Board Members

We have defined the Standards for Independence of Outside Directors/Audit & Supervisory Board Members to guarantee the independence of independent outside directors and Audit & Supervisory Board Members in practice. The standards are disclosed in our notice of convocation of general meeting of shareholders, corporate governance report, etc.

## Remuneration of Members of the Board, etc.

### Matters relating to decision policies relating to the details of individual remuneration, etc., of Members of the Board.

#### How this policy is determined

The Company decided on this policy by resolution of the Board of Directors held on February 9, 2021 following deliberation by the Nomination & Compensation Advisory Committee.

#### Basic policy

The remuneration of our directors is appropriate, fair, and balanced. It aligns to the medium- to long-term interests of shareholders, increasing the motivation of Members of the Board toward maximizing the Company's corporate value. Remuneration for internal directors consists of monthly remuneration as fixed remuneration, bonuses as performance-linked remuneration, and stock option remuneration as non-monetary remuneration. Individual remuneration is determined according to the job responsibilities of each individual. For outside directors, only monthly remuneration is provided as fixed remuneration.

#### ■ Total Amount of Remuneration for Directors and Audit & Supervisory Board Members

Category	Personnel eligible for payment	Total amount paid	Total amount by type of remuneration		
			Basic remuneration	Performance-linked remuneration (bonus)	Non-monetary remuneration (stock option remuneration)
Directors (Of which, outside directors)	13 (5)	686 million yen (68 million yen)	530 million yen (68 million yen)	110 million yen (-)	45 million yen (-)

Audit & Supervisory Board Members (Of which, outside Audit & Supervisory Board Members)	4 (2)	82 million yen (34 million yen)	82 million yen (34 million yen)	-	-
---	----------	------------------------------------	------------------------------------	---	---

Note: Amounts are rounded down to the nearest unit.

The amount for non-monetary remuneration (stock option remuneration) is the cost amount recorded for the most recent stock acquisition rights granted to eight directors excluding outside directors.

## Policy on Strategic Shareholdings

Kaneka holds the minimum amount of strategic shareholdings necessary for maintaining and strengthening business relationships, business alliances, and capital alliances.

Each year we periodically review our strategic shareholdings after comprehensively assessing the appropriateness of the purpose of the holdings and the economic rationale in terms of the returns and risks associated with such holdings. When we determine that a holding is of low necessity, we reduce the number of shares that we hold. Each year, we report on these initiatives to the Board of Directors and disclose an overview of them. In fiscal 2022, we sold four listed stocks as a result of the assessment described above.

In addition, the exercise of voting rights pertaining to the shares held by the policy will be carried out after determining the approval or disapproval of each individual proposal after setting the exercise criteria.

### ■ Strategic Shareholdings

	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
Number of listed company stocks sold	1	4	3	4	12(*)
Total amount sold related to decrease in number of shares	397 million yen	859 million yen	36 million yen	2,283 million yen	2,889 million yen

\* Figures for fiscal 2023 are up to the 3rd quarter

## Basic Policy for the Internal Control System and Status of Operation

The Company has established a Basic Policy for the Internal Control System by resolution of the Board of Directors. We periodically assess and review this policy as appropriate to ensure that our internal control system is effective. In fiscal 2022, we confirmed the status of operations with respect to (1) the compliance system and risk management system, (2) the system for the efficient performance of duties by directors, and (3) the system for management of subsidiaries and the system for auditing by Audit & Supervisory Board Members.

# Business Risks and Uncertainties

## Basic Policy

Kaneka Group has formulated a basic risk management policy to respond to potential risks in business operations, aiming for the goal of “Wellness First” to make the world healthy.

## Risk Management System

Our basic risk management policy is that each division identifies operational risks and other types of risks that it may face, takes appropriate preventive measures, and responds appropriately in cooperation with other relevant divisions if a risk manifests itself.

For preventive measures against potential risks including those related to ethics and legal compliance, the Compliance Committee oversees the development and implementation of the company-wide plans.

When a risk occurs or is likely to occur, the Compliance Committee handles the risk in cooperation with the relevant divisions.

We regularly check whether the above-mentioned activities are implemented properly to prevent our risk management system from falling into mere formality, and strive to maintain and improve its effectiveness.

## Business-Related Risks

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

1. Risks related to the novel coronavirus (COVID-19) pandemic
2. Risks related to the Group's ability to maintain operational advantages and trends in the Japanese and overseas economic environment
3. Risks associated with the globalization of our business
4. Risks of price fluctuations of raw materials and fuel
5. Risks associated with product liability, industrial accidents and large scale disasters
6. Risks associated with the protection of intellectual property rights
7. Impact of environment related regulations

8. Risks associated with legal action
9. Risks associated with information security
10. Other risks

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

See [the Financial Section](#) for more details.

## Enhancing Crisis Management Systems

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

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

## Strengthening of Information Security

Information systems play a key role in all aspects of business activities.

Based on our Basic Information Management Policy and Information Management Regulations, we have put in place a risk management system at the Kaneka Group that is led by management. Within the IoT Solutions Center (Information Systems Department), we have set up an organization for information security. Through this organization, which is headed by the information management manager who is the director in charge, we appropriately manage information to avoid information leakage and other risks, and promote effective use of information and efficiency in operations.

To protect the Group's information assets, we have introduced a global SOC(\*) and strengthened our threat detection and monitoring system (which operates 24 hours a day, 365 days a year). Drawing from the knowledge of external experts, we continuously strive to enhance security levels throughout the supply chain.

In addition, we communicate our Basic Information Management Policy, Information Management Regulations, and Information Security Guidebook to all employees through training and other means to ensure that they understand and follow them, and provide e-learning and education and training on targeted attack e-mails and other topics. We also cooperate with each department and Group companies on training for information management personnel and other activities as we strive to ensure that personal information and other data are properly managed.

\* SOC (Security Operation Center): A system for monitoring and analyzing threats to information systems.

## 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 compliance among all directors and employees not only with all applicable laws and regulations, but also with business and social ethics. We aim to improve our compliance activities by thoroughly implementing the ESG Charter and the Code of Ethical Conduct, which serve as the guidelines for the behavior of each director and employee, enabling us to build relationships of trust with our stakeholders.

## Promotion System

We have established, under the Engine of Sustainability Management, a Compliance Committee, an organization that supervises the corporate ethics and compliance of the Kaneka Group. The Compliance Committee meets twice a year to set compliance policies and targets for the Kaneka Group and to check on progress.

We also work to oversee and direct the entire Group on compliance matters, to check the status of awareness and compliance, and to establish and maintain the appropriate consultation and reporting hotlines.

## Initiatives

Kaneka Group carries out business activities globally and as various rules are strengthened around the world, it faces a need for even greater legal compliance. Improving compliance is important for building trust with stakeholders and vital for our business activities.

### ESG Evaluation Audits: Reinforcing Legal Compliance

There were no serious violations of laws, regulations, or rules in fiscal 2022.

We conducted ESG evaluation audits at all Kaneka business divisions, 28 Group companies in Japan, and 20 Group companies overseas in the area of competition laws like the Antimonopoly Act in Japan. Executives of Kaneka and of certain Group companies in Japan who are involved in sales, purchasing, and business development are required to undergo antitrust law compliance training and submit a written oath. At Group companies in Japan, we confirmed the preparation status for issues related to the Labor Standards Act Revision.

### Compliance Education and Internal Awareness Raising — In-house Training

The “Ethical Code of Conduct” and “Compliance Guidebook” that all of our directors and employees should follow are posted on the company’s intranet.

## I Relationship with Society

Environmental Preservation and Protection  
 Compliance with Laws and Regulations  
 Compliance with Export Controls  
 Contributions and Political Donations  
 Determined Response to Antisocial Elements  
 Timely Disclosure  
 No Insider Trading  
 Proper Accounting and Tax procedures

## II Relationship with Customers, Business Partners, and Competitors

Product Safety  
 Compliance with Antitrust Laws  
 Fair Dealing with Contractors  
 Trade Secret  
 Appropriate Advertise and Publicity  
 Entertainment and Gift

## III Relationship with Employees

Respecting Human Rights and Prohibiting Discrimination  
 No Sexual Harassment  
 Protection of Privacy  
 Safety and Hygiene at Workplace  
 Strict Adherence to Labor-related Laws

## IV Company Properties

Trade Secrets  
 Company's Properties  
 Intellectual Properties  
 Use of Information Systems

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

### ■ Human Rights/Compliance Education

Program	Content	Participants		
		Fiscal 2020	Fiscal 2021	Fiscal 2022
Introductory training for new employees	Providing explanation about issues such as sexual harassment, power harassment and national origin discrimination	129	83	74
Training for newly appointed	Human rights and compliance education provided by external	59	57	65

Program	Content	Participants		
		Fiscal 2020	Fiscal 2021	Fiscal 2022
executives	specialist			
Compliance training for executives	Acquisition of workforce management knowledge required for executive positions	784	840	862

In fiscal 2022, we issued a compliance newsletter, which we circulated to employees of Kaneka and our Group companies in Japan to deepen their understanding of compliance.

Going forward, we will carry out initiatives to strengthen legal compliance and raise awareness of compliance, striving to ensure that we conduct our business activities in a fair, appropriate, and transparent manner.

## Internal Reporting and Establishment of Consultation Hotlines

To prevent compliance violations and ensure early detection and prevention, we have established whistleblowing (internal reporting) services within the Company and at outside law firms. The services are available to Kaneka Group directors and employees and their families, former employees who have resigned within the past year, and businesses with which the Company has relationships, including partner companies and suppliers.

We have also established a consultation hotline for harassment and assigned several counselors to each workplace, who are made up of Health Consultation Office and Human Resources Department staff as well as labor union representatives.

In fiscal 2022, there was one case of reporting and consultation. Fact-finding investigations and hearings were conducted, and the cases were handled in accordance with internal rules. The details of the case are reported regularly to the Compliance Committee.

In addition, we have established rules on whistleblowing and employee employment regulations to ensure that whistleblowers and consultants are not subject to any discrimination.

## Anti-Corruption and Anti-Bribery Initiatives

As a signatory to the United Nations Global Compact, Kaneka Group has declared its commitment to “work against corruption in all its forms, including extortion and bribery,” as stated in the Ten Principles.

Our Code of Ethical Conduct stipulates that we shall strive to maintain lawful and sound relationships with political and government entities and with all our business partners. The Compliance Guidebook also provides an easy-to-understand explanation of corruption and bribery prevention.

## Respect for Human Rights

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



rights.

To maintain a workplace environment where all employees feel healthy and fulfilled in their work and where there is no harassment, we will deepen awareness and understanding among employees and make the workplace environment a more comfortable place for them to work.

# Intellectual Property

## Basic Policy

Kaneka Group secures intellectual property rights, such as patents for our R2B+P results, aiming to provide prompt solutions to help resolve social issues. All our researchers and engineers recognize intellectual property as one of the outputs of R2B+P activities and actively seek to acquire intellectual property rights for their achievements including know-how.

To respect the intellectual property rights of others and avoid patent disputes, we make sure to carry out patent searches, trademark searches, and design surveys at various stages in the business development process, such as theme proposals, capital investments, commercialization, specification changes, and brand naming, taking every possible precaution to ensure clearance.

## Promotion System

The Intellectual Property Department, which operates directly under the President, works to secure and maintain the Kaneka Group's intellectual property, which supports our business. At each of our regional headquarters in the Americas, Europe, and Asia, we have put a framework in place for assigning intellectual property specialists to respond directly to local issues. To mitigate intellectual property risks and prevent leaks of trade secrets at Group companies in Japan and overseas, we are also shoring up cooperation between the various Group companies and the Intellectual Property Department.

Based on our Corporate Governance Code, which we revised in 2021, we continue taking actions to improve our governance of intellectual property. The director in charge of the Intellectual Property Department receives reports and gives directions at monthly reporting meetings.

In addition, intellectual property strategy meetings are held once a year for each division. These meetings are attended by general managers of the division, the research division, and the Intellectual Property Department. We will continue to strengthen the linkage between our intellectual property strategy and the business and research strategies of each division, with the aim of contributing to business performance.

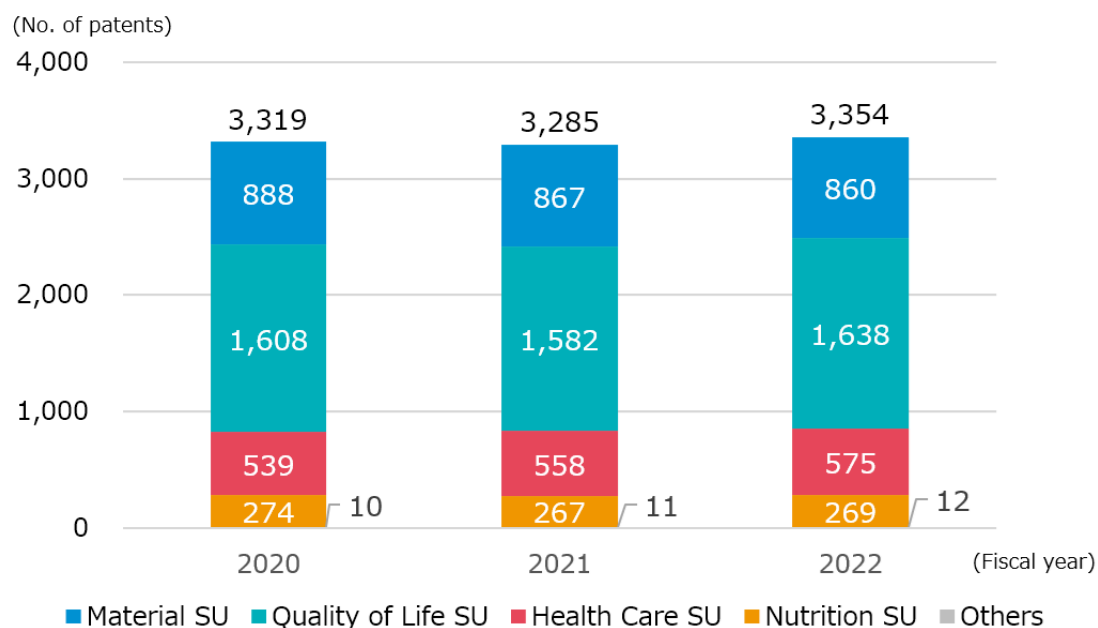
## Creation of Intellectual Property

We are actively filing domestic and overseas patent applications to secure intellectual property rights with a view toward strengthening our business portfolio. In fiscal 2022, we were newly granted 305 Japanese patents and 243 overseas patents. At the same time, we actively abandoned unused patents to manage our intellectual property expenses efficiently. At the end of fiscal 2022, the number of patents held was 3,354 Japanese patents and 3,379 overseas patents, roughly level with the previous fiscal year. We will continue to work with related departments to reinforce our intellectual property portfolio.

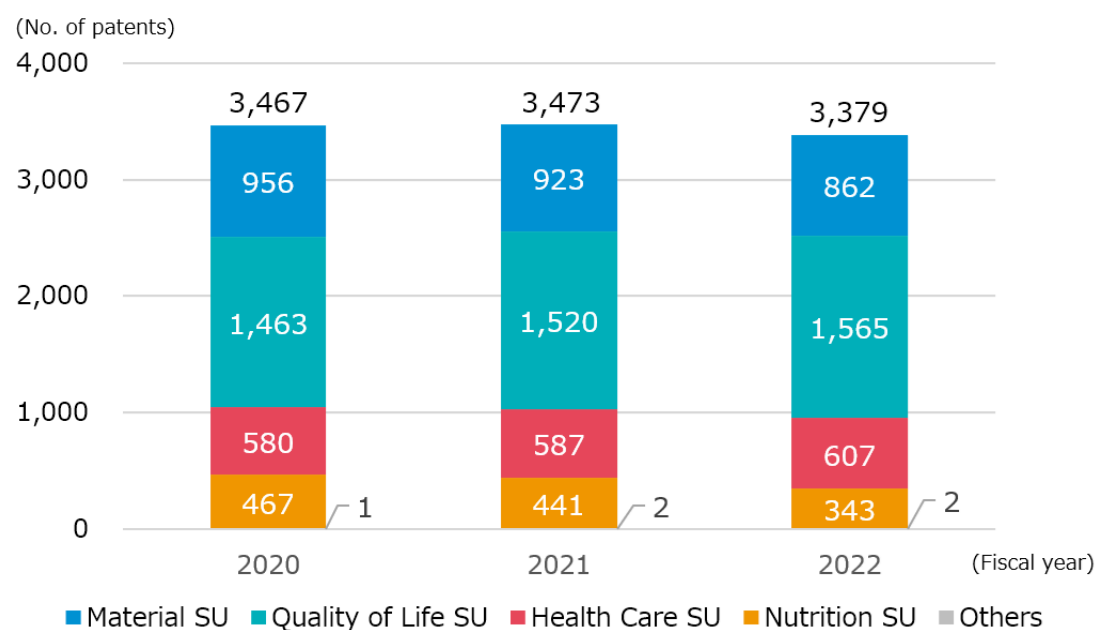
In 2019, we established an employee invention reward system for patent applications to incentivize R2B members to

apply for patents. This has led to a rise in the number of patent applications filed, helping to expand our intellectual property portfolio.


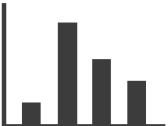
#### ■ Number of Japanese Patents Held



#### ■ Number of Overseas Patents Held



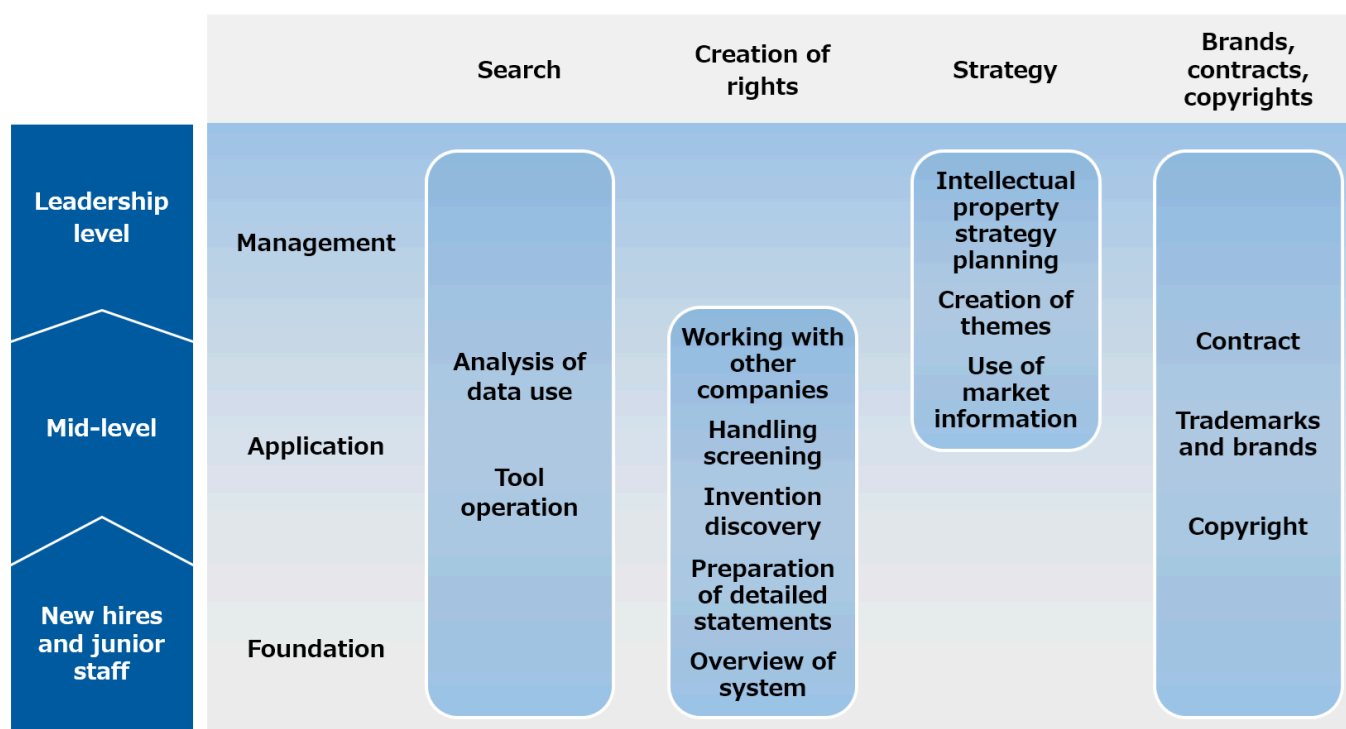
## Resources and Intellectual Property

Intellectual Property	<b>Intellectual property that leads to value creation</b> <p>In our application proposals and rights allocation, we will manage our rights in groups, identifying inventions that will be needed tomorrow and those that are needed today.</p> 	<b>Data utilization</b> <p>We collect a variety of information, including intellectual property data. Our analysis of this data will guide our decisions as we formulate strategies.</p> 	<b>Protecting technology and brands</b> <p>We will build a rights network to protect our key technologies and brands, protect our business, and continue to cultivate a culture that respects the rights of other companies.</p>	<b>Upgrading our operations through digital transformation</b> <p>We will introduce digital transformation to optimize and upgrade our intellectual property operations.</p>	<b>Collaboration between organizations</b> <p>We will deepen cooperation between Group companies and overseas sites, aiming to gather and strengthen the intellectual property capabilities of the entire Group.</p>
	<b>Developing human resources for intellectual property</b>				
	<p>We will develop human resources who can combine diverse technologies to create new solutions. In doing so, we will maintain and strengthen our competitiveness.</p>				

### Intellectual Property Activities

We focus on educating our researchers and engineers about intellectual property. This ensures that they understand the importance of intellectual property as one of the outputs of our R2B+P activities, so that they will seek to acquire rights for their achievements and actively utilize them.

Employees in charge of technology and sales, including those at Group companies, undergo the training. We prepare content on a range of topics from the basics of intellectual property to applications such as discovery of inventions and preparation of statements, and even intellectual property strategies. The materials are tailored for each organizational level, from new hires and junior employees to mid-level employees and those in leader positions. For our intellectual property education, we have prepared a wide range of programs. These programs, which include e-learning, cover areas such as search training, licensing stage training, strategic initiatives such as training on theme creation and market data utilization, and training on trademark, brands, and copyrights. We also work with external experts to develop our human resources in areas such as theme creation, data utilization, and strategy planning.



## Intellectual Property that Leads to Value Creation

In fiscal 2022, as we worked on applying for patents and obtaining rights, we focused on technical fields that aid our efforts to address areas such as the environment and energy crisis and the food crisis.

In response to the environment and energy crisis, Kaneka has acquired three patents in Europe for technologies related to the production of KANEKA Biodegradable Polymer Green Planet™. We also obtained rights in Japan and the United States for technology related to manufacturing methods that improve processes for treating wastewater discharged during manufacturing. In Japan and the US, we have acquired rights to manufacturing technology using waste liquid and other by-products from the palm oil production process. In terms of applications, we have obtained rights in Japan for the development of foam particles in Japan and the United States, and in Japan for a manufacturing method for laminates. In this way, we are working to reinforce the patents aspect of Green Planet™. In the area of hetero junction back-contact type solar cells, we have acquired manufacturing technology rights in Japan and China.

We have acquired rights for technology related to tandem solar cells in Japan. The technology combines perovskite solar cells and crystalline silicon solar cells, offering the potential for even greater efficiency.

In the food crisis area, we have been working to obtain rights for seed business. We have obtained rights in the U.S. as a result of our research into the in planta particle bombardment (iPB) method, which is highly efficient and can be applied to a wide range of crop varieties. The rights relate to an iPB method for targeting immature embryos, plant transformation methods using the iPB method, and genome editing methods using the iPB method.

We have acquired rights to development related to fermented butter in Japan. We expect that this technology can be used in developing the dairy products business in the near future.

As a contribution to the wellness crisis, we have acquired rights in Japan for molding technologies for a stent delivery catheter and a balloon with an integrated protruding member.

We have acquired rights to a new technology in Japan for the production of flow-continuous reactions of large-scale generic pharmaceutical intermediates.

## Data Utilization

### Data Utilization Initiatives

To boost the competitive strength of our business, we are promoting information analysis and information utilization initiatives such as IP landscape™. Following on from the deployment in fiscal 2021 of specialized personnel, in fiscal 2022, we strengthened our efforts by establishing a new group within the Intellectual Property Department that specializes in analyzing and using information. While sharing the importance and usefulness of data utilization by the Intellectual Property Department and business divisions, this group enables coordination aimed at developing strategies for a range of research and development and business issues. By understanding customer value and analyzing the competitive environment, we aim to improve our business competitiveness.

IP landscape™ is a registered trademark of Masayuki Shobayashi, patent attorney at Shobayashi International Patent & Trademark Office.

### Using Patent Scores

We use a wide range of patent analysis tools to review our patent portfolio, referencing the value of our published patents. In our portfolio review, we focus on the value of each patent, conducting an inventory check of the rights we hold. In determining whether we need to maintain the rights to registered patents, we tap into the insights of the Company's technology and business leaders, assess the cost of maintenance, and check the objective patent score.

## Protecting our Technology and Brands

### Information Leakage and Legal Compliance

To prevent our proprietary technology and know-how from being leaked, we provide intellectual property protection training to sales representatives. The training, which includes measures against leakage of confidential information, is provided when these staff are developing customers or providing samples. We also regularly provide training to instill respect for the rights of others and strengthen compliance with laws and regulations on copyright, covering topics such as preventing copyright infringement when creating materials.

### Protecting our Brands

To support the brand development of our mainstay products, we have acquired trademarks in countries around the world to protect the brands of global products such as KANEKA Biodegradable Polymer Green Planet™ and KANEKALON™ hair accessory products. We constantly monitor trademark applications around the world, working continuously to prevent others from licensing the same or similar trademarks. If an application for a similar trademark is detected, an objection is filed with each country's patent office, which leads to others being prevented from licensing similar trademarks.

To ensure that our trademarks are correctly used and applied in our business, we held separate trademark seminars in fiscal 2022 for sections of our organization such as business divisions that hold a large number of trademarks and the IR department.



**KANEKALON**

## Upgrading Our Operations through DX

We have started using AI tools in patent searches. For example, in our pre-application technology survey in fiscal 2022, about 20% of the survey was carried out using AI tools. Compared with searches done manually, this shortens the time frame for reporting back to the inventor. Information on competitors can thus be grasped quickly and fed back into R2B activities. We will continue to look at the features of various AI tools as we broaden the cases for their use.

R2B personnel typically keep up to date with the latest developments by searching for new patent applications by competitors. By using AI tools for classification work that had previously been done manually, they can now pass on precise information to researchers more rapidly. This promises to boost the efficiency of the team, while controlling the variations that can arise in human output.

## Collaboration Between Organizations

### Held a Joint Intellectual Property Liaison Meeting

Every year, we hold a joint intellectual property liaison meeting between personnel responsible for intellectual property in all departments. The date of the meeting, April 18, is chosen to coincide with Invention Day in Japan. At this meeting, as well as providing an update on its initiatives, the Intellectual Property Department showcases examples of outstanding work that divisions have done in their intellectual property activities. By introducing these examples to other divisions, we enable knowledge to be deployed across the organization, raising the understanding of intellectual property throughout the Company.

### Cooperation with Overseas Counterparts

Personnel in charge of intellectual property belonging to headquarters in the Americas, Europe, and Asia and Japan-based members of the Intellectual Property Department regularly meet to resolve issues and share information from a global perspective.

Going forward, we will continue to further promote cooperation between international counterparts, an activities that is aimed at solving global issues.

## Report Download

The Kaneka Integrated Report 2023 was prepared as a booklet reporting financial and non-financial information. We hope that it will help stakeholders understand the Kaneka Group's medium- to long-term value creation.

Kaneka Group is strengthening efforts for ESG management to contribute to the sustainability of the earth and the establishment of a sustainable society.


In this report, we convey our strong determination toward our mission, 'KANEKA thinks "Wellness First."' We outline how we find a healthy balance between social value and economic value creation through our business so that we can help solve social issues.


We hope that this will help our shareholders, investors, and other stakeholders deepen their understanding of our company.



### Report Download


▶ Kaneka Integrated Report 2023 Full Report (5.30MB)  PDF

I Top Message (1.86MB)  PDF

II Management Philosophy (959KB)  PDF

III Management Strategies (4.10MB)  PDF

IV Business Foundation (2.70MB)  PDF

V Appendices (1.78MB)  PDF

▶ Data Sheet 2023 (2.20MB)  PDF

For data of indicators related to climate change and environment protection from April 1, 2022 to March 31, 2023, and occupational safety from January 1, 2022 to December 31, 2022, we have received the third-party assurance by KPMG AZSA Sustainability Co., Ltd. to ensure the reliability and transparency of Data Sheet 2023. The indicators subject to assurance are marked with the “★” symbols.

Independent Assurance Report (189KB)  PDF

The above is an electronic version of items contained in the original assurance report. The original is stored separately by KPMG AZSA Sustainability Co., Ltd. and by Kaneka.



## Back Numbers of Report

- ▶ Kaneka Integrated Report 2022 (5.40MB) 
- ▶ Data Sheet 2022 (1.51MB) 
- ▶ Kaneka Integrated Report 2021 (9.16MB) 
- ▶ Data Sheet 2021 (2.03MB) 
- ▶ Kaneka Integrated Report 2020 (5.60MB) 
- ▶ Data Sheet 2020 (3.70MB) 
- ▶ Kaneka Integrated Report 2019 (6.07MB) 
- ▶ Data Sheet 2019 (0.97MB) 
- ▶ Kaneka Integrated Report 2018 (4.22MB) 
- ▶ ESG Website 2017 (5.51MB) 
- ▶ Kaneka Group CSR Report 2016 (8.01MB) 
- ▶ Kaneka Group CSR Report 2015 (15.9MB) 
- ▶ Kaneka Group CSR Report 2014 (15.0MB) 
- ▶ Kaneka Group CSR Report 2013 (8.35MB) 
- ▶ Kaneka Group CSR Report 2012 (6.11MB) 
- ▶ Kaneka Group CSR Report 2011 (5.20MB) 
- ▶ Kaneka Group CSR Report 2010 (4.41MB) 
- ▶ Business Foundation 2022 (Detailed Version) Full Report (5.26MB) 
- ▶ Business Foundation 2021 (Detailed Version) Full Report (5.68MB) 
- ▶ Business Foundation 2020 (Detailed Version) Full Report (6.20MB) 
- ▶ Business Foundation 2019 (Detailed Version) Full Report (8.10MB) 
- ▶ Data Sheet 2018 (1.0MB) 
- ▶ Kaneka Integrated Report 2017 (5.57MB) 
- ▶ The Digest Edition 2016 (14.7MB) 
- ▶ The Digest Edition 2015 (5.16MB) 
- ▶ The Digest Edition 2014 (4.00MB) 
- ▶ The Digest Edition 2013 (2.85MB) 
- ▶ The Digest Edition 2012 (4.68MB) 
- ▶ The Digest Edition 2011 (3.15MB) 

# Editorial Policy

## Editorial Policy

The Kaneka Integrated Report 2023 was prepared as a booklet reporting financial and non-financial information. We hope that it will help stakeholders understand the Kaneka Group's medium- to long-term value creation. Kaneka Group is strengthening efforts for ESG management to contribute to the sustainability of the earth and the establishment of a sustainable society.

## Reporting Organizations

The scope of reporting includes Kaneka and its consolidated group companies in Japan and overseas. However, the scope of data concerning Responsible Care activities covers Kaneka and 63 Group companies (47 in Japan and 16 overseas).

### ▶ Reporting Organizations

In this document, Kaneka Corporation is referred to as “the Company” or “Kaneka” and Kaneka Corporation and its group companies are referred to as “the Group” or “Kaneka Group.” Where the text refers only to “Group companies,” this does not include Kaneka Corporation.

The totals of figures presented in tables and graphs may differ due to rounding. Some items contain revisions to data from previous years.

## Third-Party Assurance

For data of indicators related to climate change and environment protection from April 1, 2022 to March 31, 2023, and occupational safety from January 1, 2022 to December 31, 2022, we have received the third-party assurance by KPMG AZSA Sustainability Co., Ltd. to ensure the reliability and transparency of Data Sheet 2023. 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 2023 (2.2MB)  PDF

▶ Independent Assurance Report (189KB)  PDF

The above is an electronic version of items contained in the original assurance report. The original is stored separately by KPMG AZSA Sustainability Co., Ltd. and by Kaneka.

## Period Covered

Fiscal 2022 (April 1, 2022 to March 31, 2023). In some cases, reporting covers activities before or after fiscal 2021.

## Referenced Guidelines

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

- GRI Standards
- Environmental Reporting Guidelines 2012 of the Ministry of the Environment
- Environmental Accounting Guidelines 2005 of the Ministry of the Environment

## Cautionary Statement Regarding Forward-looking Statements

The forward-looking statements in this report are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable. Such statements do not constitute a commitment by the Company that they will be achieved. Actual results may differ significantly due to various factors.

## Inquiries

Kaneka Corporation  
ESG Integrated Report Bureau  
2-3-18, Nakanoshima, Kita-ku, Osaka 530-8288, Japan  
Tel: +81-6-6226-5091  
Fax: +81-6-6226-5127

# Reporting Organizations

## Reporting Organizations

This report covers Kaneka and 63 Group companies (47 in Japan and 16 overseas) 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, facilities>

- 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
- Takasago Distribution Center
- Training facilities, welfare facilities, dormitories, company housing

#### <Offices>

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

### 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 Kasei Kogyo 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 (17)>

- 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.
- N. J. F. CORPORATION
- GeneFrontier Corporation
- Kaneka Your Health Care Co., Ltd.
- SC Housing System Corporation
- Kaneka Hoken Center Co., Ltd.
- Kaneka Techno Research Corporation
- Kaneka Creative Consulting Co., Ltd.
- KM Transderm Ltd.
- Biomaster, Inc.
- Kaneka Hokkaido Co., Ltd.

## Overseas Group Companies

### <Manufacturing Companies (16)>

- 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
- Kaneka (Thailand) Co., Ltd.