

# Kaneka

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# 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.



### From the Editorial Team

Kaneka Integrated Report 2020, covering both financial and non-financial information, has been issued to enhance the understanding of our stakeholders regarding the Kaneka Group’s value creation in the medium to long term. It is created based on the New Mid-Term Management Plan as of October 5, 2020. For product registered trademarks and other trademarks, please refer to our website. <https://www.kaneka.co.jp/en/esg/report/trademarks/>

### Notes Regarding Future Prospects

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

### Organizations Covered in This Report

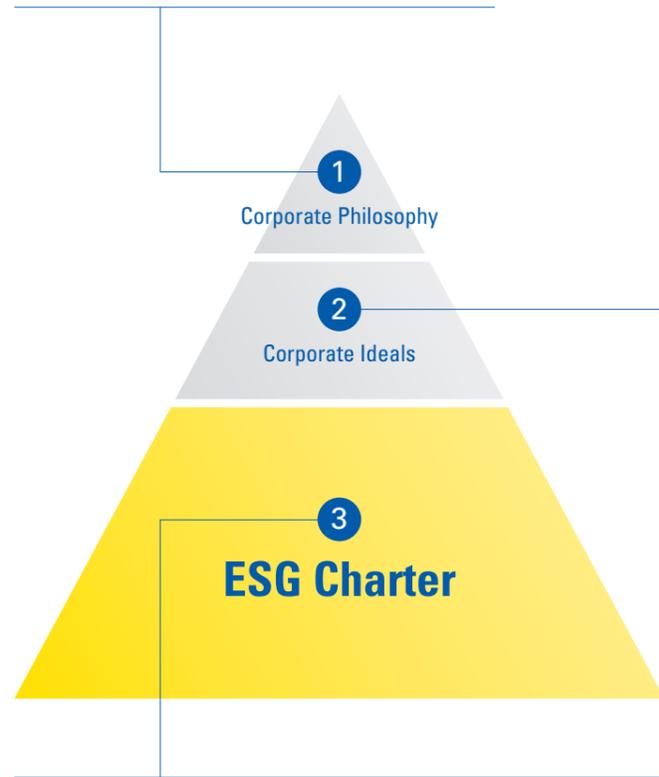
This report covers Kaneka Corporation and its consolidated subsidiaries both in Japan and other countries. The data on Responsible Care activities encompass the parent and 61 Group production subsidiaries. In this report, “Kaneka” refers specifically to Kaneka Corporation. “Kaneka Group” encompasses Kaneka Corporation and Group companies (its consolidated subsidiaries). References to “Group company / companies” do not include Kaneka Corporation.

**Renaissance**  
– Revitalization Our Humanity

Management Philosophy Structure

“Declaration of Kaneka United”

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.



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.

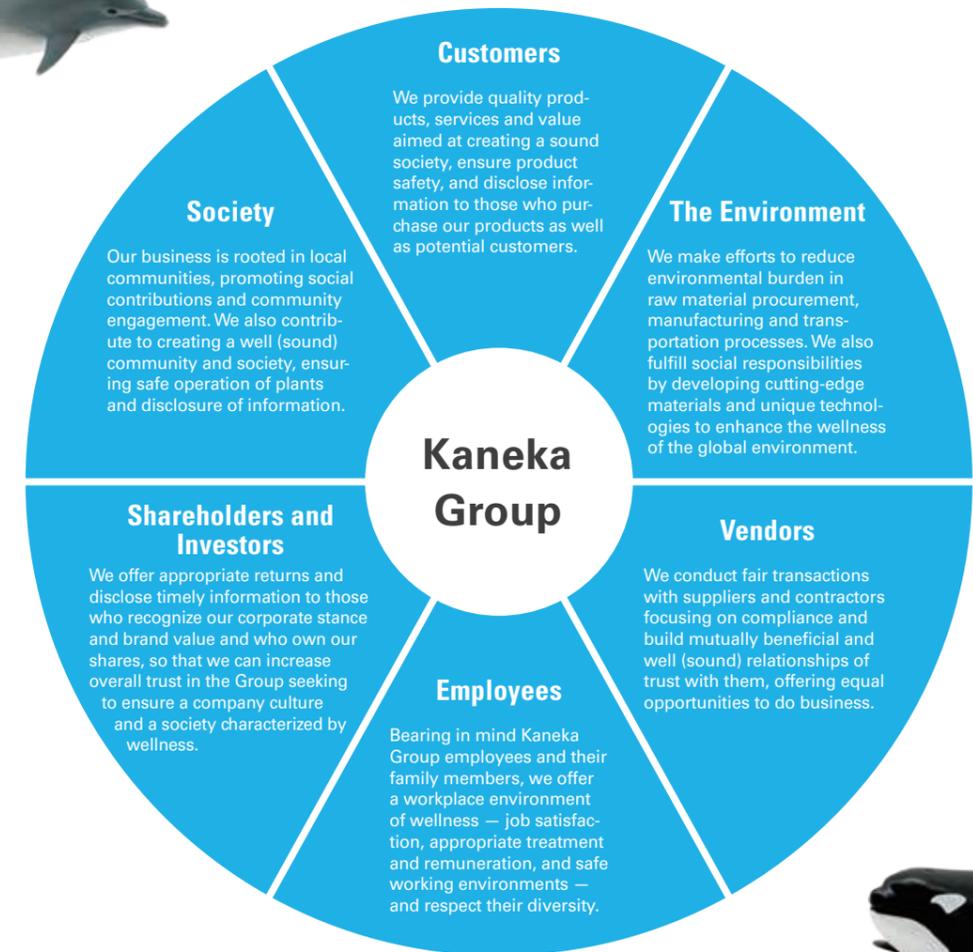
\* “Dreamology” is an expression coined from ‘dream’ and ‘ology’ (science). Our “Dreamology Company” is a “highly perceptive and collaborative value-creating group.”

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.

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

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



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.**
  - We bring innovation to lifestyles and the environment by harnessing the unlimited potential of chemical materials to help communities achieve sustainability. (Earthology Chemical Solution)
  - 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.**
  - 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.
  - We operate our businesses in a fair and impartial manner based on the principles of free competition and legal compliance.
  - We’re committed to communicating with shareholders and other stakeholders and to making information about our operations available in a timely and appropriate manner.
  - 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.
  - 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.

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



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 a group with a global network, we actively share information about our commitment to global sustainable growth as a responsible corporate citizen with our stakeholders and the international community.



# We Are Implementing Sustainable, Human Driven Management.

## Looking at Human Evolution and the Mystery of Viruses

### ■ Taking the Lead During a Pandemic

Since the spring of 2020, COVID-19 has spread like wildfire around the world.

The pandemic marks a decisive turning point, highlighting people's vulnerability to many and varied viruses and infectious diseases. We have witnessed the pandemic's devastating power to indiscriminately end the lives of so many people.

The political, economic and social systems that humankind has built up over many years have fallen into a state of dysfunction.

The Kaneka Group has shifted to a course of giving top priority to protecting the health, lives and safety of employees as well as their family members all over the world.

At the same time, numerous Kaneka products, successfully developed after many years of hard work, are being used in countries and regions worldwide and are valued as essential businesses. Kaneka takes great pride in this accomplishment.

This gives us an important mission. The supply of our products must never be disrupted.

Thus, we are making every effort to continue the stable operation of our plants worldwide, in conjunction with our efforts to protect employees against COVID-19 infections. Fortunately, we have fulfilled our duty to supply products without suffering any major negative impacts. I'm very thankful to see our employees rising to meet these challenges.

### ■ Turning Pain into Gain

The COVID-19 crisis has provided a chance for us to reaffirm the fact that "the current situation is the perfect opportunity for every member of the Kaneka Group to take the initiative to create a paradigm shift and become a paradigm changer from within, thereby turning pain into gain."

Social values have been changing drastically at a tsunami-like pace.

The paradigm for social systems is shifting at an unimaginable speed and scale. It is imperative for us to transform ourselves and anticipate and respond to these changes in a timely manner. The power of chemistry abounds with infinite potential to solve a variety of global issues.

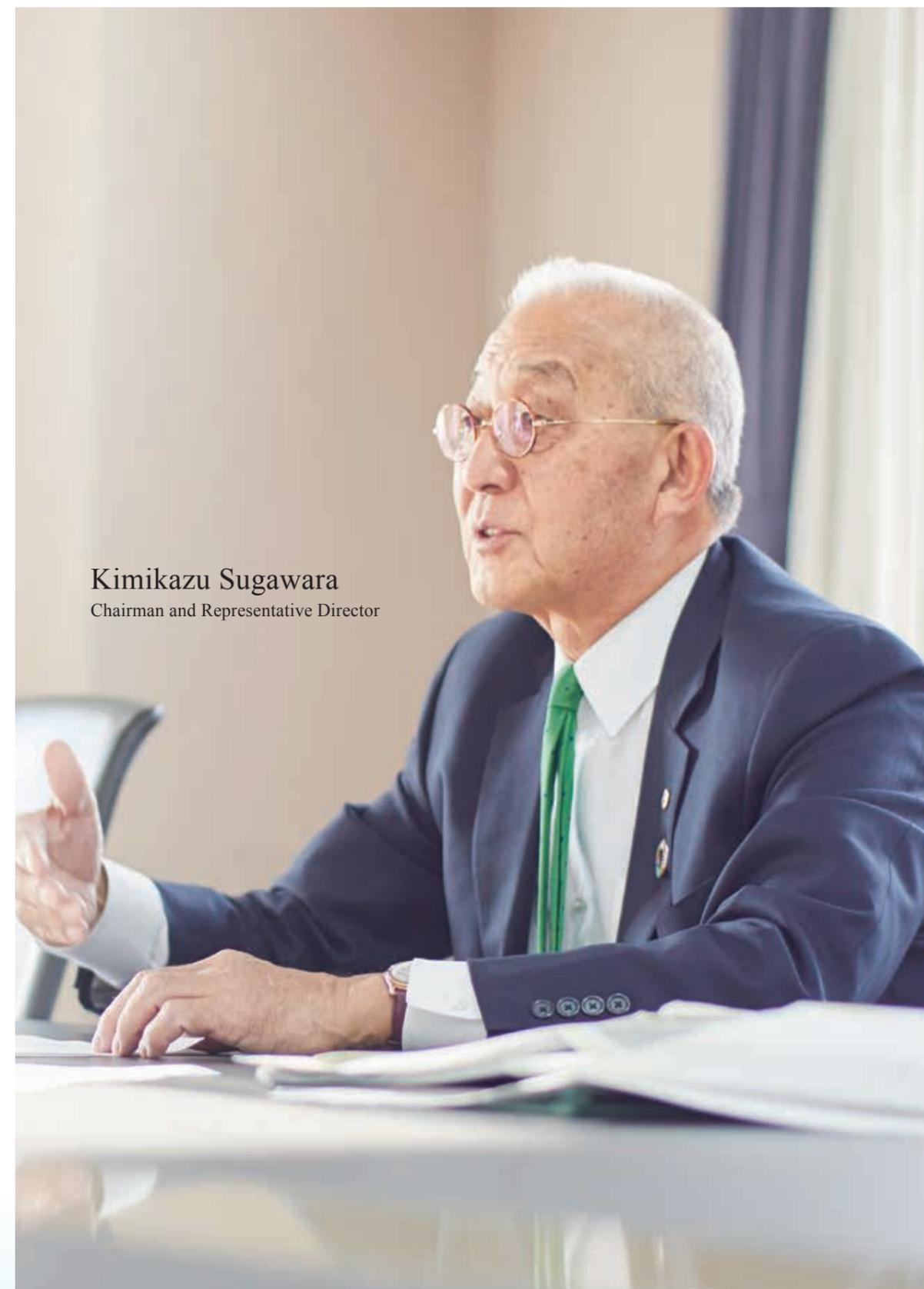
These conditions offer an opportunity for Kaneka to take a huge leap forward.

For example, we have launched an Infection Initiative Team that will gather our Group's collective research experience (stock of research assets). Through this team, we will work to develop technologies that will contribute to the prevention of infections and viral therapy.

We, as a matter of course, have already supplied products that contribute directly to the fight against the COVID-19 crisis, such as vaccines, pharmaceuticals and testing kits as well as materials used in medical gloves (raw material for resin). Manufacturing such products to solve social issues have been driving Kaneka's growth.

From time immemorial, humankind has lived together with viruses.

Through research to investigate the mystery of viruses, we will ambitiously expand the possibilities for the co-existence of humankind and viruses.



**Kimikazu Sugawara**  
Chairman and Representative Director



“Sustainability and Digital Transformation” as a Key Theme for Our Awareness of the Times

Improving Our Global Business Expansion and Innovation Capabilities

There are no signs of an end to the COVID-19 pandemic.

I believe that uncertain conditions, which are typical of an era of change, will continue for some time. On the other hand, the global economy will surely overcome the difficulties of the COVID-19 crisis as it follows a recovery track, and powerful initiatives backed by sustainability as a form of social justice will likely gain momentum. The science and technology revolution and digital transformation will drive a paradigm shift in society. Indeed, we are standing on the threshold of a new industrial age, shaped by trends such as the Fourth Industrial Revolution.

The world has progressed through the dawn of a technology era and has already entered an astonishing new phase of growth. Companies are pushing ahead with research into innovative, breakthrough technology, with the aim of developing so-called “glocal” markets based on the principle of local production for local consumption. Survival will be impossible unless new business models are created without any ties with precedent.

At Kaneka, we believe that this awareness of the times represents a bridge to the future. Based on this belief, we will continue to undertake activities on a global scale, working as hard as we can until we “become a foundation,” so to speak.

Recovering Our Humanity – Renaissance

With past experiences starting to become obsolete and thus worthless in some fields, we are entering a period of major upheaval that we have never experienced before. Digital technology (DX) is being implemented in society, and the business is heading to a “new normal” that will enable “environmentally friendly, healthy and safe living and sustainable society” at an unprecedented pace.

Initiatives to create a decarbonized society (a sustainable society) that aims for carbon neutrality are already accelerating in top gear.

In addition, changes in work styles and social systems have dramatically reshaped the business environment.

Kaneka believes that these kinds of initiatives (i.e., the global movement to realize sustainability) require efforts to recover our humanity through a renaissance.

We have developed a conceptual framework to better understand these social trends. Kaneka has identified three crises, “Environment and Energy,” “Food,” and “Wellness,” as crises of sustainability, and Kaneka has defined them as its business domains.

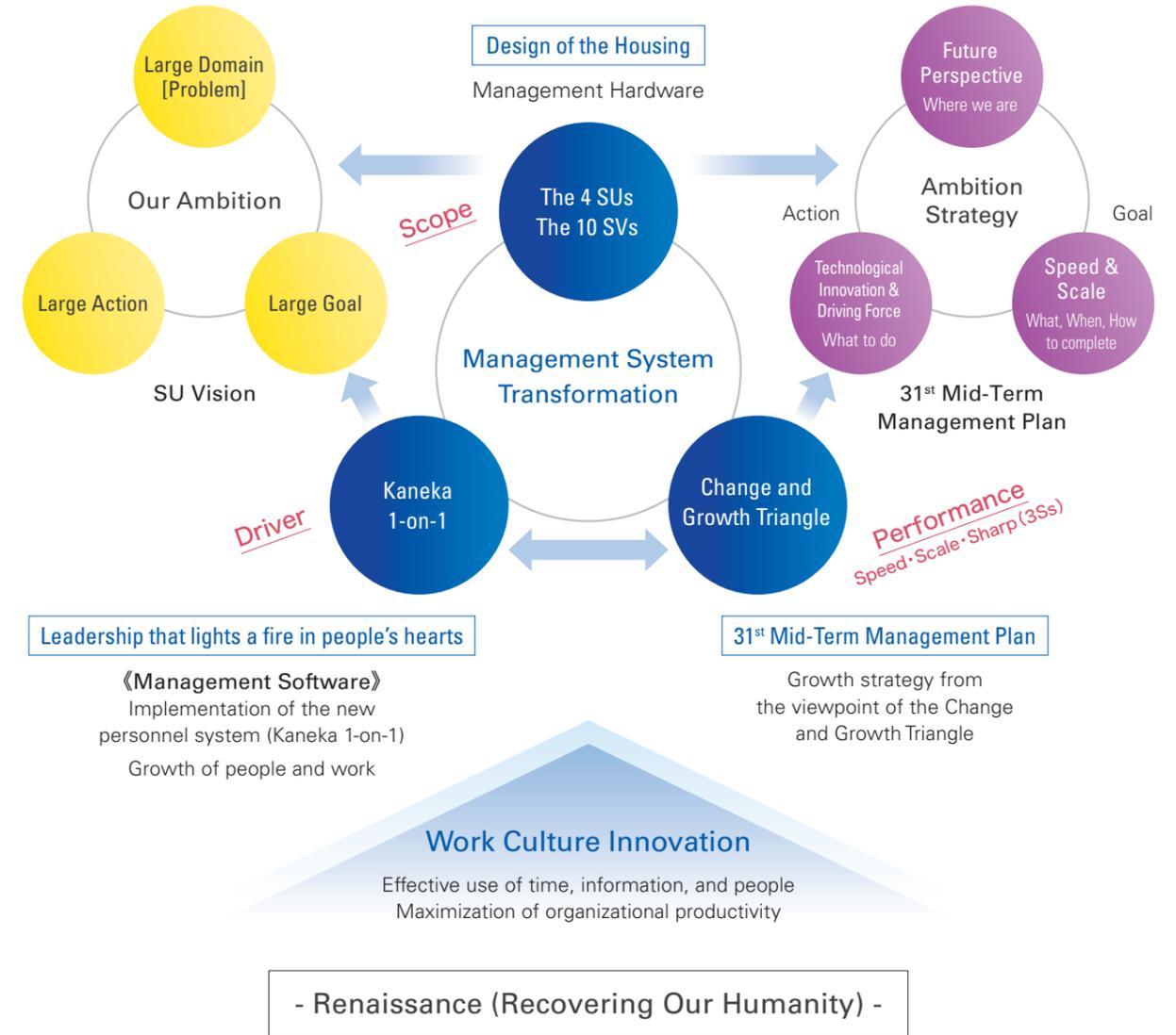
Our steps to strengthen our ESG and SDGs initiatives are also motivated by our desire to realize sustainability by building a sustainable society.

We will implement “Wellness First” health management to support a society that nurtures life, while preserving the global environment and contributing to the recovery of our humanity.

Considerations in the Mid-Term Management Plan

Never stop. Challenge for Change!

We positioned the “Renaissance (Recovering Our Humanity)” as the starting point for Kaneka’s Management System Transformation. In the Mid-Term Management Plan that started in the fiscal year ended March 31, 2021, we defined the plan’s sub-themes as “Change with Purpose” and “Grow with Results.” To achieve change and growth, we are pushing ahead with a plan that is focused on objectives and results. For reference, the basic outline of the plan is illustrated in the diagram below.



Increase Momentum and Leap Across the Stream

Without the Confidence to definitely win, we will be unable to generate the strong Momentum we will need to tackle ambitious goals.

We will rigorously strengthen winning Game Plans and Physical elements (Strategy). In addition, leaders will hone One Team Captaincy linking the whole and the individual.



**A Mid-Term Management Plan in an Era of Major Uneasiness with No Clear Answers**

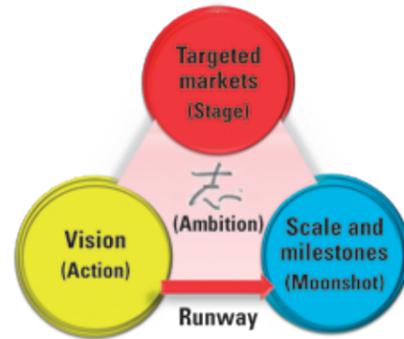
In a VUCA\* world, environmental changes are tumultuous. In this era of major uneasiness with no clear answers, I believe that the key to success is to clearly define our Purpose (raison d'être) as a company and fulfill the role of solving social issues. We are still only halfway to solving the many issues we face. Under the Mid-Term Management Plan, we are working so that we can overcome the many and varied threats of the COVID-19 crisis, and accelerate the transformation of our business portfolio, which we have targeted as our core ambition.

Strategic work is constantly like a marathon to a long-distance runner. I believe that strategic work requires a certain amount of time and distance to get started effectively as a whole. Above all else, it requires ambition. We will seek to package this ambi-

tion into a conceptual framework, put it on a timetable with specific dates, and drive growth with scale.

We will set our sights on developing Kaneka into a "living organism" that functions as a lean, responsive, and vibrant enterprise and design a regenerated new style work.

\* VUCA: Volatility, Uncertainty, Complexity, Ambiguity.



**Sustainable Selection and Concentration**

**Purpose of Management Policy**

**"Wellness First" Health Management to Achieve Sustainability (ESG Management)**

**1. The Dreamology Company**

– **Make your dreams come true** –

Through chemistry, we will be a company that reduces environmental impact and proves useful to people's lives.

**2. Solution provider**

Based on the Triple Package as Management System Transformation, we will follow the path of a solution provider.

**3. Trial & Error experiment driven company**

With being a passionate "Trial & Error experiment driven company" that conducts a large number of trials but preserves only good ones as our behavioral guideline, we aim to be a "Value Creating Company" that transforms its businesses into a new portfolio while undergoing repeated regeneration.

**Selection and Concentration**

**1. Domain**

We will accelerate portfolio transformation with the three crises ("Environment and Energy," "Food," and "Wellness") as our business domains.

**2. R&B (Research & Business)**

We will push ahead with the development of innovative materials (breakthrough technology) and proactively invest management resources in research and development activities, which is an investment in the future.

**3. Strengthen foundation businesses**



**DX and Kaneka 1-on-1**

**Strengthen the Management Platform**

**1. Speed up the implementation of new businesses into society**

We will apply a "selection and concentration" approach to themes with scale and improve the productivity of R&B.

**2. Business reforms and digital transformation**

We are introducing a new personnel system matched to the times and striving to create a work culture focused on recovering human value in ways not possible with AI (Renaissance – Recovering Our Humanity). Through these efforts, we will create a highly productive organization and employees, where every individual generates value. (We will use digital transformation in work reforms, automated plants, etc.)

**3. Kaneka 1-on-1**

We will implement Kaneka 1-on-1 as a program to achieve both the growth of work and people, as targeted.

**4. Open innovation**

We will proactively carry out alliances and M&As, thereby accelerating the transformation of our business portfolio and accelerating discontinuous growth.



# Management Model and Management System

– Two major systems as the backbone of innovation

## 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.



## Kaneka Tower

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

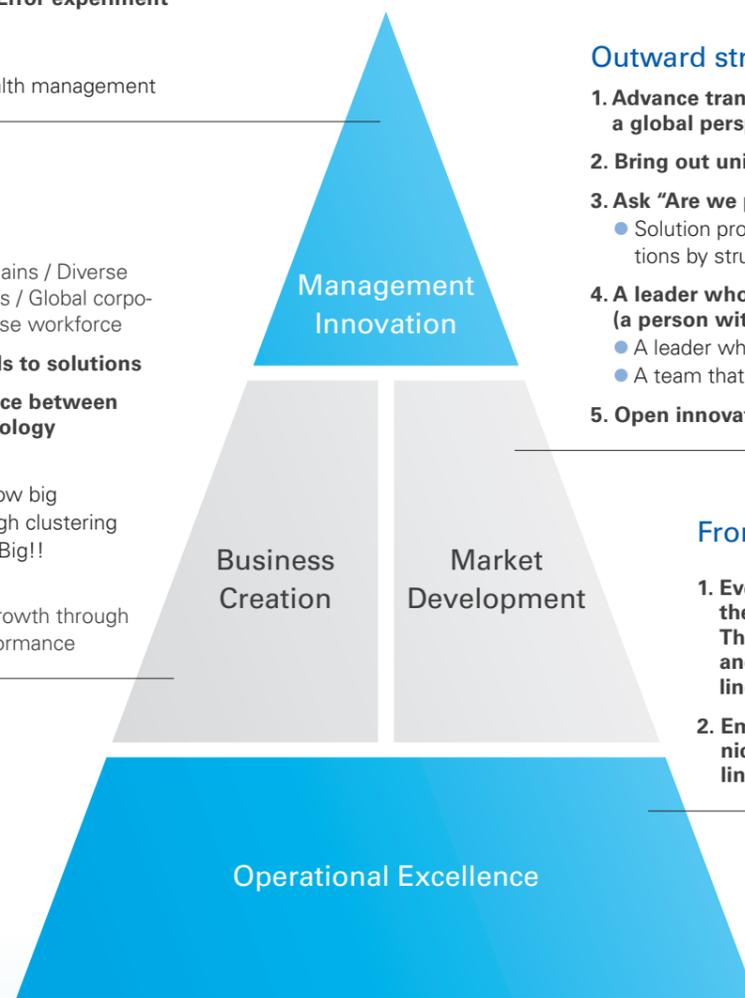
### Ability to grow tall

Kaneka as a "Trial & Error experiment driven company"

- ESG management
- "Wellness First" health management

### 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



### Outward strengths

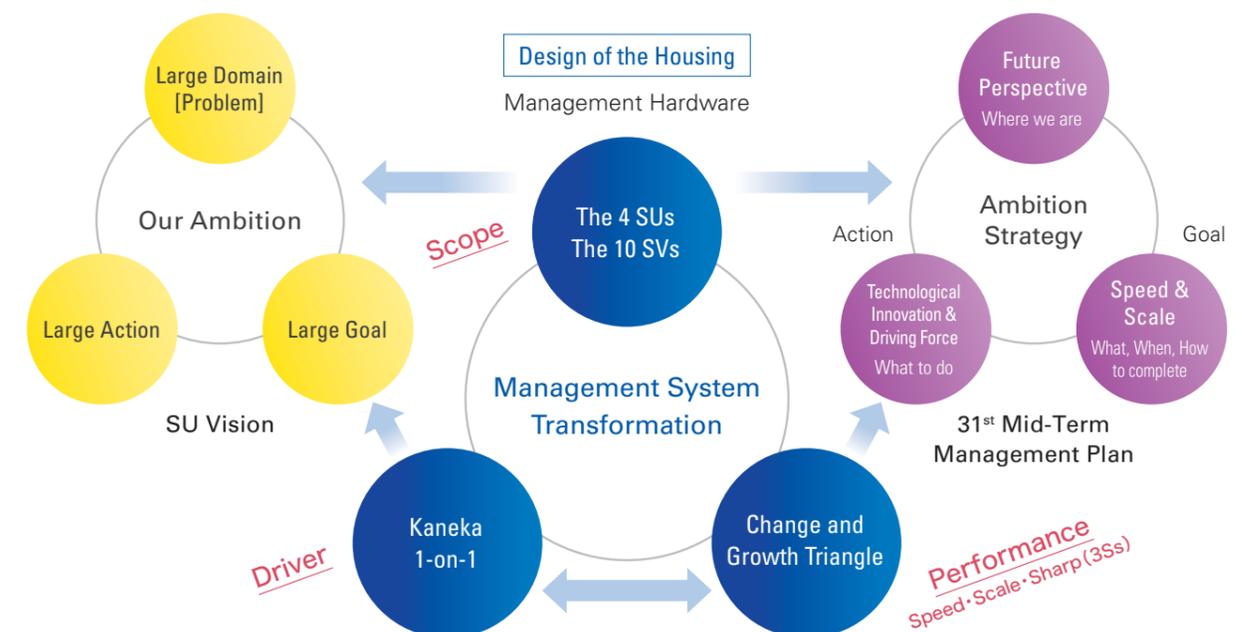
- 1. Advance transculturation from a global perspective**
- 2. Bring out uniqueness**
- 3. Ask "Are we playing a useful role?"**
  - Solution provider that provides solutions by structuring customers needs
- 4. A leader who will face challenges (a person with an edge)**
  - A leader who will influence people
  - A team that will unite to tackle issues
- 5. Open innovation**

### 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**

## Management System

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



### Leadership that lights a fire in people's hearts

《Management Software》  
Implementation of the new personnel system (Kaneka 1-on-1)  
Growth of people and work

### 31st Mid-Term Management Plan

Growth strategy from the viewpoint of the Change and Growth Triangle

### Work Culture Innovation

Effective use of time, information, and people  
Maximization of organizational productivity

- Renaissance (Recovering Our Humanity) -



# Providing Solutions for People, Quality of Life, and the Environment (with visionary eyes)



By providing valuable solutions globally, we will continue growing and building a reputation for contributing to the evolution of people's lives and the environment throughout the world.



Contribute to the advancement of life and the environment of people world wide through chemistry

## 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 SU

Vinyls and Chlor-Alkali SV

Performance Polymers (MOD) SV      Performance Polymers (MS) SV

### Quality of Life SU

Foam & Residential Techs SV      E & I Technology SV

PV & Energy management SV      Performance Fibers SV

### Solutions Unit vision

#### Material Value Creator

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

#### Measures

Contribute to global environmental conservation and comfortable living

- Provide outstanding materials for evolving social infrastructure, mobility (lighter weight, more fuel efficient vehicles), and more
- Provide solutions where materials like biopolymers are of direct help to ecological society

#### Quality of Life Pathfinder

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

#### Measures

Contribute to energy saving and a rich life

- Deliver energy-efficient housing solutions→Create a high quality, sustainable housing market
- Provide unique materials and services that excel regarding both energy saving and smart application needs

## Active Human Life Solution

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.

### Health Care SU

Medical SV

Pharma & Supplemental Nutrition SV

### Nutrition SU

Foods & Agris SV

#### Medical Edge Explorer

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

#### Measures

Contribute to a society advancing in age and medical sophistication

- Strengthen marketing and product development globally in cutting-edge medical fields including biopharmaceuticals, and regenerative medicine and cell therapy
- Proactively utilize open innovation and U.S. R&B bases
- Provide solutions that deliver value by fusing devices and medicine

#### Nutrition Value Chain Innovator

To re-innovate food and health

#### Measures

Contribute to health and a plentiful, varied diet

- Provide a broad range of solutions that help diversify and enrich people's diets
- Offer solutions that help prevent disease and promote health, and enhance the food materials lineup
- Deliver solutions that assist production in the fields of agriculture, livestock, and fishery

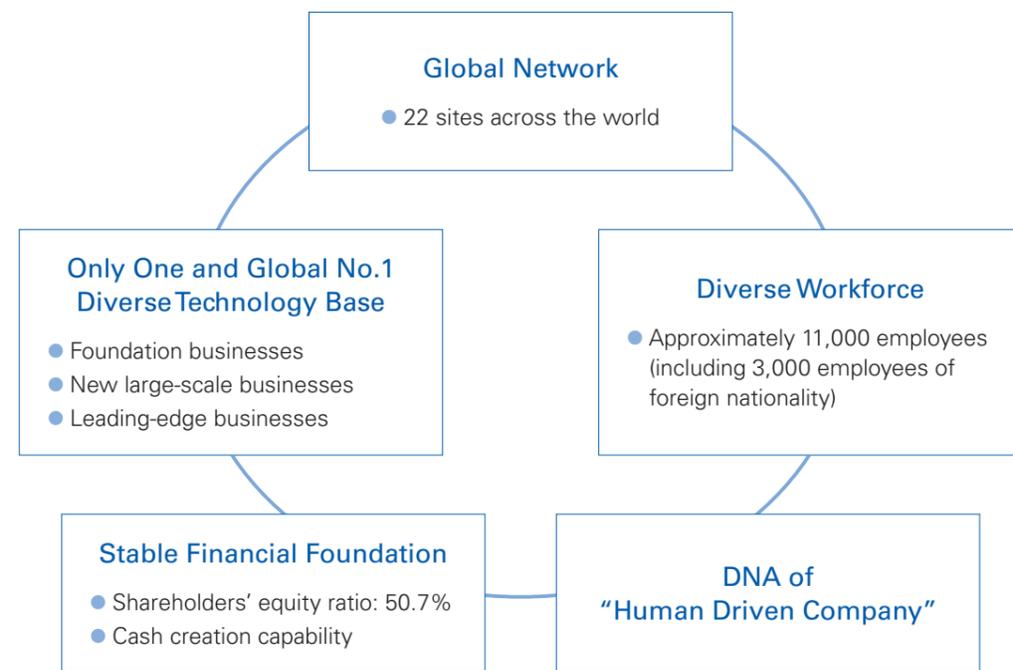


# Kaneka's Value Creation Process

(based on creative fusion of people and technology)

## Source of Competitiveness (Diversity)

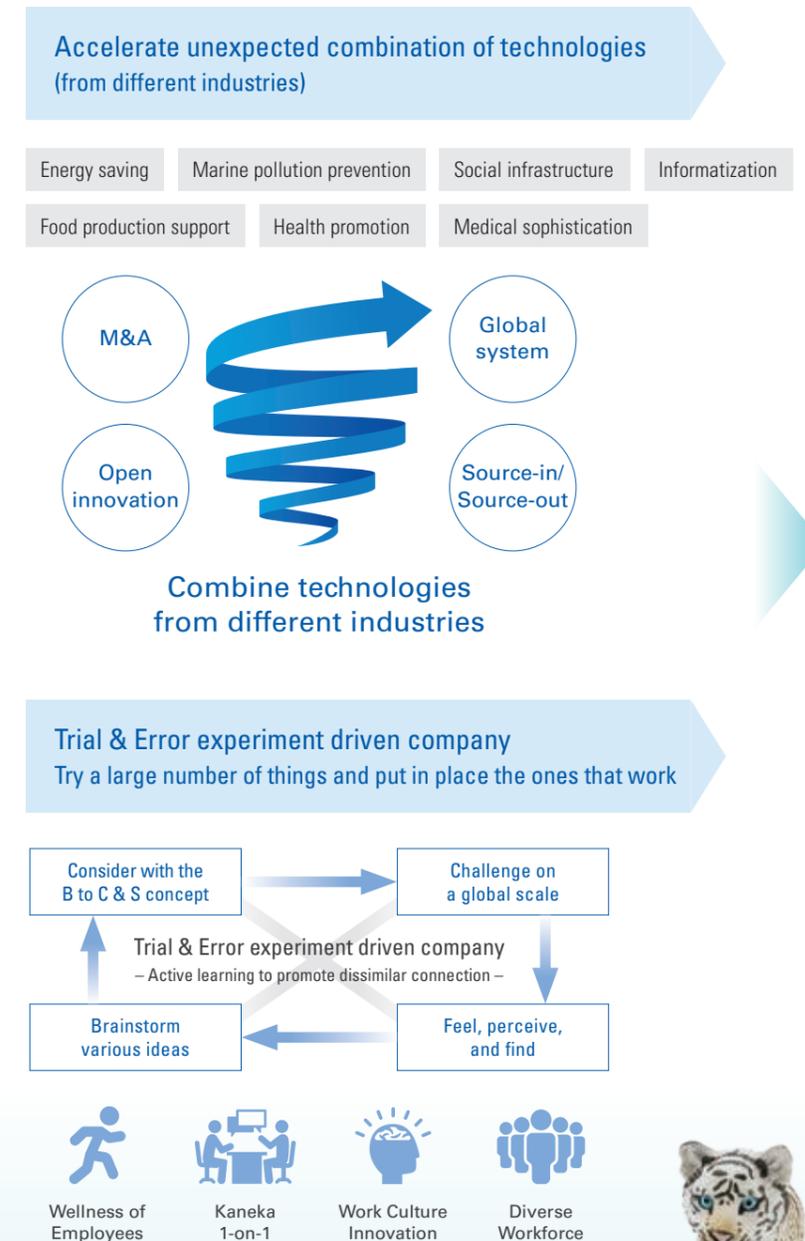
Solid foundation of people and technology



Business is conducted by people, and our proud technology underpins various products. We have a tradition of creating something new through unexpected combination of two or more things (technologies). We will provide new value on a global scale by encouraging healthy and vibrant people to repeat value communication from the perspective of B to C & B and the more social perspective of B to C & S.

## Value Driver

Creative fusion of people and technology



**Resolution of Social Issues**  
KANEKA thinks "Wellness First".

Resolution of environmental and energy issues

Resolution of food issues

Resolution of wellness issues



# R&B Aimed at Creating Big and Sustainable Businesses

We have contributed to resolving social issues through original products developed using diverse businesses and technologies, “Only One” and “Global No.1” technology base. Amid accelerating global trends toward a sustainable society with the aim of ending the COVID-19 pandemic:

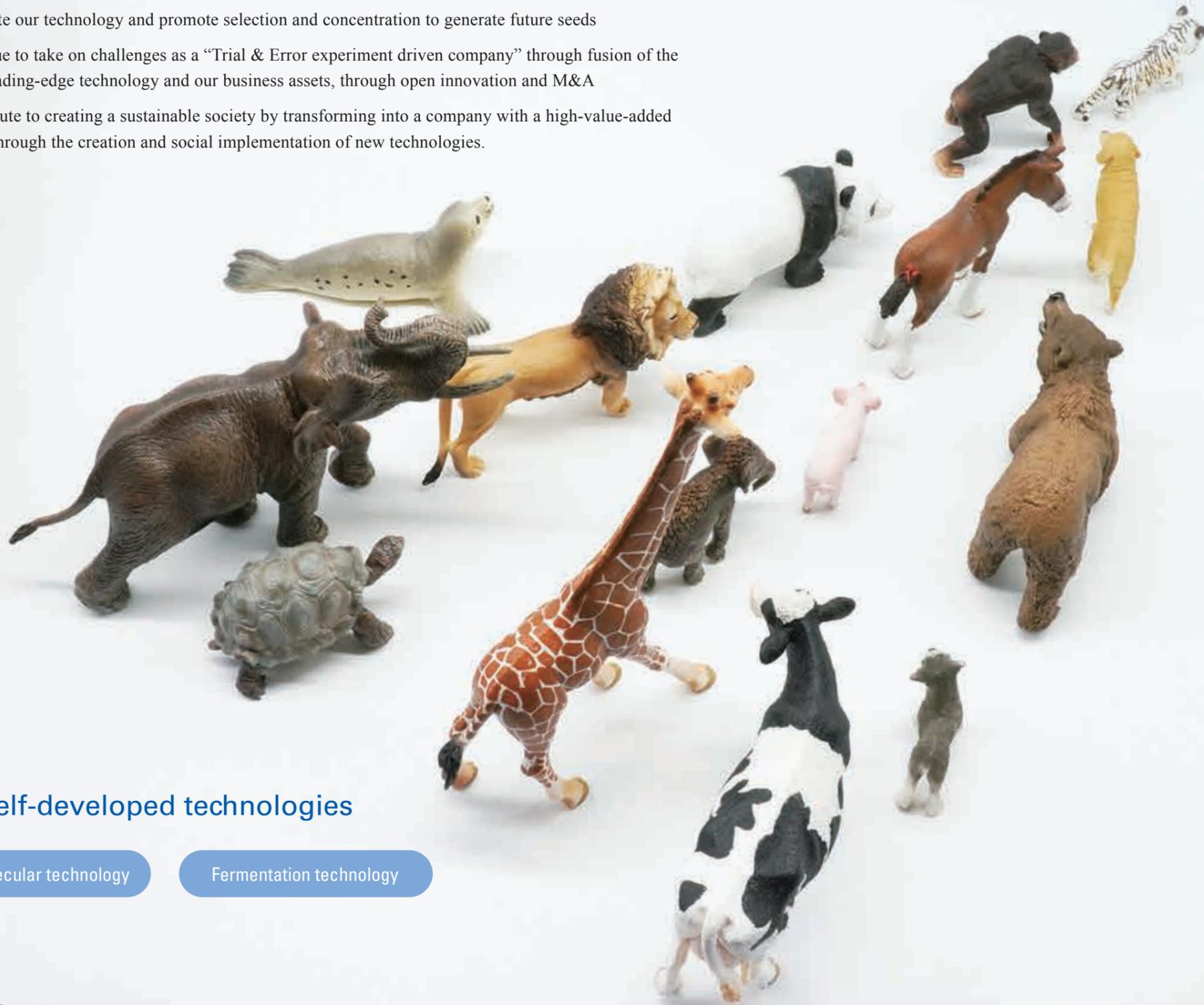
- (1) we cultivate our technology and promote selection and concentration to generate future seeds
- (2) we continue to take on challenges as a “Trial & Error experiment driven company” through fusion of the world’s leading-edge technology and our business assets, through open innovation and M&A
- (3) we contribute to creating a sustainable society by transforming into a company with a high-value-added portfolio through the creation and social implementation of new technologies.

## Self-developed technologies

Macromolecular technology

Fermentation technology

KANEKA thinks  
“Wellness First”.



### Resolution of environmental and energy issues

Through the development of marine biodegradable polymer materials and a photovoltaic system installable on building walls, we aim to create a society where everyone can use clean and sustainable resources and energy.



KANEKA Biodegradable Polymer Green Planet



Building integrated photovoltaics (BIPV)

### Resolution of food issues

By developing food production support products and producing high-value-added dairy products through cooperation with dairy farmers, we realize a society where safe, secure and highly nutritious food is available to everyone and where food producers are also satisfied.



KANEKA PEPTIDE



Milk for Bread / Café au lait for Bread

### Resolution of wellness issues

By developing safe and highly effective supplements and other products to maintain and improve physical health, we realize a society where everyone has access to adequate medical services and can continue to live a vibrant and healthy life.



Kaneka Ubiquinol



Floradapt (Lactic acid bacteria)

# Accelerating Unexpected Combination of Two or More Technologies (from Different Industries) through Open Innovation

## New R&B structures with open innovation

### Cultivating Breakthrough Technologies

We have set the purpose of our R&D activities as "social implementation at the earliest opportunity possible by pursuing value from the perspectives of markets and customers through the proactive use of leading-edge technologies" and have redefined

R&D as R&B (Research & Business). We will ensure sustainable growth as a solution provider through the cultivation and social implementation of breakthrough technologies with overwhelming competitiveness that help to resolve social issues.

### Creating Big and Sustainable Businesses Based on Selection and Concentration

We will transform into a company with a sustainable portfolio by fusing our self-developed technologies with introduced technologies and developing businesses to resolve environmental, energy, food, and wellness issues. Planting seeds for future R&B themes, we boost the speed and scale of transformation based on selection and concentration.

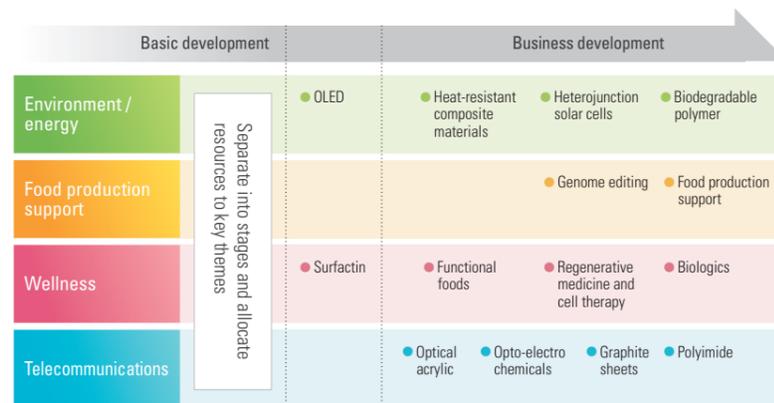
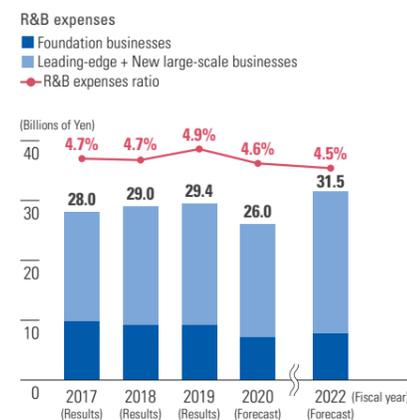
#### Improvement of R&B Productivity

We promote the selection and concentration of key themes to increase the impact and speed of R&B and expand our technology and market share. We enhance speed and scale by structuring issues and clustering the selected themes, respectively.

### Mid-Term Management Plan (Fiscal 2020-2022)

We will focus on leading-edge and new large-scale businesses.

#### R&B Strategy (Selection and Concentration for Resource Allocation and Key Themes)



### New Sprouting through the Power of One Team

We will introduce our new movement toward the creation of big businesses after transformation to R&B structures.

- Toward the early social implementation of R&B themes with speed and scale, we are promoting multiple projects that cross the borders of corporate and business divisions (in the fields of the environment and energy, electronics, life science, etc.)
- Toward the social implementation of KANEKA Biodegradable Polymer Green Planet, which contributes to resolving marine pollution issues, we are promoting company-wide projects to develop processing technology, cultivate markets together with major brand holders, and enhance production technology.

- To promote research on COVID-19 and other infection control measures, we have launched the Infection Initiative Team to provide various solutions, including the contract production of DNA vaccines, the supply of active pharmaceutical ingredients for Avigan® Tablet\*, the development of antiviral drugs, and the provision of PCR test kits.
- As open innovation projects, we are developed in R&D initiatives, including launching joint research on biomedicine production technologies with the biomedical research institute "de Duve Institute" of the University of Louvain (UC Louvain), Belgium, and establishing the Agri-Bio Research Center through the acquisition of assets of Japan Tobacco Inc.

\* Avigan® Tablet is a registered trademark of FUJIFILM Toyama Chemical Co., Ltd.

#### Comments from the Person in Charge

**Aiming to establish big and sustainable breakthrough technologies while building an R&B culture that contributes to resolving social issues.**

**Hiroyuki Deguchi**  
Executive Officer  
General Manager  
Corporate Research & Business Division

Redefining R&D as R&B (Research & Business), we are developed in activities centered on promoting social implementation of R&D to provide solutions to social issues. Although we have developed various original products based on diverse technologies, it is important to boost the speed and scale of R&B, promoting selection and concentration, in a rapidly changing environment.

To realize this, we focus on establishing big breakthrough technologies as early as possible by taking timely action to fill the gap between our ideals and reality and actively promoting open innovation while cultivating our technology. We have developed KANEKA Biodegradable Polymer Green Planet, next-generation photovoltaic modules, and new electronics materials and have entered the biologics, regenerative medicine and cell therapy, and probiotics businesses, encouraging new sprouting to resolve major social issues.

The COVID-19 pandemic has affected behavior patterns of people, leading to a transition to new economic activities and a new industrial structure. The R&D, practical application, and digitization of new medicine is being accelerated. Technological development toward the realization of carbon neutrality is also becoming more important.

These changes are a great opportunity for our company with diverse technologies. We will become a company that continues to rejuvenate itself, fusing our technologies in the fields of life science, electronics and polymers to work on future-oriented R&D as a "Trial & Error experiment driven company".

We will improve R&D productivity by actively introducing materials informatics and digital technologies to continue to produce large-scale results speedily by tackling issues with the power of One Team. We thereby aim to build an R&B culture that contributes to resolving social issues.

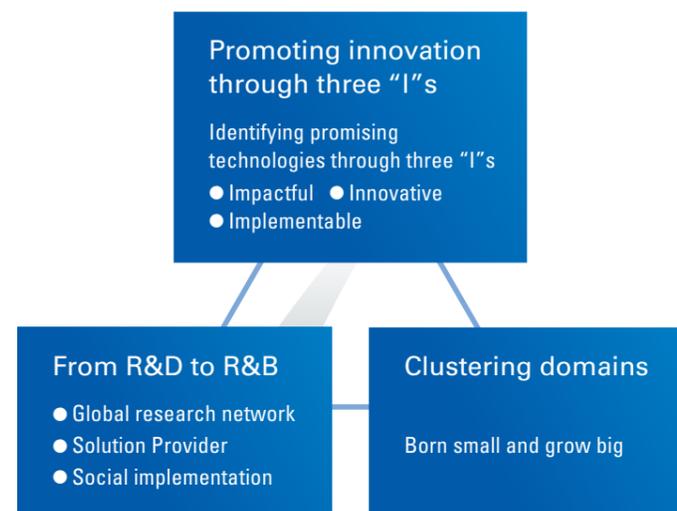
# Fusion of Self-developed Technologies with Introduced Technologies

Open innovation accelerating combination of technologies from different industries

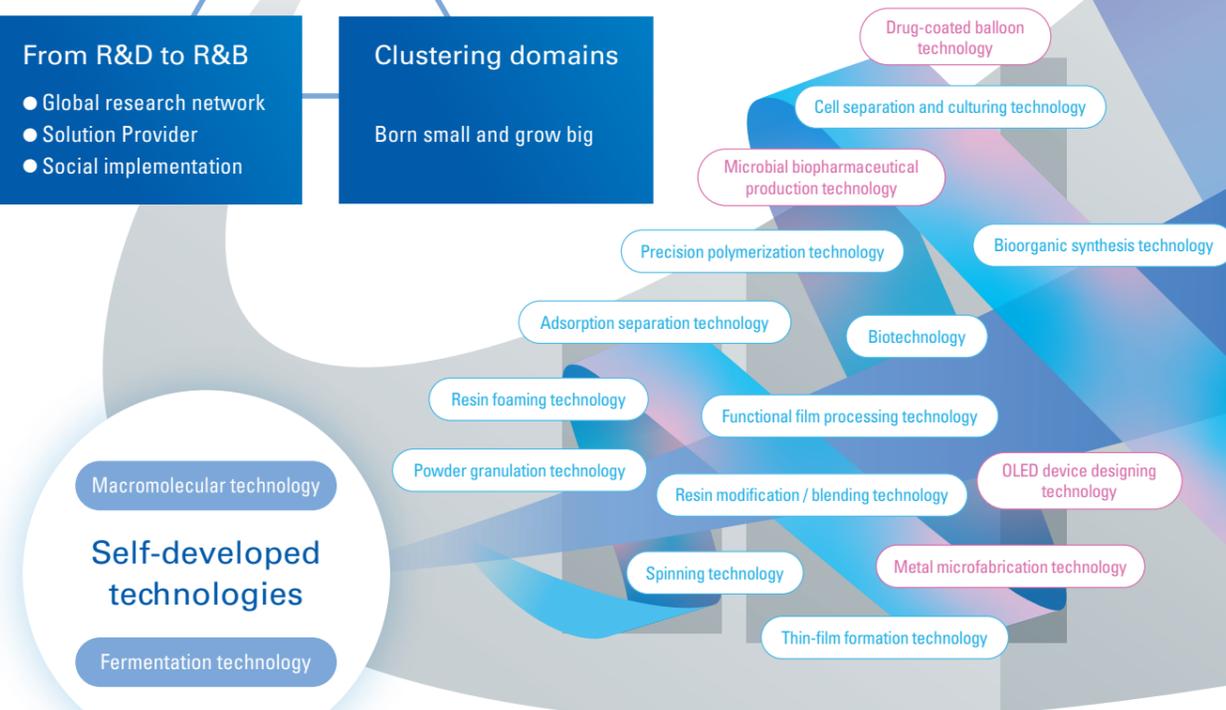
Since our foundation, we have inherited creativity and a challenging spirit, with which we repeat trial and error as our important values and have built "Only One" and "Global No.1" diverse technology base, including developing macromolecular and fermentation technologies. Having defined the resolution of the three crises

of environment / energy, food, and wellness as a key domain, we create solutions to resolve social issues through fusion of self-developed technologies and external technologies and through open innovation. Kaneka will continue to pursue its mission "Kaneka thinks 'Wellness First'".

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



## Fusion of self-developed technologies with introduced technologies



## Key technologies and key drivers for the future



## Environment / Energy

- Biodegradable materials for food and product packaging and containers
- Next-generation mobility materials (vehicles, aircraft, spacecraft)
- Next-generation information terminal materials
- High-efficiency photovoltaic models and see-through photovoltaic models that realize 100% renewable energy

Three Crises  
Resolution of social issues  
Social implementation of new materials and systems

## Food

- Environmental stress-tolerant crops / Hypoallergenic crops
- High-performance fertilizer that accelerates the growth of crops and boosts their resistance to environmental stress, including climate change

## Wellness

- Health maintenance / Frailty\*<sup>1</sup> prevention
- Refractory disease: Innovative treatment
- Circulatory disease: Minimally invasive treatment\*<sup>2</sup>
- Infection control measures

\*1 A state where physical and mental weakness appears associated with decline in motor and cognitive functions caused by aging and decline in daily living function due to the impact of comorbid chronic diseases. It is possible to maintain and improve daily living function through appropriate intervention and support.

\*2 Treatment that reduces burden on the patient's body.

# Resolving the COVID-19 Issue



## Bringing Together Our Technologies to Provide Solutions to Resolve Global Issues

Under the circumstances where the end of the COVID-19 pandemic cannot be foreseen, we contribute to virus infection countermeasures through scale-up of our small molecule pharmaceuticals, production technology, and quality control management and assurance skills as well as our accumulated knowledge of and technologies for the production of

biopharmaceuticals from microorganisms, such as proteins and plasmid DNA\*1. We continue to provide various solutions to help people live a healthy, safe, and secure life, aiming to resolve social issues.

\*1 Plasmid DNA: A general term for circular DNA molecules that exist outside the nucleus of bacteria, such as E. coli and yeast, and that are passed down to daughter cells through cell division.

## Globally Pressing Need for Infection Control Measures

We have been actively engaged in the supply of PCR test reagents and active pharmaceutical ingredients (APIs) for Avigan® Tablet\*2 since the beginning of the spread of COVID-19. In August 2020, we joined a consortium that aims to mass-produce a DNA vaccine\*3 for COVID-19, which is being developed by AnGes Inc. and Osaka University, and so on. Our affiliate Kaneka Eurogentec S.A. has agreed to produce plasmid DNA for COVID-19 vaccines. Using its advanced technologies for mRNA\*4 and plasmid DNA production, Kaneka Eurogentec is responding to growing inquiries for contract production of COVID-19 vaccines, whose development is accelerated by pharmaceutical companies and biotech ventures.

In October 2020, we began selling an RT-qPCR test kit that allows detection of the novel coronavirus within an hour (product name: KANEKA Direct RT-qPCR Kit "SARS-CoV-2") to medical institutions

and testing facilities through our affiliate Kaneka Medix Corporation. In this test kit, pretreatment is completed by heat treatment only since there is no need to purify viral RNA\*5 from samples taken from saliva or the top of the throat. Accordingly, pretreatment that with conventional methods took around one hour is shortened to around five minutes, allowing the overall time needed for the PCR test to be greatly shortened to within an hour.

\*2 Avigan® Tablet is a registered trademark of FUJIFILM Toyama Chemical Co., Ltd.

\*3 DNA vaccine: A vaccine whereby introducing into the body plasmid DNA encoded with proteins from a part of the targeted pathogens (without using any dangerous pathogens), the proteins are produced within the body, giving immunity against said pathogens.

\*4 mRNA: An RNA molecule that transcribes genetic information for protein synthesis from DNA. It is expected to be used for vaccines and therapeutics.

\*5 Viral RNA: Genes characteristic of the novel coronavirus. Through PCR testing, viral RNA is amplified to detect infection.

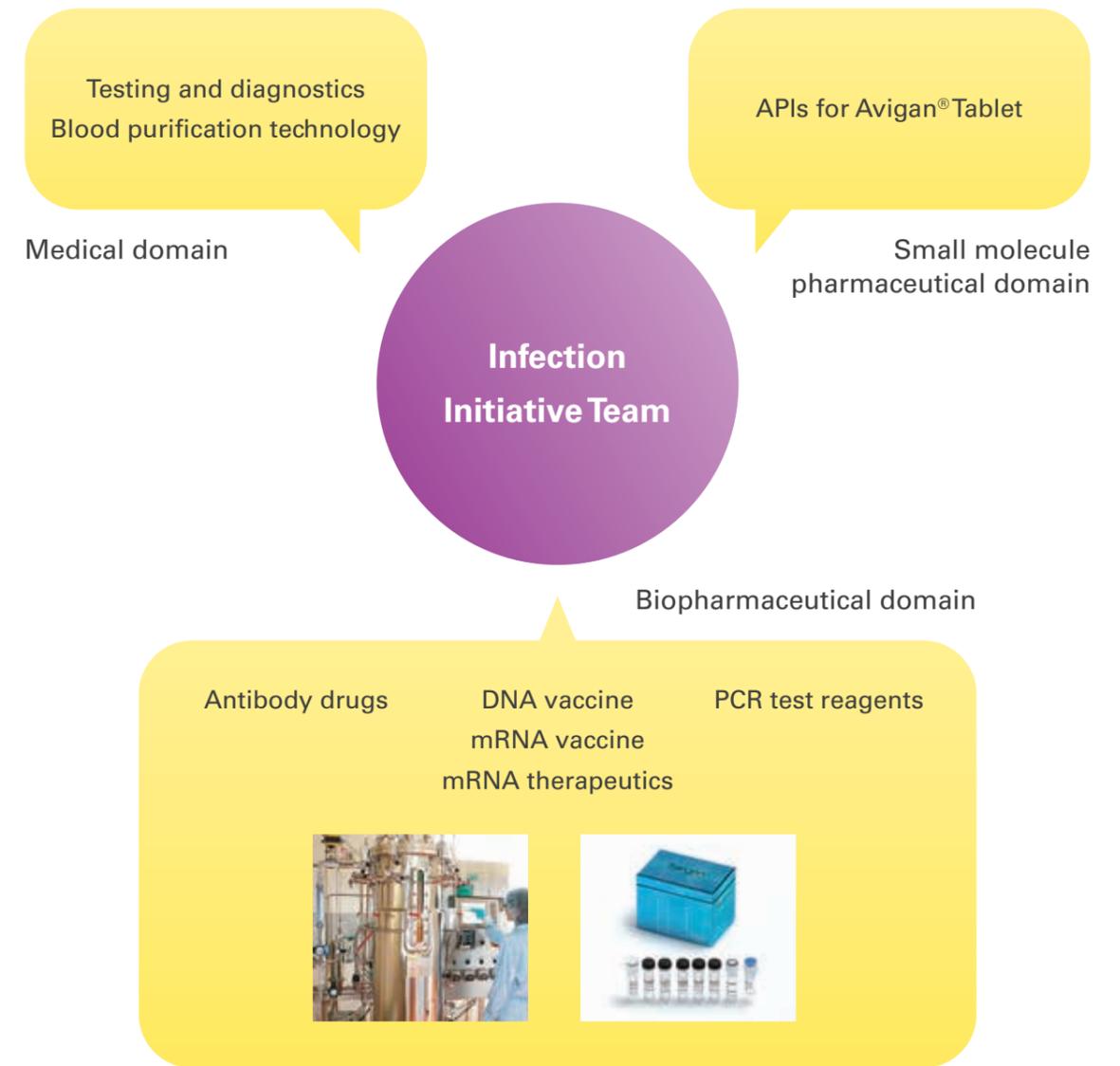


Biopharmaceutical contract development and manufacturing building of Kaneka Eurogentec



PCR test kit capable of detecting the novel coronavirus within an hour

### ► System for Addressing Infections with a Broad Range of Technologies



## Providing Maximum Solutions under a Cross-sectional Corporate Structure

We have launched the Infection Initiative Team, which promotes R&D of infection control measures, aiming to promote unique social implementation of solutions from a wide range of perspectives by making maximum use of our various technologies. We are taking a wide range of measures to resolve the global COVID-19 issue, including the supplying of PCR test kits and PCR test reagents, the manufacturing of DNA vaccine, and the supplying of APIs for Avigan® Tablet.

To make the world more wellness-first, we will provide various solutions, including advanced medical means, which are helpful to patients and related medical staff and help people live a healthy, safe, and secure life, by bringing together our technologies and combining superior external technology through joint research with the de Duve Institute of the University of Louvain (UCLouvain), Belgium.

# Resolving Marine Pollution Issues



## Accelerating the Social Implementation of KANEKA Biodegradable Polymer Green Planet to Realize a Sustainable Society

We apply KANEKA Biodegradable Polymer Green Planet ("Green Planet"), which is 100% plant-based and biodegradable in the sea, soil, and other natural

environments, to daily life, leading to innovation in lifestyles and the environment to help communities achieve sustainability.

## Joint Projects for Further Value Provision Requires by Society

With its superior biodegradability under a wide range of environments, our 100% plant-based Green Planet has obtained the "OK Biodegradable MARINE" certificate for some grades. Contributing to reducing marine pollution caused by microplastics, it is expected to be a solution for global plastic pollution and environmental issues.

Under partnership with Shiseido Company Ltd., whose concept of "A Kiss to the sea" for Sustainable Beauty Actions (SBAS) through the SHISEIDO brand matches Green Planet's marine biodegradability, we developed cosmetic containers made from Green Planet for the first time in the world and sold them at the SHISEIDO GLOBAL FLAGSHIPSTORE in Ginza, Tokyo, in November 2020.

Green Planet has also been adopted in 6 mm straws for Seven Cafés at about 10,000 stores in Japan of SEVEN-ELEVEN JAPAN Co., Ltd. In June 2020, it was adopted in 8 mm straws for its new lineup "CAFÉ LATTE SWEETS" sold throughout Japan.

Outside Japan, Green Planet has been adopted for wide-ranging applications, including fruit and vegetable bags, garbage bags, nursery pots, and coffee capsules. We are also considering its uses in cutlery, shopping bags, cup lids, and paper coating materials with many global brand holders.

Based on our mission "Kaneka thinks 'Wellness First'", we will continue to offer value to the world as a solution provider.



### Road Map to Develop and Disseminate Green Planet Products and a Plan to Increase Production Capacity



## Toward the Further Expansion of Social and Economic Value - Joining a Demonstration Project to Establish a Resource Recycling System

Since plant oils are used as ingredients for Green Planet, we have considered how to use waste cooking oil. Since 2019, we have jointly implemented the Life Cycle Demonstration Project for PHA-polymers, adopted by the Ministry of the Environment, with the Advanced Science, Technology & Management Research Institute of KYOTO, the applicant of the project. The project consists of three parts:

- (1) Producing Green Planet from waste cooking oil and renewable resources
- (2) Using Green Planet to produce garbage bags and plastic alternative products and using them for biogasification
- (3) Demonstrating the effects of environmental impact reduction in the life cycle of PHA-polymers and assessing costs.

We aim to establish a new recycling-oriented waste treatment system to realize a decarbonized and

recycling-oriented society and address marine plastic pollution.

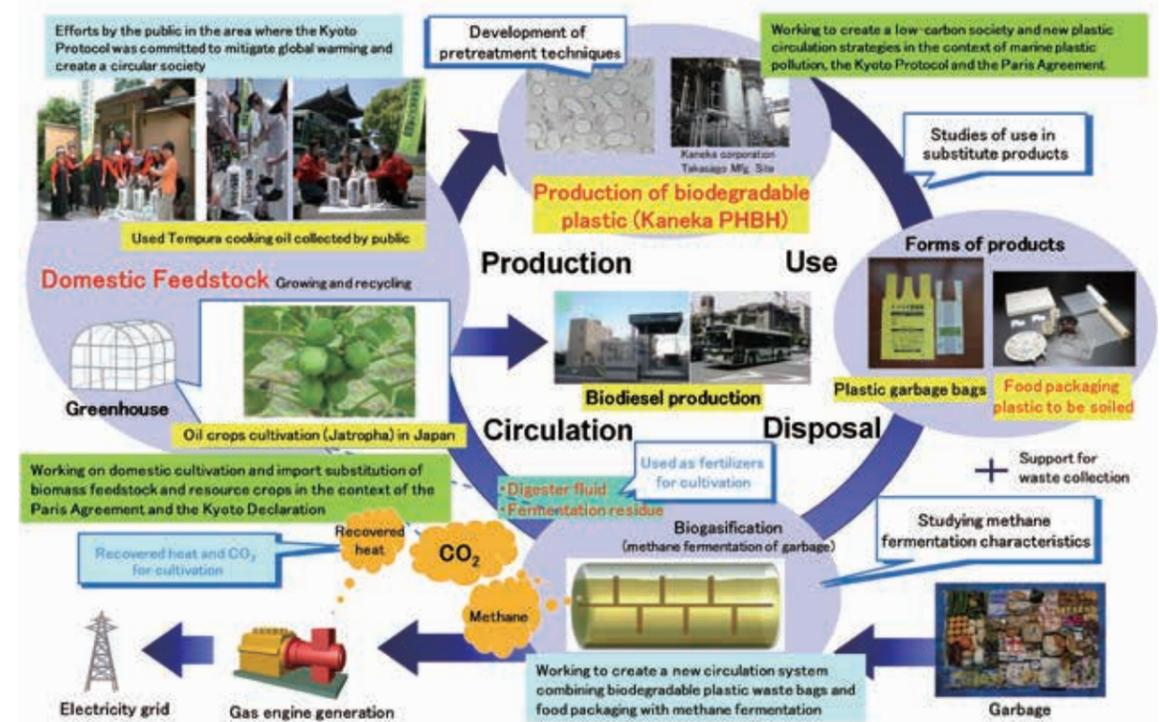
We are mainly involved in (1) producing Green Planet using waste cooking oil from businesses and households, which is used as biomass feedstock, and (2) producing garbage bags using Green Planet made from waste cooking oil toward their use at biogas plants.

We have mostly established technology that uses waste cooking oil from businesses as biomass feedstock and have confirmed that Green Planet is biodegradable in the biogasification process. In 2021, we will work to expand technology that uses waste cooking oil from various sources and to mass-produce garbage bags. Through the project, we actively propose the use of garbage bags made from Green Planet to local governments and businesses that plan to use food waste biogas facilities and that work on energy recovery and recycling through biogasification from food waste.

### Life Cycle Demonstration Project for PHA-polymers

## "Demonstration Project for the Creation of a Plastic and Other Resource Recycling System That Supports a Decarbonized Society" - a commissioned project by the Ministry of the Environment

### Outline of the Project for the Manufacture, Use, and Recycling of Biodegradable Plastic



(Source: March 2020; Advanced Science, Technology & Management Research Institute of KYOTO)  
(Note) We changed our product registered trademark from "KANEKA Biodegradable Polymer PHBH" to "KANEKA Biodegradable Polymer Green Planet" in February 2021.

# Supporting a Clean Society



## Aiming for High-performance Next-generation Photovoltaic Modules – Fusion of Thin-film Photovoltaic Module Technology into Heterojunction Technology

Aiming to achieve carbon neutrality by 2050, as declared by the Japanese government in October 2020, we support a clean society with high-perfor-

mance next-generation photovoltaic modules, centering on technological fusion through enhanced industry-academia-government collaboration.

## Social Implementation of a Wall-Installable Photovoltaic System

In December 2019, we developed the exterior system “T-Green® Multi Solar,” which generates electricity through photovoltaic laminates integrated into outer walls and windows, through the joint development of a wall-installable photovoltaic system with Taisei Corporation. (“T-Green” is a registered trademark of Taisei Corporation.) A next-generation see-through photovoltaic module integrated into windows was developed as a new building integrated photovoltaic (BIPV) with increased power generation and thermal insulation by low-E multi-layered glass\*1 through combination of our bi-facial heterojunction photovoltaic cell technology and low-E glass. With a cellular structure with electrode wires invisible from the outside, a solid-type photovoltaic module for outer walls features advanced design workability as a high-efficiency photovoltaic module adaptable to spandrel areas\*2 of building exterior. With two types of modules combined, the system can be applied to various outer walls including glass curtain walls\*3. High-efficiency crystalline Si see-through photovoltaic modules have been used for the roof eaves of the Japan National Stadium. Both companies have begun developing photovoltaic modules integrated with precast concrete\*4 and renewed PVs for existing buildings toward the expanded use of BIPVs.

We aim to realize a power-generating house/building equipped with high-performance next-generation photovoltaic modules toward the realization of a carbon neutral society.

\*1 Low-E multi-layered glass: Multi-layered glass that uses glass coated with a special metal film (Low-E glass).

\*2 Spandrel area: The area of outer walls specified in Article 112 of the Order for Enforcement of the Building Standards Act. To prevent the passage of fire from one opening to another, a space or a waist-high wall is placed between each opening.

\*3 Glass curtain wall: A wall that does not support the structural load of a building, such as all-glass walls and panel outer walls.

\*4 Precast concrete: A concrete product manufactured at a plant and transported to the construction site, or a construction method using precast concrete members.



Sample of utilization



Interior of the Japan National Stadium (Courtesy of Taisei Corporation)

### ► The Merits of the SolidType (for Outer Surfaces (Wall)) and the See-through Type (for Windows)

#### Solid type (for outer surface (wall))

Solar cells with advanced design workability



A cellular structure where the electrode wires can't be seen from the outside

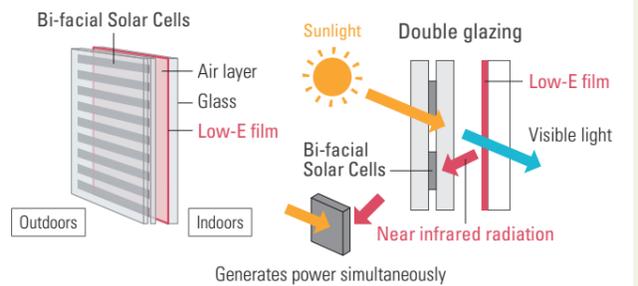
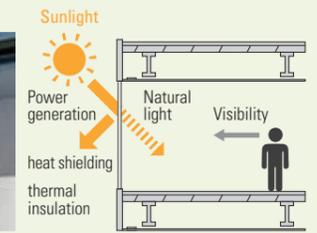
#### Traditional type



Electrode wires

#### See-through type (for windows)

Solar cells with high transmission

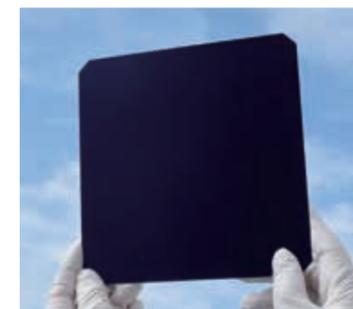


## From Thin-film Si Tandem Solar Cells to Heterojunction Crystalline Si Solar Cells

Crystalline Si photovoltaic modules account for 95% of the world's photovoltaic module production.

We have achieved the world's highest cell conversion efficiency of 26.7% and module conversion efficiency of 24.5% in heterojunction back-contact crystalline Si solar cells (Photo 1), using our heterojunction technology developed based on thin-film Si tandem technology.

We are advancing R&D to implement this technology in application as in-vehicle solar cells (Photo 2). For its development, it is crucial to lower the cost and increase the efficiency of solar cells as well as to reconcile our technology with the customer's technology. We are working to adapt this technology to a new style of society, including a mobility application.



(Photo 1) Heterojunction back-contact crystalline Si solar cell



(Courtesy of Toyota Motor Corporation)

(Photo 2) Kaneka's solar cell installed in the roof glass of Toyota's low speed automatic driving EV "e-Palette"

### Development from Heterojunction Crystalline Si Solar Cells to High-performance Tandem Solar Cells

We are engaged in R&D of a high-performance next-generation solar cell (perovskite/heterojunction crystalline Si tandem solar cell) composed of our heterojunction crystalline Si solar cell as a bottom cell and a perovskite solar cell\*5 as a top cell.

In this combination, the intermediate layer, developed for thin-film Si tandem solar cells, plays a key role. High-accuracy simulation using actual parameters concluded that a conversion efficiency of 35% could be achieved. In our verification, we have achieved the world's highest conversion efficiency

level of nearly 30% for a small area (1 cm<sup>2</sup>). In its practical use, our technologies, developed for thin-film Si tandem solar cells, will contribute to differentiation of the product.

High-efficiency solar cells are effective in reducing leveled cost of electricity (LCOE) and allow for expansion into new markets. An increase in conversion efficiency leads to an equivalent increase in power generation in the same area, leading to the reduction of environmental load.

► Type, Structure and Conversion Efficiency of Our Solar Cells

Name	Thin-film Si (amorphous Si/ microcrystalline Si) tandem solar cell*6	Heterojunction crystalline Si solar cell*7	Heterojunction back-contact crystalline Si solar cell*8	High-performance next-generation solar cell (perovskite/heterojunction crystalline Si tandem solar cell)
Cross-section structure (schematic)				
Cell efficiency [Kaneka]	13.4%	25.1%	26.7% (World's highest performance*9)	35% possible according to high-accuracy simulation using actual parameters

\*5 Perovskite solar cell: A solar cell composed of the perovskite-structured compound as a light absorption layer.

\*6 Thin-film Si tandem solar cell: A stacked solar cell composed of amorphous and microcrystalline Si thin film layers as light absorbing layers. A tandem solar cell comprises top and bottom cells that absorb short-and long-wavelength light, respectively. A stacked cell structure can increase conversion efficiency.

\*7 Heterojunction crystalline Si solar cell: A crystalline Si solar cell with a heterojunction formed by crystalline and amorphous Si. Heterojunction technology binds semiconductor materials with different physical properties and can improve conversion efficiency through defect reduction.

\*8 Heterojunction back-contact crystalline Si solar cell: A crystalline Si solar cell that combines heterojunction and back-contact technologies. Back-contact technology, with electrodes formed only on the back face of the solar cell, can make the light receiving area of the top face larger, resulting in better conversion efficiency.

\*9 Solar cell efficiency tables (Version 57), Prog. Photovolt. Res. Appl. 2020;1-13

# Resolving Agricultural Production Support Issues – Crop Breeding Based on Genome Editing



## Agricultural Production Support through Accelerated R&D of Crop Breeding Based on Genome Editing

We are accelerating our initiative to provide solutions to food issues through fusion of our unique genome editing technology and cutting-edge gene delivery technology, aiming to enter the seed business for genome-edited crops, which have high growth potential.

In August 2020, we signed an agreement with Japan Tobacco Inc. to acquire its assets related to plant biotechnology\*1.

This asset acquisition is aimed at accelerating R&D of genome edited-crops and innovating conventional crop breeding by using our core technology "In planta Genome Editing Technology\*2" (iPB method), which is highly efficient and applicable to a wide range of commercial crop varieties, and Japan Tobacco Inc.'s state-of-the-art research facilities, global network with the Ag-bio industry, and cutting-edge gene delivery technology.

Under the new R&D system, we will promote the acquisition of useful seed technology and the sophistication of our core technology, making maximum use of open innovation.

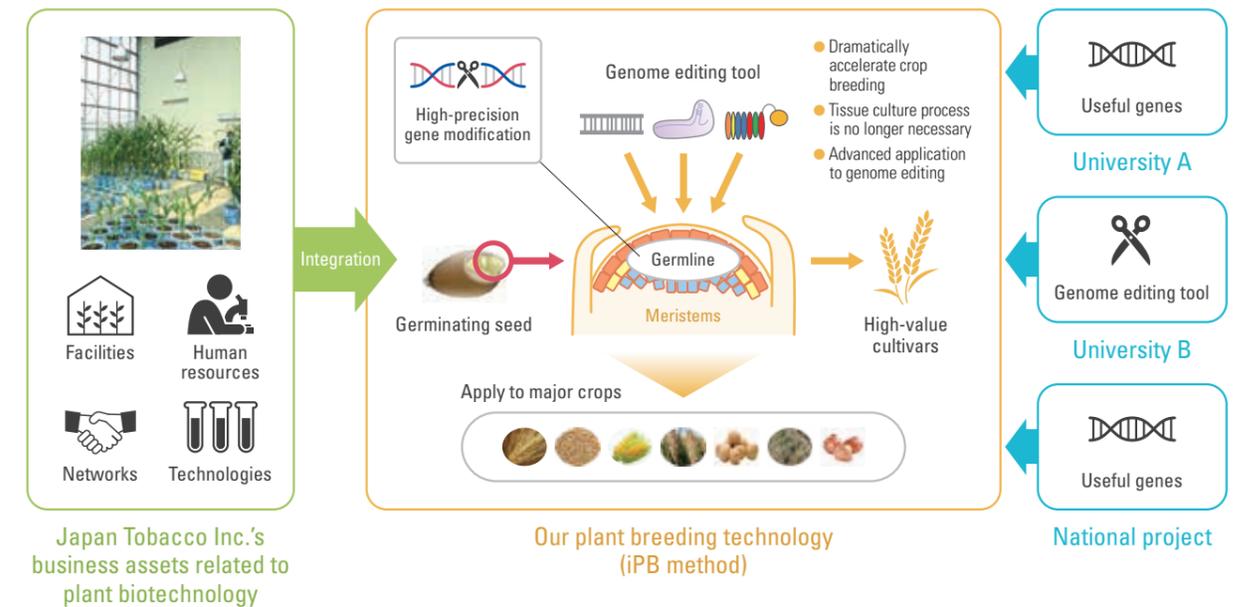
We will strengthen the license business of gene delivery technology and contract R&D of crop seeds\*3 with functionality tailored to customer needs and high yield, aiming to enter the seed business for genome-edited crops, which have high growth potential.

Based on the concept that Kaneka thinks "Wellness First", we will accelerate the development of solutions for global food issues, ensuring safe, secure, and stable food supply.

\*1 Breeding technology to introduce beneficial traits, such as disease resistance, into plants (tissue culture technology, gene delivery technology, etc.).

\*2 Technology for rapid breed improvement which enables gene modification without integrating a genome-editing enzyme gene into the plant chromosomes.

\*3 Developing genome-edited seeds based on customer requests.



# Contributing to a Healthy Dietary Lives

## – Dairy Products



### Deploying New Organic Dairy Products Made from Quality Raw Milk through Product Development Focused on High Quality and Delicious Flavor

Since 2018, we have been engaged in the dairy products business, aiming to contribute to a rich and healthy dietary lives through our integrated operations, from dairy farming to the production and sales of dairy products. Since establishing a technical tie-up with Pur Natur Invest BVBA in Belgium in January 2018 to develop high-quality and delicious dairy products, we have provided various dairy products, such

as milk, café au lait, fermented butter, and yogurt, by combining its technology and quality milk from Hokkaido. Having launched “Watashi no Chikara (My Energy) Q10 Yogurt,” which contains Kaneka Ubiquinol, in January 2021, we have further expanded our lineup of high-value-added dairy products focused on delicious flavor and health.

### Deploying New Organic Dairy Products through Development Focused on High Quality and Delicious Flavor Based on Organic Dairy Farming

Japan’s dairy farming faces a difficult environment due to the lack of successors and labor. Our business philosophy is to work with dairy farmers to realize attractive and sustainable dairy farming. We work to raise productivity in dairy farming, improve the workplace environment, and address environmental issues, using our food production support business and production know-how. In June 2020, we together with Betsukai Milk World Co., Ltd.\*1 (Location: Betsukai-cho, Notsuke-gun, Hokkaido; President: Sadayuki Nakayama), established Betsukai Wellness Farm Co., Ltd., which is engaged in the production and sales of organic raw milk\*2. Having acquired an organic farm, we will engage in organic dairy farming with high productivity and deploy new organic dairy products. The

farm starts operation in April 2021, aiming to acquire organic JAS certification\*3 by 2022. We work to produce high-value-added organic raw milk and raise productivity through labor saving and home growing of feed, aiming for sustainable and recycling-oriented dairy farming considerate of people, dairy cattle, and the environment.

\*1 Kaneka’s dairy farming partner that deals in raw milk.  
 \*2 Raw milk taken from cows that have been raised in an environment that conforms to the standards of the organic JAS certification, which involves using organic feed among other practices. Raw milk taken as is from cows and not subjected to processing is a raw material for milk and dairy products.  
 \*3 An organic food inspection certification system prescribed by the Ministry of Agriculture, Forestry and Fisheries. It certifies agricultural and livestock products that are produced without reliance on chemical substances such as pesticides or chemical fertilizers.

► Location of Betsukai Wellness Farm Co., Ltd., a Base for Organic Dairy Farming



### Launching Product Development through SNS-based Value Communication with Customers

For the “For Bread” series launched in 2018, we have expanded our product lineup, releasing “Milk for Bread,” “Café au Lait for Bread,” and “Milk Tea for Bread.” Sold at more than 8,000 stores, products in the series had achieved a recognition rate of 10.3% by September 2020.

To attract more fans, we have not only offered and advertised products but have also opened an official account on Instagram, aiming to enhance customer-participation-type product development and expand customer contacts.

Posting information on recommended products,

proposals for dietary scenes, dairy farms, and bakery events and campaigns (about 8 times/month), we use this official account as a “coordinator” for the series to communicate with consumers toward new product development.

We will further promote information dissemination and valuable communication through SNSs and conduct promotional activities through the media and actual measures to advertise the KANEKA brand, providing new dairy products with high quality and good flavor.



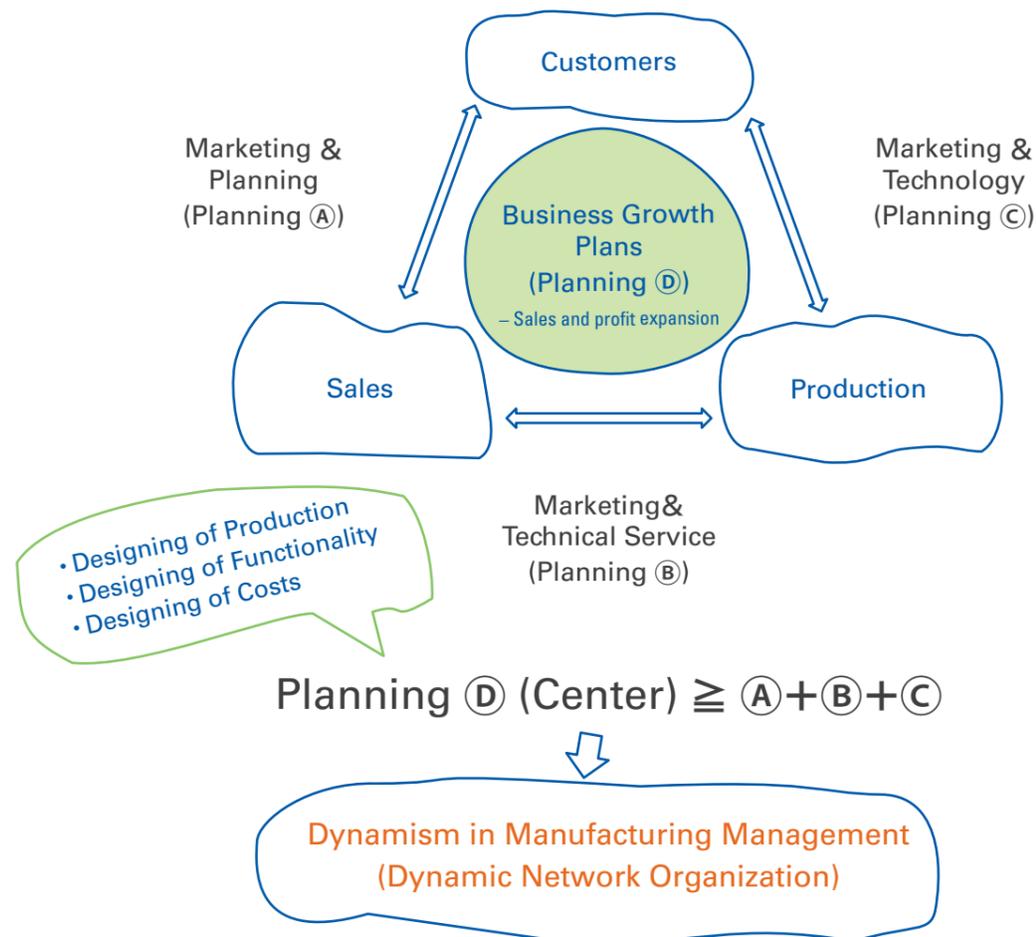
## Toward Dynamism in Manufacturing Management – “R&B + P”

We have operated as an R&D company, taking advantage of diverse businesses and technologies, “Only One” and “Global No.1” technology base. Amid accelerating global trends toward a sustainable society, our ideal for manufacturing as an R&D company is to contribute to resolving social issues by turning our technologies into products and having them adopted

highly evaluated in the market.

To realize this, we will work to strengthen our planning functions and capabilities based on a network connecting production and sales organizations with customers and to highly enhance the planning function that supervises these functions and designs as a whole.

▶ “R&B + P\*” as Manufacturing  
→ Enhancement of four planning functions and capabilities  
\* P: Production



## Think Global, Act Local

Kaneka Group has always promoted business operations, leading the way in advance of other companies, on a world scale.

We are currently accelerating technological and material development tailored to regional characteristics around the world, with an emphasis on glocaliza-

tion (local-based global business).

We will continue to promote business operations rooted in the local community and offer valuable solutions to the world market in a timely manner, aiming to become a company with a global presence.



# Wellness and Growth of Individual Employees as a Source of Innovation and Value Creation



Being a “Human Driven Company” is the DNA of Kaneka. In the VUCA world, individual employees in good physical and mental health generate the results and value of work and realize innovation. Considering that only such employees can help organizations maintain and improve health and achieve high productivity, we are involved in various activities while cultivating our capacity for innovation and creativity.

## Work Culture Innovation

### Changing “Pain” to “Gain”

To make effective use of time, information, and human resources and maximize the productivity of organizations and employees from the perspectives of “Life in Work” and “Work in Life,” we have formed the Work Culture Committee under the ESG Conference to streamline business processes and change office environments. We also work to enhance value communication and create a robust organization where members are united toward the same purpose.

We have promoted the reform of working practices by introducing various systems that allow employees to choose a flexible working style, including the adoption of remote working. We have also introduced shorter and staggered work hours programs, a child and nursing care leave system, and a babysitting expense aid system to help employees achieve a better work-life balance.

The COVID-19 pandemic has drastically changed the conventional working environment. We are accelerating innovation to create a new way of working adaptable to this drastic paradigm shift. While continuously engaging in remote working, making full use of online technologies, individual employees need to cultivate their imagination, creativity, and intuition to acquire more effective and productive job performance skills and achieve discontinuous innovation and growth.

With the slogan “Change pain to gain!” we will further deepen our efforts and continue to innovate toward smart work that leads to better working conditions and higher productivity.

### New Style Work Culture

#### (1) Improvement of telecommuting system

Our conventional telecommuting system has been improved to respond to the COVID-19 pandemic. We have improved our IT infrastructure and have established a telecommuting aid system to make the system more available, thereby ensuring the health and safety of employees. We have also increased the value of telecommuting by raising its efficiency using online platforms. Some employees work at remote offices converted from company housing.

The use of flexible and staggered work hours programs enables employees to avoid commuter rush hours.

#### (2) Changes in meetings

We have abolished large meetings and regular meetings. Instead, we often hold small meetings to share and discuss information in a timely manner. With a limitation of up to 10 members and 50 minutes per meeting, we hold both in-person and online meetings. By innovating the way to prepare for, operate, and facilitate a meeting, we promote speedy decision-making and implementation.

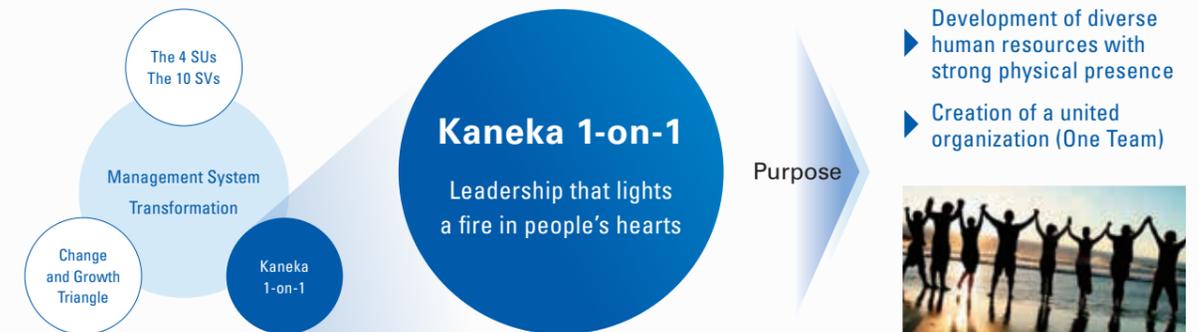
#### (3) Revision of the working environment

To ensure a safe working environment, we conduct body temperature checks, provide partitions and anti-septic solution, and secure social distancing through a non-territorial office system.

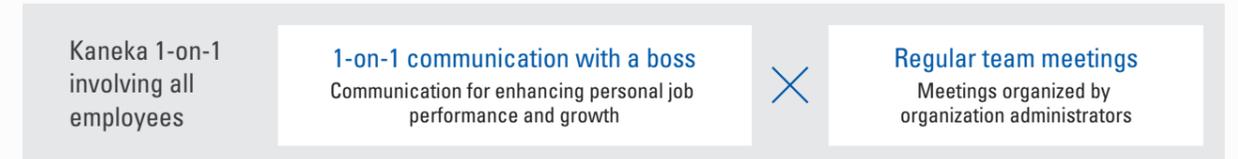
In association with changes in meetings, we have increased spaces for small meetings and have promoted standing meetings by removing some chairs from meeting rooms. We are seeking to create a working environment adapted to a new way of working.

## Kaneka 1-on-1

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



- I. Set the business goals and implement
- II. Communicate with each boss about progress for goals



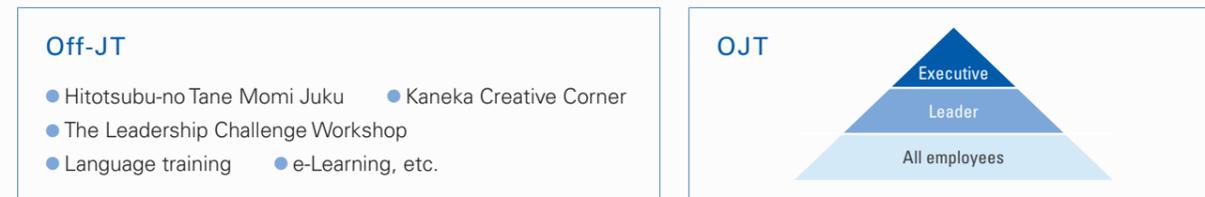
The growth of people and the results of work are like the two sides of a coin. We aim to realize human resource development and goal achievement through Kaneka 1-on-1. To create a more united organization as One Team, we have expanded the system to involve all employees.

In Kaneka 1-on-1 involving all employees, we promote frequent 1-on-1 communication with one's boss and regular meetings on a smallest unit (team) basis to enhance collaboration and information sharing and

resolve issues together, aiming to increase organizational power. Through communication and team meetings, we deepen mutual trust and encourage autonomous and voluntary behavior to reinforce human resource development and organizational power.

Moreover, to enhance the coaching ability of bosses, we hold skill-up workshops for them, measure their effects through surveys and hearings, and provide feedback to improve value communication.

Development of Human Resources and Leaders Centered on "Kaneka 1-on-1"



We conduct training programs for employees, including those at group companies in and outside Japan, to develop future executive candidates and leaders who will strongly lead businesses and operations. Some

participants in the programs have been appointed to division chief and executive positions at overseas group companies.

Development of Leaders

Program Name	Content	Fiscal 2017 No. of participants	Fiscal 2018 No. of participants	Fiscal 2019 No. of participants	Total from the start of the program No. of participants
Hitotsubu-no Tane Momi Juku	Lectures and exercises by the top management and first-class instructing staff targeted at future leaders and management personnel	12	12	12	61
Kaneka Creative Corner	Lectures and exercises by the top management and first-class instructing staff targeted at future leaders of national staff	12	12	Not implemented	34
The Leadership Challenge Workshop	Acquiring and practicing leadership skills and follow-up	(outside Japan) 24	(outside Japan) 21	(outside Japan) 36	(outside Japan) 464
		(in Japan) 236	(in Japan) 288	(in Japan) 187	(in Japan) 1,138



Toward the Active Participation of Diverse Workforce

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

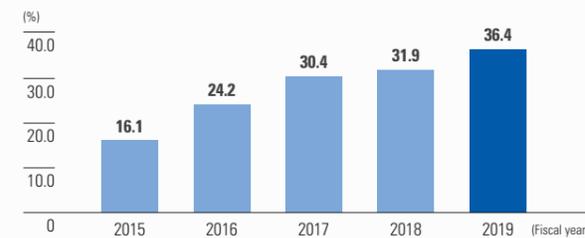
Active Promotion of Female Employees

Women's power is essential to business growth. We have hired more women in all fields, including food, health, and SNS-based marketing. More female employees play a central role in a newly established sales promotion section for Kaneka Ubiquinol and other sections.

The percentage of women among new recruits (from universities and technical colleges) is increasing yearly. We promote the active appointment of female managers to nurture future leaders in business and management.

We will more actively promote female recruitment and manager appointment based on action plans to provide useful solutions for society, making use of diverse values in business.

Percentage of Women Among New Recruits (from Universities and Technical Colleges)



Use of Senior Employees

Amid a decrease in the working population, we need to retain highly motivated and skilled personnel, in anticipation of the advent of the 100-year lifespan. To ensure that senior employees after retirement age can work with motivation regardless of age, we have shifted to a job-specified re-employment system.

In the new system, senior employees design a second career based on their experience and skills through in-house job matching. To support them, we are creating a career design training program for employees in their 50s.

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

Implementation of Career Development and Life Design Support Activities

Program Name	Fiscal 2017 No. of participants (No. of training sessions)	Fiscal 2018 No. of participants (No. of training sessions)	Fiscal 2019 No. of participants (No. of training sessions)
Career-design training	382	272	139
Life-design training	63 (7)	75 (6)	— (*1)

\*1 A life planning booklet was distributed to employees.

Hiring and Support of Employees with Various Nationalities

Of about 11,000 employees in the Kaneka Group, about 3,000 employees of foreign nationality are engaged in operations worldwide in line with our global business expansion.

We have introduced a hiring system that recruits new graduates in spring and October to hire more employees of foreign nationality. To smoothly accept them, we provide a Japanese learning program, promote OJT jointly conducted by the Human Resources Department and the relevant division, and conduct regular interviews to boost their retention.

We also focus on developing future global leaders by having them gain experience in countries other than their home country through the Study Abroad Program and the Overseas Trainee Dispatch Program.

Employment of Persons with Disabilities

The employment rate of persons with disabilities at Kaneka in fiscal 2019 was 2.21%. We are providing them with more work opportunities, including pickup and delivery work, greening and cleaning of plants, computerization of documents, and in-house creation of business cards.

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

Efforts for Wellness

Basic Policy

We define ESG management as “Wellness First” health management. To make the world more wellness-first, we aim to ensure that individual employees in the Kaneka Group lead vibrant and colorful lives and work with enthusiasm through efforts to build their physical and mental health.

In a virus era, it is important that all employees work together to create a healthy and vigorous workplace where they can play a positive role and to build an ever-evolving work culture. We believe this leads to the implementation of our mission “Kaneka thinks ‘Wellness First’”.

Framework for Health Promotion

We will promote the health of employees and their family members and build a healthy organization and workplace from three perspectives: (1) prevention of lifestyle-related and other diseases, (2) mental health, and (3) ties. We will also implement various programs that they can enjoy together, feeling connected to each other.

Listening to employees’ views, we will offer health promotion programs through cooperation between the company, the health insurance society, and the labor union and through value communication.

Framework for Health Promotion



Mother Center for Wellness “KANEKA Wellness Center” to Be Newly Established

In November 2020, we decided to establish the KANEKA Wellness Center [Design supervision: Mr. Kengo Kuma\*2] at the Takasago Manufacturing Site as a place to accelerate health promotion (construction completion scheduled for 2022).

At the Center, classroom lectures on healthy diet, sleep, and exercise and hands-on seminars, including physical training and yoga, will be offered. Through these programs, we will help employees develop a considerate attitude and deepen ties with their families and colleagues, their body and mind, and our health food products. We thereby aim to decrease those with some abnormality by half and reduce to

zero those with mental problems.

We plan to provide health promotion programs and devices developed at the Center to other business sites to help Kaneka Group employees and their family members maintain their physical and mental health. We will also offer health information and events for local residents through the Center to deepen ties and communication with them and help them improve their health.

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



Conceptual drawing of the KANEKA Wellness Center (exterior from the sky and interior) : Courtesy of © Kengo Kuma and Associates

Mental Health Care

Mental health care activity is necessary to maintain employees’ mental health. We provide interview opportunities with experts at the Health Consultation Room, a telephone consultation service in cooperation with the health insurance society, and health care to those with high stress levels who were identified through stress checks launched in 2016. We also are continuing efforts to improve the workplace environment by identifying issues at each workplace through stress check group analysis. We are seeking to ensure that individual employees can work in good mental health with colleagues.

- Improving the group analysis method at each workplace (adding new stress check items, such as work engagement and unity at the workplace, to conventional items)
- Enhancing the consulting system for loan employees in and outside Japan
- Improving education and training programs and online contents for providing information

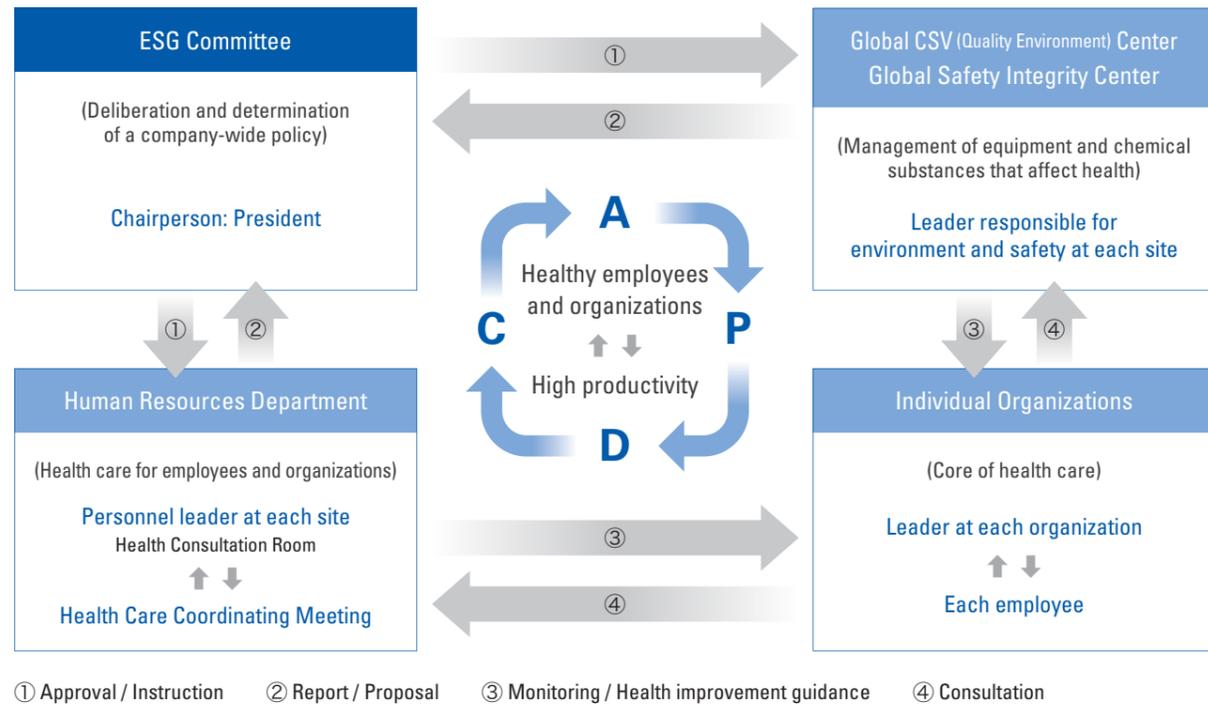


**System toward Health Maintenance and Promotion**

The ESG Committee determines measures to resolve health issues, and each employee and organization, the safety division, the Health Consultation Room (industrial physicians and nursing staff), the health insurance

society, the labor union, the personnel at each site, the general affairs division, and the human resources division work together to implement the CAPD cycle while maintaining value communication.

▶ System toward Health Maintenance and Promotion



At the closing ceremony of the long-distance relay race "Run, Run, Run. kaneka 2019"

**Enjoying Exercise and Deepening Ties through "Run & Walk"**

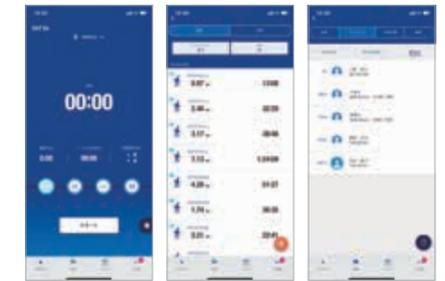
We consider it important that all employees in the Kaneka Group and their family members lead colorful lives in good health, mentally and physically.

To this end, we provide various opportunities to help individual employees raise their health awareness and change their behavior so that they can improve self-care awareness and establish a healthy lifestyle. Many employees actively participate in these activities.

- The long-distance relay race "Run, Run, Run. kaneka 2019" (launched in 2015) was held, gathering employees and their families from Kaneka group companies in and outside Japan and partner companies, with 2,699 people entering the race.
- While various activities were restricted due to the COVID-19 pandemic, we held "Run & Walk 2020 in kaneka," a race between five-member teams that could be entered online. A total of 1,576 employees (89 teams in the running section; 230 teams in the walking section) ran and walked at nearby places for a month while remotely communicating with each other.
- We sponsored the Hokkaido Marathon (fiscal 2019).
- We won the Runners Award hosted by the Runners' Foundation for the first time as a company for a Group-wide long-distance relay race, sponsorship of the Hokkaido Marathon, support for participants, and a marathon training program targeting even beginners.
- The Kashima Manufacturing Site was certified as a Sports Yell Company by the Japan Sports Agency for its health promotion activities in fiscal 2019 (for two consecutive years from fiscal 2018).
- The Takasago and Shiga Manufacturing Sites offered smart meals, certified as healthy diets, at their canteens.
- We supported various health initiatives for those who wish to start some form of exercise and try to run a marathon to enhance health awareness, maintain and improve fitness, and increase physical strength.
  - Implementation of an online marathon training session and seminar.
  - Provision of hands-on programs, such as a health seminar by a RIZAP trainer, an office yoga program, and a seminar on sleep.
  - Abolition of office smoking areas and prohibition of smoking during working hours to eliminate passive smoking.



Long-distance relay race "Run, Run, Run. kaneka 2019"



Running distance measured using the smartphone application "TATTA," which enables to check team members' distance, and encourage each other



Online running training session that connects each runner online



Office yoga program is useful to increase work efficiency, improve health, and relieve stress

# List of Directors

(as of June 26, 2020)



**Kimikazu Sugawara**  
Chairman of the Board  
(Representative Director)



**Minoru Tanaka**  
President  
(Representative Director)



**Kazuhiko Fujii**  
Executive Vice President



**Shinichiro Kametaka**  
Member of the Board,  
Senior Managing  
Executive Officer



**Shinobu Ishihara**  
Member of the Board,  
Senior Managing  
Executive Officer



**Katsunobu Doro**  
Member of the Board,  
Managing Executive  
Officer



**Jun Enoki**  
Member of the Board,  
Managing Executive  
Officer



**Mamoru Kadokura**  
Member of the Board,  
Senior Managing Corporate  
Executive Officer



**Takeo Inokuchi**  
Independent Member  
of the Board



**Mamoru Mohri**  
Independent Member  
of the Board



**Takao Kusakari**  
Independent Member  
of the Board



**Jun Yokota**  
Independent Member  
of the Board

**Audit & Supervisory Board Member**

Hideyuki Matsui Hiroshi Fujiwara  
Masami Kishine Yasuhiro Uozumi

**Senior Managing Corporate Executive Officer**

Akira Iwazawa Yasuaki Nuri

**Managing Executive Officer**

Atsushi Kawakatsu Takamune Yasuda  
Ikuo Aoi Kazuo Ochiai  
Fuminori Hoya Hitoshi Yahara  
Masaaki Kimura Minetoshi Marufuji  
Yoshiki Takeoka Kan Okabe  
Yasuhiro Sumi Haruhiko Maki  
Shinji Mizusawa Toshio Komori

**Executive Officer**

Riichi Nishimura Etsuo Yoshiike  
Masahiro Ueda Naoki Furukawa  
Takuo Ishibashi Hiroyuki Deguchi  
Yasuyoshi Ueda Masashi Nishikawa  
Osamu Ishida

# Corporate Governance

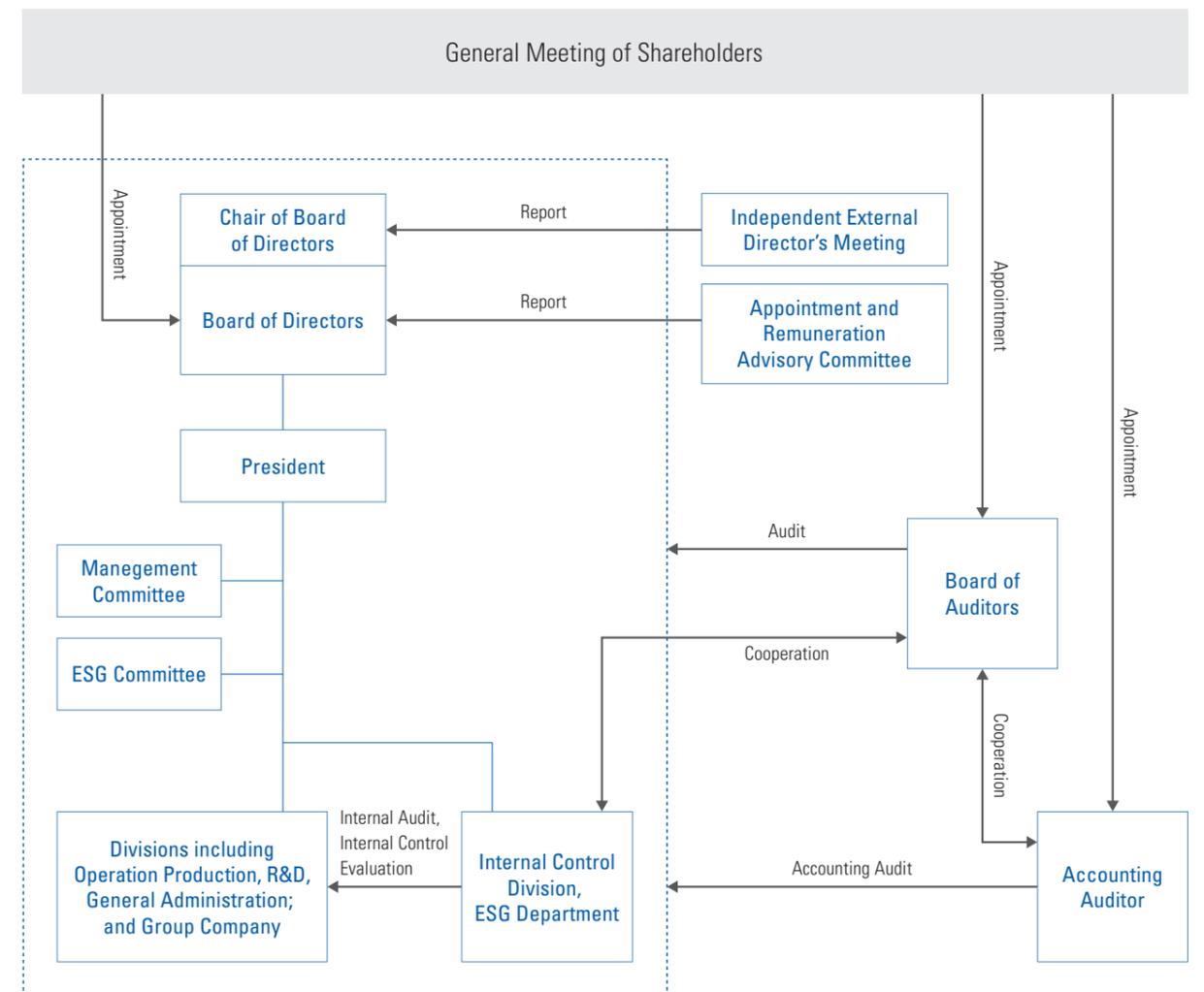
[For details, see our website. > https://www.kaneka.co.jp/en/esg/governance/corporate/](https://www.kaneka.co.jp/en/esg/governance/corporate/)

## 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, cus-

tomers, local communities, vendors, and employees, realizing optimum corporate governance to fulfill our social responsibility.

▶ Diagram of Corporate Governance System



## Corporate Governance

### Corporate Governance Structure

#### Organizational Design

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

#### Directors and the Board of Directors

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

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

#### Auditors and the Board of Auditors

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

The Board of Auditors comprises four members, two of whom are independent external auditors in principle, and performs audits in coordination with the Accounting Auditor and the ESG Department Internal Control Division's. Auditors are given space to periodically exchange views with the president, and monitor the state of business operations when necessary, by attending key meetings of the Board of Directors and those of the Management Committee, which decides on the implementation of important matters, as well as division head meetings.

#### Appointment and Remuneration Advisory Committee / Independent External Director's Meeting

The Appointment and Remuneration Advisory Committee discusses the remuneration of Directors and the appointment of Director and Auditor candidates to report to the Board of Directors. The Independent External Director's Meeting discusses the effectiveness of the Board of Directors to report to the Chair of the Board of Directors.

#### Implementation of Business Operations

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

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

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

#### Selection Criteria for Directors

At Kaneka, directors are selected by the Board of Directors, on the basis of character, judgment, expertise and experience as well as ethics without limitations on gender, age, nationality and other attributes, after deliberation by the Appointment and Remuneration Advisory Committee, which is comprised of representative directors and independent external directors.

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

Kaneka regularly implements an analysis and evaluation of the effectiveness of the Board of Directors, and discloses a summary of the evaluation results. Specifically, the Chair of Board of Directors periodically receives reports from the Independent External Director's Meeting and opinions from the internal directors. Based on these reports, the current status of operations of the Board is evaluated. In the evaluation process in fiscal 2019, the Independent External Director's Meeting held discussions focusing on the operation of the Board of Directors (number of meetings held, frequency, length, contents of information provided beforehand, contents of agendas, deliberations, etc.), role of external directors, information provision to external directors, and risk management. Based on the discussion results, the Board of Directors conducted a self-evaluation. As a result, it has been confirmed that the Board of Directors functions effectively in making decisions on important matters for the Group such as risk management and supervising business execution. We will continue to enhance the effectiveness of our Board of Directors through effectiveness evaluations.

#### ► Our Efforts to Strengthen the Governance Capacity

2006	<ul style="list-style-type: none"> <li>Introduced the executive officer system</li> <li>Changed the number of directors from 21 to 13</li> <li>Formulated the Basic Policy on Internal Control System</li> </ul>
2011	<ul style="list-style-type: none"> <li>Appointed an external director</li> </ul>
2013	<ul style="list-style-type: none"> <li>Formulated the Criteria for Independence of External Directors</li> </ul>
2015	<ul style="list-style-type: none"> <li>Increased the number of external directors from 1 to 2</li> <li>Formulated the Basic Policy on Corporate Governance</li> <li>Established the Appointment and Remuneration Advisory Committee</li> <li>Established the Independent External Director's Meeting</li> </ul>
2016	<ul style="list-style-type: none"> <li>Commenced the effectiveness evaluation on the Board of Directors</li> </ul>
2019	<ul style="list-style-type: none"> <li>Revised part of the Basic Policy on Corporate Governance</li> </ul>
2020	<ul style="list-style-type: none"> <li>Increased the number of external directors from 2 to 4</li> <li>Revised part of the Basic Policy on Corporate Governance</li> </ul>

## ESG Promotion

WEB For details, see our website. > <https://www.kaneka.co.jp/en/esg/promotion/prm/>

### Basic Policy

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

### ESG Promotion System

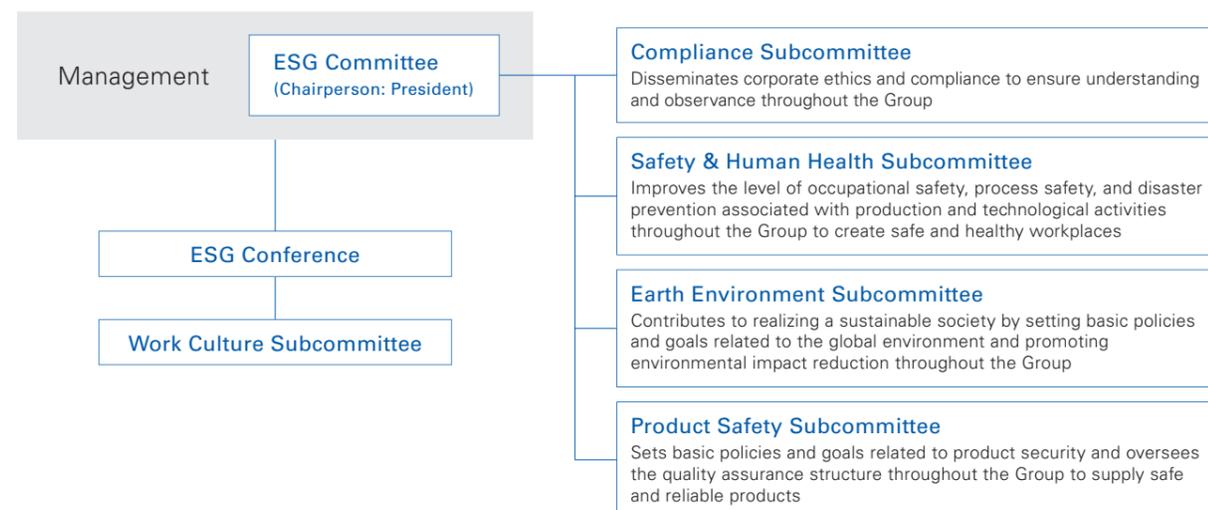
To achieve ESG management, the ESG Committee is working to resolve environmental, social, and governance issues, coordinating the Compliance Subcommittee, the Safety & Human Health Subcommittee, the Earth Environment Subcommittee, and the Product Safety Subcommittee.

In fiscal 2019, the ESG Committee met twice, and the four Subcommittees met individually (Compliance: twice, Safety & Human Health: twice, Earth Environment: twice, and Product Safety: twice).

The ESG Committee assessed the implementation status of each Subcommittee's activities, shared information on key issues, deliberated the fiscal 2020 action policy plan, and decided on necessary management measures.

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

► Diagram of ESG Promotion System



### ESG Inspections

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

In fiscal 2019, we conducted ESG safety and quality inspections at all parent manufacturing sites, 20 sites of 16 Group companies in Japan, and four sites of four Group companies outside Japan, focusing on serious risk management, compliance, implementation of basic safety actions (greetings, 3Ss, and hand-rail holding), and internal audits.

We also conducted ESG evaluation audits relating to competition laws, including the Antimonopoly Act, for all business operations divisions, 28 Group companies in Japan, and 14 outside Japan.

### ESG Education

In fiscal 2019, we conducted two training sessions for mid-career employees and overviewed the SDGs and familiar efforts to achieve them on our Intranet to promote ESG within the company.

## Business Risks and Uncertainties

WEB For details, see our website. > <https://www.kaneka.co.jp/en/esg/governance/risk/>

### Basic Policy

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

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

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

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

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

### Business-Related Risks

Factors that may significantly affect the performance and the financial position of the Kaneka Group include those described below.

Please note that the matters described are only those that we considered risks as of March 31, 2020 and that this is not an exhaustive list of risks borne by the Group.

1. Risks related to the spread of COVID-19
2. Risks related to the Group's ability to maintain operational advantages and trends in the Japanese and overseas economic environments
3. Risks associated with the globalization of our business (overseas business development and fluctuations in foreign exchange rates)
4. Risks of price fluctuations of raw materials and fuels
5. Risks associated with product liability, industrial accidents and large-scale disasters
6. Risks associated with the protection of intellectual property rights
7. Impact of environment-related regulations
8. Risks associated with legal action
9. Other risks

See the Financial Section for more details.

### Enhancing Crisis Management Systems

Based on our basic risk management policy, we have set basic matters concerning emergency response (basic system, roles, emergency examples and ranks, etc.) in the Crisis Management Regulations. We will continue to fulfill our social responsibility by maintaining corporate activities while avoiding and reducing adverse effects on the Kaneka Group as much as possible. In preparation for an emergency, we regularly conduct a disaster drill and a safety confirmation system drill. We also provide employees with the Crisis Management Handbook, which contains intelligible graphs of emergency initial response rules. This handbook explains emergency procedures: proper incident notification, instructions, consultation, and response, as well as the smooth flow of information.

### Strengthening of Information Security

We appropriately manage information based on our Basic Information Management Policy to avoid information leakage and other risks, and we promote effective use of information and efficiency in operations.

To protect our information assets from risks, including cyberattacks, we strive to enhance security levels by using the knowledge of external experts. We also take measures to reduce risks associated with rapid change in the information security environment, including reviewing existing facilities and enhancing various security systems and tools.

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

# Compliance

[For details, see our website. > https://www.kaneka.co.jp/en/esg/governance/compliance/](https://www.kaneka.co.jp/en/esg/governance/compliance/)

## Basic Policy

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

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

## Compliance Awareness Raising

Our corporate Intranet provides ready access to our Compliance Guidebook, which provides a clear explanation of our Ethical Code of Conduct as well as the laws and regulations to be observed by all of our directors and employees. Additionally, a variety of training sessions and meetings, and activities of the Compliance Subcommittee ensure that we strictly adhere to our compliance policies.



Compliance Guidebook

## Self-Check in Training Session

The compliance online course for all employees, launched in fiscal 2014, was expanded to include Group companies in Japan in fiscal 2016; employees from 43 companies were encouraged to participate in fiscal 2019. Training sessions on the Antimonopoly Act are conducted regularly with all of managerial officers from the Kaneka and Group companies in Japan who are involved in sales, purchasing, and business development, all of whom are required to submit a pledge.

## Internal Audits and Establishment of Consultation Hotlines

We at the Kaneka Group conduct ESG evaluation audits related to the Antimonopoly Act. In fiscal 2019, audits were conducted in all business operations divisions and at 28 Group companies in Japan and 14 in the U.S., Europe, and China. For Group companies in Malaysia, we plan to conduct audits from fiscal 2020 according to the Fair Trade Management Regulations formulated in October 2019.

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

# Intellectual Property

[For details, see our website. > https://www.kaneka.co.jp/en/esg/governance/intellectual-property/](https://www.kaneka.co.jp/en/esg/governance/intellectual-property/)

## Basic Policy

We secure intellectual property rights, such as patents for our R&B results, aiming to provide prompt solutions to help resolve social issues.

From a global perspective, intellectual property staffs are allocated to each regional headquarters in the Americas, Europe, and Asia, with the Intellectual Property Department serving as the center, to respond directly to local issues. We also strengthen cooperation with Group companies within and outside Japan to avoid intellectual property risks and trade

secret leakage.

We formulate and implement intellectual property strategies along with reform for R&B structures in cooperation with the business and R&D divisions. We also perform a wider range of analysis that combines intellectual property information with market and corporate information, using intellectual property information analysis software and AI technology.

We also actively work to create intellectual property by revising our invention incentive programs at the time of patent application to further increase application incentives for employees.

We respect the intellectual property rights of other companies and, to avoid disputes, we conduct careful patent searches, securing patent clearance, at each phase of development, including theme proposal, commercialization, and specification changes.

## Establishment of Patent Portfolio

In fiscal 2019, we acquired parent rights mainly in the technological field, which contributes to our wellness-first management. In Japan, patents were registered for textiles and compositions made of marine biodegradable KANEKA Biodegradable Polymer Green Planet, catheters for the electrophysiology business, cold storage compositions which can replace dry ice could be useful for the transportation of pharmaceuticals and specimens, building integrated photovoltaics (BIPVs), and see-through photovoltaic modules.

Outside Japan, we acquired patent rights for a cell production method for antibody drugs and endoscopic clips for the gastrointestinal business, mainly in the U.S.

## Number of Patents Held

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

In fiscal 2019, 270 domestic patents and 303 foreign patents were newly registered. Although some product patents expired, domestic and foreign patents

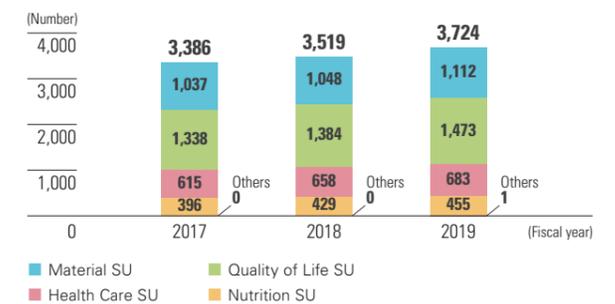
held as of the end of fiscal 2019 numbered 3,515 and 3,724, respectively, showing a year-on-year increase. Domestic patents greatly increased in the Quality of Life and Health Care SUs. Globalization of businesses significantly increased the number of foreign patents in the Material and Quality of Life SUs.

We will work to increase the number of patent applications and registrations to strengthen our intellectual property rights through cooperation with the R&B Division.

▶ Number of Domestic Patents Held



▶ Number of Foreign Patents Held



## “Divergent Discussion” and “Edge of Technology” as Starting Points! – Cultivating the ability to identify future seeds

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



# Sustainability – Environment

[For details, see our website. > https://www.kaneka.co.jp/en/esg/environment/env/](https://www.kaneka.co.jp/en/esg/environment/env/)

## Basic Policy

In keeping with our ESG Charter, 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.

Important matters pertaining to the protection of the global environment are decided by the Earth Environment Subcommittee and decided by the ESG

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

## Material Balance in Production Activities

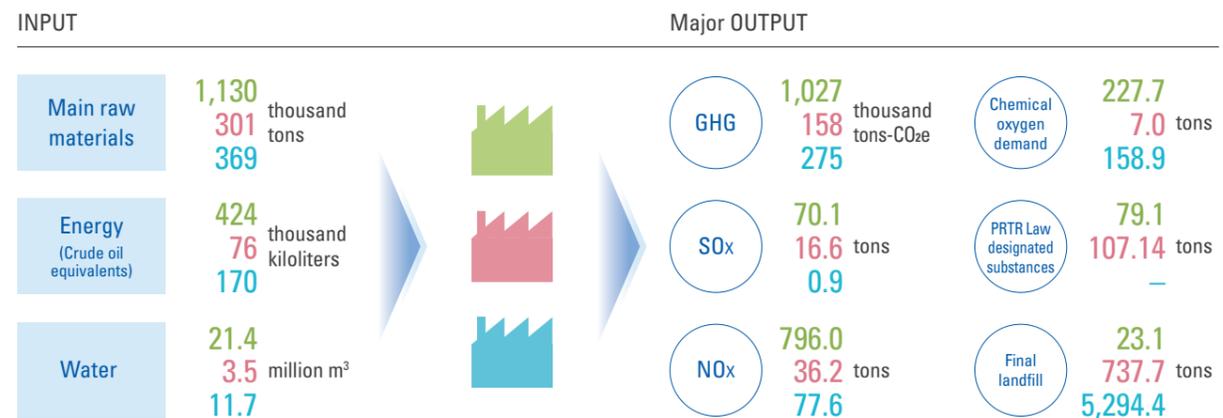
Kaneka Group is working to reduce environmental impacts by aggregating the status of energy and resource inputs and material outputs through emissions and products to grasp production activity volume, targeting Kaneka and Group companies within and outside Japan.

In fiscal 2019, raw material input decreased by 59 thousand tons from the previous year. The product,

GHG, SO<sub>x</sub>, and NO<sub>x</sub> outputs decreased by 68 thousand tons (3.3%), 109 thousand tons-CO<sub>2</sub>e (6.9%), 22.8 tons (20.7%), and 37.5 tons (4.0%), respectively. Meanwhile, final landfill waste output increased by 494 tons (8.9%) due to a rise in production volume and differences in the product mix for some Group companies outside Japan.

▶ Material Balance in Production Activities (FY 2019)

Kaneka Group companies in Japan 46 Group Companies outside Japan 15



## Biodiversity

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

Since 2012, employees at the Takasago Manufacturing Site have been involved in the Kaneka Forestry for the Future project aimed at conserving a private forest in Taka Town, Hyogo Prefecture. Training of newly hired employees has been used as a part of the

project. Assisting each other on the forest terrain in cutting and transporting timber, the participants build solidarity and teamwork. Tree thinning was conducted in April and November 2019. The carbon sink since the start of the project amounts to 2.08 tons-CO<sub>2</sub>.

Since 2012, we have operated the Settsu-no-mori Kaneka Biotope on the premises of the Osaka Manufacturing Site in collaboration with the Settsu Firefly Society, to create a firefly habitat in Settsu City. Along with the appearance of fireflies (May/June), we held a firefly viewing gathering, inviting local residents.

Employees at the Shiga Manufacturing Site have joined the Walnut School's efforts to conserve the Konooka Biotope, a precious natural environment of Lake Biwa, as a steering committee member. We participated in its seasonal nature observation gatherings and regular activities in July and December, such as grass mowing, sidewalk maintenance, the updating of tree signs and so on. We learn the importance of natural environment, interacting with seasonal creatures and nature together with local residents.



Kaneka Forestry for the Future (Takasago Manufacturing Site)



Settsu-no-mori Kaneka Biotope (Osaka Manufacturing Site)



Walnut School (Shiga Manufacturing Site)

## Eco-Friendly Products

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

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

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

Sustainability – Environment

Efforts to Address Climate Change

Initiatives to Reduce GHG Emissions and CO<sub>2</sub> Emission Intensity

To address prevention of global warming, we at the Kaneka Group are working to promote energy conservation and reduce CO<sub>2</sub> emission intensity through various measures, for example by utilizing our own environmental capital investment program.

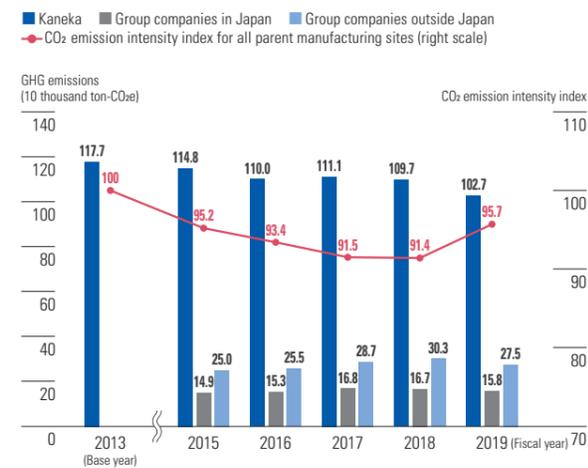
The energy origin CO<sub>2</sub> emission intensity index\*<sup>1</sup> for all parent manufacturing sites in fiscal 2019 was 95.7, which did not achieve our fiscal 2020 target of 93.2.

Our greenhouse gas (GHG) emissions\*<sup>2</sup> decreased by 6.3% from the previous year to 1,027 thousand tons-CO<sub>2</sub>e due to a reduction in production volume, a decrease in the CO<sub>2</sub> emission factor for electricity, and the results of energy conservation activities.

We will continue to streamline our production processes through innovation to reduce GHG emissions.

We also use carbon-Life Cycle Analysis (cLCA) to calculate CO<sub>2</sub> emission reduction benefits by quantitatively assessing CO<sub>2</sub> emissions throughout product lifecycle, making comparisons with similar products. We also calculate indirect GHG emissions (Scope 3) associated with our business activities through supply chains.

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



\*1 CO<sub>2</sub> emission intensity index: CO<sub>2</sub> emission intensity is a numerical value calculated by dividing CO<sub>2</sub> emissions from energy consumption associated with production activities, which are calculated using a fixed emission factor unique to Kaneka, by the volume of activity. The CO<sub>2</sub> emission intensity index is calculated by indexing the CO<sub>2</sub> emission intensity, with fiscal 2013 used as the base year of 100. Our target for fiscal 2020 is 93.2.

\*2 GHG emissions, calculated in accordance with the Act on Promotion of Global Warming Countermeasures, are the total amount of energy origin CO<sub>2</sub> emissions, non-energy origin CO<sub>2</sub> emissions, and the CO<sub>2</sub> equivalent of methane and N<sub>2</sub>O emissions. For emission factors for electricity, the basic emission factors are used for calculation.

▶ GHG Emissions by Scope (FY 2019 results at Kaneka)

Scope	GHG emissions [Thousand tons-CO <sub>2</sub> e /year] (year-on-year)
Scope 1 Direct emissions* <sup>3</sup>	769.6 (+0.3%)
Scope 2 Indirect emissions from energy consumption* <sup>4</sup>	257.5 (-21.8%)
Scope 3 Other indirect emissions (upstream/downstream)* <sup>3</sup>	2,580.1 (+24.0%)
<b>Total GHG emissions</b>	<b>3,607.2 (+13.5%)</b>

\*3 Non-energy CO<sub>2</sub> emissions and CO<sub>2</sub>-equivalent emissions of methane and N<sub>2</sub>O are included.

\*4 As emission factors for electricity, the basic emission factor for each power company was used for calculation. GHG emissions calculated using the location-based method were 322.4 thousand tons-CO<sub>2</sub>e (-15.9%).

Preventing Pollution and Managing Chemical Substances

Toward the prevention of air and water pollution, the appropriate management of toxic chemical substances, and the reduction of their emissions, we are engaged in production activities in compliance with the standards specified in the Air Pollution Control Act and the Water Pollution Control Act as well as the criteria included in agreements made with local governments.

We will continue to comply with these standards, reduce and control the emission 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 by us.

Reducing Waste and Recycling Resources

Since waste reduction leads to maintaining and improving the global environment through resource savings, cost cutting, CO<sub>2</sub> emission reduction and so on, we promote the 3Rs (Reduce, Reuse, and Recycle) company-wide. We also promote the reduction and recycling of industrial waste, and Kaneka Group has achieved zero emissions\*<sup>5</sup> for 14 years consecutively. We also facilitate continuous improvement activities through process analysis using Material Flow Cost Accounting (MFCA).

\*5 Zero emission defined by Kaneka: The final landfill waste must be less than 0.5% of the generated waste.

TOPIC

Green Bond (Environmental Bond) Issued

As its 7th unsecured straight bond, Kaneka issued a green bond (environmental bond) to procure funds for the manufacture and R&D of KANEKA Biodegradable Polymer Green Planet\*<sup>6</sup> ("Green Planet") in September 2019. A green bond is an ESG bond, and fund usage is limited to projects that contribute to resolving environmental issues. It is the first such industrial bond issued by a Japanese chemical company.

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

For the issuance of the green bond, Kaneka has established the Green Bond Framework, which conforms to the Green Bond Principles 2018 of the International Capital Market Association (ICMA) and the Green Bond Guidelines 2017 Edition of Japan's Ministry of the Environment. To obtain eligibility for and transparency of this green bond and raise its appeal for investors, as a third-party evaluation, Kaneka has obtained a second opinion from Rating and Investment Information, Inc. (R&I) of how this framework conforms to the Green Bond Principles 2018 and the Green Bond Guidelines 2017 Edition. Kaneka has also obtained top-level evaluation in the green bond assessment by R&I, the GA1 preliminary evaluation.

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

\*6 We changed our product registered trademark from "KANEKA Biodegradable Polymer PHBH" to "KANEKA Biodegradable Polymer Green Planet" in February 2021.

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

Sustainability – Environment

Announcing Support for TCFD to Address Climate Change

Kaneka has announced that it supports the recommendations of the Task Force on Climate-related Financial Disclosures (referred to below as TCFD), a task force created by the Financial Stability Board at the request of the G20.

As recommended by the TCFD, Kaneka conducted a structural analysis of the activities of the Kaneka group companies based on risk and opportunity and selected areas of importance and urgency that need to be addressed. Specifically, Kaneka selected three areas they will address from here on: (1) cutting emissions of greenhouse gas (GHG), (2) contributing to a recycling-oriented society, and (3) increasing produc-

tion of food resources. The progress of these initiatives will be conveyed to all stakeholders in a timely manner.

Kaneka defines its purpose (meaning of existence) as “to solve social issues and realize a sustainable society by providing innovative materials as solutions through the break-through technology and global network.” Kaneka has defined the three crises of “Global

Environment / Energy”, “Food” and “Wellness (living an enriched life)” as domains. Kaneka will put into practice ESG management. Through solving problems related to climate change, Kaneka will help realize a more sustainable society and aim for “Wellness First” to make the world healthy.

We will endeavor to realize carbon neutrality by 2050.

Changes in the social environment due to climate change	Supposed changes in the social environment			Business risk and opportunity	Direction of measures	
	2025 (short term)	2030 (medium term)	2050 (long term)		Existing efforts	Additional efforts
<b>1. Cutting emissions of greenhouse gas (GHG)</b>						
1-1. Reduction of GHG emissions	Reduced GHG emission*: 20% compared to fiscal 2015	Reduced GHG emission*: 30% compared to fiscal 2015	Reduced GHG emission*: 60% compared to fiscal 2015	<b>[Opportunity]</b> <ul style="list-style-type: none"> <li>Increase in demand for renewable energy</li> </ul> <b>[Risk]</b> <ul style="list-style-type: none"> <li>Rise in cost</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of GHG emission reduction target by 2030 and implementation of measures</li> <li>Promotion of investment for energy saving</li> <li>Improvement in energy intensity</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of a committee that investigates carbon neutral technology and examination of strategies</li> <li>Realization of an energy-saving plant through production process innovation</li> <li>R&amp;D of products useful for GHG emission reduction and business expansion</li> </ul>
1-2. Energy policy Drastic changes in industrial structure due to a major policy shift across the world	<ul style="list-style-type: none"> <li>Acceleration of conversion to non-fossil fuel</li> <li>Increase in demand for renewable energy</li> <li>Changes in social structure</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of renewable energy-related markets → Progress of electrification in society → Increase in EVs in the transportation sector → Acceleration of use of renewable energy and green hydrogen</li> </ul>		<b>[Opportunity]</b> <ul style="list-style-type: none"> <li>Expansion of carbon neutral-related businesses, such as energy saving, energy creation, and energy storage</li> </ul> <b>[Risk]</b> <ul style="list-style-type: none"> <li>Rise in cost</li> </ul>	<ul style="list-style-type: none"> <li>Production and operation innovation through implementation of IoT technology</li> <li>Development of a business related to energy-saving and comfortable Solar Circuit (PVs, insulation materials)</li> <li>Launch of in-house PV power generation</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of DX strategies (AI, IoT, etc.) at manufacturing sites</li> <li>Development and social implementation of next-generation PV systems and high heat-insulating materials and their use for ZEHs/ZEBs</li> <li>R&amp;D of storage batteries</li> <li>Procurement of green power</li> </ul>
<b>2. Contributing to a recycling-oriented society</b>						
Acceleration of circular economy	<ul style="list-style-type: none"> <li>Increase in demand for renewable materials in the fields of automobiles, apparel, and electronics</li> <li>Establishment of recycling technology for various materials</li> </ul>	<ul style="list-style-type: none"> <li>Acceleration of social implementation of biodegradable polymers and non-fossil polymers</li> <li>Evolution of 3Rs society</li> </ul>		<b>[Opportunity]</b> <ul style="list-style-type: none"> <li>Rise in demand for products and technologies that realize resource recycling</li> </ul>	<ul style="list-style-type: none"> <li>Social implementation of KANEKA Biodegradable Polymer Green Planet™</li> <li>Implementation of 3Rs and landfill waste reduction in production process</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of application of KANEKA Biodegradable Polymer Green Planet™</li> <li>Development of waste recycling technology and social implementation of a recycling system</li> </ul>
<b>3. Increasing production of food resources</b>						
Crisis of sustainability in the primary industry, such as agriculture, livestock, and fisheries	<ul style="list-style-type: none"> <li>Decline in agricultural productivity caused by deterioration of crop resistance due to severe environmental change such as soil degradation and desertification</li> <li>Issue in the supply of proteins, such as fish and meat</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of market for safe and reliable food</li> <li>Food shortage</li> </ul>		<b>[Opportunity]</b> <ul style="list-style-type: none"> <li>Rise in need for the development of sustainable technology capable of enhancing production (productivity) in agriculture and livestock industry</li> <li>Increase in demand for safe and reliable food</li> </ul> <b>[Risk]</b> <ul style="list-style-type: none"> <li>Concerns about the procurement of safe food raw materials</li> </ul>	<ul style="list-style-type: none"> <li>Development of food production support technology with no reliance on excessive pesticides or chemical fertilizers (biostimulants, etc.)</li> <li>Promotion of the dairy products and lactic acid businesses that support a safe and rich dietary</li> <li>Development of technology that reduces food waste</li> </ul>	<ul style="list-style-type: none"> <li>Development and social implementation of products made using biotechnology (seed business, biopesticides, etc.)</li> <li>Promotion of environmentally-friendly recycling-based organic dairy farming</li> <li>R&amp;D toward a one health approach</li> </ul>

\* Amount of GHG emission reduction required of the chemical sector by IEA based on the IEA's Sustainable Development Scenario (SDS).

# Safety / Quality

 For details, see our website. > <https://www.kaneka.co.jp/en/esg/social/safety-quality/>

## 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 and share the importance of safety with the goal of no accidents and no disasters.

The Safety & Human Health Subcommittee, with the director in charge of process safety as the chair, which was established under the ESG Committee, sets policies and goals related to occupational safety, process safety, and disaster prevention and checks the progress of goals.

To share the importance of safety first between management and on-site staff, members of top management inspect plants to check the on-site situation and create an opportunity to talk with employees.

### 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.

### Efforts to Ensure Zero Accidents

We share the importance of safety first and work to ensure zero process accidents. In fiscal 2019, we worked on two key challenges: ensuring the intrinsic safety of equipment and fostering a safe culture.

#### Ensuring the Intrinsic Safety of Equipment

We are promoting our efforts from the perspective of multiple protection based on risk assessment (safety assessment) of plants. We are also working to establish a smart plant by actively adopting DX (digital transformation) with a view to realizing an unmanned plant.

#### Fostering a Safe Culture

To have employees recognize the importance of observance of rules, we develop basic safety actions (greetings, 3Ss, handrail holding) and encourage these actions through posters and questionnaires. Based on the questionnaire results, we provide feedback to organization administrators and promote discussion at the workplace to help employees recognize the importance of basic actions and raise their safety awareness. We also take measures to recognize the importance of preventing human errors.

To ensure safe and secure operations, it is also important to create a workplace environment where employees can work in good physical and mental health. To realize this, we have established the Zero Accident Principles, based on which all employees, including members of top management, make a point of following the rules.

In 2019, 19 occupational accidents occurred in the Kaneka Group, of which 10 resulted in lost work time, and nine did not. We will boost personal safety awareness by promoting safety activities in compliance with the Zero Accident Principles, including identifying potential danger, ensuring the intrinsic safety of equipment, and taking safeguarding measures.

### Zero Accident Principles

- **All people, you and me, are indispensable**  
We ensure everyone is working safely.  
[Pledge of safety]
- **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%]

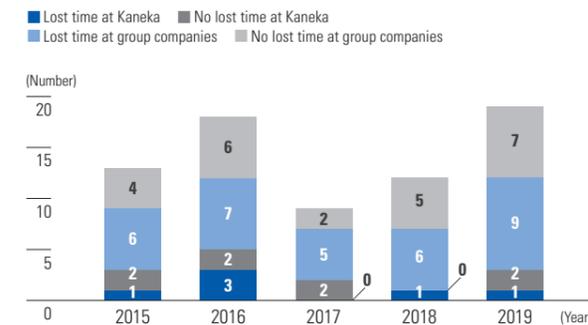
### Implementation of Disaster Drills

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

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

We also learn how to initially respond to a fire and how to use a hydrant to prevent the spread of a fire. To improve disaster coping skills, we join a hydrant operation competition held locally, ranking higher every year.

#### Accidents Resulting/Not Resulting in Lost Time



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



Cooperation with the local government

#### Accident Frequency Rate and Accident Severity Rate

Area	All Kaneka Group		Kaneka		Group Companies in Japan and Overseas	
	2018	2019	2018	2019	2018	2019
Accident Frequency Rate	0.23	0.52	0.00	0.00	0.36	0.78
Accident Severity Rate	0.02	0.01	0.00	0.00	0.03	0.02

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

**Accident Severity Rate:** An indicator that shows the level of severity of occupational accidents by indicating the number of lost work days per total 1,000 working hours.

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

#### Comprehensive Disaster Drills

Manufacturing Site	Date	Participants	Details
Takasago Manufacturing Site	December 16, 2019	2,158	An earthquake resulting in a fire caused by hazardous material leakage
Osaka Manufacturing Site	November 6, 2019	1,087	An earthquake resulting in a fire caused by harmful material leakage
Shiga Manufacturing Site	November 27, 2019	464	An earthquake resulting in a fire
Kashima Manufacturing Site	March 4, 2020	90	An earthquake resulting in a fire caused by hazardous material leakage

## Safety / Quality

### Prevention of Machine Accidents and Hands-on Safety Experience Programs

To prevent machine accidents, such as being caught in machinery, we foster experts in machine safety.

We have also established hands-on safety experience facilities to have employees experience the fear of occupational accidents. For Group companies in Japan, we provide employees with the opportunity to gain simulated experience, using in-vehicle hands-on safety experience equipment, to raise their safety awareness. We also promote the introduction of a system that enables virtual reality experience.



New employees in hands-on training

## 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 Regulations to ensure product safety at all stages, from product design and development to delivery to customers.

The Product Safety Subcommittee under the ESG Committee sets policies and goals related to product safety and quality assurance and checks the progress of the goals. Established as its implementation bodies, the Product Safety Review Conference and Quality Management Conference oversee the quality assurance structure throughout the Kaneka Group.

### Quality Management

Kaneka Group undertake quality management activities to ensure product safety at all stages of product design and development, raw material procurement, manufacturing, and sales.

In fiscal 2019, related activities included the followings:

- Self-inspection was conducted to check management review implementation in each division for more improvement.
- We checked product inspection implementation at the plants of Group companies and found no serious compliance violations.
- We held four Quality Management conferences, inviting persons in charge of quality management in each business division, to instill the policy and instructions of the ESG Committee and the Product Safety Subcommittee, exchange views, and share information on product quality.
- We undertook a range of activities to improve the capacity of our employees, including through outside seminars and in-house lectures by external experts.

### Product Safety Review Conference

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

To respond to emerging opportunities in a timely and speedy manner, in fiscal 2019 the Product Safety Review Conference and its administration office carried out related pre-consultations (hearings). In new food fields, in particular, we asked external experts to check risks to ensure product safety.

### Chemical Substance Management

We appropriately manage chemical substances at all stages of product development, manufacturing, transportation, sales, and disposal, following Japanese and international laws and regulations. For raw material procurement, we have established the Green Procurement Standards to prevent mixing of chemicals prohibited under the Chemical Substances Control Act\*1. We also actively offer information for the proper handling of our products through displaying Globally Harmonized System of Classification and Labelling of Chemicals (GHS)\*2 labels and providing a safety data sheet for products.

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

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

### Audits and Inspections

We regularly undergo reviews and audits by external organizations based on established standards and criteria, such as the ISO 9001 standards.

In addition, we are working to improve our performance through ESG safety and quality inspections and internal auditing.

In fiscal 2019, related activities included the followings:

- We conducted an inspection and checked business operations with external experts, targeting expandable plastics, food, high-performance resin, and regenerative medicine and cell therapy.
- We continued to clarify the strengths and weaknesses of our product quality through quantitative evaluation and conducted an audit at all Group companies in Japan, including the production, sales, and administration divisions, through self-inspection using an audit checklist.
- We continued to develop and train internal auditors to further improve internal audit capabilities.

The expansion of the scope of internal audits led to enhancing our ability to inspect and improve product manufacturing as well as services for customers.

We will optimize the quality management system with the Product Safety Subcommittee serving as a center and through the improvement of frontline execution.

## Consolidated Financial Statements

### Consolidated Balance Sheets

KANEKA CORPORATION AND CONSOLIDATED SUBSIDIARIES  
March 31, 2020 and 2019

Assets	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
<b>Current assets:</b>			
Cash and cash equivalents	¥ 37,606	¥ 39,970	\$ 345,550
Notes and accounts receivable - trade	134,110	147,993	1,232,294
Inventories	117,259	112,434	1,077,452
Short-term loans receivable from unconsolidated subsidiaries and affiliates	1,819	1,722	16,715
Other current assets	17,366	13,363	159,570
Allowance for doubtful accounts	(1,303)	(1,237)	(11,973)
Total current assets	306,858	314,245	2,819,611
<b>Property, plant and equipment:</b>			
Land	31,304	31,354	287,645
Buildings and structures	207,065	199,621	1,902,648
Machinery, equipment and vehicles	593,774	577,115	5,455,983
Construction in progress	27,038	26,338	248,444
Other	4,750	3,697	43,654
	863,933	838,127	7,938,375
Less accumulated depreciation	(600,876)	(586,205)	(5,521,241)
Property, plant and equipment, net	263,056	251,922	2,417,134
<b>Intangible assets:</b>	13,180	13,424	121,115
<b>Investments and other assets:</b>			
Investment securities:			
Unconsolidated subsidiaries and affiliates	3,422	4,114	31,447
Other	45,258	57,640	415,865
Long-term loans receivable	1,005	1,100	9,242
Deferred tax assets	10,035	6,864	92,215
Other	10,684	10,536	98,180
Allowance for doubtful accounts	(241)	(260)	(2,220)
Total investments and other assets	70,166	79,994	644,732
	¥ 653,262	¥ 659,587	\$ 6,002,593

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, 2020, which was ¥108.83 to U.S. \$1.00.

Liabilities and net assets	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
<b>Current liabilities:</b>			
Short-term loans payable	¥ 76,760	¥ 63,981	\$ 705,324
Current portion of long-term loans payable	12,074	3,687	110,948
Current portion of bonds payable	—	10,000	—
Notes and accounts payable:			
Trade	73,509	84,797	675,448
Construction	12,222	11,545	112,307
Other	16,824	18,681	154,590
Income taxes payable	2,408	2,864	22,127
Accrued expenses	13,489	13,763	123,951
Other current liabilities	4,310	4,592	39,609
Total current liabilities	211,599	213,912	1,944,309
<b>Noncurrent liabilities:</b>			
Bonds payable	10,000	—	91,886
Long-term loans payable	33,293	45,122	305,922
Net defined benefit liability	38,308	34,985	352,006
Provision for directors' retirement benefits	317	266	2,920
Deferred tax liabilities	1,576	2,137	14,485
Other noncurrent liabilities	4,071	2,437	37,412
Total noncurrent liabilities	87,568	84,948	804,634
<b>Contingent liabilities</b>			
<b>Net assets</b>			
<b>Shareholders' equity:</b>			
Capital stock			
Authorized—150,000,000 shares			
Issued —68,000,000 shares	33,046	33,046	303,655
Capital surplus	30,962	32,784	284,500
Retained earnings	280,265	272,944	2,575,260
Less treasury stock, at cost—2,774,049 shares in 2020			
2,778,423 shares in 2019	(11,583)	(11,601)	(106,434)
Total shareholders' equity	332,691	327,173	3,056,981
<b>Accumulated other comprehensive income:</b>			
Valuation difference on available-for-sale securities	14,246	19,642	130,909
Deferred gains or losses on hedges	(103)	(110)	(947)
Foreign currency translation adjustments	(7,395)	(4,008)	(67,953)
Remeasurements of defined benefit plans	(7,956)	(5,705)	(73,109)
Total accumulated other comprehensive income	(1,208)	9,818	(11,100)
<b>Subscription rights to shares</b>	482	431	4,435
<b>Non-controlling interests</b>	22,128	23,302	203,334
Total net assets	354,094	360,726	3,253,650
	¥ 653,262	¥ 659,587	\$ 6,002,593

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, 2020, which was ¥108.83 to U.S. \$1.00.

### Consolidated Statements of Income

KANEKA CORPORATION AND CONSOLIDATED SUBSIDIARIES  
Years ended March 31, 2020, 2019 and 2018

	Millions of yen			Thousands of U.S. dollars
	2020	2019	2018	2020
<b>Net sales</b>	<b>¥ 601,514</b>	¥ 621,043	¥ 596,142	<b>\$ 5,527,098</b>
<b>Cost of sales</b>	<b>432,374</b>	446,254	426,959	<b>3,972,938</b>
Gross profit	<b>169,139</b>	174,789	169,183	<b>1,554,160</b>
<b>Selling, general and administrative expenses</b>	<b>143,124</b>	138,747	132,294	<b>1,315,119</b>
Operating income	<b>26,014</b>	36,041	36,888	<b>239,041</b>
<b>Other income (expenses):</b>				
Interest and dividend income	<b>1,684</b>	1,920	1,602	<b>15,475</b>
Interest expenses	<b>(1,714)</b>	(2,014)	(1,692)	<b>(15,749)</b>
Gain on sales of investment securities	<b>627</b>	1,515	—	<b>5,767</b>
Gain on sales of property, plant and equipment	<b>315</b>	427	—	<b>2,901</b>
Loss on disposal of property, plant and equipment	<b>(1,916)</b>	(2,521)	(1,745)	<b>(17,610)</b>
Foreign exchange gains (losses), net	<b>(968)</b>	(333)	454	<b>(8,903)</b>
Equity in earnings of affiliates, net	<b>150</b>	29	146	<b>1,384</b>
Gain on negative goodwill	—	—	954	—
Litigation expenses	<b>(996)</b>	(1,683)	(1,087)	<b>(9,157)</b>
Restructuring charges	—	(1,851)	(1,781)	—
Gain on step acquisitions	—	443	1,429	—
Environmental expenses	—	—	(566)	—
Provision of allowance for doubtful accounts	—	—	(637)	—
Settlement received	—	1,051	—	—
Gain on contribution of securities to retirement benefit trust	<b>378</b>	1,608	—	<b>3,474</b>
Other, net	<b>(3,777)</b>	(2,725)	(2,879)	<b>(34,709)</b>
<b>Income before income taxes and non-controlling interests</b>	<b>19,797</b>	31,909	31,085	<b>181,915</b>
<b>Income taxes</b>				
Current	<b>4,809</b>	7,893	8,371	<b>44,193</b>
Deferred	<b>(490)</b>	40	(83)	<b>(4,511)</b>
<b>Net income</b>	<b>15,479</b>	23,975	22,796	<b>142,233</b>
Net income attributable to non-controlling interests	<b>1,475</b>	1,736	1,224	<b>13,560</b>
Net income attributable to owners of parent	<b>¥ 14,003</b>	¥ 22,238	¥ 21,571	<b>\$ 128,672</b>

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, 2020, which was ¥108.83 to U.S. \$1.00.

### Consolidated Statements of Comprehensive (Loss) Income

KANEKA CORPORATION AND CONSOLIDATED SUBSIDIARIES  
Years ended March 31, 2020, 2019 and 2018

	Millions of yen			Thousands of U.S. dollars
	2020	2019	2018	2020
<b>Net income</b>	<b>¥ 15,479</b>	¥ 23,975	¥ 22,796	<b>\$ 142,233</b>
<b>Other comprehensive income:</b>				
Valuation difference on available-for-sale securities	<b>(5,437)</b>	(5,164)	2,440	<b>(49,966)</b>
Deferred gains or losses on hedges	<b>7</b>	(1)	(47)	<b>66</b>
Foreign currency translation adjustments	<b>(3,668)</b>	(1,178)	2,116	<b>(33,708)</b>
Remeasurements of defined benefit plans	<b>(2,280)</b>	1,800	2,153	<b>(20,950)</b>
Share of other comprehensive income of associates accounted for using equity method	<b>(0)</b>	(5)	2	<b>(3)</b>
Total other comprehensive income	<b>(11,379)</b>	(4,549)	6,665	<b>(104,561)</b>
<b>Comprehensive income</b>	<b>¥ 4,099</b>	¥ 19,425	¥ 29,462	<b>\$ 37,671</b>
Comprehensive income attributable to:				
Comprehensive income attributable to owners of parent	<b>¥ 2,976</b>	¥ 17,996	¥ 27,958	<b>\$ 27,351</b>
Comprehensive income attributable to non-controlling interests	<b>1,123</b>	1,429	1,503	<b>10,319</b>

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, 2020, which was ¥108.83 to U.S. \$1.00.

### Consolidated Statements of Changes in Net Assets

KANEKA CORPORATION AND CONSOLIDATED SUBSIDIARIES  
Years ended March 31, 2020, 2019 and 2018

	Millions of yen			Thousands of U.S. dollars
	2020	2019	2018	2020
<b>Shareholders' equity</b>				
Capital stock				
Balance at beginning of year	<b>¥ 33,046</b>	¥ 33,046	¥ 33,046	<b>\$ 303,655</b>
Changes of items during the period	—	—	—	—
Total changes of items during the period	—	—	—	—
Balance at the end of current period	<b>33,046</b>	33,046	33,046	<b>303,655</b>
Capital surplus				
Balance at beginning of year	<b>32,784</b>	32,799	32,813	<b>301,241</b>
Changes of items during the period				
Change in treasury shares of parent arising from transactions with non-controlling interests	<b>(1,821)</b>	(14)	(14)	<b>(16,741)</b>
Total changes of items during the period	<b>(1,821)</b>	(14)	(14)	<b>(16,741)</b>
Balance at the end of current period	<b>30,962</b>	32,784	32,799	<b>284,500</b>
Retained earnings				
Balance at beginning of year	<b>272,944</b>	264,963	248,523	<b>2,507,988</b>
Changes of items during the period				
Dividends from surplus - ¥100.00 per share	<b>(6,848)</b>	(5,906)	(5,933)	<b>(62,928)</b>
Change of scope of consolidation	<b>167</b>	—	823	<b>1,539</b>
Net income attributable to owners of parent	<b>14,003</b>	22,238	21,571	<b>128,672</b>
Disposal of treasury stock	<b>(1)</b>	(0)	(21)	<b>(11)</b>
Cancellation of treasury stock	—	(8,351)	—	—
Total changes of items during the period	<b>7,321</b>	7,980	16,440	<b>67,272</b>
Balance at the end of current period	<b>280,265</b>	272,944	264,963	<b>2,575,260</b>
Treasury stock				
Balance at beginning of year	<b>(11,601)</b>	(18,683)	(16,753)	<b>(106,606)</b>
Changes of items during the period				
Purchase of treasury stock	<b>(4)</b>	(1,767)	(2,618)	<b>(40)</b>
Disposal of treasury stock	<b>23</b>	498	687	<b>212</b>
Cancellation of treasury stock	—	8,351	—	—
Total changes of items during the period	<b>18</b>	7,081	(1,930)	<b>171</b>
Balance at the end of current period	<b>(11,583)</b>	(11,601)	(18,683)	<b>(106,434)</b>
<b>Accumulated other comprehensive income</b>				
Valuation difference on available-for-sale securities				
Balance at beginning of year	<b>19,642</b>	24,730	22,338	<b>180,490</b>
Changes of items during the period				
Net changes of items other than shareholders' equity	<b>(5,395)</b>	(5,087)	2,392	<b>(49,581)</b>
Total changes of items during the period	<b>(5,395)</b>	(5,087)	2,392	<b>(49,581)</b>
Balance at the end of current period	<b>14,246</b>	19,642	24,730	<b>130,909</b>
Deferred gains or losses on hedges				
Balance at beginning of year	<b>(110)</b>	(108)	(61)	<b>(1,014)</b>
Changes of items during the period				
Net changes of items other than shareholders' equity	<b>7</b>	(1)	(47)	<b>66</b>
Total changes of items during the period	<b>7</b>	(1)	(47)	<b>66</b>
Balance at the end of current period	<b>(103)</b>	(110)	(108)	<b>(947)</b>

Continued on the following page.

	Millions of yen			Thousands of U.S. dollars
	2020	2019	2018	2020
<b>Foreign currency translation adjustments</b>				
Balance at beginning of year	(4,008)	(3,035)	(5,105)	(36,828)
Changes of items during the period				
Net changes of items other than shareholders' equity	(3,387)	(972)	2,069	(31,124)
Total changes of items during the period	(3,387)	(972)	2,069	(31,124)
Balance at the end of current period	(7,395)	(4,008)	(3,035)	(67,953)
<b>Remeasurements of defined benefit plans</b>				
Balance at beginning of year	(5,705)	(7,526)	(9,653)	(52,427)
Changes of items during the period				
Net changes of items other than shareholders' equity	(2,250)	1,820	2,126	(20,682)
Total changes of items during the period	(2,250)	1,820	2,126	(20,682)
Balance at the end of current period	(7,956)	(5,705)	(7,526)	(73,109)
<b>Subscription rights to shares</b>				
Balance at beginning of year	431	300	271	3,968
Changes of items during the period				
Net changes of items other than shareholders' equity	50	131	29	466
Total changes of items during the period	50	131	29	466
Balance at the end of current period	482	431	300	4,435
<b>Non-controlling interests</b>				
Balance at beginning of year	23,302	20,112	16,130	214,120
Changes of items during the period				
Net changes of items other than shareholders' equity	(1,173)	3,190	3,981	(10,786)
Total changes of items during the period	(1,173)	3,190	3,981	(10,786)
Balance at the end of current period	22,128	23,302	20,112	203,334
<b>Total net assets</b>				
Balance at beginning of year	360,726	346,599	321,551	3,314,589
Changes of items during the period				
Dividends from surplus- ¥100.00 per share	(6,848)	(5,906)	(5,933)	(62,928)
Change of scope of consolidation	167	—	823	1,539
Net income attributable to owners of parent	14,003	22,238	21,571	128,672
Purchase of treasury stock	(4)	(1,767)	(2,618)	(40)
Disposal of treasury stock	21	498	666	200
Cancellation of treasury stock	—	—	—	—
Change in treasury shares of parent arising from transactions				
with non-controlling interests	(1,821)	(14)	(14)	(16,741)
Net changes of items other than shareholders' equity	(12,149)	(920)	10,552	(111,641)
Total changes of items during the period	(6,631)	14,127	25,047	(60,938)
Balance at the end of current period	¥ 354,094	¥ 360,726	¥ 346,599	\$ 3,253,650

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## Consolidated Statements of Cash Flows

KANEKA CORPORATION AND CONSOLIDATED SUBSIDIARIES  
Years ended March 31, 2020, 2019 and 2018

	Millions of yen			Thousands of U.S. dollars
	2020	2019	2018	2020
<b>Cash flows from operating activities</b>				
Income before income taxes and non-controlling interests	¥ 19,797	¥ 31,909	¥ 31,085	\$ 181,915
Depreciation and amortization	34,340	32,150	30,323	315,542
Gain on step acquisitions	—	(443)	(1,429)	—
Gain on negative goodwill	—	—	(954)	—
Restructuring charges	—	1,851	1,781	—
Settlement received	—	(1,051)	—	—
Gain on contribution of securities to retirement benefit trust	(378)	(1,608)	—	(3,474)
Increase (decrease) in net defined benefit liability	896	2,244	3,026	8,237
Increase (decrease) in allowance for doubtful accounts	67	(11)	638	616
Interest and dividend income	(1,684)	(1,920)	(1,602)	(15,475)
Interest expenses	1,714	2,014	1,692	15,749
Loss (gain) on disposal of property, plant and equipment	53	445	531	496
Gain on sales of investment securities	(627)	(1,515)	—	(5,767)
Equity in earnings of affiliates, net	(150)	(29)	(146)	(1,384)
Decrease (increase) in notes and accounts receivable-trade	13,197	(5,329)	(12,053)	121,267
Decrease (increase) in inventories	(5,572)	(9,868)	(6,176)	(51,206)
Increase (decrease) in notes and accounts payable-trade	(11,120)	(141)	8,568	(102,179)
Others	(4,083)	139	1,704	(37,521)
Subtotal	46,450	48,833	56,988	426,814
Interest and dividend income received	1,787	1,997	1,752	16,421
Interest expenses paid	(1,721)	(2,009)	(1,681)	(15,822)
Settlement package received	—	1,051	—	—
Income taxes paid	(6,531)	(8,760)	(7,309)	(60,019)
Net cash provided by operating activities	39,983	41,113	49,750	367,393
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(42,977)	(43,987)	(34,113)	(394,906)
Proceeds from sales of property, plant and equipment	725	1,705	61	6,666
Purchase of intangible assets	(3,297)	(1,809)	(1,405)	(30,302)
Purchase of investment securities	(175)	(1,607)	(1,384)	(1,609)
Proceeds from sales and distributions of investment securities	867	1,635	156	7,973
Proceeds from redemption of investment securities	4,000	—	—	36,754
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	—	(1,463)	—
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	37	227	780	341
Purchase of stocks of subsidiaries and affiliates	—	(1,878)	—	—
Payments for transfer of business	—	—	(331)	—
Payments of loans receivable	(1,238)	(1,220)	(933)	(11,383)
Collection of loans receivable	872	1,162	895	8,015
Others	(620)	(1,454)	(1,057)	(5,704)
Net cash used in investing activities	(41,807)	(47,229)	(38,796)	(384,154)
<b>Cash flows from financing activities</b>				
Net increase (decrease) in short-term loans payable	14,121	13,648	6,702	129,756
Proceeds from long-term loans payable	1,362	3,810	5,628	12,519
Repayment of long-term loans payable	(4,366)	(10,880)	(9,169)	(40,124)
Proceeds from issuance of bonds	10,000	—	—	91,886
Redemption of bonds	(10,000)	—	—	(91,891)
Proceeds from sales and leasebacks	—	—	232	—
Repayments of lease obligations	(244)	(127)	(266)	(2,245)
Proceeds from share issuance to non-controlling shareholders	390	245	—	3,584
Cash dividends paid	(6,848)	(5,906)	(5,933)	(62,928)
Cash dividends paid to non-controlling interests	(314)	(351)	(358)	(2,890)
Purchase of treasury stock	(4)	(1,767)	(2,618)	(40)
Proceeds from sales of treasury stock	0	395	475	4
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(4,574)	(21)	(82)	(42,034)
Net cash used in financing activities	(479)	(954)	(5,390)	(4,403)
<b>Effect of exchange rate change on cash and cash equivalents</b>	(201)	(373)	231	(1,855)
<b>Net increase (decrease) in cash and cash equivalents</b>	(2,505)	(7,443)	5,795	(23,020)
<b>Cash and cash equivalents at beginning of period</b>	39,970	47,413	41,018	367,273
<b>Increase in cash and cash equivalents resulting from change of scope of consolidation</b>	141	—	600	1,297
<b>Cash and cash equivalents at end of period</b>	¥ 37,606	¥ 39,970	¥ 47,413	\$ 345,550

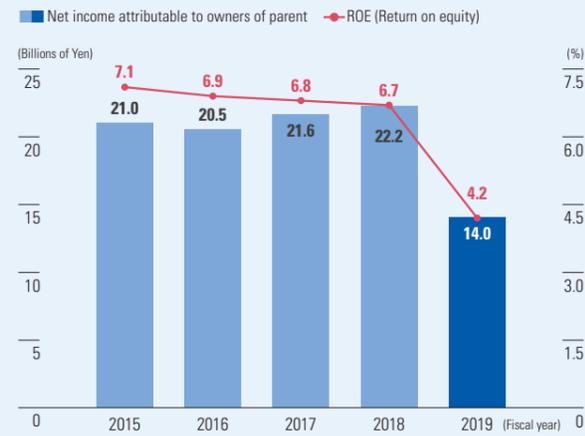
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## Financial Highlights

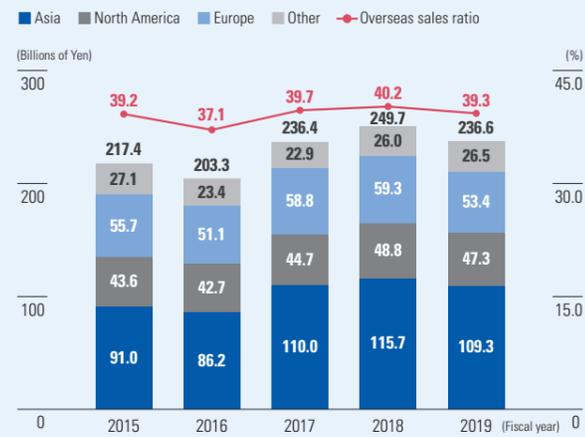
### Net Sales / Operating Income



### Net Income Attributable to Owners of Parent / ROE



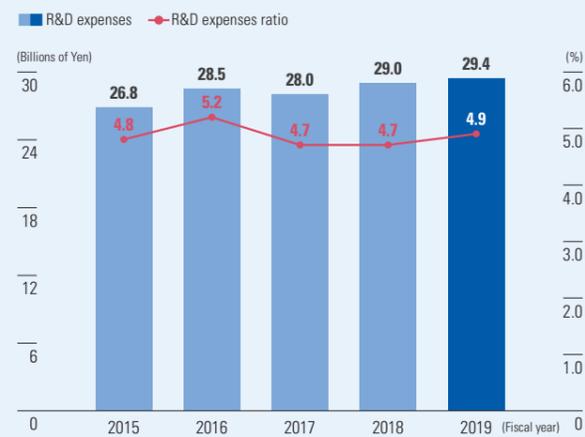
### Overseas Sales / Overseas Sales Ratio



### Net Assets / Shareholders' Equity Ratio



### R&D Expenses / R&D Expenses Ratio

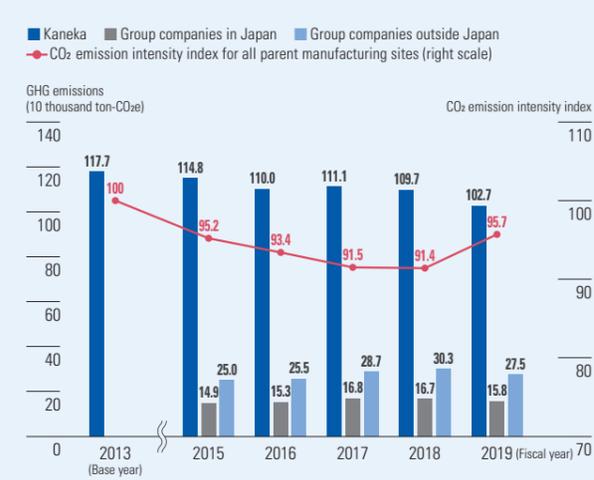


### New Product Sales / New Product Sales Ratio

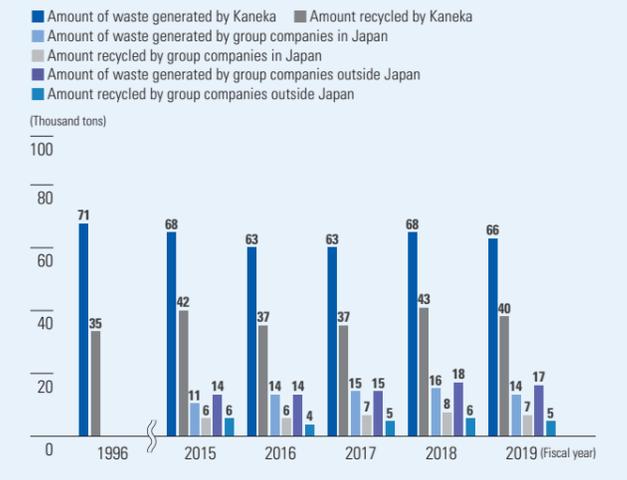


## Nonfinancial Highlights

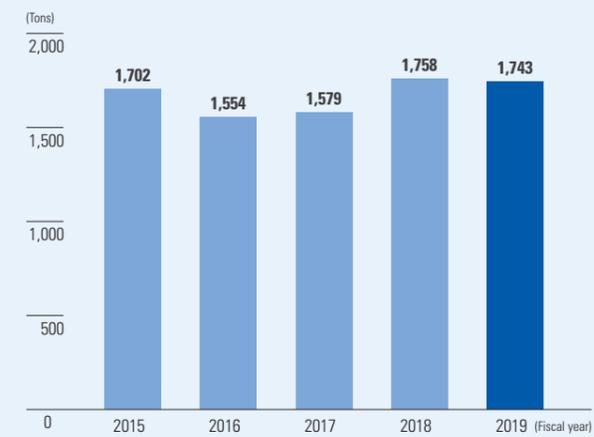
### GHG Emissions and Energy Origin CO<sub>2</sub> Emission Intensity Index



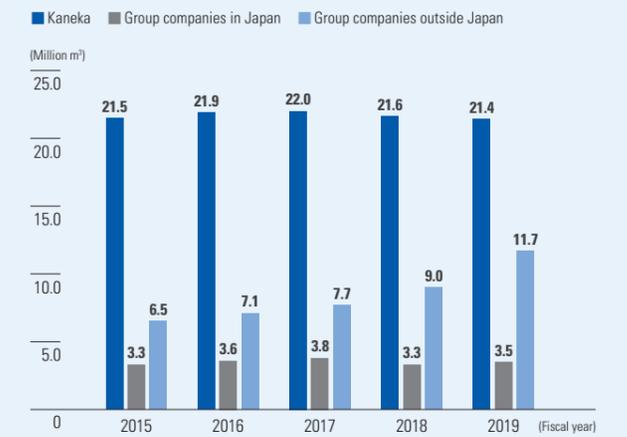
### Waste Generated and Recycled



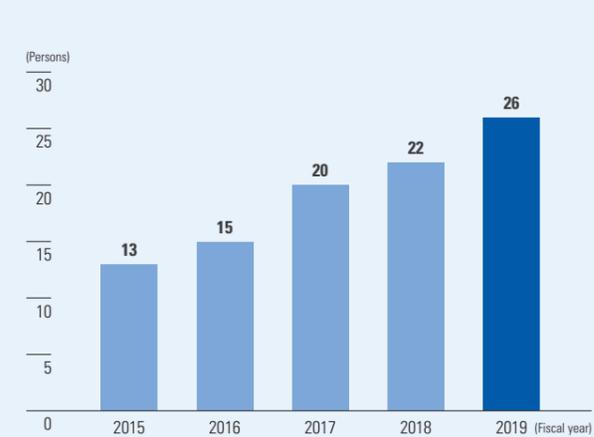
### Volatile Organic Compounds Emissions



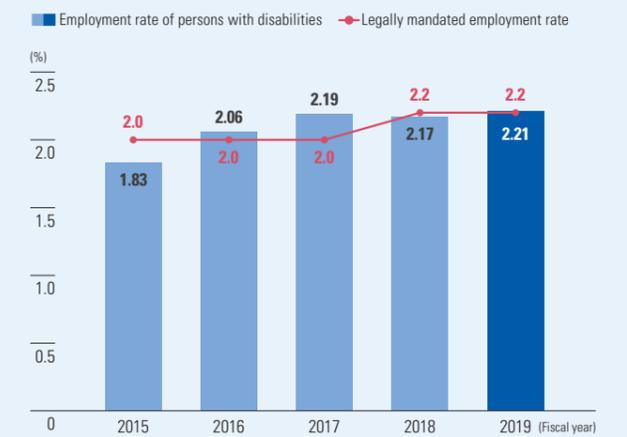
### Water Consumption



### Number of Female Executives



### Employment Rate of Persons with Disabilities



## Corporate Profile

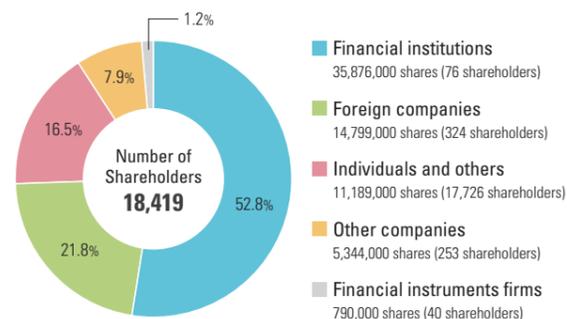
### Corporate Profile (As of March 31, 2020)

<b>Name</b>	KANEKA CORPORATION	<b>Facilities in Japan</b>	Sales Office Nagoya (Aichi Prefecture)
<b>Offices</b>	Tokyo Head Office 1-12-32, Akasaka, Minato-ku, Tokyo 107-6028, Japan Tel: +81-3-5574-8000 Fax: +81-3-5574-8121		Manufacturing Site Takasago (Hyogo Prefecture) Osaka (Osaka Prefecture) Shiga (Shiga Prefecture) Kashima (Ibaraki Prefecture)
	Osaka Head Office 2-3-18, Nakanoshima, Kita-ku, Osaka 530-8288, Japan Tel: +81-6-6226-5050 Fax: +81-6-6226-5037	<b>Research Institutes</b>	Material Solutions New Research Engine BDP Technology Laboratories Regenerative Medicine and Cell Therapy Laboratories Photovoltaic & Thin Film Device Research Laboratories Process Development Research Laboratories Process Technology Laboratories
<b>Date of Establishment</b>	September 1, 1949	<b>Affiliated Companies</b>	111 Subsidiaries (Including 43 (in Japan) and 45 (outside Japan) consolidated subsidiaries)
<b>Paid-in Capital</b>	33,046 million yen		
<b>Net Sales</b>	601.514 billion yen (Including consolidated subsidiaries)		
<b>Number of employees</b>	11,013 (Including consolidated subsidiaries) 3,552 (Non-consolidated)		

### Investor Information (As of March 31, 2020)

<b>Common Stock Traded</b>	Tokyo, Nagoya
<b>Transfer Agent</b>	Mitsubishi UFJ Trust and Banking Corporation, Osaka Branch 3-6-3, Fushimimachi, Chuo-ku, Osaka 541-8502, Japan
<b>Accounting Auditor</b>	KPMG AZSA LLC Ginsen Bingomachi Bldg., 3-6-5, Kawaramachi, Chuo-ku, Osaka 541-0048, Japan
<b>Authorized Capital</b>	150,000,000 shares
<b>Issued Shares</b>	68,000,000 shares
<b>Number of Shareholders</b>	18,419

#### Shareholder Composition



\* Share numbers are rounded down to the nearest thousand. Percentages are rounded to the nearest decimal point.

#### Common Stock Price Range (Tokyo Stock Exchange; Yen)

Years ended March 31	2016	2017	2018	2019	2020
High	1,278	1,061	1,114	5,620	4,535
Low	810	643	815	3,640	2,112

\* The above figures are stock prices quoted at the Tokyo Stock Exchange (First Section). Our shares were consolidated on the basis of one new common share for five existing common shares as of October 1, 2018.

## Global Network

(As of December 2020)

### EUROPE / AFRICA

- Kaneka Europe Holding N.V.
- Kaneka Belgium N.V.
- Kaneka Pharma Europe N.V.
- Kaneka Eurogentec S.A.
- Kaneka Modifiers Deutschland GmbH
- Eurogentec Deutschland GmbH
- Eurogentec Proteomics GmbH
- Eurogentec Ltd.
- Eurogentec France S.A.S.U.
- Eurogentec Nederland B.V.
- AB-Biotics, S.A.
- Kaneka Africa Liaison Office
- Kaneka's European Photovoltaics Research Laboratory



Kaneka Europe Holding N.V.  
Kaneka Belgium N.V.  
Kaneka Pharma Europe N.V.



### ASIA / OCEANIA

- Kaneka Asia Co., Ltd.
- Kaneka Trading (Shanghai) Co., Ltd.
- Kaneka Eperan (Suzhou) Co., Ltd.
- HiHua Fiber Co., Ltd.
- Kaneka (Foshan) High Performance Materials Co., Ltd.
- Cemedine Shanghai Co., Ltd.
- Dalian Showa Plastic Co., Ltd.
- Kaneka (Malaysia) Sdn. Bhd.
- Kaneka Eperan Sdn. Bhd.
- Kaneka Paste Polymers Sdn. Bhd.
- Kaneka Innovative Fibers Sdn. Bhd.
- Kaneka Apical Malaysia Sdn. Bhd.
- Kaneka MS Malaysia Sdn. Bhd.
- Kaneka Singapore Co. (Pte) Ltd.
- Kaneka Medical Vietnam Co., Ltd.
- Vina Showa Co., Ltd.
- Kaneka (Thailand) Co., Ltd.
- Asia Cemedine Co., Ltd.
- Showa Global (Thailand) Co., Ltd.
- Cemedine (Thailand) Co., Ltd.
- Kaneka India Pvt. Ltd.
- PT. Kaneka Foods Indonesia
- Kaneka Taiwan Corporation
- Taiwan Cemedine Co., Ltd.
- Kaneka Korea Corporation
- Cemedine Philippines Corporation
- Showa Global Ltd.
- TGA Pastry Company Pty. Ltd.



Kaneka Asia Co., Ltd.  
Kaneka Trading (Shanghai) Co., Ltd.

### THE AMERICAS

- Kaneka Americas Holding, Inc.
- Kaneka North America LLC
- Kaneka Medical America LLC
- Kaneka Aerospace LLC
- Anaspec Inc.
- Cemedine North America LLC
- Eurogentec North America Inc.
- Kaneka South America Representative Ltd.
- Kaneka US Material Research Center
- Kaneka US Innovation Center



Kaneka Americas Holding, Inc.  
Kaneka North America LLC