



Environment

Information Disclosure in Line with TCFD

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

Governance

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

The committee will promote carbon neutrality by accelerating initiatives that integrate DX with carbon

Strategy

To identify climate change-related business risks and opportunities and to set out relevant strategies, metrics, and targets, we formulated business impact scenarios in line with the 1.5 and 4 scenarios and analyzed the extent of the impacts in fiscal 2021. In fiscal 2022, we conducted a scenario analysis,

Risk Management

Risks related to climate change are managed by the Global CSV (Quality Environment) Center under the Corporate Manufacturing Integrity Center. In formulating risks related to climate change and prevention measures, after discussions with business divisions, manufacturing divisions, and research divisions, the

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

neutral activities in the manufacturing field while collaborating with business divisions, staff departments, manufacturing sites, research institutes, and group companies. Every three months, the committee will report on its activities to the Engine of Sustainability Management, who will discuss and decide the direction of its activities going forward, so that these can be reflected into strategies, major action plans, business plans, etc. The results will be reported to the representative director.

identifying transition risks and opportunities. Based on the findings of that analysis, this fiscal year we added physical risks to the items deemed to potentially have a severe impact on Kaneka's business in 2030. These are shown along with specific examples and countermeasures in the table on the right.

Global CSV (Quality Environment) Center of the Corporate Manufacturing Integrity Center presents its proposals and deliberations to the Engine of Sustainability Management, which addresses them in collaboration with each department.

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 (● Climate change risk/● Climate change opportunity)	Countermeasures (◎ indicates priority areas)
Regulatory/legal	Strengthening of GHG emissions regulation	● Depreciation and amortization costs arising from GHG emissions reduction	· Enhancing and expanding eco-friendly products
Regulatory/legal	Increased operational costs due to introduction of carbon tax (incl. supply chain)	● Increase in operating costs due to the introduction of carbon taxes	◎ Early fuel conversion of private power generator facilities · Continuous energy saving in the existing manufacturing process · Process innovation · Use of renewable energy and low CO ₂ emission factor for electricity · Introduction of internal carbon pricing (ICP) system (from fiscal 2024)
Technological	Acceleration of the circular economy	● Increase in procurement costs due to taxes on the production of petrochemical-derived packaging 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	◎ 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
Market	Increased demand for biomass-based resins and decreased demand for fossil-based plastics		
Technological	Low-carbon trends affecting raw material and energy sources	● Fluctuations in fuel costs due to price changes in crude oil, etc.	◎ Early fuel conversion of private power generator facilities · Continuous energy saving in the existing manufacturing process · Use of renewable energy and low CO ₂ emission factor for electricity
		● Increase in purchase and sales fares due to the introduction of decarbonization technology in transport vehicles and the transfer of credit purchase costs	· 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 · Enhancing and expanding insulating material for residential buildings (Kanelite Foam™) · Developing storage batteries
Extreme weather	Impact of extreme weather events on Company factories 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™)