

Message from the Chair of the Sustainability Management Committee

For more details, please visit our website. <https://www.kanematsu.co.jp/en/sustainability/>



Tetsuro Tsutano
Director,
Senior Executive Officer
Chair of the Sustainability
Management Committee

Working toward Corporate Sustainability in the Human Rights Century

Establishment of Kanematsu Group's Human Rights Policy

In 19th century Japan, there were numerous ambitious business people that fought their way out of poverty to success. Few of them, however, chose a path that deliberately steered away from building a plutocratic empire and amassing capital for themselves, electing instead to contribute to the advance of society through business and to leave their mark on social development, even in fields peripheral to their businesses. Kanematsu's founder, Fusajiro Kanematsu, was one such man of business.

The Japanese Wikipedia page for "Japanese ESOP" presents the employee stock option plan (ESOP) devised by Fusajiro Kanematsu Shoten as an early example of a Japanese ESOP. During his lifetime, Fusajiro liked to say that he belonged first to Kanematsu Shoten, not the Kanematsu family, and after his death, the shares of Kanematsu Shoten were distributed among the employees, rather than

his relatives, passing on the aspiration to contribute to society through business to the members of the Company.

Our founding purpose, "Let us sow and nurture the seeds of global prosperity," expresses a way of thinking aligned with contributing to the public interest, society, the international community, and humanity. Based on these principles, in February 2023, we established the Kanematsu Group's Human Rights Policy, clarifying our approach to initiatives related to ensuring respect for human rights to all stakeholders. Furthermore, in March, we endorsed the United Nations Global Compact (UNGC), which calls on its members to uphold and practice its 10 principles in the four fields of "human rights," "labour," "environment," and "anti-corruption."

By fulfilling our responsibility to respect human rights, we will carry on the aspiration of our founder and ensure the sustainability and resilience of our businesses.

Targets for 2050 and Improving our ESG Scores

One of the targets that the Kanematsu Group has set under the metrics and targets disclosed in line with the Task Force on Climate-related Financial Disclosures (TCFD) guidance is to be carbon negative, with net negative emissions of 1 million t-CO₂ (Scopes 1 and 2) in 2050. Japan's total emissions in 2022 were 1,066 million t-CO₂,* meaning that we are aiming to contribute to society through a net negative amount equivalent to around 0.1% of current national emissions. This target is aligned with Principle 8 of the UN Global Compact, "Undertake initiatives to promote greater environmental responsibility."

In recognition of such initiatives, our ESG scores have been steadily increasing year after year (see table below).

Furthermore, in 2023, we were selected for the first time for inclusion in the FTSE Blossom Japan Sector Relative Index, an environmental, social, and governance (ESG) index of domestic stocks used as a

benchmark for passive management since March 2022 by Japan's Government Pension Investment Fund (GPIF). Japanese companies may be selected for inclusion in this index if they have excellent ESG rating from FTSE Russell and meet certain criteria with regard to greenhouse gas emissions per unit of net sales. In addition, Kanematsu has been selected for inclusion in the following three other ESG indices used by the GPIF.

- MSCI Japan Empowering Women Index (WIN)
- S&P/JPX Carbon Efficient Index
- Morningstar Japan ex-REIT Gender Diversity Tilt Index

The Kanematsu Group's ESG scores still have room to rise higher, and we are confident that we can improve them further. By continuing to advance ESG activities in line with our management philosophy, we will work toward corporate sustainability in this, the human rights century.

Source: Global Note "Global CO₂ Emissions Ranking by Country (Based on BP Statistical Review of World Energy)"

Kanematsu Group ESG Scores

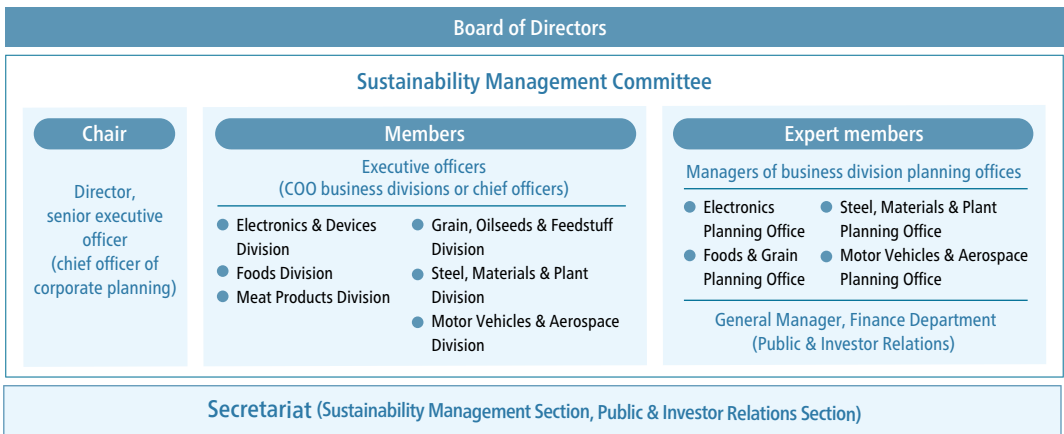
	2020	2021	2022	
FTSE Russell	1.4	1.4	2.8	FTSE Blossom Japan Sector Relative Index = 2.0 or higher
S&P Global	14	27	32	
MSCI	BB	BB	BBB	Upgraded in April 2023 to the middle of seven ranks.
CDP (Climate change)	-	-	B	Evaluation started with the 2022 reorganization of the Tokyo Stock Exchange markets. Kanematsu is currently at the third highest of eight ranks.



FTSE Blossom
Japan Sector
Relative Index



Sustainability Promotion Framework



(As of April 1, 2023)

The Key Issues and Our Activities

In 2021, Kanematsu revised its issues of high materiality, identifying five new key issues. We made these revisions in light of the global increase in awareness of the importance of sustainability and ESG management as well as such major trends as the shift toward decarbonization following the original designation of issues in 2018.

When revising the key issues, we considered Kanematsu's Corporate Principle, importance to management, and stakeholder expectations. Furthermore, the Sustainability Management Committee, which we changed to mainly include the top management of our business divisions, discussed our current projects and future direction.

The three key issues linked by the circle at right are issues to address through business activities, while the two below are key to the management base supporting said business activities.

Major Initiatives

-  Down comforter recycling business
-  Establishment of Kanematsu Group's Human Rights Policy [▶ p42](#)
-  Acquisition of Carbon Credits via the Joint Crediting Mechanism (JCM)
-  Cloud-based farm management systems for chicken farming
-  Business supplying high-value-added health foods for healthier living
-  Security business to guard against cyber attacks
-  Project to improve Hokkaido Japanese sardine fisheries [▶ p41](#)
-  Business selling Miracle Meat plant-based meat made from sprouted soybeans
-  Aircraft rotatable parts business and part-out business
-  Business supplying heat reflective paint to combat global warming
-  Business selling biomass fuels (woodchips, Palm Kernel Shell)
-  Lumber preservation treatment technology helping reduce global warming
-  Business promoting the transition to LP gas fuel
-  Securing traceability in marine products
-  Acquiring certification from the Round Table on Responsible Soy Association (RTRS)



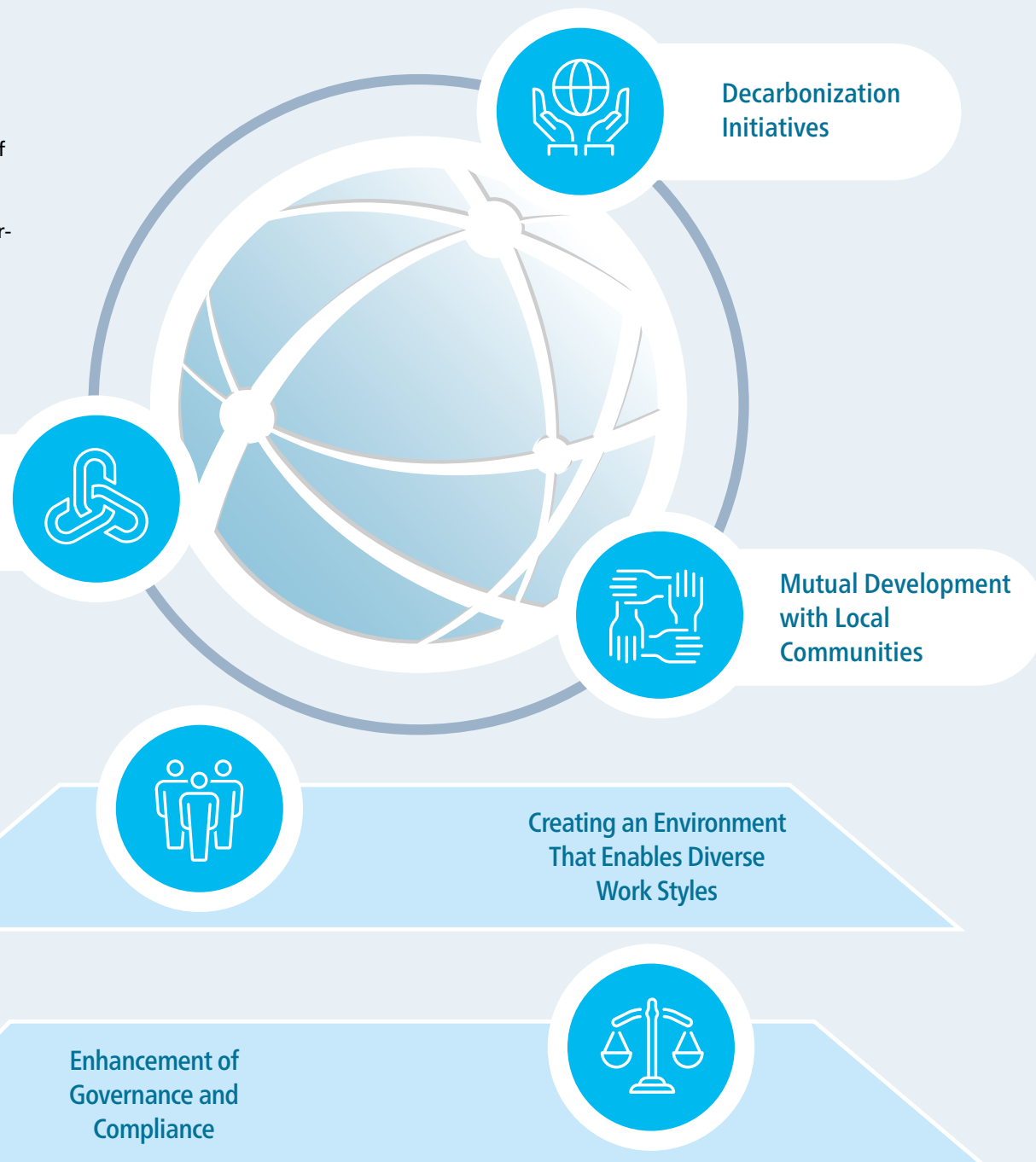
Building a Sustainable Supply Chain



©UMITO Partners



Wood that has undergone preservation treatment used in a train station ceiling



- Alliance with The Norinchukin Bank to reduce GHG emissions in the agriculture and food industries
- Business alliance with Asuene Inc., which provides cloud services used to reduce CO₂ emissions
- Pilot testing of Datatec Co., Ltd.'s Misenavi
- Delivery of EV chargers in Brazil



- Start of sale of electricity from a small-scale wind-power generation project



Sustainable coffee plantation

- Sustainable coffee plantation-related initiatives [▶ p40](#)
- Forest conservation initiatives (REDD+)
- Eco Wood Pile environmentally friendly ground improvement using domestically produced timber



- Proof-of-concept trial of blood transportation by drone



- Delivered hospital boat for the Marshall Islands
- Raising awareness and offering guidance on safe internet use
- Supporting the Vun Art employment support association for disabled persons by ordering canvas bags (Kanematsu Vietnam)

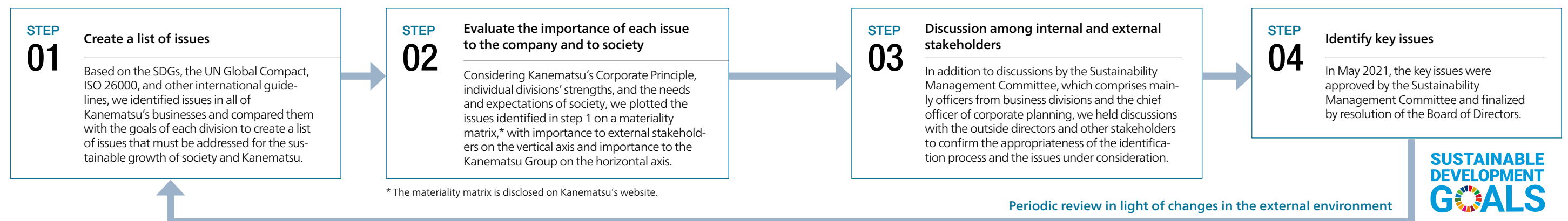


- Implementation of new activity-based work (ABW) work style [▶ p57](#)
- Implementation of "Hello Baby" leave system
- Participation in the Human Capital Management Consortium













- Enhancing the corporate governance system
- Enhancing internal control and risk management systems

The Process of Identifying Key Issues



Progress on Key Issues

Electronics & Devices Foods, Meat & Grain Steel, Materials & Plant Motor Vehicles & Aerospace Companywide

Materiality / Related SDGs	Risks	Opportunities	Notable Initiatives (Fiscal 2023)
<div></div> <div>Building a Sustainable Supply Chain</div> <div>We will respect the environment and human rights, communicate with diverse actors in society, and realize stable and sustainable procurement, supply, distribution, and services together with our partners and customers.</div> <div></div>	<ul style="list-style-type: none">• Business continuity risk in existing business models due to inadequate response• Decreased competitiveness and trust due to delay in addressing human rights issues in the supply chain• Unbalanced food supply and demand due to global population increase	<ul style="list-style-type: none">• Growing demand for sustainable and environmentally friendly products, creation of new markets and services• Gaining customer trust and create new businesses based on approach that addresses sustainability and human rights issues• Food demand expansion and diversification due to population rise	<ul style="list-style-type: none">■ Launched sales of environmentally friendly labels made with LIMEX Sheet ▶ p40■ Kanematsu Sustech Corporation's Eco Wood Pile won the Minister of the Environment Prize in the 30th Global Environment Awards<ul style="list-style-type: none">Buildings constructed: 5,131 (up 1.5% year on year; cumulative total: 43,348)Material used: 26,970 m³ (up 10.0% year on year; cumulative total: 218,840 m³)■ Increased sustainable coffee sales volume (up 2% year on year)■ Received certification from the Round Table on Responsible Soy Association (RTRS)■ Kaneyo Co., Ltd. launched a down comforter recycling business (material recycled: 8,934 kg)● Established human rights policies and began to conduct human rights due diligence
<div></div> <div>Decarbonization Initiatives</div> <div>Aiming to achieve net zero greenhouse gas emissions, we will promote our clean fuel and renewable energy business to contribute to the mitigation of global warming.</div> <div></div>	<ul style="list-style-type: none">• Decrease in sales of related products alongside decrease in demand for fossil fuels• Increased burden of carbon pricing and carbon border taxes• Factory damage and supply chain disruption due to increasingly severe extreme weather events• Changes in food-producing regions due to average temperature increases	<ul style="list-style-type: none">• Introduction of new products and services alongside development and popularization of new and low-carbon technologies• Increase in new climate change-conscious applications and products• Creation of new commercial channels alongside the development of food-producing regions	<ul style="list-style-type: none">■ Distributed DAIZ Inc.'s plant-based meat made from sprouted soybeans■ Kanematsu Petroleum Corp. selected as a supporting organization of the Ministry of the Environment's SHIFT Program ▶ p41■ Joint Crediting Mechanism (JCM) projects:<ul style="list-style-type: none">1 new project; 8 projects in operation; 1 project in application process■ Started the sale of electricity from a small-scale wind-power generation project (total capacity: 96 kW)■ Kanematsu Yuso Co., Ltd.'s Kokura Oil Depot transitioned to the use of LP gas boilers with support from Kanematsu Petroleum Corp., for an estimated 200 t/year CO₂ emissions reduction● Entered an alliance with The Norinchukin Bank to reduce GHG emissions in the agriculture and food industries● Entered a business alliance with Asuene Inc., which provides cloud services used to reduce CO₂ emissions● Implemented GX accelerator activities (Groupwide decarbonization project team) Core members: 8; registered members: 48 (20 in fiscal 2022)
<div></div> <div>Mutual Development with Local Communities</div> <div>Through our global operations, we will support the lives of people around the globe, work on improving social infrastructure, and contribute to the sustainable growth and development of local communities.</div> <div></div>	<ul style="list-style-type: none">• Regulatory changes and business continuity risk due to legal or political changes• Decline in relationships of trust due to defects in infrastructure or services provided• Business continuity risk due to human rights issues in business regions	<ul style="list-style-type: none">• New business creation based on initiatives to solve social issues• Building relationships of trust and stabilizing businesses through operations aligned with the needs of local communities	<ul style="list-style-type: none">■ Entered an agreement to provide inspection and analysis supplies to a quality inspection, verification, and consulting center for agricultural, forestry, and fishery products in Vietnam■ Implemented a proof-of-concept trial of blood transportation by drone in Kaga City, Ishikawa Prefecture ▶ p41● Cooperated in anti-terrorism grant program as part of the Japanese government's ODA in the Maldives and Sri Lanka● Kanematsu Vietnam supported the Vun Art employment support association for disabled persons by ordering 400 canvas bags
<div></div> <div>Creating an Environment That Enables Diverse Work Styles</div> <div>We will create a work environment that encourages each individual to leverage his or her unique talents and qualities, supporting diverse work styles. Furthermore, we will improve training programs to develop managers capable of creating and expanding businesses.</div> <div></div>	<ul style="list-style-type: none">• Declines in efficiency and productivity due to delays in creating suitable work environments• Loss of talent and business opportunities due to inadequate initiatives to create suitable work environments	<ul style="list-style-type: none">• Reinforcing competitiveness and establishing a foundation for stable growth through diversity-oriented management• Creation of new value and innovation	<ul style="list-style-type: none">● Launched D&I promotion project team directly under the President & CEO● Held D&I web training on adapting to cultural differences (682 participants)● Kanematsu University (July 2022–June 2023) ▶ p50<ul style="list-style-type: none">Basic course (161 participants)Advanced course (101 participants)Professional course (53 participants)● Business plan training (September 2022–March 2023; 52 participants)● Executive management training (August 2022–March 2023; 58 participants) ▶ p51● Implemented new activity-based work (ABW) work style● Full flextime system usage: 81.8%
<div></div> <div>Enhancement of Governance and Compliance</div> <div>We will maintain a robust supervisory system to prevent accidents and fraud and aim for sustainable growth through the transparent disclosure of information to stakeholders.</div> <div></div>	<ul style="list-style-type: none">• Business continuity risk due to internal control dysfunction• Decrease in enterprise value due to legal violations	<ul style="list-style-type: none">• Clarification of decision-making processes through the creation of a robust governance system• Increase in enterprise value through highly transparent disclosure• Strengthening relationships with stakeholders	<ul style="list-style-type: none">● Nominating Committee and Compensation Committee: Each comprise four members, of which three, including the committee chairs, are independent outside directors ▶ p68● Percentage of independent outside directors: 43% (three of seven total directors)● Held compliance-related e-learning classes● Implemented management DX, fully digitized and improved transparency of meeting operations

Addressing the Five Key Issues

Building a Sustainable Supply Chain

The Kanematsu Group's Supply Chain Management

The Kanematsu Group has codified the founding purpose of Kanematsu's founder, Fusajiro Kanematsu, in its Corporate Principle. We engage in business in Japan and around the globe based on our mission of contributing to international society and economic development. As we provide all kinds of goods, functions, and services in our wide-ranging businesses and build diverse supply chains, we recognize that protecting the global environment and human rights is an urgent issue. With an eye toward

cooperation and mutual development with our customers and business partners, we will continue to leverage the insight and know-how accumulated over Kanematsu's long history to provide goods and services with added value. Through these corporate activities, we aim to achieve the sustained development of the global environment, society, economy, and of the Kanematsu Group.

Business Highlights

Electronics & Devices



Contributing to Sustainability with Environmentally Friendly Labels

Kanematsu is developing and selling environmentally friendly labels made with LIMEX Sheet, a material developed and manufactured by TBM Co., Ltd. that is made mainly from limestone. LIMEX Sheet contains no wood pulp, and the amount of water used in its production is much lower than that used in making paper labels, helping to conserve forestry and water resources.

Not only does LIMEX Sheet offer superior durability and water resistance in comparison to paper, but compared with other synthetic papers commonly used for labels, such as polypropylene (PP) or polyethylene terephthalate (PET) sheets, the use of LIMEX Sheet for labels produces lower emissions of CO₂ and other greenhouse gases and reduces petroleum-derived plastic usage.

Foods



20 Years of Supplying Sustainable Coffee

Kanematsu recently celebrated 20 years of business with Datterra Coffee, a producer of what are considered to be the highest quality coffee beans in Brazil. As a sustainable coffee pioneer that emphasizes both quality and environmental factors, Datterra Coffee was the first coffee plantation in Brazil to be certified by the Rainforest Alliance, which aims to protect tropical rainforests and improve labor environments.

When we initiated our business with Datterra Coffee in 2003, considerations of sustainability in the food supply chain were still unusual. However, Kanematsu saw the value in Datterra Coffee's ethos of sustainability and has worked with Datterra Coffee as a partner ever since. Together, we will continue working as pioneers of sustainable coffee, further contributing to local communities and the natural environment while providing safe and delicious coffee to consumers.

Meat Products



Beef Tongue Processing at Harakara

As a long-time pioneer in the meat product industry boasting a leading market share, Kanematsu has amassed a wealth of insight and a robust product lineup. Upstream, we are working to reinforce relationships and diversify supply sources through equity investment in and business tie-ups with suppliers, while downstream we are building frameworks for the stable supply of safe, reliable products that offer high added value and meet customer needs.

As part of these efforts, we are currently advancing an initiative to have beef tongue imported by Kanematsu processed at a facility operated by the social welfare corporation Harakara in Miyagi Prefecture.

Harakara's aim of making communities more livable by creating work opportunities for people with disabilities aligns with Kanematsu's key issue of "Mutual development with local communities," which is aimed at contributing to sustainable community growth and development. The beef tongue processed at this facility has been well received by customers.

Grain, Oilseeds & Feedstuff



Aiming for a Sustainable Aquaculture Supply Chain

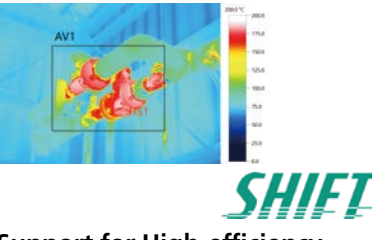
Kanematsu, UMITO Partners Inc., Ikeshita Sangyo, and Hamahei Gyogyo have jointly established the Hokkaido Japanese Sardine Fishery Improvement Project (FIP) with the aim of obtaining MSC certification.*

As the world's population increases, the global consumption of marine products is expanding, and fish farm production volume is steadily increasing, as are the importance of and needs for aquaculture products as a source of protein. However, aquaculture also presents issues related to reducing the burden on ecosystems and the global environment. For example, the production of the fish meal used as feed in aquaculture can lead to the overexploitation of fishery resources, and uneaten feed left in the water at farms can negatively affect local water quality.

Through the FIP, Kanematsu is working to build a business while solving environmental and social issues, such as those related to water pollution and biodiversity. By doing so, we aim to help increase the sustainability of domestically produced animal feedstuff ingredients and enhance the competitiveness of Japan's overall aquaculture supply chain.

* Marine Stewardship Council certification is given to marine products, such as fish, shellfish, shrimp, and crab, that meet certain conditions related to the sustainable use of natural marine products and protection of the marine environment.

Steel, Materials & Plant



Support for High-efficiency Installations for Facilities with Targets (SHIFT) Program

Based on its track record to date, in 2023 Kanematsu Petroleum Corp. was registered as a supporting organization for formulating decarbonization plans under the Ministry of the Environment's SHIFT Program. The SHIFT Program aims to create leading examples of decarbonization practices at factories and workplaces, widely publicize and horizontally apply such knowledge, and thereby contribute to achieving Japan's 2030 target for greenhouse gas (GHG) emissions reduction and 2050 target of carbon neutrality. Subsidies are granted for projects in the following two categories.

1. Formulating decarbonization promotion plans
2. Reducing CO₂ emissions through the introduction of high-efficiency equipment, fuel conversion work, or operational improvements based on such decarbonization promotion plans; calculating emissions volumes; and retiring emission allowances

Kanematsu Petroleum Corp. will use the subsidies from the national government to provide a wide range of proposals to customers through activities that include the identification of energy-saving opportunities and the subsequent introduction of high-efficiency equipment and fuel conversion work. Aiming to contribute to the accelerating tide of decarbonization across society, the Kanematsu Group will begin by steadily implementing energy-saving measures close at hand to help customers reduce their carbon emissions.

Motor Vehicles & Aerospace



Proof-of-Concept Trial of Blood Transportation by Drone

In cooperation with Kaga City in Ishikawa Prefecture, Kanematsu implemented a proof-of-concept trial of blood transportation by drone. Kanematsu and Kaga City have entered a comprehensive partnership agreement for the promotion of regional revitalization using flying vehicles and drones, and Kaga City is implementing activities aimed achieving an "industrial revolution in the sky" to attract and retain businesses in the Advanced Air Mobility industry. The trial was implemented as part of these efforts with the aim of establishing a practical medical drone delivery network in the future.

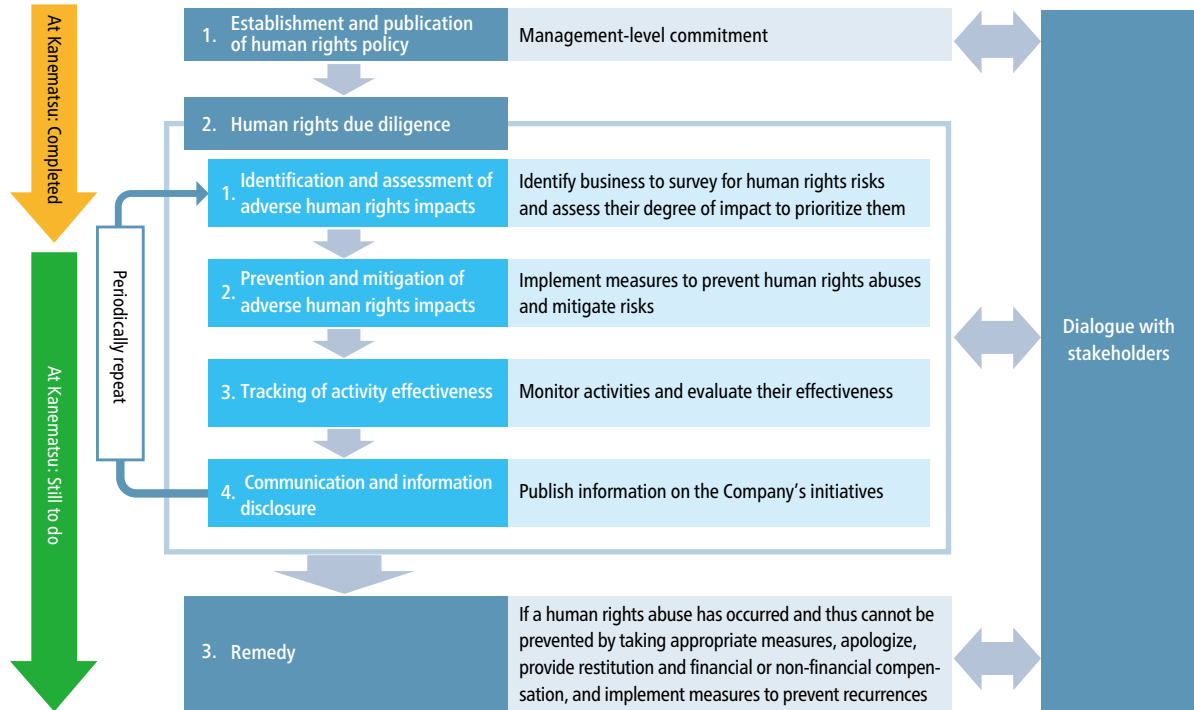
Skyports Limited, with which Kanematsu has an equity and business alliance, took part in the trial as its operator, verifying factors related to temperature control, temperature management, and the number of deliveries possible using drone transportation. The trial featured the first flight in Japan of the Kookaburra drone made by Swoop Aero, flying along two delivery routes of 6 km and 10 km between medical facilities in Kaga City.

By combining the functions and experience of Skyports and the Kanematsu Group's network, we will continue working toward the practical implementation of drone businesses in Japan and contribute to the creation of a sustainable society.

Building a Sustainable Supply Chain

Initiatives to Ensure Respect for Human Rights

Overview of Efforts to Respect Human Rights in Business



Note: Diagram prepared by Kanematsu based on a diagram created by the Ministry of Economy, Trade and Industry

Frequency of Human Rights Issues by Sector according to an External ESG Database and Similarity to the Company's Businesses

Sector	Technology Hardware and Equipment	Electronic and Electrical Equipment	Software and Computer Services	Telecommunications	Food and Beverage	Industrial Metals
	Kanematsu's Businesses Semiconductor Components, Semiconductor Equipment	Industrial Electronics, Electronic Materials	ICT Solutions	Mobile	Foods	Steel
Human rights issues						
Poor employment conditions (Appropriate working hours)						
Poor employment condition (Appropriate wage)						
Social discrimination / Discrimination in employment						
Occupational health and safety issues						
Freedom of association and collective bargaining						
Forced labor						
Child labor						
Local participation issues / Impacts on communities						
Privacy rights						
Overall						

Sector	Oil and Gas	Chemicals	Construction and Materials	Industrial Engineering	Aerospace and Defense	Automobiles and Parts
	Energy	Functional Chemicals	Plant and Infrastructure	Machine Tools & Industrial Machinery	Aerospace	Motor Vehicles and Parts
Human rights issues						
Poor employment conditions (Appropriate working hours)						
Poor employment condition (Appropriate wage)						
Social discrimination / Discrimination in employment						
Occupational health and safety issues						
Freedom of association and collective bargaining						
Forced labor						
Child labor						
Local participation issues / Impacts on communities						
Privacy rights						
Overall						

Selected as businesses to survey for human rights risk

Establishment of Kanematsu Group's Human Rights Policy

In February 2023, the Kanematsu Group's Human Rights Policy was established, with the approval of the Board of Directors, based on United Nations Guiding Principles on Business and Human Rights and international norms related to human rights. Our founding purpose, "Let us sow and nurture the seeds of global prosperity" aligns with our contemporary conceptions of the public good and

contribution to society, to the international community, and to humanity. The starting point for all of Kanematsu's corporate activities, we carry this purpose forward with us in our Corporate Principle. The Kanematsu Group's Human Rights Policy is based on the Corporate Principle and clarifies our measures to ensure respect for human rights in order to fulfill our responsibilities to all stakeholders.

For more details, please visit our website. https://www.kanematsu.co.jp/en/sustainability/respect_to_human_rights/

Human Rights Due Diligence

The Kanematsu Group has established and continuously operates a system of human rights due diligence to identify and assess adverse human rights impacts on stakeholders involved with its business activities in order to prevent or mitigate such adverse impacts. We began the process of identifying and assessing adverse impacts by

identifying businesses to survey for human rights risks from among our wide-ranging businesses. Next, we assessed the impact of the potential human rights issues anticipated in the identified businesses in terms of likelihood of occurrence and severity of impact.

Identifying Businesses to Survey for Human Rights Risks

To begin the human rights risk survey, we first utilized an external database on ESG issues to compare our businesses against sectors that have a high frequency of human rights issues in order to estimate the frequency of each type of human rights issue in each of our businesses. As a result of this process, based on the number of issues in each sector in the broader economy and the degree of

similarity of our businesses with these sectors, we determined that the energy and food businesses should be the survey targets. Note that we determined that the Group's plant and infrastructure business is dissimilar to the database's construction industry sector as it handles facilities and equipment specific to ODA-related projects.

Building a Sustainable Supply Chain

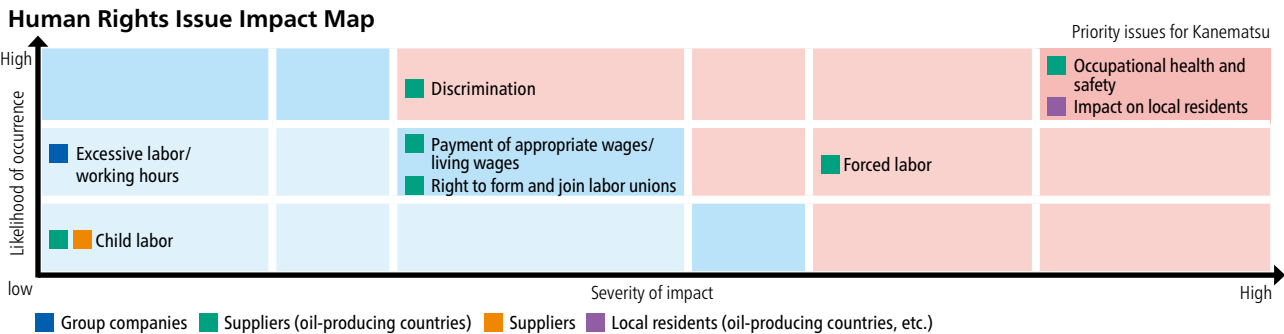
Initiatives to Ensure Respect for Human Rights

Human Rights Issue Impact Assessment

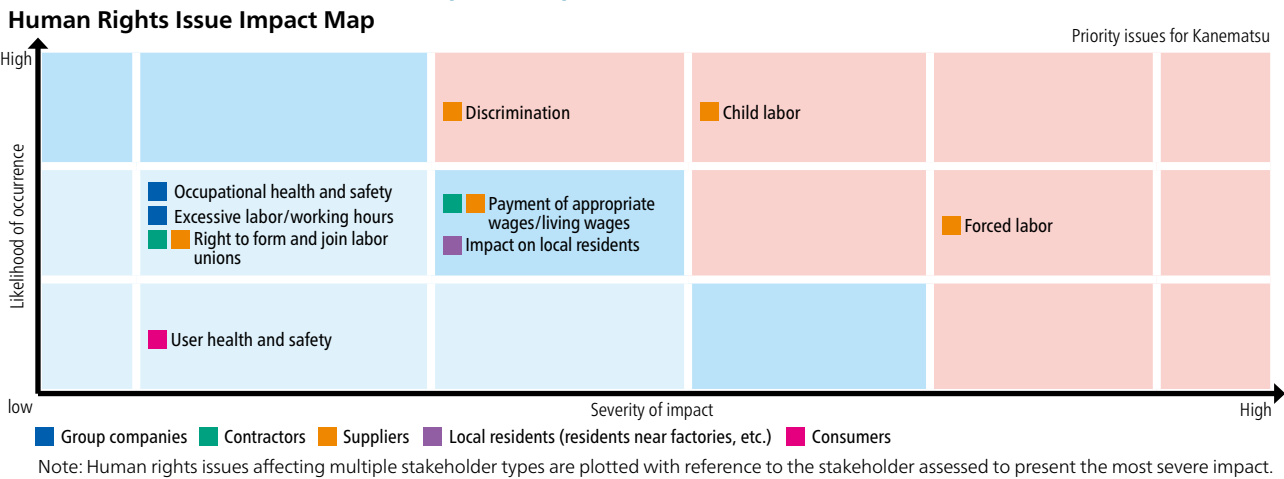
Next, we assessed the impact by stakeholder* of the potential human rights issues anticipated in the energy business and foods business in terms of likelihood of occurrence and severity of impact. Based on these assessments, we plotted a human rights issue impact map for each of these businesses.

* Stakeholders included in assessments: Employees, Group companies, contractors, suppliers, local residents, and consumers

Energy Business



Foods Business (sesame, coffee, food products processed in China)



Identifying Salient Human Rights Issues

Through the human rights issue impact assessment, we identified and prioritized the salient human rights issues and impacted stakeholders in each of our businesses (human rights issues in red are those of particular priority in that particular business).

Sector	Procurement		R&D, production			Shipping	Sales Employees	Distribution	Use by customers Consumers	Disposal/recycling
	Local residents	Contractors	Suppliers (overseas)	Suppliers (domestic)	Suppliers (Kanematsu Group)					
Energy	Impact on local residents		• Forced labor • Discrimination	Occupational health and safety						
Foods			• Forced labor • Child labor • Discrimination							

Initiatives Going Forward

The next step will be to compile information on current initiatives in each business and develop a human rights due diligence plan. We will also investigate the potential and actual impact of each human rights issue and begin to consider prevention and mitigation measures.

Decarbonization Initiatives

Disclosure based on the TCFD Recommendations

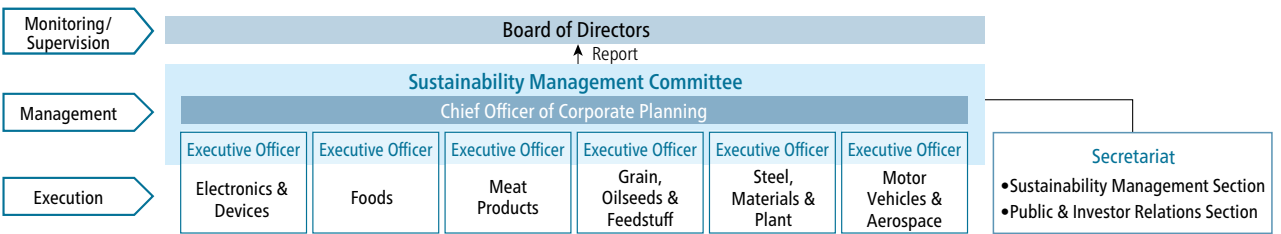
Kanematsu endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in June 2021. We strive to disclose information in accordance with the TCFD's framework to make it easier for stakeholders to learn about and understand the climate change-related risks and opportunities associated with our business. A summary of this disclosure is provided below, with more details available on a dedicated page on our website.

Please visit our website for details. <https://www.kanematsu.co.jp/en/sustainability/tcfd/>

Governance and Risk Management

TCFD recommended disclosures	Our initiatives (summary)	
Describe the board's oversight of climate-related risks and opportunities.	Monitoring organization	Board of Directors
Describe management's role in assessing and managing climate-related risks and opportunities.	Role of management	Discussion and reporting in the Sustainability Management Committee meetings, which are attended mainly by the Chief Officer of Corporate Planning and COO (executive officers)

Governance System



Risk Management

TCFD recommended disclosures	Our initiatives (summary)	
Describe the organization's processes for identifying and assessing climate-related risks	Identification and assessment	Business divisions
Describe the organization's processes for managing climate-related risks	Management	Sustainability Management Committee
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Integration (reporting, monitoring and supervision)	Business divisions → Sustainability Management Committee → Board of Directors

Strategy

The promotion of investment in environment-related business areas is one of the priority initiatives under our medium-term vision, *future 135*, and we consider addressing climate change to be a business opportunity.

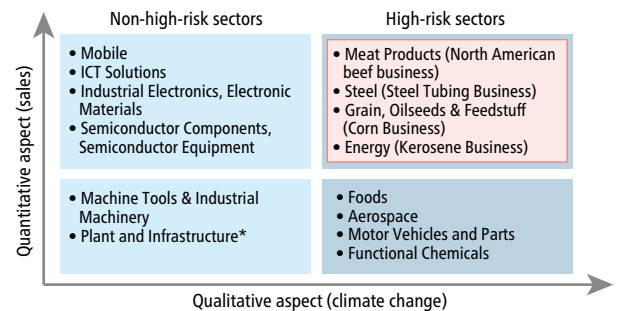
We have conducted a scenario analysis on the Group

businesses selected as subject to significant impact from climate change. As a result of the analysis, we believe that even though both risks and opportunities exist in all the scenarios, the impact from opportunities surpasses that from risks.

Selection of Businesses for Scenario Analysis

To evaluate the qualitative impact of climate change on the Group's businesses, we first classified them into high-risk sectors and non-high-risk sectors as per the TCFD recommendations. Next, we categorized the impact on the Group from the quantitative perspective of sales. Of the four businesses that showed a large qualitative impact and quantitative impact, we selected the businesses that account for a relatively large portion of our sales on a consolidated basis (IFRS revenue) for scenario analysis.

- Continued from fiscal 2022: North American beef business, steel tubing business
- Selected in fiscal 2023: Corn business, kerosene business



* The Kanematsu Group's plant and infrastructure business mainly comprises Official Development Assistance and Joint Crediting Mechanism projects



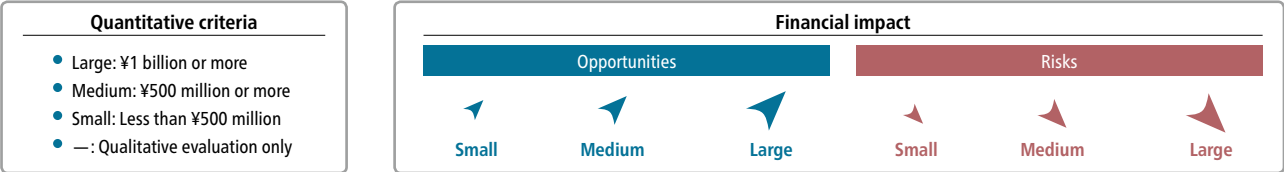
Decarbonization Initiatives

Disclosure based on the TCFD Recommendations

TCFD recommended disclosures	Our initiatives (summary)
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	<div>Risks and opportunities</div> <ul style="list-style-type: none">Performed scenario analysis of four businesses with a large impact on the Group on the basis of climate-related impacts (qualitative aspect) and sales/profit (quantitative aspect)Analyses of the corn business and kerosene business, which were newly included in fiscal 2023, are shown below <p>For the analyses of the North American beef business and steel tubing business, please visit our website https://www.kanematsu.co.jp/en/sustainability/tcfd/</p>
Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	<div>Impacts</div> <p>Categorize into large/medium/small</p>
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	<div>Analysis results</div> <ul style="list-style-type: none">Potential risks and opportunities exist for the North American beef business, steel tubing business, corn business, and kerosene business in all scenariosOn the basis of the analysis, we are formulating business strategy that focuses on climate change-related opportunitiesWe will promote investment in environment-related business areas as a priority initiative under our medium-term vision, <i>future 135</i>→ Achievement in fiscal 2023: Investment in Australian environmental technology startup Samsara Eco <div>Special Feature: Innovation Investment ▶ p32</div>

Impacts of Climate-Related Risks and Opportunities

The financial impacts of climate-related risks and opportunities presented here are the impacts on the profits or expenses of the businesses selected for the scenario analysis, not on those of the Company as a whole. The impacts are classified into three categories: Large, medium, and small.



Corn Business

Climate change drivers			Risk (×) Opportunity (○)	Financial impact	4°C scenario		2°C or lower scenario		Measures
					2030	2050	2030	2050	
Transition risks	Policy and legal	Increased adoption of carbon pricing	×	Increased carbon pricing burden on processing facilities	▲	▲	▲	▲	Revise sales prices
		Tightening CO ₂ regulations	×	•Increase in procurement costs as a result of higher local operational costs caused by rising fuel prices •Increase/decrease in transportation costs resulting from rising fuel prices	▲	▲	—	—	Select and develop production areas in neighboring regions with shorter transport distances
	× ○		▲		▲	▲	▲		
	Technology	Adoption of plant-based meat alternatives	× ○	Decline in demand for feed as result of decreased demand for beef and other meats caused by the adoption of plant-based meat alternatives	—	—	▲	▲	•Sell raw materials for DAIZ Inc.'s Miracle Meat (plant-based meat) •Begin supply of grain for use in plant-based meat alternatives
	Market	Changes in consumer awareness and preferences	× ○	Decline in demand for feed as a result of decreased demand for beef and other meats	▲	▲	▲	▲	Establish feed mills for chickens and pigs, which will see relatively small declines in demand
		Technology development and market expansion for renewable energy fuels	×	Increase in procurement costs as a result of rising raw material costs caused by increased demand for non-feed uses, such as ethanol production	—	—	▲	▲	Revise sales prices
			○	Growth in demand for raw materials for low-GHG emission products	—	—	▲	▲	Cultivate demand for bioplastics
		Fluctuations in electricity costs	×	Increase in electricity costs at processing and storage sites	—	—	—	▲	Revise sales prices
	Reputation	Reputation among customers, consumers, and investors	×	Changes in reputation among customers, consumers, and investors based on process of climate-change measures	—	—	—	—	•Begin supply of grain for use in plant-based meat alternatives •Sell raw materials for DAIZ Inc.'s Miracle Meat (plant-based meat)

Climate change drivers			Risk (×) Opportunity (○)	Financial impact	4°C scenario		2°C or lower scenario		Measures
					2030	2050	2030	2050	
Physical risks	Physical (acute)	Intensification of abnormal weather (e.g. cyclones, floods)	×	Loss of sales opportunities due to supply chain disruption					•Implement initiatives to strengthen supply chain resilience •Diversify suppliers and domestic storage locations
	Physical (chronic)	•Rise in average temperature •Changes in rainfall and other weather patterns	×	•Increase in procurement costs resulting from rising corn prices •Decline in corn harvest due to worsening droughts	—		—		•Revise sales prices •Develop new production areas

Risk A significant decline in demand for corn feed is expected as a result of slowing demand for beef and other meats in the 2°C or lower scenario.

Opportunity Demand is expected for low-GHG emission products, such as bioplastics.

Kerosene Business

Climate change drivers			Risk (×) Opportunity (○)	Financial impact	4°C scenario		2°C or lower scenario		Measures
					2030	2050	2030	2050	
Transition risks	Policy and legal	Increased adoption of carbon pricing	×	Increase in operational costs (use of energy, use of fuel for Group vessels and cars, etc.) due to increase in carbon taxes					•Revise sales prices •Sell low-carbon products
		Tightening CO ₂ regulations	× ○	•Stricter energy-saving standard regulations •Decline in sales resulting from reduced demand for kerosene caused by a shift toward low-carbon energy •Increase demand for renewable energy					Expand renewable energy businesses, such as the biomass fuel business
	Technology	Development and adoption of low-carbon technologies	× ○	Increase in investment in the development of new technologies, such as EOR and CCS	—	—	—	—	Develop and sell products related to EOR and CCS in the steel tubing business
	Market	Replacement with low-GHG emission products	× ○	Decrease in sales due to the adoption of electrical power	—	—	—	—	Expand renewable energy business
		Rising raw material costs	×	Increase in kerosene procurement costs due to rising crude oil prices	*	*	—	—	Revise sales prices
	Reputation	Reputation among customers, consumers, and investors	×	Changes in reputation among customers, consumers, and investors based on progress of climate change-related measures	—	—	—	—	•Conduct proactive stakeholder engagement •Continue transparent information disclosure
Physical risks	Physical (acute)	Intensification of abnormal weather (e.g. cyclones, floods)	×	Loss of sales opportunities due to supply chain disruption					•Ensure BCP measures in the supply chain •Build a framework for mutual support in times of disaster with other companies in the industry
	Physical (chronic)	Rise in sea level	× ×	•Processing site relocation costs •Increase in capital expenditure to take measures against rising sea levels (relocation of facilities, etc.)	— —	 	— —	 	•Relocate distribution centers •Revise sales prices

* Based on the WEO 2022, the 4°C scenario assumes an increase in crude oil prices as a result of increased demand, and the 2°C or lower scenario assumes a decline in crude oil prices due to decreased demand.

Risk The 2°C or lower scenario forecasts a decline in demand for kerosene as a result of tighter regulations, and the 4°C scenario forecasts an increase in procurement costs due to increased demand.

Opportunity Expansion of the renewable energy business and sales of low-GHG emission products.


Decarbonization Initiatives

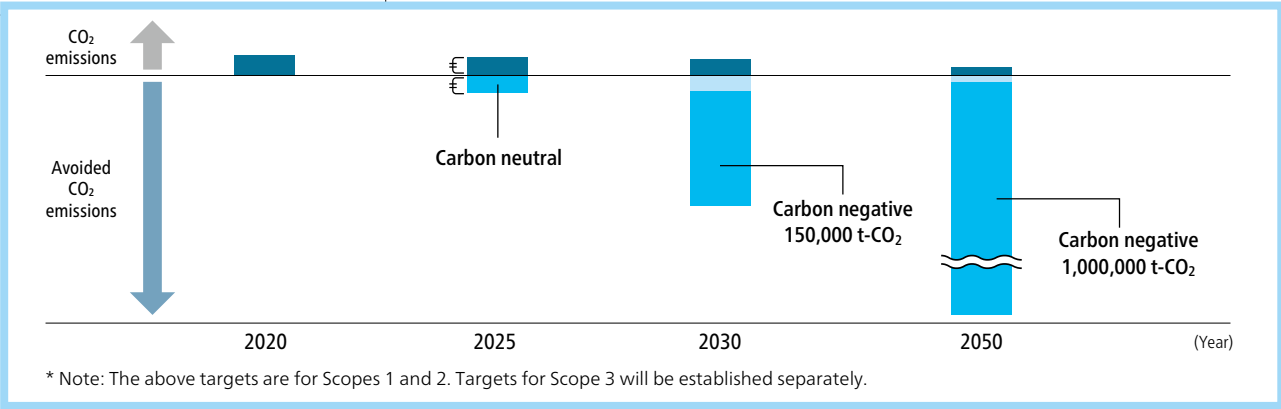
Disclosure based on the TCFD Recommendations

Metrics and Targets

First, we will aim to quickly achieve carbon neutrality by 2025. We will reduce CO₂ emissions by shifting to renewable energy. Any remaining emissions that cannot be reduced in this way will be offset with the credits generated from our businesses—converting our contribution to GHG emissions reduction via REDD+ projects into credits—to achieve carbon neutrality. From there, we will continue

expanding our clean fuel and renewable energy businesses, REDD+ projects, and Joint Crediting Mechanism projects to increase avoided emissions, aiming to become carbon negative with negative net emissions of 150,000 t-CO₂ and 1,000,000 t-CO₂ by 2030 and 2050, respectively, and thereby contribute to the reduction of GHG emissions both within Japan and internationally.

TCFD recommended disclosures	Our initiatives (summary)
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	<div>Metric</div> CO ₂ emissions
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions and the related risks	<div>GHG emissions</div> <div>Fiscal 2023: 28,321 t-CO₂ (97 Group companies, including the Company) (Assured breakdown: Scope 1: 9,507 t-CO₂ / Scope 2: 18,814 t-CO₂) Please visit our website for the independent verification report on these figures (Japanese)  https://www.kanematsu.co.jp/sustainability/files/Independent_Assurance_Report_jp_20230810.pdf Fiscal 2022: 29,497 t-CO₂ (95 Group companies, including the Company) (Assured breakdown: Scope 1: 9,772 t-CO₂ / Scope 2: 19,725 t-CO₂) Fiscal 2021: 27,800 t-CO₂ (94 Group companies, including the Company) (Estimated breakdown: Scope 1: 9,200 t-CO₂ / Scope 2: 18,600 t-CO₂)</div>
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	<div>Targets</div> <div>2025 Carbon neutral¹ 2030 Carbon negative²: -150,000 t-CO₂ 2050 Carbon negative: -1,000,000 t-CO₂</div> <div>1. Carbon neutral is a state in which the Group's CO₂ emissions (Scopes 1 and 2) are balanced with the credits generated by the Group through forest conservation projects and Joint Crediting Mechanism projects and avoided emissions. 2. Carbon negative is a state in which the credits generated by the Group through forest conservation projects and Joint Crediting Mechanism projects and avoided emissions exceed the Group's CO₂ emissions (Scopes 1 and 2).</div>



Mutual Development with Local Communities

Social Contribution through Our Operations

Every employee of the Kanematsu Group, as a good citizen, acts with an awareness of the importance of their social responsibilities, proactively working to solve social issues through business and social contribution activities with the aim of realizing a sustainable society. At the same time, through volunteering, employees broaden their horizons, learn new values, and gain new insights, helping to create richer and more vibrant communities.

Please visit our website for details. https://www.kanematsu.co.jp/en/sustainability/contribute/social_contribution.html

Creating an Environment That Enables Diverse Work Styles

Human Capital Management

The Promise of Human Capital Management
Leveraging the Strengths of a Trading Company

Kanematsu's human capital management initiatives are steadily evolving. In November 2022, with the head office move, Kanematsu adopted an activity-based work system, realizing a flat approach to working that transcends the barriers between divisions. The cheerful expressions on the faces of the employees are the greatest testament to the success of the change to new work styles. Employees can be seen spending their lunch time as they please at Café The Perch, the café located in the center of the office, and quietly pondering new projects in the library area.

At the same time, Kanematsu recently announced a robust Human Capital Policy, reflecting the evolution of its D&I—diversity and inclusion—initiatives to include equity, becoming DE&I. Indeed, Kanematsu has been conducting educational activities, such as Pride Week, a series of events to promote understanding of DE&I, including LGBTQ+ issues, held to coincide with the promulgation of Japan's LGBTQ Understanding Promotion Act. Furthermore, the Company is engaged in active discussions aimed at creating a new personnel system.

I see particular promise in Kanematsu's implementation of human capital management leveraging its strengths as a trading company. Now in my fifth year as an outside director, I feel that there is something remarkable about Kanematsu's intellectual capital, the core of the Group's intangible assets. Through the repeated creation of businesses from scratch, in and outside Japan, Kanematsu has built up a wide-ranging wealth of expertise in business creation. At the same time, the Company's invaluable bonds with its business partners, based on relationships of trust, are an important intangible asset in the form of social and relationship equity. Needless to say, intangible assets are what investors focus on most, as they are essential to the creation of the tangible assets of businesses and their successes.

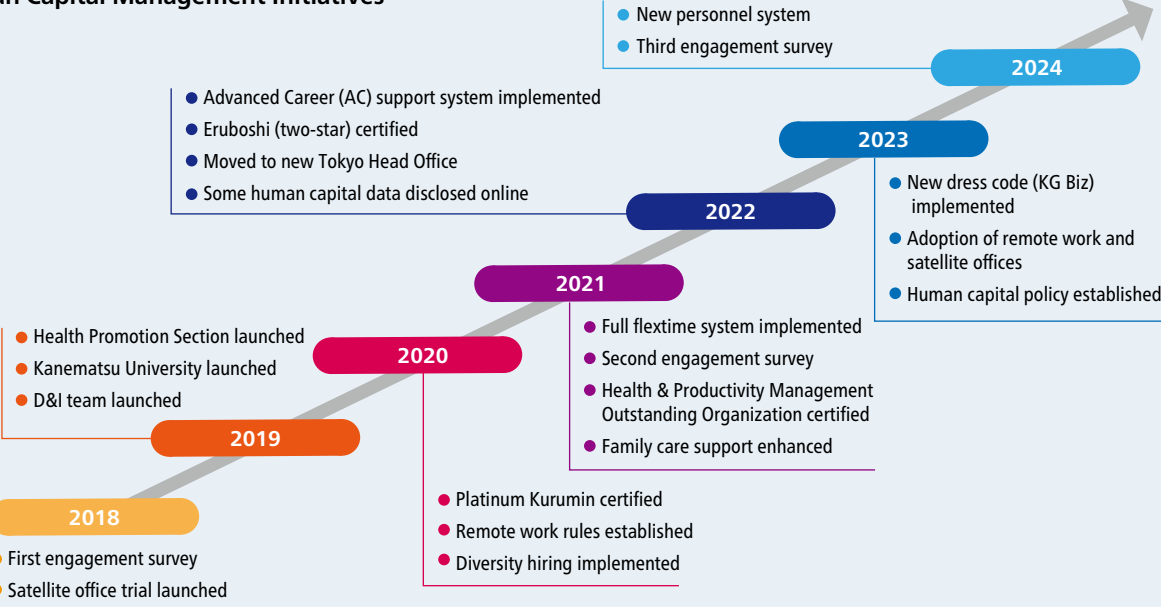
And, of course, the source of this intellectual capital is nothing other than human capital.

In my role as an outside director, I will do my utmost to help Kanematsu leverage its strengths as a trading company to the fullest in implementing human capital management that leads to business creation.



Yuko Tahara
Outside Director

Human Capital Management Initiatives





Creating an Environment That Enables Diverse Work Styles

Human Resource Development

Human Capital Development Policy

In accordance with on the Human Capital Development Policy presented on page 27, we are implementing the following initiatives based on the key human resource development themes shown below.

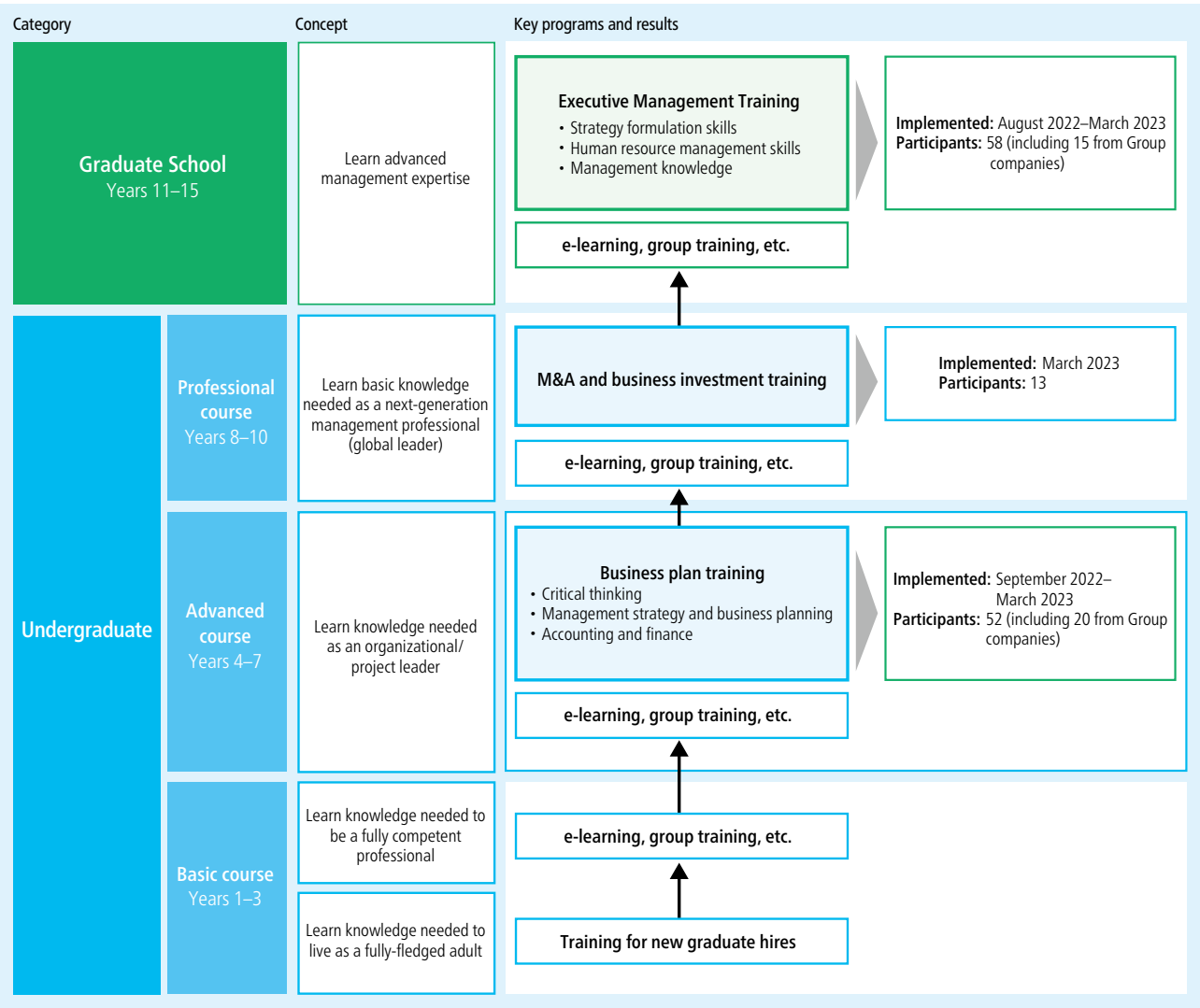
► Acquisition of Added Value and Expansion of Scale

Kanematsu University

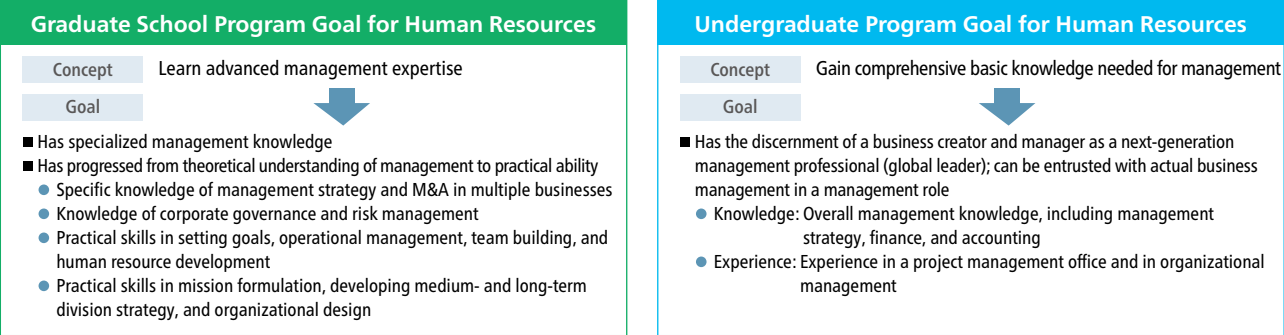
Kanematsu University, a reinforced, more systematic version of previous training systems, was launched in July 2019 to develop management professionals who will create new businesses. The university curriculum comprises three categories: 1. General education, 2. Interpersonal knowledge and skills, and 3. Professional knowledge and skills. Courses are administered via e-learning or group

training, depending on the content. The rich array of content ranges from the fundamental, such as business manners and foreign languages, to specialized knowledge and skills, such as business investment, legal matters, and anger management. Through Kanematsu University, we are developing the next generation of management-level human resources.

Human Resource Development Programs and Participants (July 2022–June 2023)



Overall Approach to Human Resource Development



Executive Management Training

As part of Kanematsu University, a new executive management training system was created ahead of the start of classes in fiscal 2017 to foster the skills needed to operate businesses and organizations from an executive management perspective. Specifically, the targets of this training are to foster strategy formulation and human

resource management abilities and impart the basic knowledge an executive manager must have. As we aim for the acquisition of added value and expansion of scale, we are working to develop human resources with the ability to lead organizations and manage businesses.

VOICE | Comment from an Executive Management Trainee's Perspective



The six-month executive management training program consisted of lectures by outside instructors and case studies, providing comprehensive education in the practical knowledge and perspectives required in management-level human resources. In addition to classroom studies, the program included self-analysis based on 360-degree evaluations, interviews with current management-level professionals, and group work with the other trainees from a wide range of divisions. Through this wide array of stimulating inputs, the course prompted us to reexamine our own values and articulate our own visions for our futures.

The executive management training enabled me to not only increase my basic knowledge of management but gain a more concrete understanding of what it will take to reach the vision I have for my future, which I feel was extremely valuable. Going forward, I will apply what I have learned to my current work, continuing to engage in friendly competition with the other participants as I leverage these insights in new business creation and organizational operations.

Monetary and Time Investment in Human Resource Development (Non-Consolidated)

Monetary investment	¥91.39 million; ¥110,000 per full-time employee ¹ (Cost of Kanematsu University: ¥67 million; ¥150,000 per participant) 1. Number of employees calculated based on full-time equivalent (FTE); does not include employees on leave, re-hired retirees, or temporary employees
Training hours	Total training hours ² : 20,403; 25 hours per full-time employee (Kanematsu University training hours: 47 hours per participant) 2. Total for Kanematsu University courses

Notes 1. Data for July 1, 2021 to June 30, 2022
2. Total training hours for the 43 Undergraduate program courses and Graduate School program (per-student basis).
• Basic course (175 participants): 63 hours
• Advanced course (112 participants): 28 hours
• Professional course (47 participants): 19 hours
• Graduate School (102 participants): 50 hours



Creating an Environment That Enables Diverse Work Styles

Human Resource Development

Sowing Seeds to Create a New Portfolio

Diversity Hiring and Mid-Career Hiring

To create a new business portfolio that goes beyond merely iterating on our existing businesses, we believe that we will need to enter new markets with new products and customers that we cannot adequately approach with our existing internal knowledge and experience. We are therefore working to secure diverse human resources.

In our new graduate hiring, with an eye to recruiting

students with diverse backgrounds from around the world, we are hiring international students graduating from Japanese universities and Japanese students graduating from overseas universities. In addition, we are expanding mid-career hiring to bring in knowledge and experience that differs from what we have internally.

VOICE | Comment from a Non-Japanese Citizen Employee



Yoonwoo Kim
Section 1, Motor Vehicles & Parts Department No. 1

I came to Japan to from South Korea in 2015, and after graduating from a four-year university here, I was hired as a new graduate by Kanematsu. Kanematsu caught my interest and I chose it because, as a trading company with diverse functions that operates in a wide range of business areas around the world, I got the sense that it would offer me the chance to take the lead in blazing my own path forward.

Currently, in parallel to my work in Kanematsu's existing motor vehicle and parts exporting business, I am also engaged in new business creation efforts. Leveraging my background, knowledge, and experience, I am working with companies in South Korea to formulate a new EV-related business.

Going forward, I hope to get this new business off the ground, and eventually expand it globally.

VOICE | Comment from a Mid-Career Hire



Yoko Kaneko
Oilseed & Processed Soy Products Section,
Food & Grain Materials Department

I came to Kanematsu as a mid-career hire in 2020. My work now is mainly in importing canola and other edible oil raw ingredients and selling them to food product manufacturers in Japan. I have many years of experience in handling food ingredients at a trading company from my previous job, and I apply that experience to business every day.

Looking at Kanematsu from the outside, before I was hired, my impression was that it was a kind of collective of experts, one in which each individual was highly knowledgeable about the products they work with. In line with that idea, in my current work, I strive to exert a presence as a true professional for my customers.

Rather than merely concentrating on sales, I am aware of the importance of making proposals that connect with the broader visions of customers, and I hope to take on new challenges and widen my horizons in order to realize such proposals.

Fostering Experience through Transfers

Taking advantage of the wide variety of businesses of the Kanematsu Group, we are deepening the diversity of our human resources' knowledge and experience through internal transfers and personnel exchanges with Group companies and portfolio companies. In addition, we have established a career consulting team of qualified career consultants to provide an environment that supports employees' autonomous career development.

VOICE | Comment from a Member of the Career Consulting Team



Wakaba Yokoo
Human Resources Planning Section, Human Resources Department

Today, as life spans grow longer, it is more important than ever for individuals to autonomously develop their careers. At the same time, companies are being called upon to provide systems and environments that support such efforts. In addition to support through a transfer system that respects individuals' career aspirations, we also provide more intangible support by leveraging the knowledge we offer as a result of our professional qualifications. By providing career-related training, disseminating information, offering consultations, and conducting interviews, we will continue to provide support for autonomous career development tailored to each employee.

Promote Groupwide DX

Developing DX Business Personnel

In our supply chains, we are promoting DX in cooperation with our business partners to aid them in overcoming the difficulties they face in transforming their operations, with the goal of utilizing digital and automation technologies to transition to next-generation businesses.

We believe that our DX business personnel must possess both insight into digital technologies and the

ability to combine this with business acumen. We are therefore not only implementing training to enhance IT literacy, but implementing personnel exchanges with Group companies that handle digital technologies to develop professionals who can promote DX in step with our business partners' levels of digitization.

Furatto, Degitaru?

From January 2023, the Company has operated the DX data website called "Furatto, Degitaru?" for use in-house and by Group companies. Centered on cases of internal DX initiatives, we distribute content every other week in the form of articles, webinars, and columns on the topics of the vividness and realism of the DX project based on the business format and situation of general trading companies.

In the six months since the announcement, over 80% of employees have viewed online videos, and the



A webinar for a dialogue about the Company's case of centralizing

effort has helped create specific uses for digital technologies. We nurture a DX mindset among every Group employee and provide support for taking the first step toward utilizing digital technology. Going forward, we will expand content, mainly themes based on viewer data analyses and interview surveys, as a part of our efforts to nurture grounded DX personnel. (The illustration below is the internal declaration banner for content distributed in the past.)



A participation report for an exhibition tour for employees interested in owned media



Creating an Environment That Enables Diverse Work Styles

Work Environments for Employees

Work Environment Policy

We are implementing the following initiatives based on the Work Environment Policy (see p. 27).

To enhance employee engagement, we have designated four core values for organizational and corporate development, as shown in the diagram at right: Leverage Individuality, Equality & Respect, Support Ambitious Efforts, and Work Style Options. Going forward, we will revise the core values as needed to maximize the abilities of all of our people.

The key themes of our Work Environment Policy are as follows.



▶ Leveraging Individuality through Diversity, Equity and Inclusion (DE&I)

The Diversity and Inclusion (D&I) Team (now the DE&I Team) was launched in 2019 to proactively incorporate many kinds of difference. We aim to grow in size and strength as a global company that will continue to contribute to society over the next century and, to this end, to be a flexible organization in which everyone is compensated fairly and equitably and able to fully utilize their diverse abilities.

Companywide Initiatives

Kanematsu has formed a DE&I Team that is promoting respect for and acceptance of diverse values and ways of thinking in order to create environments that will make it easier for all employees to work and utilize their abilities. To encourage employees to take ownership of DE&I issues, we provide Companywide e-learning, share

information about the careers of diverse employees, and hold lectures. In fiscal 2022, we established a Companywide project team for efforts in this area, and in fiscal 2023, under the direct control of the President & CEO, this team implemented initiatives to accelerate inclusion.

VOICE | Comments from DE&I Team Members



Kouta Ito
Section 2, Industrial Electronics
Department

Tsuzumi Hirano
Salary & Benefits Administration Section and
Human Resources Planning Section, Human
Resources Department

Kouta Ito

Motivated by a desire to make Kanematsu a better company by utilizing the strengths of diverse divisions and people, through the DE&I team, I promoted the use of more informal language between employees of different levels and organized lunches for people interested in common topics, aiming to foster a flatter culture in which everyone can freely talk to one another regardless of rank or position.

Tsuzumi Hirano

Motivated by a desire to enable all women to be themselves and thrive, and to provide opportunities to learn and think about challenges related to health, career, and mental health, I organized an International Women's Day event with a focus on learning about these topics as they directly impact employees.

Support for Balancing Work and Childcare

Since 2020, Kanematsu has received "Platinum Kurumin" certification from the Ministry of Health, Labour and Welfare. This certification is granted to companies that are implementing particularly high-level initiatives to support their employees in balancing work and childcare. Aiming to enable employees to autonomously engage in their work and continue to fully participate professionally regardless of the ups and downs of life events, we are expanding our

systems of shortened work hours for childcare, flextime, and discounts on babysitting services. Furthermore, in October 2022 we introduced a childcare leave system, "Hello Baby" leave, aimed promoting childcare in a more genderless way, and we are working to further improve conditions internally to support employees.



Women's Participation and Advancement

In August 2022, Kanematsu received "Eruboshi" certification from the Ministry of Health, Labour and Welfare. This certification is granted to companies that have implemented excellent efforts to promote women's participation and advancement in the workplace. Kanematsu was certified as having attained the second of three levels (two stars), having met the certification standards in the four categories of "recruitment," "length of continuous employment," "working hours and work styles," and

"diverse career development paths." Indeed, we have implemented systems that allow employees to choose from diverse career paths, including a system for rehiring employees who left the Company to accompany a spouse who was transferred to another location and a system that allows region specific employees to take manager or assistant manager positions.



VOICE | Comment from an Employee Working Overseas



Kumi Kawata
Board Member and Treasurer, General Manager, Accounting &
General Affairs Department, Kanematsu Taiwan Corporation

Since December 2021, I have been stationed in Taiwan as Treasurer of Kanematsu Taiwan Corporation. I am responsible for overall administrative operations of Kanematsu Taiwan and other Group companies in Taiwan.

My work includes not only finance and accounting, in which I have previous experience, but extends across personnel, general affairs, legal, and IT, which take on every day through trial and error. It is often difficult, but getting to broaden the scope of my work and knowledge is also fun and satisfying.

I joined Kanematsu as a region specific employee that could only be assigned to work within a specified area, and I had never even been on an overseas business trip, so I feel very fortunate to have had the chance to bring my family (my spouse and two children) with me on an overseas assignment, and to have had the understanding of those around me necessary to do so. Making the decision to change to a career-track position, which entails being stationed overseas, and pushing myself in this way has broadened my horizons. I hope to use this broader perspective to contribute to the Kanematsu Group through my work.

General Employer Action Plan (Women's Participation and Advancement)

Duration	April 1, 2019 to March 31, 2024
Issues the Company Faces	Although Kanematsu hires a certain number of women every year, the percentages of women among all new graduate hires, employees in core operations, and employees in management positions are low.
Targets	1. Increase the number of women working in core operations in assistant section manager-level or higher positions to 35 (from 27 at the end of fiscal 2019) 2. Increase the percentage of women among new graduate hires to 42% (from 34% in fiscal 2019).
Initiatives	Increasing the percentage of women among new graduate hires and creating systems to promote female employee retention

Years ended March 31	2019	2020	2021	2022	2023
Female career-track employees* at fiscal year-end	52	54	64	66	68
Female employees at manager level or above at fiscal year-end	3	4	5	7	9
Female responsibility band employees at fiscal year-end	27	28	31	31	38
Women among new graduate hires	34.0%	39.0%	51.0%	63.6%	43.9%

Note: Figures for Kanematsu Corporation (non-consolidated)
* Employees for whom work location is determined according to the Company's needs and not restricted to any specific area. These employees eventually move into core operations.

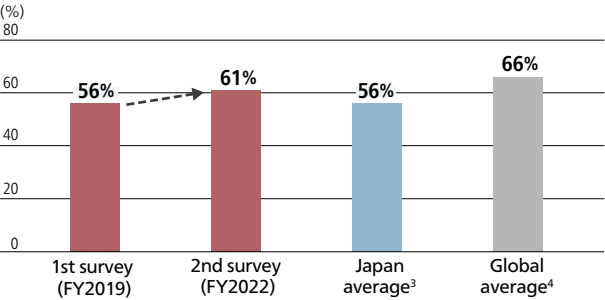


Creating an Environment That Enables Diverse Work Styles
Work Environments for Employees

▶ Enhancing Engagement to Maximize Performance

Kanematsu has made improving employee satisfaction a priority initiative under *future 135*. As part of efforts in this area, we carry out employee engagement surveys of all Kanematsu employees to understand where we stand and the issues we face, verifying the effects of measures implemented as we work to enhance employee satisfaction. We carried out the first employee engagement survey in fiscal 2019, followed by a second survey in fiscal 2022, the halfway point of *future 135*. The second survey showed improvement in employee satisfaction compared with the first (Figures 1 and 2).

Figure 1. Survey Results on Employee Engagement¹



- 1. Employee engagement: An indicator of employees' commitment to the Company and motivation to proactively engage with their work
- 2. Effective employee utilization: An indicator of how appropriately human resources are allocated and whether work environments are employee-friendly in a way that helps them utilize their abilities to the fullest
- 3. Japan average calculated across approximately 90 companies with approximately 800,000 employees
- 4. Global average calculated across approximately 700 companies with approximately 7,000,000 employees (average score of the top 10% of global companies by financial performance in their respective industries)

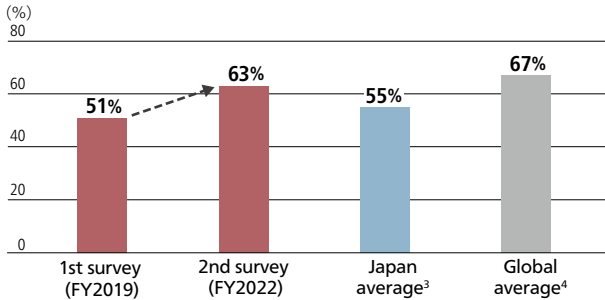
We believe the improvement in employee satisfaction reflects the effects of the measures we have implemented, including the launch of Kanematsu University, workflow reform through systems and other infrastructure improvement, and the promotion of DE&I and health and productivity management. However, the survey also showed that our level of employee engagement is still below the global average, and multiple hurdles to increasing employee satisfaction remain, such as organizational silos and the need to develop a culture that encourages ambitious efforts. To address these issues, we are implementing the following initiatives.

Hitotsubu Club

In light of the engagement survey finding that there is a need for greater encouragement for those taking on new challenges, in July 2022, we launched the Hitotsubu ("One Seed") Club as a cross-divisional community.

Employees take part in the Hitotsubu Club on a voluntary basis, regardless of division, seniority or position, to formulate and develop ideas and proposals for new businesses through interactive events and chat. When proposals are deemed promising, the Company provides support to bring them to fruition.

Figure 2. Survey Results on Effective Employee Utilization²



As of June 2023, events have been held nine times, providing a venue for ambitious efforts aimed at cultivating a new culture. These included "Alumni Seminars" with former employees who have started their own businesses, as well as lectures and discussions with executives of other companies, enabling participants to share diverse insights and actively explore ideas. The club's group chat has been similarly active, with more than 80 participants.

Multiple proposals that have sprung from this initiative are now moving forward through further study, and



Lecture event with Shigeharu Asagiri, President and CEO of Kyodoshoji Corporation, which sells COEDO Beer

one has received final approval resulting in capital expenditure.

To expand this project in fiscal 2024, five employees volunteered to act as the club's secretariat and have been operating it since April of this year. With the stated mission

of creating a corporate culture within Kanematsu of ongoing business creation by embracing challenges and change, the secretariat will formulate bottom-up proposals for new projects and systems aimed at further developing our corporate culture.

Activity-Based Working

Reflecting Kanematsu's founding purpose, "Let us sow and nurture the seeds of global prosperity," we believe that in order to sow the seeds of new businesses and flexibly change and adapt while continuing to create value, we must go beyond conventional approaches of

operating within organizational silos to generate innovation that spans business areas. To this end, coinciding with the relocation of the Tokyo Head Office, we have adopted activity-based working (ABW).



VOICE | Comment from the Head Office Relocation Project Managers



Kensuke Tanaka
Human Resources Planning Section,
Human Resources Department

Hisashi Kajiuchi
Manager, General Affairs Section,
General Affairs Department

ABW is a work style in which employees can choose for themselves where to work with a sense of purpose in line with the specific work they are doing that day and their schedule, much like a free address system. We decided to include all divisions, without exception, in ABW, with the aim of enlivening interaction between employees of different divisions and ages all throughout the Company. By providing spaces that better enable employees to communicate and collaborate or to concentrate on their work, I think that we have been successful in providing value that only such an office can so that employees will want to come into the office, which is all the more meaningful today.

The new head office received the Minister of Economy, Trade and Industry Award in the 36th Nikkei New Office Awards, which recognize offices that provide outstanding comfort and functionality.

Press release https://www.kanematsu.co.jp/en/press/20230915_003129.html

New Personnel System

We are discussing revisions to the personnel system that will facilitate a climate in which each employee can set challenging goals for themselves and thereby raise the level of the entire organization, as well as the establishment of systems that reward such efforts and achievements.

Creating an Environment That Enables Diverse Work Styles
Work Environments for Employees

Diverse Work Styles

Flextime System

In fiscal 2022, we implemented a full flextime system to promote flexible work styles. In principle, employees can freely adjust the times they begin and end their work in accordance with the varying demands of their own schedules, enabling more individually optimized and efficient work styles.

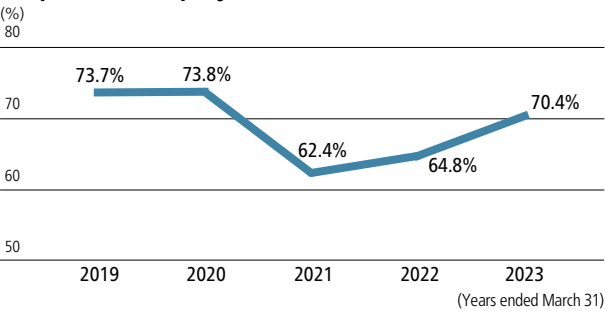
Telework System

To promote employee well-being and to enhance work efficiency by, for example, reducing time spent in transit when visiting sites out of the office, we established a telework system encompassing working from home and from satellite offices in April 2023. Aiming to respect employees' autonomous work styles while improving corporate performance, we position telework as one work style option.

Encouraging the Use of Paid Vacation/Leave

Kanematsu has established the Bronze Week Plus System for encouraging the planned use of annual paid vacation days. This is intended to make it easier for employees to take off the time they are entitled to and create workplaces that are more comfortable and rewarding. We will continue working to create even more employee-friendly workplaces and aim to help employees maintain a healthy balance between their work and private lives.

Annual Vacation Usage Rate (All Kanematsu Corporation Employees)



Bronze Week Plus System Outline

Definition: The Bronze Week Plus system makes it easier to take off a bridge day between two ordinary days off, the day before or after a three-day weekend, or two days before or after a normal weekend, effectively extending the number of consecutive days off for the individual to four or more.

Purpose: This system is aimed at helping employees have special experiences that are difficult to realize with shorter breaks so that they will feel refreshed and have new ideas that they can then put to use in their work.

Kanematsu Group Work Style Grand Prize

We held the Kanematsu Group Work Style Grand Prize over the week of August 1–5, 2022, to share positive examples and model cases of flexible work styles achieved using our internal systems as well as the dreams and goals behind them, while also prompting employees to reexamine their own work styles. An entry that included the triple-threat of work, graduate school, and time with family won the most votes from employees and took the grand prize.

Kanematsu Group Work Style Grand Prize winner
Yuya Tani, Legal Section No. 1, Legal and Compliance Department (right)
Yoshiya Miyabe, President & CEO (left)



Childcare Support Systems

In addition to maternity and childcare leave systems, we have a number of systems in place to allow parents to continue working while pregnant or raising children. These include reduced duties and time off for doctor's visits during pregnancy, time off to care for sick children, a system of shortened work hours and flextime after returning from leave, and a system of providing discounts on babysitting services. After returning from leave, employees are eligible for reduced work hours up to the end of the child's third year of elementary school and may work reduced hours with no reduction in pay until the child's third birthday. Many employees take childcare leave, and when they return to work, as a rule, they are placed

in the divisions in which they worked before. These measures are taken to create a pleasant working environment. Furthermore, on October 1, 2022, we launched a new childcare leave system called "Hello Baby" leave. This system grants employees up to eight weeks of special paid leave within the eight-week period starting the day after their child is born. The maximum legal requirement for providing paternity leave after childbirth in Japan is four weeks, unpaid. By offering leave that is up to double that length and paid, we are promoting employees' active involvement in childcare and fostering a culture in which employees can actively participate professionally regardless of gender.

VOICE | Comment from a Male Childcare Leave User



Hiroshi Ando
Manager, Finance Section, Finance Department
I took a month of childcare leave after the births of both my first and second children. As a parent, I wanted to take part in childcare and felt that I should do so more. Neither the fact that I was the father, not the mother, nor my position within the Company changed that.

When my first child was born, no managerial employees within the Company had ever taken childcare leave. However, thanks to the understanding and support of those around me, we were able to make it work, and I got to spend invaluable time with my child during the rapid growth of infancy. Even so, part of me felt like taking just one month would not make much a difference at the Company, especially compared with other parents who took longer childcare leave, but when I returned to work, the positive response was greater than I imagined. It seemed that my proactive stance on participating in childcare as a male manager had gotten across without my having to say anything. I feel that Kanematsu has cultivated an atmosphere that makes it easy to take childcare leave and has established conditions that enable all employees to autonomously engage in their work and continue to actively participate in each of their respective life stages. Leveraging my own experience and position, I hope to further advance efforts to improve conditions for employees worried about their careers or work styles after returning from childcare leave, aiming to build an organization in which employees feel they can work for a lifetime.

Family Care Support Systems

In addition to the conventional family care leave system, Kanematsu provides special paid holidays for family care ("special family care holidays"). We have also created a handbook for using support systems for balancing work and family care as part of efforts to provide information to employees who have concerns about family care. In addition, we have not only contracted with an external family care consultation service that employees can use at any time, but appointed a child-raising and family care consultation officer, enabling one-to-one consultation on these matters. Information about Kanematsu's family care-related systems is publicly available on the Ministry of Health, Labour and Welfare's *Ryoritsu Shien no Hiroba* website. In recognition of such systems, in 2021 Kanematsu was granted "Tomonin" certification as a



company that provides work environments that enable employees to balance work with family care.

Years ended March 31		2019	2020	2021	2022	2023
Users of childcare leave	Women	18	20	24	31	29
	Men	2	0	4	6	10
"Hello Baby" leave (Launched Oct. 2022)	Women	—	—	—	—	0
	Men	—	—	—	—	6
Users of special childbirth leave for spouse		12	14	7	10	2
Users of leave to care for sick children	Women	26	29	26	31	36
	Men	23	20	18	21	13
Users of family care leave		1	1	0	0	0
Users of special family care holidays	Women	11	13	11	12	13
	Men	10	10	7	8	2



Creating an Environment That Enables Diverse Work Styles

Work Environments for Employees

New Dress Code

We have updated our office dress code to enable employees to dress more appropriately for the season and climate. This change is aimed at combating global warming and protecting the environment while also promoting greater independence, productivity, and creativity by allowing each employee to choose attire that is easier for them to work in.

▶ Health & Productivity Management Focused on Employee Well-Being and Employee-Friendly Labor Practices

Initiatives for Health & Productivity Management

Kanematsu was recognized as a 2023 Certified Health & Productivity Management Outstanding Organization in the large enterprise category of the Certified Health & Productivity Management Organizations Recognition Program organized by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi. This marks our third consecutive year of recognition under the program.



Kanematsu Health & Productivity Management Declaration

Kanematsu believes that maintaining and improving employee health is a crucial management issue for achieving sustainable growth. Accordingly, to advance health & productivity management, we strive to do the following.

- 1. **Health management:** We support employees' individual efforts to proactively maintain and improve their health.
- 2. **Environment improvement:** We create workplaces that ensure employees can work without endangering their health and participate fully.
- 3. **Ongoing improvement:** We study, implement, confirm effectiveness, and take steps to improve measures related to health management and environmental improvement on an ongoing basis.

Establishment of the Health & Productivity Promotion System

Kanematsu is promoting health & productivity management based on a system comprising the Human Resources Department, industrial physicians, the Medical Center, the Occupational Health Committee, and the health insurance society, with the Chief Officer of Human Resources designated as the Health & Productivity Management Promotion Officer.

Furthermore, we have established a framework for reporting on health & productivity management initiatives to the Management Committee.

Health & Productivity Promotion System



Monitoring Employee Health

In fiscal 2024, Kanematsu plans to implement initiatives to improve the visibility of data on employee health using a health management system. Working with the Kanematsu Health Insurance Society, we will efficiently analyze data to implement effective measures tailored to employee health status.

Lifestyle-Related Illness Prevention

We are working toward the prevention and early detection of lifestyle-related illnesses through such measures as increasing the proportion of employees who undergo regular medical checkups and receive specific health guidance.

Mental Health Measures

To promote the early detection and prevention of mental health problems, we implement annual stress checks for all employees. For employees with high levels of stress, we provide counseling with industrial physicians and conduct group analyses at the organizational level. We also provide training for managerial employees on supporting the mental health of their subordinates as part of efforts to raise awareness of the importance of mental health.

Anti-Harassment Measures

To combat harassment, we have set up an internal consultation hotline, distribute a handbook to raise awareness, and conduct harassment prevention training.

Occupational Health Committee

We have established the Occupational Health Committee to protect employee health and foster a cheerful work environment. Operating under the supervision of the General Manager of Health and Safety (the General Manager of the Human Resources Department), the committee comprises industrial physicians, occupational

health managers, employees recommended by the Company, and employees recommended by the labor union. The committee meets once a month, with labor and management jointly discussing and promoting related measures while receiving advice from industrial physicians.

▶ Human Capital Targets and Results

Human Capital Development Policy

Key theme	KPI	FY2023 Result	FY2027 target
Acquisition of Added Value and Expansion of Scale	Executive management training participation rate	72.2% of career-track employees with Kanematsu for 11 years or more	100% of career-track employees with Kanematsu for 11 years or more
Sowing Seeds to Create a New Portfolio	Diverse human resource hiring rate (women and non-Japanese nationals)	27.1% ¹	35% (Four-year average)
Promote Groupwide DX	• IT Passport test pass rate • DX-related training participation rate ² • Personnel exchange with Group ICT/data business companies	— — —	100% 70% 60 employees (Four-year total)

1. Average for the five years following the *future 135* medium-term vision
2. The rate of employees who take part in either business process management training or DX project promotion training

Work Environment Policy

Key theme	KPI	FY2023 Result	FY2027 target
Leveraging Diverse Individuality through DE&I	• Percent of management positions held by women • Childcare leave usage rate among eligible men	4.9% 88%	7% 100%
Enhancing Engagement to Maximize Performance	Engagement score	61% ¹	The global average of companies in the top 10% ²
Diverse Work Styles	• Annual vacation usage rate • Full flex system usage rate	70.4% 81.8%	75% 95%
Health & Productivity Management Focused on Employee Well-Being and Employee-Friendly Labor Practices	• Rate of employees undergoing regular medical checkups • Rate of employees undergoing stress checks • Harassment prevention training participation rate	97.2% 98.1% 100%	100% 100% Keep at 100%

1. Result for the year ended March 31, 2022
2. Global average calculated across approximately 700 companies with approximately 7,000,000 employees (average score of global companies in the top 10% based on financial performance in their respective industries); this score was 66% in 2021