

Sustainable Solutions
for an Evolving World.

Kaneka Integrated Report 2024

kaneka

1-12-32, Akasaka, Minato-ku, Tokyo 107-6028, Japan
Tel: +81-3-5574-8000 Fax: +81-3-5574-8121

2-3-18, Nakanoshima, Kita-ku, Osaka 530-8288, Japan
Tel: +81-6-6226-5050 Fax: +81-6-6226-5037

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Kaneka Integrated Report 2024



The Dreamology Company

—Make your dreams come true—

Trial & Error experiment driven company

KANEKA thinks “Wellness First.”

Kaneka contributes to the sustainability of the earth, develops its business in a “wellness-first” direction, energizes people, adds vibrancy to business, and helps build a happier society.

To make the world more wellness-first.

Kaneka takes an innovative approach to science, and seeks to fulfill people’s dreams by offering a wide variety of solutions.

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We Must Never Stay in the Same Place, Even for a Moment



Kimikazu Sugawara
Chairman and Representative Director

I. The World Is Eagerly Awaiting You More Than Ever Before

0. Introduction

Ideas are determined by one's point of focus.

In business, where should you focus your attention?

How should you approach the point you're focusing on?

I am writing to convey the insights into how we try to spark ideas in a way that is unique to Kaneka.

The Kaneka brand is a sign of trust.

Relationships based solely on the buying and selling of products cannot be sustained.

"I want to be of help to you!"

We will convey this expression of our intention through our products and services.

This desire to be of help will lead to building bonds with those around us by moving people, material and products as part of our business activities.

Our goal is to become a trusted brand that is based on relationships of trust, where people say, "I can't do it without you!"

We want to build long-lasting, sustainable relationships based on trust.

Words are living things.

If we can convey Kaneka's way of life, including how we see, think, and move, that would be great.

1. Change

Who are we, and where are we headed?

"A company that makes wishes come true through science and technology"?

Kaneka is thinking 24 hours.

Of all the things I thought I should convey here today,

I decided on "The world is eagerly awaiting you more than ever before."



Management is about recognizing the changing times.

The keyword for the 21st century is probably “change.”

On a related note, the British magazine “The Economist” has listed “Donald Trump, technology and radical uncertainty,” and “Broader disorder” as its keywords for 2025.

They have discerned the anxiety and instability of our times, and have unearthed the substance of the century of change.

What a fitting description.

We work to “change” every day.

Let’s raise the resolution and take a look at the workplace.

There are two types of people in the world.

There are those who can deal with a choke point immediately and those who cannot.

The latter cannot take action until all the details have been further investigated.

In other words, this is the type of person who can’t progress unless they clear each step one by one.

These people have no tolerance for uncertainty.

This may be a national trait common to many Japanese people.

What is important is to be a “Change Creator,” not a “Change Thinker.”

We are “Change Creators.”

We work to “change” every day.



2. Tradition Is a Series of Changes

Traditions become traditions through repeated change.

We live in an age of change and where individual values are respected.

Only companies that have both a long tradition and history as well as modern values of innovation will manage to survive.

How do you maintain balance between those things that will never change and those that change with the times?

At Kaneka, we are thinking 24 hours about how we can change.

You can find different methods by looking at things from the opposite side.

For example, how about thinking like this?

Even in situations you have no experience of or situations you didn’t expect, don’t stop thinking.

Change your perspective. Constantly ask yourself, “Is there another way?”

Look at it from the opposite perspective. Question all preconceived notions.

Choose an approach that differs from social norms.

Think of failure as a path to success. Take on challenges with a burning sense of curiosity.

I think that “things that other people don’t do” are wonderful.

Here’s how such people behave.

Let’s play it by ear!

Act like you’re in a jam session and don’t look at the sheet music.

Emphasize flexibility and improvisation.

Go with the flow!

Act flexibly while keeping an eye on the situation.

Tolerate ambiguity!

Be positive, even if things are unclear.

Everything starts with curiosity and courage.

Curiosity and courage are like muscles. They can be trained.

However, if you don’t continue to use them, you won’t be able to maintain them.

You can’t become a curious person unless you make it a habit.

Without courage, it is impossible to step into the unknown future.

Brave for change!

We strive to create a workplace with a culture like this.



3. Kaneka Way / Kaneka Spirit

The ability to continue learning.

A requirement for being a Change Creator is to possess a “strong desire to continue learning”.

While firmly committed to a big goal, vision, or change, we will change direction as needed to achieve it.

The ability to move in such a resilient way.

True success and change are often accompanied by setbacks, course corrections, and periods of stagnation.

By clarifying the “why” and being flexible about the “how,” we can pivot with confidence.

Here is a famous quote from Mahatma Gandhi.

“Live as if you were to die tomorrow. Learn as if you were to live forever.”

Dynamic change between before and after

As a Change Creator, Kaneka is currently working on several Moonshot Projects that will dynamically change the “before” and “after” in the field of life sciences (*1).

Never give up! Never stop!

We call this the “Kaneka Way” or the “Kaneka Spirit”.

*1 See “This is the new frontier created by chemistry” on page 16.



4. Human-Driven Management to Create One’s Own Story

“I Wake Up Every Morning to Dream” (*2)

In the previous integrated report, we cited an excerpt from an interview with Haruki Murakami in the opening caption.

I decided to choose it because I was inspired by his ideas, which are full of paradoxes and metaphors that make his writing so appealing.

There are no limits to life unless you create them.

So...

For this report, I have decided to include a poem by Shuntaro Tanikawa called “*Hitori, Hitori*” (One by One) with some special thoughts of my own.

Like the previous integrated report, this one is also rooted in praising humanity, with the theme “work and life are about creating your own story”.

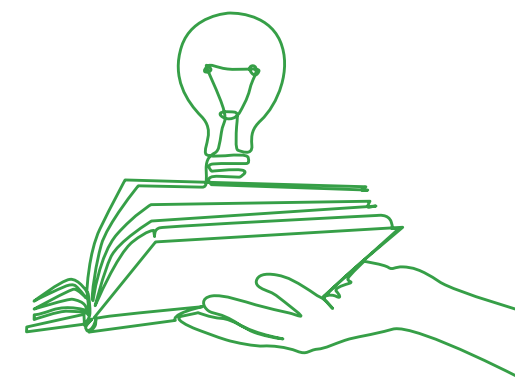
There are no limits to life unless you create them.

This so-called “human-driven management” is the substance (theme) of the integrated report in 2024.

The irony contained in Mr. Tanikawa’s poem, “*Hitori, Hitori*” is actually an ode to humanity.

In a world where we are forced to be alone and the meaning of being with others is deeply complicated, I wish to look at the whole picture with a wide-angle lens (like Mr. Tanikawa) and express “human-driven management”.

*2 Haruki Murakami, “I Wake Up Every Morning to Dream: Haruki Murakami Interview Collection 1997-2011,” Bungeishunju (Bunshu Bunko), 2012



5. Poem “*Hitori, Hitori*”

Last year, Shuntaro Tanikawa passed away.
He will be missed.

Each person
has different eyes, nose and mouth.
Each person
looks up at the same blue sky.

Each person
has a different face and name.
Each person
sighs in a similar way.

Each person
lives a different little story.
Each person
is swallowed up by a big story.



This is an excerpt from the picture book “*Hitori, Hitori*” (*3).
(Poem by Shuntaro Tanikawa; Illustrations by Chihiro Iwasaki)

Mr. Tanikawa was a philosopher who conveyed profound things in simple words

Shuntaro Tanikawa’s poetry, which is so evocative of our age of loneliness and anxiety, is synchronized with the gentle illustrations of Chihiro Iwasaki, and it gives us a sense of quiet courage.
He acts as a guide to a wonderland where he delivers the sparks of surprise and emotion to us, letting his words soar freely like a bird.

*3 Shuntaro Tanikawa (Poem) and Chihiro Iwasaki (Illustrations), “Hitori, Hitori,” (Kodansha), 2020

His words will surprise you, impress you, make you giggle,
and even move you to tears.
Mr. Tanikawa was a philosopher who conveyed profound things in simple words.

6. I Want to Drill a Hole.

Making a living out of things you can't see.

I was wondering why I chose Shuntaro Tanikawa,
and then I realized that he works with things you can’t see.

If I am too focused on “what I can see” in management,
I will create my own internal limitations.
I want to make a living out of the things I can’t see,
and progress in my own unique direction,
with sensibilities like Mr. Tanikawa.
And I want to place importance on appreciating the “overall landscape.”

What lies beyond the horizon.

Make your next move smoothly and flexibly, in any direction.
This is how I want to move forward and help Kaneka grow.
Chasing after what lies beyond the horizon.

Do things immediately,
do things without fail,
do things until I can do them,
and take action when others don’t.
Because management is about getting things done.

What I want is not a drill, but to drill a hole.

7. The World Is Eagerly Awaiting You More Than Ever Before

Discover the future!

Dynamically transform Kaneka's portfolio.

"Change" is what Kaneka is striving for.

We are managing our portfolio with an emphasis on the following three points.

- Purpose (soulful commitment)
- Practice (serious engagement)
- Publish (outward communication)

Here's how the story goes.

Above all, the "areas where no one else dares to tread" are the hidden gems that will create Kaneka's future.

First, we must explore new possibilities in a way that is unique to Kaneka.

We must take the first step as if we were casting a fishing rod.

Only by thinking while acting will you be able to truly see the world.

By planting seedlings and watering them, we are building the architecture of the future.

It's not a question of, "What will the future be like?" but rather,

"What will we do with the future?"

If I wasn't hard, I wouldn't be alive.

If I couldn't ever be gentle, I wouldn't deserve to be alive.

As I was quietly reciting Mr. Tanikawa's poetry, I suddenly thought of the words muttered by Philip Marlowe, a detective who appears in Raymond Chandler's novels.

You don't do something because it's easy.

You do it because it's difficult.

8. Imagination Is the Power to Dream

Creativity Is the Power to Make Dreams a Reality

We must never stay in the same place, even for a moment.

One thing I am always asked to do is to create new business models that will differentiate us from others.

From small routine tasks to management and marketing issues, we can't afford to stay in the same place, even for a moment.

However, it is important to be aware of the pitfalls of information.

No matter how much information you gather from the Internet, such as from social media or Google, if that information is available to everyone, there is no way to differentiate yourself.

Strengthen your ability to dream.

Stop trying to be a perfectionist.

As such, perhaps the most important thing to be conscious of is the "ability to imagine things that cannot be seen".

To do this, you need to exercise your "ability to dream" in the same way as you would work out your muscles.

Here are the best practices.

Rather than paying attention after the sprouts appear, it is important to find the seeds before they sprout.

By the time you notice the sprouts, many people would have already known about them. Even if you focus on the flowers as they bloom, there will already be many people gathered there. This is an example of the red ocean strategy.

We must act based on our predictions of what kind of flowers will bloom from the seeds. That way, we can get ahead of everyone else.



The most capable researchers are experimenting the most through trial and error.
They are desperate to find various possibilities and new relations.
They try many ideas and obtain the very best.
Because they overcome their struggles, they are able to experience the pleasure of making their own discoveries.
The point is not to find the right answer, but to “discover something through your own experiences and struggles.”
Stop trying to be a perfectionist.

I wonder what this is, it's interesting, it's strange.

Everything that stimulates the five senses is information.

Ideas can be found all around us.

For example, when walking around town, there might be times when you see something and ask yourself, “I wonder what that is?”

You might have a conversation with someone and think, “That’s interesting.”

This kind of analog awakening that you pick up intuitively is an antenna that allows you to discover new things before anyone else.

The important thing is to be sensitive to the encounters you have in your everyday life.

That’s strange. I wonder why. I can feel it.

Chasing your dreams.

However, this can be a challenge.

In a sense, it is a matter of constantly keeping a close eye on the changes of the times and continuing to follow them.

This is because we are constantly updating our understanding of the changing times.

I wake up every morning so that I can dream while shaving my beard.

The ordinary discoveries of the world’s mysteries can be the remarkable gateway to serendipity.

Creativity is the power to make dreams a reality

Let’s start from the beginning.

Those who are referred to as “artists” are people whose job it is to conceive of what things should be like and to view the current situation critically.

And artists value inspiration.

In other words, art is stimulated by “something beyond the five senses” and grasps its true form through backcasting, then analytically dissects the present.

This is essentially the ability to set out challenges in business.

Art has become an indispensable way of thinking about business planning and future creation.

The power of creativity in art is the ability to make dreams a reality.

That’s why the entire world is taking notice.

A desire to discover things through your own senses and creativity.

By the way, I would like to say something despite the risk of being misunderstood.

There is no right answer in creation.

The same is true for business.

It is said that humans live their lives with 20% rationality and with 80% irrationality.

It is emotion, not logic, that moves people.

Art is always flexible and open to change.

I am proud that Kaneka is a place where people who ask questions like artists (rather than those who provide answers) come together.



9. Show Your True Colors

Kaneka Is a Human Driven Company

I repeat, the ultimate goal of our work is to differentiate ourselves.

It's about creating a difference from others.

You should always be asking yourself how you can show your true colors and express your individuality.

It has no shape.

It comes from having a deep, passionate inner feeling that makes others feel, "You may say strict things, but you are always warm and empathetic. You truly care about me."

Your individuality becomes your unique color and style.

It's all about people.

We drive growth by enhancing corporate value through personal growth.

The captain of the ship unites the feelings of the crew to create a winning momentum.

10. Diversity and Human-Driven Management

Unique ideas are determined by how differently you can see things compared to other people.

You can make new discoveries depending on where you are looking, the angle you are looking from, and your point of view.

People who make it a habit to see things from a wide, deep and distant perspective are those whose point of view is constantly shifting.

The same goes for an organization.



We want to create new value through the hands of our diverse employees, who are not bound by attributes such as gender, age, nationality, or educational background.

Unique work schemes are created from groups with diverse personalities.

Diversity of ideas.

I want to amaze the world with their creativity.

I work with this in mind.

My job is to be a stage director that brings out their improvised performances.

We are actively promoting the hiring and promotion of women.

The aim of diversity of ideas is to expand opportunities for women to play an active role.

"Gender equality? Why should us women, who are superior, have to lower ourselves to men and be equal with them?"

Perhaps these words from Yoko Ono epitomize this era.

The achievements of women are truly remarkable.

11. Life Focus Management & Chemistry of Life

Before we are no longer able to live on the Earth

Life on Earth, our lives, and all life phenomena can be described in a common language called chemical reactions.

This is why Kaneka's management policy is to research the "mysteries of life" and support a society that nurtures life.

"Life focus management" is the purpose that is at the root of Kaneka, the "Dreamology Company —Make your dreams come true."

This is because our understanding of the universal truth that "life is a chemical reaction" is at the root of it all.

This is why animals, plants, and the Earth are the main characters in this integrated report.

Chemistry of life

Life and the Earth are connected as one.

If the “critical point” is exceeded, the situation could lead to dangerous climate change and mass extinctions.

In order for humans to survive as a “species,” we require a “chemistry of life” that changes our thinking patterns, zooms out, and reexamines the entire “Earth and all life on it” from the perspective of life on Earth.

The various research conducted by Kaneka may appear different, but they are all connected to the big “life,” that is, life on Earth.

The new frontier created by chemistry

We are shifting our management resources to life sciences.

We want to make the big “life” of “life on Earth” healthier through chemistry!

Kaneka’s “biomanufacturing,” such as the biodegradable polymer Green Planet™, genome editing technology, biopharmaceuticals, regenerative and cell medicine, organic dairy products business, supplements, and fermentation culture process technology, PV technology, and medical devices are all connected to the big “life,” that is, life on Earth.



12. Trust People & Mutual Respect

“Trusting colleagues and respecting differences” has been a Kaneka tradition spanning 70 years.

We will revitalize a culture in which customers and colleagues work together as one team with a sense of trust and respect.

I can’t do it, it’s impossible for me.

Say goodbye to such negativity.

Let’s go on a limitless adventure using positive thinking.

13. Glocal: Connecting Global and Local

The world is our main field of action.

The domain in which our diverse employees play an active role is the global stage.

Adventures on a global scale can be like stepping into someone else’s shoes.

There are countless different shapes and sizes of shoes in the world.

By stepping into those shoes, it will allow you to see the world through someone else’s eyes.

Only when you walk in those shoes will your business start to make progress.

We refer to this as “glocal”.



14. Carbon Neutral/DX Initiatives

We made the decision to stop using coal boilers.

We aim to reduce GHG emissions by 30% by 2030, and achieve carbon neutrality by 2050.

We will continue to work on reducing energy consumption through fuel conversion and process innovation for our own power generation facilities.

We are also working on a company-wide digital platform concept using the latest digital technology to promote operational innovation in research and development, sales, SCM, and back-office operations. Through these efforts, we will create new values such as “creation of new businesses” and “transformation of work culture.”

Gratitude and Prayers

The god of management is in the details.
Each and every thing that happens in the field,
each and every change in each and every person in the field is management itself.
Management is about shining a light on the details
and moving the whole thing forward.
I believe that it means to go back and forth between the entirety and the parts,
and to adapt to change.

Nothing would make me happier than for you to read this report and understand the relationship between the entirety and the parts of management.

Over the past year,
we have also been engaged in “Human-Driven Management.”
I am reporting this with gratitude and prayers for all of you.



II. Plan: “Initiative 25”

This is what is known as a mid-term plan.

We at Kaneka have started planning by backcasting from the future to ask ourselves what we should be doing now.

The duration of the plan is three years (2025-2027), but we will cut into the “now” of the plan and narrow down the issues.

We have summarized the ideas we came up with for “Initiative 25” and the messages we sent internally.

Discover Future
- Go 100 years -

Opening Statement

Before We Are No Longer Able to Live on the Earth

Ambitions to Be Cherished

- Life Focus Management : Chemistry of Life
- Wellness First : Ode to Humanity Health Management
- Human Driven Company : Diversity

Who Are We and Where Are We Going?

The World Is Waiting for You More Than Ever Before

i . “Life Is Either a Daring Adventure or Nothing at All.” (Helen Keller)

1. Leap toward tomorrow. Go big.

There is a goal that you can see.

But do you have future dreams?

Helen Keller’s words directly strike each and every one of our challenges that we must face in “Initiative 25”

If you choose “to do nothing”,

you are undoubtedly on your way to a “sickness unto death”

Let’s take our thinking to another level.

- | | |
|----------------------------|----------------------------------------|
| Discover Future | Leap Toward Tomorrow |
| Stay Positive, Stay Hungry | Change Is the Only Option |
| Change & Create New | Discard Courageously, Choose a New Era |

2. Change. Let’s pivot to change. Die or Change

Planning is about deciding “how you live.”

Look at those who are always fixated on adjusting to change.

They are caught in a whirlpool of change, unable to see where they are.

The 21st century is truly an era of “Die or Change”



Let's have faith in who we are tomorrow.
It's time to decide how you want to live.
The future is your story that you create.
Let's call the future our plan.
Stand firm on your pivot foot and let's pivot to change.
Ambitions.
Ambitions create change.

3. Backcast the epic vision

In order to survive in a time of uncertainty,
"Initiative 25" will backcast to determine
how we should live.



- (1) Draw a big picture. Renew our vision.
 - (2) Decide on a goal based on the new vision.
 - (3) Structure issues by backcasting from the goal.
 - (4) Edit the structured issues and the gap between the goal into bold mechanism, fill in the gap. This is the plan.
 - (5) Complete the action plans without fear of failure.
- The "initiative" is the actions that fill in the gaps.
*Why don't you try drawing using a sketch?

Is there a vision?

Is there a goal?

An initiative without a vision or a goal is a fake initiative.

A passionate vision for the future.

Let's take a closer look at "your narrative," a story filled with epic vision.

4. Plan for coincidences. Make your own guess

A plan is about finding the fabulous "what ifs."
It's about planning coincidences.
Coincidences can be planned.
The process is called "serendipity".

Let's "make your own guess" like a fisher or a hunter.
Good planning is a way of "hunting" for favorable outcomes from favorable coincidences.

To tomorrow, to tomorrow.

We encounter coincidences by being immersed in it.

Your passionate dreams and ambitions will turn today's bad luck into tomorrow's serendipity.

It's you who moves mountains.

5. Who are you? You are an idea craftsperson making guesses

How do you know if it is a good fishing spot?

When fishing, fishers gradually identify the area where fish are likely to be found based on their experience, such as "there seems to be fish around here,"
"in the morning there usually aren't many fish in this area,"
or "if this spot doesn't work, it's better to move over there."

This approach is based on hypothetical thinking, using hypotheses based on one's own experiences and investigations.

A hypothesis is used to identify focus points from among many possible points.



“Initiative 25” is a process of narrowing down the issues and predict good fishing spot by zooming in and out highly, broadly and deeply.

Planners are the fishers and hunters who come up with the ideas.

They’re idea craftsperson making guesses.

6. Where will “Initiative 25” lead us?

“Initiative 25” is a process of creation.

It is a “limitless treasure box” filled with curiosity and dreams.

It is a base for birds to fly freely.

There is an abundance of good things out there.

Backcast and change the present from tomorrow’s goal.

Never give up, never give up, never stop!

Fortune comes wearing the mask of hardship.

7. Let’s stick to our promise

A plan is a promise.

We must set out to fulfill what we promised.

Let’s stick to our promise.

Let’s execute our promise.

Let’s realize our promise.



ii . Are You Answering the Right Questions?

1. Choose the real issues

Those who are good at setting up focus points solve problems with overwhelming speed.

Their results are so outstanding. Why is that?

That’s because they are selecting the right questions to answer.

The right questions here are the focus points.

Those who select the wrong focus points at the beginning will tackle the wrong questions.

Naturally, the boat drifts.

2. Work has deadlines

No matter how much effort you put in to find the answer, you’ll never find the answer if you are solving the wrong question.

You’ll never get to the island you’re aiming for.

You have to set up the focus point again. And start all over again.

What is the point?

It is that work has deadlines.

Which means that setting the focus point at the beginning is an extremely important key to getting the answer within the deadline.

All the “this and that” are not a plan.

Find a way out of all the “this and that.”

Let’s identify the real issue hidden behind all the “this and that.”

It’s about zeroing in on the underlying issues.

If you set up the focus point correctly, you can discard a lot of irrelevant distractions that you don't have to think about.
This is the benefit of issue-centered thinking.

3. Enter through the correct entrance

Solving the real issue.
That's the biggest focus point in "Initiative 25".
Are you answering the right questions?
Choose the correct story over the correct-looking answer.

The story you chose, is this the real issue?
Let's humbly ask ourselves "Why?" five times.
Then you'll see the root cause.

iii. Transforming "Craftspersonship" into a "Mechanism"

1. Connecting the dots to conceptualize and structure the entirety

Kaneka is a forest that continues to change and grow.

Winning in technology, winning in business.
That is what making a "Craftspersonship" into a "mechanism" is about.
Create a blueprint for the entire business with big concepts.
Connect the dots of individual tasks and tie them together by big pictures.
One entirety, one system.
Let's factor strategy into tactics.

The integrated total system is the "mechanism".



I don't want a drill, I want to drill a hole.

Exciting: Does the image of the future make your heart dance?
Unique : Is Kaneka's character tightly woven in?
Can do : Do you and those around you want to do it and believe it is possible after hearing about it?

2. Let's make "Shu-Ha-Ri" a part of our daily lives

"Shu-Ha-Ri" has been the basic form of the Kaneka Way, the Kaneka Spirit.
Shu: Learn the basics (kata) of traditional Craftspersonship
Ha : Apply the kata
Ri : Add originality and ingenuity to the kata and pursue your own unique style
Learn the forms in "Shu", break them in "Ha", and transcend to new heights in "Ri"

Let's reconfirm. Practicing "Shu-Ha-Ri" is the essence of "Initiative 25".

- 1. Are you not only learning the "kata" in your workplace but also making it a routine to take on new challenges beyond the boundaries of the "kata"? It is the encouragement of breaking the kata (out of box). Innovation ignites.
- 2. Next, are you putting the innovations created in the workplace into a new "kata"?
Are you scaling it up?
- 3. And are you replacing old "kata" and wisdom with new ones?

Define "Shu-Ha-Ri" as an ambition.
Let's promote rebirth from old to new.
Let's expand "Craftspersonship" to "mechanisms".



iv . Place Culture Front and Center in Management

Kaneka Way, Kaneka Spirit

Imagination is the power to dream.

Creativity is the power to give shape to dreams.

We are “Change Creators,”

not “Change Thinkers.”

Always do what others are not doing and challenge something new.

That is the Kaneka Way and Kaneka Spirit.

We will pass this power on to the next generation and the generation after that.

Also, foster a culture in which management and employees share an awareness of the status quo and a common vision.

All employees must become one team,
communicate, and get outside of the box.

We will evolve the Kaneka Way and Kaneka Spirit in this way.



v . Discovery Driven Planning

1. Let's think while running

Technological innovation is remarkable.

New innovations are appearing one after another all the time.

What we were so sure to be stable undergoes radical change.

The given business premise is being broken down in a blink of an eye.

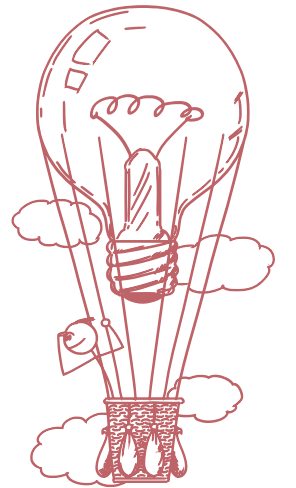
We can't make a plan with the conventional idea that we know what the future holds.

But that doesn't mean we should just take off running with anything and everything.

Let's rethink the plan as we run through the process of trial and error.

Leap before you think.

This is discovery driven planning



2. Write a script that is extreme and flexible

When it's time for a change of strategy, it is better to start the story with an “extreme”

Plan A is an alternative scenario where 100% of the targeted goals were achieved.

Plans B and C are realistic scenarios with considerations of risks.

“Initiative 25” is Plan B or C.

For Plan A, let's leap extremely.

Like the pendulum on a clock, if you swing the pendulum to the extreme, you can broaden the scope of your plan and see the realistic scenario.

Innovation comes from “the edge of chaos”

Chaos is caused by a combination of unpredictable things.

Chaos created in an indecipherable paradigm shift is an opportunity.

Let's refine our sensibility and create a plan that is not an extension of the conventional one.

Only companies that can shift strategies from the scene of chaos will survive.

vi. Show Your True Colors. The One Who Persistently Thinks Wins!

A few closing remarks.
First, ask yourself this question.
Believe in your true colors and make work more interesting.



Let’s believe.
Always try to express yourself.
There may be many ups and downs.
They may be small things.
By doing so, you can naturally create the life you want and
the work that excites you.
Begin small, create big!

Creativity never runs dry. The more you use it, the more it overflows.
Repeat again.
“Initiative 25” is a process to accomplish the promises we’ve made.
Those who don’t give up and are persistent will win.





“Declaration of Kaneka United”

1
Corporate
Philosophy

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.

2
Corporate
Ideals

Toward an Even More Impressive and Productive Future
Hold in your hands the future you have always dreamed of. We are a highly perceptive and collaborative value-creating group or, as we like to say, a “Dreamology Company.”* We want to look at the future from the same perspective as our customers. The future that Kaneka visualizes is one that connects us with our customers.
* “Dreamology” is an expression coined from ‘dream’ and ‘ology’ (science). Our “Dreamology Company” is a “highly perceptive and collaborative value-creating group.”

Five
“ties”

1. Tie to the future	As a research and development company brimming with creative energy and passion, we will create future-oriented businesses that leap beyond current market needs and back them up with new product development, thus protecting the global environment and contributing to the quality of life.
2. Tie to the world	We are determined to become a truly global enterprise with diverse human resources working together on a global scale. Our presence will be felt in markets around the world, including newly emerging ones.
3. Tie with value	We are proud of our unity and identity as the Kaneka Group and will take on the challenges of value creation and business innovation through close collaboration.
4. Tie for innovation	We will never cease to pursue innovation, fusing wisdom from both internal and external sources without getting caught up in organizational compartmentalization and conventional ways of doing things.
5. Tie with people	We in the Kaneka Group believe that the wellspring of corporate growth resides in human resources and will continue to seek innovation as we cultivate and nurture our valued employees.

In 2018, Kaneka Group established the ESG Charter, aiming to evolve its ESG management.

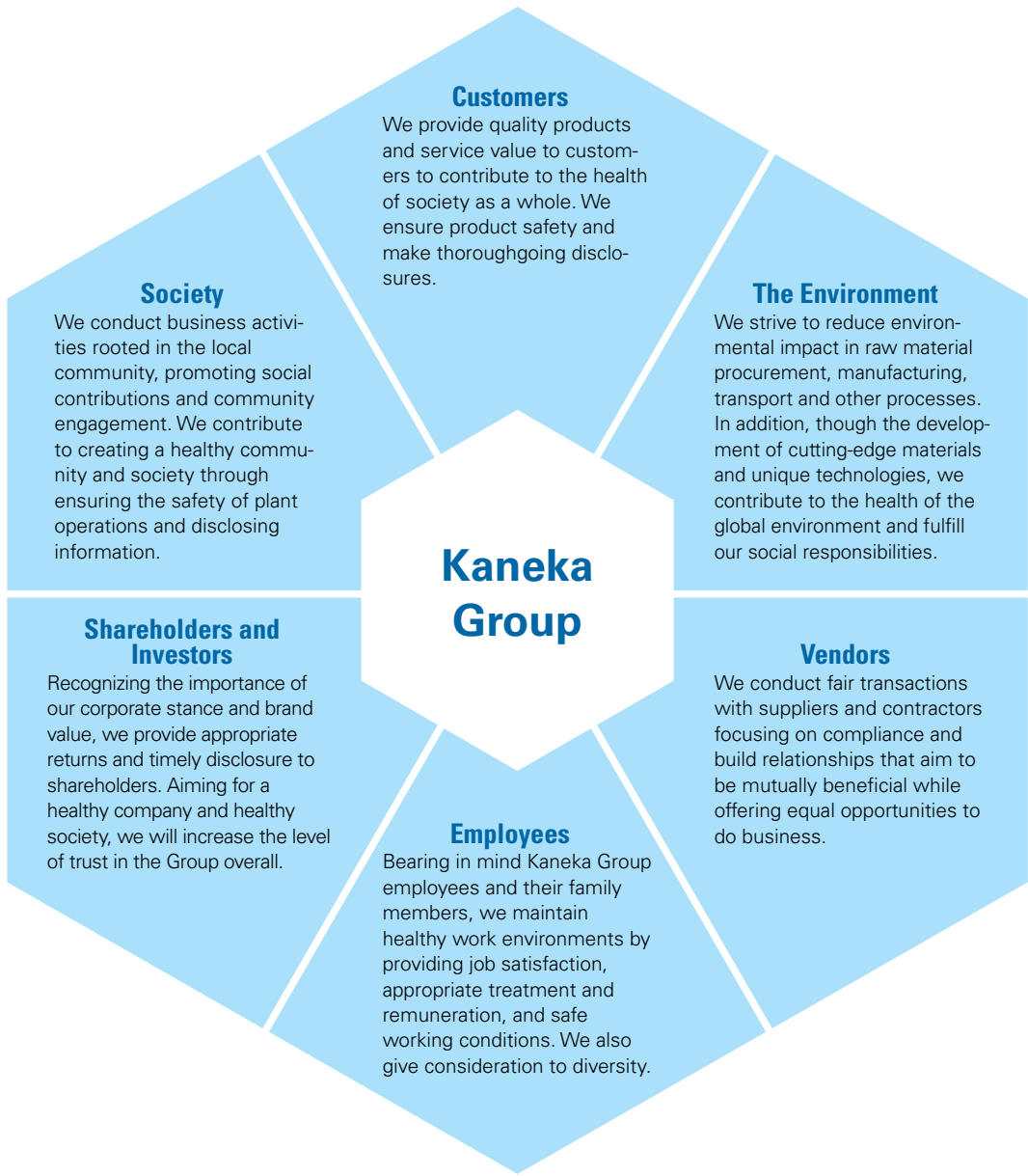
3
ESG Charter

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.

As good citizens, we look towards the same future as all stakeholders from the same viewpoint.

Based on the “Declaration of Kaneka United,” we provide valuable solutions through our mission of Kaneka thinks “Wellness First.”



WE SUPPORT



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.



Purpose Management and Three Value Drivers

The backbone of our innovation consists of two management systems: “Kaneka Tower” and “Triple package as management system transformation.”

Kaneka Tower

Key basic structure of our management model
– Its viewpoint and perspective (what is valued) –

【Purpose】

Ability to grow tall

Kaneka as a “Trial & Error experiment driven company”

- ESG management
- “Wellness First” health management

【Value①】

Inner strengths

1. Diversity

Broad business domains / Diverse range of technologies / Global corporate activities / Diverse workforce

2. Shift from materials to solutions

3. Serve as an interface between markets and technology

4. From small to big

- Start small and grow big
- Cell division through clustering
- Born small, Grow Big!!

5. “Kaneka 1-on-1”

Facilitate personal growth through employees’ job performance

【Value②】

Outward strengths

1. Advance transculturation from a global perspective

2. Bring out uniqueness

3. Ask “Are we playing a useful role?”

- Solution provider that provides solutions by structuring customer needs

4. A leader who will face challenges (a person with an edge)

- A leader who will influence people
- A team that will unite to tackle issues

5. Open innovation

【Value③】

Frontline execution

1. Every value is created on the frontline

Think by seeing, hearing, and touching on the frontline to make decisions

2. Emphasize Value Communication to link the frontlines together



Don't Forecast the Future, Plan It

Demonstrate Adaptability

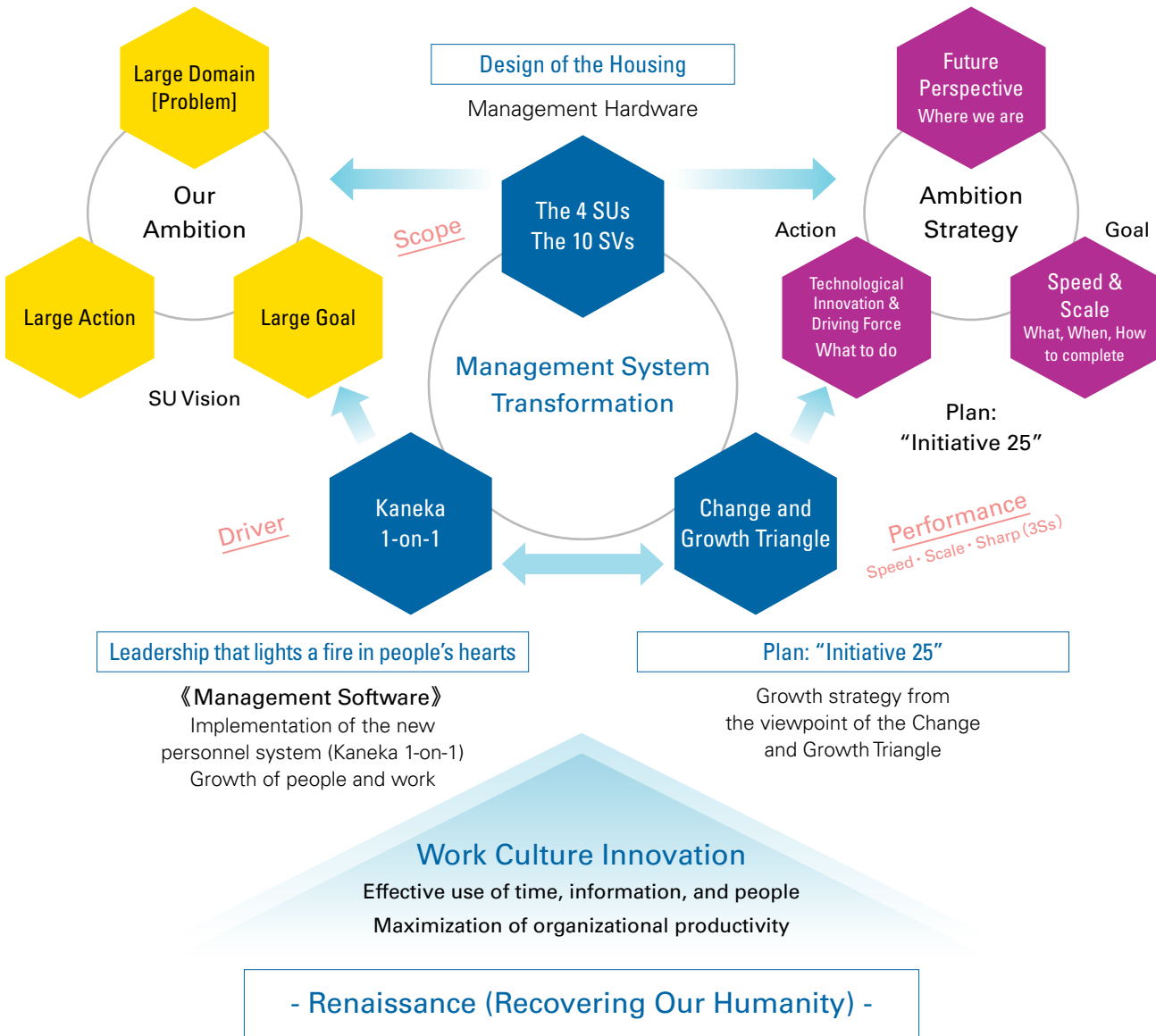
Trial & Error experiment driven company

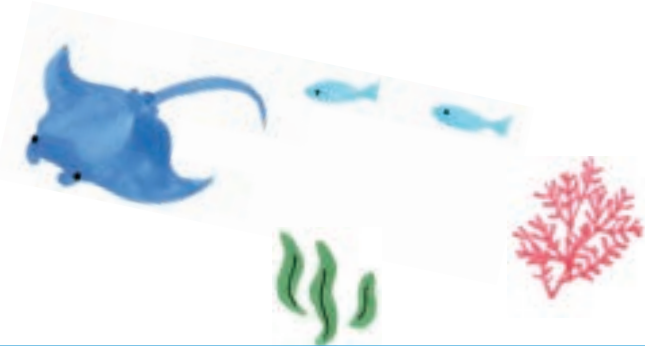
We try new things without fear of failure.
We enjoy answers produced from accumulated experiments.
We continue to be a “Trial & Error experiment driven company,” creating unique solutions.



Management System

Triple package as management system transformation
Further accelerate transformation to a solution provider based on a new management system



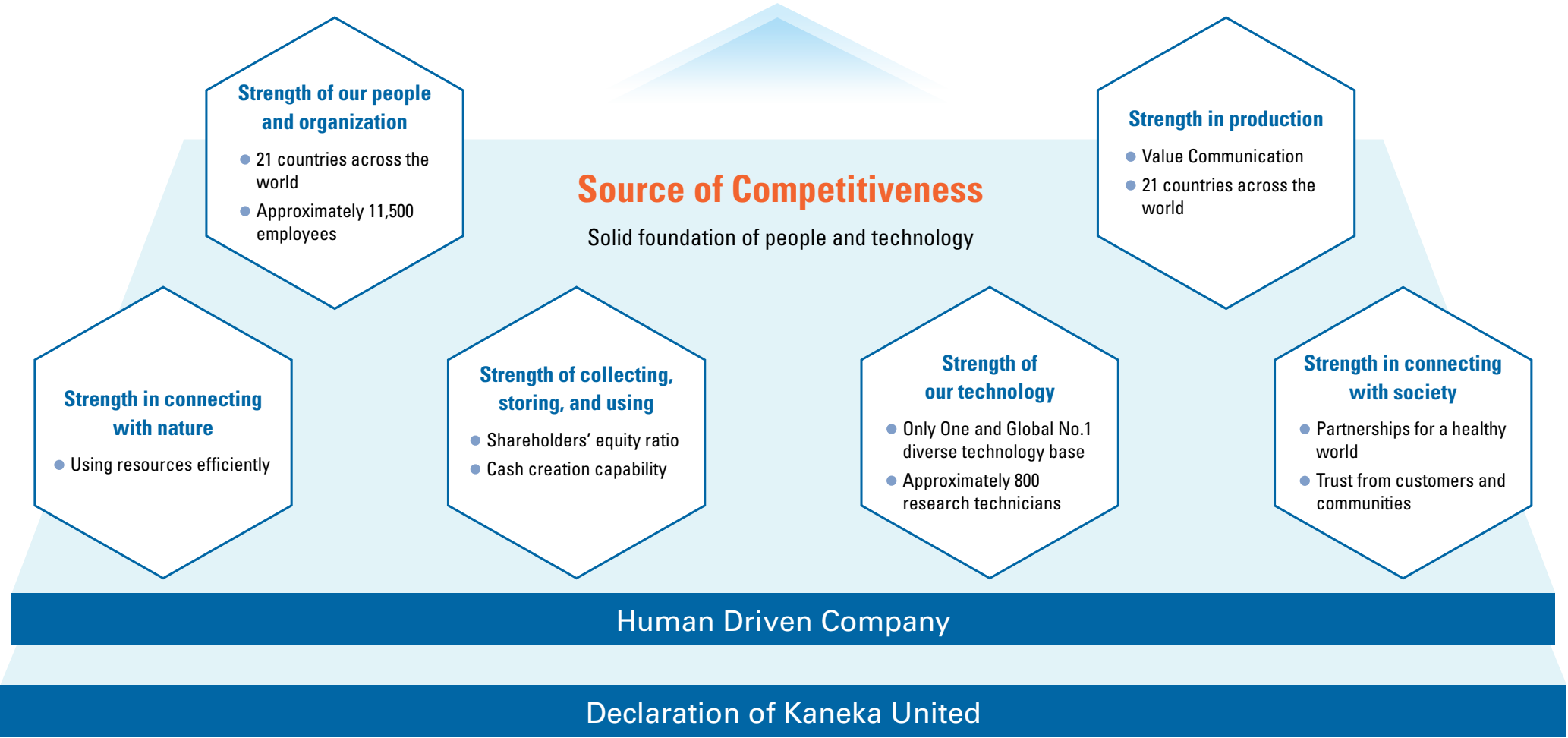
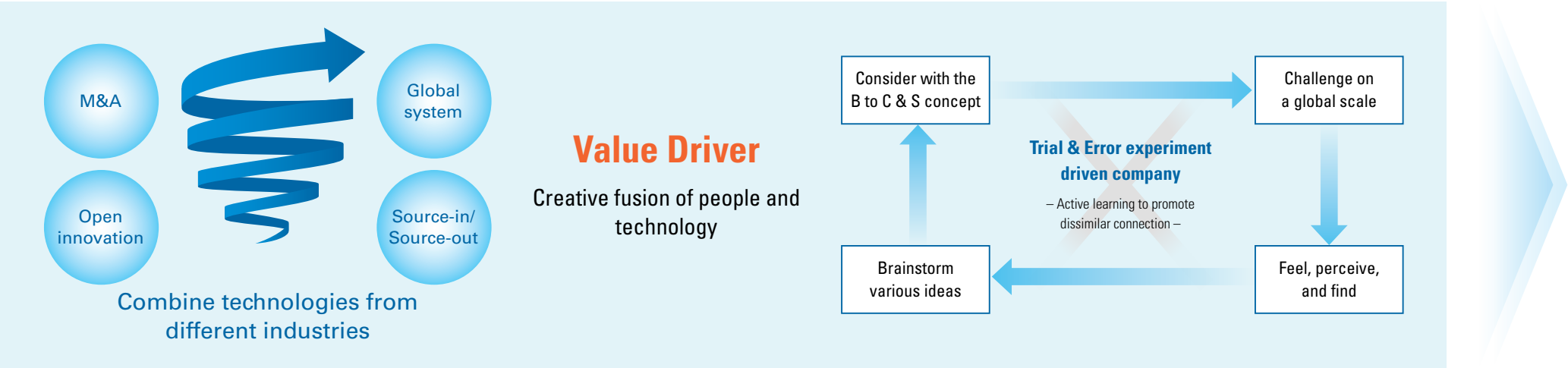


Advancement of Kaneka’s value creation process (based on creative fusion of people and technology)

Kaneka’s Meaning of Existence Purpose

Providing solutions through innovative material development across our global network through the repeated creative fusion of people and our breakthrough technology

Resolution of Social Issues
KANEKA thinks “Wellness First.”



Environment / Energy

7 AFFORDABLE AND CLEAN ENERGY, 11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 14 LIFE BELOW WATER

We realize a society where everyone can enjoy nature's bounty, using clean and sustainable resources and energy.

Food

2 ZERO HUNGER, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 15 LIFE ON LAND

We realize a society where safe, secure and highly nutritious food is available to everyone and where food producers are also satisfied.

Wellness

3 GOOD HEALTH AND WELL-BEING

We realize a society where everyone has access to leading-edge medical services and can continue to live a healthy and vibrant life.

Basic Management Policy



Aiming for the goal of making the world healthy—
“Wellness First” (Human-Driven Management)

Trust & Respect

Trust People & Mutual Respect is a tradition that has continued since Kaneka’s founding

Trial & Error Experiment Driven Company

The limitless adventure of repeated renewals for a new portfolio

Strengthening the Management Platform

Innovate and upgrade operations through digital transformation (DX)
A new personnel system for increasing employee motivation and productivity

Selection and Concentration

Tackling the three crises with a focus on Life Science
Active investment in research and development
Targeting rapid growth by investing resources in leading-edge businesses

Integrating Management Strategy

Manufacturing Means Applying R2B + P

→ Enhancement of four planning functions and capabilities



Priority Strategies



P. 40

The Path of Hybrid Management Promoting Portfolio Transformation

P. 46

R2B Strategy Trial & Error Experiment Driven Company Portfolio Transformation Engine

- Research to Business
Innovate from a Market Perspective Not Technology
- Empowerment of Idea Craftsperson

P. 54

Human Resource Strategy Human Driven Company
A lean, high-quality team and merit-based appraisal

- Development of Human Resources Centered on the 1-on-1 Program
Making dreams a reality by “lighting a fire in people’s hearts”
- Promotion of Diversity
Diverse individuality delivers unique Kaneka value
- Promotion of Wellness
Coworkers with the same aspiration engage in work with vitality

P. 62

Global Strategy Think Global, Act Local

- The Best Glocal Kaneka Way

P. 64

Manufacturing Strategy From hands-on manufacturing experience,
we build our business to last 100 years into
the future

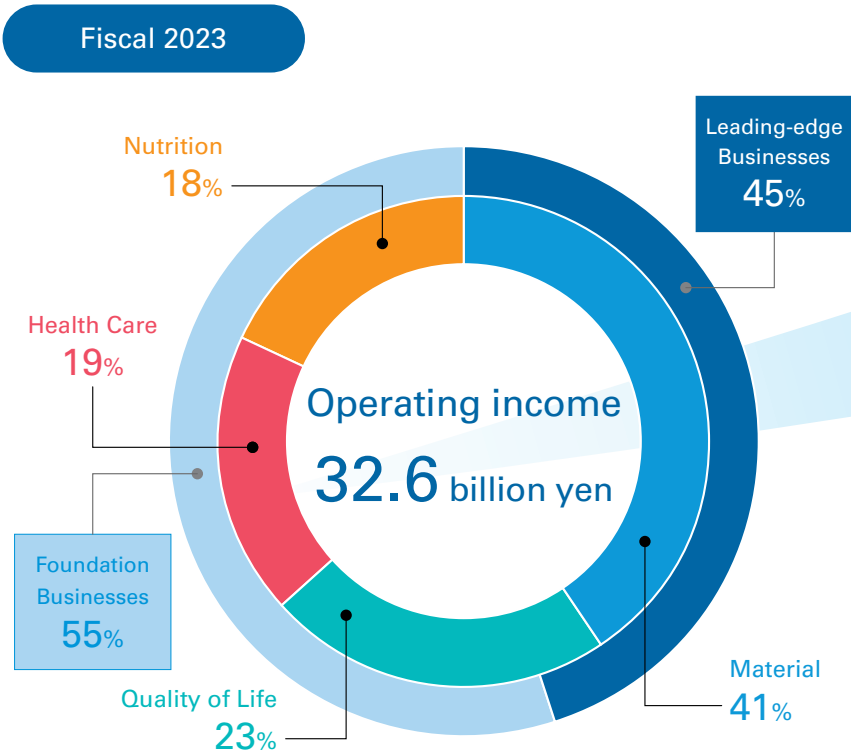
- Digital Transformation (DX)
We will transform our production plants into cutting-edge facilities to excel in global competition
- Carbon Neutral (CN)
Creating manufacturing sites that embody sustainability to promote global health



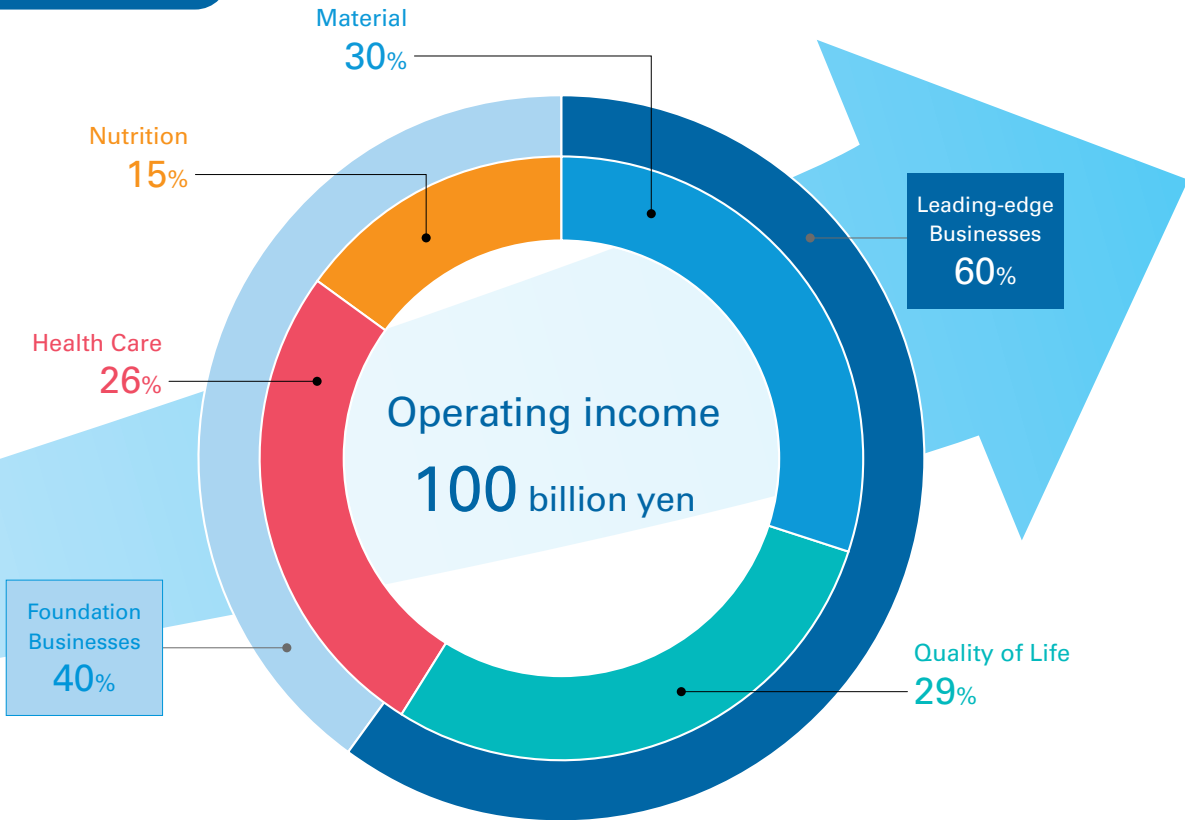
Promoting Portfolio Transformation

We will accelerate the transformation of our business portfolio through hybrid management. We aim to create unique and valuable new solutions, combining a wide variety of different technologies and solutions to help solve social issues.

Operating Income Ratio by Solutions Unit (SU)

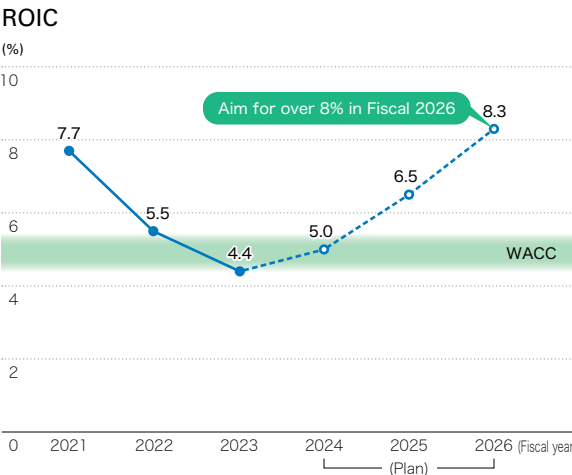
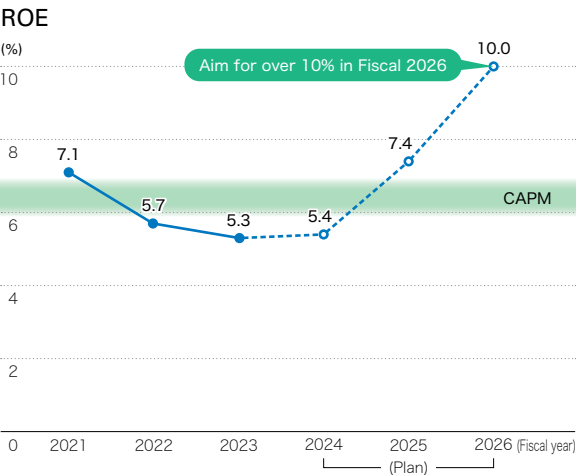


Fiscal 2025 + X



Capital Return Indicators

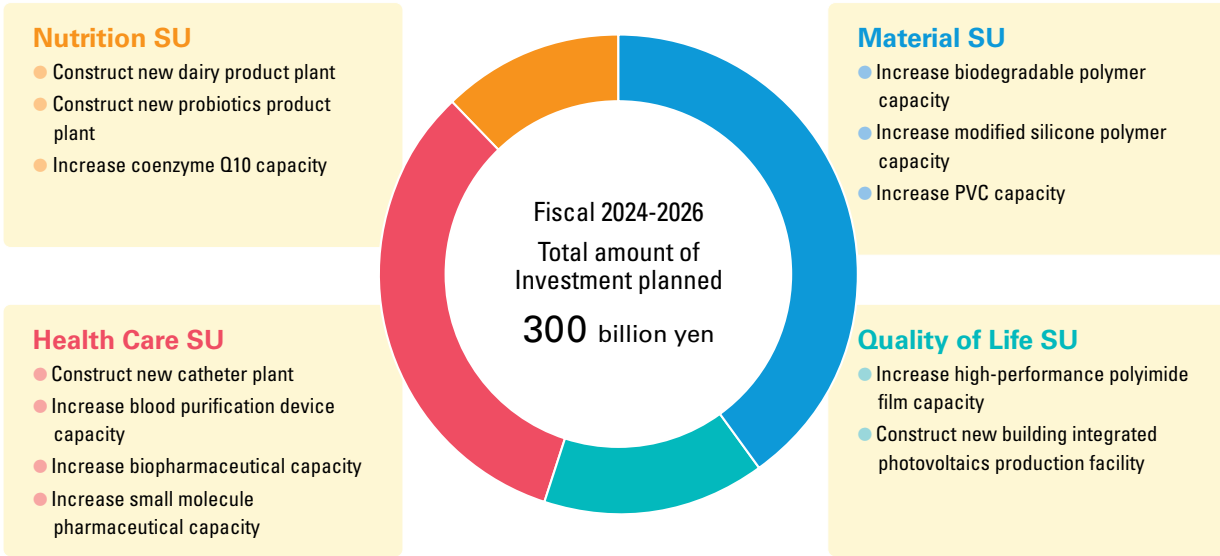
We aim to enhance corporate value by steadily strengthening earning capabilities, decreasing the cost of capital, and reducing strategic shareholdings.

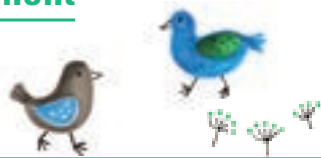


Investment Plan

We will accelerate the process of selection and concentration in our investments, expanding the domain of "life science for a healthier planet." We will strategically invest resources (people, goods, and money) to develop unique and differentiated technologies that cannot be copied. We will

expand the business of our leading-edge business groups. Our foundation businesses will also work to bolster their business foundations by thoroughly strengthening differentiation capabilities and making capital investments to enhance supply capabilities.





Earthology Chemical Solution

We bring innovation to lifestyles and the environment by harnessing the unlimited potential of chemical materials to help communities achieve sustainability.

Material Solutions Unit

To support the advancement of life and the environment by drawing out the richness of materials
Material Value Creator



Vinyls and Chlor-Alkali SV

Our integrated production system includes chloride monomers, polymers, and special vinyl chloride resin. The goal of these products is to continue contributing to society by supporting daily life and infrastructure.

Chemicals
Caustic soda,
Sodium hypochlorite,
Hydrochloric acid

Cross-linked PVC
Kaneka XEL™,
KANEVINYL™

Polyvinyl chloride
KANEVINYL™

PVC-PVAc polymers
KANEVINYL™

Performance Polymers (MOD) SV

These plastic materials that provide heat, weather, and flame resistance help to support daily lifestyles and infrastructure by being versatile and applicable to a variety of fields—including construction, automotive, industrial, appliances, and equipment.

Impact modifiers
Kane Ace™B,
Kane Ace™M

Processing aids/
Specialty additives
Kane Ace™PA

Performance Polymers (MS) SV

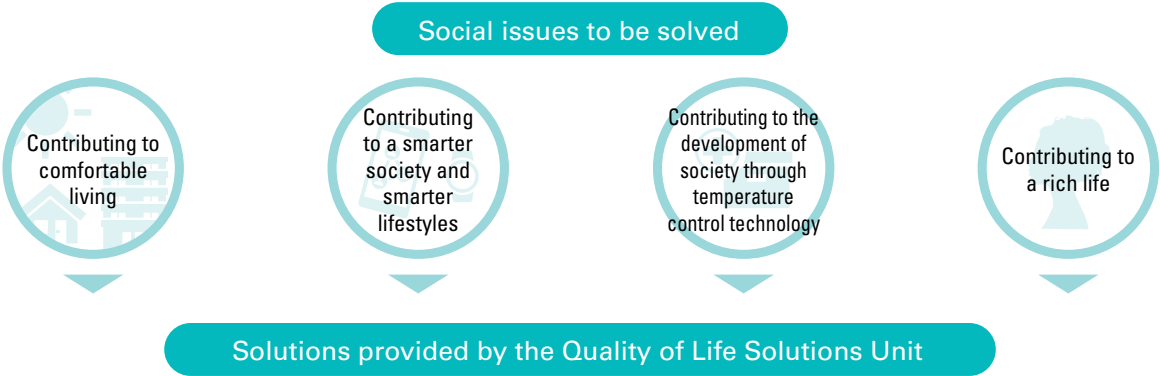
Kaneka's unique resin materials allow the creation of sealing, adhesive, and coating agents whose properties include superb weather resistance, elasticity, and adhesion. We provide a variety of solutions in construction, industry, information equipment, and other fields.

Silyl-terminated polyether
KANEKA MS
POLYMER™,
KANEKA SILYL™

Acrylic silicon polymer
KANEKA GEMLAC™

Quality of Life Solutions Unit

To produce the leading edge of the enhancement of the quality of life through the power of materials
Quality of Life Pathfinder



Foam & Residential Techs SV

Kaneka helps make lives better, whether it's cushioned packaging, fish boxes, insulation to make homes comfortable, bumper core material that makes cars lighter and safer, or constant-temperature shipping packaging.

Polypropylene foam
made with the bead
method
Eperan-PP™

Polystyrene foam made
with the bead method
Kanepearl™

PV & Energy management SV

Solar cells are the leading renewable energy solution. Our photovoltaic power systems can be integrated into the roofs, windows, and walls so that the building materials themselves generate electricity.

Roof-integrated
photovoltaics
VISOLA™, others

T-Green™ Multi
Solar
"T-Green™" is a
registered trademark
of Taisei Corporation.

E & I Technology SV

Chemistry can make electronic equipment that is smaller, performs better, and is more beautiful. We create new value, value that pioneers cutting-edge fields and makes people's lives better.

Super heat-resistant
polyimide film
Pixeo™, Apical™

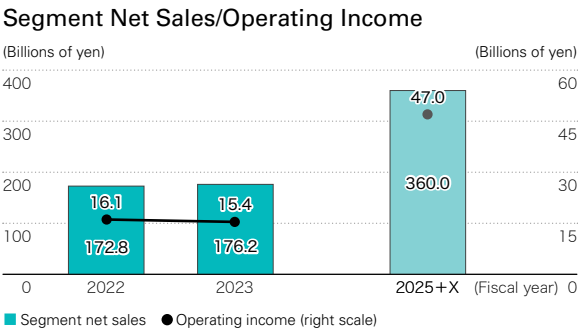
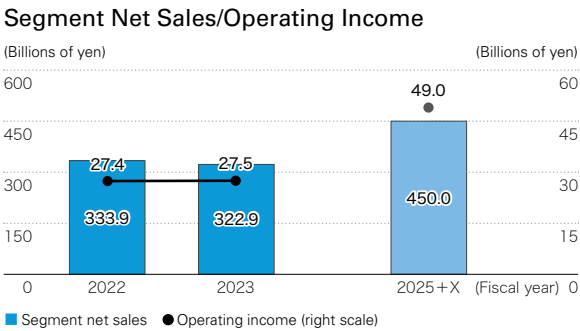
Optical acrylic resin
Kaneka Optical
Acrylic Resin

Performance Fibers SV

Fiber products are integral to our lives. In developing KANEKALON™/ KANE-CARON™, unique fiber products unlike those of other companies, we have provided consumers around the world with new value for a variety of situations.

Materials for hair
attachments
KANEKALON™

Performance fibers eco fur
KANE-CARON™

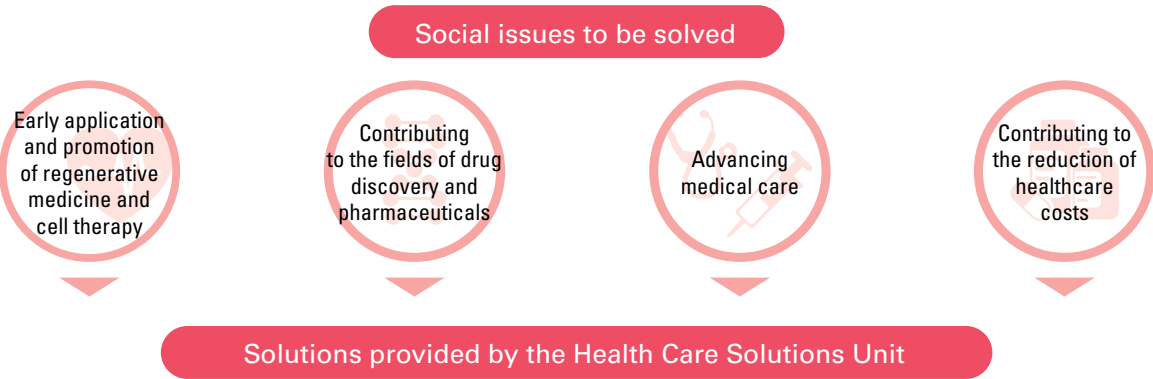




Active Human Life Solution

Health Care Solutions Unit

To create a world where advanced medical means are available to as many people as possible
Medical Edge Explorer



Medical SV

Our range of solutions so far includes catheters for blood vessel treatment and blood purification systems. With an extensive product lineup that meets a wide range of medical needs, we help advance medical technology.

Medical device
Balloon catheter for vessel stenosis dilatation

Adsorption type blood purification device
Rheocarna™

Regenerative medicine and cell therapy
Cell washing concentration system

Genetic diagnostic products

Pharma & Supplemental Nutrition SV (Pharma)

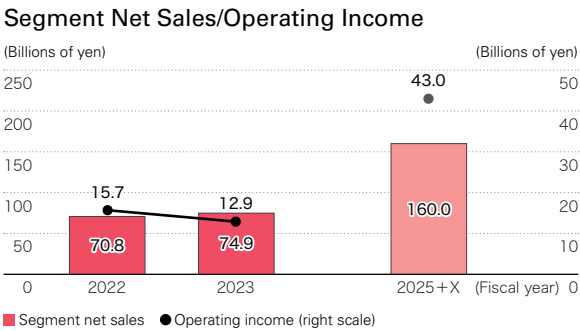
Using biotechnology and synthesis technology, we contribute to medicines in many fields, from synthetic pharmaceuticals to cutting-edge biopharmaceuticals. We continue to provide solutions to pharmaceutical companies around the world.

APIs and intermediates for small molecule pharmaceuticals

Affinity chromatography resin for purification of monoclonal antibody
KANEKA KanCap™ series

Products and services for biopharmaceuticals

Transdermal medicine



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.

Nutrition Solutions Unit

To re-innovate food and health
Nutrition Value Chain Innovator



Pharma & Supplemental Nutrition SV (Supplemental Nutrition)

We have spent years utilizing our fermentation technology to develop dietary ingredients; for example, we successfully established industry-level production of ubiquinol, the reduced and active form of coenzyme Q10, which was difficult previously. It is our desire to contribute to people's health the world over.

Dietary ingredients
Kaneka Ubiquinol™

Dietary supplements
Watashi no Chikara™
Supplement series

Dietary ingredients
Floradapt™ series
(AB-Biotics probiotics)

Dietary ingredients
Kaneka Glavonoid™
(Licorice glabra polyphenol)

Foods & Agris SV

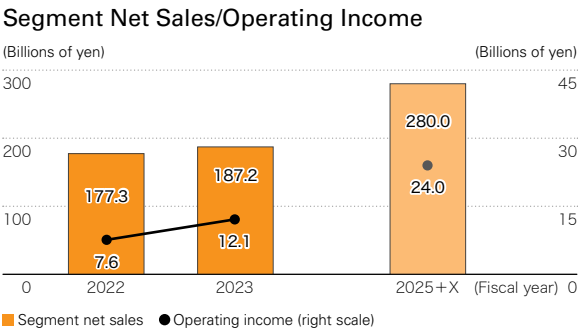
The foodstuff market continues to demand greater nutrition, wider variety, and new tastes. By fusing our array of technologies such as fermentation and oil and fat processing, we offer solutions that boost the value of food.

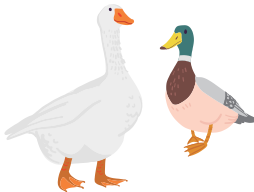
Milk/Milk beverages
"Milk for Bread" series

Yogurt
Watashi no Chikara™
Q10 yogurt series

Margarine/Shortening
NOVA™, EMPEROR™/
EVER LIGHT™

Whipping cream/Cream for kneading
and other uses
LACHENTE™/FRANJE™





Trial & Error Experiment Driven Company

Portfolio Transformation Engine

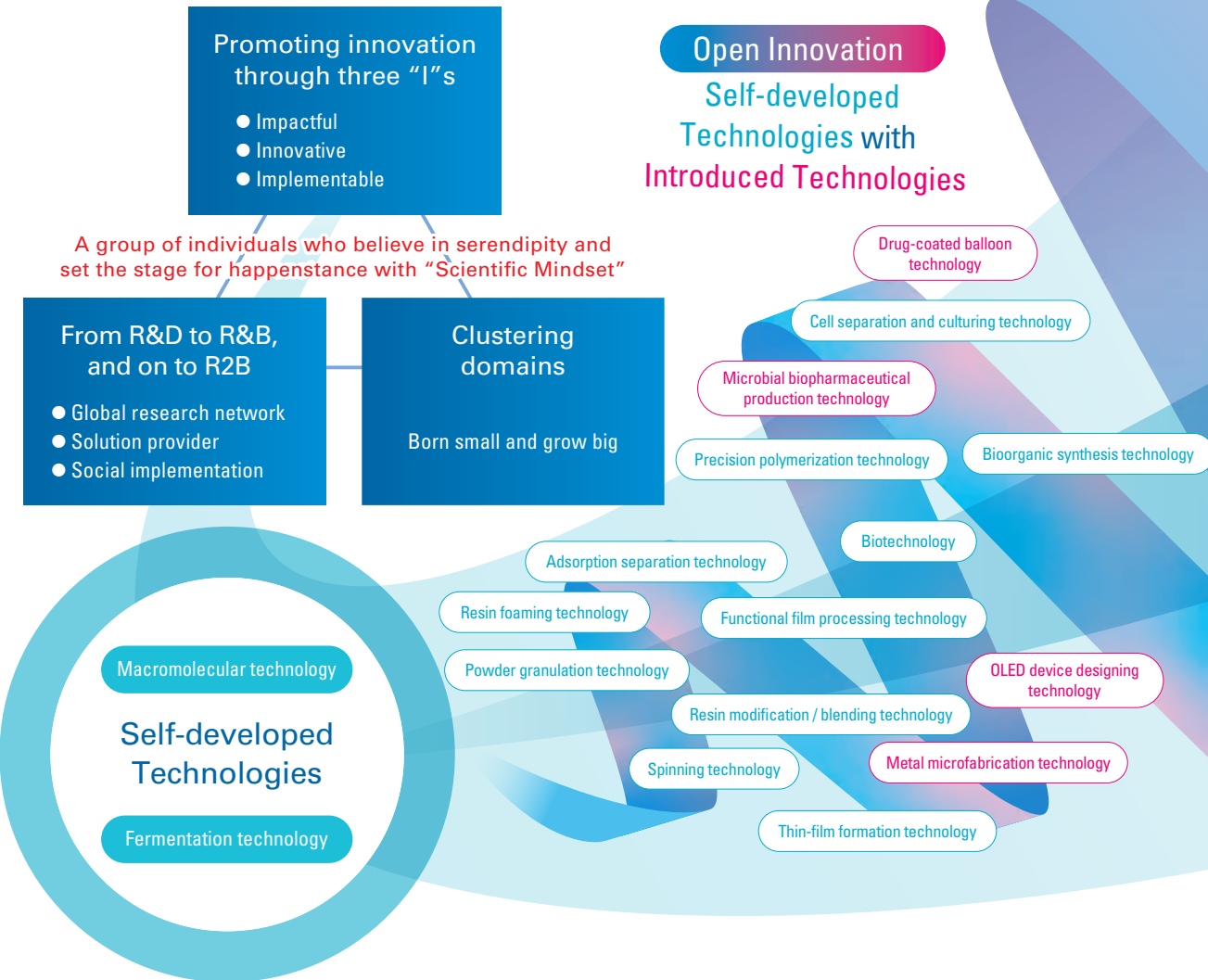
Research and development at Kaneka, a research and development company, is the largest driving force behind portfolio transformation.

Research changes business, and research and development that is business-focused, speedy and of a certain scale promotes what we call Research to Business, R2B.

In our R2B strategy, to implement research in society, we have built an R2B system by which our diverse researchers collaborate and try to combine heterogenous things.

In addition, so that individual researchers, as “idea craftspeople,” can fully demonstrate their diverse abilities, we conduct training for promotion of research DX and the creation of intellectual property.

Actions to embody the concept of Kaneka as “Trial & Error experiment driven company”



Key Technologies and Key Drivers for the Future



Three Crises
Resolution of Social Issues
Social Implementation of
New Materials and Systems





Research to Business

Innovate from a Market Perspective Not Technology

The seeds of innovation emerge from unexpected combinations
of differing technologies and differing fields.

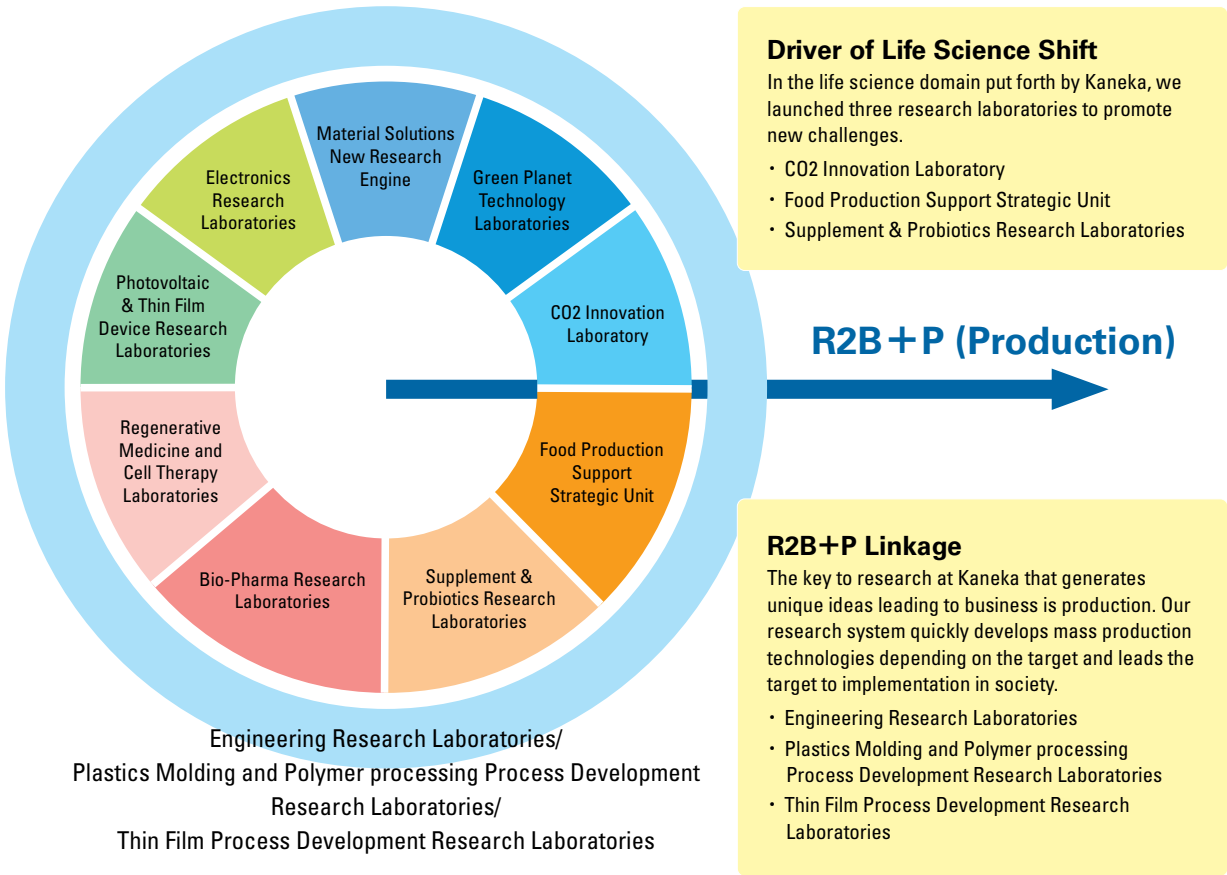
In Kaneka’s R2B, the R2B system is maintained while constantly
making improvements from the standpoint of increasing opportunities
for these differing people and things to meet.

R2B+P System Generates Innovation

Since 2024, all 12 R2B laboratories form a system, and we firmly established an R2B system for business fields of the Solutions Unit. In particular, for

issues of importance requiring speed, we work to respond as appropriate by creating a project system.

R2B Laboratories Network



R2B Conducted via a Hybrid System

Accelerating the Societal Implementation of Green Planet™

Kaneka biodegradable polymer Green Planet™ is made from 100% biomass and has high biodegradability, so there is strong market need for it as a product that contributes to solving environmental issues. A large coffee chain adopting it for their straws was major news.

In R2B, along with high-efficiency cultivation and production technologies, the development of advanced mold processing technologies is being conducted on a company-wide basis centering on Green Planet Technology Laboratories.

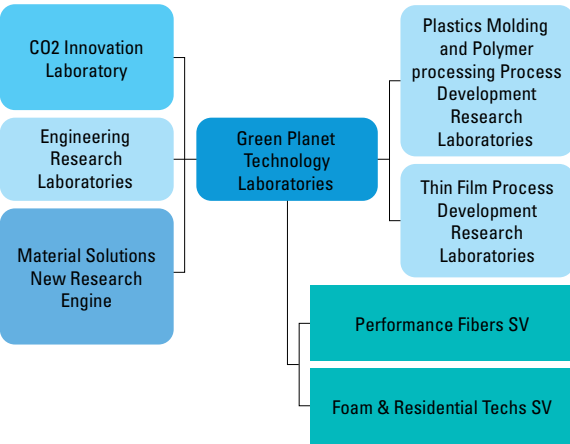
In fiscal 2024, application development is also expanding, including adoption of foam molding products. Going forward, business will expand through the development of new applications.



BRAVIA™ packaging materials using Green Planet™ and image of use

“BRAVIA™” is a registered trademark or trademark of Sony Group Corporation or its affiliates.

Diagram of Related Organizations for Development of Green Planet™ Processing Technologies



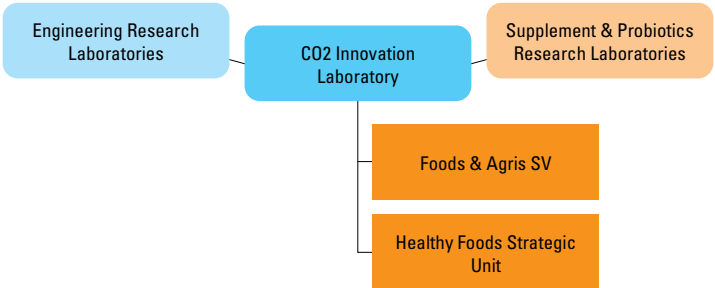
CO₂ Usage Technologies for the Future

We are developing future technologies that directly use CO₂ as a raw material as we strive to reduce environmental impact. Technology for producing Green Planet™ using CO₂ as a raw material is set to be used in bench equipment, with operations slated for fiscal 2025.

Moreover, we are developing biomanufacturing technologies and are also conducting R2B to create new markets through hybrids with our health and food product technologies.



System for Developing Production Technologies for Polymers, etc., Using CO₂ as a Raw Material



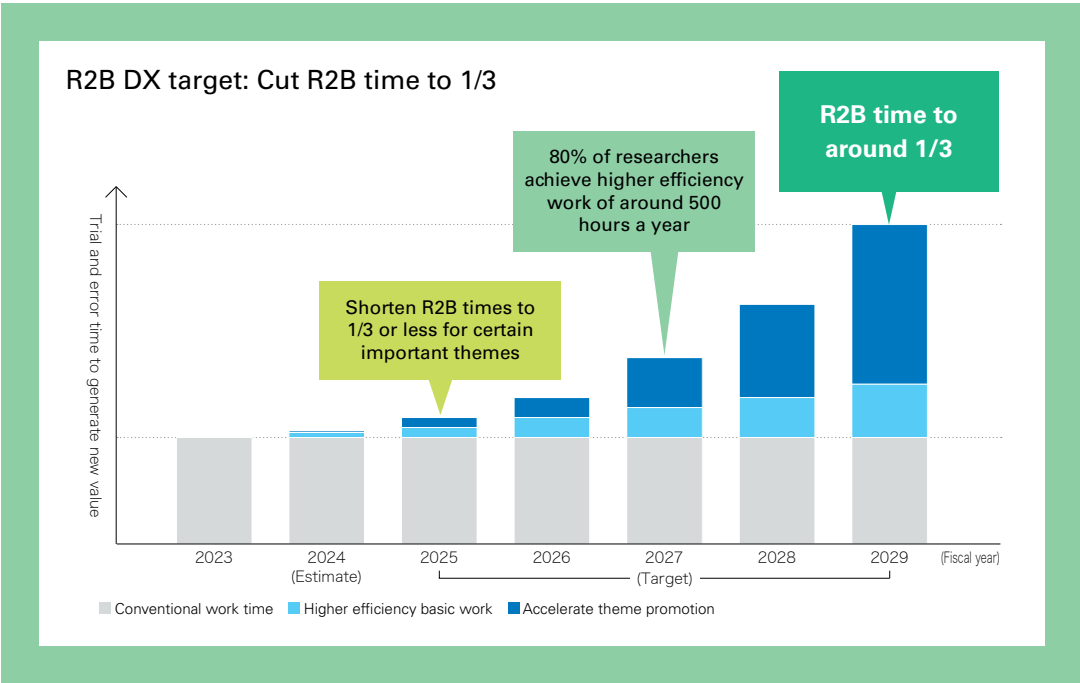
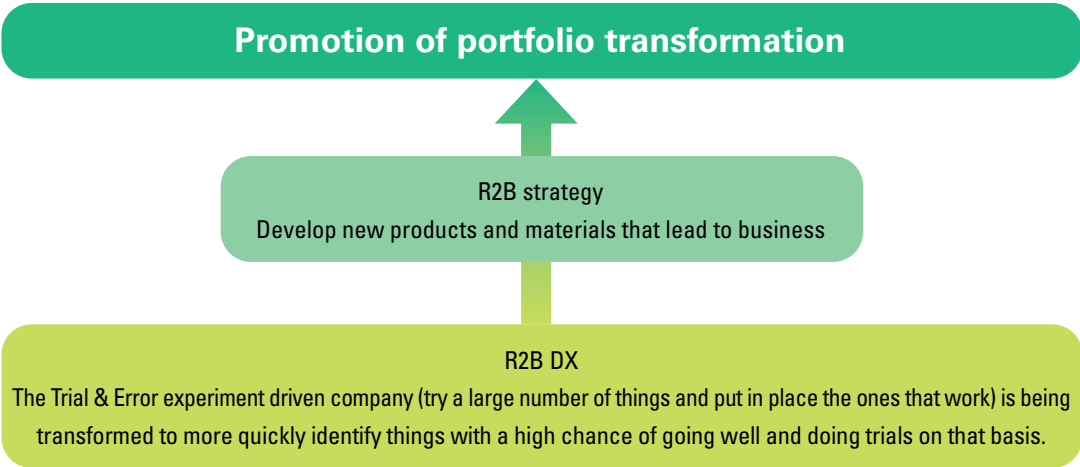


Empowerment of Idea Craftsperson

Each and every Kaneka “idea craftsperson” in R2B is responsible for the process of creations. Researchers actively generating ideas and the mindset for making them tangible are robustly supported by our R2B strategy, which promotes innovation.

Accelerating Ideas via DX

To carry out more advanced, higher speed research and development to realize the R2B strategy, we are engaged in digital transformation both by incorporating cutting-edge technologies and utilizing digital infrastructure.



Strengthen R2B DX Leaders

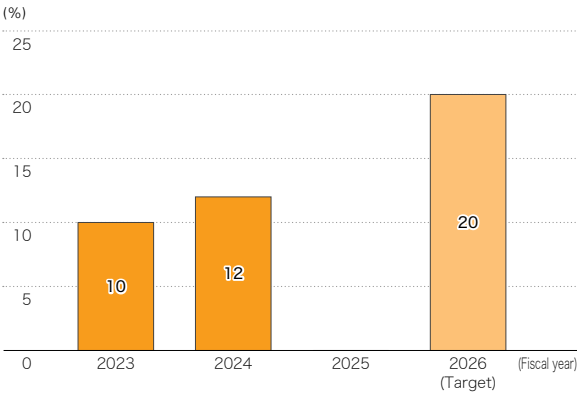
In order to solve important company issues with DX, we are setting R2B DX themes and strengthening leader human resources. Technology is being developed to shorten R2B times, including estimates of required levels from the tens of thousands of resin formulations, and

DX Leaders	Fiscal 2023	Fiscal 2024	Fiscal 2026 (target)
Material & Bio Informatics Field	3 people	4 people	8 people
Process Informatics Field	5 people	12 people	14 people

Improving the DX Skills of Researchers

Through an external educational program, we provide the opportunity for researchers to improve their skills. Good examples are emerging, including automation of image processing work and increased efficiency of genetic analysis, and through internal meetings, information is shared to spread it throughout the organization.

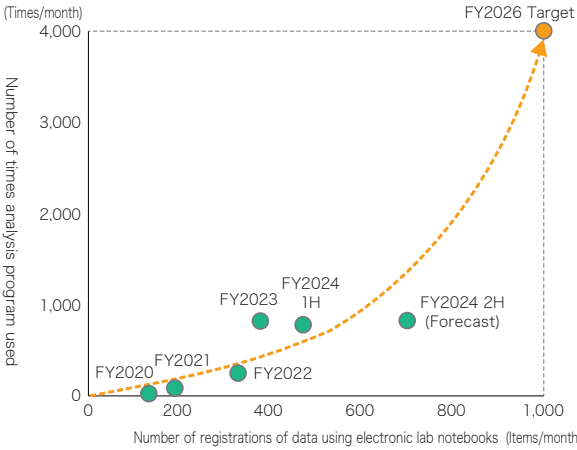
Percentage of Researchers Participating in DX Meetings

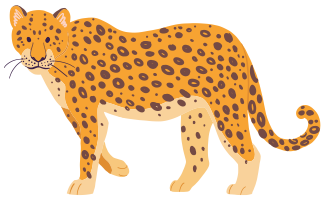


R2B Work Transformation

We introduced an electronic lab notebook system to digitize research records and make analysis work more advanced and efficient using the accumulated data. In the field of resin development where the Company has accumulated a rich storehouse of knowledge in particular, data accumulation on the electronic lab notebook made progress and its searchability was improved. Going forward, we will focus on data utilization, drawing on past knowledge to create experiment plans and analyze experiment results, as we contribute to accelerating the R2B process.

Results of Using Electronic Lab Notebooks





Empowerment of Idea Craftsperson

R2B Intellectual Property Strategy

Intellectual property is important results generated by R2B idea craftsperson. We have built training and support systems for creating intellectual property and utilizing it in business.

Training System for Personnel Involved in Intellectual Property

From new employees to the leader class, we create content based on the level and conduct training on intellectual property. This consists of training for sales personnel on trademarks and copyrights and also programs for utilizing market information. We continue to expand the scope of this training.

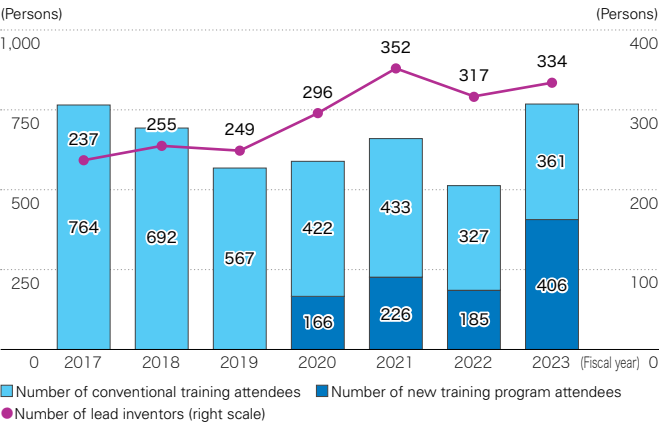
Overview of IP Education Program

		Search	Creation of rights	Strategy	Brands, contracts, copyrights
Leadership level	Management	Analysis of data use	Handling screening Invention discovery	Creation of themes Use of market information	Contract Trademarks and brands Copyright
Mid-level	Application				
New hires and junior staff	Foundation	Tool operation	Understanding of system		

Development of Idea Craftsperson: Invention Discovery Program

An idea craftsperson from the standpoint of creating intellectual property can be thought of as being a lead inventor that centrally contributes to basic invention ideas and conceptual ideas, solving technical problems, and verifying the feasibility of the invention. From this standpoint, in addition to the existing training program provided by the Intellectual Property Department, we started a new program in fiscal 2020 to identify inventions in a discussion format. Since the start, the number of lead inventors has been increasing. Through the program, researchers are connected to one another, and by sharing diverse viewpoints, opportunities are created to form new ideas.

Number of Participants and Lead Inventors



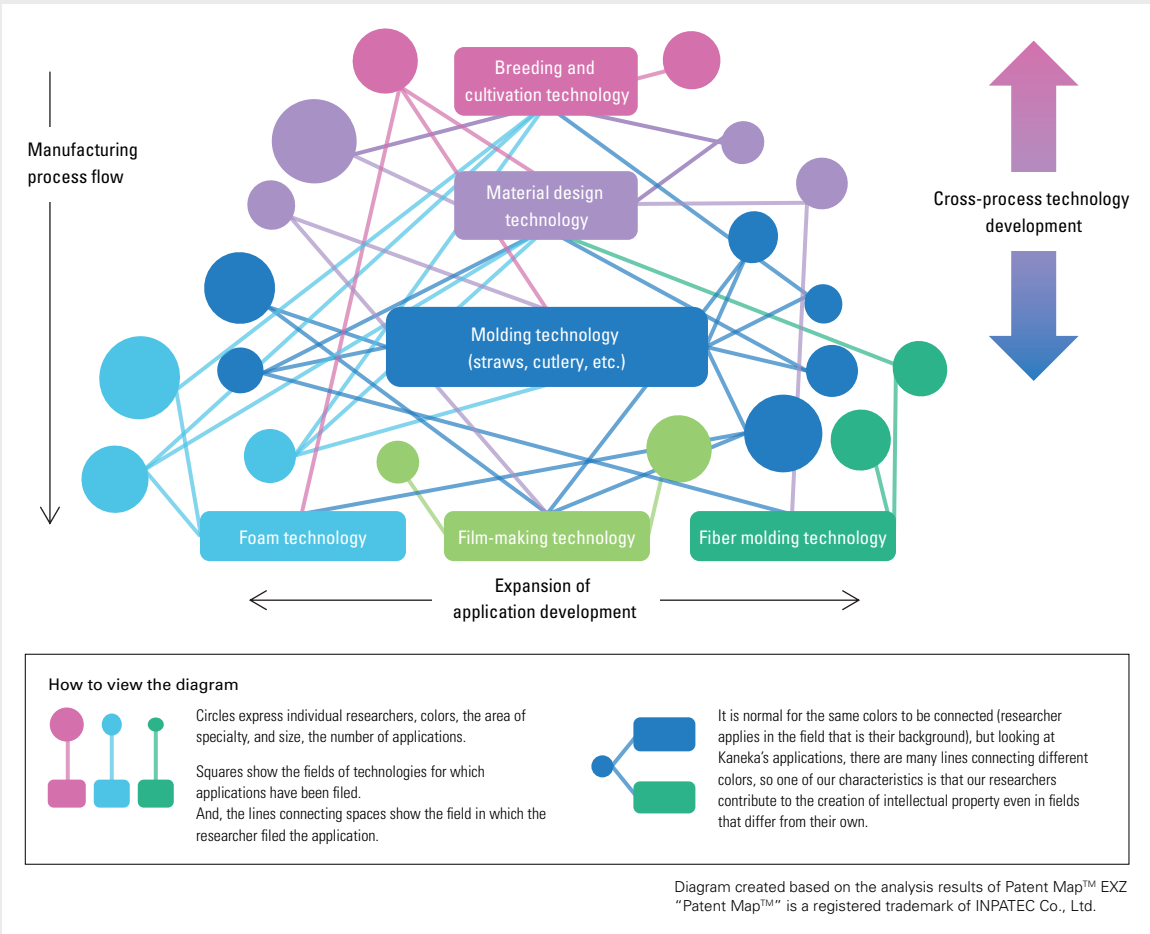
Creations of Idea Craftsperson Go Beyond Fields

At Kaneka, innovation tends to be generated through hybrid R2B in which researchers go beyond their own fields. For this reason, researchers engage in R2B across fields by collaborating with one another and introducing technologies from outside the Company while drawing on their own background of strengths. This is the ideal Kaneka researcher. We execute a policy of promoting research with a wide field of view not limited to inside the Company but one that goes outside as well.

Example: Expanded scope of technologies and researchers involved in Green Planet™

Kaneka biodegradable polymer Green Planet™ involved researchers with differing backgrounds, in breeding and cultivation, material design, and mold processing, which broadened the technology. Researchers specialized in molding processes expanded their range to R2B on resin formulation and resin cultivation, and researchers specialized in breeding, cultivation and production technologies expanded their range to R2B in mold processing, which contributed to broadening applications to foam, films, and fibers.

Filed Technologies and Applicant Map (covers applications from 2019 to 2023)





Human Driven Company

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

We believe that people grow through their work, while companies grow through their people, and in our human resources strategy we promote worker growth by establishing an environment for taking on challenges so that each employee can fully demonstrate their abilities. Dialogue through the Kaneka 1-on-1 program raises motivation and through synergies between job roles and conventional off-the-job training we develop our human resources. In addition, to ensure that diverse human resources generate diverse ideas, we not only promote women’s participation and advancement, we make mid-career hires of people with diverse specialties and have introduced a matching program to expand the range of activity of senior employees. We work to maintain an environment for demonstrating abilities and to foster bonds between coworkers, and also maintain the physical and mental health of employees and encourage them to take on the challenge of daily work.

Trust & Respect

Promotion of Diversity

Diverse individuality delivers unique Kaneka value

Promotion of Wellness

Coworkers with the same aspiration engage in work with vitality

Development of Human Resources Centered on the 1-on-1 Program

Making dreams a reality by “lighting a fire in people’s hearts”





Development of Human Resources Centered on the 1-on-1 Program

Making dreams a reality by “lighting a fire in people’s hearts”

Through the Kaneka 1-on-1 program, we develop human resources who learn and choose on their own, and take on challenges. Kaneka supports each employee in realizing their dreams and their vision of how they wish to be. Beyond the career paths grown employees will tale and beyond the challenges they will enthusiastically engage in, there awaits new value not present before and the transformation of the Kaneka Group.

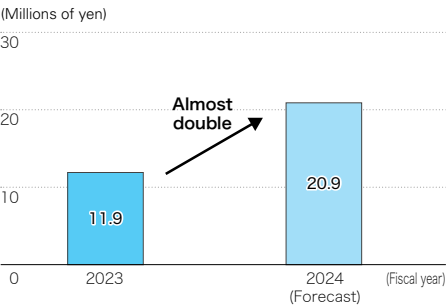
Daily Management Itself Is 1-on-1

Raising the Quality of the 1-on-1 Program

The 1-on-1 program was introduced in fiscal 2018. Superiors constantly maintain a medium- to long-term development vision for their staff members (subordinates) and provide specific feedback, while staff members gain an understanding of their strengths and areas for improvement, which can raise the quality of actions for growth. To promote

dialogue focused on growth and improve the quality of the 1-on-1 program, we have conventionally held workshops for executives, and in fiscal 2023 we started workshops for division heads and staff members. In fiscal 2024, we plan to further expand the workshops and approximately double the amount spent on training.

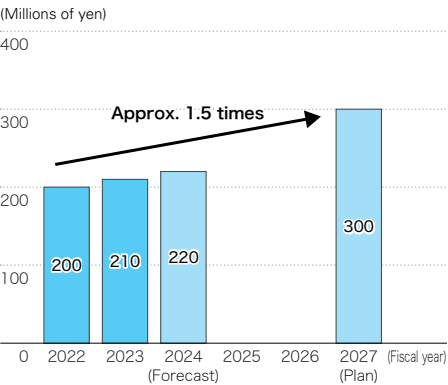
Kaneka 1-on-1 and Career Design Training Expenditures



	Areas that will be deepened
Division heads	Based on the idea of spending 80% of one's energy on subordinate development, be aware of one's impact as a leader
Executives	As superiors, connect member growth and job results, and through dialogue achieve both
Regular employees	As company members, visualize your own plan for growth and raise the quality of dialogue

All employees will effectively utilize dialogue opportunities and accelerate lifetime growth as people and on the job, aiming to develop organizational capacities for producing results as an organization. To respond to the motivation of employees seeking to improve their skills, we will expand off-the-job training programs and plan to invest 300 million yen in human resources development in fiscal 2027 (1.5 times more than fiscal 2022). In addition, in line with Kaneka's global strategy, we provide language training to employees seeking career development overseas, and both selective and voluntary English training receive more applications than the number being recruited.

Total Amount Spent on Training



Challenges for the Next Generation of Human Resources



Development of the Next Generation of Leaders

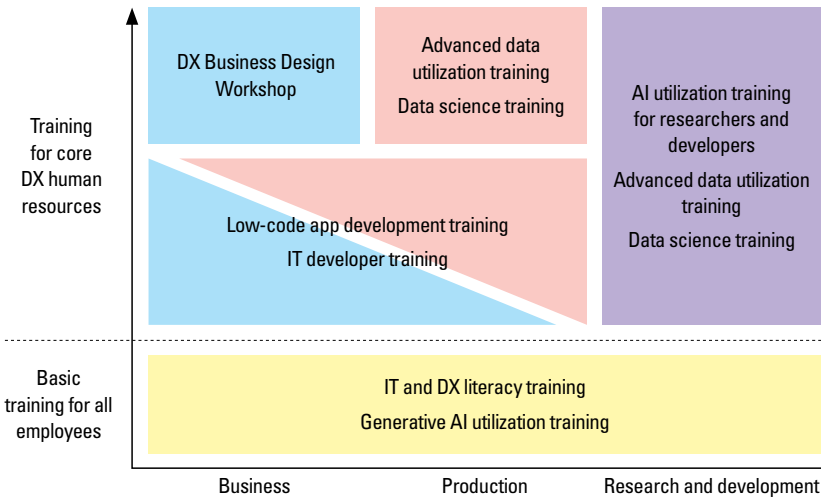
Hitotsubo-no-Tane Momi Juku, our training program led by top management, has trained 121 people since it started in fiscal 2015, of which 31 are division heads. The chairman, president, and executive vice president take part in all sessions, spending a total of 12 days (about 100 hours) over eight months and directly giving advice to raise the viewpoints of the participants.



DX Human Resources Development

We are focused on training core human resources for DX and are also expanding the scope to the business planning field. At workplaces for business, production, research and development, DX is autonomously promoted centering on core human resources to generate new value. In addition, for all employees, we have started IT and DX literacy training and also have introduced training on utilizing generative AI along with a large-scale practice test.

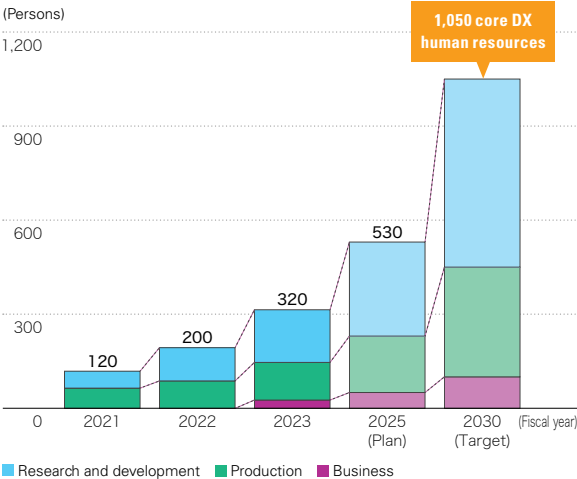
DX Curriculum System Diagram



<Examples of DX Results at the Workplace>

- Demand prediction using AI
- Improved productivity from optimal production planning using optimized calculation technology
- Control automation by embedding AI in plant processes
- Succession of know-how, knowledge and past data using generative AI
- Ideas for new businesses at the Business Design Workshop

Expansion of Human Resources Utilizing AI and Date





Promotion of Diversity

Diverse individuality delivers unique Kaneka value

Kaneka is striving for a diversity of ideas whereby diverse human resources deliver new value.

Since 2023, diversity has been added to the evaluation items for executives, and initiatives are being conducted at the workplace level.

We promote people without regard for educational background or years of experience and our executive team already has diverse backgrounds.

We are currently focused on policies for further expanding the opportunities for women to participate and advance.

Promoting Women’s Participation and Advancement Pivoting on Growth

Growth Opportunities at the Assistant Manager and Executive Levels

We support proactive challenges and promotions by encouraging the growth of individuals through the 1-on-1 program without regard for gender. For women, who have few leader role models, Kaneka establishes opportunities for dialogue with Independent Member of the Board Yuko Sasakawa at the executive level and Independent Member of the

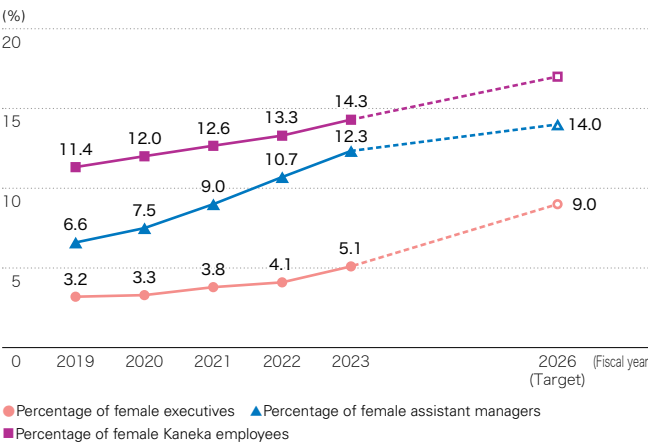
Board Hiromi Miyake at the assistant manager level. This teaches participants the stance of accepting changes in role expectations as opportunities and provides the chance to gain insights. Among participants in the initiative, there have been people promoted the next fiscal year and others who have taken on the challenge of a new business.



Promotions after Challenges

By strengthening programs of job placements, training, and mid-career hiring, we continue efforts to raise the percentage of women in executive positions. We are planning to have 80 women in executive positions in fiscal 2026, a percentage of 9%. Over the medium to long term, we are also focused on assistant manager training to provide candidates for executive positions.

Trends and Prospects for Female Executives and Candidates



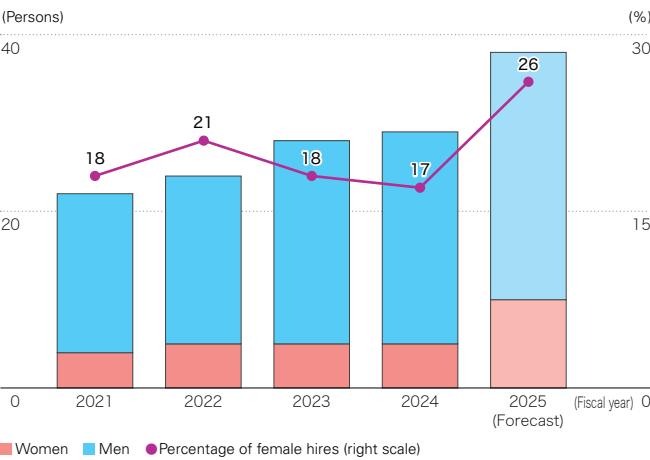
Hiring of Human Resources that Freely Excel

Efforts to Hire Women

In new hiring for administrative positions, we are hiring around the same number of women as men. At the same time, the female hiring ratio for technical positions continues to be lower than for administrative positions. In fiscal 2023, we substantially upgraded our new graduate recruitment seminar aimed at women in the sciences, establishing opportunities to introduce our programs for work-life balance and the careers and mindsets of women working in technical positions. As a result, we are expecting an increase in female hires for technical positions joining the company in fiscal 2025.



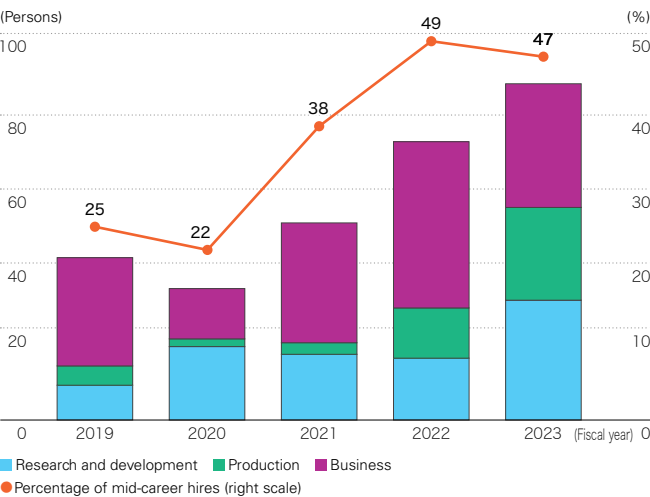
New Hires for Technical Positions



Acquiring Diverse Experience and Specialties

We actively conduct mid-career hiring so that diverse employees respect one another and can demonstrate their abilities. We maintain a mid-career hiring ratio of over 40% each year to help rejuvenate the organization and to leverage diverse experience and specialties for business growth. Promotions do not consider years of service and approximately 20% of executives are mid-career hires.

Mid-Career Hires in Each Area





Promotion of Wellness



Coworkers with the same aspiration engage in work with vitality

Establishing a corporate culture and environment where employees can excel with a robust vitality is an ongoing process without a final goal.
Having a healthy organization that is actively rejuvenated and having firm bonds in which employees support one another in taking on challengers is the foundation supporting Kaneka’s healthy management.

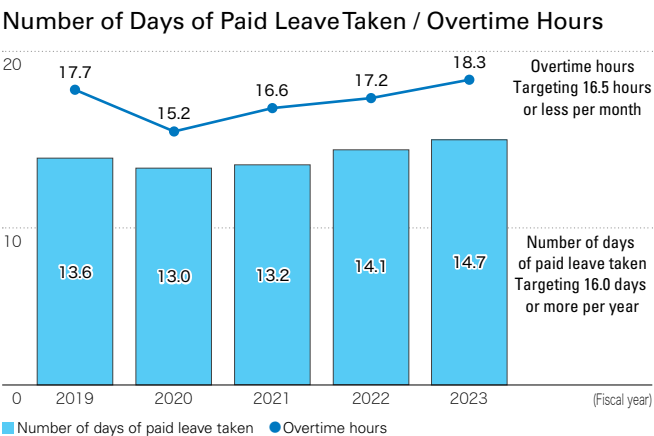
Goals of Our Vision for Health

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

Forming the Foundation for a Healthy, Active Life

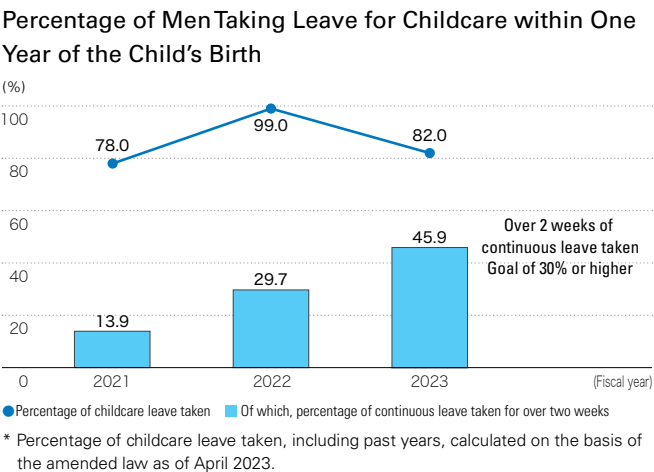
Maintaining an Environment Where It Is Easy to Work

Maintaining physical and mental health and an environment where work can be promoted while workers are refreshed leads to a way of working that increases productivity and to reforms to the work culture.
In fiscal 2025, we are aiming for 16.0 days of paid leave taken and 16.5 hours of overtime per month.



Raising Awareness for Active Support of Childbirth and Childcare

An “iku-boss” seminar was held for superiors as a message to support work-life balance. The seminar’s aim was to raise awareness of management at workplaces where diverse human resources actively take part and of developing the workplace, promoting a positive cycle in the organization at the workplace level. As one indicator, the percentage of men taking at least two weeks of continuous leave for childcare within one year of the child’s birth was over 30% and continues to rise each year.



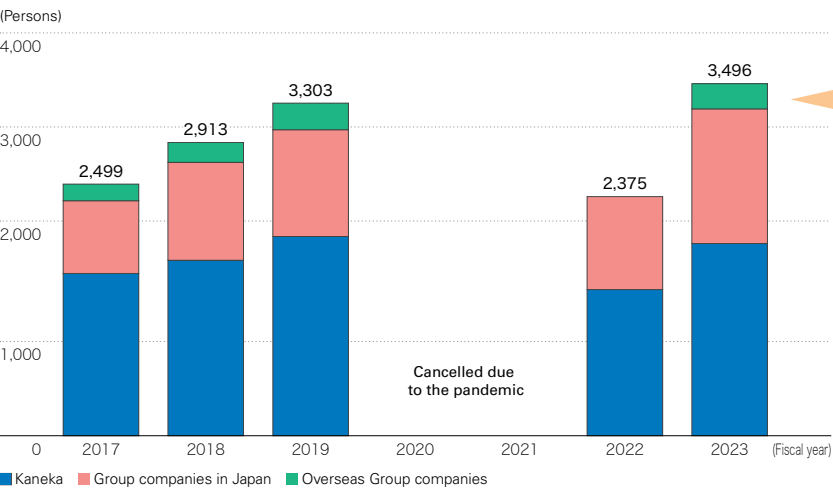
Fostering OneTeam

Opportunities to Build Unity

“Run, Run, Run. Kaneka.” is a sports event to deepen ties within the Kaneka Group started in fiscal 2014. It is major festival centering on running—the main event is a group Ekiden—where Kaneka Group employees from inside and outside Japan gather together in the same place.
The initiative makes ties tangible, with all of the Kaneka Group becoming one team under one flag.
Out of ties between other departments and Group companies, new discoveries and creations emerge.



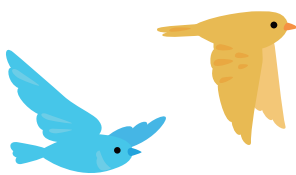
Number of Participants in Run, Run, Run. Kaneka



In fiscal 2023 around 3,500 people participated, a level that exceeded pre-pandemic levels (2019). A total of 32 Group companies participated from overseas, a new record high, and 43 domestic Group companies also participated, over three times the amount when the event first started (13 companies).

Many runners from Kaneka take part in the Hokkaido marathon, which Kaneka has co-sponsored since 2013, primarily high-ranking runners from the Run, Run, Run. Kaneka Ekiden.
On the day of the race, Hokkaido Group companies and many people involved cheer on the runners from the side of the road despite the hot summer heat, together adding to the excitement of the event.

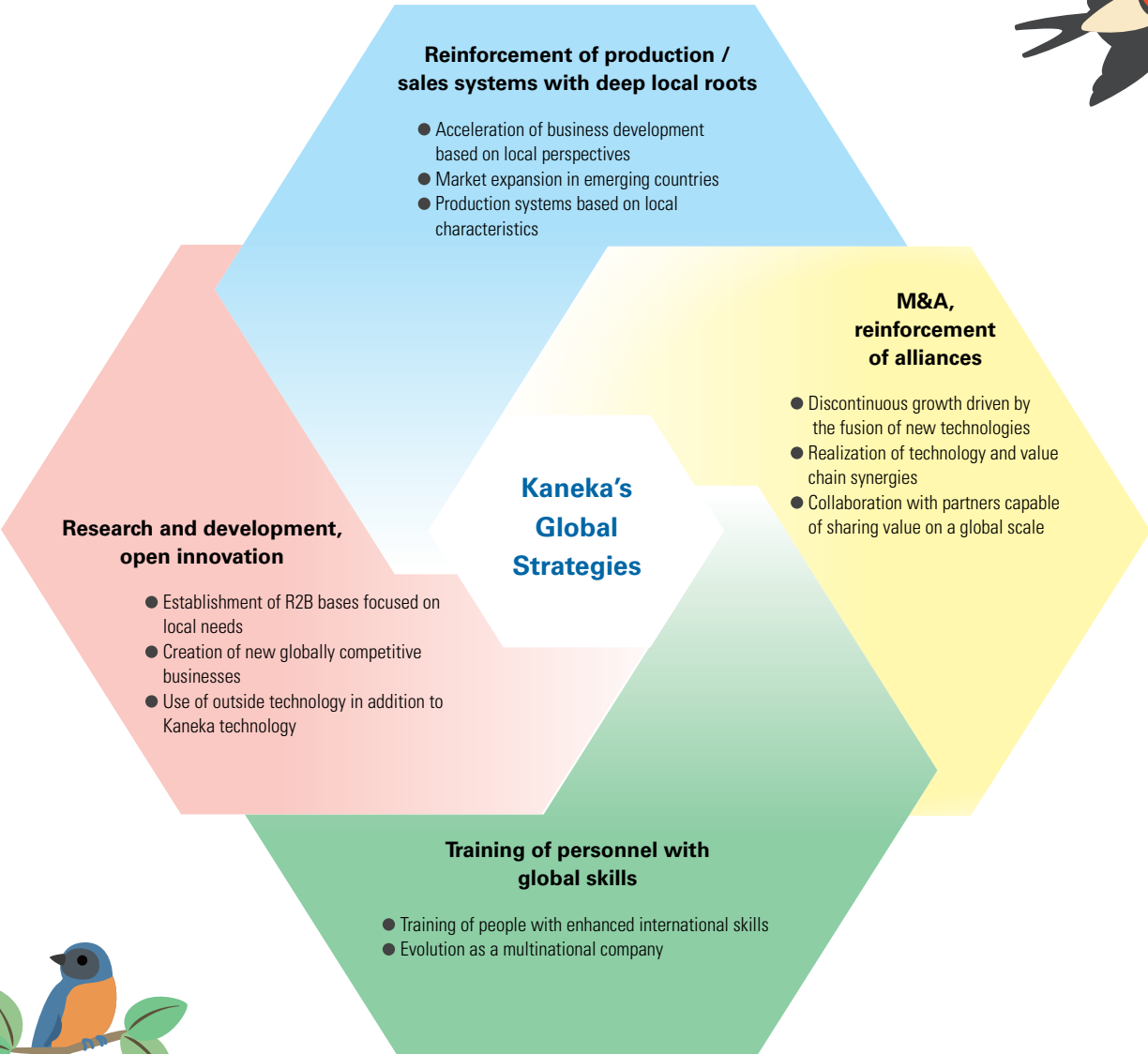




Think Global, Act Local

Our global network enabling business development deeply rooted in communities

We aim to become a company that delivers unique technologies and products all over the world, in order to save human lives and resolve social issues. We promote activities deeply rooted in local communities worldwide. We advance transculturation from a global perspective. There is no border in chemistry, and when we do business in foreign lands, we focus on conducting local-based business (Glocal business) by overcoming cultural differences. Our goal is to become a company with a global presence by offering valuable solutions to the world market in a timely manner.



The Best Glocal Kaneka Way

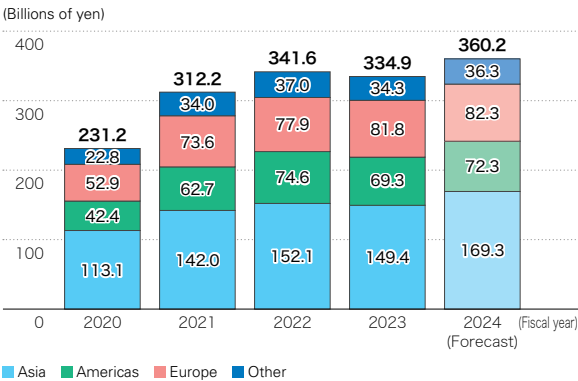
We are promoting the Glocal Kaneka Way to formulate an overall optimal strategy on a core of Global Centers and to pursue local adaptability to optimize local resources.

Moving Key Business Activities Overseas

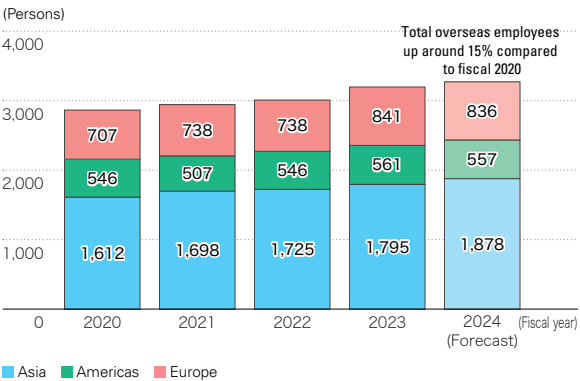
We are steadily increasing overseas sales by pursuing Kaneka transforms and growth drivers in global markets. Along with promoting the localization of management, we are boldly appropriating management

resources to overseas. We will thoroughly strengthen local activities though borderless R2B activities and by taking a market-out approach to market development in which local trends and the latest needs are captured.

Overseas Sales



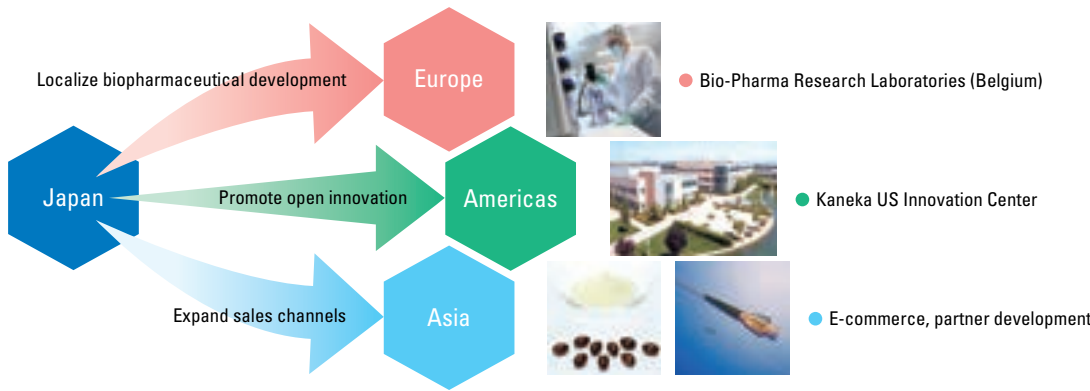
Employees by Overseas Area (Consolidated)



Accelerating Global Development in the Life Sciences

Centering on the life sciences, we are accelerating global development by localizing R2B and open innovation sites, expanding market development

sites in areas of demand, promoting business alliances and M&A, and developing optimal sales channels.



< Acquisition of EndoStream Medical Ltd. >



Cerebral aneurysm treatment device "Nautilus™"
"Nautilus™" is a trademark of EndoStream Medical Ltd.

In the medical business, in December 2024 we made EndoStream Medical Ltd. a subsidiary, a company that has innovative technologies in the field of cerebrovascular disease. By combining its technologies with the manufacturing technologies of Kaneka, we are conducting a wide range of business development in medical devices to expand our business portfolio.



From hands-on manufacturing experience,
**We build our business to last 100 years
into the future**

The Manufacturing Site Is a Value Center

We will build up a Kaneka’s unique manufacturing site by fusing the creativity of technology and innovation with digital technology.
With a manufacturing-first approach based on the concept of a safe and reliable plant, we will focus on maximizing and monetizing our business.

Integration of Manufacturing and “R2B+P”

By strengthening our R2B+P initiative, which strongly integrates R2B and manufacturing, and scaling up our creativity as part of our routine, we will quickly and competitively implement new technologies.

**Realizing a Plant that Creates New
Value and Embodies Sustainability**

We will speed up our efforts in digital transformation, incorporating cutting-edge technology to evolve our production plants, and increase the speed and scale of our commercialization of new products.
To achieve carbon neutrality, we are tackling the challenge of company-wide efforts and advancing each theme ahead of schedule.
With our energy solution technology, we will also contribute to decarbonizing society, starting with local governments.



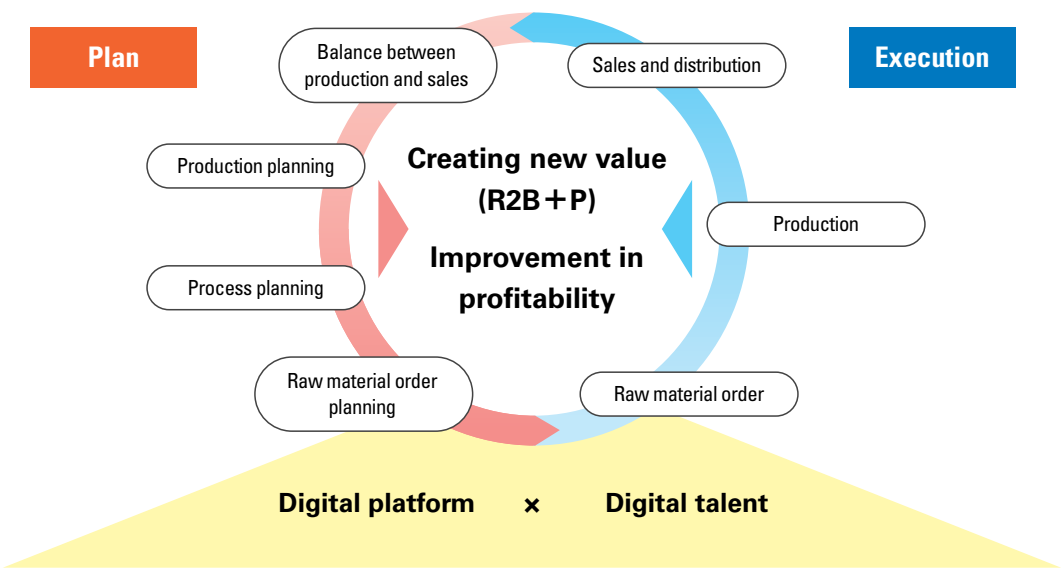


Digital Transformation (DX)

We will transform our production plants into cutting-edge facilities to excel in global competition

We will leverage AI and digital technology across the entire supply chain, linking R2B, production, and business areas to allow our people to shift toward more creative work.

Surpassing human limits and systematizing human intuition and expertise (Craftspersonship)



DX roadmaps	2020	2030	Progress
Creating new value Shifting people to creative work	<div>Promotion of FOZ (*1)</div> <div>Link planning and execution to maximize profits</div> <div>Use R2B+P to scale and monetize business</div>	<div>• The Tomatoh Manufacturing Site's blood purifier manufacturing facility (FOZ Manufacturing Site) is now operational</div> <div>• Construction has begun on a new medical catheter manufacturing plant at the Tomatoh Manufacturing Site (FOZ Manufacturing Site)</div> <div>• Initiated efforts to achieve zero-energy status at our factories by utilizing photovoltaic technology</div>	
Transforming work styles using AI and digital technology Enhancing planning and execution operations	<div>Using AI to enhance work done by staff</div> <div>Enhancing production management, including production planning and raw material order management</div> <div>Using AI to stabilize production processes</div>	<div>• Adopting technology for AI-based demand forecasting</div> <div>• Establishing and deploying AI-driven production planning optimization technology: Case study 1</div> <div>• Enhancing AI image analysis: Case study 2</div> <div>• Using generative AI to pass down expertise</div>	
Strengthening our digital platform Strengthening our infrastructure Developing digital talent	<div>Enhancing data storage and communication infrastructure</div> <div>Developing talent skilled in AI and data utilization, as well as those skilled in digital transformation planning</div>	<div>• We have begun developing a digital twin to integrate our global production sites within a virtual environment</div> <div>• We have begun strengthening security measures in the Operational Technology OT (*2) domain</div> <div>• Increasing AI and data utilization personnel</div>	

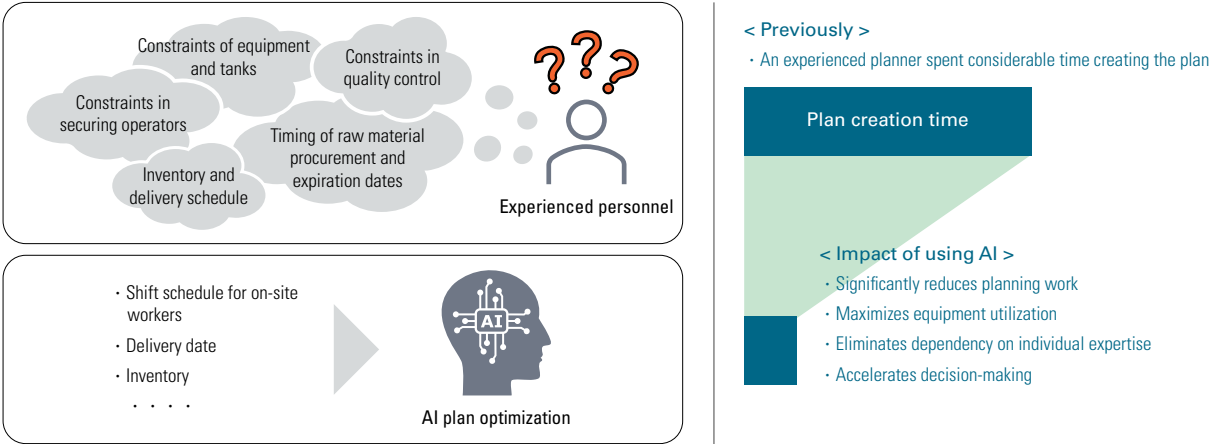
*1 FOZ (Field Operation Zero): Zero field operations in manufacturing sites.
*2 OT (Operational Technology): Technology used to optimally control and operate factory equipment.

< Case study 1 >

Plan Optimizing production planning with Kaneka's unique R2B+P approach

Creating production plans that consider manufacturing constraints and customer demands previously depended on experienced personnel. However, our R2B team is now closely collaborating with the production site to use AI to automate this work. This initiative focuses on developing AI technology and increasing personnel who can use AI and data. We are also broadening areas of application.

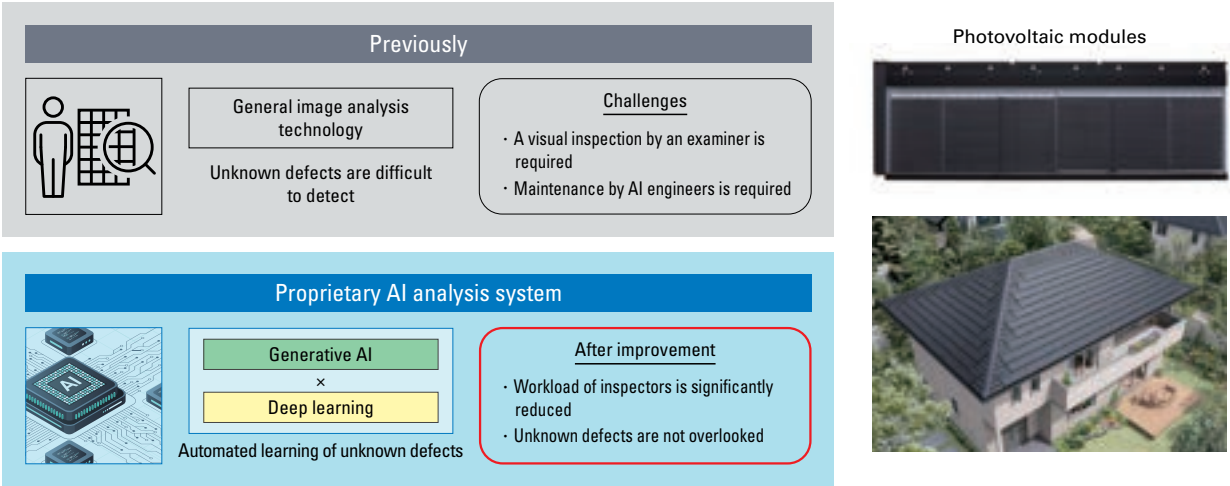
Image of production planning optimization and impact of application

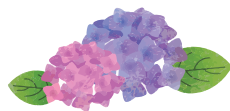


< Case study 2 >

Execution Combining generative AI and deep learning to automate solar cell inspection

When inspecting micro-defects in solar cells with established image analysis techniques, maintaining inspection accuracy and detecting unknown defects proved difficult. Through collaborative research with Nara Institute of Science and Technology, we developed a unique AI analysis system that integrates generative AI and deep learning. We have used this innovation to automate our inspection processes. This technology goes beyond traditional deep learning by not relying on past data. It will enhance not only our solar module manufacturing sites, but also drive the realization of FOZ in our production processes.





Carbon Neutral (CN)

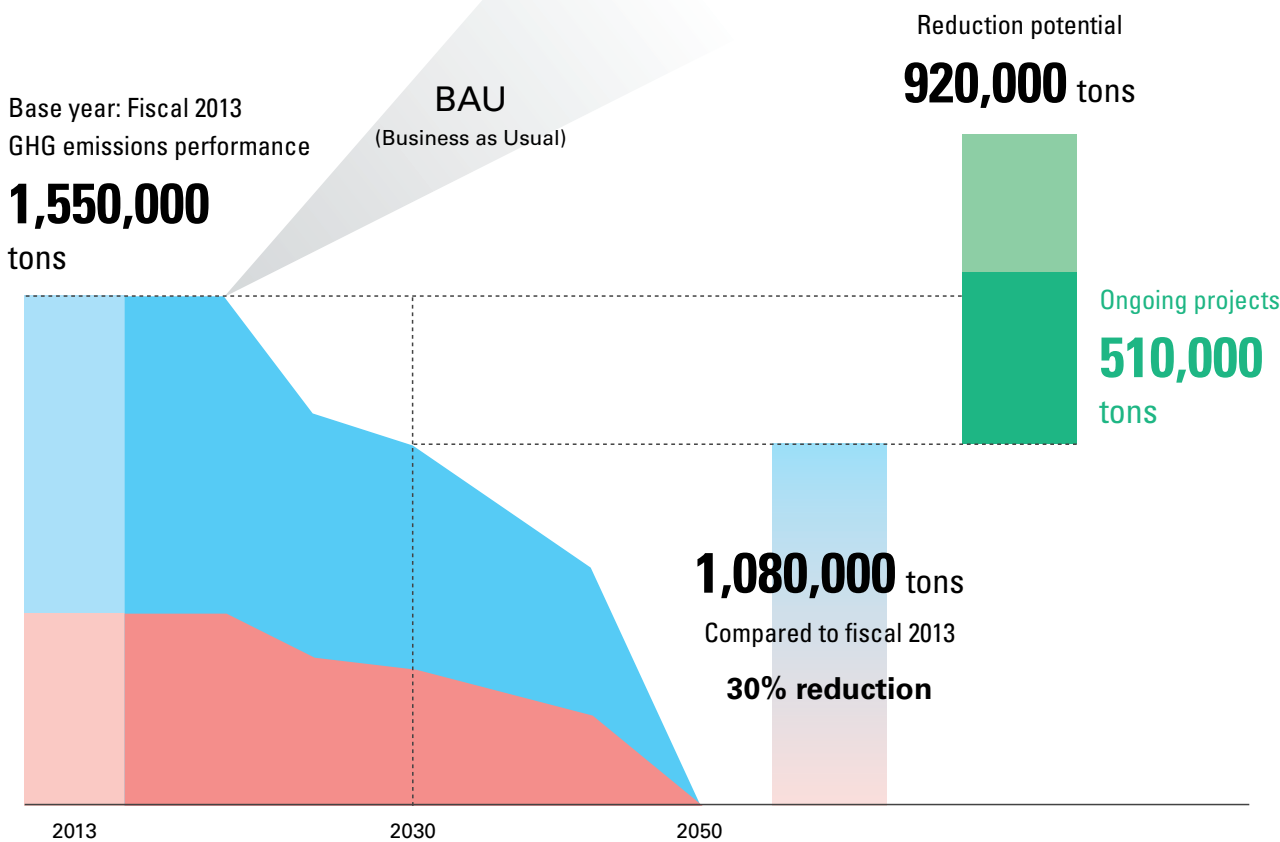


Creating manufacturing sites that embody sustainability to promote global health

Kaneka Group supports the principles of theTCFD. Through scenario analysis, we identify climate-related risks and opportunities and develop strategies for the medium to long term.

We have also joined the GX League (*1) to advance our carbon neutrality initiatives. Based on these principles, Kaneka Group aims to cut its Scope 1 and 2 GHG emissions by 30% by 2030, compared to fiscal 2013 levels. We aim to achieve carbon neutrality for domestic and international subsidiaries by 2050.

We will continue to use our established production expertise to reduce GHG emissions. We will implement new development themes and advance ongoing energy saving initiatives at our manufacturing sites. We will also collaborate across external organizations to contribute to global health.



*1 GX League: An initiative aimed at achieving carbon neutrality by 2050 and driving societal change. It involves collaboration with businesses, government, and academia committed to Green Transformation and sustainable growth.

Approach to Setting GHG Emission Reduction Targets

We aim to cut GHG emissions by 470,000 tons, or 30%, from the fiscal 2013 baseline by 2030. We anticipate reducing emissions by 510,000 tons by fiscal 2024 through fuel conversion at the Takasago Manufacturing Site and other measures.

To balance future business growth with emission reductions, we will identify potential GHG emission cuts through energy saving process innovations. We will develop economically viable plans that consider internal carbon pricing.

	GHG emissions reduction theme total potential	Ongoing projects	Progress
1. Fuel conversion	310,000 tons	310,000 tons	Decision to divest from coal: 310,000 tons
2. Energy saving	300,000 tons	26,000 tons	Operational
3. Process innovation	100,000 tons	4,000 tons	Operational
4. Use of renewable energy, low CO ₂ emission factor for electricity and steam power	210,000 tons	170,000 tons	Kaneka Malaysia Decision to introduce biomass boilers, etc. 70,000 tons Power company emission factor reduction 100,000 tons
GHG emissions reduction Total	920,000 tons	510,000 tons	

Progress to Date

1) Projects that have progressed to a highly feasible phase

Scope 1: We have decided to accelerate our coal phase-out by three years, moving the target from 2030 to 2027. The Takasago Manufacturing Site is progressing as planned with the installation of a new gas turbine cogeneration system. This initiative aims to phase out coal and reduce GHG emissions by 2027.

Scope 2: Kaneka Malaysia has finalized a contract with a supplier to switch to biomass-derived steam by 2026. We expect this to reduce GHG emissions by approximately 30,000 tons. At the Takasago Manufacturing Site, we anticipate reducing GHG emissions by approximately 100,000 tons due to lower emission factors from the power company.

2) Unlocking potential

We are not only investigating GHG emission reduction themes within our domestic and international group companies, but also exploring external partnerships. By sourcing low-GHG energy, we are expanding our potential to reduce GHG emissions.



Carbon Neutral (CN)



Disclosure of Information in Line with TCFD Recommendations

In March 2021, Kaneka announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Governance

The Global CSV (Quality Environment) Center at the Corporate Manufacturing Integrity Center manages the risks and opportunities related to climate change. We collaborate with business, production, and research divisions to address climate change risks and formulate prevention strategies. Proposals are reviewed by the Engine of Sustainability Management, led by the Executive Vice President from the Global CSV (Quality Environment) Center. We work closely with all departments to implement solutions. In particular, the DX & Carbon Neutral Committee, part of the Engine of Sustainability Management, leads our manufacturing strategy for carbon

neutrality. This committee collaborates with business units, staff departments, manufacturing sites, research centers, and group companies. Together, they integrate digital transformation with carbon neutrality efforts in manufacturing. The activities of the DX & Carbon Neutral Committee are reported to the Engine of Sustainability Management. Future action plans are then reviewed and decided, and these are incorporated into business plans and other strategies. Matters of particular importance are reported to the Board of Directors.

Strategy

We have summarized the most significant climate change risks and opportunities for the Company in the table on the right. In fiscal 2023, we analyzed the expansion of solar power, the increased use of biomass plastics, and the rising demand for effective waste utilization as

significant business opportunities. We conducted this analysis under both the 1.5°C and 4°C scenarios and shared the findings with relevant departments. We have integrated the main strategies into our business plan, and will continue to advance these efforts.

Risk Management

The Global CSV (Quality Environment) Center leads scenario analysis on climate change risks and opportunities. We share the strategies with business units and integrate them into our business plans.

Production-related measures are proposed and reviewed by the DX & Carbon Neutral Committee and the Production DX & Carbon Neutral Project Committee.

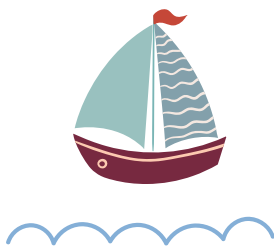
Metrics and Targets

Kaneka Group aims to achieve carbon neutrality by 2050. As a milestone, we have set a target to reduce GHG emissions by 30% by 2030, compared to fiscal 2013. In fiscal 2023, Kaneka Group’s total Scope 1 and Scope 2 GHG emissions amounted to 1,513 thousand tons-CO₂e, which is 97.9% of the levels recorded in fiscal 2013.

Kaneka’s standalone Scope 3 emissions amounted to 3,006 thousand tons-CO₂e. Since fiscal 2022, we have been gradually expanding the scope of Scope 3 emissions calculations for our group companies. We plan to consider a strategy for reducing Scope 3 emissions in the future. Please visit our official website to view our performance up to fiscal 2023.


Major Climate Change Risks and Opportunities: Business Impact and Countermeasures

Type	Changes in society	The impact of climate-related risks and opportunities on the organization's business, strategy, and financial plans (● Risks/● Opportunities)	Countermeasures (◎ indicates priority areas)
Regulatory/ Legal	Strengthening of GHG emissions regulations	● Depreciation and amortization costs arising from GHG emissions reduction	· Introduction of Internal Carbon Pricing (ICP) system
Regulatory/ Legal	Increased operational costs due to introduction of carbon tax (incl. supply chain)	● Increase in operating costs due to the introduction of carbon tax	◎ Early fuel conversion of private power generator facilities · Continuous energy saving in existing manufacturing processes · Process innovation · Use of renewable energy and low CO ₂ emission factor electricity · Introduction of Internal Carbon Pricing (ICP) system
Technological	Acceleration of the circular economy	● Increase in procurement costs due to taxes on the production of petrochemical-derived packaging plastics	◎ Mass production of Kaneka biodegradable polymer Green Planet™ ◎ Promoting research and development to produce the Kaneka biodegradable polymer Green Planet™ from carbon dioxide and hydrogen · Expanding the use of recycled materials
Market	Increased demand for biomass-based resins and decreased demand for fossil-based plastics	● Growing demand for products that contribute to the realization of a circular society, such as biodegradable plastics and low-carbon and decarbonization-related products	
Technological	Low-carbon trends affecting raw material and energy sources	● Fluctuations in fuel costs due to price changes in crude oil, etc. ● Increase in purchase and sales fares due to the introduction of decarbonization technology in transport vehicles and the transfer of credit purchase costs	◎ Early fuel conversion of private power generator facilities · Continuous energy saving in existing manufacturing processes · Use of renewable energy and low CO ₂ emission factor electricity · Reviewing procurement policies · Strengthening supply chain management initiatives
Market	Increased demand for renewable energy, energy networks, and energy-saving-related products	● Growing demand for materials for ZEB and ZEH	◎ Enhancement and expansion of products related to solar power generation · Expansion of self-delivery and microgrids · Enhancing and expanding insulating material for residential buildings (Kanelite Foam™) · Developing storage batteries
Acute	Impact of extreme weather events on our manufacturing sites and supply chain	● Events caused by flooding due to heavy rainfall or water shortages. Such events could include production stoppages at our factories, supply chain disruptions, etc., leading to lost sales opportunities and increased building damage	· Assessing water risks at Kaneka Group sites · Periodically reviewing BCPs
	Increased demand for building materials in preparation for disasters caused by extreme weather events	● Higher sales of building materials products that curb damage caused by weather disasters	· Development of embankment foam (Kanepearl™, Kanelite Foam™)




List of Directors (June 27, 2024)

Chairman of the Board
(Representative Director)




Kimikazu Sugawara

President
(Representative Director)




Kazuhiko Fujii

Member of the Board
Executive Vice President




Shinichiro Kametaka




Mamoru Kadokura


Member of the Board
Managing Executive Officer




Katsunobu Doro



Jun Enoki




Toshio Komori




Masaaki Kimura


Independent Member of the Board




Mamoru Mohri



Jun Yokota



Yuko Sasakawa



Hiromi Miyake

Audit & Supervisory Board Member	Senior Managing Corporate Executive Officer	Managing Executive Officer		Executive Officer	
Masami Kishine	Akira Iwazawa	Atsushi Kawakatsu	Takuo Ishibashi	Yasuyoshi Ueda	Shozo Ishizaka
Shinobu Ishihara	Yasuaki Nuri	Yoshiki Takeoka	Osamu Ishida	Hiroyuki Deguchi	Takeo Watanabe
Hiroshi Fujiwara		Shinji Mizusawa	Satoshi Suzuki	Isao Otsu	Hiroshi Ando
Yasuhiro Uozumi		Kazuo Ochiai	Masashi Nishikawa	Masanobu Yamada	Ryou Shimizu
		Kan Okabe	Etsuo Yoshiike	Katsutoshi Shichijo	Masanobu Sugawara
		Riichi Nishimura	Satoru Katayama	Ryuichi Maruyama	Genichiro Kocho
		Masahiro Ueda	Naoki Furukawa	Ken Matsumoto	

Corporate Governance

Basic Policy

Guided by our Corporate Philosophy, Kaneka aims to achieve sustainable growth, improve medium- to long-term corporate value, and build trust among all stakeholders, including shareholders, investors, customers, local communities, vendors, and employees, realizing optimum corporate governance to fulfill our social responsibility. Kaneka believes that a working corporate governance function is extremely important for realizing diverse, global business growth and maintaining the optimal allocation of corporate resources to the R&D, production and sales activities that support that growth. It is also essential for realizing sustainable growth together with the medium- to long-term improvement of corporate value. From that perspective, Kaneka is working to enhance corporate governance, both to ensure transparency and fairness in decision-making and to build more dynamic management through swift, bold decisions. Kaneka believes the following basic items are particularly important in those efforts.

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

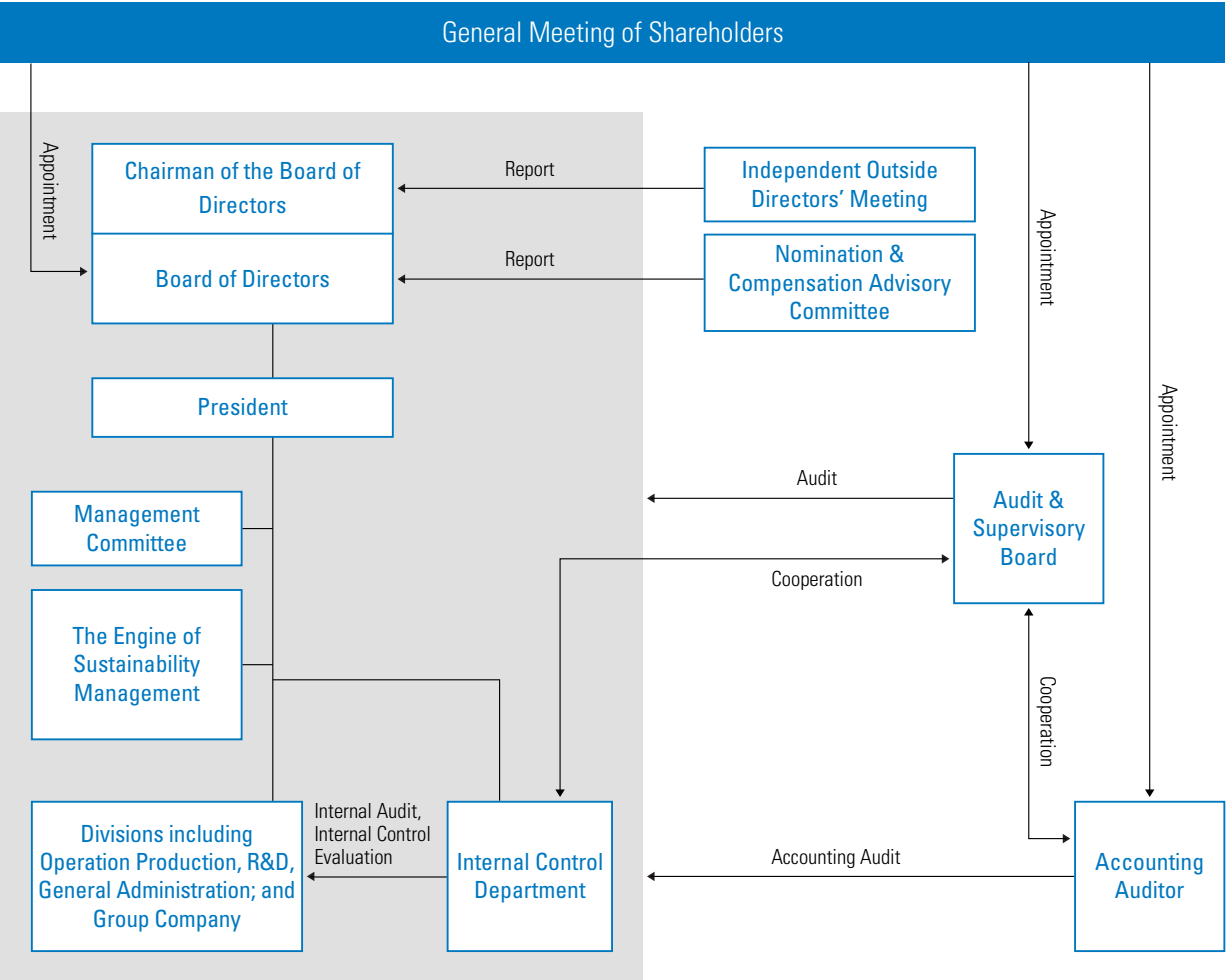
Efforts to Strengthen the Governance Capacity

	2006–	2011–	2021–
Corporate Philosophy	2009 Established the “Declaration of Kaneka United” 2018 Established the “ESG Charter”		
Separation of management and execution	2006 Introduced the executive officer system 2006 Changed the number of directors from 21 to 13		
Outside directors	2011 Appointed an outside director 2015 Increased the number of outside directors from 1 to 2 2020 Increased the number of outside directors from 2 to 4		2022 Appointment of one female director 2023 Increased the number of female directors from 1 to 2
Committees	2015 Established the Nomination & Compensation Advisory Committee 2015 Established the Independent Outside Directors’ Meeting		2021 Majority of the Nomination & Compensation Advisory Committee is the Independent Outside Directors
Internal control system	2006 Formulated the Basic Policy on Internal Control System		
Corporate governance	2015 Formulated the Basic Policy on Corporate Governance		
Independence criteria for outside directors	2013 Formulated the Criteria for Independence of Outside Directors		
Effectiveness evaluation	2016 Commenced the effectiveness evaluation on the Board of Directors		

Corporate Governance

Corporate Governance Structure

Diagram of Corporate Governance System



Organizational Design

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

Main items	
Organizational structure	Company with Audit & Supervisory Board
Term of office of directors	1 year
Adopted executive officer system	Yes
Organization that assists the president in decision making	Management Committee
Voluntary advisory body to the Board of Directors	Nomination & Compensation Advisory Committee
Other important bodies	Independent Outside Directors' Meeting

Directors and the Board of Directors

The Board of Directors seeks to ensure efficient and effective corporate governance in order to realize the company's sustainable growth and increase corporate value in the medium- to long-term. The Board of Directors exercises its oversight functions on overall management to ensure fairness and transparency, as well as to appoint management positions, evaluate and determine remuneration, evaluate serious risks and determine strategies to counter them, and make the best decisions on important business operations. The Board of Directors makes resolutions on important matters related to the management of the Kaneka Group after deliberation by the Management Committee, which includes the president. There are at most 13 members on the Board of Directors. Of these, four are

independent outside directors, in principle, to strengthen the oversight function. Directors serve for a period of one year to clearly define management responsibilities. The Board of Directors met 14 times in fiscal 2023. (The rate of attendance by Directors and Audit & Supervisory Board Members was 100.0%). Based on the rules of the Board of Directors, it discussed and decided on the mid-term management plan, annual budget, financial policy, key personnel, quarterly/year-end accounts, and strategic investments. The Board of Directors also received and discussed reports on each business division with regard to progress on the mid-term management plan and the monitoring of issues.

Audit & Supervisory Board Members and the Audit & Supervisory Board

Audit & Supervisory Board Members and the Audit & Supervisory Board seek to ensure healthy and sustainable corporate growth and to establish a structure with good corporate governance that can gain social trust by checking on the performance of directors in regard to their duties. The Audit & Supervisory Board comprises four members, two of whom are independent outside members, and performs audits in coordination with

the Accounting Auditor and the Internal Control Department. Audit & Supervisory Board Members are given space to periodically exchange views with the representative director, and monitor the state of business operations when necessary, by attending key meetings of the Board of Directors and those of the Management Committee, which decides on the implementation of important matters, as well as division head meetings.

Nomination & Compensation Advisory Committee/Independent Outside Directors' Meeting

We have established the Nomination & Compensation Advisory Committee and Independent Outside Directors' Meeting. The Nomination & Compensation Advisory Committee discusses remuneration of Directors, and candidates for Directors and Audit & Supervisory Board Members, and reports them to

the Board of Directors. The Independent Outside Directors' Meeting discusses the effectiveness of the Board of Directors to report to the Chairman of the Board of Directors. In order to increase neutrality, the majority of the Nomination & Compensation Advisory Committee are the independent outside directors.

Implementation of Business Operations

Kaneka has adopted the executive officer system to harmonize the oversight function of directors with the implementation function of business operations, which also facilitates decision-making and clearly defines roles. The Board of Directors decides on key management strategies and business operations of the entire Kaneka Group, while executive officers handle business operations in their respective areas of responsibility. The Executive Officers' Meeting is held monthly to share management policies and

issues with the aim of achieving management goals speedily. Division heads, including executive officers appointed by the Board of Directors, are given extensive authority over daily business execution. Monthly division head meetings are held to enable the directors and Audit & Supervisory Board Members to directly hear progress reports from each division head. The Internal Control Department evaluates the effectiveness of internal control and conducts an internal audit.



Corporate Governance

Selection Criteria for Directors

At Kaneka, directors are selected by the Board of Directors, on the basis of character, judgment, expertise and experience as well as ethics, after deliberation by the Nomination & Compensation Advisory Committee, which is comprised of directors and independent outside directors. We are expanding diverse businesses globally. In order for the Board of Directors to make accurate and prompt decisions and supervise these corporate activities, we place great importance on appointing

directors with different backgrounds such as diverse knowledge, experience, and expertise. Specifically, we expect knowledge, experience, and expertise related to business, global, technology, diversity and corporate & governance. We also believe that the Board of Directors as a whole has well-balanced knowledge, experience, and expertise, and is composed of an appropriate number of people. In selecting directors, no restrictions are made in terms of gender, age or nationality.

Skills Matrix of the Members of the Board

Name	Position in the Company	Fiscal 2023 attendance at Meetings of the Board of Directors	Knowledge, experience, and expertise				
			Business	Global	Technology	Diversity	Corporate & Governance
Kimikazu Sugawara	Chairman of the Board (Representative Director)	100%	○	○		○	○
Kazuhiko Fujii	President (Representative Director)	100%	○	○		○	○
Shinichiro Kametaka	Member of the Board, Executive Vice President	100%	○	○		○	○
Mamoru Kadokura	Member of the Board, Executive Vice President	100%	○	○	○	○	
Katsunobu Doro	Member of the Board, Managing Executive Officer	100%	○	○		○	
Jun Enoki	Member of the Board, Managing Executive Officer	100%	○	○		○	○
Toshio Komori	Member of the Board, Managing Executive Officer	100%	○	○		○	○
Masaaki Kimura	Member of the Board, Managing Executive Officer	–	○	○	○	○	
Mamoru Mohri	Independent Member of the Board	100%		○	○	○	○
Jun Yokota	Independent Member of the Board	100%		○		○	○
Yuko Sasakawa	Independent Member of the Board	100%	○			○	○
Hiromi Miyake	Independent Member of the Board	100%		○		○	○

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



Analysis and Evaluation of Effectiveness of the Board of Directors

Each year, Kaneka implements an analysis and evaluation of the effectiveness of the Board of Directors, and discloses a summary of the evaluation results. Specifically, the Chairman of the Board of Directors periodically receives reports from the Independent Outside Directors’ Meeting and opinions from the internal directors. Based on these reports, the current status of operations of the Board is evaluated. In the evaluation process in fiscal 2023, the Independent Outside Directors’ Meeting held discussions focusing on the operation of the Board of Directors (number of meetings held, frequency, length, contents of

information provided beforehand, contents of agendas, deliberations, etc.), role of outside directors, information provision to outside directors, and risk management. Based on the discussion results, the Board of Directors conducted a self-evaluation. As a result, it has been confirmed that the Board of Directors functions effectively in making decisions on important matters for the Group such as risk management and supervising business execution. We will continue to enhance the effectiveness of our Board of Directors through effectiveness evaluations.

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

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

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

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

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

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





Corporate Governance

Remuneration of Members of the Board, etc.

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

How this policy is determined

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

Basic policy

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

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

Category	Personnel eligible for payment	Total amount paid	Total amount by type of remuneration		
			Basic remuneration	Performance-linked remuneration (bonus)	Non-monetary remuneration (stock option remuneration)
Directors (Of which, outside directors)	14 (5)	706 million yen (68 million yen)	547 million yen (68 million yen)	110 million yen (-)	49 million yen (-)
Audit & Supervisory Board Members (Of which, outside Audit & Supervisory Board Members)	5 (2)	82 million yen (34 million yen)	82 million yen (34 million yen)	-	-

Note: Amounts are rounded down to the nearest unit.
The amount for non-monetary remuneration (stock option remuneration) 49 million yen is the cost amount recorded for the most recent stock acquisition rights granted to eight directors excluding outside directors.



Policy on Strategic Shareholdings

Kaneka holds the minimum number of strategic shareholdings necessary for maintaining and strengthening business relationships, business alliances, and capital alliances. Each year we periodically review our strategic shareholdings after comprehensively assessing the appropriateness of the purpose of the holdings and the economic rationale in terms of the returns and risks associated with such holdings. When we determine that a holding is of low necessity, we reduce the number of shares that we hold. Each year, we report on these initiatives to the Board of Directors and disclose an overview of them. In fiscal 2023, we sold 17 listed stocks including partial sales as a result of the assessment described above. In addition, the exercise of voting rights pertaining to the shares held by the policy will be carried out after determining the approval or disapproval of each individual proposal after setting the exercise criteria.

Strategic Shareholdings

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

* Figures for fiscal 2024 are up to the 3rd quarter

Basic Policy for the Internal Control System and Status of Operation

The Company has established a Basic Policy for the Internal Control System by resolution of the Board of Directors. We periodically assess and review this policy as appropriate to ensure that our internal control system is effective. In fiscal 2023, we confirmed the status of operations with respect to (1) the compliance system and risk management system, (2) the system for the efficient performance of duties by directors, and (3) the system for management of subsidiaries and (4) the system for auditing by Audit & Supervisory Board Members.





ESG Promotion

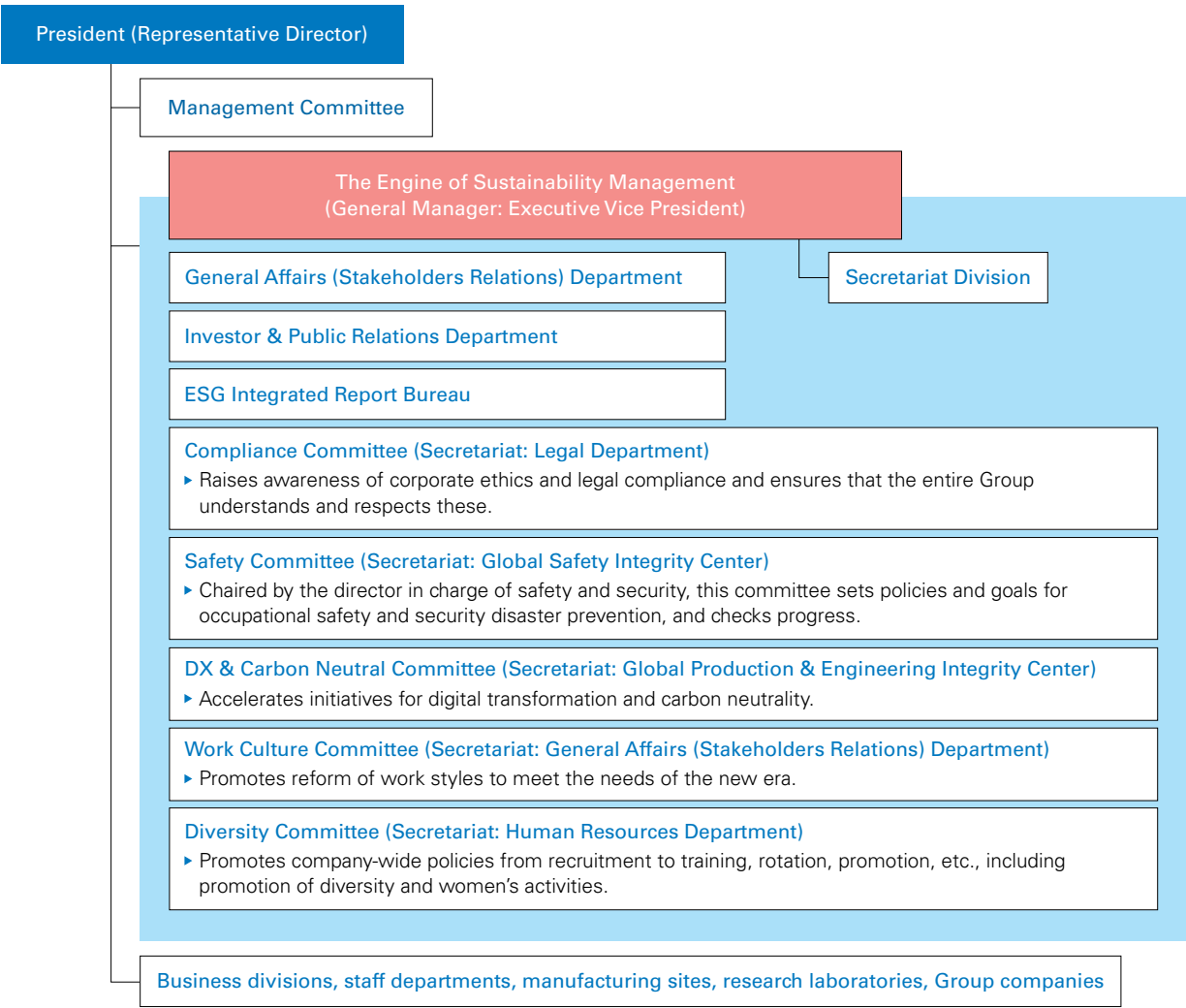
Basic Policy

In 2018, Kaneka Group established the ESG Charter to evolve its ESG management. Aiming to provide valuable solutions globally with a focus on chemistry, the ESG Charter serves as an action agenda for each employee to materialize our Corporate Philosophy.

Promotion System

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

Diagram of ESG Promotion System



Business Risks and Uncertainties

Basic Policy

Kaneka Group has formulated a basic risk management policy to respond to potential risks in business

operations, aiming for the goal of “Wellness First” to make the world healthy.

Risk Management System

Our basic risk management policy is that each division identifies operational risks and other types of risks that it may face, takes appropriate preventive measures, and responds appropriately in cooperation with other relevant divisions if a risk manifests itself. For preventive measures against potential risks including those related to ethics and legal compliance, the Compliance Committee oversees the development and implementation of the company-wide plans.

When a risk occurs or is likely to occur, the Compliance Committee handles the risk in cooperation with the relevant divisions. We regularly check whether the above-mentioned activities are implemented properly to prevent our risk management system from falling into mere formality, and strive to maintain and improve its effectiveness. For operational risks and other risks related to our business and financial situation, see the Financial Section.

Enhancing Crisis Management Systems

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

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

Strengthening of Information Security

Information systems play a key role in all aspects of business activities. We believe that protecting information assets from all kinds of threats, including cyberattacks, unauthorized access, data breaches, and other risks arising from inside and outside the Group, is a key management issue. Aware of the importance of managing information and their responsibilities in this regard, all directors and employees in the Kaneka Group are committed to properly managing information. We have put in place a risk management system at the Kaneka Group that is led by management. Within the IoT Solutions Center (Information Sys-

tems Department), we have set up an organization for information security. Through this organization, which is headed by the Group information management manager who is the director in charge, we appropriately manage information to avoid information leakage and other risks, and promote effective use of information and efficiency in operations. The Kaneka Group is working to reinforce various security measures to prevent serious information security incidents. In fiscal 2023, there were zero serious information security incidents resulting in suspension of operations, leaks of personal information, or other damage.

Compliance

Basic Policy

Viewing compliance as an important management issue, we implement various initiatives to ensure compliance among all directors and employees not only with all applicable laws and regulations, but also with business and social ethics. We aim to improve

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

Internal Reporting and Establishment of Consultation Hotlines

To prevent compliance violations and ensure early detection and remediation, we have established whistleblowing (internal reporting) services within the Company and at outside law firms. The whistleblowing services are available to Kaneka Group directors and employees and their families, former employees who have resigned within the past year, and businesses with which the Company has relationships, including partner companies and suppliers. The rules on whistleblowing stipulate the reporting framework and response when there is a consultation, and delineate the responsibilities of those involved, to ensure that whistleblowers and

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

Respect for Human Rights

Since its foundation, Kaneka has practiced respect for humanity in its management. We have a fine tradition of maintaining a culture and climate that tries to make the most of the good qualities of each individual. We see respect for human rights as a

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.

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.

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

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.

fundamental principle that should be upheld by the Company and each of its employees. Throughout our business activities, we strive to raise awareness of respect for individuality and consideration for human rights.



Intellectual Property

Basic Policy

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

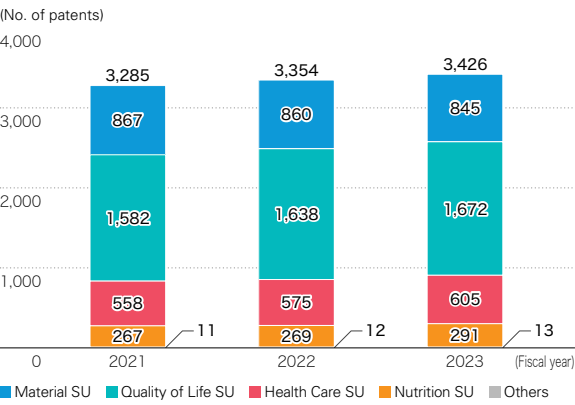
Promotion System

The Intellectual Property Department, which operates directly under the President, works to secure and maintain the Kaneka Group’s intellectual property, which supports our business. At each of our regional headquarters in the Americas, Europe, and Asia, we have put a framework in place for assigning intellectual property specialists to respond directly to local issues. To mitigate intellectual property risks and prevent leaks of trade secrets at Group companies in Japan and overseas, we are also shoring up cooperation between the various Group companies and the Intellectual Property Department. Based on our Corporate Governance Code, which we revised in 2021, we continue taking actions to

Creation of Intellectual Property

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

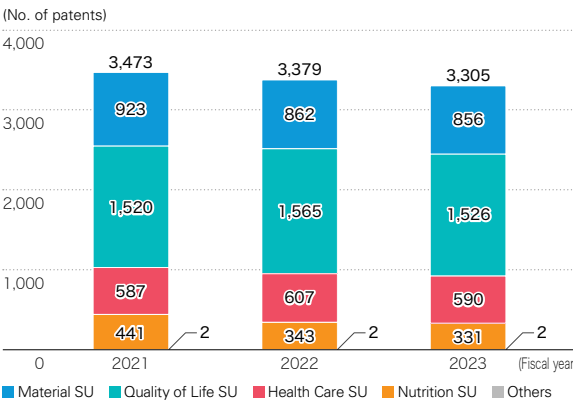
Number of Japanese Patents Held



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

improve our governance of intellectual property. The director in charge of the Intellectual Property Department receives reports and gives directions at monthly reporting meetings. In addition, in line with our intellectual property strategies, meetings are held once a year for each division. These meetings are attended by general managers of the division, the research division, and the Intellectual Property Department. We will continue to strengthen the linkage between our intellectual property strategy and the business and research strategies of each division, with the aim of contributing to business performance.

Number of Overseas Patents Held





Environment

Basic Policy

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

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

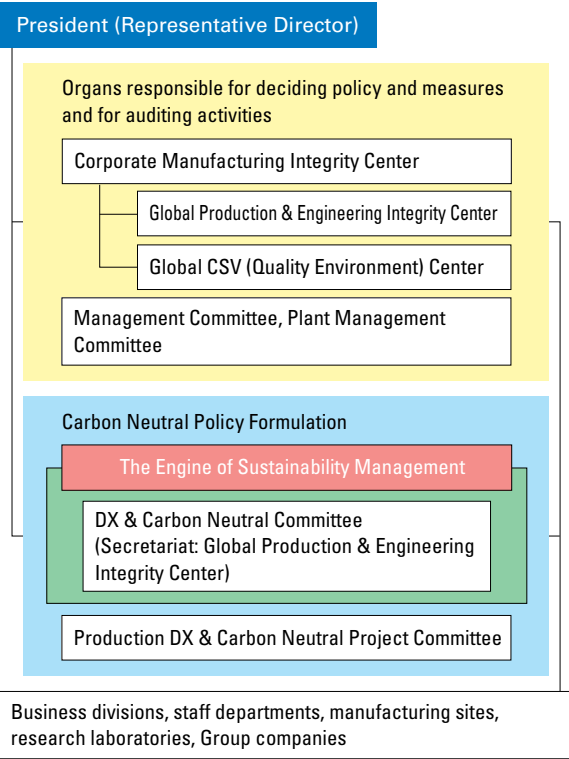
Promotion System and Policy

When dealing with important matters relating to global environment protection, the Corporate Manufacturing Integrity Center, which operates directly under the President, and the Global CSV (Quality Environment) Center take the lead role in sharing the issues with the Management Committee, the Plant Management Committee, and other relevant bodies and then formulating policies and measures. As to carbon neutrality, we have established a DX & Carbon Neutral Committee under the control of the Engine of Sustainability Management to accelerate initiatives.

In our business activities, we are taking steps to reduce environmental impact and ensure appropriate chemical substance management and information disclosure, with the Global CSV (Quality Environment) Center playing the central role in environment conservation activities. Meanwhile, toward realizing a sustainable society, we have set out the Basic Policies for Responsible Care under which we ensure strict observance of laws protecting human health and safety and rigorous compliance with environmental legislation such as the Air Pollution Control Act and the Water Pollution Control Act and the criteria set out in related agreements. Internal auditing, ESG safety and quality inspections, and other tools are used to

confirm compliance and to manage environmental impact and risk reduction.

Diagram of Promotion System



Basic Policies for Responsible Care
1. Protect the natural ecosystem and reduce environmental impact
2. Offer safe products and information
3. Develop products and technologies in consideration of the environment and safety
4. Reduce waste and promote the recycling of plastics
5. Enhance process safety, disaster-prevention, and occupational safety and health
6. Win public confidence

Targets and Performance

Fiscal 2023 target		Fiscal 2023 performance
Energy intensity index (*1)	Average annual reduction of 1% or more	96.3 (all parent manufacturing sites) (106.3% year-on-year change (*2)) Five-year average change rate 100.4%
CO ₂ emission intensity index (*3)	Average annual reduction of 1% or more (fixed emissions factor) Estimated fiscal 2023 performance 90.4 (fiscal 2030 target 84.3)	83.3 (all parent manufacturing sites)
Air and water pollution prevention		Strict compliance with standards set by Air Pollution Control Act/Water Pollution Control Act and with criteria agreed with local governments
Chemical substance emissions reduction	VOC emissions 1,800 tons or below	Target achieved: VOC emissions of 1,687 tons
Waste reduction	Kaneka final landfill disposal rate: 0.2% or below Zero emissions (*4) at Kaneka and Group companies in Japan	Kaneka final landfill disposal rate 0.09% Zero emissions achieved by Kaneka and Group companies in Japan based on final landfill disposal rate of 0.39%
Check legal compliance of waste disposal subcontractors		Visited disposal subcontractors where on-site survey was possible and carried out checklist-based inspection

*1 Energy intensity index: a value for energy intensity indexed against a value of 100 for fiscal 2013. The value is calculated by dividing manufacturing energy consumption by activity volume (all parent manufacturing site production volume).
*2 The main reason for the increase is the new inclusion of non-fossil energy in calculations in line with revisions to the Energy Conservation Act.
*3 CO₂ emission intensity index: a value for energy origin CO₂ emission intensity indexed against a value of 100 for fiscal 2013. The value is calculated by dividing energy origin CO₂ emissions by activity volume.
*4 Zero emissions (Kaneka definition): final landfill disposal volume less than 0.5% of total generated waste.

Material Balance in Production Activities (Fiscal 2023)

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



Environment

Climate Change Initiatives

To address global warming, we are working to promote energy conservation and reduce CO₂ emissions through a range of measures, including our own environmental capital investment program. We are implementing life cycle assessment (LCA) for our main products and intend to successively expand the range of products covered going forward. We are also working to introduce carbon-life

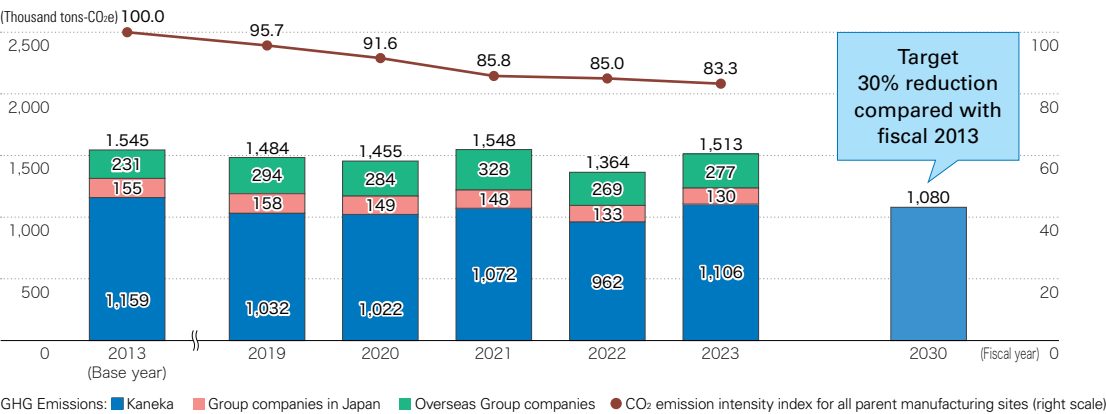
cycle analysis (cLCA) and indirect GHG emissions calculation. Carbon-life cycle analysis (cLCA) uses an LCA-based quantitative evaluation to calculate the contribution to GHG emissions reduction relative to comparable products. Indirect GHG emissions calculation covers business activities throughout the supply chain (Scope 3 emissions).

Actions to Reduce GHG and CO₂ Emission Intensity

We are working to reduce CO₂ emission intensity, using a CO₂ emission intensity index as an indicator for management, based on CO₂ emissions from energy consumption associated with production activities. In fiscal 2023, the index for all parent manufacturing sites was 83.3, achieving our fiscal 2023 target of 90.4 (toward a fiscal 2030 target of 84.3). GHG emissions for the Kaneka Group as a whole were

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

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



Kaneka Group Scope 1 and 2 Emissions (Fiscal 2023)

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

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

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

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

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

Preventing Pollution and Managing Chemical Substances

We are working for the prevention of air and water pollution, the appropriate management of toxic chemical substances, and the reduction of related emissions. Our production activities comply with the standards specified in the Air Pollution Control Act and the Water Pollution Control Act as well as the criteria in agreements with local governments. To promote water conservation, we monitor our intake of water and take care to use it efficiently. To conduct water risk assessments for each Kaneka Group site and the bases of Group companies in Japan and overseas, we used an assessment tool (Aqueduct Water Risk Atlas) to identify areas with

high water stress and, based on the proportion of water intake from water-stressed areas to total water intake, and confirmed that Kaneka Group as a whole does not face high water risks. Going forward, we will expand the scope of the assessment targets in terms of geographical location and time, and prioritize and implement measures based on results of the assessment. In the area of chemical substance management, we reduce and control the emissions of volatile organic compounds (VOCs) and chemical substances subject to the Pollutant Release and Transfer Register (PRTR) Act, including six toxic air pollutants set independently.

Reducing Waste and Recycling Resources

As to reducing waste, we are promoting 3Rs (Reduce, Reuse, and Recycle) initiatives to save resources, cut costs, help protect the environment by lowering CO₂ emissions, and use limited resources effectively. We promote reduction and recycling of industrial waste as we strive for zero emissions from Kaneka and our Group companies in Japan. In addition, we are working to use our resources effectively

based on our target of improving the resource recycling rate (*4) for the Kaneka Group by 1% each year. We will continue promoting the 3Rs as well as the improvement activities through process analysis using Material Flow Cost Accounting (MFCA).

*4 Volume of generated industrial waste that is recycled (total figure for industrial waste that is subject to reuse, recycling or heat recovery).

Biodiversity

Considering the impacts of our businesses on ecosystems, we at Kaneka strive to develop technologies, materials and products that have less environmental impact, as well as to mitigate the environmental impact of our production. As part of our corporate social responsibility efforts, we also collaborate with stakeholders outside the company in biodiversity conservation activities.

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

Participation in Biodiversity Activities
- Keidanren Initiative for Biodiversity Conservation
- Japan Business and Biodiversity Partnership



Safety (Process Safety and Disaster Prevention, Occupational Safety)

Basic Policy

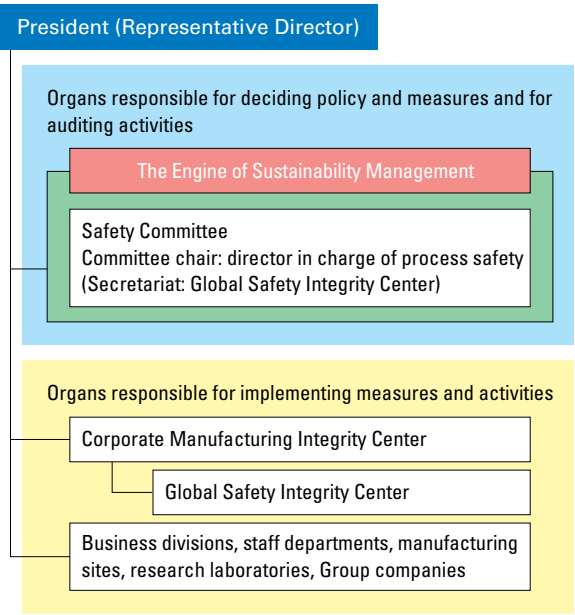
Placing the top priority for management on safety, we have established the Basic Policy on Safety, under which all employees as well as all persons

working at the Kaneka Group and our partner companies work to create safe and healthy workplaces, pursuing the goal of no accidents and no disasters.

Promotion System and Policy

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

Diagram of Promotion System



Message from the President (2024 Anniversary of our foundation)

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

As part of our internal audits, we conduct ESG safety and quality inspections of all Kaneka manufacturing sites and Group companies in Japan and overseas. We check the progress of activities from various standpoints: occupational safety and health, process safety and disaster prevention, environmental conservation, the quality assurance of products at various stages of manufacture, chemical substance

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

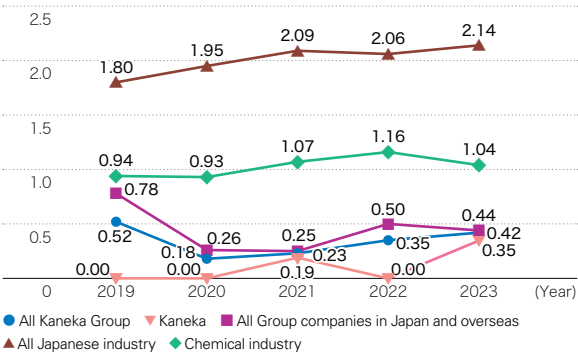
Basic Safety Policies
<ul style="list-style-type: none">● Safety forms our management foundation, and is the basis of all corporate activities. We take action with priority given to ensuring safety in all activities in the company.● Safety is the foundation of local and worldwide communities' confidence in Kaneka. We do our best to develop their trust.● Safety is based on our belief that "All accidents can be prevented." We always move forward without being satisfied with lukewarm results.● Safety is the responsibility of every employee in accordance with his/her duties. We fulfill our responsibilities by mutually clarifying the duties we have assumed.● Safety must be maintained continuously. We ensure safety through steady efforts on a daily basis.

Zero Accident Principles
<ul style="list-style-type: none">● All people, you and me, are indispensable We ensure everyone is working safely. [Pledge of zero accidents]● Safety is everyone's responsibility We do not miss sparing the time to seek safety. [Participation in safety]● There is no trick to safety We always value a fundamental approach to it. [Adherence to safety basics]● Be aware of potential danger We endeavor to eliminate safety risks. [Safety in advance]● Where there is carelessness, there is the possibility of an accident We do not allow even a small chance of negligence. [99%, yet 0%]

Targets and Performance

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

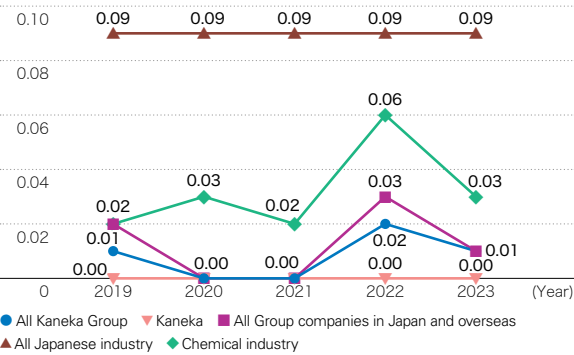
Accident Frequency Rate



Accident Frequency Rate: An indicator that shows the frequency of occupational accidents that caused death and/or injury by indicating the number of casualties per total 1 million actual working hours.

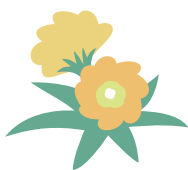
Scope: Includes manufacturing sites with regular employees, contract employees, and temporary employees dispatched from other companies. The Tomatoh (Hokkaido) Manufacturing Site, completed in August 2024, is not included in 2023 results. Employees seconded to or from other companies and employees of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

Accident Severity Rate



Accident Severity Rate: An indicator that shows the level of severity of occupational accidents by indicating the number of lost work days per total 1,000 working hours. The number of lost work days is calculated as equivalent to the number of days lost from work due to an accident resulting in work absence.

Quality (Product Responsibility)



Basic Policy

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

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

Promotion System and Policy

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

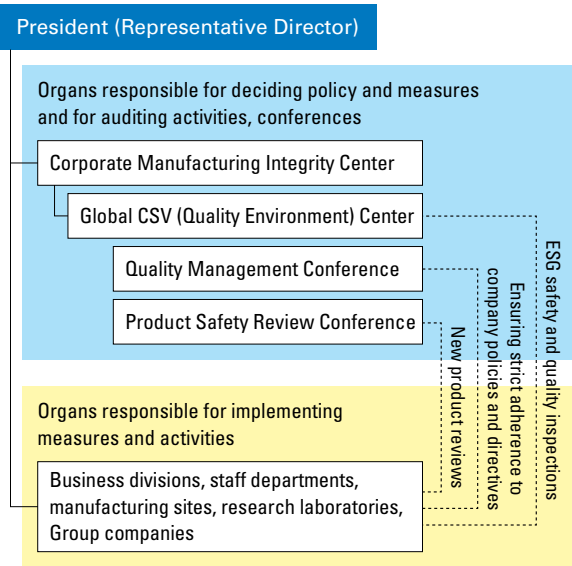
We hold quality management conferences, inviting personnel in charge of quality management in each business division, to instill Group-wide policies and instructions.

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

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

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

Diagram of Promotion System



Targets and Performance

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

Supply Chain Management



Basic Policy

Kaneka Group works to build relationships of trust with its business partners (suppliers) with the aim of mutual increase in corporate value. Under our Basic Procurement Policy, we pursue efficient procurement activities that also take account of fairness and equity in terms of ensuring safety and quality, protecting the global environment in areas such as climate change and biodiversity, showing respect for human rights, and ensuring legal compliance.

In 2015, we signed the United Nations Global

Compact to show our agreement with its principles for voluntary action in the four areas of Human Rights, Labour, Environment, and Anti-Corruption. In 2018, with the aim of further evolving our ESG management, we additionally set out an ESG Charter as an action agenda for each individual employee to help realize our corporate philosophy. On this basis, we pursue procurement activities for a sustainable society.

Basic Procurement Policy
<ul style="list-style-type: none">● We will engage in procurement activities that enhance the corporate value of both Kaneka and our business partners.● We will endeavor to reduce environmental damage by engaging in green procurement.● We will provide opportunities for business partners to make fair and rational transactions in consideration of quality, price, supply stability, technical development capabilities, environmental protection, and safety.● We will abide strictly by the relevant Japanese and foreign laws and regulations.

Responsible Procurement Initiatives

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

that of mineral raw materials, with the cooperation of business partners.

Additionally, as part of sustainable raw material procurement that takes due account of the environment and human rights, we have acquired a Roundtable on Sustainable Palm Oil (RSPO) supply chain certification for a portion of our palm oil procurement.

Green Procurement Based on Basic Procurement Policy

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





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

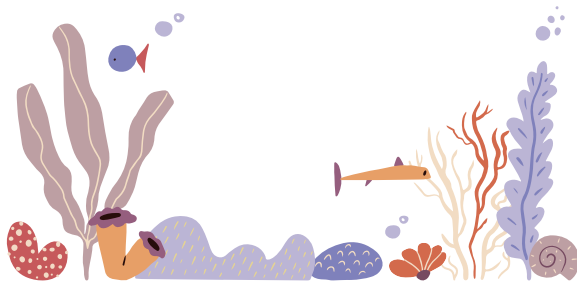
Communication with Stakeholders

Basic Policy

Under its ESG Charter, which declares that ‘we fulfill our corporate responsibility by empowering individual employees to put our corporate philosophy into practice through serious, forward-looking efforts,’ Kaneka Group, aspires as a good corporate citizen to a sustainable future in partnership with all its

stakeholders.
We will work to build relationships of trust with stakeholders through active information disclosure and communication with the aim of realizing this sustainable society.

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



Supporting the Activities of the UN World Food Programme

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

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



Participation in Initiatives

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

Participation in GX League

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



Participation in the Clean Ocean Materials Alliance (CLOMA)

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





Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS

KANEKA CORPORATION AND CONSOLIDATED SUBSIDIARIES
March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Assets			
Current assets:			
Cash and cash equivalents	¥ 43,278	¥ 40,699	\$ 285,837
Notes and accounts receivable – trade, and contract assets	186,371	170,154	1,230,904
Inventories	177,296	168,115	1,170,972
Short-term loans receivable from unconsolidated subsidiaries and affiliates	1,140	1,304	7,532
Other current assets	22,673	18,193	149,746
Allowance for doubtful accounts	(1,898)	(1,502)	(12,540)
Total current assets	428,861	396,964	2,832,451
Property, plant and equipment:			
Land	34,475	33,079	227,695
Buildings and structures	253,716	240,711	1,675,690
Machinery, equipment and vehicles	698,025	665,388	4,610,167
Construction in progress	63,707	32,062	420,763
Leased assets	20,859	17,963	137,767
	1,070,784	989,205	7,072,083
Less accumulated depreciation	(739,464)	(696,590)	(4,883,858)
Property, plant and equipment, net	331,319	292,615	2,188,225
Intangible assets:	20,832	16,189	137,593
Investments and other assets:			
Investment securities:			
Unconsolidated subsidiaries and affiliates	4,140	3,641	27,345
Other	66,479	53,913	439,067
Long-term loans receivable	529	597	3,493
Deferred tax assets	2,766	4,450	18,274
Other	15,566	14,550	102,812
Allowance for doubtful accounts	(290)	(283)	(1,917)
Total investments and other assets	89,191	76,870	589,075
	¥ 870,205	¥ 782,640	\$ 5,747,345

* The translation of the Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, using the prevailing exchange rate on March 31, 2024 which was ¥151.41 to U.S. \$1.00.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Liabilities and net assets			
Current liabilities:			
Short-term loans payable	¥ 110,171	¥ 108,070	\$ 727,636
Current portion of long-term loans payable	6,361	8,420	42,012
Current portion of bonds payable	5,000	—	33,022
Lease liabilities	940	1,037	6,214
Notes and accounts payable:			
Trade	104,212	88,663	688,278
Construction	11,447	7,610	75,607
Other	23,865	18,785	157,618
Income taxes payable	4,963	5,055	32,783
Accrued expenses	16,011	14,828	105,746
Other current liabilities	8,692	5,770	57,410
Total current liabilities	291,666	258,242	1,926,332
Non-current liabilities:			
Bonds payable	15,000	10,000	99,068
Long-term loans payable	40,391	33,706	266,771
Lease liabilities	17,232	14,709	113,813
Net defined benefit liability	12,585	20,829	83,124
Provision for director' retirement benefits	346	318	2,288
Deferred tax liabilities	9,493	1,705	62,702
Provision for product warranties	1,808	2,057	11,943
Other non-current liabilities	7,296	4,648	48,193
Total non-current liabilities	104,156	87,974	687,907
Contingent liabilities			
Net assets:			
Shareholders' equity:			
Capital stock			
Authorized — 150,000,000 shares			
Issued — 66,000,000 shares	33,046	33,046	218,260
Capital surplus	29,173	32,245	192,678
Retained earnings	331,933	323,213	2,192,281
Less treasury stock, at cost — 1,851,007 shares in 2024			
3,106,293 shares in 2023	(6,797)	(11,407)	(44,896)
Total shareholders' equity	387,355	377,098	2,558,324
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	32,632	22,204	215,520
Deferred gains or losses on hedges	(0)	(3)	(1)
Foreign currency translation adjustments	22,037	11,543	145,547
Remeasurements of defined benefit plans	11,438	6,529	75,545
Total accumulated other comprehensive income	66,107	40,273	436,612
Subscription rights to shares	648	622	4,285
Non-controlling interests	20,271	18,427	133,884
Total net assets	474,383	436,422	3,133,105
	¥ 870,205	¥ 782,640	\$ 5,747,345



CONSOLIDATED STATEMENTS OF INCOME

KANEKA CORPORATION AND CONSOLIDATED SUBSIDIARIES
Years Ended March 31, 2024, 2023 and 2022

	Millions of yen			Thousands of U.S. dollars
	2024	2023	2022	2024
Net sales	¥ 762,302	¥ 755,821	¥ 691,530	\$ 5,034,689
Cost of sales	558,087	556,895	494,880	3,685,937
Gross profit	204,214	198,926	196,649	1,348,751
Selling, general and administrative expenses	171,635	163,838	153,086	1,133,577
Operating income	32,579	35,087	43,562	215,173
Other income (expenses):				
Interest and dividend income	2,031	1,917	1,648	13,417
Interest expenses	(3,361)	(1,965)	(1,064)	(22,201)
Gain on sales of investment securities	7,060	1,410	19	46,632
Gain on sales of businesses	525	—	—	3,470
Depreciation of inactive non-current assets	(1,171)	(1,147)	(628)	(7,738)
Loss on disposal of property, plant and equipment	(1,722)	(1,839)	(1,638)	(11,375)
Loss on valuation of investment securities	—	(1,448)	—	—
Foreign exchange gains (losses), net	2,544	1,888	1,159	16,808
Equity in earnings of affiliates, net	177	137	132	1,173
Restructuring charges	—	—	(2,692)	—
Impairment losses	—	—	(1,059)	—
Product warranty expenses	—	—	(2,331)	—
Other, net	(1,855)	(1,666)	(703)	(12,252)
Income before income taxes and non-controlling interests	36,808	32,373	36,405	243,107
Income taxes				
Current	10,575	9,010	10,075	69,846
Deferred	1,458	(711)	(1,398)	9,631
Net income	24,775	24,074	27,728	163,630
Net income attributable to non-controlling interests	1,554	1,066	1,240	10,269
Net income attributable to owners of parent	¥ 23,220	¥ 23,008	¥ 26,487	\$ 153,360

	Yen			U.S. dollars
	2024	2023	2022	2024
Net income per share—basic	¥ 357.90	¥ 349.59	¥ 406.01	\$ 2.36
Net income per share—diluted	356.87	348.66	404.95	2.35
Cash dividends applicable to the year	110.00	110.00	110.00	0.72

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

KANEKA CORPORATION AND CONSOLIDATED SUBSIDIARIES
Years Ended March 31, 2024, 2023 and 2022

	Millions of yen			Thousands of U.S. dollars
	2024	2023	2022	2024
Net income	¥ 24,775	¥ 24,074	¥ 27,728	\$ 163,630
Other comprehensive income:				
Valuation difference on available-for-sale securities	10,476	882	455	69,195
Deferred gains or losses on hedges	3	0	5	23
Foreign currency translation adjustments	11,133	7,594	8,495	73,534
Remeasurements of defined benefit plans	4,909	7,509	1,179	32,423
Share of other comprehensive income of associates accounted for using equity method	1	1	(7)	11
Total other comprehensive income	26,525	15,989	10,128	175,188
Comprehensive income	¥ 51,300	¥ 40,064	¥ 37,856	\$ 338,818
Comprehensive income attributable to:				
Comprehensive income attributable to owners of parent	¥ 49,054	¥ 38,549	¥ 36,280	\$ 323,981
Comprehensive income attributable to non-controlling interests	2,246	1,515	1,575	14,836

* The translation of the Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, using the prevailing exchange rate on March 31, 2024 which was ¥151.41 to U.S. \$1.00.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

KANEKA CORPORATION AND CONSOLIDATED SUBSIDIARIES
Years Ended March 31, 2024, 2023 and 2022

	Millions of yen			Thousands of U.S. dollars
	2024	2023	2022	2024
Shareholders' equity				
Capital stock				
Balance at beginning of year	¥ 33,046	¥ 33,046	¥ 33,046	\$ 218,260
Changes of items during the period				
Total changes of items during the period	—	—	—	—
Balance at the end of current period	33,046	33,046	33,046	218,260
Capital surplus				
Balance at beginning of year	32,245	31,392	31,103	212,968
Changes of items during the period				
Increase by share exchange	—	789	—	—
Change in treasury shares of parent arising from transactions with non-controlling interests	(269)	63	289	(1,778)
Changes in liabilities for written put options over non-controlling interests	(2,802)	—	—	(18,511)
Total changes of items during the period	(3,072)	853	289	(20,289)
Balance at the end of current period	29,173	32,245	31,392	192,678
Retained earnings				
Balance at beginning of year	323,213	309,507	289,544	2,134,692
Changes of items during the period				
Dividends from surplus—¥110.00 per share	(7,139)	(7,599)	(6,523)	(47,153)
Change of scope of consolidation	(12)	—	—	(84)
Net income attributable to owners of parent	23,220	23,008	26,487	153,360
Disposal of treasury stock	(3)	(5)	(1)	(22)
Cancellation of treasury stock	(7,344)	—	—	(48,510)
Increase by share exchange	—	(1,696)	—	—
Total changes of items during the period	8,719	13,706	19,963	57,589
Balance at the end of current period	331,933	323,213	309,507	2,192,281
Treasury stock				
Balance at beginning of year	(11,407)	(11,528)	(11,535)	(75,340)
Changes of items during the period				
Purchase of treasury stock	(2,814)	(8,051)	(4)	(18,585)
Disposal of treasury stock	78	30	10	519
Cancellation of treasury stock	7,344	—	—	48,510
Increase by share exchange	—	8,142	—	—
Total changes of items during the period	4,609	121	6	30,444
Balance at the end of current period	(6,797)	(11,407)	(11,528)	(44,896)
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities				
Balance at beginning of year	22,204	21,331	20,863	146,651
Changes of items during the period				
Net changes of items other than shareholders' equity	10,427	873	468	68,869
Total changes of items during the period	10,427	873	468	68,869
Balance at the end of current period	32,632	22,204	21,331	215,520



	Millions of yen			Thousands of U.S. dollars
	2024	2023	2022	2024
Deferred gains or losses on hedges				
Balance at beginning of year	¥ (3)	¥ (4)	¥ (9)	\$ (24)
Changes of items during the period				
Net changes of items other than shareholders' equity	3	0	5	23
Total changes of items during the period	3	0	5	23
Balance at the end of current period	(0)	(3)	(4)	(1)
Foreign currency translation adjustments				
Balance at beginning of year	11,543	4,381	(3,753)	76,241
Changes of items during the period				
Net changes of items other than shareholders' equity	10,493	7,162	8,135	69,306
Total changes of items during the period	10,493	7,162	8,135	69,306
Balance at the end of current period	22,037	11,543	4,381	145,547
Remeasurements of defined benefit plans				
Balance at beginning of year	6,529	(975)	(2,160)	43,123
Changes of items during the period				
Net changes of items other than shareholders' equity	4,908	7,504	1,184	32,421
Total changes of items during the period	4,908	7,504	1,184	32,421
Balance at the end of current period	11,438	6,529	(975)	75,545
Subscription rights to shares				
Balance at beginning of year	622	619	516	4,111
Changes of items during the period				
Net changes of items other than shareholders' equity	26	3	102	173
Total changes of items during the period	26	3	102	173
Balance at the end of current period	648	622	619	4,285
Non-controlling interests				
Balance at beginning of year	18,427	24,435	23,424	121,707
Changes of items during the period				
Net changes of items other than shareholders' equity	1,843	(6,007)	1,010	12,176
Total changes of items during the period	1,843	(6,007)	1,010	12,176
Balance at the end of current period	20,271	18,427	24,435	133,884
Total net assets				
Balance at beginning of year	436,422	412,204	381,040	2,882,390
Changes of items during the period				
Dividends from surplus—¥110.00 per share	(7,139)	(7,599)	(6,523)	(47,153)
Change of scope of consolidation	(12)	—	—	(84)
Net income attributable to owners of parent	23,220	23,008	26,487	153,360
Purchase of treasury stock	(2,814)	(8,051)	(4)	(18,585)
Disposal of treasury stock	75	25	9	496
Increase by share exchange	—	7,235	—	—
Change in treasury shares of parent arising from transactions with non-controlling interests	(269)	63	289	(1,778)
Changes in liabilities for written put options over non-controlling interests	(2,802)	—	—	(18,511)
Net changes of items other than shareholders' equity	27,703	9,537	10,905	182,971
Total changes of items during the period	37,960	24,218	31,163	250,714
Balance at the end of current period	¥ 474,383	¥ 436,422	¥ 412,204	\$ 3,133,105

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CONSOLIDATED STATEMENTS OF CASH FLOWS

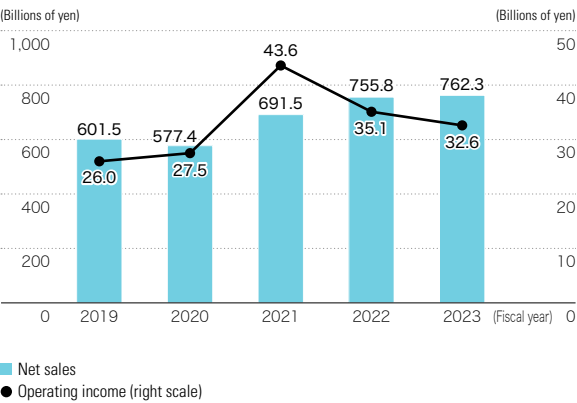
KANEKA CORPORATION AND CONSOLIDATED SUBSIDIARIES
Years Ended March 31, 2024, 2023 and 2022

	Millions of yen			Thousands of U.S. dollars
	2024	2023	2022	2024
Cash Flows from Operating Activities				
Income before income taxes and non-controlling interests	¥ 36,808	¥ 32,373	¥ 36,405	\$ 243,107
Depreciation and amortization	40,779	39,456	37,953	269,333
Restructuring charges	—	—	2,692	—
Impairment losses	—	—	1,059	—
Product warranty expense	—	—	2,331	—
Insurance claim income	—	—	(1,671)	—
Increase (decrease) in net defined benefit liability	(1,527)	(139)	879	(10,091)
Increase (decrease) in allowance for doubtful accounts	315	(110)	162	2,082
Interest and dividend income	(2,031)	(1,917)	(1,648)	(13,417)
Interest expenses	3,361	1,965	1,064	22,201
Equity in earnings of affiliates, net	(177)	(137)	(132)	(1,173)
Loss (gain) on disposal of property, plant and equipment	531	630	498	3,508
Loss (gain) on sale of investment securities	(7,060)	(1,410)	—	(46,632)
Loss (gain) on valuation of investment securities	—	1,448	—	—
Gain on sales of investment securities	—	—	(19)	—
Decrease (increase) in notes and accounts receivable-trade	(12,450)	(3,474)	(25,608)	(82,232)
Decrease (increase) in inventories	(4,070)	(24,875)	(27,541)	(26,882)
Increase (decrease) in notes and accounts payable-trade	13,112	(4,785)	14,628	86,602
Others	6,344	(4,620)	3,328	41,904
Subtotal	73,935	34,402	44,381	488,310
Interest and dividend income received	2,057	1,942	1,717	13,587
Interest expenses paid	(3,308)	(1,955)	(1,085)	(21,853)
Proceeds from insurance income	—	1,177	512	—
Income taxes paid	(10,771)	(6,856)	(11,419)	(71,143)
Net cash provided by operating activities	61,911	28,710	34,106	408,901
Cash Flows from Investing Activities				
Purchase of property, plant and equipment	(61,315)	(39,628)	(37,329)	(404,962)
Proceeds from sales of property, plant and equipment	—	87	—	—
Purchase of intangible assets	(3,951)	(2,363)	(2,601)	(26,096)
Purchase of investment securities	(120)	(909)	(77)	(793)
Proceeds from sales and distributions of investment securities	9,856	2,509	877	65,096
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,132)	—	(336)	(7,479)
Payments of loans receivable	(1,061)	(99)	(398)	(7,011)
Collection of loans receivable	282	336	632	1,862
Others	(1,328)	(1,902)	(362)	(8,776)
Net cash used in investing activities	(58,771)	(41,970)	(39,595)	(388,161)
Cash Flows from Financing Activities				
Net increase (decrease) in short-term loans payable	(2,378)	21,814	6,606	(15,711)
Proceeds from long-term loans payable	11,299	13,541	9,119	74,626
Repayments of long-term loans payable	(8,565)	(6,198)	(9,390)	(56,569)
Proceeds from issuance of bonds	10,000	—	—	66,045
Repayments of lease obligations	(1,270)	(863)	(618)	(8,388)
Purchase of treasury stock	(2,814)	(8,051)	(4)	(18,585)
Proceeds from sales of treasury stock	0	0	0	0
Cash dividends paid	(7,139)	(7,599)	(6,523)	(47,153)
Proceeds from share issuance to non-controlling shareholders	—	0	0	—
Cash dividends paid to non-controlling interests	(279)	(284)	(231)	(1,843)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(372)	(6)	(63)	(2,457)
Net cash used in financing activities	(1,519)	12,352	(1,105)	(10,035)
Effect of exchange rate change on cash and cash equivalents	926	894	946	6,120
Net increase (decrease) in cash and cash equivalents	2,547	(13)	(5,647)	16,824
Cash and cash equivalents at beginning of period	40,699	40,712	46,360	268,800
Increase in cash and cash equivalents resulting from change of scope of consolidation	32	—	—	212
Cash and cash equivalents at end of period	¥ 43,278	¥ 40,699	¥ 40,712	\$ 285,837

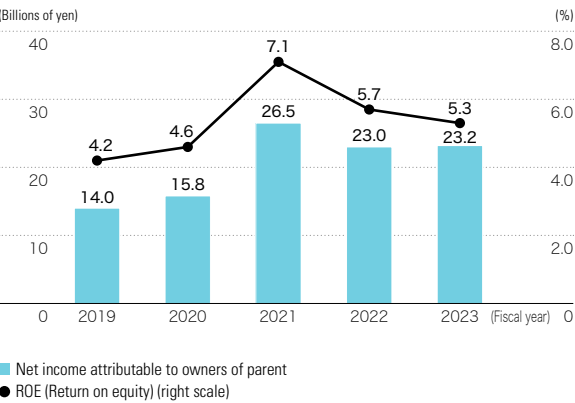


Financial Highlights

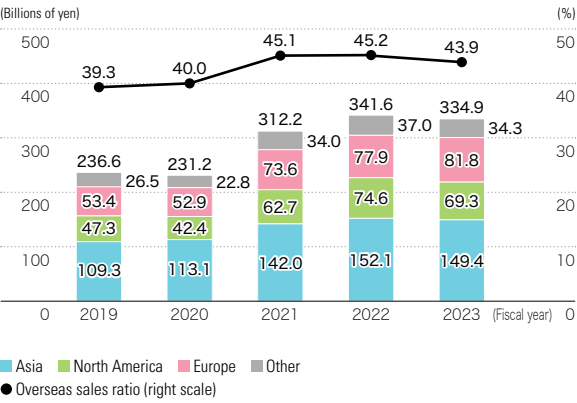
Net Sales / Operating Income



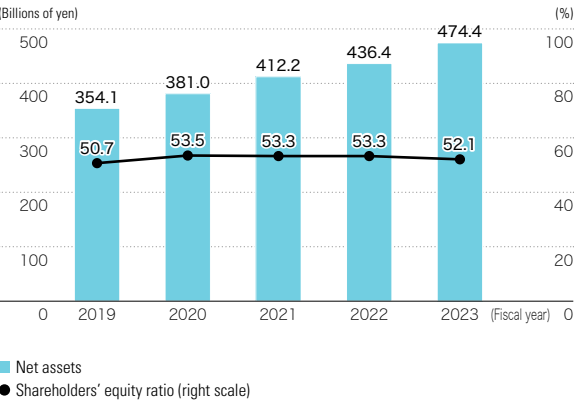
Net Income Attributable to Owners of Parent / ROE



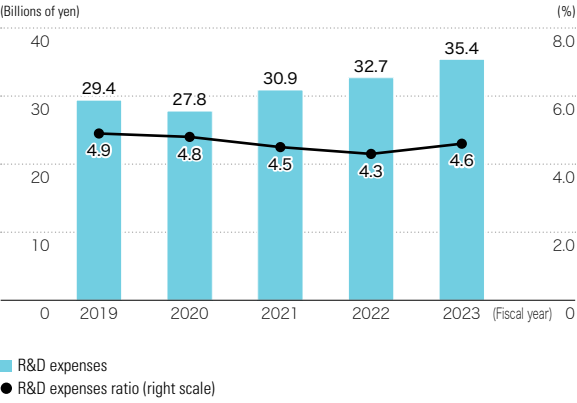
Overseas Sales / Overseas Sales Ratio



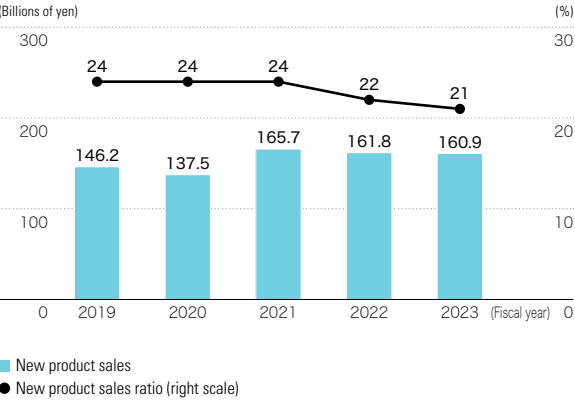
Net Assets / Shareholders' Equity Ratio



R&D Expenses / R&D Expenses Ratio

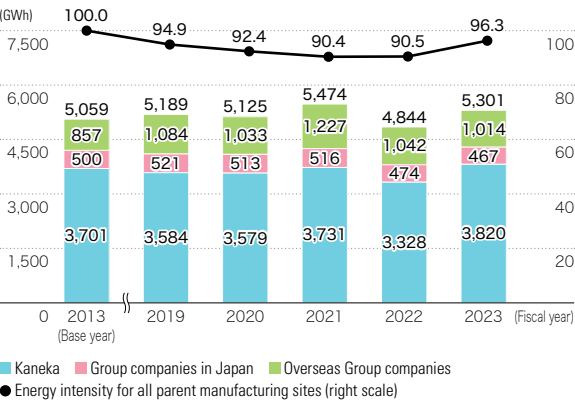


New Product Sales / New Products Sales Ratio

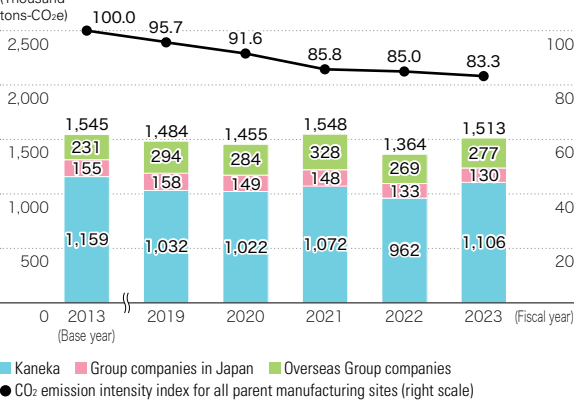


Nonfinancial Highlights

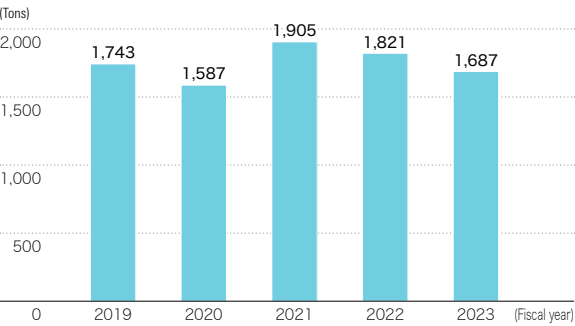
Energy Consumption and Energy Intensity Index



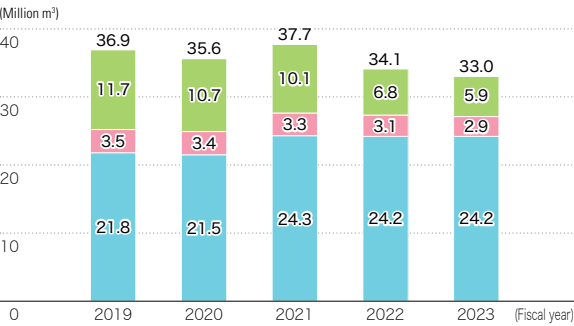
GHG Emissions and Energy Origin CO₂ Emission Intensity Index



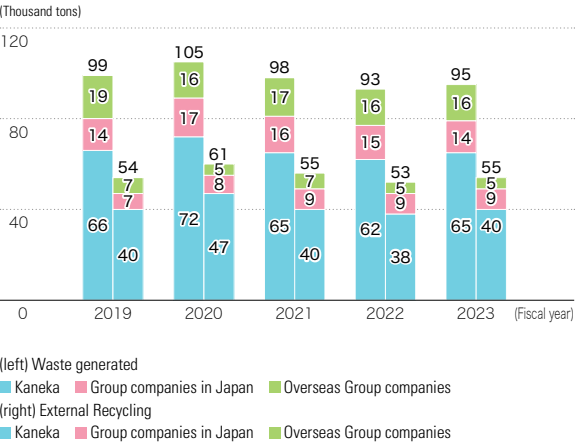
Volatile Organic Compounds Emissions



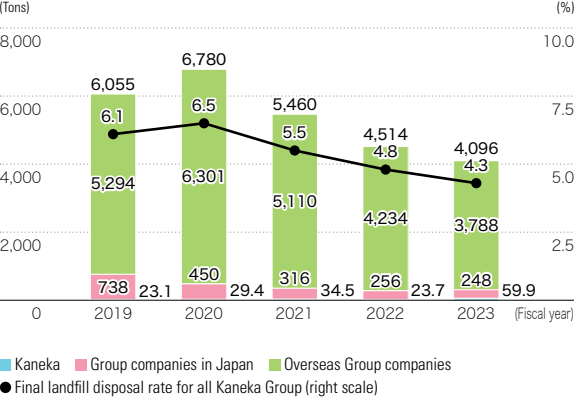
Water Consumption



Waste Generated and External Recycling

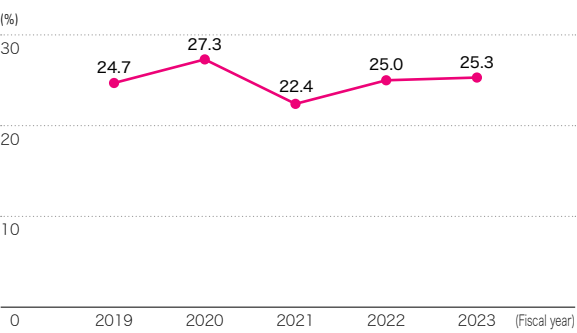


Volume and Rate of Waste Sent to Final Landfill

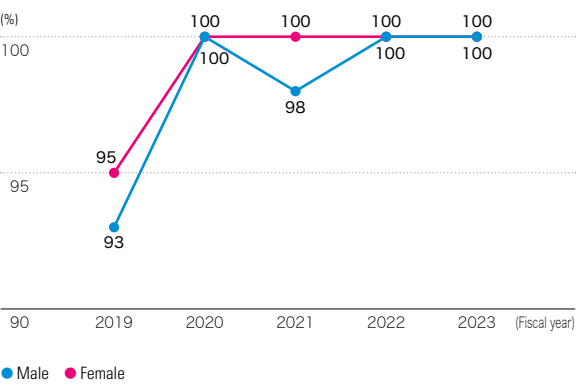


Nonfinancial Highlights

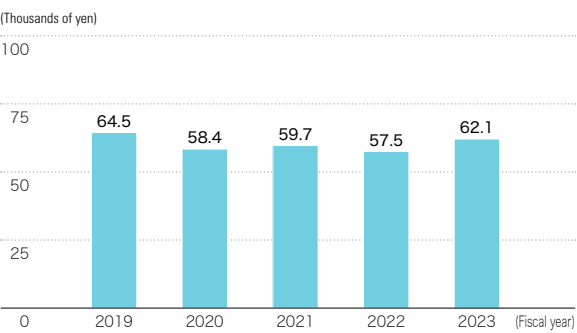
Percentage of Female Hires



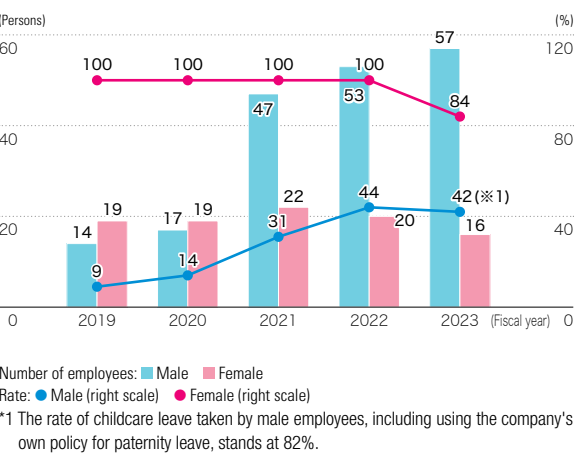
Return Rate of Employees Taking Childcare Leave



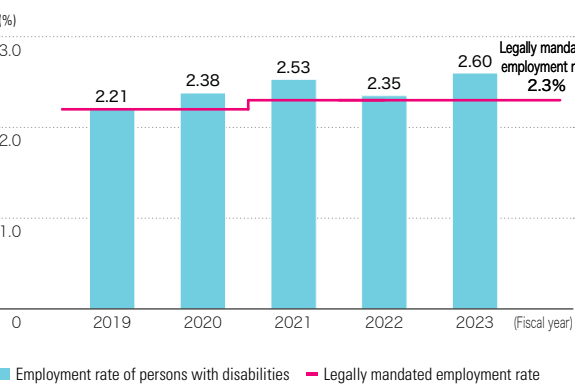
Training Costs (per Person)



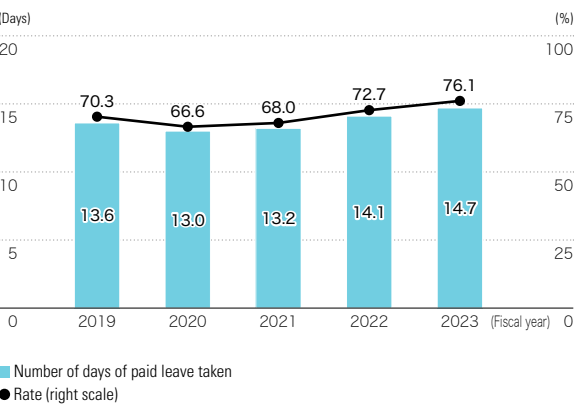
Number and Rate of Employees Taking Childcare Leave



Employment Rate of Persons with Disabilities



Number of Days and Rate of Paid Leave Taken



Corporate Profile

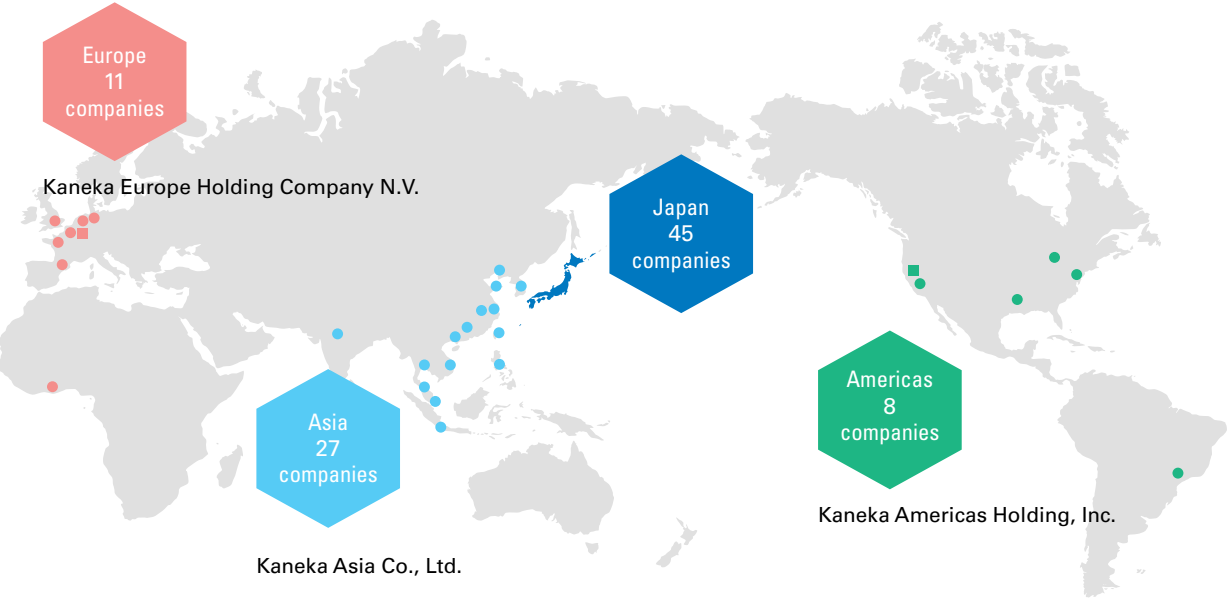
Corporate Profile (March 31, 2024)

Name	KANEKA CORPORATION
Offices	Tokyo Head Office 1-12-32, Akasaka, Minato-ku, Tokyo 107-6028, Japan Osaka Head Office 2-3-18, Nakanoshima, Kita-ku, Osaka 530-8288, Japan
Date of Establishment	September 1, 1949
Paid-in Capital	33,046 million yen
Number of Employees	11,544 (Including consolidated subsidiaries) 3,390 (Non-consolidated)

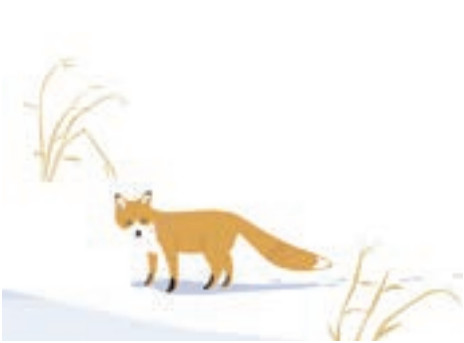
Facilities in Japan	Sales Office Nagoya (Aichi Prefecture) Manufacturing Site Takasago (Hyogo Prefecture) Osaka (Osaka Prefecture) Shiga (Shiga Prefecture) Kashima (Ibaraki Prefecture) Tomatoh (Hokkaido)
Research Laboratories	Material Solutions New Research Engine Green Planet Technology Laboratories CO2 Innovation Laboratory Electronics Research Laboratories Photovoltaic & Thin Film Device Research Laboratories Bio-Pharma Research Laboratories Regenerative Medicine and Cell Therapy Laboratories Supplement & Probiotics Research Laboratories Food Production Support Strategic Unit / Agri-Bio Research Center Engineering Research Laboratories Process Development Research Laboratories
Affiliated Companies	112 Subsidiaries (Including 45 (in Japan) and 46 (overseas) consolidated subsidiaries)
URL	https://www.kaneka.co.jp/en/

Global Network (March 31, 2024)

We will establish a head office in each region so that we can run our business in a way that is rooted in the region. The Kaneka Group operates in 21 countries around the world, including Japan.



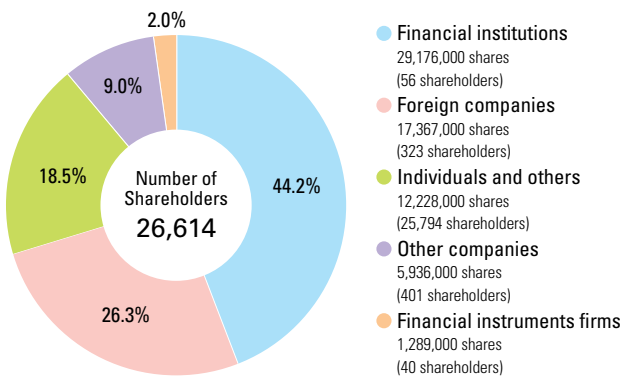
Investor Information



Stock Basic Information (March 31, 2024)

Common Stock Traded	Prime Market, Tokyo Stock Exchange
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation
Accounting Auditor	KPMG AZSA LLC
Authorized Capital	150,000,000 shares
Issued Shares	66,000,000 shares
Number of Shareholders	26,614

Shareholder Composition



Notes: Share numbers are rounded down to the nearest thousand. Percentages are rounded to the nearest decimal point.

Major Shareholders

Name of Shareholders	Share Units Owned (thousand shares)	Percentage of Total Shares Issued (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,411	11.55
Nippon Life Insurance Company	3,114	4.85
Sumitomo Mitsui Banking Corporation	3,091	4.82
Meiji Yasuda Life Insurance Company	2,825	4.40
MUFG Bank, Ltd.	2,308	3.60
Custody Bank of Japan, Ltd. (Trust Account)	2,238	3.49
Mitsui Sumitomo Insurance Company, Limited	2,104	3.28
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	1,923	3.00
Kaneka Business Partner Shareholding Association	1,332	2.08
Kaneka Employee Shareholding Association	1,276	1.99

Notes: The numbers of Share Units Owned are rounded down to thousands of shares. The Percentage of Total Shares Issued is calculated by using deducting number of treasury shares from Number of Shares Issued and Outstanding and rounded to two decimal places. In addition to the above list, the Company maintains 1,851 thousand shares of treasury stock.

Common Stock Price Range (Tokyo Stock Exchange; Yen)

Years ended March 31	2020	2021	2022	2023	2024
High	4,535	5,000	4,990	4,040	4,288
Low	2,112	2,406	3,165	3,175	3,375

Note: Figures up to and including April 3, 2022 are stock prices quoted at the Tokyo Stock Exchange (First Section). Figures from April 4, 2022 on are stock prices quoted at the Tokyo Stock Exchange (Prime Market).

ESG Index and Socially Responsible Investing Evaluation

(as of November 2024)

2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX



Editorial Policy



The Kaneka Integrated Report 2024 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.

Reporting Organizations

The scope of reporting includes Kaneka and its consolidated group companies in Japan and overseas. However, the scope of data concerning ESG activities covers Kaneka and 64 Group companies (48 in Japan and 16 overseas).

Notes: 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.

Reporting period

From April 1, 2023, to March 31, 2024 (including some information outside this period)

Referenced Guidelines

GRI Sustainability Reporting 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.

Information Tools

Kaneka Group posts a variety of information on its official website as a tool for communicating with stakeholders.

Financial information	<ul style="list-style-type: none">Financial Results and PresentationsReports (To Our Shareholders)Integrated Report https://www.kaneka.co.jp/en/ir/
Non-financial information	Further details about the Kaneka Group’s ongoing ESG activities are available on our website. <ul style="list-style-type: none">ESG activities https://www.kaneka.co.jp/en/esg/