

List of Directors (June 29, 2023)

Chairman of the Board
(Representative Director)



Kimikazu Sugawara

President
(Representative Director)



Minoru Tanaka

Member of the Board
Executive Vice President



Kazuhiko Fujii



Shinichiro Kametaka

Member of the Board
Senior Managing Corporate
Executive Officer



Mamoru Kadokura

Member of the Board
Managing Executive Officer



Katsunobu Doro



Jun Enoki



Toshio Komori

Independent Member of the Board



Mamoru Mohri



Jun Yokota



Yuko Sasakawa



Hiromi Miyake

Audit & Supervisory
Board Member

Masami Kishine
Shinobu Ishihara
Hiroshi Fujiwara
Yasuhiro Uozumi

Senior Managing
Corporate Executive
Officer

Akira Iwazawa
Yasuaki Nuri
Masaaki Kimura

Managing Executive Officer

Atsushi Kawakatsu
Yoshiki Takeoka
Kazuo Ochiai
Shinji Mizusawa
Kan Okabe
Osamu Ishida
Takuo Ishibashi

Satoshi Suzuki
Masashi Nishikawa
Satoru Katayama
Masahiro Ueda
Etsuo Yoshiike
Riichi Nishimura

Executive Officer

Yasuyoshi Ueda
Naoki Furukawa
Hiroyuki Deguchi
Isao Otsu
Masanobu Yamada
Ryuichi Maruyama
Katsutoshi Shichijo

Corporate Governance

Basic Policy

Guided by our Corporate Philosophy, Kaneka aims to achieve sustainable growth, improve medium- to long-term corporate value, and build trust among all stakeholders, including shareholders, investors, customers, local communities, vendors, and employees, realizing optimum corporate governance to fulfill our social responsibility.

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

decisions. Kaneka believes the following basic items are particularly important in those efforts.

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

Efforts to Strengthen the Governance Capacity

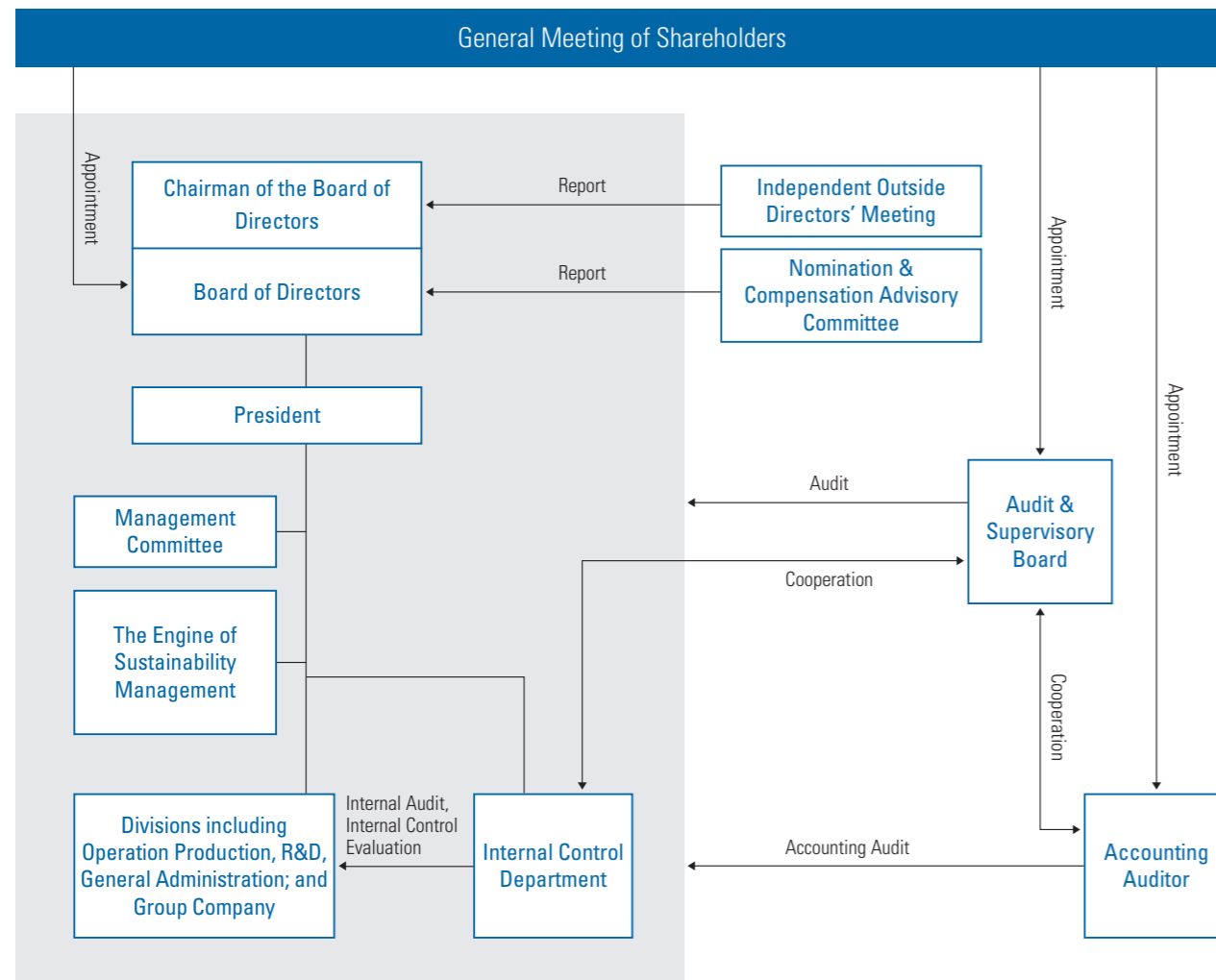
	2006–	2010–	2020–
Separation of management and execution	2006 Introduced the executive officer system 2006 Changed the number of directors from 21 to 13		
Outside directors		2011 Appointed an outside director 2015 Increased the number of outside directors from 1 to 2	2020 Increased the number of outside directors from 2 to 4 2022 Appointment of one female director 2023 Increased the number of female directors from 1 to 2
Committees		2015 Established the Nomination & Compensation Advisory Committee 2015 Established the Independent Outside Director's Meeting	2021 Majority of the Nomination & Compensation Advisory Committee is the Independent Outside Directors
Internal control system	2006 Formulated the Basic Policy on Internal Control System		
Corporate governance	2015 Formulated the Basic Policy on Corporate Governance		
Independence criteria for outside directors	2013 Formulated the Criteria for Independence of Outside Directors		
Effectiveness evaluation	2016 Commenced the effectiveness evaluation on the Board of Directors		



Corporate Governance

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



Corporate Governance

Audit & Supervisory Board Members and the Audit & Supervisory Board

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

The Audit & Supervisory Board comprises four members, two of whom are independent outside members, and performs audits in coordination with the

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

Nomination & Compensation Advisory Committee / Independent Outside Directors' Meeting

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

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

Implementation of Business Operations

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

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



Selection Criteria for Directors

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

We are expanding diverse businesses globally. In order for the Board of Directors to make accurate and prompt decisions and supervise these corporate activities, we place great importance on appointing

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

Skills Matrix of the Members of the Board

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

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



Corporate Governance

Analysis and Evaluation of Effectiveness of the Board of Directors

Kaneka regularly implements an analysis and evaluation of the effectiveness of the Board of Directors, and discloses a summary of the evaluation results. Specifically, the Chairman of the Board of Directors periodically receives reports from the Independent Outside Director's Meeting and opinions from the internal directors.

Based on these reports, the current status of operations of the Board is evaluated. In the evaluation process in fiscal 2022, the Independent Outside Director's Meeting held discussions focusing on the operation of the Board of Directors (number of meetings

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

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

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

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

Remuneration of Members of the Board, etc.

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

How this policy is determined

The Company decided on this policy by resolution of the Board of Directors held on February 9, 2021

following deliberation by the Nomination & Compensation Advisory Committee.

Basic policy

The remuneration of our directors is appropriate, fair, and balanced. It aligns to the medium- to long-term interests of shareholders, increasing the motivation of Members of the Board toward maximizing the Company's corporate value.

Remuneration for internal directors consists of monthly remuneration as fixed remuneration, bonuses as

performance-linked remuneration, and stock option remuneration as non-monetary remuneration. Individual remuneration is determined according to the job responsibilities of each individual. For outside directors, only monthly remuneration is provided as fixed remuneration.



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

Category	Personnel eligible for payment	Total amount paid	Total amount by type of remuneration		
			Basic remuneration	Performance-linked remuneration (bonus)	Non-monetary remuneration (stock option remuneration)
Directors (Of which, outside directors)	13 (5)	686 million yen (68 million yen)	530 million yen (68 million yen)	110 million yen (-)	45 million yen (-)
Audit & Supervisory Board Members (Of which, outside Audit & Supervisory Board Members)	4 (2)	82 million yen (34 million yen)	82 million yen (34 million yen)	-	-

Note: Amounts are rounded down to the nearest unit.

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

Policy on Strategic Shareholdings

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

Each year we periodically review our strategic shareholdings after comprehensively assessing the appropriateness of the purpose of the holdings and the economic rationale in terms of the returns and risks associated with such holdings. When we determine that a holding is of low necessity, we reduce the

number of shares that we hold. Each year, we report on these initiatives to the Board of Directors and disclose an overview of them. In fiscal 2022, we sold four listed stocks as a result of the assessment described above.

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

Strategic Shareholdings

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

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

Basic Policy for the Internal Control System and Status of Operation

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

system for the efficient performance of duties by directors, and (3) the system for management of subsidiaries and the system for auditing by Audit & Supervisory Board Members.





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

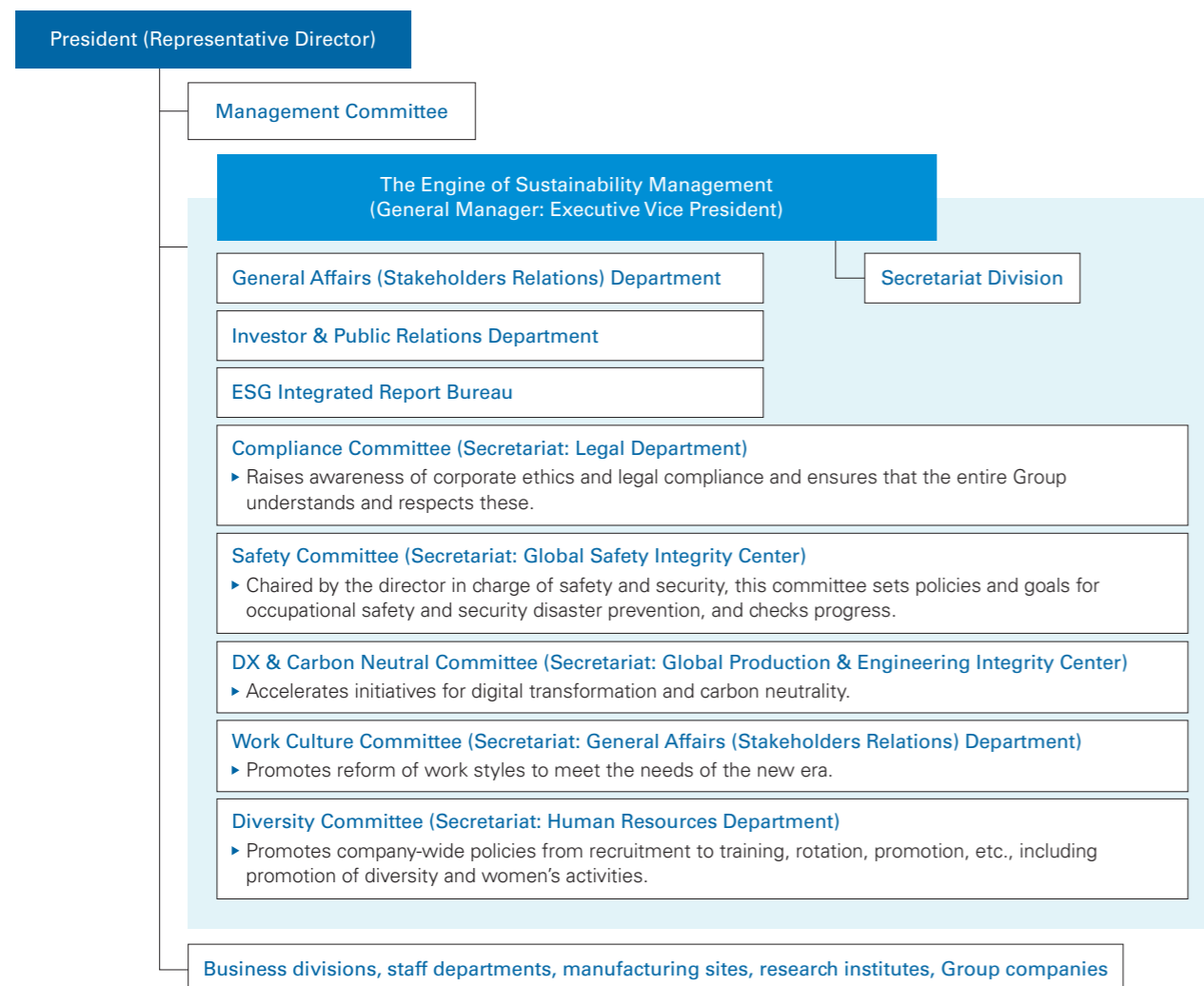
ESG Charter serves as an action agenda for each employee to materialize our Corporate Philosophy.

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, to contribute to the restoration of humanity, and to strengthen “Wellness First” health management to support a society that nurtures life.

Diagram of ESG Promotion System



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. Based on our Basic Information Management Policy and Information Management Regulations, we have put in place a risk management system at the Kaneka Group that is led by management. Within the IoT Solutions Center (Information Systems Department), we have set up an organization for information security. Through this organization, which is headed by the information management manager who is the director in charge, we appropriately manage information to avoid information leakage and other risks, and promote effective use of information and efficiency in operations. To protect the Group’s information assets, we have introduced a global SOC* and strengthened our threat detection and monitoring system (which operates 24

hours a day, 365 days a year). Drawing from the knowledge of external experts, we continuously strive to enhance security levels throughout the supply chain. In addition, we communicate our Basic Information Management Policy, Information Management Regulations, and Information Security Guidebook to all employees through training and other means to ensure that they understand and follow them, and provide e-learning and education and training on targeted attack e-mails and other topics. We also cooperate with each department and Group companies on training for information management personnel and other activities as we strive to ensure that personal information and other data are properly managed.

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

Compliance

Basic Policy

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

compliance activities by thoroughly implementing the ESG Charter and the Code of Ethical Conduct, which serve as the guidelines for the behavior of each director and employee, enabling us to build relationships of trust with our stakeholders.

Promotion System

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

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

Internal Reporting and Establishment of Consultation Hotlines

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

We have also established a consultation hotline for harassment and assigned several counselors to each workplace, who are made up of Health Consultation

Office and Human Resources Department staff as well as labor union representatives. In fiscal 2022, there was one case of reporting and consultation. Fact-finding investigations and hearings were conducted, and the cases were handled in accordance with internal rules. The details of the case are reported regularly to the Compliance Committee. In addition, we have established rules on whistleblowing and employee employment regulations to ensure that whistleblowers and consultants are not subject to any discrimination.

Anti-Corruption and Anti-Bribery Initiatives

As a signatory to the United Nations Global Compact, Kaneka Group has declared its commitment to “work against corruption in all its forms, including extortion and bribery,” as stated in the Ten Principles. Our Code of Ethical Conduct stipulates that we shall

strive to maintain lawful and sound relationships with political and government entities and with all our business partners. The Compliance Guidebook also provides an easy-to-understand explanation of corruption and bribery prevention.

Respect for Human Rights

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

Throughout our business activities, we strive to raise awareness of respect for individuality and human rights. To maintain a workplace environment where all employees feel healthy and fulfilled in their work and where there is no harassment, we will deepen awareness and understanding among employees and make the workplace environment a more comfortable place for them to work.

Intellectual Property



Basic Policy

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

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

Promotion System

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

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

Respect for Rights

Internal Training - Information Leakage and Legal Compliance

To prevent our proprietary technology and know-how from being leaked, we provide intellectual property protection training to sales representatives. The training, which includes measures against leakage of confidential information, is provided when these staff are developing customers or providing samples. We

also regularly provide training to instill respect for the rights of others and strengthen compliance with laws and regulations on copyright, covering topics such as preventing copyright infringement when creating materials.

Protecting our Brands

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

seminars in fiscal 2022 for sections of our organization such as business divisions that hold a large number of trademarks and the IR department.

To ensure that our trademarks are correctly used and applied in our business, we held separate trademark



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

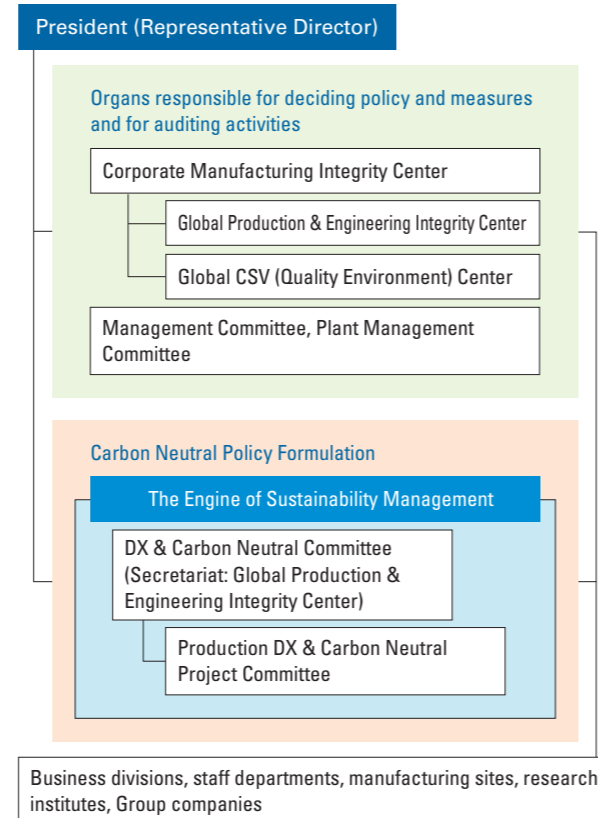
When dealing with important matters relating to global environment protection, the Corporate Manufacturing Integrity Center, which is under direct presidential control, and the Global CSV (Quality Environment) Center take the lead role in sharing the issues with the Management Committee, the Plant Management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

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

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

Meanwhile, toward realizing a sustainable society, we have set out the Basic Policies for Responsible Care under which we ensure strict observance of laws protecting human health and safety and rigorous compliance with environmental legislation such as the Air Pollution Control Act and the Water Pollution Control Act and the criteria set out in related agreements. Internal auditing, ESG safety and quality inspections, and other tools are used to confirm compliance and to manage environmental impact and risk reduction.

Diagram of Promotion System



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



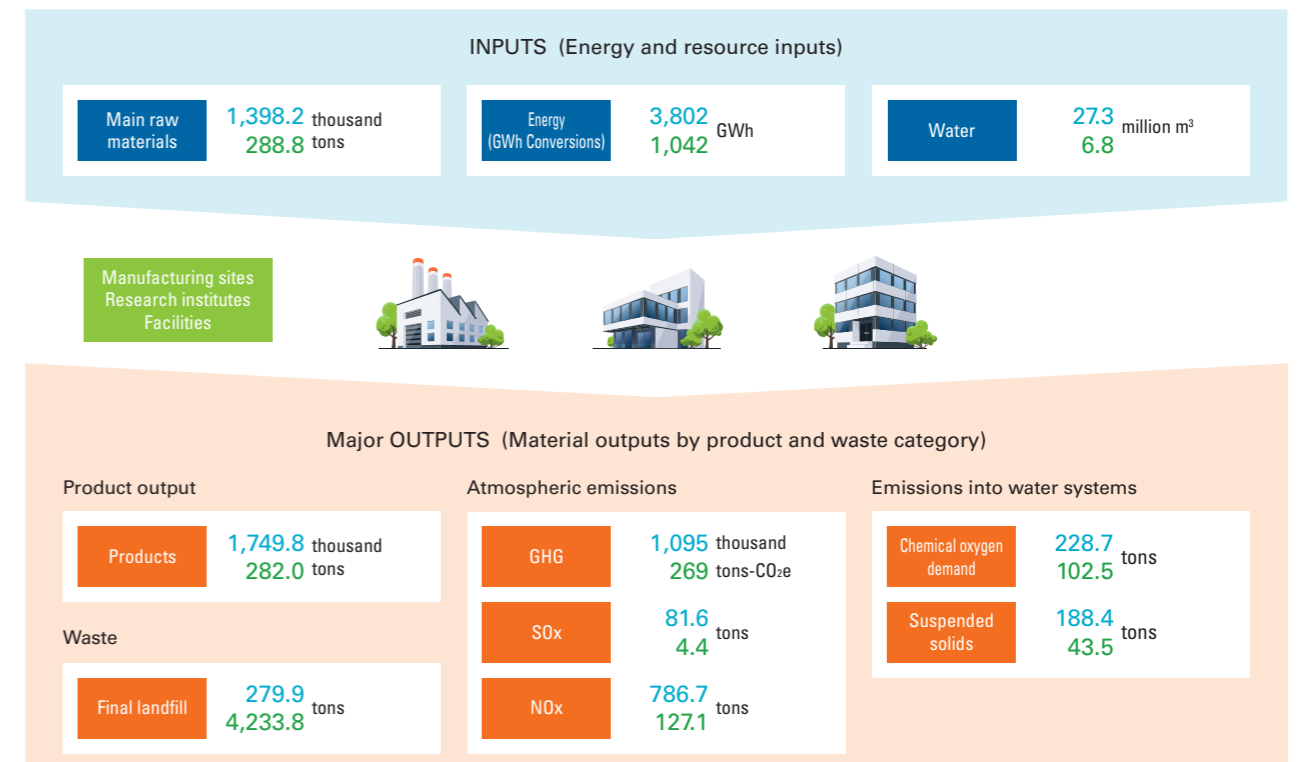
Targets and Performance

Target		Fiscal 2022 performance
Energy intensity index (*1)	Average annual reduction of 1% or more	90.5 (all parent manufacturing sites) (0.1% year-on-year increase) Five-year average decrease of 0.3%
CO ₂ emission intensity index (*2)	Average annual reduction of 1% or more (fixed emissions factor) Estimated fiscal 2022 performance 91.4 (fiscal 2030 target 84.3)	85.0 (all parent manufacturing sites)
Air and water pollution prevention		Strict compliance with standards set by Air Pollution Control Act/Water Pollution Control Act and with criteria agreed with local governments
Chemical substance emissions reduction	VOC emissions 1,800 tons or below	Due to increased production volume and changes in product mix, VOC emissions, at 1,821 tons, were not on target
Waste reduction	Kaneka final landfill disposal rate: 0.2% or below Zero emissions at Kaneka and Group companies in Japan	Kaneka final landfill disposal rate 0.038% Zero emissions achieved by Kaneka and Group companies in Japan based on final landfill disposal rate of 0.37% (*3)
Check legal compliance of waste disposal subcontractors		Visited disposal subcontractors where on-site survey was possible and carried out checklist-based inspection

*1 Energy intensity index: a value for energy intensity indexed against a value of 100 for fiscal 2013. The value is calculated by dividing manufacturing energy consumption by activity volume (all parent manufacturing site production volume).
 *2 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.
 *3 Zero emissions (Kaneka definition): final landfill disposal volume less than 0.5% of total generated waste.

Material Balance in Production Activities (Fiscal 2022)

Kaneka and Group companies in Japan 47 Overseas Group companies 16





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.

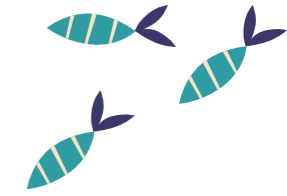
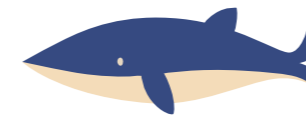
neutral activities in the manufacturing field while collaborating with business divisions, staff departments, manufacturing sites, research institutes, and group companies. Every three months, the committee will report on its activities to the Engine of Sustainability Management, who will discuss and 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. ● 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 the existing manufacturing process · Use of renewable energy and low CO ₂ emission factor for 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 · 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™)



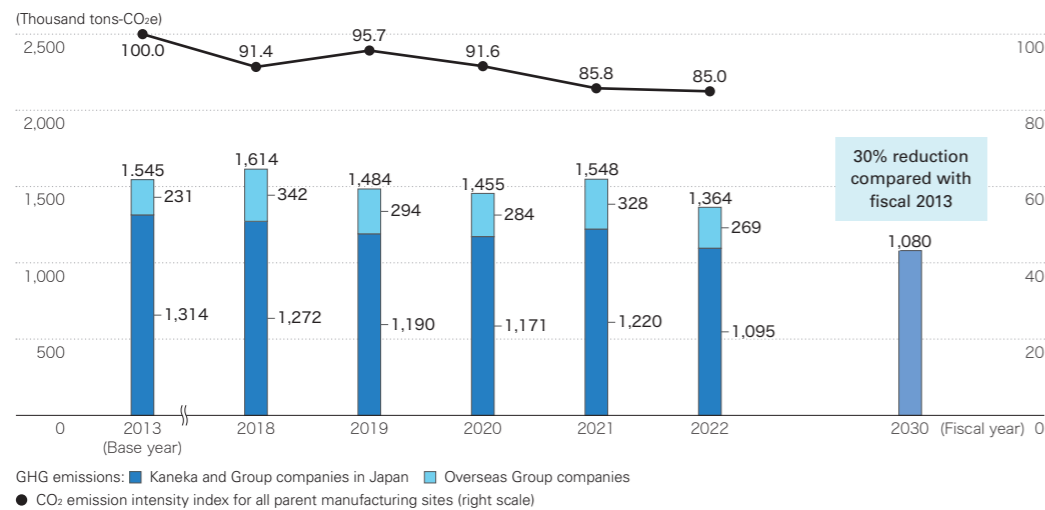
Environment

Metrics and Targets

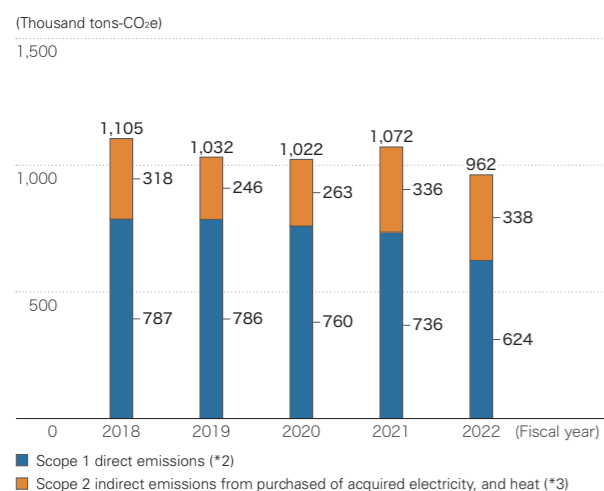
Kaneka Group will realize carbon neutral operations by 2050. As an interim milestone, we have set a target of reducing GHG emissions by 30% in 2030 compared to fiscal 2013.

In fiscal 2022, the sum total of Kaneka Group's Scope 1 and Scope 2 GHG emissions was 1,363.9 thousand tons CO₂e (11.7% lower than fiscal 2013). Scope 3 emissions from the parent company Kaneka amounted to 2,884.1 thousand tons CO₂e.

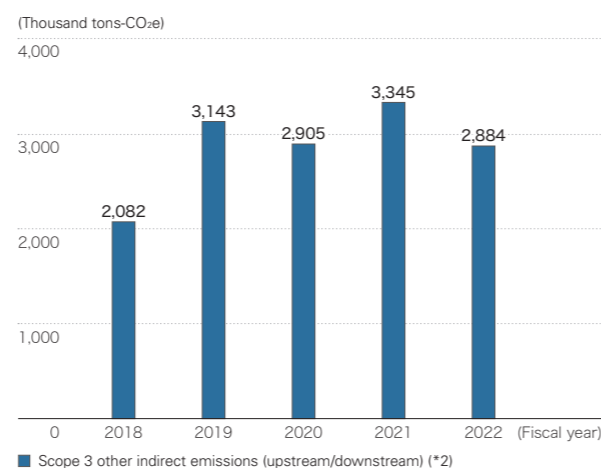
GHG Emissions*1 and Energy Origin CO₂ Emission Intensity Index



Scope 1 and 2 Emissions (Kaneka)



Scope 3 Emissions (Kaneka)



*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 emissions, calculated in accordance with the GHG protocol.

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

*3 Scope 2 emissions calculated using the location-based method for Kaneka and Group companies in Japan were 519 thousand tons CO₂e (including 449 thousand tons CO₂e for Kaneka). For Group companies outside Japan, Scope 2 emissions were the same calculated using location-based and market-based methods.

Climate Change Initiatives

To address global warming, we at the Kaneka Group 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).

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. Also in fiscal 2022, we conducted water risk assessments for each Kaneka Group site and the bases of Group companies in Japan and overseas. We use an assessment tool (Aquaduct Water Risk Atlas) to identify

areas with high water stress and, based on the proportion of water intake from water-stressed areas to total water intake, have confirmed that Kaneka Group as a whole does not face high water risks. Going forward, we will expand the scope of the assessment targets in terms of geographical location and time, and prioritize and implement measures based on results of the assessment.

In 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

Reducing waste saves resources, cuts costs, and helps protect the environment by lowering CO₂ emissions. By following the 3Rs (Reduce, Reuse, and Recycle), 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 new 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 social contribution activity, we also

support, participate in, and cooperate with the biodiversity activities of outside bodies.

- Osaka Manufacturing Site: Settsu-no-mori Kaneka Biotope
- Shiga Manufacturing Site: Walnut School

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

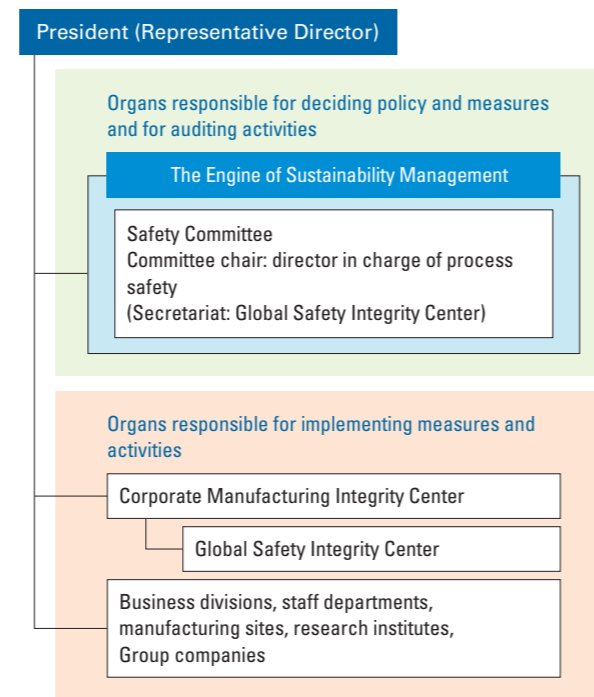
the Kaneka Group and our partner companies work to create safe and healthy workplaces, pursuing the goal of no accidents and no disasters.

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. In his greetings at New Year and on the yearly anniversary of our foundation, the president delivers a related message directly to employees.

Diagram of Promotion System



Basic Safety Policies

- **Safety forms our management foundation, and is the basis of all corporate activities.**
We take action with priority given to ensuring safety in all activities in the company.
- **Safety is the foundation of local and worldwide communities' confidence in Kaneka.**
We do our best to develop their trust.
- **Safety is based on our belief that "All accidents can be prevented."**
We always move forward without being satisfied with lukewarm results.
- **Safety is the responsibility of every employee in accordance with his/her duties.**
We fulfill our responsibilities by mutually clarifying the duties we have assumed.
- **Safety must be maintained continuously.**
We ensure safety through steady efforts on a daily basis.

Zero Accident Principles

- **All people, you and me, are indispensable**
We ensure everyone is working safely. [Pledge of zero accidents]
- **Safety is everyone's responsibility**
We do not miss sparing the time to seek safety. [Participation in safety]
- **There is no trick to safety**
We always value a fundamental approach to it. [Adherence to safety basics]
- **Be aware of potential danger**
We endeavor to eliminate safety risks. [Safety in advance]
- **Where there is carelessness, there is the possibility of an accident**
We do not allow even a small chance of negligence. [99%, yet 0%]

Safety Initiatives

Based on a shared commitment to safety first, management and frontline staff are working to foster a safe culture and ensure the intrinsic safety of equipment, thus inspiring public trust in the safety of our manufacturing sites. We work constantly to ensure that safety is thoroughly maintained. We have put in place the Zero Accident Principles, based on which members of top management lead our efforts to ensure that each employee follows the rules and puts them into action.

Message from the President

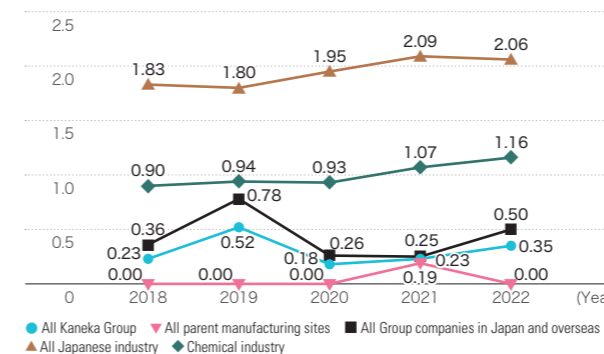
While continuing my plant tours, I have seen for myself how each plant is raising its safety awareness. You can see it taking hold on the shop floor. When it comes to safety, there is no such thing as perfection. We must always act with a sense of urgency. We must stay vigilant, focusing all our efforts on ensuring that throughout our operations we prioritize preventing accidents and disasters. We must not overlook even the most minute signs of danger, instead working thoroughly to foresee and forestall accidents and problems. Management will do its utmost to protect the lives, safety, and security of all our employees.

Targets and Performance

Target	Fiscal 2022 performance
Strengthen process safety and disaster prevention Ensure occupational health and safety	1) Ensuring the safety of equipment and processes Internal third-party HAZOP (*) inspection, HAZOP competency improvement training, expansion of internal regulations on equipment, reducing risk of getting trapped or caught in processing and assembly plants 2) Fostering a safety culture Implementation of various safety training activities, guidance by external experts, promotion of experiential learning 3) Readiness for emergency Emergency response and evacuation drills and comprehensive disaster prevention drills carried out
Process accidents Occupational accidents	Zero accidents 1) Process accidents: 7 2) Occupational accidents: Accidents resulting in lost time: 7; accidents not resulting in lost time: 10.

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

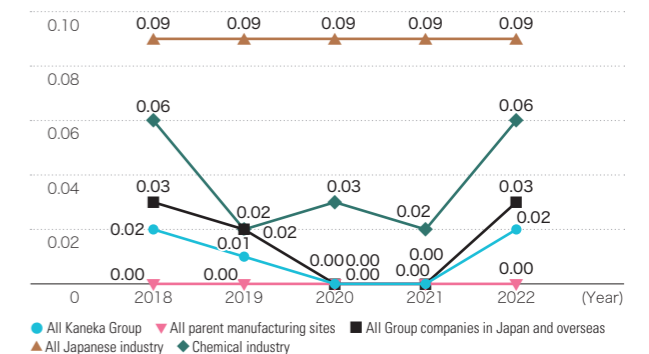
Accident Frequency Rate



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.

Note: Frequency and severity rates are calculated for regular employees, contract employees, and temporary employees dispatched from outside the company. The scope of calculation does not include employees seconded to outside companies or employees of subcontractors.

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.

Quality (Product Responsibility)

Basic Policy

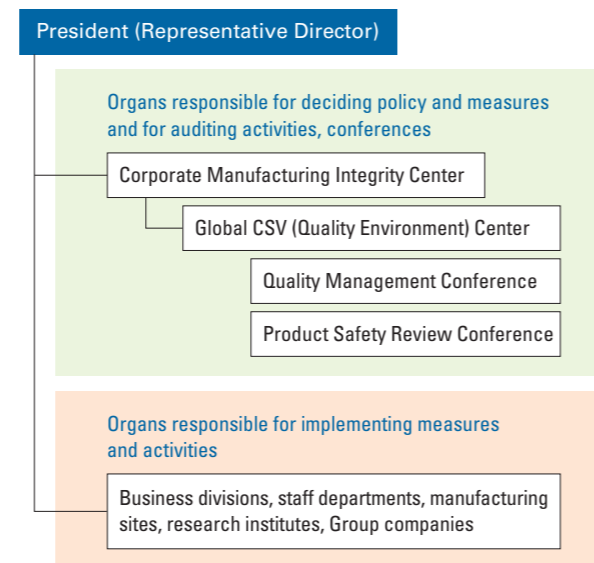
Aiming to benefit society and satisfy customers through a stable supply of safe and reliable products, Kaneka Group has set Quality Management Regula-

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

Promotion System and Policy

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

Diagram of Promotion System



Product Responsibility Initiatives

Quality Assurance

- We held quality management conferences on four occasions, inviting personnel in charge of quality management in each business division, to instill the Company-wide policy and instructions and to exchange views on product quality assurance and share quality information.
- Through the Product Safety Review Committee, we put in place a system to ensure product safety and service for product launches, such as those of new medical devices and products related to Kaneka biodegradable polymer Green Planet™. To further enhance product safety, we have revised the review committee's standards for pharmaceutical intermediates.

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

Chemical Substance Management

We take appropriate action at all stages of product development, manufacturing, transportation, sales, and disposal based on a clear grasp of the requirements of Japanese and international laws and regulations on the management of chemical substances, with each division adapting its response to its particular circumstances.

For raw material procurement, we have established the Green Procurement Standards to prevent mixing of chemicals prohibited under the Control Act. (*1) When supplying products, we take active measures to publish information on the hazard level of the chemical substances, including displaying a GHS (*2) label and providing a product safety data sheet.

*1 Chemical Substances Control Act: Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc.

*2 GHS: A worldwide system for classifying and labelling chemicals according to their hazardous properties.

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

- 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 RSPO supply chain certification.

Declaration of Partnership Building

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

and coprosperity with business partners in the supply chain and other business operators seeking to create value.





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 effort,’ Kaneka Group, aspires as a good corporate citizen to a

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

	Initiatives	Communication
Customers	Providing technology and product information and an online store on our official website 	<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	Holding a sweet potato dig with small children and toddlers from the neighborhood 	<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	Issuing reports (To Our Shareholders) twice a year 	<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	Providing a workplace that supports employee health 	<ul style="list-style-type: none"> Communication between employees Employee health consultations Labor-management dialogue Penetration of internal whistleblowing system
Vendors	Providing an online store that connects household tables and bakeries nationwide by supporting the purchase and development of ingredients 	<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	Carrying out local clean-up activities 	<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

Employees × Community/Society

Exploring Manufacturing and the Wonder of Chemistry

As part of Kaneka’s efforts to support the education of the next generation in the community and society, we teach classes on manufacturing and on-site classes. Retired employees and current employees, including new hires, serve as lecturers. We conduct the Kaneka Manufacturing Class at elementary schools near Kaneka Takasago Manufacturing Site, Osaka Manufacturing Site, and Shiga Manufacturing Site. The aim of the class is to increase children’s interest in and understanding of manufacturing. In the class, sixth graders assembled Scrollers II (a small self-powered rolling robot) kits, gaining a sense of the fun and satisfaction of making things.



Kaneka Manufacturing Class
(Bottom right: Scrollers II craft kit)



A scene from a field trip class (photo on the right: A shock absorption experiment with eggs)

Elementary schools near the Kaneka Kashima Manufacturing Site are conducting field trip classes for chemical experiments based on a concept of “Let’s get into science.” Using our own products, we conducted experiments around the properties of foamed polystyrene including foaming, shock absorption, and insulation properties, giving students a chance to experience the wonder of chemistry. We will continue supporting students’ education with an emphasis on lighthearted fun.

Participating in TABLE FOR TWO Activities at the Company Cafeteria

Kaneka has been participating in TABLE FOR TWO (TFT) activities since 2010. TFT is a social contribution activity aimed at addressing food imbalance, whereby developing countries suffer from hunger and malnutrition, while developed countries have problems with obesity and lifestyle diseases. The employee cafeteria offers a menu with reduced calories to prevent obesity and lifestyle diseases. For every one of these meals that is bought at a company cafeteria, 20 yen is donated through TFT toward school meals for children in developing countries. In 2022, we donated the equivalent of 7,697 meals (153,940 yen). The program also started at the Kashima Manufacturing Site from December 2022. We will continue

activities to share meals and deliver hearty school lunches at employee cafeterias at all Kaneka factories.



© TABLE FOR TWO

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