



**KANEMATSU**

# Sustained Growth through Value Creation

INTEGRATED REPORT  
2024



1889  
Founding

# Linking the aspirations of our founder, Fusajiro Kanematsu, to the Future

Survived the Great Depression primarily through Australian trade.  
Expanded to the United States.

Founding purpose

**“Let us sow and nurture the seeds of global prosperity”**

Since its founding, Kanematsu's fundamental values have encompassed the pursuit of economic growth through the creation of social value, with an emphasis on contributing to society and securing the well-being of all. Furthermore, we believe that we generate profit largely through a combination of diligence and passion for our work, and we conduct our business as a unified Group, acting with integrity in accordance with the rules of the organization as well as with a spirit of love for the Company and respect for people that applies to both internal and external relationships.

Our mission is to simultaneously pursue sustainable social, environmental, and economic values based on the 100% non-resource business portfolio we have built over the years.

We aim to continue to be the first choice for many of our customers and business partners by responding promptly and appropriately to change while creating new businesses as a trading company that is building a sustainable society for the present and the future.

Guided by this corporate philosophy, we will continue to aggressively challenge ourselves to create new businesses and achieve sustainable growth and returns while fulfilling our responsibilities to society and contributing to a better future.

1960s-1980s

Diversification and regional expansion  
as a trading company

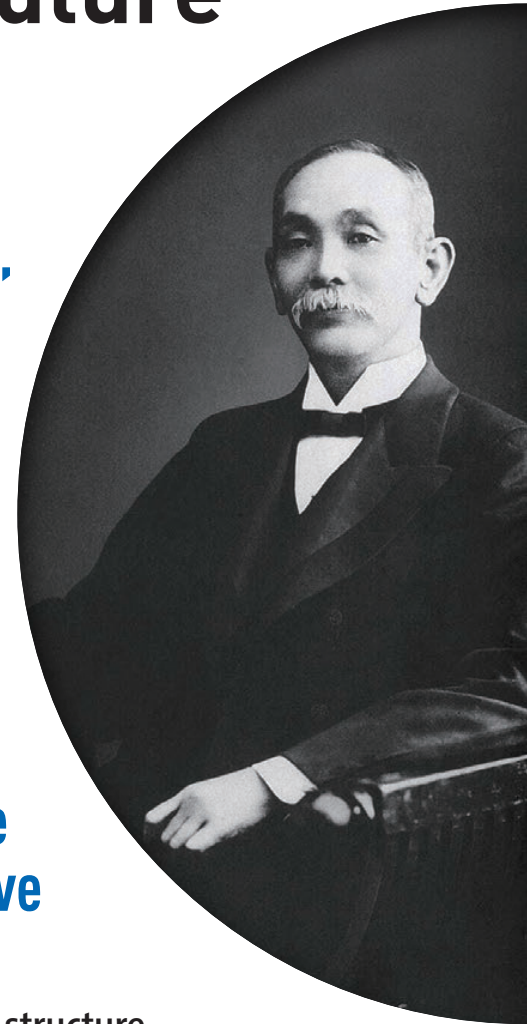
1967 Merged with The Gosho Company to form Kanematsu-Gosho, Ltd.

**Establishment of the  
foundation for the five  
current segments**

1990s-2000s

Large-scale business selection and concentration to strengthen management structure.  
Improvement and strengthening of the financial base.

1990 Company name changed to Kanematsu Corporation





# Groupwide Aggressive Management

2013

Medium-Term  
Management Plan

— Jump to next stage leading to the future —

Resumed dividend payments

2014-2017

125<sup>TH</sup>  
ANNIVERSARYMedium-Term  
Vision

VISION-130

Enhanced governance structure

M&amp;A and business succession in highly specialized fields

Completed disposal of commercial real estate holdings

2018-2023

130<sup>TH</sup>  
ANNIVERSARYMedium-Term  
Vision

future 135

- Sustainable growth with a stable revenue base
- Expanded scale and added value through effective business investment
- Quality improvement

DX Promotion

GX Promotion

Strengthened human capital management

Innovation investment

2024

135<sup>TH</sup>  
ANNIVERSARYMedium-Term  
Management Plan

“integration 1.0”

Kanematsu's Mission Kanematsu's mission is to enhance the efficiency and sustainability of the supply chain.

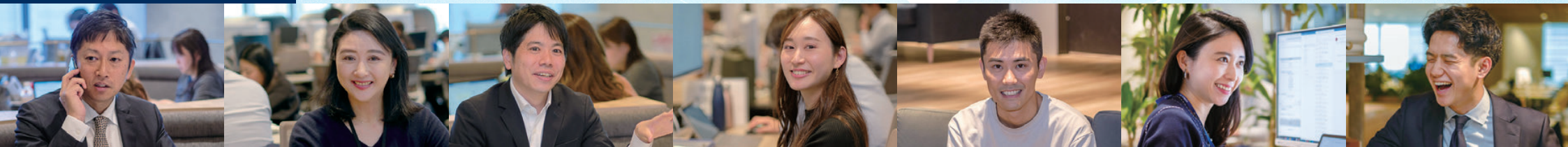
Kanematsu's  
Envisioned  
Goal

(post- "integration 1.0")

Through its long history as a trading company, Kanematsu has cultivated an understanding of the supply chain and the Group's intangible assets

2027

A solutions provider leading the transformation of efficient and sustainable supply chains





## Editorial Policy

### On the Publication of the Kanematsu Integrated Report 2024

In the *Kanematsu Integrated Report 2024*, we have focused on 1. the Kanematsu Group's highly unique intangible assets and 2. reinforcing groupwide management, both of which are critical to achieving the goals outlined in our new medium-term management plan, "integration 1.0," which was launched in April 2024.

Regarding our highly unique intangible assets, this report introduces and draws correlations between human capital, intellectual capital, and social and relationship capital, which constitute the most important of the Kanematsu Group's assets, and clarifies the strengths that the Kanematsu Group has developed and will continue to strengthen going forward. As for reinforcing Groupwide management, this report also introduces the Growth Strategy Office, a body established in October 2023 under the direct control of the President & CEO, and outlines its specific functions and roles, explaining in detail how Groupwide management will be reinforced.

In preparing this report, we referenced various relevant guidelines and responses to surveys regarding previous reports, with cooperation from departments across the Company and discussion at the Board of Directors to ensure a proper editing process and the appropriateness of the report's content.

The Kanematsu Group will continue to use its *Integrated Report* as a tool for dialogue with shareholders, investors, and other stakeholders, working to enhance disclosure and increase enterprise value.



**Shuji Masutani**

Director, Senior Executive Officer,  
Chief Officer, Finance (IR),  
Accounting, Business Accounting

### Editorial Policy

The content of the Kanematsu Group's integrated reports is based on an integrated reporting approach that references the International Integrated Reporting Framework of the IFRS Foundation, the Guidance for Collaborative Value Creation of the Ministry of Economy, Trade and Industry, and ISO 26000. We hope that the report will help readers deepen their understanding of the Kanematsu Group.



### Forward-Looking Statements

This integrated report contains statements regarding the Kanematsu Group's plans, strategies, and expectations for future performance. Such statements are inherently subject to risk and uncertainty. Actual results could diverge materially from the Group's projections due to changes in the economic and market environment surrounding the Group's business areas, such as exchange rate fluctuation.

### Scope of Report

Published:	September 2024
Period covered:	April 1, 2023 to March 31, 2024 (fiscal 2024) (Includes some information about events outside the period covered)
Scope of coverage:	Kanematsu Corporation and the Kanematsu Group
Accounting standards:	JGAAP for the year ended March 2014 and earlier and IFRS for the year ended March 2015 and after, unless otherwise noted
Group company abbreviations:	Kanematsu Electronics Ltd. (KEL) Kanematsu Sustech Corporation (KSU) Kanematsu Communications Ltd. (KCS)

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## Opening Feature Highly Unique Intangible Assets

### Three highly unique intangible assets human capital, intellectual capital, and social and relationship capital

The Kanematsu Group, after implementing its new medium-term management plan, "integration 1.0," has formulated its vision and clarified three highly unique intangible assets and business models to achieve this vision. These intangible assets are the drivers of value creation across a wide range of businesses. Below is a correlation chart of the three unique intangibles. While leveraging these assets within our unique business model, we will continue to grow toward the realization of our vision.

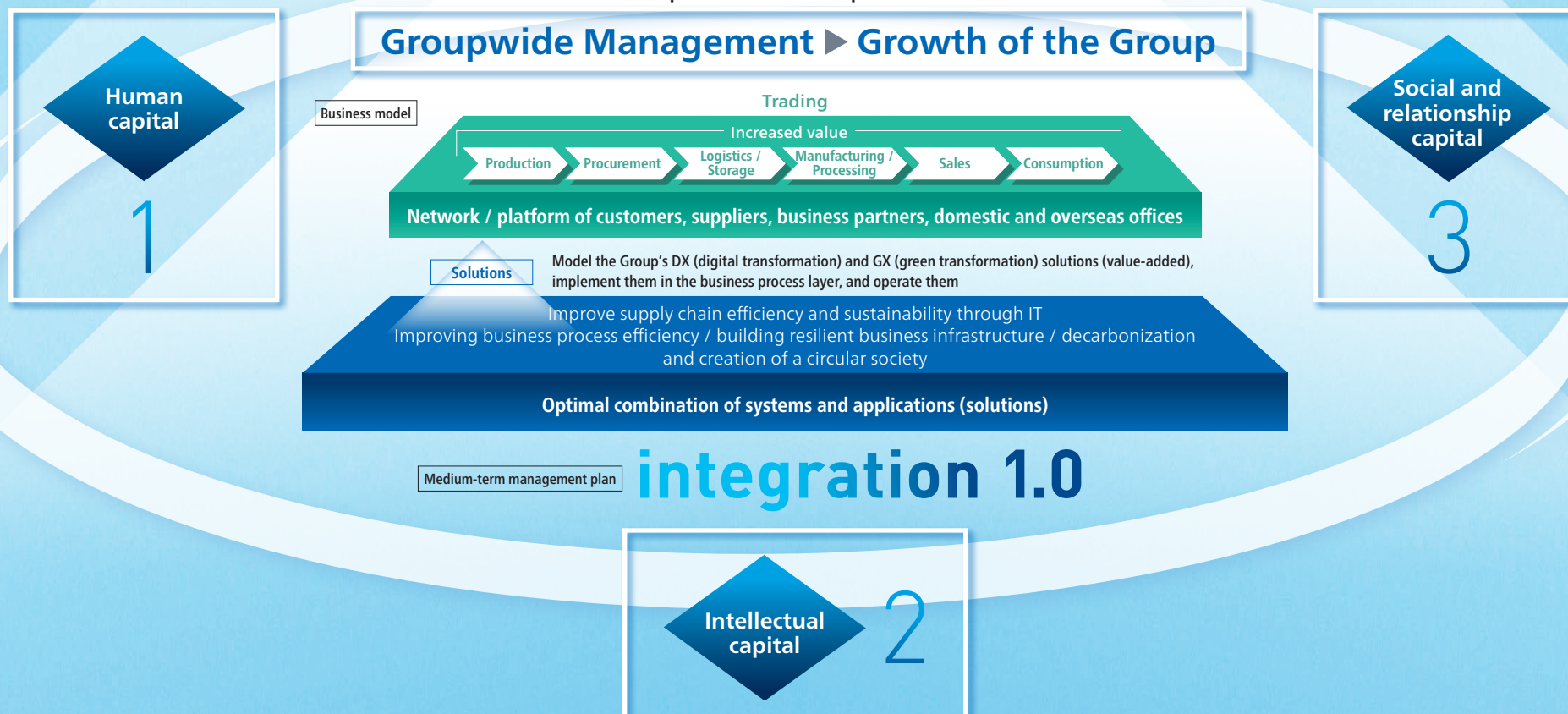
### Realizing the Envisioned Goal

(After "integration 1.0")

**A solutions provider leading the transformation  
of efficient and sustainable supply chains.**

Expansion of value provided

### Groupwide Management ► Growth of the Group



## Opening Feature

## Highly Unique Intangible Assets

Human capital

1

Of the three unique intangible assets, we view human capital as the most important in the function of a trading company. We will strive to sustainably increase enterprise value by securing and developing “Kanematsu Persons” (ideal Kanematsu individuals) who will be the source of new value creation, as well as by fostering an organization in which our human capital can fully demonstrate their abilities.

## Desired Characteristics

## Kanematsu Persons

## People who are loved and chosen by our customers and business partners

Kanematsu employees will proactively embody the following values, cherished since the Company's founding, and aim to create sustainable value in their roles as “Kanematsu Persons.”

- Sense of purpose and responsibility for solving issues faced by our customers, business partners, and society
- Sincerity in valuing mutual prosperity with customers and business partners
- Imagination, ingenuity, and ambition to sow new seeds
- Team spirit aimed at working toward common goals with enthusiasm

## Culture Design Project

Creating a corporate culture that is uniquely Kanematsu  
Spirit of Sowing seeds

▶ p 66

## Kanematsu Group

Enhancing organizational innovation through human capital development

## Human Capital Management Committee

- Aligning management and human capital strategy
- Defining what makes a “Kanematsu Person” to support the creation of new value
- Optimizing the human capital portfolio from a Groupwide perspective

## Linking Management and Human Capital Strategies

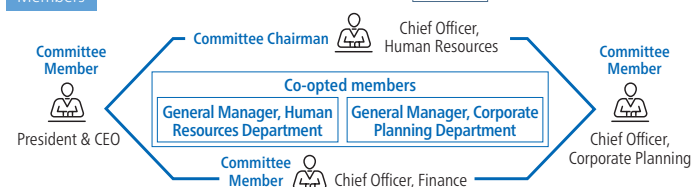
## Growth Strategy Office

- Promoting cross-selling across divisions
- Exploring and implementing innovation
- Enhancing value of investee companies
- Defining and practicing new mindsets and behavioral patterns

## April 2024 Establishment of the Human Capital Management Committee

**Objective** Strengthening human capital, the cornerstone of value creation, by aligning management strategy with human capital strategy.

**Committee Members** 4 members, 2 co-opted members ▶ p 23



## Messages from the Co-Opted Members

## Hideki Murakami

General Manager, Human Resources Department



## Returning to Our Roots While Aiming for the Future in Human Capital

In a bid to enhance decision making, the Human Capital Committee is revisiting its origins by realigning our management and human capital, which were inseparable at the time of Kanematsu's founding. By embracing an entrepreneurial spirit, we aim to maximize the potential of our employees and fulfill our responsibility to enhance Kanematsu's future corporate value.

## Messages from the Co-Opted Members

## Kazuo Kondo

General Manager, Corporate Planning Department



## Practice over theory : knowing-how in action

Rather than discussing overall strategies and policies, we would like to focus on resolving individual human capital issues crucial to the Company's medium- to long-term growth that are found in specific businesses and projects.



## Opening Feature Highly Unique Intangible Assets

One of the Group's defining characteristics is the creation of new business opportunities through the utilization of the high level of trust and intelligence (intellectual capital) derived from our employees' day-to-day engagement with 20,000 business partners in the trading business (social and relationship capital).

To leverage and enhance this strength, intelligence gathered through DX/GX will be effectively communicated throughout the Group, and effectively utilized as the basis for Groupwide management.

### Monitoring points set forth in the "integration 1.0" strategic objectives

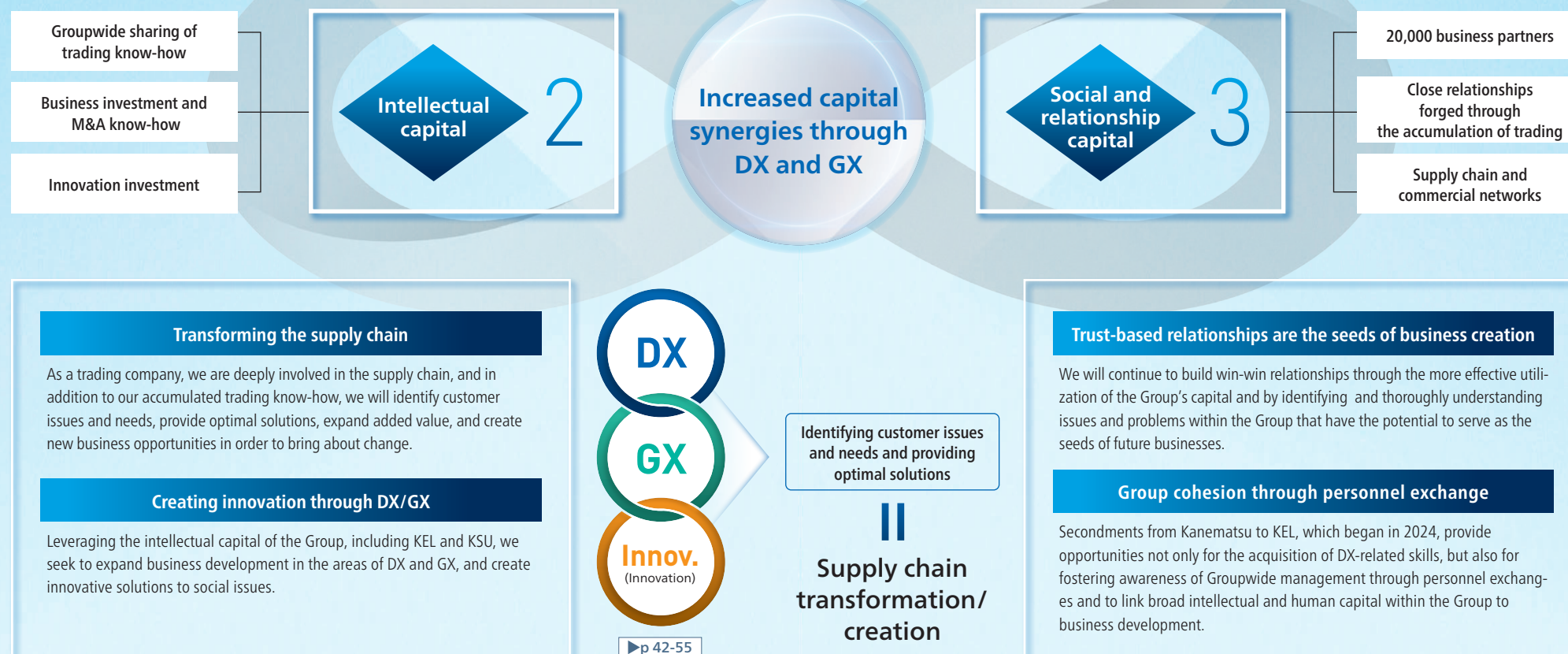
Sales promotion driven by the Growth Strategy Office

Expanding solutions that transform the supply chain

Increased number of employees embodying the new mindset and behavioral patterns, or engaging in cross-divisional projects

Improvement of profitability/ROIC at the business unit level

Contribution to CO<sub>2</sub> reduction across the supply chain



## Opening Feature Group Growth Strategies

### Establishing structure as a solutions provider

The Growth Strategy Office was established as a core organization to lead cross-divisional business development in order to promote Groupwide management with the aim of the Group becoming a solutions provider. In addition, the ICT Solution segment was established to serve as part of the infrastructure for each segment and to serve as a new pillar for the Group.

## Establishment of the Growth Strategy Office to promote Groupwide management





## Opening Feature Group Growth Strategies

### Role of the Growth Strategy Office

This organization conducts activities to promote Groupwide management without being bound by the framework of KG divisions or segments, and does not belong to any sales or support divisions. Within the Groupwide DX and GX initiatives undertaken at Kanematsu, the Growth Strategy Office provides a flexible cooperation system to promote and successfully achieve the tasks that are difficult for the individual companies and sales departments to handle.

### Meet the Team

- A. What are your strengths?  
B. What are your thoughts on the Kanematsu Group's current issues and how do you plan to strengthen Groupwide management to address these issues?



**Kazuhiro Matsuura**  
General Manager

- A** I have over 20 years of experience being responsible for leading investments and mergers and acquisitions, have been on the front lines dealing with new transactions and business start-ups, gained a familiarity with the various businesses of the Group companies, and am able to leverage contacts both inside and outside the Group.
- B** As cross-segment connections within the Group are sporadic, I will aim to serve as the keystone within the Group's metaphorical fan, forging links between companies, acting as a conduit for information, aiding in the search for new technologies and services, and acting as a control tower or pioneer in the development of new businesses.



**Emi Hirata**  
Team Leader, Business Development Team

- A** My strengths are perhaps my mental fortitude and fearlessness, cultivated through a wide spectrum of work experience in sales, planning, and investment.
- B** Limited collaboration across segments and companies is an issue. In the future, I hope to help establish a state in which active communication and collaboration occur on a daily basis within the Group, even without the existence of the Growth Strategy Office.



**Keigo Suzuki**  
Business Development Team

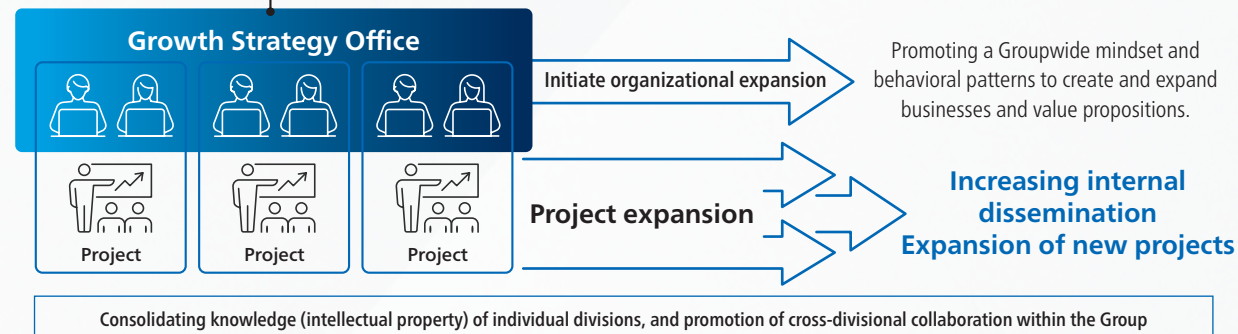
- A** My experience of being involved in many new company launches and being seconded to both domestic and overseas companies has given me the ability to be proactive and speedy in implementing PDCA cycles. I place great emphasis on acting before thinking, for better or for worse.
- B** I'd say the issue is how to promote growth of new businesses that transcend existing business frameworks. Consideration needs to be given to establishing a foundation and mechanism that supports those who are enthusiastic and willing to take on new challenges within the Group.

### The Growth Strategy Office plays a core role as a solutions provider



President & CEO

Under the direction of the president, the Growth Strategy Office takes the lead in formalizing the mindset and behavioral patterns essential for realizing the envisioned goal, disseminating them throughout the Company via project implementation.





## Value Creation Process

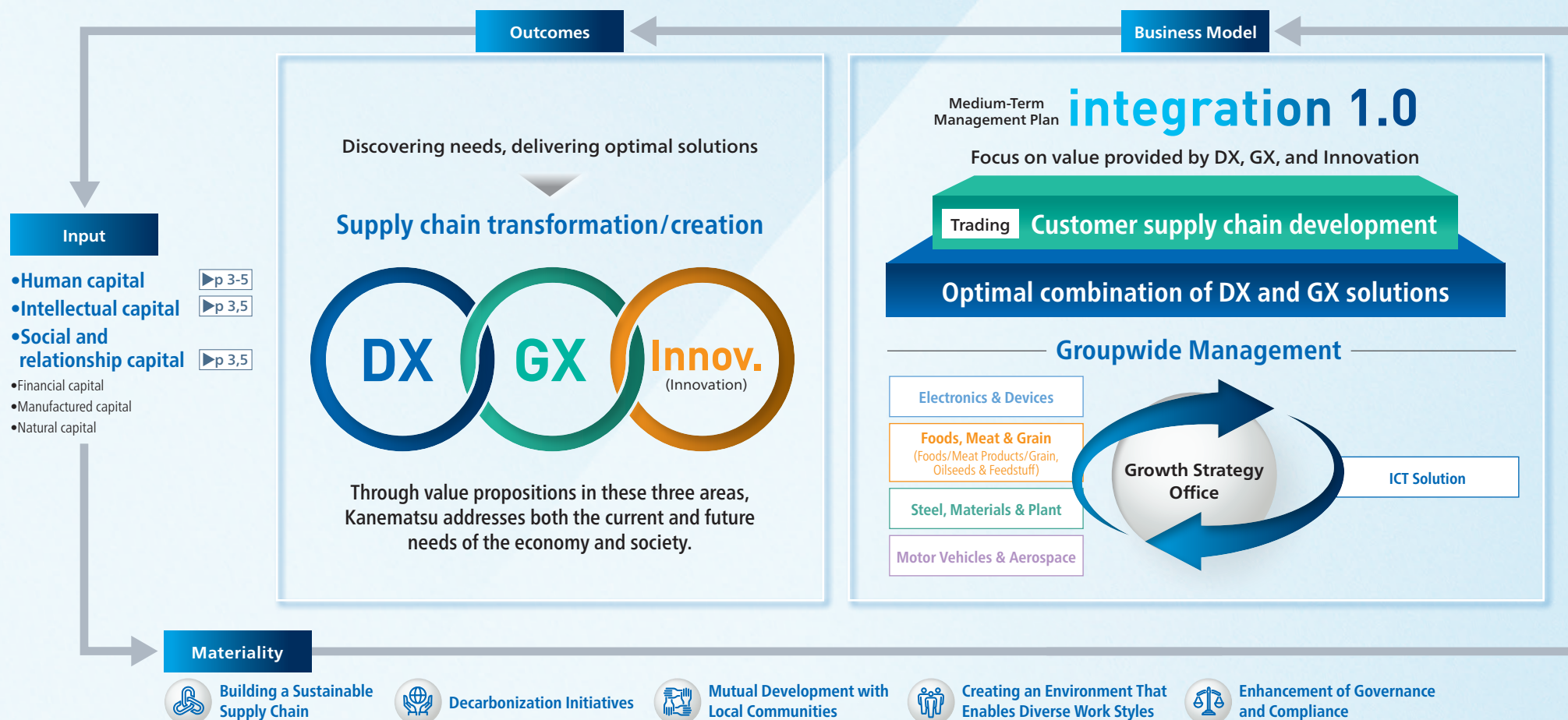
Kanematsu will implement its medium-term management plan, "integration 1.0," to become "a solutions provider leading the transformation of efficient and sustainable supply chains" through the pursuit of five key issues (materiality), backed by the capital it has accumulated, in particular its strengths in the areas of human, intellectual, and social and relationship capital. Our envisioned goal is to provide value to society through DX, GX, and Innovation by establishing the following business model.

Corporate Principle

**"Let us sow and nurture the seeds of global prosperity"**

Envisioned  
goal for  
2027

**A solutions provider leading the transformation of efficient and sustainable supply chains**





# Materiality

## The Key Issues and Our Activities

The Kanematsu Group's five materialities are based on Kanematsu's Corporate Principle, importance to management, and stakeholder expectations while also reflecting the global increase in awareness of the importance of sustainability and ESG management as well as such major trends as the shift toward decarbonization. The three key issues linked by the circle in the illustration are issues to address through business activities, while the two below the circle are key to nurturing the management base supporting said business activities.



### Building a Sustainable Supply Chain

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.



### Decarbonization Initiatives

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.



### Mutual Development with Local Communities

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.



### Creating an Environment That Enables Diverse Work Styles

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.



### Enhancement of Governance and Compliance




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.



## Materiality



## Progress on Key Issues

■ ITC Solution ■ Electronics & Devices ■ Foods ■ Steel, Materials & Plant ■ Motor Vehicles & Aerospace ● Companywide

Materiality	Risks	Opportunities	Notable initiatives (Fiscal 2024)
 <p><b>Building a Sustainable Supply Chain</b></p>	<ul style="list-style-type: none"> <li>• Business continuity risk in existing business models due to inadequate response</li> <li>• Decreased competitiveness and trust due to delay in addressing human rights issues in the supply chain</li> <li>• Unbalanced food supply and demand due to global population increase</li> </ul>	<ul style="list-style-type: none"> <li>• Growing demand for sustainable and environmentally friendly products, creation of new markets and services</li> <li>• Gaining customer trust and create new businesses based on approach that addresses sustainability and human rights issues</li> <li>• Food demand expansion and diversification due to population rise</li> </ul>	<ul style="list-style-type: none"> <li>■ Sales of environmentally friendly labels made with LIMEX Sheet (255% year on year)</li> <li>■ Increased volume of sustainable coffee sales (112% year on year)</li> <li>■ Partnership agreement signed with Danish Crown A/S of Denmark to promote sustainable pork products</li> <li>■ Received certification from the Round Table on Responsible Soy Association (RTRS) for defatted soybean contracts for the European market <a href="#">▶ p 11</a></li> <li>■ Kanematsu Sustech Corporation's Eco Wood Pile Buildings constructed: 4,637(cumulative total: 47,984) Material used: 25,882m³(cumulative total: 244,722m³)</li> <li>■ Kaneyo Co., Ltd.'s down comforter recycling business (material recycled: 8,968.2 kg)</li> <li>● Endorsement of the Task Force on Nature-related Financial Disclosures (TNFD) recommendations and disclosures in line with the Framework <a href="#">▶ p 57</a></li> <li>● Established the Action Policy for Building a Sustainable Supply Chain</li> </ul>
 <p><b>Decarbonization Initiatives</b></p>	<ul style="list-style-type: none"> <li>• Decrease in sales of related products alongside decrease in demand for fossil fuels</li> <li>• Increased burden of carbon pricing and carbon border taxes</li> <li>• Factory damage and supply chain disruption due to increasingly severe extreme weather events</li> <li>• Changes in food-producing regions due to average temperature increases</li> </ul>	<ul style="list-style-type: none"> <li>• Introduction of new products and services alongside development and popularization of new and low-carbon technologies</li> <li>• Increase in new climate change-conscious applications and products</li> <li>• Creation of new commercial channels alongside development</li> </ul>	<ul style="list-style-type: none"> <li>■ Distributed DAIZ Inc.'s plant-based meat made from sprouted soybeans and yellow peas</li> <li>■ Launched collaboration with Spiber Inc. to develop applications for Brewed Protein™, a structural protein material</li> <li>■ Joint Crediting Mechanism (JCM) projects: (1 new project; 8 projects in operation)</li> <li>■ Investment in Australian environmental technology startup Samsara Eco</li> <li>■ CARBON FLY, Inc. won the Startup Award at the Japan Summit Summer/Fall 2023 Batch</li> <li>● Entered a business alliance with Aozora Bank, Ltd. to promote the Company's supply chain GX</li> <li>● Implemented GX accelerator activities (Groupwide decarbonization project team) Core members: 7; registered members: 85 (48 in fiscal 2023)</li> <li>● Disclosures under the Task Force on Climate-Related Financial Disclosures (TCFD) <a href="#">▶ p 58</a></li> </ul>
 <p><b>Mutual Development with Local Communities</b></p>	<ul style="list-style-type: none"> <li>• Regulatory changes and business continuity risk due to legal or political changes</li> <li>• Decline in relationships of trust due to defects in infrastructure or services provided</li> <li>• Business continuity risk due to human rights issues in business regions</li> </ul>	<ul style="list-style-type: none"> <li>• New business creation based on initiatives to solve social issues</li> <li>• Building relationships of trust and stabilizing businesses through operations aligned with the needs of local communities</li> </ul>	<ul style="list-style-type: none"> <li>■ Kanematsu Sustech Corporation and Kanematsu Vietnam Co., Ltd. provided dry preservation treatment technology for a wooden building project in Vietnam. <a href="#">▶ p 11</a></li> <li>■ Cooperated in a grant program to manufacture and deliver tugboats to the Kingdom of Tonga as part of the Japanese government's ODA</li> <li>■ Selected JCM equipment subsidy project for mini hydro power project in the Philippines (GHG emission reduction: 29,342t-CO₂/year)</li> <li>■ Participated in the 2023 Salon du Chocolat - Paris with an exhibit featuring chocolates made from cacao produced in Indonesia and Guinea under a forest conservation project that contributes to CO₂ reduction in line with the Paris Agreement</li> <li>● Conducted human rights due diligence <a href="#">▶ p 59</a></li> </ul>



## Materiality

Materiality	Risks	Opportunities	Notable initiatives (Fiscal 2024)
 <p><b>Creating an Environment That Enables Diverse Work Styles</b></p>	<ul style="list-style-type: none"> <li>Declines in efficiency and productivity due to delays in creating suitable work environments</li> <li>Loss of talent and business opportunities due to inadequate initiatives to create suitable work environments</li> </ul>	<ul style="list-style-type: none"> <li>Reinforcing competitiveness and establishing a foundation for stable growth through diversity-oriented management</li> <li>Creation of new value and innovation</li> </ul>	<ul style="list-style-type: none"> <li>■ NS Technologies, Inc. received certification under the Workplace Iki Iki Advanced Company system from the Nagano Prefectural Government</li> <li>● Conducted seminars and internal events to promote DE&amp;I (International Women's Day, LGBTQ+ awareness, etc.)</li> <li>● Kanematsu University (July 2023–June 2024) <a href="#">▶ p 61</a> <ul style="list-style-type: none"> <li>Basic course (177 participants)</li> <li>Advanced course (99 participants)</li> <li>Professional course (62 participants)</li> </ul> </li> <li>● Business plan training (September 2023–February 2024; 44 participants)</li> <li>● Executive management training (August 2023–March 2024; 42 participants)</li> <li>● Full flextime system usage: 84.3% (up 2.5% year on year)</li> </ul>
 <p><b>Enhancement of Governance and Compliance</b></p>	<ul style="list-style-type: none"> <li>Business continuity risk due to internal control dysfunction</li> <li>Decrease in enterprise value due to legal violations</li> </ul>	<ul style="list-style-type: none"> <li>Clarification of decision-making processes through the creation of a robust governance system</li> <li>Increase in enterprise value through highly transparent disclosure</li> <li>Strengthening relationships with stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>● Nominating Committee and Compensation Committee: Each comprise four members, of which three, including the committee chairs, are independent outside directors <a href="#">▶ p 70</a></li> <li>● Percentage of independent outside directors: 43% (three of seven total directors)</li> <li>● Revised the Kanematsu Group Compliance Handbook (July 2023)</li> <li>● Implemented management DX, fully digitized and improved the transparency of meeting operations</li> </ul>

## Highlight 01

## Building a Sustainable Supply Chain

## Launched sales of sustainable defatted soybeans as soy sauce ingredient for the European market

Kanematsu received RTRS\* certification and began marketing defatted soybeans as a raw material for soy sauce in the European market. In Europe, where demand for soy sauce is growing along with the spread of Japanese food culture, the move toward sustainable food products is gaining momentum, especially among major retailers. We aim to build a sustainable supply chain through the supply of RTRS-certified defatted soybeans.

\*Round Table on Responsible Soy Association: A non-profit organization founded in Zurich, Switzerland in 2006 to promote responsible soybean production, trade, and increased use

## Highlight 02

## Mutual Development with Local Communities

## Kanematsu Sustech Corporation and Kanematsu Vietnam Co. Ltd. contributed to the development of wooden house structures in Vietnam

In Hanoi, Vietnam's Institute of Construction Science and Technology (IBST) and Life Design KABAYA, Inc. in Japan implemented the IBST Wooden Model Project, focusing on the construction of two-story wooden model houses. The project aims to develop safe and comfortable wooden detached houses suitable for the hot and humid climate of Vietnam, and uses wood treated with Kanematsu Sustech's "dry preservation treatment technology," which imparts high resistance to termites and decay. Wooden construction is not only safe, but also aesthetically pleasing and contributes to the reduction of CO<sub>2</sub> emissions and is expected to become a green material trend in architecture for a sustainable society. The Kanematsu Group will continue its contribution to the development of the wooden housing industry in Vietnam.

## Medium-Term Management Plan

### Reflecting on Medium-Term Vision *future 135*

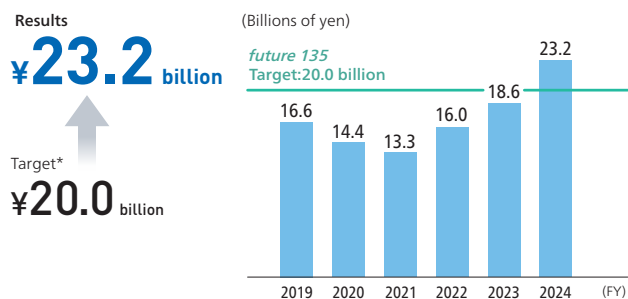
The Company has made KEL and KSU wholly owned subsidiaries, executed innovation investments in companies with innovative technologies and unique business models, and promoted Groupwide DX and GX initiatives to increase the Group's enterprise value, putting in place a structure to proceed to the next stage of the Company's development.

(Period: April 2019 to March 2024 / Revised in May 2021)

#### Achievement of targets

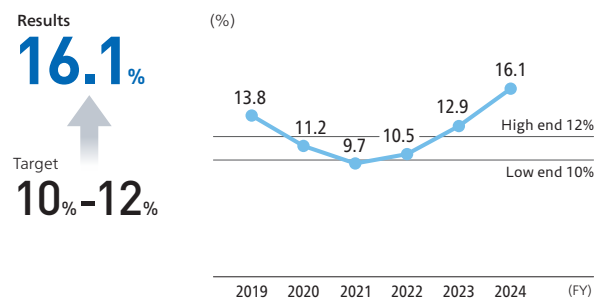
We achieved all the *future 135* revised quantitative targets.

#### Net profit

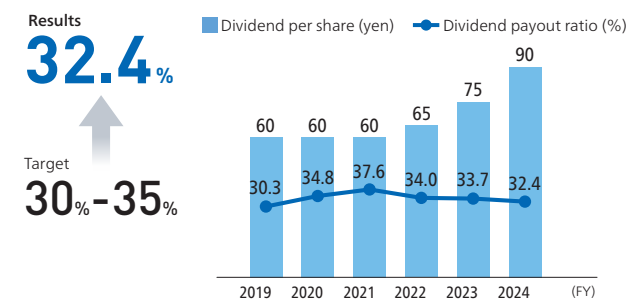


\* Target after revision of the medium-term management plan in May 2021

#### ROE



#### Total return ratio



#### Priority initiatives

### 01 Sustainable growth in fundamental businesses and expansion of the revenue base through business investments

- Achieve sustainable growth while maintaining a healthy balance of capital and risk assets backed by a stable revenue structure and financial structure
- Promote business investment in areas of strength to achieve expansion of scale and the acquisition of added value
- Invest in business segments related to environmental, social, and safety issues to support the achievement of the SDGs

#### Steel, Materials & Plant ¥13.1 billion

(South Korea) Equity participation in a steel plate processing manufacturer  
(Japan) Acquisition of a plant engineering company  
(Japan) Investment in startup companies developing next-generation bio-materials

#### Foods, Meat & Grain ¥7.7 billion

(China) Establishment of beef primary processing, manufacturing, and sales company  
(Japan) Investment in plant-based (soybean) meat production company  
(U.S.) Investment in a fresh ramen noodle manufacturing company  
(Uruguay) Additional investment in Uruguayan cattle fattening operations, etc.

#### Motor Vehicles & Aerospace ¥8.0 billion

(U.S.) Participation in a cyber security investment fund  
(U.S.) Series B investment in Sierra Space Corporation

#### Electronics & Devices ¥109.6 billion

(Japan) Kanematsu Electronics Ltd. becomes a wholly owned subsidiary  
(Japan) Kanematsu Sastech Corporation becomes a wholly owned subsidiary  
(Japan) Acquisition of additional shares of GLOBAL SECURITY EXPERTS Inc. (GSX)  
(Japan) Acquisition of shares of JM Technology, Inc.  
(Japan) Acquisition of semiconductor image sensor back-end process business  
(Japan) Acquisition of a semiconductor manufacturing (marking) equipment trading company  
(Japan) Transfer of semiconductor production equipment (IC test handler) manufacturing business transferred  
(Japan) Acquisition of cell phone sales agents, etc.

**New Business Investments**  
**Six-year total**  
**¥138.4 billion**

### 02 Response to technical innovation

- Promote Groupwide DX
- Promote and expand new businesses with advanced technology (IoT, AI, etc.)
- Invest in innovation (future-oriented development investment)

#### Key Development Investment

- (UK) Capital and business alliance with Advanced Air Mobility and drone delivery-related startup.
- (Japan) Investment in carbon nanotube manufacturer CARBON FLY, Inc.
- (Australia) Investment in environmental technology startup Samsara Eco

### 03 Establishment of management infrastructure for achieving sustainable growth

- Build a framework for global strategy, including the reinforcement of the overseas earnings base
- Invest in human resources, including the cultivation of management-level human resources
- Improve operational efficiency and employee satisfaction (ES) through continued work style reforms



## Medium-Term Management Plan

Reflecting on Medium-Term Vision *future 135*

## Key initiatives

Implemented initiatives aimed not only at meeting quantitative targets but also at laying a foundation for the medium-term management plan, “integration 1.0.”

01

### Acquiring KEL and Kanematsu Sustech

Developing new business models and transforming existing businesses through digital technology

**KEL**  
KANEMATSU ELECTRONICS LTD.

 Kanematsu Sustech Corporation

02

### Acceleration of innovation investment

Implemented an innovation investment system to incentivize the development of a future-oriented portfolio



03

### Human capital investment to achieve sustained growth

Improved employee engagement through the relocation of our headquarters

Kanematsu University: A program for human capital development



04

### Initiatives to enhance corporate value

Introduced segment-level ROIC

Performance-linked stock compensation for directors

## Issues to be solved by Kanematsu under the new medium-term management plan, “integration 1.0”



### Labor shortage

Decline in the labor force due to the shrinking population, logistics and supply chain delays caused by the 2024 problem,\* and the rise in both labor costs and the per capita labor burden



### Expediting management

Need for adaptability and strong information processing capabilities in order to quickly comprehend and meet rapid changes in customer needs and technological innovation as well as prompt decision-making capabilities to maintain competitiveness and capture business opportunities



### Addressing sustainability

Need to accommodate the social movement toward decarbonization, economic and social pressures to ensure resource circulation, and calls for clarification of commitment to corporate social responsibility

\* A general term for issues stemming from Japan's Work Style Reform Bill, including capping truck drivers' annual overtime at 960 hours

## Medium-Term Management Plan

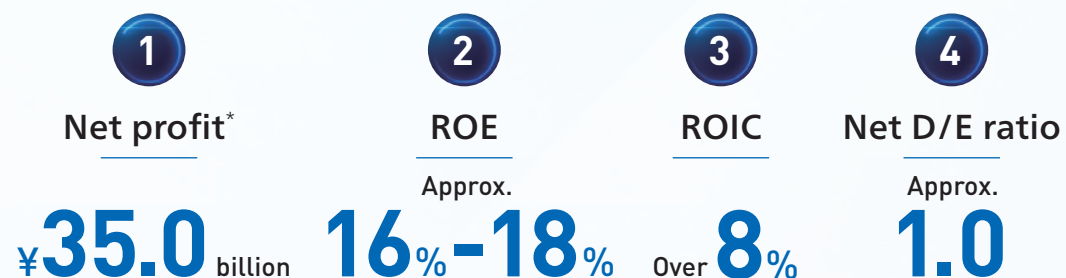
## Overview of Medium-Term Management Plan "integration 1.0"

This plan is positioned three years into the future, backcast from Kanematsu's medium- to long-term envisioned goals. The new medium-term management plan, which covers the three-year period from the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2027, is named "integration 1.0," reflecting the further promotion of the integrated management of the Kanematsu Group.

## Financial targets

(final fiscal year of "integration 1.0")

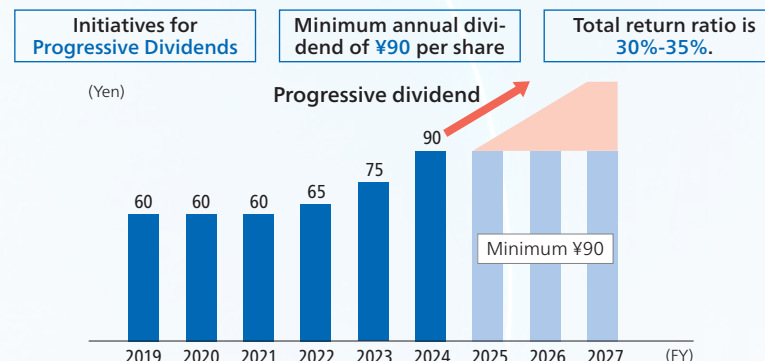
Aiming to achieve the following four goals by pursuing key initiatives while maintaining and growing a stable financial foundation



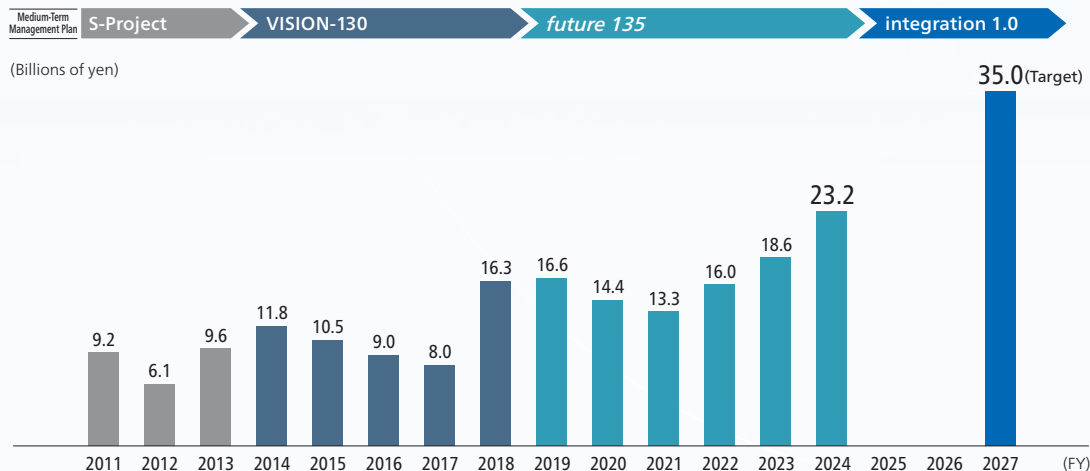
\* Net profit = Profit attributable to owners of the Parent

## Shareholder returns policy

- Introducing an annual dividend with a minimum value of ¥90 per share along with progressive dividends for the period of the "integration 1.0" medium-term management plan
- The policy includes increasing dividends in accordance with the growth of net profit, targeting a total return ratio of 30% to 35%.



## Net profit



## Column

## Medium-Term Management Plan Formulation Process

We began formulating the plan from the perspective of increasing Kanematsu's enterprise value over the medium to long term. After a series of meetings and discussions, we solidified what we defined as "Kanematsu's values," which are based on our founding purpose. This approach is oriented toward "becoming a company capable of business expansion and new business creation by integrating our two strengths of being both a specialty and a general trading company. Based on this, we considered ways in which we could provide value through DX and GX, establishing four quantitative goals with the goal of Kanematsu becoming "a solutions provider leading the transformation of efficient and sustainable supply chains."



**Tetsuro Tsutano**  
Director, Managing  
Executive Officer



## Medium-Term Management Plan

## Initiatives towards realizing the envisioned goal

The Board and management are committed to the pursuit of maximizing shareholder value.  
Enhancing market valuation by reducing the cost of capital and improving the expected earnings growth rate.

## 01 Improve Capital Profitability and Efficiency

- Increase profitability by **prioritizing investment in ICT solutions business** with high ROIC.
- Maintain and elevate **ROE to between 16% and 18%, surpassing industry benchmarks**.
- Maintain financial soundness with a targeted net D/E ratio of approximately 1.0, while pursuing efficiency through optimal leverage levels.

## 02 Minimize Capital Costs

- **A business portfolio of 100% non-resources** with minimal volatility.
- Prioritize the five key materiality issues to achieve capital cost reduction and mitigate the ESG discount.

## 03 Enhance Expected Earnings Growth Rate

- Increase revenue through **organic growth and M&A in the ICT solutions business**, along with **expansion into other segments**.
- Generate revenue by offering **new value proposition and solutions to the supply chain**.
- **Elevate the value of intangible assets** through cultivation of human capital, leading to **enhanced organizational productivity and performance**.

Enhance  
market  
valuation /  
Increase in  
PER

## Basic policies

Established six basic policies toward achieving the envisioned goal. Strategic goals for monitoring were also established. ▶P5

1

### Promotion of Groupwide management

Providing solutions to the Group's network of over 20,000 customers and suppliers

2

### Expansion of value propositions

Offering optimal solutions that are deeply rooted in supply chains and enhancing value propositions

3

### Strengthening organizational capabilities

Developing and expanding the ecosystem for collaborative creation  
Achieving new value creation through organizational transformation

4

### Strengthening human capital

Nurturing human capital as the source of value creation

5

### Enhancement of management functions

Strengthening management functions to achieve sustainable growth

6

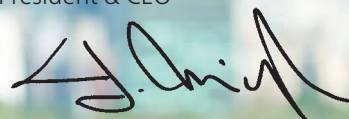
### Maximizing shareholder value

Acting on our commitment to enhancing shareholder value over the medium to long term

## Message from the President & CEO

We are implementing our latest medium-term management plan, “integration 1.0,” with the aim of becoming a trading company that provides new value to the supply chain as a solutions provider.

President & CEO



Yoshiya Miyabe

**MESSAGE  
FROM THE PRESIDENT & CEO**



## Furthering sustainable CSV management

Marking my fourth year as president, I have, for the first time, taken the lead in the formulation of a medium-term management plan. As a native of Tokyo's downtown, I consider myself to be someone who favors a democratic approach to leadership, putting me at odds with the more authoritarian approach to leadership common amongst those of my generation. Rather than demand that everyone fall in line with my ideas, I'm more inclined to suggest a collaborative effort. Accordingly, the formulation of the medium-term management plan began with internal meetings, both in Japan and overseas. Taking place over an extended period and entailing discussions with the presidents of Group companies, expatriate staff at overseas branches, and the heads of each department, the process of formulating "integration 1.0" gradually bore fruit. Having solicited the opinions of all members and examining various social issues to be solved as well as the role we are expected to play in society, we also established a vision of "a solutions provider leading the transformation of efficient and sustainable supply chains."

"New value" in this context represents value other than that furnished by our traditional trading operations, and reflects a desire to link the resolution of social issues to the Group's growth. For example, we hope to create new value by utilizing both digital transformation (DX) and green transformation (GX) to help solve such issues as Japan's nationwide labor shortage and climate change around the world. As DX progresses and generative AI and data centers become more widespread, environmental impact will become an issue due to a simultaneous expansion in power consumption. The pace of technological innovation is increasing and so is the need to achieve carbon neutrality, making GX increasingly important in the ICT field, where Kanematsu Group excels.



In a warehouse operated by [DUNEX](#), one of the largest integrated logistics companies in Indonesia and a company in which we have invested

Strengthening the food value chain in Indonesia with our partner [Cimory](#)

Furthermore, as part of the supply chain, the Group will become a "solutions provider" by delivering new value in the form of solutions to our 20,000 business partners. However, this is possible because Kanematsu is a unique trading company with trading as its main business. The information that our employees obtain from the 20,000 business partners they interact with on a daily basis constitutes an irreplaceable asset. This invaluable wealth of data offers insights into potential customer needs and challenges, insights that we believe will help us anticipate our future amid these ever-changing times when predicting what will happen next is generally considered difficult. There are things that can be learned only through real communication between people, and we will expand opportunities to provide new value by developing businesses derived from trading through this communication. This is the furthering of sustainable CSV\* management as envisioned in this medium-term management plan.

\* Creating Shared Value



Visiting [Textron](#), a U.S. aviation company with which we have been doing business for more than 30 years, a relationship that began with Textron's predecessor company

## Reflecting on future135

Under the previous medium-term vision, *future 135*, we achieved our financial targets and laid the foundation for the Group's realization of integrated management. We have also been working to expand the value we provide through DX, GX, and innovation in anticipation for the new medium-term management plan and will continue these efforts.

On the other hand, one issue that we continue to recognize as a challenge is the creation of a global strategy structure. With this in mind, we began formulating the new medium-term management plan by visiting our offices overseas and holding discussions. My impression when we began drawing up the new plan was that the regional structure that existed prior to the structural reforms implemented in 1999 was still in place and that locally led businesses had not yet taken root. We believe it is necessary in the current medium-term management plan to select and concentrate resources with an eye to how well suited they are to the Kanematsu Group as it is today.

## Message from the President & CEO

### Background and focal points of “integration 1.0”

Regarding the plan’s name, “integration” refers to the Group’s efforts to ensure integrated management as well as the integration of financial and non-financial aspects of its activities. In other words, as an organization we seek to transcend the boundaries of divisions and groups and operate as a single entity. Furthermore, as a trading company we aim to create new businesses that transcend industrial boundaries. The “1.0” reflects our desire to leave room for upgrading our management plan to match the external environment in these rapidly changing times. It is quite possible that the plan will evolve, becoming “integration 1.1,” or “2.0” depending on the situation.

Recent changes in the business environment include an acceleration toward decarbonization, rapid technological innovation in such areas as generative AI, and heightened uncertainty due to geopolitical risks. I perceive these changes as a cue for trading companies to step up to the plate. There is a pressing need for a pioneering frontier spirit that paves the way for new business models and, with rising expectations worldwide with regard to trading companies, we feel that the time has come for us to play an even more active role in the industry.

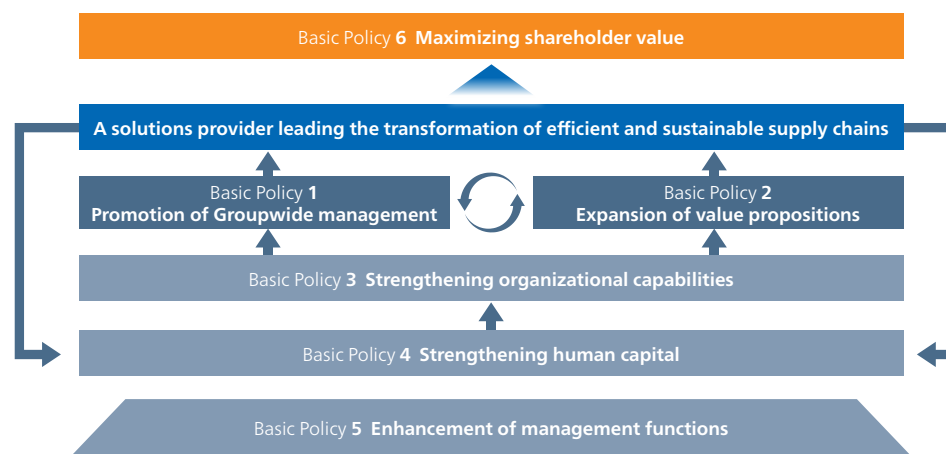
For example, it is becoming ever more difficult to realize GX without implementing such activities overseas as well. With respect to decarbonization, Japan proposed the Asian Zero Emissions Community (AZEC) concept. Several Asian countries have questioned why they have to engage in decarbonization, feeling they are unfairly targeted. Taking this as an opportunity to provide GX solutions throughout Asia, we would like to offer the Kanematsu Group’s expertise as a trading company.

In addition, the current medium-term management plan sets forth six basic policies. For maximum effect, these policies are meant to be taken in order from 1 to 6, with the first policy being the “promotion of Groupwide management.” This and the next, “expansion of value propositions,” will serve as the twin pillars of our efforts. Following on these two policies, “strengthening organizational capabilities,” “strengthening human capital,” and “enhancement of management functions” are essential. The result of this effort will be “maximizing shareholder value.” Under these six basic policies, we aim to achieve net profit of ¥35 billion in the final year of the medium-term management plan by expanding earnings through organic growth, M&A, and other corporate activities as well as by promoting DX- and GX-related businesses and innovation investments.

With regard to Groupwide management, the consolidation through takeover bids (TOBs) of Kanematsu Electronics (KEL) and Kanematsu Sustech (KSU) in 2023 have produced significant results, enabling unprecedented progress. Prior to the TOBs, each company operated independently as a publicly traded company, which limited the sharing of knowledge and customer base. Now, all three of us are able to collaborate and co-create as one, all heading in the same direction. The seeds for cross-selling have been created and have yielded real results. For example, to address security issues emerging from the advancement of DX, KEL and four other companies,

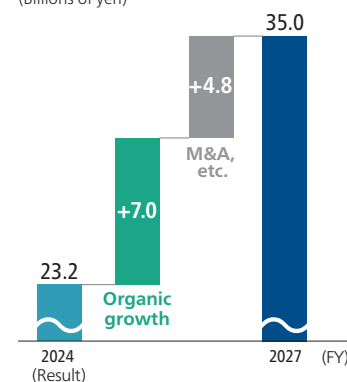
including KEL’s portfolio company, Kanematsu, have formed a security fund. Each Group company has also become increasingly aware of the need to raise the corporate value of the Kanematsu Group as a whole. In terms of strengthening organizational capabilities, we need DX and personnel exchanges to determine the best way to exchange information obtained from our 20,000 business partners on a Groupwide basis. Fortunately, 70% of the Company’s employees are employed in IT-related roles, and we are proud to say that we have a high level of IT literacy. Updating human capital requires DX, so we will increase the number of DX personnel with an understanding of the

### Six basic policies and structures of “integration 1.0”



### Net profit

(Billions of yen)



### Main contributors to increased profit

<b>Organic Growth</b> +¥7.0 billion	<b>Business Strengths</b> • Growing ICT solutions business, including security services • Growing semiconductor equipment-related businesses • Diversifying overseas food business and meat products business in Uruguay and other production areas and expanding overseas sales • Ongoing development of biomass-related businesses and Kanematsu Sustech's environmental business • Growing defense-related business
	<b>Innovation</b> Returns on innovation investments made under <i>future 135</i> (Spiber Inc., CARBON FLY Inc., Samsara Eco, etc.)
<b>M&amp;A, etc.</b> + ¥4.8 billion	<b>Expand revenue by investing in areas in which we are strong, such as ICT solutions and DX-related businesses</b>



## Message from the President & CEO

trading company business and enhance the organization to create new value by having all employees obtain IT passports, attend security courses, and be seconded to KEL.

### Valuing intangible assets and the Founding Purpose

As I touched on earlier, as a trading company, our strength lies in our people, our relationships with our business partners, and the information we can obtain from them. In other words, human capital, social capital, and intellectual capital are the Company's strengths, and we consider them valuable assets that we must continue to refine.

The main strength of our human resources, especially in terms of human capital, is the ability to get things done. Our business partners often comment that the Company "responds to any request without hesitation." This is something we take pride in as a trading company, and is an irreplaceable advantage afforded us by our human capital. I also tell my employees at every opportunity, "I want you to see your work through to the end, regardless of whether the result is successful or not." This creates a relationship of trust that deepens social capital, which, in turn, leads to business growth by generating valuable information and contributing to intellectual capital.

We believe that our human resources have been able to develop in this way largely due to the fact that the Founding Purpose has permeated the very DNA of the Company. Since its founding, the Kanematsu Group's fundamental approach has been to pursue economic growth as well as the well-being of people through the creation of social value with an emphasis on publicity and public interest.

To ensure ongoing relevance, we have launched a culture design project [▶p 66](#) charged

with modernizing the Founding Purpose. This project is led by seven young and mid-career employees who volunteered to discuss a variety of topics, including what they feel makes Kanematsu unique. By creating opportunities to earnestly reflect on our corporate culture, we hope to encourage each and every one of our employees to take ownership of an "ideal Kanematsu" as set forth in "integration 1.0," and promote Groupwide management to achieve the goals of the medium-term management plan.

### For business creation and growth

In October 2023, we established the Growth Strategy Office, a Groupwide cross-sectional organization, as a key mechanism for the promotion of integrated Groupwide management. This office consists of various business units, investment teams, business creation teams, and Kanematsu Ventures Inc. in Silicon Valley, which represents the aggregate of all of the various knowledge bases across the Group. The office's main roles are cross-divisional selling, innovation exploration, and implementation, and the value enhancement of portfolio companies. As an opening topic, the office has been discussing investment projects in terms of the value they will bring to the Kanematsu Group as a whole. To date, subjects have tended to be optimized by division, with projects emerging from each department. As the new office represents a collection of Groupwide knowledge, it is able to offer an overarching view of businesses that previously received little attention. After all, without an overarching vision, business creation is quite difficult, and we felt that simply sharing information would be too limited to promote cross-selling across divisions. The Growth Strategy Office eliminates such problems, enabling us to more effectively promote cross-divisional cross-selling and innovation exploration and implementation.

In addition, this body works closely with the Human Capital Committee to ensure that necessary staffing can be expedited. Under the new personnel system that went into effect in April 2024, the committee also revised the evaluation of work performed for other departments, making it easier to cross departmental boundaries. The committee's primary theme is strategic human resource allocation, which includes evaluating the optimization of the human resource portfolio and resource allocation throughout the Company, with passionate discussions taking place at every meeting. I am convinced that if all of our employees had a broader perspective extending beyond their own areas of expertise, we would surely discover new value and become a solutions provider that can deliver said value.

Investments in new business creation and growth are definitely budding. Leveraging the strengths gained from trading as a source of innovation through investments that utilize Groupwide resources centered on DX and GX, we will pursue our ideal vision and carry out our medium-term management plan, "integration 1.0," together with everyone in the Kanematsu Group.



## Message from the CFO



### Shuji Masutani

Director, Senior Executive Officer, Chief Officer, Finance, Accounting, Business Accounting

## “integration 1.0” —aiming to increase shareholder value over the medium to long term

### Record Profits for the Fiscal Year Ended March 31, 2024

In the fiscal year ended March 31, 2024, the final year of the medium-term vision *future135*, consolidated profit for the year attributable to owners of the parent was ¥23.2 billion, exceeding our ¥20.0 billion quantitative targets and setting a new record. ROE remained high relative to industry standards at 16.1%, well above the quantitative targets of 10%–12%. Under *future135*, in addition to sustained

growth in core businesses and the expansion of scale through investment, we made progress in strengthening our earnings base as a result of priority initiatives to increase added value and believe that our earnings power has been further enhanced. Furthermore, the Company's financial position has shown considerable improvement, with total equity attributable to owners of the Parent of ¥116.0 billion at the end of March 2018, when *future135* was launched, growing to ¥159.3 billion at the end of March 2024.

The forecast for consolidated net profit for the fiscal year ending March 31, 2025, the first year of our latest medium-term management plan, “integration 1.0,” is ¥25.0 billion, an increase of 7.7% year on year, indicating a favorable start to the new plan thus far.

### Basic Policy for Financial Strategy under “integration 1.0”

Under “integration 1.0,” we are committed to maximizing shareholder value through three key initiatives: **improving capital profitability and efficiency, minimizing capital costs, and enhancing the expected earnings growth rate.**

In the area of improving capital profitability and efficiency, we will maintain and improve ROE to above the industry level by focusing investments on the ICT solutions business, which has high investment efficiency. In addition, we intend to maintain the net D/E ratio, which deteriorated as a result of the takeover bids consolidating KEL and KSU in 2023, at around 1.0 through our capital allocation policy, as is described later in this report.

Our financial targets are to achieve net profit of ¥35 billion, ROE of 16%-18%, ROIC of 8% or more, and a net D/E ratio of approximately 1.0 in the fiscal year ending March 2027, the final year of the medium-term management plan, by both promoting initiatives to realize our vision and maintaining and growing a stable financial base.

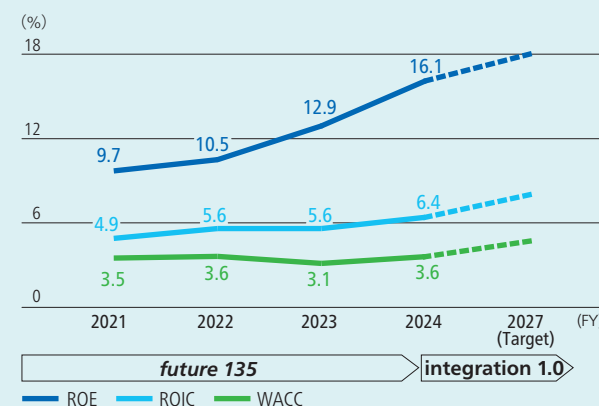
To achieve these financial targets, we will focus our growth investment in our ICT solutions business, even as we

work to increase profits and improve ROIC in all segments to achieve business growth and increase shareholder value, while optimizing business portfolio and efficiency.

We began tracking ROIC under our previous medium-term vision *future135* as an operational and management indicator. Under “integration 1.0,” we will accelerate management that emphasizes capital efficiency, aiming to generate returns that exceed the weighted average cost of capital (WACC, 3.6% for the fiscal year ending March 31, 2024). The actual ROIC for the fiscal year ended March 31, 2024 was 6.4%, but under “integration 1.0,” the target was set at 8% or higher. This, together with the achievement of the net D/E ratio target of about 1.0, will bring the ROE target of 16%-18% into view. With awareness of ROIC at the unit level increasing at individual Group companies, we will deepen ROIC management through the regular monitoring of each business. Furthermore, projects that do not reach a certain level in the final year of “integration 1.0” will be subject to review. (Figure 1)

In terms of minimizing capital costs, we will ensure stable performance by maintaining a business portfolio of 100% non-resource businesses with low volatility, while also prioritizing five key material issues: building a

Figure 1. ROE/ROIC/WACC





## Message from the CFO

sustainable supply chain, decarbonization initiatives, mutual development with local communities, creating an environment that enables diverse work styles, and enhancement of governance and compliance. In addition, we will maintain strict financial discipline in order to further stabilize our financial foundations, and we will also reduce capital costs by paying a stable dividend through a newly set progressive dividend.

Regarding enhancing the expected earnings growth rate, in addition to organic growth mainly in the ICT solutions business, our highest priority is to expand earnings in this business through M&A and business expansion into other segments. Furthermore, we are committed to growth beyond the traditional trading company business model by expanding the value we provide through DX, GX, and innovation.

By minimizing capital costs and enhancing the expected earnings growth rate, we will improve market valuation and the PER.

### Capital Allocation Policy

The capital allocation policy is based on operating cash flow generated from both stable core businesses and growth businesses, as well as cash inflows from asset replacement, with plans for further shareholder returns and growth investment. Specifically, the Company expects to generate ¥110.0 billion in operating cash flows over the three years through the fiscal year ending March 31, 2027, which, together with a ¥10.0 billion cash inflow from asset replacement, will generate a total of ¥120.0 billion in cash. Half of this allocation, or ¥60.0 billion, will be used for growth investments, of which ¥40.0 billion will be invested mainly in DX-related areas with high investment efficiency, such as ICT solutions. The Company also expects to distribute ¥33.0 billion as funds necessary for the sustainable operation and development of its core businesses

and ¥27.0 billion in dividends to be returned to shareholders. We aim to achieve sustainable growth through investment while maintaining financial discipline.

### Strategic Shareholding Reduction Policy

As part of measures to improve capital profitability and efficiency, we have decided to liquidate our listed shareholdings by March 31, 2027, thereby reducing our strategic shareholdings by approximately ¥10.0 billion. As a result, the ratio of strategic shareholdings to total consolidated capital (excluding that for innovation investment purposes and investment in overseas strategic business partners) will be reduced to less than 10% as of March 31, 2027.

### Increasing Shareholder Returns and Adopting a Progressive Dividend Policy

With regard to our shareholder return policy, stable and continuous dividends have been paid thus far, based on the principle of returning profits to shareholders in accordance with our business performance, while maintaining a balance with appropriate internal reserves for investment in growth. Under “integration 1.0,” we have decided to pay a progressive dividend and set the minimum annual dividend at ¥90 per share, the annual dividend for the fiscal year ended March 31, 2024. We are committed to meeting investors’ expectations by increasing dividends in line with net profit growth, with a total return ratio of 30% to 35%. (Figure 2)

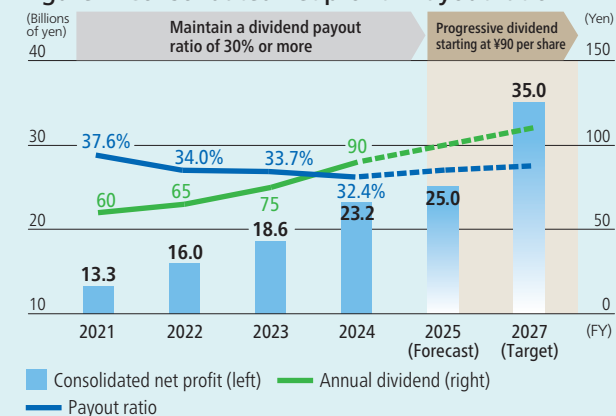
### Dialogue with Investors

The Company’s five-year total shareholder return was 232.6% as of March 31, 2024, higher than the TOPIX, including dividends, of 196.2%. (Figure 3)

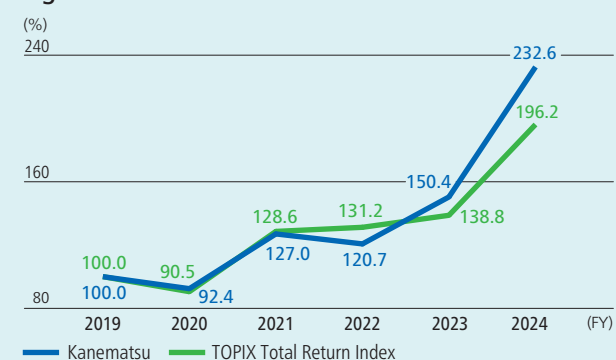
We believe the dissemination of information to investors and the provision of multifaceted analyses and opinions based on investors’ perspectives through a series of

constructive and continuous communication are essential for the growth of the Company. Feedback received is reported and discussed by the Board of Directors and reflected in our management strategies, leading to medium- and long-term growth and increased enterprise value. We look forward to your continued support.

**Figure 2. Consolidated net profit\*/Payout ratio**



**Figure 3. Total shareholder returns**



Note: The values above show fiscal year-end total shareholder returns relative to the values at March 31, 2019, which have been set at 100

## Message from the Chief Officer of Human Resources



**Hiroshi Yamashina**

Senior Executive Officer,  
Chief Officer, Human Resources

### To be loved and chosen by customers and business partners

#### **“You’re the reason we came, Mr. Yamashina”**

This is what a customer once told me when I was stationed in France more than 30 years ago. At the time, I was in charge of a joint venture company to which I was seconded that manufactured electronic circuit boards for delivery to local Japanese manufacturers. Production at the plant was plagued by continuous problems, and one day we unavoidably ran into a situation in which we were unable to staff the production line, resulting in delayed product deliveries and possibly halting a customer’s production line. When I called the customer to report the situation and apologize, prepared to pay a large amount in compensation, I received an unexpected response: “Okay, I’m on my way to help out.” That night, six or seven people from the customer’s purchasing and engineering departments showed up in a car, walked in to where our factory line was located, and, to our surprise, helped us with production through the night. It took us until dawn, but in the end we managed to deliver the product without incident. I was so moved that I thanked him with tears in my eyes, and that is when he spoke those words to me. That delightful comment strongly reinforced my belief that business stands on a foundation of interpersonal relationships, a belief that has stayed with me to this day.

A successful business is not something that can be achieved simply by offering products or services that are “good enough.” It is through the bonds created when people pursue common goals, spending time together and sharing a passion, that transactions transcend mere economic activity and lead to the rich fruits of sustainable

growth and the creation of new value.

This idea has been passed down through the Kanematsu Group since its founding and is reflected in our Human Capital Policy: “Be someone who is loved and chosen by our customers and business partners.” We define our “Kanematsu Persons” to be our most important asset, and aim to create sustainable value by having each and every one of them proactively embody these universal values.

With this basic policy as its foundation, “integration 1.0,” our medium-term management plan that was launched in the fiscal year ending March 31, 2025, sets forth our envisioned goal of becoming “a solutions provider leading the transformation of efficient and sustainable supply chains.” This means human resources with the ability to design optimal solutions for customers and business partners based on in-depth field knowledge. To achieve this goal, we have formulated a new human capital strategy and reviewed various key themes, indicators, and targets. Furthermore, this year we established the Human Capital Management Committee, on which I serve as chair, to ensure that our management and human capital strategies are firmly aligned. We intend to strengthen our human capital around this committee and build an organization that fully leverages the abilities of each individual, thereby securing further growth.

In terms of human resource development, we offer a variety of training programs in line with our human capital strategy. In particular, for the development of DX and GX human resources, we will strive to enhance collaboration Groupwide, playing a leading role in reaching our envisioned goal of sustainable supply chain growth through personnel exchange with KEL, which has expertise in ICT, and the GX Accelerator team, an organization dedicated to promoting environmentally related businesses.

Striving to embody the defining traits of “Kanematsu Persons,” we will continue to value our connections with our customers, build mutual trust and empathy, and contribute to society by creating sustainable value through



## Message from the Chief Officer of Human Resources

the provision of solutions that enrich people's lives and have a positive impact on society as a whole.

### Human Capital Development Policy

<https://www.kanematsu.co.jp/en/sustainability/social/training>

### Work Environment Policy

<https://www.kanematsu.co.jp/en/sustainability/social/employee>

### ▼ Human Capital Management Committee

The Human Capital Management Committee, chaired by the Chief Officer of Human Resources and consisting of the President & CEO, the Chief Officer of Corporate Planning, and the Chief Officer of Finance, was established on April 1, 2024, to align management and human capital strategies and strengthen human capital, the cornerstone of value creation, and put us on the path to achieving our envisioned goal.

The Committee meets at least once a month for the purposes of deliberating on and reviewing the concept of a "Kanematsu Person" to support the creation of new value, optimizing the Groupwide human capital portfolio based on its management strategy, and deliberating on the formulation of a human capital investment program.

#### Committee members

4 members, 2 co-opted members



### ▼ Basic Policy on Human Capital

(Policy)

Sustainably increase enterprise value by securing and developing human resources ("Kanematsu Persons") to be the source of new value creation, and by creating an organization in which human resources are able to fully demonstrate their abilities.

#### Overview

A "Kanematsu Person" is someone who is loved and chosen by our customers and business partners. Each of us proactively embodies the following values that have been cherished since the Company's founding, and, as "Kanematsu Persons," we aim to create sustainable value.

#### Kanematsu's Values

- A sense of purpose and responsibility for solving issues faced by customers, business partners, and society
- Imagination, ingenuity, and ambition to sow new seeds
- Sincerity in valuing mutual prosperity with customers and business partners
- Team spirit to work toward common goals with enthusiasm

### ▼ Human Resources Strategy

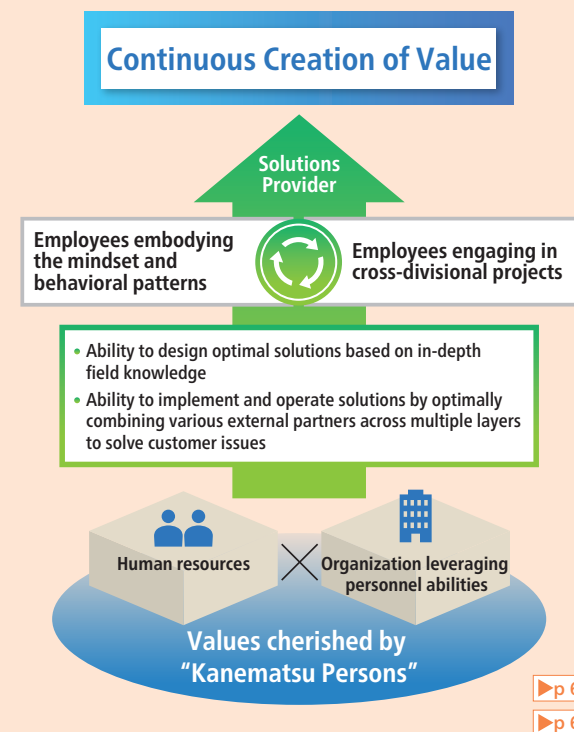
(Policy)

Secure and develop human resources who can play an active role in securing our envisioned goal (Solutions Provider), and create an internal environment that allows our human resources to fully demonstrate their abilities.

#### Overview

In our medium-term management plan, "integration 1.0," the Company has set forth its envisioned goal for Kanematsu: to become "a solutions provider leading the transformation of efficient and sustainable supply chains." To become a solutions provider, one must have two major skills: 1. the ability to design optimal solutions based on in-depth field knowledge, and 2. the ability to implement and operate solutions by optimally combining the resources of various external partners across multiple layers to solve customer issues.

We believe that by implementing initiatives based on the Human Capital Development Policy and the Work Environment Policy described on pp. 60-69, we will increase the number of employees embodying the mindset and behavioral patterns as well as engaging in cross-divisional projects—the monitoring indicators specified in "integration 1.0" our medium-term management plan.



## Message from the Digital Transformation Committee Chair

### Taking the Kanematsu Group to a New Stage with DX

Under “integration 1.0,” the new medium-term management plan introduced in April 2024, DX is a priority target. Through the enhancement of ICT solutions and maximization of Group synergies, Kanematsu aims to transform and create supply chains by identifying customers’ issues and needs and providing them with optimal solutions.

As part of this effort, the ICT Solution Division, centered on Kanematsu Electronics Ltd. (KEL), was newly established in the fiscal year under review. By leveraging KEL’s strengths in IT infrastructure and security products and services, which it has been supplying to the Kanematsu Group’s broad network, the division aims to expand the Group’s customer base, increase revenues, and expand overseas operations. In addition, the division will promote the realization of supply chain digitalization solutions by appointing key personnel with expertise in DX and IT strategies.

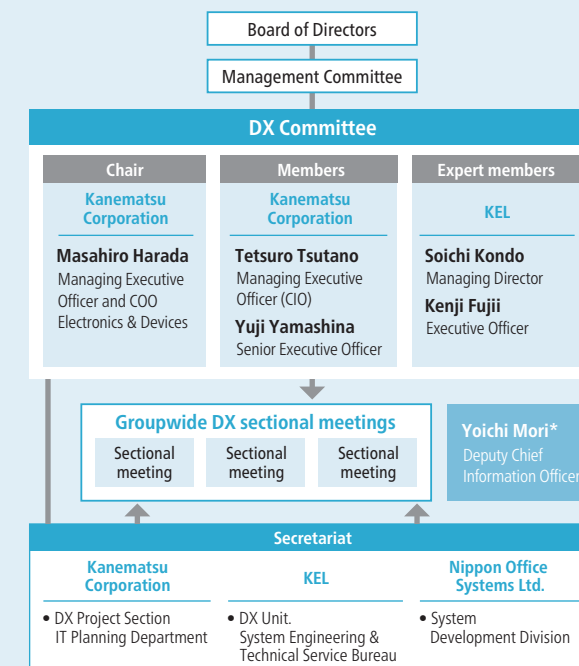
The Digital Transformation (DX) Committee established a subcommittee this fiscal year to further advance the use of generative AI and data analysis. Furthermore, it is promoting the business application of the latest technologies through the establishment of new DX investment limits and execution criteria. This is in addition to supporting those undertaking the challenges of the demonstration phase for projects that meet certain criteria throughout the Group.

In order to strengthen the Group’s lineup of human and intellectual capital capable of DX promotion, the DX Committee is also focusing on improving employee IT literacy. The entire Group is engaged in DX-focused human resource development, supporting those pursuing various public qualifications such as IT Passport and undertaking personnel exchanges with KEL. Furthermore, in response

to the increasing frequency of cyberattacks, the KEL Group provides security training and is strengthening its own corporate cybersecurity initiatives.

We at Kanematsu believe that the burden of DX promotion should not be undertaken by a single department working alone, but rather that the entire Kanematsu Group, transcending divisional and corporate boundaries, should work together to promote DX. True change can be achieved only if all employees understand the importance of DX and incorporate it into their daily duties. With the cooperation and support of all, Kanematsu will further accelerate DX promotion and become a solutions provider and trading company that offers new value throughout the supply chain.

#### DX promotional framework



\* From July 2024, Yoichi Mori, former Special Advisor to Accenture Plc with expertise in data utilization and IT human resource development, has been appointed as Deputy Chief Information Officer (CIO) as a professional who will oversee all aspects of the IT strategy.

#### Masahiro Harada

Managing Executive Officer  
Digital Transformation Committee Chair



## Message from the Digital Transformation Committee Chair

### Status of Initiatives

#### Digital Transformation of Livestock Supply Chain Operations

Kanematsu launched the beef e-commerce website for wholesalers, “Dokodemo Beef,” in 2023, with the aim of digitally transforming operations in the livestock supply chain. On this website, clients can easily order Kanematsu’s carefully selected beef from around the world 24 hours a day, 7 days a week, 365 days a year from their smartphones or computers. With a user-friendly interface, the site offers a wide range of search functions, such as by region of origin, cut, and planned preparation method, allowing clients to quickly and easily find products. The latest products and product recommendations can be downloaded for use in business negotiations and proposals to retailers and the food service industry. After logging in, the My Page function allows clients to easily check past purchase history as well as a list of frequently ordered products, so that repeat orders can be placed smoothly. For companies with multiple persons in charge, the order history can be shared and managed, making clients’ companywide information sharing more efficient.



In addition, shipment instructions, traditionally transmitted by fax, can now be completed on site through integration with warehouse systems. The system has improved our clients’ work efficiency and reduced clerical errors, contributing greatly to improving the accuracy and speed of their operations. Utilization of the service has steadily progressed and the number of companies adopting it has been increasing.

Future plans include expanding into pork and other food products. Kanematsu will continue to be a solutions provider offering groundbreaking digital innovation in the supply chain to meet the diverse needs of its customers. Going forward, our commitment to customer satisfaction and sustainable growth will continue through technological innovations and service improvements.

#### Promotion of In-House Data Utilization with Japan Data Exchange Inc.

Japan Data Exchange Inc., a Kanematsu Group company, has begun utilizing data from Kanematsu and other Kanematsu Group companies to promote Groupwide cross-selling and up-selling to the Kanematsu Group’s more than 20,000 domestic and overseas customers. Through analysis incorporating both internal and external data, such as sales data and customer information, the company aims to improve the quality of the Group’s sales activities by understanding the needs and purchasing trends of individual business partners and making optimal proposals. In the future, the company will look to utilize AI and machine learning technologies to discover new business opportunities, forecast market trends, and formulate growth strategies.

Japan Data Exchange employs a data utilization and analysis platform built in cooperation with the Group companies Kanematsu Electronics Ltd. and Nippon Office Systems Ltd. This platform takes every possible measure to ensure security and personal information protection, minimizing the risk of information leaks. By establishing a safe and effective data operation system, risks associated with the use of data are thoroughly safeguarded. Through the utilization of data held by the Kanematsu Group, Japan Data Exchange will strive to further enhance Groupwide competitiveness and increase the value that the Group provides to its customers.



## Message from the Green Transformation Committee Chair

### Accelerating GX Promotion by Involving Society as a Whole

Two years have passed since the establishment of the Green Transformation (GX) Committee. Although initially established for the purpose of building a business that would contribute to GX, too much of the committee's time is spent on trying to keep up with rapid changes in society, the environment, values, and so on, to achieve its original purpose. At the same time, the Company is gradually increasing its environment-related investments both overseas and in Japan and is looking forward to future developments.

As an entity directly under the Management Committee, this committee operates on a quarterly reporting basis, planning, proposing, promoting, managing, and supervising projects that contribute to GX, and conducting other activities based on the PDCA cycle. The GX Accelerator Team, a subordinate body of the GX Committee comprising approximately 90 volunteer employees from across the Kanematsu Group, has been generating many commercial seeds that will contribute to GX, and we expect that efforts to commercialize these seeds will be accelerated in the future. In addition, the Steel, Materials, and Plant Division, which I serve as division head of, has originated a number of projects that contribute to GX, such as the creation of credits from renewable energy and the use of lumber that has a low environmental impact. In the fiscal year ended March 31, 2024, Kanematsu Sustech Corporation, which is involved in many GX-related businesses, became a wholly owned subsidiary, creating a structure that allows the Kanematsu Group to work together as one.

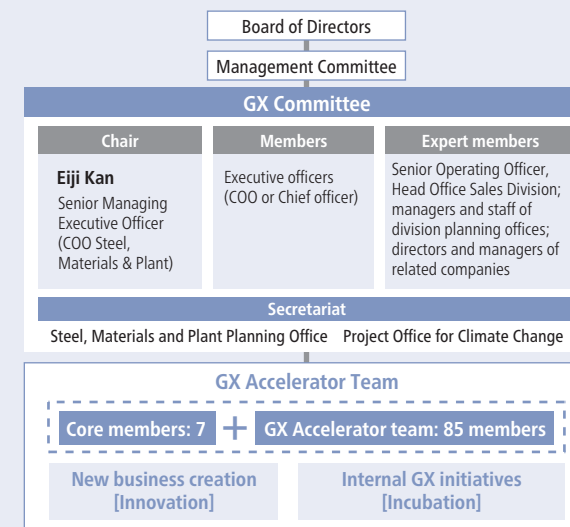
One of the basic policies of the "integration 1.0" medium-term management plan is to promote Groupwide management that will facilitate the more effective utilization of Kanematsu Group assets. The Growth Strategy Office, which leads business development beyond divisional and corporate boundaries, is set to serve as the Group's core organization. A person in charge of GX-related matters

has been appointed within this organization to work closely with the GX Committee toward the creation of new value, thereby strengthening organizational capabilities. Furthermore, the Company has identified renewable energy, GX for agriculture and food, GX for raw materials, and the venous business\* as its four key focus areas. We believe each of these to be highly promising and hope to steadily reap the rewards over the current plan's three-year period. Rather than simply taking the easy way out by focusing on making reductions in items that can be accounted for in purely numerical terms, like credit transactions, we will endeavor to give back to the world by building and developing businesses, especially in our key areas of focus, while leveraging all the assets of the Kanematsu Group, including human, intellectual, and social and relational capital.

The GX Committee's vision is —through the collective efforts of the Kanematsu Group and as a leader of inter-industry and inter-company collaboration—to become a leading light in the transformation of the supply chain into one that coexists in harmony with the Earth. Together, the Kanematsu Group, its business partners, and society as a whole will achieve long-lasting growth.

\* Refers to industries that turn solid industrial waste into reusable resources.

#### GX promotion framework



#### Eiji Kan

Senior Managing Executive Officer  
Green Transformation Committee Chair



## Message from the Green Transformation Committee Chair

### Status of Initiatives

#### Agricultural GX

Kanematsu has an edge in the food supply chain, serving many entities, including farmers, fertilizer manufacturers, animal feedstuff manufacturers, meat packers, food manufacturers, retailers, and food service companies, and is leveraging this strength to add value to GX.

As part of producer efforts to promote GX, the Company is working with Green Carbon Inc. on the creation of carbon credits by reducing methane gas emissions from rice cultivation, and selling environmentally friendly rice in local markets. In addition, we are collaborating with TOWING Ltd. and EF Polymer Private Limited, utilizing these companies' respective products, high-performance biochar and biodegradable water-holding polymer, in line with our efforts to work with suppliers and customers to contribute to climate change countermeasures and sustainable food production systems by storing carbon in the soil, reducing chemical fertilizer use, and improving production efficiency. For livestock, we are also working on creating carbon credits for livestock farmers and promoting sales of low-carbon meat.

As for GX at the manufacturing stage, we are building a system to make use of vegetable waste and substandard products by converting them into vegetable powders, and we are also working on upcycling other food wastes.

In the Japanese market, we are also promoting the use of food ingredients produced using sustainable methods, such as sustainable pork in cooperation with Danish Crown A/S of Denmark, sustainable coffee in cooperation with Brazil-based coffee company Daterra Atividades Rurais Ltda., and plant-based meat in cooperation with DAIZ Inc.



#### Collaboration with Spiber Inc.

##### Developing applications for Brewed Protein™, a structural protein material

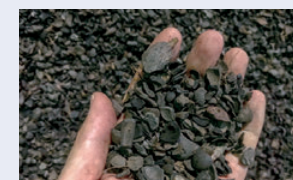
In 2024, together with bio-venture company Spiber Inc., we began developing applications for Brewed Protein™, a structural protein material. Brewed Protein™ is an innovative new material that is produced from plant-derived biomass through a microbial fermentation process and is expected to find applications as a substitute for synthetic fibers, resins, synthetic leather, adhesives, and functional films derived from fossil fuels, as well as in the food industry to create meat substitutes, and in the medical field to produce biocompatible materials.

As the material is environmentally degradable, it may, depending on the design of the final product, contribute to solving the problem of microplastic emissions, which are caused by products derived from fossil fuels. Also, as it is possible to incorporate properties not found in conventional plant-derived materials, the material is expected to earn a place as a next generation material.



#### Biomass fuel

In 2017, the Kanematsu Group entered the biomass fuel supply business for biomass power generation, one of its renewable energy projects, a business that continues to expand. Our share of biomass fuels handled by Kanematsu Energy Department has grown to approximately 25%. Through this business, we aim to expand our share to 40% by 2030, and contribute to an environmentally friendly society.



## Message from the Sustainability Management Committee Chair



**Tetsuro Tsutano**

Director, Managing Executive Officer

### Beyond “profit is just a by-product of business”

#### Task Force on Nature-Related Financial Disclosures (TNFD)

In February 2024, the Company endorsed the recommendations of the TNFD and announced its participation in the TNFD Forum.

Although climate change has long been a pressing global issue in terms of controlling greenhouse gas (GHG) emissions, the Earth is now in a state of profound negative impact, with organism extinction rates having increased 10- to 100-fold compared to average rates seen over the past 10 million years. As an organization dedicated to realizing a more sustainable society, the Group is also committed to contributing to the realization of Nature Positive, defined as the halting and reversal of biodiversity loss in order to put nature on the path to recovery.

Through the analysis of nature-related issues using the TNFD framework, we reaffirmed the fact that among our Group's diverse businesses, the Foods, Meat & Grain Segment, which includes many products such as beef and feedstuff materials, of which the Company is a top importer, is highly dependent on ecosystem services that connect a wide variety of organisms in various ways and in various relationships.

In July 2024, we disclosed the nature-related risks and opportunities of our beef and coffee businesses, which are estimated to have a significant impact on the environment.

#### Profit is just a by-product of business

In the words of our founder, Fusajiro Kanematsu, “Our purpose as a Company is not only to build a sound and flourishing business, but to fulfill our responsibilities as a corporate citizen, contributing to society and the security and well-being prosperity.” This philosophy continues to serve as the foundation of all the Group's corporate activities.

Fusajiro was a man who, at the age of 44, took the giant step of entering into trade with Australia, founding what is now the Kanematsu Corporation at a time when life expectancy was estimated at 50 years. His approach was to treat life as a series of challenges with a view toward the future of Japan. Despite already being a successful businessman in the Kansai region at the time of the Company's founding, Fusajiro made a leap of faith and devoted his entire fortune to advancing the Australian business. At that time, those in the Kansai business community believed “Kanematsu was out of his mind” for his reckless pursuit of the challenge and ideal of restoring to Japanese hands the trading rights that had been monopolized by foreign trading houses since the unequal treaties of the end of the Edo period.

Just what was it that motivated Fusajiro? As a man who held that “profit is just a by-product of business,” this was not about personal gain, but rather about enabling the Japanese people to prosper by espousing fair business practices and thereby ensuring the ongoing enrichment of their way of life. This integrity resonates with us today as we strive to ensure the continued sustainability of our planet by maintaining and revitalizing biodiversity and natural capital.

Under “integration 1.0,” the medium-term business plan that kicked off in April 2024, we have defined our mission as “making supply chains more efficient and sus-

## Message from the Sustainability Management Committee Chair

tainable,” incorporating the philosophy that has been passed down from our founder, while establishing “becoming a solutions provider leading the transformation of efficient and sustainable supply chains” as our vision. We intend to promote sustainable businesses that can put the planet’s natural environment on a recovery track and pursue the common good of society as a whole.

### Improving ESG Scores

The table on the right depicts the changes in the Group’s ESG scores over the past four years. Although these scores have improved year by year as a result of enhanced disclosure in line with Task Force on Climate-related Financial Disclosures (TCFD) guidelines and human rights initiatives, there is still room for further increase in the Group’s current ESG score. By accelerating our ESG initiatives and ensuring appropriate information disclosure and engagement, we will continue our efforts toward sustainability management and increasing our corporate value as a company that contributes to a sustainable society in line with the aspirations of our founder, Fusajiro.



The Sustainability Management Committee

### Kanematsu Group ESG scores



	2020	2021	2022	2023
FTSE Russell	1.4	1.4	2.8	2.9
S&P Global	14	27	32	41
MSCI	BB	BB	BBB	BBB
CDP (Climate Change)	–	–	B	B

### Key issues discussed by the Sustainability Management Committee (for the fiscal year ended March 31, 2024)

- Report on the expansion of TCFD disclosures
- Report on GHG emission reduction efforts and Scope 1+2 results and analysis of changes
- Discussion of subsidy programs for the introduction of renewable energy
- Report on progress of human rights due diligence
- Report on efforts toward disclosure based on TNFD recommendations

### Sustainability promotion framework



(As of April 1, 2024)



## Message from the Chairman of the Board of Directors



**Kaoru Tanigawa**

Chairman and Representative Director

### Creating a management structure and stimulating discussions

#### Role and structure of the Board of Directors

The Company's Board of Directors is responsible for governance and risk management. Specifically, it deliberates and passes resolutions on key management decisions and supervises and monitors their execution. Currently, the Board of Directors consists of seven directors—three of whom are outside directors with abundant knowledge and insight thanks to backgrounds that include experience as corporate executives, in academia, and as experts in their respective fields—contributing to the quality and liveliness of discussions. Furthermore, a clear separation of duties and functions is maintained between the Board of Directors and the Management Committee, which comprises executive officers responsible for business execution, enhancing the agility of business promotion. In 2014, we expanded the executive officer system while downsizing the Board of Directors, transferring authority for business execution-related issues to the Management Committee, which comprises executive officers and standing directors. And, in 2022, based on a thorough review of important matters, the Board of Directors moved to delegate significant authority to the Management Committee, revising the "Rules for Delegation of Authority." This not only improved the efficiency and depth of discussions undertaken by the Board of Directors, but also prompted ambitious challenges on the business front

in the execution of operations.

At the same time, we take a unique stance among trading companies in that we believe in the importance of proper decision making that takes into account both "offensive" and "defensive" perspectives in the Board of Directors' meetings.

In a trading company that encompasses many different areas of business, a board of directors that completely distances itself from execution will have difficulty distinguishing the specifics of the business and making appropriate decisions. An eye well-versed in the realities of execution and able to precisely discern potential risks is necessary. In my current role as chairman of the Kanematsu Group Board of Directors, I am able to draw on my previous experience as a president and chairman and put forth alternative considerations that facilitate the clarification of issues. I believe that the more animated the Board of Directors' discussions are, the better the quality of governance will be.

Traditionally, the Company has cultivated a vigorous exchange of ideas. And, to capitalize on the skills of both internal and external directors, we encourage them to voice views backed by a thorough application of their expertise and experience. In addition, we try to avoid a formal atmosphere and instead create an environment in which opinions and questions can easily be expressed.

#### Facilitating substantive discussions by providing a forum external to the Board of Directors

Every month, in addition to the formal monthly meeting, members of the Board of Directors meet for extra sessions. Such meetings provide an opportunity for standing and outside directors to frankly share their thoughts and questions on ways to improve the Company's enterprise value, and to discuss these issues

## Message from the Chairman of the Board of Directors

separately from matters to be decided. Opinions expressed in these extra sessions are occasionally highlighted later as management issues, and through further deliberation and movement toward resolution of these issues, important projects may emerge. In the first half of 2023, we conducted a review of our human capital, the effectiveness of the Board of Directors, our management philosophy, and management issues. The latter half of the year was devoted to a months-long exchange of views on the foundation of the new medium-term management plan, “integration 1.0,” as well as a wide range of topics that included governance structure and executive compensation as well as responses to issues surrounding sustainability. Outside directors often have specific opinions and questions on matters that standing directors may fail to recognize as issues. For example, the question was raised as to whether the Corporate Principle was truly being instilled in management on a Groupwide basis. In response, an executive officer and I agreed on the necessity of establishing a project team to promote behavioral change through the dissemination of the Corporate Principle, an issue that evoked similar concerns among young and mid-career employees. Six months later, an internal project to impart the Corporate Principle was born.

As important business matters are formally brought to the Board of Directors only at the final stages, we use “extra sessions” to discuss the direction in which the Board of Directors aims to take the Company, as well as to make requests of the executive officers and determine their views on proposals submitted by the

executive officers. This process of careful discussion has resulted in a virtuous cycle of carefully constructed agendas and improved the effectiveness of the Board of Directors meetings.

### Consistently striving for the best, without fearing change

We are continuously reviewing our governance structure to determine whether it is evolving appropriately, to this end listening to the opinions of our outside directors and gathering information from external organizations, experts, and other trading companies as well as academic organizations.

In addition, we continually work to further enhance the discussions of the Board of Directors, constantly refining our system of gathering insights and input from our outside directors. Assessing the skills of the members of the Board of Directors and continuously improving their placements and the body’s overall composition to better suit the Company’s situation is critical. Although we strive to enhance the skills matrix, that is not our primary objective, and we will continue to strive to determine the most appropriate structure for the Group’s operations. Succession plans are mainly the purview of the Nominating Committee, which keeps an eye on the future. We provide this committee with a skills matrix of managers, including executive officers, while focusing on creating a structure that compensates for shortfalls and further develops strengths by appropriately allocating staff, etc., with the help of the Human

Capital Management Committee.

In addition, the Company recognizes the need to further upgrade its governance to accommodate cross-border business and global mergers and acquisitions. The constraints of corporate governance apply also to Group companies as a key element of the “Rules on Delegation of Authority.” Moving forward, we will be entering an even broader area of the supply chain and working to seamlessly establish governance mechanisms for such upstream areas as intellectual property, manufacturing, and procurement, including human rights issues.

I have always felt that it is important to cultivate a slight sense of concern as it indicates a certain level of situational awareness. Going forward, we will continue to strive to enhance the effectiveness of the Board of Directors to further enhance our enterprise value as well as our management and governance.



The Board of Directors  
(as of the time of publication of this Integrated Report)

## Message from the Nominating Committee Chair



**Kazuhiro Tanaka**

Outside Director

### Ensuring the continued strength of the Board of Directors, the cornerstone of corporate governance

#### Role of the Nominating Committee

As a company with an Audit & Supervisory Board, Kanematsu maintains a Nominating Committee that serves as an advisory body to the Board of Directors and is responsible for deliberating and reporting to the Board of Directors on proposals for the General Meeting of Shareholders concerning the appointment and dismissal of directors and the basic policies, rules, and procedures necessary to make such resolutions. In conjunction with selecting director candidates, this committee is charged with deliberating on succession plans for directors and other executives, including top management.

The Nominating Committee is required to ensure neutrality and transparency in the appointment of directors and to provide the Board of Directors with highly appropriate and effective reports. With this in mind, the Company's Nominating Committee currently consists of three outside directors, one of whom serves as chair, and one standing director (the Chairman of the Board of Directors). Furthermore, in order to enhance discussions at committee meetings, information is collected as needed from directors, executive officers, and employees of related departments who are not members of the committee, and each committee member is given the opportunity to candidly express their opinions.

#### Turning point: fiscal year ended March 31, 2022

The Nominating Committee was established back in the fiscal year ended March 31, 2017. Initially, the committee's role was solely to deliberate and report on director nominees as part of the process of preparing candidate proposals for the General Meeting of Shareholders, but as demands surrounding corporate governance in Japan evolved, the topics the committee handles expanded and the frequency of its meetings increased.

The turning point came in the fiscal year ended March 31, 2022. From the perspective of achieving *future 135*, our medium-term vision at the time, as well as the Company's subsequent long-term development, discussions began with the question how the Board of Directors, the cornerstone of corporate governance, should be constituted. Among the key themes discussed, the two main topics were a skills matrix for directors and the appropriate ratio of standing directors to outside directors.

What skills does the Board of Directors need to enhance the Company's enterprise value over the medium to long term? Our journey to answer this question led us to identify a total of nine skills from three different angles: increasing enterprise value over the medium to long term, business investment, and the promotion of sustainability and DX (currently, sustainability, DX, and GX). Of these angles, business investment represents a key element of Kanematsu's strategy as, in line with its established approach of building a stable revenue base through trading, the Company began full-scale efforts to add new value and expand the scale of its operations with the launch of *future 135*. Thus, experience in investment-related decision making and knowledge of finance came to be listed as skill items.



## Message from the Nominating Committee Chair

Another of our concerns when developing the skills matrix was to not merely display a list of individual skills, but also to clearly state in its preamble how these skills were selected and how they relate to the current medium-term management plan.

Concerning the Board's composition, as of 2021, when this discussion was conducted, there were four standing directors and two outside directors. While some have expressed the view that the majority should comprise outside directors, others have stressed the importance of maintaining a sufficient proportion of standing directors in order to ensure the Board's effectiveness at any given point in time. After vigorous debate, a conclusion was reached that the number of standing officers would be at four while the number of outside directors would be expanded to three, the current count.

After identifying the qualities required of the additional outside director and taking into account the aforementioned skills matrix, we began the selection process for a specific candidate. As a result, we welcomed a new outside director with experience as a top executive at a listed company, who has a track record of navigating management through difficult circumstances and, as of June 2022, our current composition is four standing directors and three outside directors.

### Recent discussions and meetings

Two of the main topics of discussion for the fiscal year ended March 31, 2023 and beyond are the mandatory retirement age and succession plans for Board members.

Of these, the most time-consuming part of the Nominating Committee meeting for the fiscal year ended March 31, 2024 was laying out the current situation and working out the ideal succession plan.

Regarding the Succession Plan for Directors, after confirming the selection criteria for director candidates, the committee 1. organized the screening process, 2. developed a skills matrix for executive officers and counselors, and 3. discussed the nature of the human resource management system as it applies to executive officers, the pool from which candidates for standing directors will be selected.

In addition, we continually reexamine our existing policies to ensure adaptability to the Company's current situation, medium- and long-term strategies, and changes in the environment in which the Company operates. For example, with the conclusion of *future 135* and the introduction of the new medium-term management plan "integration 1.0" in the fiscal year ending March 31, 2025, the aforementioned preamble to the skills matrix was revised, as well as a discussion regarding the excesses and deficiencies of the required skills.

During the fiscal year ended March 31, 2024, the Nominating Committee held four meetings, all of which were attended by 100% of the members.

### Future outlook

From a medium- to long-term development perspective, determining not only who the next Board members should be, but also how future Board member candidates

will be selected and nurtured will become increasingly important. While the Nominating Committee does not, in and of itself, "nurture" future generations of Board members, there are many things to consider to ensure the continued strength of the Board of Directors, the cornerstone of corporate governance.

Similar statements could be made by replacing the above "executive officer" with "president," who serves as the head of management. The nominating committees of many companies have an explicit role in the appointment and dismissal of the CEO and formulation of succession plans. In our case, the Nominating Committee has focused on issues related to the composition of the Board of Directors as a whole, rather than just the office of president. However, given the current trend in corporate governance theory, discussing how the issue of top management succession is addressed will also become necessary.

Diversity should continue to play a key role in terms of the composition of the Board of Directors as a whole. While the skills matrix is a means an end, diversity is not measured by skills alone. In addition to gender diversity, I believe that it is also extremely important to have, for example, diversity in the management and corporate views held by individual directors. Although ensuring diversity along various axes is not easy with a relatively small number of Board members, we must ask how to best we create a Board of Directors capable of contributing to the Company's development. That is the essence of our responsibility as the Nominating Committee.

## Message from the Compensation Committee Chair



**Yuko Tahara**

Outside Director

### Aiming for a compensation system that serves as an engine for increasing enterprise value

#### A compensation system that emphasizes transparency and objectivity and serves as an engine for increasing enterprise value

The role of the Compensation Committee is to review the compensation system as a sound and appropriate incentive for the Company's sustainable growth and enhancement of corporate value.

In accordance with its regulations, the Compensation Committee deliberates, reports, and makes recommendations to the Board of Directors on policies concerning the determination of compensation for individual directors and executive officers, including the content of said compensation and the basic rules and procedures pertaining to the determination of compensation. The committee consists of one standing director who has a good understanding of the history and other aspects of the Company's compensation system, as well as three outside directors with diverse backgrounds, who engage in lively discussions from a variety of perspectives.

I was appointed chair of the committee in June 2022. Having been involved in human resource development for a long time, I believe that people are only motivated when they are evaluated fairly, and that this motivation bears fruit in the form of increased value and performance for the Company as a whole. As Compensation Committee Chair, I, together with my fellow committee members, will

make every effort to serve well.

#### History, formulation of basic policies, and identification of issues to be addressed

The Company's history of executive compensation indicates a restrained approach, with no executive bonuses awarded during the 1999 restructuring and a gradual increase beginning in 2015, after the reinstatement of the dividend.

In 2021, in light of the revised Companies Act, the Company established as its basic policy that the compensation of directors is linked to shareholder profits to ensure that they fully function as an incentive to sustainably increase corporate value, and that the appropriate amounts of compensation for individual directors are based on their respective positions and responsibilities at the time of determination. Specifically, compensation for executive directors consists of fixed monthly compensation, performance-linked monetary compensation, and performance-linked stock compensation.

In principle, the Compensation Committee meets twice a year to deliberate and report on individual compensation plans for directors and executive officers, based on consultations with the Board of Directors.

Beginning July 2021, the committee increased the frequency of meetings and discussed revisions to the rules and regulations of the Compensation Committee while the chairmanship of the Compensation Committee was transferred from the President to a director to be determined by the Board of Directors. An outside director then began serving as chair in the fiscal year ended March 31, 2023. At the same time, the regulations governing the Nominating Committee were also amended to change the chairperson to a director to be determined by the Board of Directors, and the Articles of Incorporation were

## Message from the Compensation Committee Chair

likewise amended by revising the assignment of authority to convene the General Meeting of Shareholders and appoint the chairperson of the Board of Directors.

From July 2022 to June 2023, the Compensation Committee met a total of four times in preparation for the final year of our medium-term vision, *future135*, which concluded in March 2024. In the first two sessions, issues related to compensation for directors and executive officers were reviewed. Taking into consideration the fact that the compensation level for directors and executive officers was low compared to other companies of the same size and that it had not changed for nearly 20 years, the committee discussed and approved a proposal to revise the compensation amount for directors to be submitted to the General Meeting of Shareholders in June 2023, and proposed to the Board of Directors that the annual compensation amount be revised from ¥300 million to ¥450 million. Furthermore, regarding the proposed compensation for directors and executive officers, discussions were held and approved before being submitted to the Board of Directors. Moreover, because the maximum compensation amount for directors remained at ¥50 million based on ¥20 billion in consolidated net profit should the Company achieve its forecast for the fiscal year ended March 31, 2024 (¥23.5 billion in consolidated net profit), the Compensation Committee discussed and approved a proposal to revise the maximum compensation amount to ¥58.75 million based on ¥23.5 billion in consolidated net profit, passing this on as a recommendation to the Board of Directors.

### **New Medium-Term Management Plan “integration1.0” –a new stage of the compensation system**

From July 2023 to June 2024, the committee held a

total of four meetings in preparation for the start of the Company’s latest three-year medium-term management plan, “integration 1.0,” which commenced in April 2024. The Compensation Committee twice discussed the proposed revision of the compensation system for directors and executive officers—referring to the opinions of outside experts in the course of deliberations and eventually approving the proposal—before reporting it to the Board of Directors.

The proposed revision became the new compensation system and is designed to increase the total amount of performance-linked compensation based on business performance, thereby providing an incentive to achieve short-term performance targets with an eye to strengthening directors’ commitment to increasing enterprise value over the medium to long term. The target of ¥35 billion in net profit has been set in the new medium-term management plan and added as an indicator.

This and other proposed revisions are based on the “Key Points and Examples Considering The Investor’s Point of View in Regard to Management Conscious of Cost of Capital and Stock Price” released by the Tokyo Stock Exchange in February 2024 and updated as of April 1, 2024. In addition, two separate committee meetings were held to discuss and approve individual compensation proposals for directors and executive officers, which were reported to the Board of Directors. The three components of compensation remain unchanged: fixed monthly compensation, performance-linked monetary compensation, and performance-linked stock compensation. However, the adjustment of fixed monthly compensation based on the previous year’s performance has been abolished, and the ratio of variable compensation to the total compensation has been increased.

As for our assessment of the fiscal year ended March 31, 2024, although a number of issues remain, such as further increasing the variable ratio of compensation, we believe that we have taken the first step toward a new stage for the compensation system. The Company has revised its personnel and compensation systems for its employees, taking into account the relocation of its head office and the introduction of new work styles in the fiscal year ended March 31, 2023, as well as the evaluation of new initiatives in the fiscal year ended March 31, 2024.

### **To further accelerate growth and increase enterprise value in a sustainable and progressive manner**

In terms of incentives to increase enterprise value, it is essential, as indicated by the Corporate Governance Code, to increase the linkage to medium- and long-term business performance. The Company will also continue to consider how to increase the ratio of performance-linked stock compensation from the perspective of increasing enterprise value over the medium to long term. Under the current remuneration system, the fixed ratio would be 50% of the total, short-term ratio 30%, and medium- to long-term ratio 20% for a consolidated net profit of approximately ¥32.5 billion, and the variable ratio = 50% fixed + 50% variable, and this is the direction in which we should be heading. We also believe it is necessary to consider ESG indicators and other factors in executive compensation.

We will make every effort to create a balanced compensation system that will serve as an engine for the further acceleration of the Company’s growth and increase its enterprise value, including by addressing such issues as sustainability.



## Message from the Chairman of the Audit & Supervisory Board



**Yoshio Tajima**

Audit & Supervisory Board member

### Strengthen governance and promote sustainable growth and value creation

#### Role of the Audit & Supervisory Board

The Audit & Supervisory Board is a legally independent body entrusted by shareholders to audit directors' execution of duties and thereby ensure that the quality of the corporate governance system is maintained at a consistently a high level. The board's members are responsible for ensuring that the Company operates under a system that earns the trust of society through sound and sustainable growth and the creation of medium- to long-term corporate value, while giving due consideration to its various stakeholders.

To fulfill this role, we attend important meetings such as those of the Board of Directors to ensure transparent and fair decision making by the Company, strive to create an environment that enables prompt and decisive decision making, and proactively and positively express our opinions to directors, executive officers, and employees.

The Company is embarking on "integration 1.0," its medium-term management plan for the three years starting in fiscal 2025, and it is our belief that the Audit & Supervisory Board will be called upon to play a role in monitoring the execution status and creating an environment that encourages prompt and decisive decision-making in order to achieve the goals expressed to stakeholders.

#### Activities and discussions

The Audit & Supervisory Board meets monthly to discuss various matters that, by law, must be resolved by the board, including the selection and reappointment of accounting auditors, matters related to remuneration, and the preparation of audit reports on year-end financial statements and business reports. Among these matters, however, the board spends much of the year reviewing audits conducted by its standing members.

The Company appoints two full-time standing auditors to the Audit & Supervisory Board. Throughout the year, the standing auditors audit the operations of the representative directors, executive officers, heads of various departments, representatives of major domestic subsidiaries, and overseas offices, and report the results of these audits at monthly meetings of the Audit & Supervisory Board. Two part-time outside auditors (an attorney and an accountant) provide comments, questions, and advice as appropriate, based on their professional expertise and experience as auditors of other companies, and various discussions are held by the Audit & Supervisory Board. In the current fiscal year, one of the key purposes of the audit of operations is to monitor progress toward the achievement of the goals of "integration 1.0" and to make recommendations for environmental improvements, which is one of the important roles of the Audit & Supervisory Board.

Twice a year, meetings of the Audit & Supervisory boards of Group companies are held to discuss their roles and current issues, as well as to refine the knowledge of their members through lectures on different topics, using these occasions as opportunities to work toward achieving Groupwide management, one of the goals established in "integration 1.0."

## Message from the Chairman of the Audit & Supervisory Board

### Assessment of activities

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The Audit & Supervisory Board, in accordance with auditing standards published by the Japan Corporate Auditors Association, conducts a self-evaluation of its effectiveness based on its own established auditing standards. Based on this evaluation, the Audit & Supervisory Board identifies issues to be addressed and approaches to refine in order to achieve better management.

In addition to continued participation in special as well as regular committee meetings, members strive to enhance the role of auditors and the Audit & Supervisory Board by participating in the Human Capital Management Committee, which was newly formed in April 2024, and in the Sustainability Management Committee, which is growing in importance.

We also view our cooperation with the Internal Auditing Department as important, and coordinate with said department as needed, including when formulating the annual audit plan and at quarterly reporting meetings. While the Audit & Supervisory Board is responsible for overseeing comprehensive

audits of all divisions, major subsidiaries, etc., over the course of the year, the Internal Auditing Department spends a greater amount of time verifying in detail the status of internal controls through reviews of on-site documents and interviews, thus the activities of the two entities are mutually complementary.

Even as the Group's scale expands as a result of the aggressive investments made under the *future135* medium-term vision completed in the previous fiscal year, the Audit & Supervisory Board will continue to contribute to the enhancement of Group governance, sustainable growth, and value creation by effectively utilizing the aforementioned operational audits and Group Company Audit & Supervisory Board Meetings, etc.

### Future outlook

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The conventional functions of the Audit & Supervisory Board and its members are strictly independent from the execution of business operations, and the board maintains an emphasis restricted to supervising the management team. In addition to the current

demands for sustainable growth and the creation of medium- to long-term enterprise value for various stakeholders, we are now also required to achieve sustainable growth and the realization of medium- to long-term enterprise value.

ESG issues and sustainability are also becoming increasingly important in the promotion of our business. Through operational audits and other means, we will continue to work to ensure that these issues are fully recognized at the front lines of each Group company. In addition, under "integration 1.0," we aim to enhance the value the Group provides by promoting DX and GX. Also, we believe that while actively supporting this goal, we must play a role in evaluating the innovative convenience offered by such new fields as AI as well as the potential risks inherent in such new fields. Therefore, we began conducting meetings on the status of AI utilization in our operational audits in the current fiscal year. We are committed to responding quickly to new growth opportunities and risks and will continue to contribute to the Company's sustainable development.

## Governance Roundtable Discussion



Hiroyuki Sasa  
Outside Director

Nobuko Inaba  
Audit & Supervisory  
Board Member (Outside)

Yusaku Kurahashi  
Audit & Supervisory  
Board Member (Outside)

### DIALOGUE

## An Outside Perspective on Kanematsu's Governance

At Board of Directors meetings, three outside directors and two outside Audit & Supervisory Board members provide transparent and highly effective supervision and auditing based on their expertise and experience while engaging in lively discussions.

A roundtable discussion was held among three of these individuals to share their thoughts on Kanematsu's governance, including the current state of the Board of Directors from an independent and outside perspective.

**Hiroyuki Sasa**  
Outside Director



**Yusaku Kurahashi**  
Audit & Supervisory Board Member  
(Outside)



**Nobuko Inaba**  
Audit & Supervisory Board Member  
(Outside)

### What is your impression of the culture of the Board of Directors in terms of the nature of the discussions held and how it has changed since you arrived?

**Sasa** Compared to two years ago, when I first assumed my position, I do not believe there have been any significant changes in terms of the frequency of remarks and the vigor of discussions. In terms of effectiveness, however, I believe there are some differences. With any board of directors, discussions will always devolve into an executive versus board configuration when it comes to questions regarding the balance between execution and oversight. The key is determining how to facilitate high-level discussions that lead to resolutions while the outside directors fulfill their role as problem identifiers. Currently, the Chairman of the Board of Directors serves as the presiding officer and the standing directors frankly address the opinions of outside directors, ensuring a clear exchange of opinions on both sides.

**Kurahashi** Since becoming an outside Audit & Supervisory Board member in 2019, I don't feel that the environment has changed regarding the free and vigorous expression of opinions. When attending meetings of the Board of Directors, however, I hope to stimulate discussion from an outside perspective, notwithstanding my position as an Audit & Supervisory Board member. With that in mind, I would like to say that the Chairman of the Board of Directors is very respectful of outside opinions and also tries to offer a realistic view of the inner workings of the Company. Rather than the management team and internal staff simply being on the receiving end of comments and questions from outside directors, they are provided with context and clear explanations of necessary information, which I feel has greatly enhanced the effectiveness of the meetings.



## Governance Roundtable Discussion

**Inaba** My perception differs slightly from what you both have shared. I remember that when I first assumed my post in 2021, the agenda was more formal with not much on it that would allow for lively discussions. This was followed by a significant transfer of authority to the Management Committee and lower levels and a narrowing of the Board of Directors' focus to highly important issues, which I believe gradually led to more substantive discussions. I got the impression that not only outside directors, but also people from within the company are now speaking out.

**Sasa** To offer a little more information on the Board's current effectiveness and governance, I feel that the level of input from the standing Audit & Supervisory Board members is lacking. On the other hand, we have received positive feedback from the outside Audit & Supervisory Board members who approach issues from a completely different perspective. While the main points of discussion at the Board of Directors meetings can often be characterized as dealing with either rational, quantitative issues or abstract social issues, we often see discussions proceeding in a manner that finds a point of congruence between the two. For example, when discussing Companywide policies, we have spent a considerable amount of time discussing the issues at hand, as internal opinions mainly call for rational solutions, while external opinions focus on social aspects, including reputational risk.

### How would you evaluate the progress under previous medium-term vision *future135* and the discussions that took place during the formulation process of the current medium-term management plan, "integration 1.0"?

**Sasa** Although I was not present during the formulation of the previous medium-term vision, I have heard that *future135* was created using a bottom-up approach, rather than the conventional process of formulating a medium-

term management plan, in which the top management formulates the organizational policies, which are then used to generate and verify the measures and numerical values. In that sense, it was a generic strategy, leaving me to wonder, "Where are the Kanematsu-esque qualities?"

**Inaba** I am of the same mind as the two of you. In retrospect, I also feel that although the previous medium-term vision was commendable in terms of numerical results, there was not enough discussion on the nature of monitoring, as well as the concept of Groupwide management, business portfolio, and recovery measures to be taken in the event of deviation from policy direction or targets. In comparison, the formulation of "integration 1.0" reflects the considerable amount of time spent on devising it and carefully discussing each issue it addresses. There is a story-like quality to its description of our ideal image and management philosophy, which I believe will give employees a better understanding of us as a company.

**Kurahashi** While the new medium-term management plan does indeed include a process for consolidating targets in each segment, I believe that the strategic aspects that set the direction of the entire Company, such as synergies from the reorganization of Kanematsu Electronics Ltd. (KEL) into a wholly owned subsidiary and from other Group companies, were conceived in a top-down manner or back-cast from the future.

**Sasa** While I am aware that there is a natural difference between the manufacturing company I was with and a trading company, there have been aspects of my appointment to the Board of Directors that I found quite disconcerting. On several occasions, I have stated my belief that upper management is essentially responsible for creating the medium-term management plan formation policy, and that there is a process for interpreting said policy and incorporating it into the annual plan. Under the new medium-term manage-

ment plan, I believe that the process for reviewing annual plans and the results of the previous medium-term vision has changed for the better. During the formulation stage, the same information was systematically provided to the members of the Board of Directors and an extra session was held to ensure accountability. Also, additional explanations were provided to outside directors, which also allowed for more information sharing and discussion until they reached a satisfactory level of understanding.

**Kurahashi** The point of emphasis was, first and foremost, the pillars of the basic policy. Of particular significance was determining how to optimize the management resources of KEL by fully leveraging the networks and sales capabilities that Kanematsu has cultivated over its history as a trading company. Another point I felt was a step forward was the establishment of strategic goals, which are now viewed from multiple perspectives in order to achieve group synergies. I commend the Companywide efforts to monitor the basic policies.

**Inaba** One point of note is that the focus on Groupwide management that fully leverages the customer base is wholly different from the previous approach. Before the formulation of the new medium-term management plan, the Group also created a cross-divisional body known as the Growth Strategy Office to ensure the alignment of its goals. We are aware that the monitoring of this body is of great importance.



## Governance Roundtable Discussion

**Sasa** The new medium-term management plan has two distinctive features. One being that it utilizes Kanematsu's strength as a general trading company that wholly owns KEL. As no other general trading company has a wholly owned subsidiary engaged in this area of business, this status demonstrates Kanematsu's determination to expand its business under the banner of a "DX trading company." However, even if the logic is there, if the potential of this strength goes unrealized, it's not worth discussing, so I believe that only feasibly achievable projects must be embarked upon.

The plan's second feature is its strong emphasis on Groupwide management, which includes KEL. Such management requires input from those on the front lines to ensure that it stays on the right heading. Therefore, we must make preparations from the perspective of how to incorporate input from the front lines, how to best satisfy them, and how to do so in a unified manner. In this sense, the allocation of management resources is also important, and the extent to which the initiative of "Strengthening Human Capital - Alignment of Strategies," which includes securing, training, and efficiently utilizing digital human resources, will be fulfilled will determine its effectiveness in the future.

The Board of Directors also discussed where Kanematsu's true strengths and sustainable competitive advantages lie, and, when President Miyabe made clear his beliefs that "a trading company is its people" and "we serve as a pipeline to our business partners," I felt a strong sense of pride in the human capital and social and relationship capital that have



earned Kanematsu its longstanding reputation, and my expectations for "integration 1.0" rose significantly.

### In what ways would you like to contribute from your respective expertise and backgrounds to further enhance the Company's enterprise value?

**Inaba** As an expert in finance, accounting, and auditing, I hope to contribute my auditing knowledge and practical experience to financial and other issues. Although I believe the financial targets under "integration 1.0" could be a bit more aggressive, I see them as being in a healthy range. Furthermore, I hope to apply the knowledge I have gained from my experience at other companies in areas outside my field of expertise, such as human resources and sustainability. Going forward, I hope to broaden my knowledge of integrated risk management for business, regional, and other portfolios conducted by general trading companies so that I can actively participate in such matters.

**Kurahashi** As an Audit & Supervisory Board member, I believe that it is important that if something should happen, I work closely with the full-time Audit & Supervisory Board members and keep a close eye on whether the situation is being handled appropriately by the organization. Rather than simply avoiding value being compromised by risks, it is crucial that responses demonstrate resilience and consistent values. Also, as I mentioned earlier, when participating in board meetings, I strive to contribute to the quality of the discussions. In terms of risks for a general trading company, I am unaware of any problems as the Group devotes sufficient resources to internal controls and audits. As such, we are naturally aware of any risks that must be monitored in the course of business, and the proper governance structure has been established and is in place. From a monitoring standpoint, I would like to make it clear that rather than dancing around formalities, it is important for us to determine the



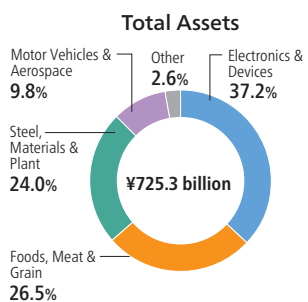
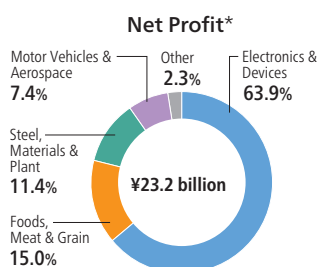
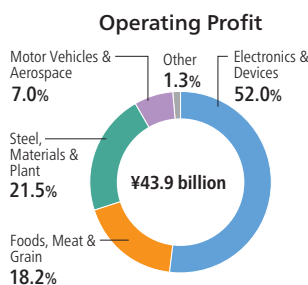
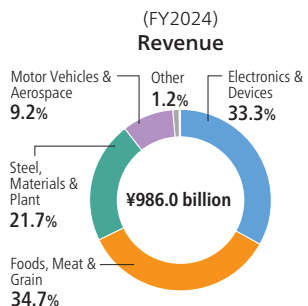
true value of the Company's unique business and to take substantive action regarding opportunities and risks.

**Sasa** As Kanematsu operates on the basis of trading in a wide range of areas, I was in part expected to contribute to the upstream areas of the supply chain with respect to governance and management, but after two years, I feel that it is my advice on overall management that is actually adding value to the Company. As I mentioned earlier, this includes how to formulate a management plan, how to reflect upon past plans, how to incorporate them into an annual plan, and how to manage progress.

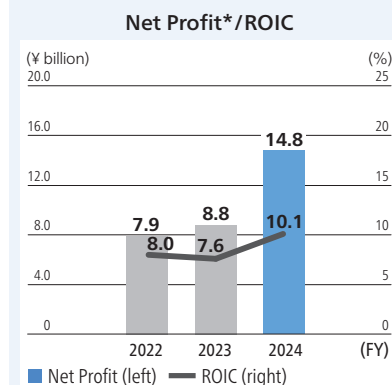
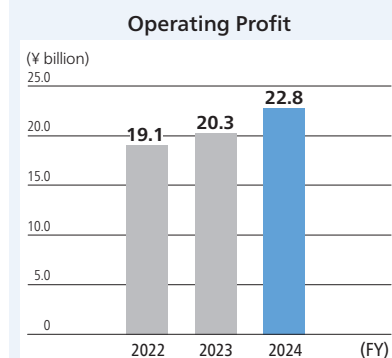
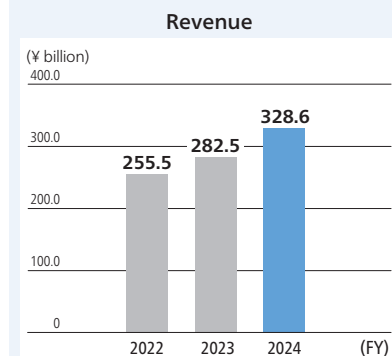
Putting too much emphasis or bias on KEL risks hurting Groupwide management, which serves as a focal point. The issue regarding succession, however, is whether or not there is anyone within Kanematsu's Head Office capable of taking over leadership of the Group. As a member of the Nominating Committee, I study the lists of candidates for upcoming executive management positions and whether the selection process is appropriate. Another issue that we recognize as a current challenge is global governance as it pertains to Groupwide management. I believe that the next major step will be to link the Company's strengths in human capital, intellectual capital, and social and relationship capital on a global scale.

## Business Segments

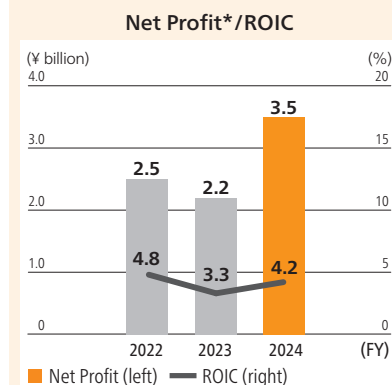
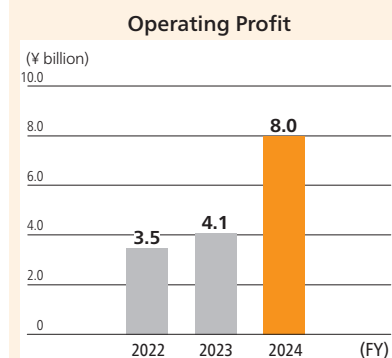
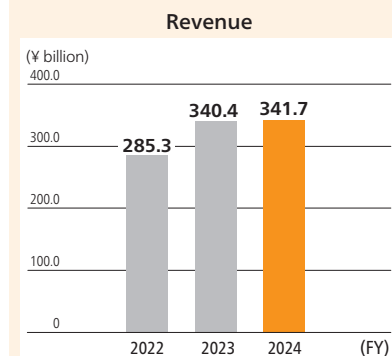
Note: The newly established ICT Solution segment for the fiscal year ending March 31, 2025 corresponds to the ICT Solutions business included in the Electronics & Devices segment through the fiscal year ending March 31, 2024.



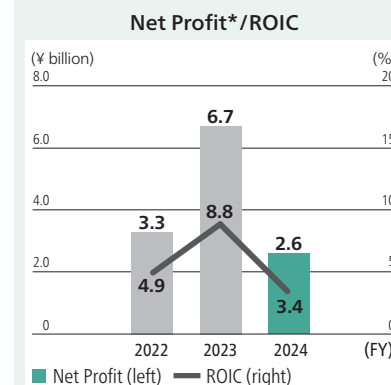
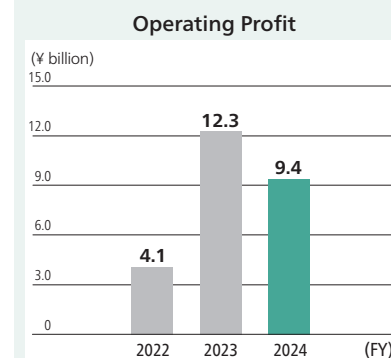
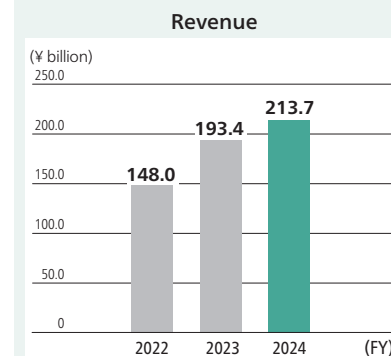
### Electronics & Devices



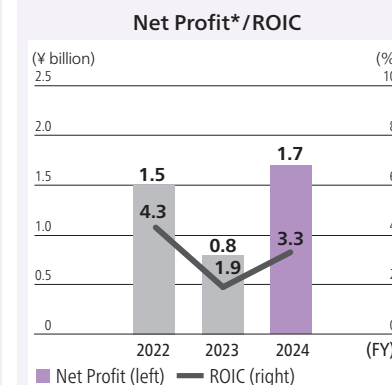
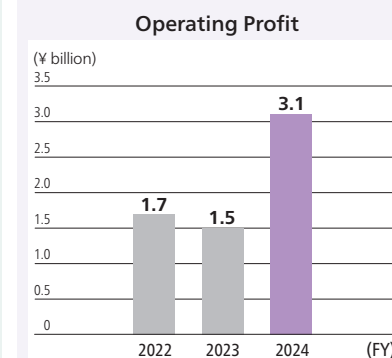
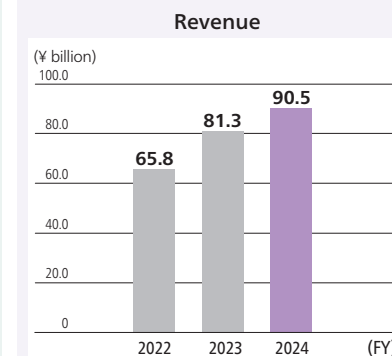
### Foods, Meat & Grain



### Steel, Materials & Plant



### Motor Vehicles & Aerospace



\* Profit for the year attributable to owners of the Parent



# ICT Solution



**Akira Watanabe**

Executive Officer,  
COO ICT Solution

Kanematsu Electronics Ltd. (KEL) is taking the lead in building IT infrastructure and developing an ICT-based (Information Communication Technology-based) security business by leveraging the strengths of a multi-vendor. Moreover, through system consulting on our corporate information system, we provide one-stop services ranging from design and construction to implementation, maintenance, and operation.

Systems (KEL Zero Trust Security Solutions / Infrastructure Solutions / Network Solutions / DX Promotion Solutions / Global Solutions), Services and Support (KEL Custom Cloud / KEL Managed Services)

## Key SDGs

Through its business activities, the ICT Solution division aims to develop social infrastructure that implements cutting-edge technologies, while at the same time reducing its environmental impact through the use of cloud computing and services, and promoting the development of digital human resources and work style reforms. The division will also contribute to the realization of a sustainable society by sharing knowledge we have accumulated in-house through working with our customers and partners.



## Three Value Propositions Informed by Medium- to Long-Term Outlook and Groupwide Management Goals

### Drivers of Strategy and Innovation (Key Capital)

Intellectual capital	Solid technical capabilities accumulated over many years and the ability to respond as an unbiased provider of multi-vendor solutions
Human capital	Human resources with expertise in digital services that combines dynamic adaptability and flexibility in project management
Social and relationship capital	Diverse and excellent customer base centered around enterprise companies



- Providing solutions, such as IT infrastructure development and security measures, to the booming ICT market with the aim of realizing a sustainable supply chain through digitalization.
- Cross-selling to the 20,000-strong wide range of customers and business partners that do business with the Kanematsu Group
- Contributing to the realization of a decarbonized society by reducing environmental impact through the provision of cutting-edge technologies
- Pursuing GX and technology collaboration with the Group's various segments, which boast knowledge covering a wide range of industries
- Developing and implementing security solutions that bring together cutting-edge technology and customer needs through the formation of a broad community via a security fund, and contributing to the construction of a robust social infrastructure
- Enhancing intercompany collaboration by combining the market demand and technology acumen of KEL with the in-house investment knowledge of Kanematsu and its global security experts

Supply Chain  
Transformation / Creation

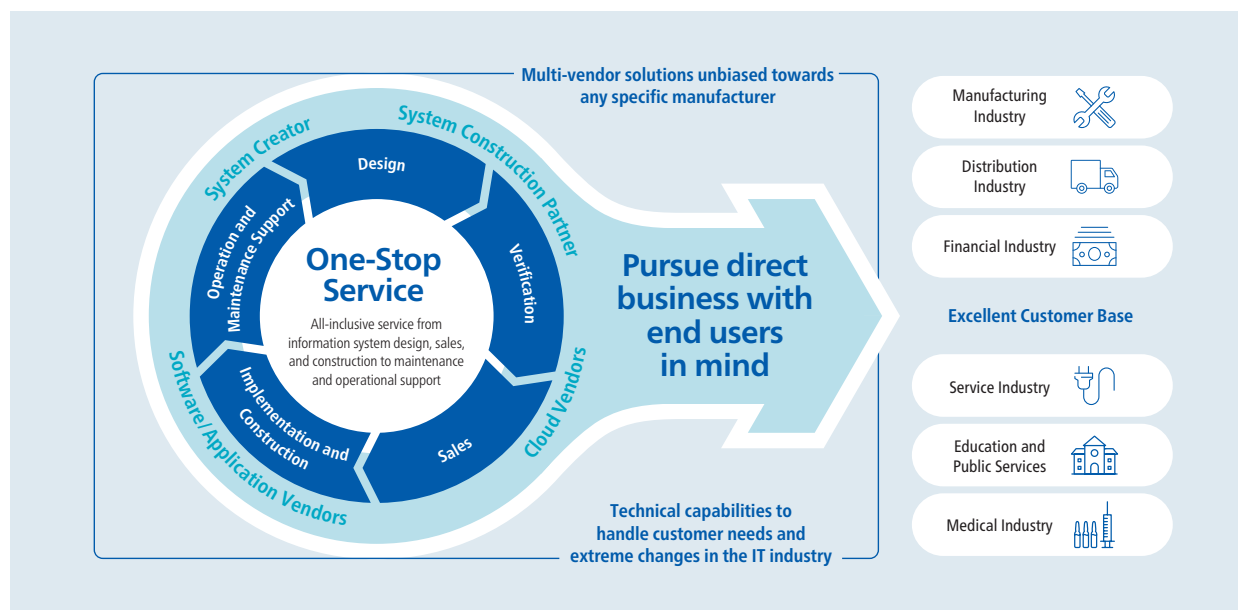
## Key Initiatives for the Fiscal Year Ended March 31, 2024

In the ICT market, the willingness of companies to invest in DX-related projects in order to expand their businesses or to automate and streamline their operations to compensate for labor shortages continues to grow. In addition to our infrastructure development business, which is based on technological capabilities we have cultivated over the years; this segment also focuses on the solutions

business to support our clients' IT strategies and efforts to address issues. Furthermore, security measures are becoming increasingly important in the face of a sharp increase in ransomware and other sophisticated and diversified cyberattacks. Therefore, we are expanding our unique "as a Service" business, as well as security solutions aligned with the era of zero-trust networks, to achieve

revenue growth. We have also enhanced our system to meet the security-related demands of the market by entering into a new capital and business tie-up with Broadband Security, Inc.

## Business Model



## Business Environment

## Opportunities

- Growth in ICT investment across a wide range of industries, driven by technological advances and the spread of digitization
- Increased demand for platforms due to the evolution of the use of on-premise and cloud computing and the convergence of services
- Increased global activity in client businesses

## Risks

- Rapid changes in technological trends and the obsolescence of existing platforms due to the evolution of digital technology
- Increased competition to retain engineers due to a chronic shortage of IT personnel
- Increased security risks, such as ever-more sophisticated cyberattacks and data leaks

## Action Plan

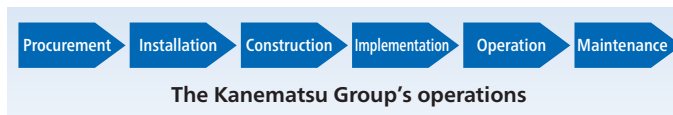
- Strengthen sales capabilities in booming business areas centered on the semiconductor industry
- Expand the "as a Service"-centered lineup of managed services
- Expand sales of hybrid cloud, a combination of on-premise and cloud services
- Provide a global seamless platform for companies seeking to expand and promote their global operations

## Countermeasures

- Enhance digital human resource development and education systems to promote continuous improvement of engineers' skills
- Secure resources and expand our service lineup by building alliances with external partners, such as capital and business alliances
- Promote gathering of the latest cybersecurity information and service development, as well as the training of security engineers and the expansion of solution provision

## The Kanematsu Group's Accumulated Expertise

We cover the wide-ranging value chains of the ICT solutions industry, leveraging a multilateral, multi-faceted business creation perspective.



## Partner's Voice

## A Word from Our Business Partner

With an extensive history, the JVCKENWOOD Group has evolved and today operates in three business fields. We have done business with the Kanematsu Group for about 50 years in each of those business fields. The Kanematsu Group has offered tremendous support for the reforms we have undertaken and the advanced technology it is able to offer helped us to build virtual environments and security environments for our IT infrastructure when we took on the challenge of entering new fields.

Recently, as supply chain risk has become an urgent issue, the Kanematsu Group helped us identify risks related to our IT infrastructure and then to consider and implement measures accordingly at our offices in various countries. The appeal of the Kanematsu Group is their ability to work closely with clients in this way, from the consideration of measures to their implementation, all in a single integrated process.

The Kanematsu Group has also cooperated with us in the restructuring of our business, and we look forward to their continued support not only as a business partner, but also as a strategic partner.



**Shoichiro Eguchi**

Representative Director of the Board,  
President & CEO of JVCKENWOOD  
Corporation

# Electronics & Devices



**Masahiro Harada**

Managing Executive Officer  
COO Electronics & Devices

Kanematsu has long been expanding its value chain—extending from materials to electronics and components, devices, and equipment for mobile, data, AI, and SaaS applications—and providing unique added value in an extensive range of fields. We will continue to contribute to the creation and development of a digital society by creating unprecedented new value by providing reliable technology backed by abundant electronics-related knowledge.

Mobile; Data, AI, SaaS; Semiconductor Equipment; Electronic Components and Materials; Industrial Electronics (Printers); Semiconductors & Devices

## Key SDGs

The Electronics & Devices division, through constantly evolving digital technologies, engages in new businesses and contributes to helping to build the foundations of the industry and technological innovation. We are also assisting climate change initiatives through the expansion of businesses related to next-generation batteries, including lithium-ion batteries and solid-state batteries. By supporting the use of IT and DX in traditional industries, we hope to build organic partnerships, increase the overall efficiency and added value of industry, and help achieve the various objectives of the SDGs.



## Three Value Propositions Informed by Medium- to Long-Term Outlook and Groupwide Management Goals

### Drivers of Strategy and Innovation (Key Capital)

Intellectual capital	50 years of accumulated expertise in the Electronics & Devices business
Human capital	Expert human resources with practical experience in the production and sale of electronics and devices and the ability to create and manage businesses
Social and relationship capital	Trust and longstanding relationships with business partners maintained by expert human resources



- Expanding our hardware and software portfolio for Beyond 5G (6G)
- Supporting customers and business partners of the Kanematsu Group in their DX promotion by expanding the use of mobile ICT terminals, mobile ICT services, SaaS, and AI
- Promoting the substitution of plastic, synthetic paper, and paper through the sales of labels made from LIMEX Sheet, which contains more than 50% inorganic materials. Reducing the use of petroleum resources, curbing greenhouse gas emissions, and substantially reducing use of water resources
- Establishing and operating a platform for business matching
- Promoting efficiency and reduced labor requirements in customer operations by providing Kanematsu Group companies with products related to DX, cooperative robots, and automated equipment, etc. At the same time, establishing win-win relationships that help clients increase revenues by proposing business tools that leverage data, SaaS, and AI

Supply Chain  
Transformation / Creation

## Key Initiatives for the Fiscal Year Ended March 31, 2024

In the mobile business, the Group worked to increase the operational efficiency of each outlet as well as to promote the group companies of primary and secondary distributor of telecommunications carriers based in the Kansai area.

In the semiconductor component and equipment business, we acquired

a company that provides support services for semiconductor production equipment.

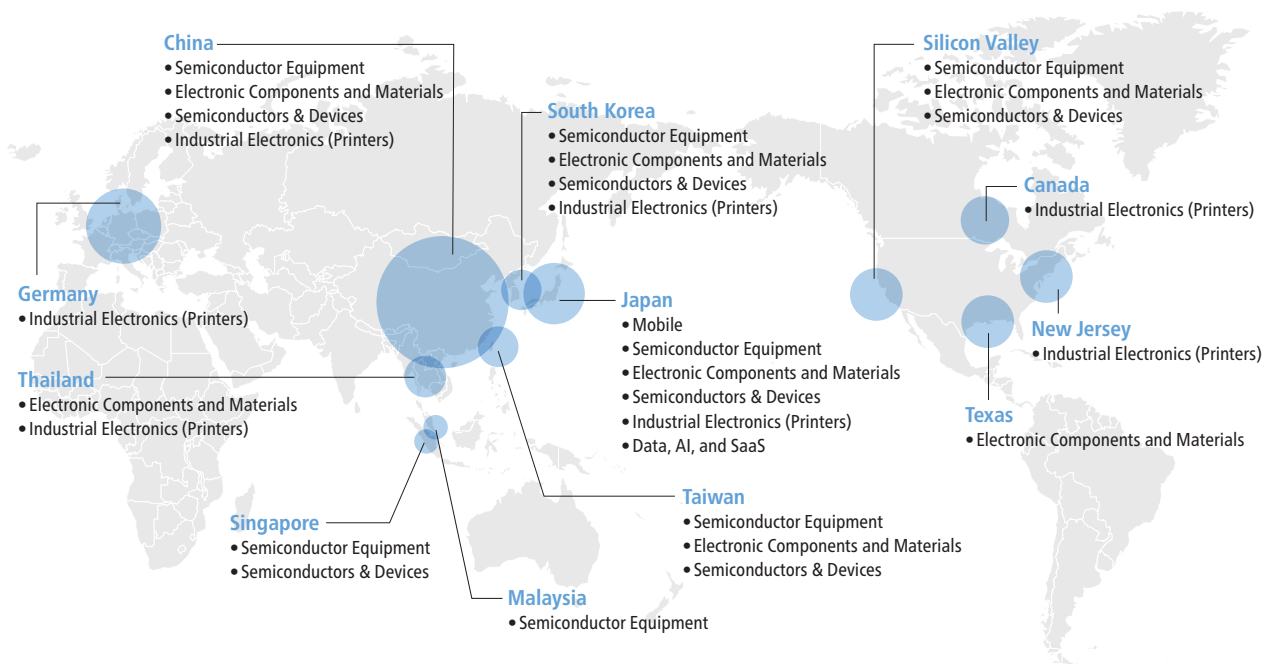
Continuing from the previous fiscal year, in each of our business fields, we promoted expansion of scale through business investment and the acquisition of

added value, which were the priority initiatives of our *future 135* medium-term vision, and contributed to achieving those goals for the fiscal year ended March 2024, the medium-term vision's final year.



## Electronics &amp; Devices

## Key Businesses and Locations



## Business Environment

## Opportunities

- Normalization of remote work, online conferencing, and a paperless work environment
- The creation and expansion of related technology and service markets driven by the adoption of AI, IoT, robotics, and 5G
- Accelerating DX and GX initiatives at companies in Japan

## Risks

- Increasing sophistication and complexity of information security, shortage of specialized professionals, and tightening regulations
- Industry reorganization, the impact of core technologies, and technological innovation
- Supply chain interruptions due to changing international conditions or geopolitical risks

## Action Plan

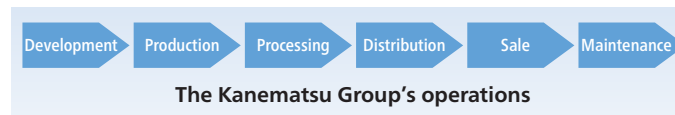
- Expand profit-earning opportunities by providing new value through the handling of related solutions in the mobile business and related products in the semiconductor equipment, electronic components and materials, and industrial electronics (printers) businesses
- Promote M&A and innovation investment in solutions providers, including startups, and expand profit through synergies with existing businesses

## Countermeasures

- Acquire and expand solutions platforms based on capital alliances and partnerships with companies in and outside Japan that have specialized technologies
- Expand scale by acquiring companies and businesses and acquire and develop new products and solutions through innovation investment
- Optimize supply chains by expanding the functions of overseas locations and diversify the portfolio using advanced technologies

## The Kanematsu Group's Accumulated Expertise

We cover the wide-ranging value chains of the electronics and devices industry, leveraging a multilateral, multifaceted business creation perspective.



## Partner's Voice

## A Word from Our Business Partner

SINFONIA was founded in 1917, with the core of its business comprising electrical control technology. Drawing on this technology, we offer products produced by businesses in 12 diverse fields, ranging from semiconductor transfer equipment to electrical components for space rockets, small motors, electromagnetic clutches, and printers. Our relationship with Kanematsu began around 2000, when we began installing our printers in the photo kiosk terminals of a U.S. manufacturer that prints digital camera photos. From then on, Kanematsu helped engineers with limited English skills, including myself, participate in technical meetings with clients and provided other support for various aspects of our business, enabling the completion of many projects.

In recent years, the photography business has shrunk due to diminishing demand. Together with Kanematsu, however, we have developed new businesses to replace it and have maintained a lasting relationship up to the present day. We will continue our efforts toward creating new businesses that contribute to the development of society, and we look forward to Kanematsu's continued support and cooperation in the years to come.



**Tsutomu Inagaki**

Officer  
Control and Imaging Products  
Business Department  
Electronics & Precision Products  
Division of SINFONIA TECHNOLOGY  
CO., LTD.

# Foods



**Koichi Nishimura**

Executive Officer,  
COO Foods

Committed to safe, secure food, this division applies a manufacturer's perspective to maintain an integrated supply system spanning raw material procurement through finished product processing.

With a broad lineup that includes agricultural products, marine products, coffee, alcoholic and non-alcoholic beverages, and cooked foods, the Foods Division meets diverse market needs.

Foods and Food Products (Agricultural Products, Marine Products, Beverages, Liquor), Cooked and Processed Foods, Processed Agricultural Products

## Key SDGs

The Foods division seeks to secure stable food sources and contribute to local communities by promoting business related to environmentally friendly and sustainable agricultural and marine products, such as Rainforest Alliance-certified coffee and MSC/ASC-certified\* marine products. In response to growing consumer awareness of sustainability, Kanematsu is also contributing to the realization of a sustainable society by working with its business partners to promote greenhouse gas (GHG) reduction initiatives in its supply chain and labor environment improvements based on the Kanematsu Group's Human Rights Policy.

\* MSC: Marine Stewardship Council; ASC: Aquaculture Stewardship Council



## Three Value Propositions Informed by Medium- to Long-Term Outlook and Groupwide Management Goals

### Drivers of Strategy and Innovation (Key Capital)

Intellectual capital	Expertise in food product distribution, manufacturing, sales, and quality control
Human capital	Expert human resources with practical experience in food product processing and distribution and the ability to create and manage businesses
Social and relationship capital	Longstanding, deep, positive relationships of trust with business partners in Japan and overseas



- Supporting the resolution of business issues by facilitating DX for suppliers and supply chain by leveraging KEL's IT security and KCS commercial products
- Leveraging Kanematsu's network to propose solar power solutions supplied by Group companies and wood pellets handled by the Steel, Materials & Plant Division to overseas customers in Indonesia and other countries. Reducing factory CO<sub>2</sub> emissions to enhance business sustainability and meet market demand for decarbonization
- Developing new technologies related to frozen foods and foods with extended shelf life, and new food ingredients and functional foods using such new technologies as genome editing to address the protein crisis

Supply Chain  
Transformation / Creation

## Key Initiatives for the Fiscal Year Ended March 31, 2024

The Foods Division works with suppliers around the world via investment, exclusive contracts, and facility loan agreements to strengthen its ability to procure high-quality raw materials overseas. To ensure the level of quality that consumers in Japan expect, we reinforce production and quality control systems, which are overseen by specialists, working to secure a stable supply of safe, reliable food. To meet demand for food prepared at home and ready-made meals, we work with food product manufacturers in Japan and overseas to strengthen the

development of products for retail markets, including frozen foods, alcoholic beverages, and coffee. Recently, in response to supply concerns arising from geopolitical risks and climate change as well as rising import costs due to global inflation and the depreciation of the yen, we have been developing alternative production regions that offer price advantages and a stable supply of various imported raw materials.

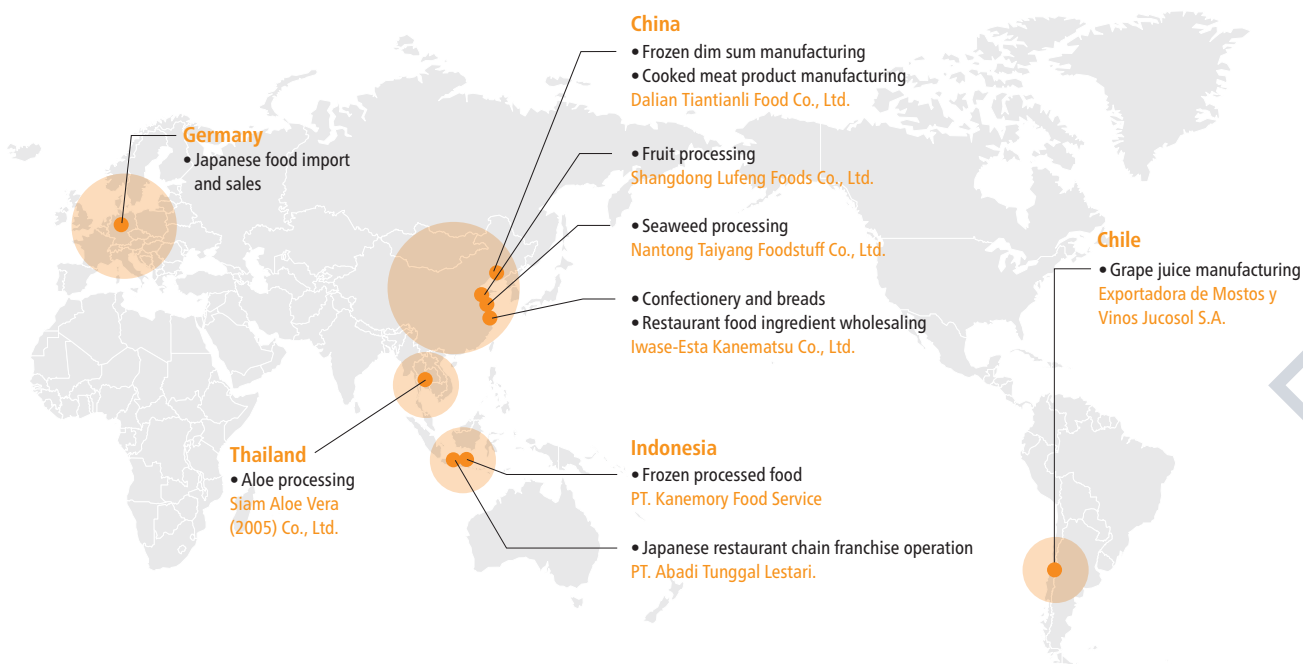
In addition, in response to growing awareness of sustainability among

consumers and to accelerate sales of sustainable raw materials, we conducted the following initiatives in the coffee business: information disclosure based on TCFD recommendations (Climate Change), information disclosure based on TNFD recommendations (Nature Capital and Biodiversity), and human rights due diligence.

In overseas markets, we worked with longtime local partners to enhance the development of new products that meet local needs and promote the development of sales channels.

## Foods

## Key Businesses and Locations



## Business Environment

## Opportunities

- Demographic graying of consumers and rising health awareness
- Personnel shortages and rising staffing costs in the food products industry
- Growing food demand and shift from focus on quantity toward quality in Asia

## Risks

- Damage to agricultural products under cultivation or operational disruptions of processing and manufacturing facilities or logistics attributable to global warming or extreme weather events
- Health hazards for consumers due to the contamination of food products
- Global population growth and food resource depletion

## Action Plan

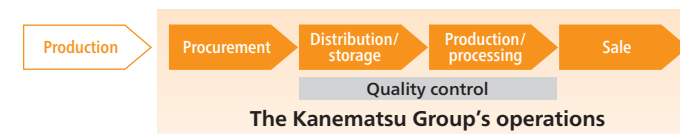
- Develop production sites for fresh agricultural products that are safe and reliable
- Develop and commercialize delicious and easy to prepare processed food products targeted to specific markets around the world
- Leverage DX to save labor in sorting and processing and improve quality
- Expand mechanisms for providing safe, reliable food at Japanese standards and grow businesses in local production for local consumption

## Countermeasures

- Hedge risks by working with production sites distributed around the world; secure water resources, leverage new technologies, and promote cultivation
- Reinforce food safety management systems based on ISO 22000 and FSSC 22000
- Trade in agricultural and marine products that are certified as sustainable by third parties and promote the use of renewable products

## The Kanematsu Group's Accumulated Expertise

We cover the wide-ranging value chains of the food industry, leveraging a multilateral, multifaceted business creation perspective.



## Partner's Voice

## A Word from Our Business Partner

I first visited Japan in 1978. Establishing a mutually beneficial enterprise with this wonderful country became a dream for me. The partnership between Dattera and Kanematsu, which dates back more than 20 years, was an excellent opportunity to allow Dattera's sustainable and special coffees to be introduced to many wonderful partners.

Over the years, Kanematsu and its wonderful team have honored us with many visits to our farms and conservation lands in Brazil. Without Kanematsu's efforts as our sole distributor in Japan, our coffees would not have gained so much respect in Japanese market. Kanematsu's focus on coffee made it possible to expand our presence in the market with a breadth of new special and sustainable beans.

We are excited to have developed this strong partnership over the years and to have been able to collaboratively nourish such new dreams as the Tree\_Illion Project—a strategic movement to further strengthen the sustainability in the value chain of the best coffees in the world while balancing our effect on the planet's climate.

We happily look forward to working together for many years to come, taking advantage of the strengths of our partnership and achieving even greater success.



**Luis Norberto Paschoal**

President/Founder  
Dattera Atividades Rurais Ltda.



# Meat Products



**Toru Hashimoto**

Executive Officer,  
COO Meat Products

Leveraging our accumulated know-how as an industry leader in the meat products business, we build meat product value chains, from securing raw ingredient sources to processing and sales, to provide a stable supply of safe, reliable, high-value-added products that meet customer needs.

Meat Product Ingredients (Beef, Pork, Poultry, etc.),  
Processed Meat Products

## Key SDGs

We are contributing to securing sustainable food resources through the development of new production areas, for example, in Uruguay, where beef with a low environmental impact is produced, the pursuit of strategic partnership agreements like that with Danish Crown, which is committed to sustainable meat production, and proactive efforts in new food technology areas like alternative meats.



## Three Value Propositions Informed by Medium- to Long-Term Outlook and Groupwide Management Goals



## Key Initiatives for the Fiscal Year Ended March 31, 2024

As a leading company in the livestock industry, we continue to build value chains to establish a stable supply of safe, reliable, high-quality products that meet customer needs. Constantly working to address concerns and counter risks related to such issues as geopolitics and supply chain fragmentation as well as rising prices in major producing regions, we actively develop new production areas and suppliers. We also work to further reinforce relationships with existing suppliers through business tie-ups and investment, continuing to build a stable supply

structure for meat product ingredients. Furthermore, in China and Indonesia, we expanded our value chain by investing in and establishing joint ventures with food service companies.

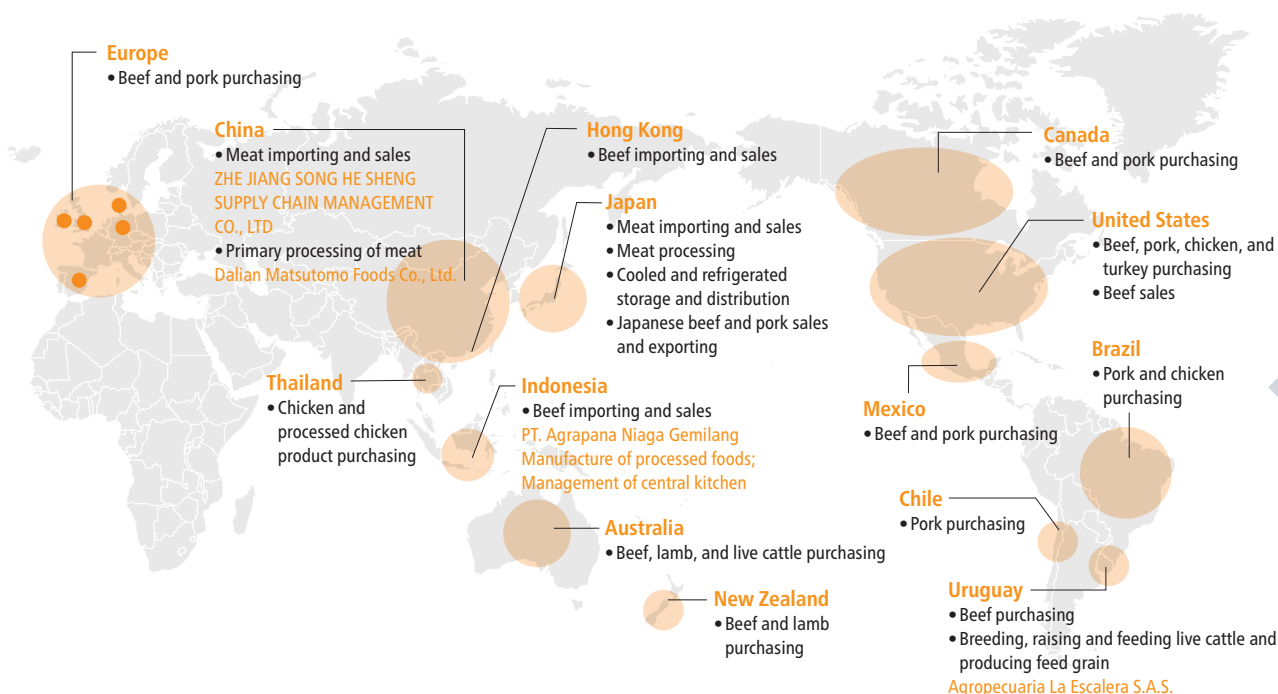
In terms of DX, we have improved business productivity through the use of digital technology, including the creation of a web platform for livestock transactions.

In GX, we worked with our partner in Scandinavia, Danish Crown A/S, to

facilitate the creation of a sustainable meat supply chain with our clients. In the beef business, following information disclosures based on TCFD recommendations (climate change), we have also made information disclosures based on TNFD recommendations (nature capital and biodiversity) thereby establishing a system to respond to the growing sustainability consciousness of consumers in Japan.

## Meat Products

## Key Businesses and Locations



## Business Environment

## Opportunities

- Expansion of imports due to reduced import tariffs rates under the TPP11, the European Union's EPA, and the United States' TAG
- Growing demand for meat products in Asian markets
- Growing consumer awareness of safety and reliability issues

## Risks

- Supply shortages due to conflicts, pandemics, or animal disease outbreaks
- Raw ingredient price fluctuations
- Decrease in Japan-bound supply availability due to growth in demand for meat products in other Asian markets
- Future protein supply shortages due to global population growth

## Action Plan

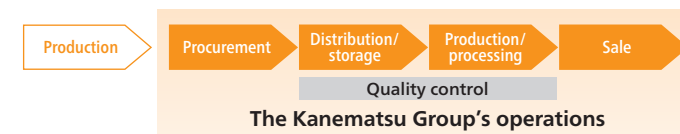
- Advance business investment and M&A to reinforce domestic sales capabilities by strengthening functions within the Meat Products group
- Extend business models used in Japan to expand meat product businesses in Asian markets
- Step up initiatives undertaken with current suppliers and cultivate new production sites to develop safe, secure, high-value-added products with a stable supply stream

## Countermeasures

- Diversify production sites to better distribute suppliers
- Diversify customers and expand processing businesses to mitigate price fluctuation risk
- Reinforce procurement capabilities by deepening initiatives with suppliers
- Enter the meat substitute market

## The Kanematsu Group's Accumulated Expertise

We cover the wide-ranging value chains of the meat products industry, leveraging a multilateral, multifaceted business creation perspective.



## Partner's Voice

## A Word from Our Business Partner

For more than 40 years, Kanematsu and Danish Crown have been doing business together. It's always a privilege to work with Kanematsu, and they play a key role for us in the Japanese market. They have been with us from the beginning and have helped us navigate the Japanese market.

With our new contract on sustainability in February 2024, our relationship is becoming even closer, which will benefit all of us. Kanematsu's commitment to integrating sustainability into their business operations is a testament to the shared vision we hold for a more sustainable future in the food industry. Through this partnership, we will promote the creation of a sustainable meat supply chain together to meet the demands of increasingly sustainability-conscious Japanese consumers.

Together with Kanematsu, we will provide food safety, sustainable products, and quality, which will make our mutual customers happy and satisfied.



**Mads Stougaard**

Senior Vice President, Fresh Meat,  
Sales  
Danish Crown A/S

# Grain, Oilseeds & Feedstuff



**Jun Nakajima**

Executive Officer  
COO Grain, Oilseeds &  
Feedstuff

The Grain, Oilseeds & Feedstuff Division stably procures the grains, oilseeds, and production materials that form the foundation for diverse food production from around the world, providing supplies to food product manufacturers in Japan and Asia.

The demand for protein has increased significantly as the world's population has grown, and the global demand for feedstuff, the production materials for grains and proteins, which are staple foods, has continued to grow. Amid mounting risks posed by climate change and geopolitical factors, we constantly strive to deliver a stable supply of consistently high-quality environmentally friendly raw materials. Furthermore, we continue to support the enrichment of people's lives through our pet-related businesses.

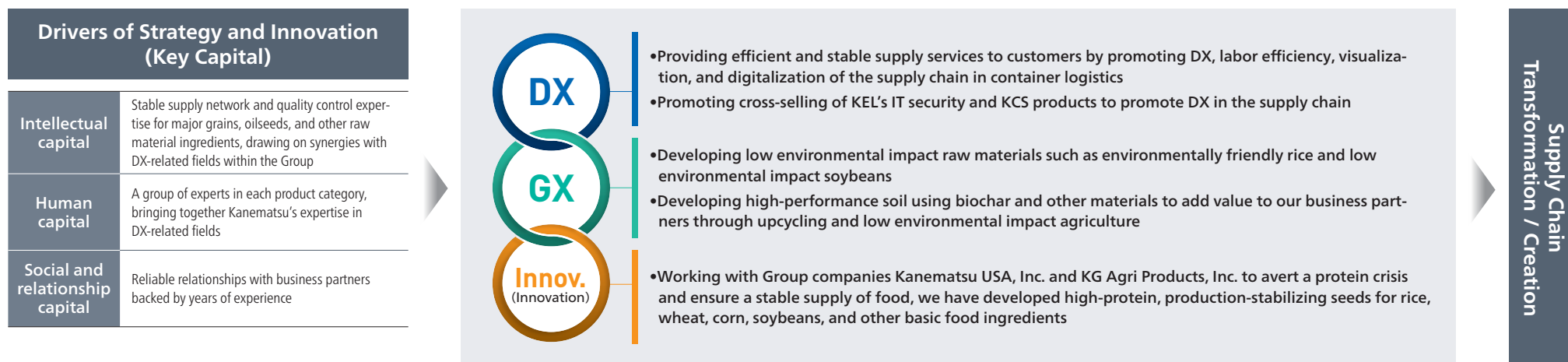
Grain, Food Soybeans, Oilseeds, Feedstuff Materials, Mixed Feedstuff

## Key SDGs

As climate change advances and demand for food increases, global food production and supply is becoming a more pressing issue. Kanematsu is working to secure food supply based on sustainably managed production in order to support healthy and abundant diets. We also support the sustainability of the fisheries industry and productivity improvements via the adoption of new technologies.



## Three Value Propositions Informed by Medium- to Long-Term Outlook and Groupwide Management Goals



## Key Initiatives for the Fiscal Year Ended March 31, 2024

In the rice business, our share of the market for imported rice in Japan remained one of the highest, and overseas transactions expanded, including those to Southeast Asia and Europe. We have enhanced our high value-added rice products, for example, launching the handling of wash-free rice, organic rice, and environmentally friendly rice in Vietnam.

In the wheat business, we expanded our overseas business through the acquisition of equity in a major Japanese-style ramen noodle-making company in North America. Going forward, we will increase synergy and contribute to the expansion

of the overseas ramen market together with our investee companies by expanding the breadth of ramen products we handle to include peripheral products.

In the food soybeans and oilseeds business, we continued to be one of the top importers in the Japanese market thanks to our supply network in North America, which includes proprietary sorting plants and cooperative plants. We also provided added value through genome editing and AI analysis technologies for seed breeding, the supply of soybeans for use in alternative meat, and RTRS certified soybean seed that guarantees sustainable soybean farming and social responsibility.

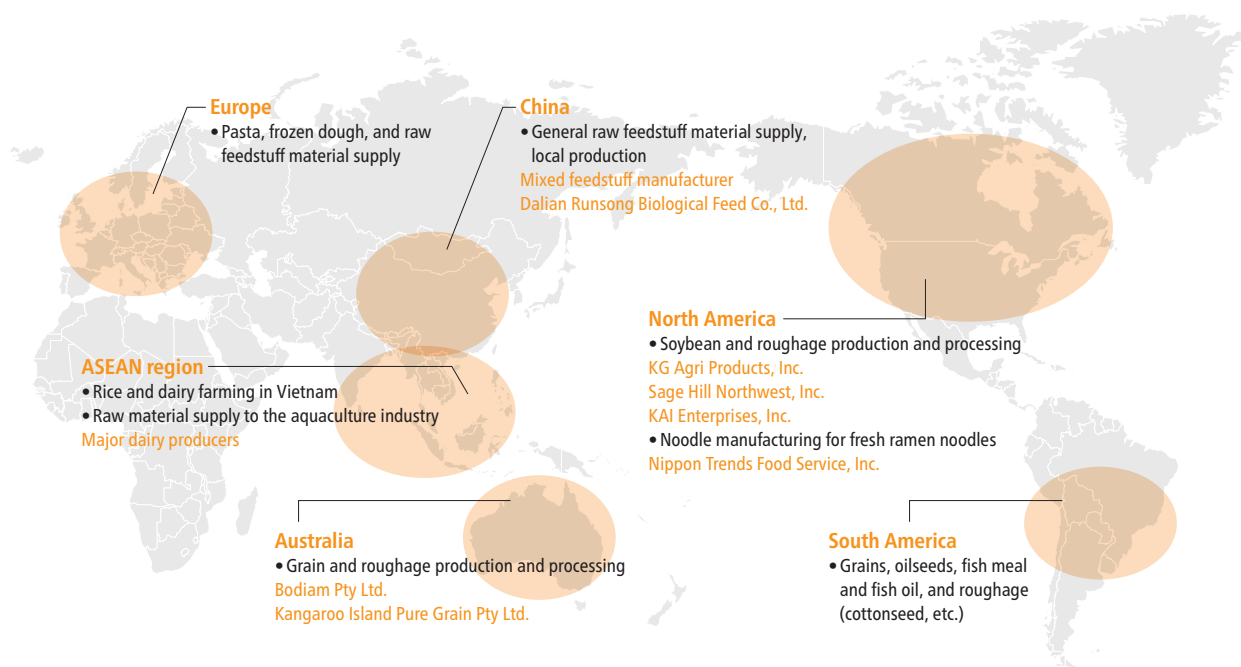
The domestic animal feedstuff business faced a challenging environment due to heightened geopolitical risks and the depreciation of the yen. However, we were able to maintain a continuous and stable supply of a full line of feedstuff materials for production use in the livestock, fisheries, and dairy farming sectors.

In the overseas animal feedstuff business, sales expanded mainly in the ASEAN region against the backdrop of increased aquaculture production due to growing awareness of the need to protect marine resources, while sales to swine and dairy farmers in China were sluggish.



## Grain, Oilseeds &amp; Feedstuff

## Key Businesses and Locations



## Business Environment

## Opportunities

- Increasing incidence of extreme weather events
- Growing global demand
- Growing demand for quality
- Increased demand related to SDGs/DX/GX/new technologies

## Risks

- Price fluctuations
- Supply disruptions due to extreme weather events and geopolitical risks
- Quality control

## Action Plan

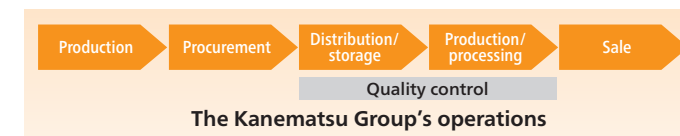
- Diversify supply regions leveraging our global network
- Capture growing demand in Asian and North American markets
- Improve product quality
- Help improve the production efficiency of business partners through IoT technology, genome editing technology, the acquisition of various certifications, etc.

## Countermeasures

- Enter into hedges via futures markets, such as the Chicago Mercantile Exchange
- Secure stable supply by diversifying production sites and suppliers
- Enhance quality control through upstream production and sourcing businesses

## The Kanematsu Group's Accumulated Expertise

We cover the wide-ranging value chains of the grain industry, leveraging a multilateral, multifaceted business creation perspective.



## Partner's Voice

## A Word from A Business Partner of the Group

The Kanematsu Group has long been one of our major sources of key ingredients, providing authentic ingredients for Japanese ramen in North America. Today, Japanese food in North America includes sushi, ramen, tempura, and teriyaki, and ramen's status has improved dramatically. Among these products, I can see that ramen possesses ample potential for further market expansion, as it is a food that can be eaten by anyone in the world.

There are many wonderful foods in Japan that have yet to gain global recognition. Together with the Kanematsu Group's partner companies, we will continue to endeavor as representatives of Japan and Japanese culture to accelerate the cultivation of the North American market for Japanese food culture. We would like to realize a world where Japanese foods like ramen are available in every home and at every type of restaurant and to spread knowledge of the excellence of Japanese food across North America and around the entire world.



**Hideyuki Yamashita**

President  
Nippon Trends Food Service, Inc.

# Steel, Materials & Plant



**Eiji Kan**  
Senior Managing  
Executive Officer,  
COO Steel, Materials & Plant

The Steel, Materials & Plant segment covers a full range of iron and steel products, energy solutions, chemicals, industrial plant and infrastructure facilities, ships, geotech, wood processing, and CCTV systems. Across a wide variety of operations, highly specialized staff uphold Kanematsu's commitment to supplying and developing high value added and environmentally friendly products.

Steel, Steel Tubing, Chemicals, Energy, Plant & Ships, Geotech & Wood Processing, CCTV Systems

## Key SDGs

The Steel, Materials & Plant segment contributes to environmental sustainability through the promotion of solar power, wind power, biomass fuels, and other sustainable energy as well as the effective use of environmentally friendly materials.



## Three Value Propositions Informed by Medium- to Long-Term Outlook and Groupwide Management Goals

### Drivers of Strategy and Innovation (Key Capital)

Intellectual capital	Global value chain expertise via overseas locations and relationships with business partners
Human capital	Human resources with expertise in value chains across industries and the ability to create businesses
Social and relationship capital	Longstanding relationships of trust with influential business partners across industries



- Supporting DX promotion among suppliers and throughout the supply chain by cross-selling KEL's ICT products
- Proposing that Group companies and business partners leverage the Kanematsu Group's customer base to promote corporate Power Purchase Agreements (PPAs) for solar power generation. Contributing to the reduction of utility costs and greenhouse gas emissions at installation sites
- Leveraging the broad network of the Kanematsu Group to promote the use of high-purity biodiesel fuel handled by Kanematsu Petroleum Corporation
- Establishing a plastics recycling business utilizing the enzyme recycling technology of Samsara Eco of Australia. Leveraging the broad network of the Kanematsu Group to establish a supply chain from plastic collection to the manufacturing and supply of recycled resin in Japan and Asia
- Developing applications for Brewed Protein™, a biomass-based structural protein material produced by Spiber Inc. Leveraging various management resources and intangible assets accumulated by the Group

Supply Chain  
Transformation / Creation

## Key Initiatives for the Fiscal Year Ended March 31, 2024

In the chemicals business, in addition to existing focus businesses, such as functional chemicals, life sciences, and healthcare, we are aggressively pursuing expansion through investments in new technologies related to plastics recycling and engineered structural proteins.

In the iron and steel business, the steel material treatment business in which we have invested in Korea and Vietnam continues to grow, creating synergies with Group companies that are involved in construction properties.

In specialty steel, environment-related businesses, such as those involving

flue gas desulfurization equipment, air conditioning equipment, EVs, and hydrogen and ammonia production equipment, are growing, and the range of products handled is expanding from conventional general-purpose stainless steel to high-value-added products, such as titanium, nickel, and high-alloy steel.

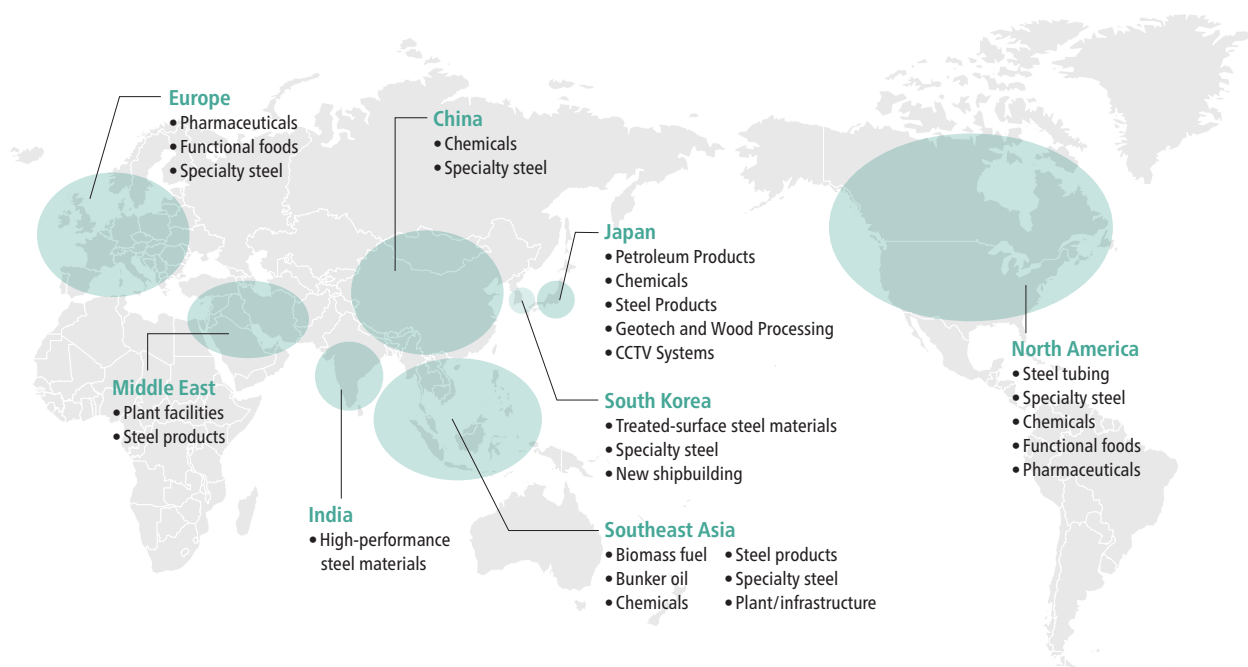
In steel tubing, demand for crude oil drilling remained strong amid rising demand for energy worldwide. The technical center of a Group screw processing company in North America focused on environment-related activities, continued to pursue the development of screws for steel tubing for the underground

injection of CO<sub>2</sub>.

In the energy business, biomass fuel has continued to expand steadily, and we are building a system to meet various energy demands.

In the plant and ships business, in addition to the new shipbuilding business, we are simultaneously contributing to the global environment and achieving business growth by deepening our efforts in the solar power generation business and the domestic wind power generation business.

## Key Businesses and Locations



## Business Environment

## Opportunities

- Changes in the global energy market structure, including declining demand for fossil fuels
- Growing global awareness of environmental problems, as seen in GX efforts and the SDGs
- Diversifying consumer needs and behavior patterns

## Risks

- Further changes to market structures and the realization of geopolitical risks due to trade problem intensification
- Temporary personnel shortages due to accelerating business investment
- Changes to the business environment due to tightening environmental regulations or other factors arising from the international shift toward lower carbon emissions

## Action Plan

- Accelerate initiatives in renewable energy businesses
- Expand business involving more environmentally friendly high-value-added products
- Advance GX to both strengthen customer relationships and respond to changes in the business environment by raising customer satisfaction

## Countermeasures

- Mitigate the risk of trading right advantages being weakened by cultivating new markets, products, and trading partners
- Expand business in high-performance products and products made to proprietary standards to reduce risk related to trade problems
- Provide education and opportunities for employees to gain experience, mainly through personnel exchanges with affiliated companies in and outside Japan
- Create new businesses that contribute to environmental preservation, including CO<sub>2</sub> reduction

## The Kanematsu Group's Accumulated Expertise

We cover the wide-ranging value chains of several industries, leveraging a multilateral, multifaceted business creation perspective.



## Partner's Voice

## A Word from Our Business Partner

I often describe Benoit as an "80-year-old start-up" because of the energy and innovation we're building on top of our long, storied history. We're shaping a new future for Benoit, focused on expanding our share of the energy market through innovative products, manufacturing improvements, and a strong, dynamic team.

This year, we launched several new products, including the BEN-HSF-II connection. This standout innovation reduces risks when refracturing old wells, enabling energy producers to increase output without drilling new wells. Benoit is leading this emerging market and contributing to a more sustainable energy future.

Our commitment to operational excellence continues with investments in new equipment and advanced software, resulting in real-time data analysis that drives continuous improvements at our manufacturing facilities.

We've also added new members to our Leadership Team, focused on growth, fostering collaboration, and creating long-term value for our shareholders and employees. Benoit's impressive past and current growth are made possible by the support we receive from Kanematsu. Together, we are positioned to adapt and thrive.



**Jacob Heisten**

Vice President of Sales & Marketing  
Benoit Premium Threading, LLC.



# Motor Vehicles & Aerospace



## Ryoichi Kidokoro

Managing Executive Officer,  
COO Motor Vehicles &  
Aerospace

The motor vehicles and parts business, which handles motorcycle and automobile parts as well as complete built up vehicles, the aerospace business, which handles aircraft and parts as well as space-related products, and the machine tools and industrial machinery business operate on a global scale, leveraging the Group's superb expertise and extensive information resources in a wide range of fields.

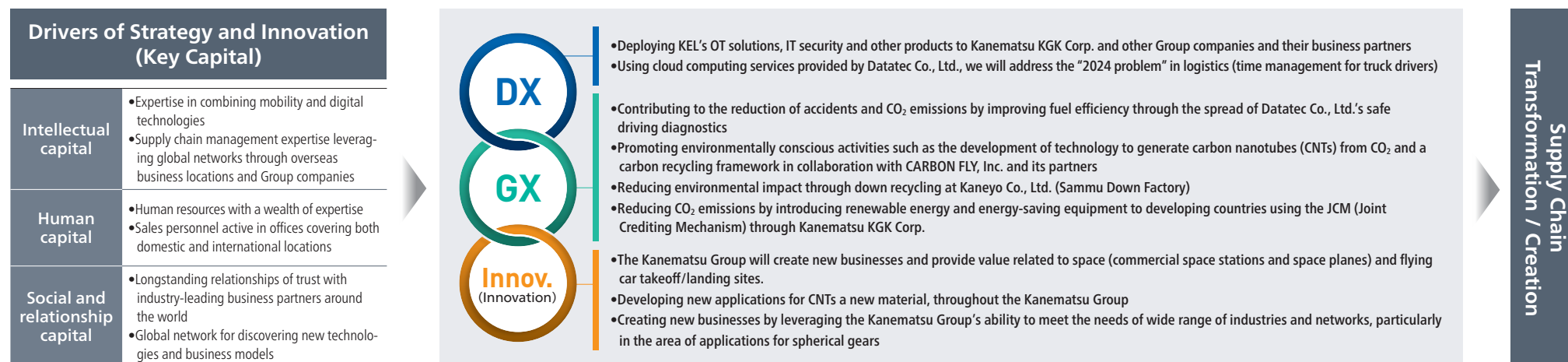
Motor Vehicles and Parts, Aerospace, Machine Tools &  
Industrial Machinery

### Key SDGs

The Motor Vehicles & Aerospace segment aims to contribute to society by providing safe and pleasant mobility. We aim to build living environments that are environmentally friendly, sustainable, and free of traffic accidents through next-generation mobility.



## Three Value Propositions Informed by Medium- to Long-Term Outlook and Groupwide Management Goals



## Key Initiatives for the Fiscal Year Ended March 31, 2024

In the aircraft and defense business, transactions increased, reflecting rising geopolitical risks. In the commercial aircraft business, aiming for the social implementation of services using Advanced Air Mobility, we are advancing pilot testing in partnership with U.K.-based Skyports Limited and with the cooperation of local governments. In the space business, we have formed a capital and business alliance with U.S.-based Sierra Space and are working to expand our network

toward the use of a commercial space station in low-Earth orbit.

The motorcycle and automobile business remained strong as the market recovered. In addition, in the motorcycle parts business, we disclosed information based on TCFD recommendations (climate change). We are also taking on new businesses with an eye toward contributing to a low-carbon society.

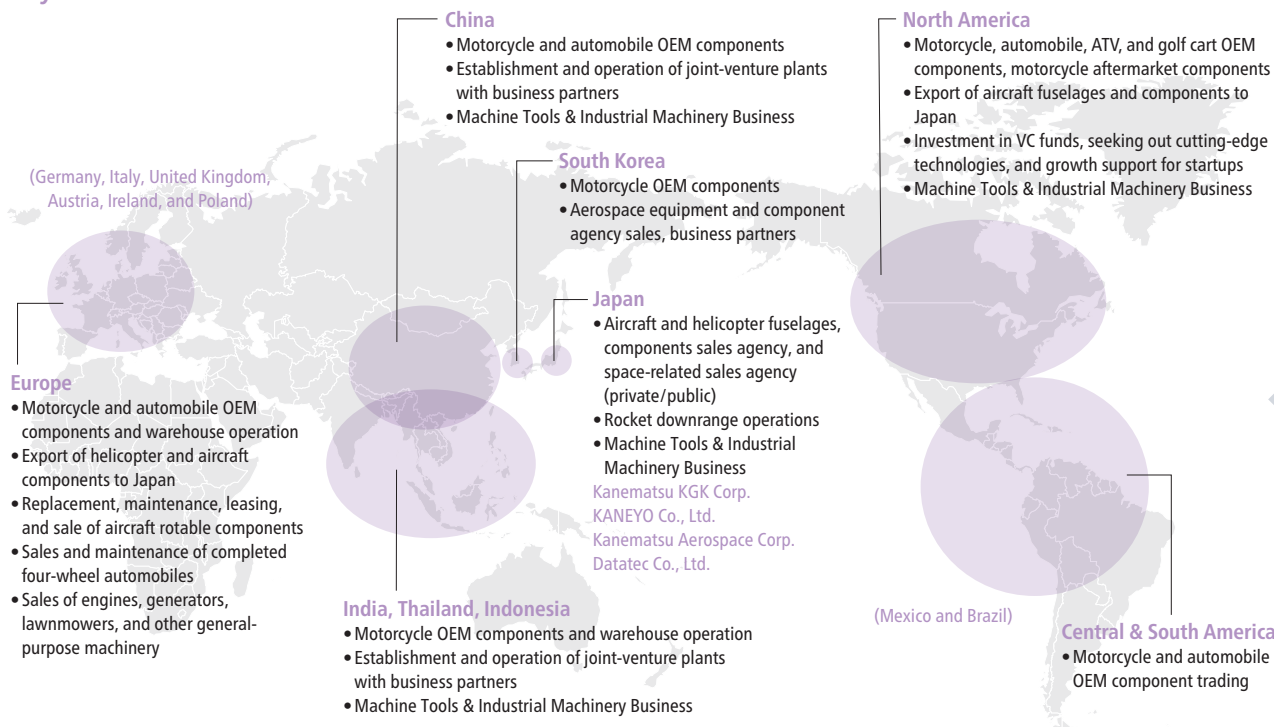
In addition, we accelerated business development through Kanematsu

Ventures Inc. and WERU INVESTMENT Co., Ltd. and are moving forward with data utilization and OT solution businesses.

Focusing on the environment, safety, and comfort, we will create and advance cross-divisional next-generation mobility businesses.

## Motor Vehicles & Aerospace

### Key Businesses and Locations



### Business Environment

#### Opportunities

- Growing awareness of the environment and safety
- Diversification of mobility alongside accelerating technological innovation and DX
- Changing ways of thinking about modes of transport in developed countries
- Expectations for space development, which is increasingly important in both the defense and commercial spheres

#### Risks

- Logistics disruptions due to international conditions, geopolitical risks, or changes in demand arising from environmental regulations or trade friction
- Rapid changes in consumer awareness or industry structure that surpass the frameworks of existing value chains and business models

#### Action Plan

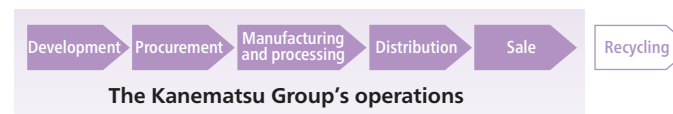
- Leverage data to create new businesses that reduce environmental impact and accidents
- Advance partnerships with startups, mainly through our investment base in Silicon Valley, to create new businesses
- Work to increase social acceptance and reinforce infrastructure business initiatives in order to realize the widespread use of Advanced Air Mobility
- Reinforce the space safety assurance field and create businesses in the low-Earth orbit sector

#### Countermeasures

- Build next-generation business models centered on value creation and reinforce distribution networks
- Bring in new technologies and business models through innovation investment and develop businesses in both product and service areas

### The Kanematsu Group's Accumulated Expertise

We cover the wide-ranging value chains of the motor vehicles and aerospace industries, leveraging a multilateral, multifaceted business creation perspective.



#### Partner's Voice

#### A Word from Our Business Partner

Our relationship with the Kanematsu Group began in 1983, when we began doing business with a major overseas motorcycle manufacturer. Over our long history of 40 years, we have worked together to expand our sales channels by cultivating new customers, proposing new products, and so on. We have also shared many hardships and experiences together, such as participating in the establishment and operation of joint venture plants in Europe and Asia, and have strengthened our partnership while withstanding various changes in the external environment, such as recession and the rise of competitors.

In 2022, the two companies jointly invested in an emerging carbon nano-tube manufacturer, and we are pleased to be able to take on the challenge of working together in this new business area. We look forward to Kanematsu Group's wide range of channels and expertise being leveraged for this project as well.



**Yoshifumi Fuchigami**

Managing Officer  
F.C.C. Co., Ltd.

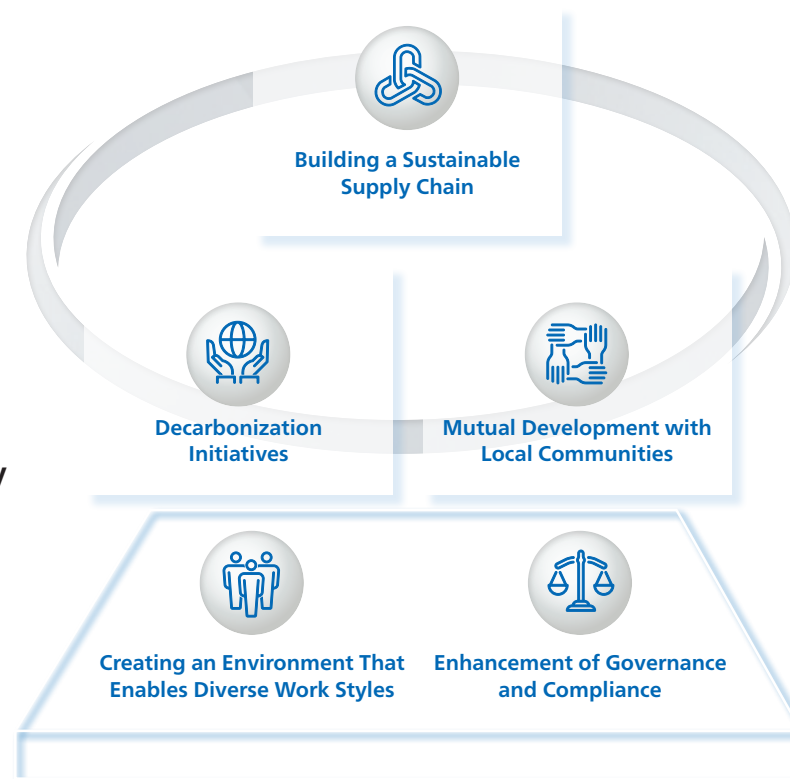




## Business Foundation

The Kanematsu Group's five key issues, which constitute our business foundation, are described below, along with specific initiatives.

- P57 **Biodiversity Conservation**
- P58 **Climate Change Countermeasures**
- P59 **Respect for Human Rights**
- P60 **Human Capital Development Policy**
- P64 **Work Environment Policy**
- P70 **Corporate Governance**







## Building a Sustainable Supply Chain

### Biodiversity Conservation

#### Disclosure Based on the TNFD Recommendations



Kanematsu endorses the recommendations of the Task Force on Nature-related Financial Disclosures (TNFD) and officially joined the TNFD Forum in February 2024. In line with the TNFD framework, we strive to proactively disclose the details of our dependence on and impact

of our business on natural capital and biodiversity, as well as the results of our risk and opportunity analysis.

Of the Group's 14 businesses, three (Grain, Oilseeds & Feedstuff; Foods; and Meat Products) have an above-average impact and a particularly high degree of dependence on nature and are listed as commodities (raw materials) with a large impact on nature by the Science Based Targets Network (SBTN). The beef and coffee businesses were selected for analysis due to their SBTN listing and because their production areas are concentrated, which provides useful information for the LEAP approach.

#### Overview of the LEAP Approach

##### Locate

Discover the points of contact with nature

- After determining the scope of analysis, identify the active areas of the Company's businesses and value chains then identify priority areas that are sensitive in terms of biodiversity and water risk.

##### Evaluate

Diagnosing dependence and impact

- Identify dependence on and impacts on natural capital in sensitive priority areas.
- Evaluate ecosystem services, drivers of impact, and associated natural capital to assess the magnitude and scale of significant dependencies/impacts.

##### Assess

Evaluate risks and opportunities

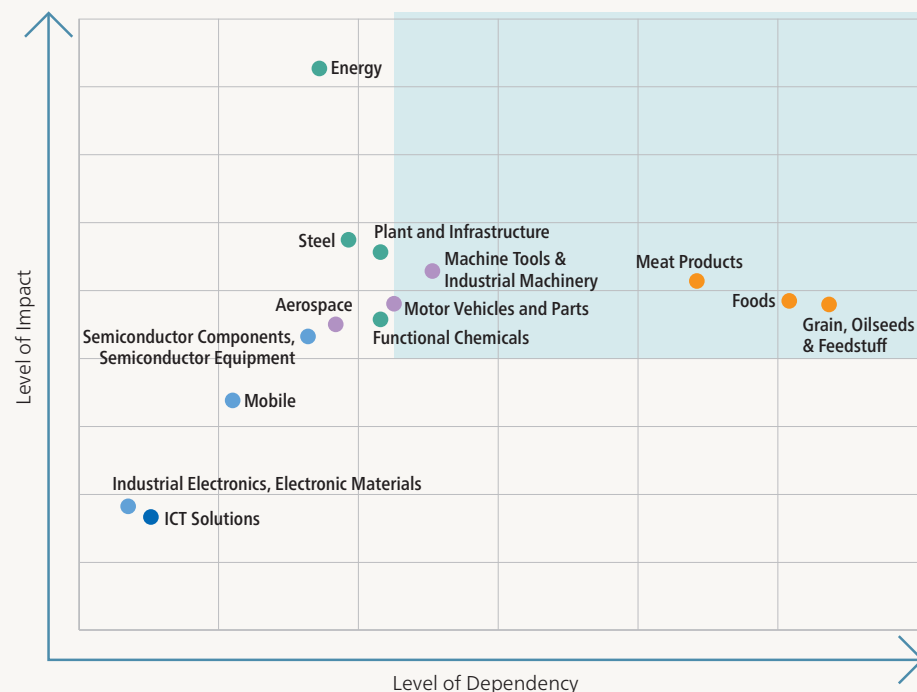
- Evaluate short-, medium-, and long-term risks and opportunities based on the status of dependencies and impacts.
- Review the current risk management situation and consider additional necessary risk response measures.

##### Prepare

Prepare disclosure

- Provide input on assessments of significant nature-related risks and opportunities to management, which then reviews strategies, capital allocation, and goal setting.
- Disclosure in line with TNFD recommendations.

#### Mapping of Dependence/Impact on Natural Capital



Areas with above-average levels of dependency / impact

● ICT Solution ● Electronics & Devices ● Foods, Meat & Grain ● Steel, Materials & Plant ● Motor Vehicles & Aerospace

Disclosure Based on TNFD Recommendations

<https://www.kanematsu.co.jp/en/sustainability/environment/biodiversity>



## Decarbonization Initiatives

### Climate Change Countermeasures

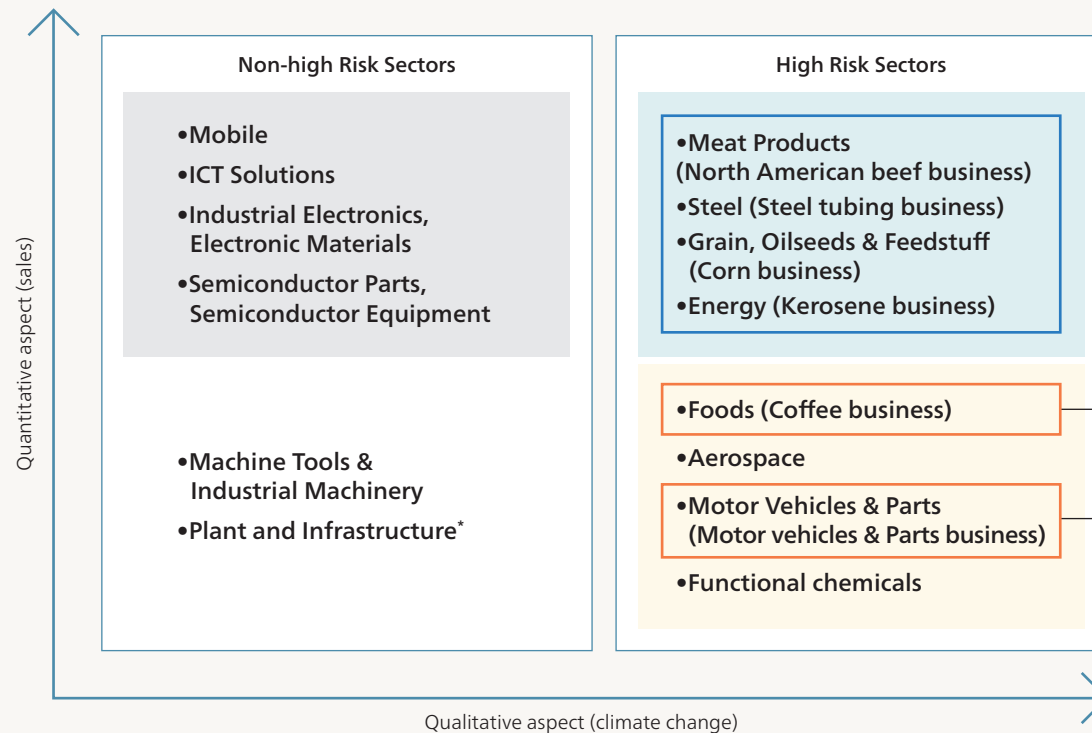
#### Disclosure Based on TCFD Recommendations

In June 2021, Kanematsu endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and has since strived 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 its business. In addition to reviewing the latest scenarios for the four businesses that have been the subjects of scenario analysis in the past due to the recognition that climate change has a significant qualitative and quantitative impact on their net sales, scenario analyses were conducted for the coffee business and the motorcycle parts business.



Disclosure based on TCFD Recommendations <https://www.kanematsu.co.jp/en/sustainability/environment/climate>

#### Selection of Businesses for Scenario Analysis



#### Strategy: Climate-related risks and opportunities

##### Coffee Business

- Risk** Increased procurement costs due to tighter legislation  
Decrease in sales due to supply chain disruption caused by extreme weather events
- Opportunity** Expansion of sustainable coffee sales

##### Motor Vehicles Parts Business

- Risk** Increased procurement costs due to higher prices of materials  
Decrease in sales of small engine vehicles parts due to tighter regulations
- Opportunity** Increased sales of small ZEV components changing from consumer preferences and attitudes

#### Indicator: Greenhouse gas (GHG) emissions by the Group

Fiscal 2024	26,569 t-CO <sub>2</sub> (Assured breakdown: Scope1: 8,781 t-CO <sub>2</sub> Scope2: 17,788 t-CO <sub>2</sub> )
Fiscal 2023	28,321 t-CO <sub>2</sub> (Assured breakdown: Scope1: 9,507 t-CO <sub>2</sub> Scope2: 18,814 t-CO <sub>2</sub> )
Fiscal 2022	29,497 t-CO <sub>2</sub> (Assured breakdown: Scope1: 9,772 t-CO <sub>2</sub> Scope2: 19,725 t-CO <sub>2</sub> )

\*Our Group's plant and infrastructure business mainly involves ODA projects and JCM projects.

Disclosed

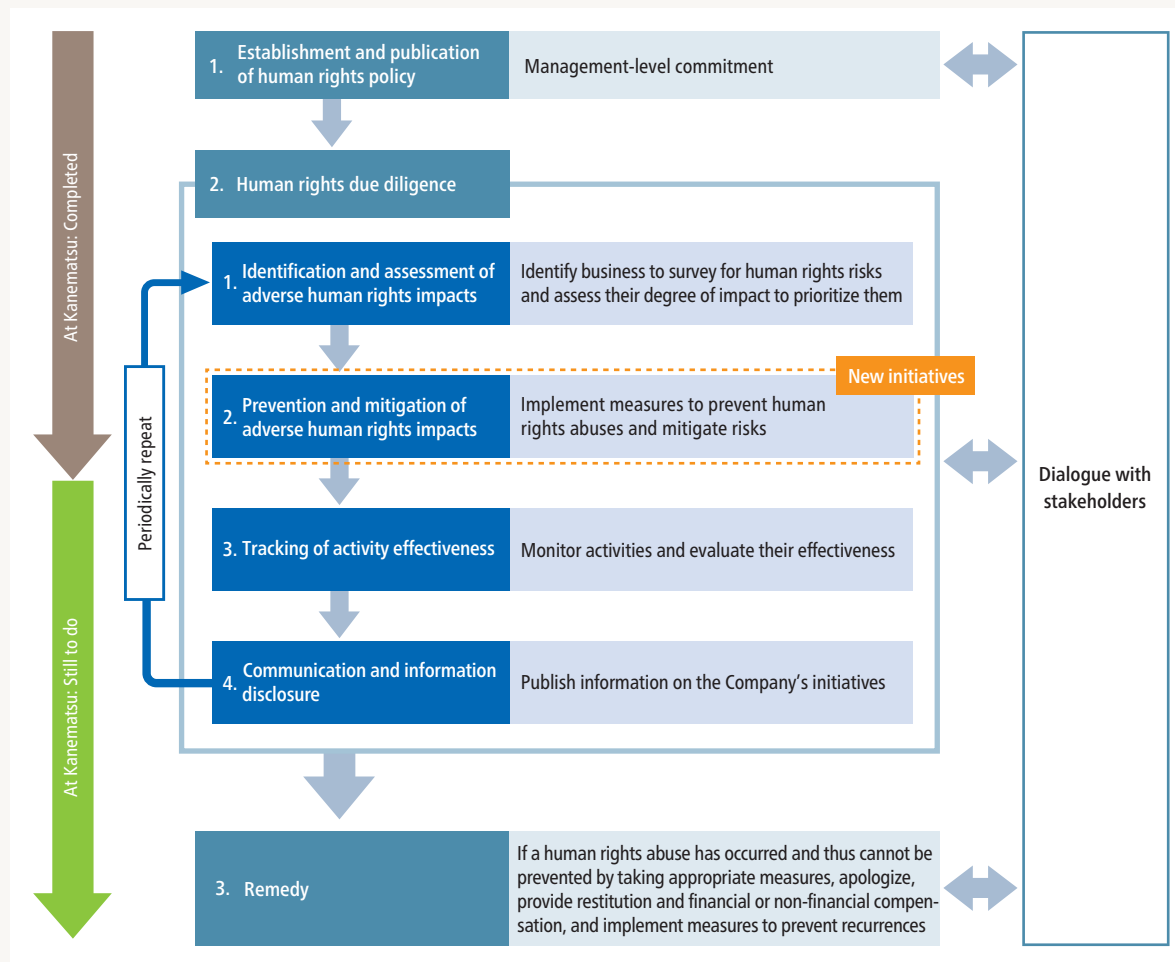
New Disclosure



## Mutual Development with Local Communities

### 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

For more details, please visit our website.

Human Rights <https://www.kanematsu.co.jp/en/sustainability/social/human-rights>

#### Human Rights Due Diligence Initiatives

In February 2023, Kanematsu formulated the Kanematsu Group's Human Rights Policy and prioritized the potential human rights issues in the energy and food businesses identified in the first step of the human rights due diligence process, the "identification and assessment of adverse human rights impacts," which forms the core of the Company's efforts to respect human rights. The second step involved efforts related to "prevention and mitigation of adverse human rights impacts."

- A Self-Assessment Questionnaire (SAQ) was created to understand the actual condition of human rights issues at each of our suppliers in the energy and food businesses.
- The SAQ comprises universal interview questions required by various codes, as well as a structure that allows for a deeper look into issues that are expected to be at risk based on the unique nature of the Company's human rights issues.
- SAQs were sent to suppliers of both businesses (25 suppliers in total, comprising 21 food and 4 energy companies).
- As of April 2024, responses have been obtained from 19 companies.
- Survey results confirm a trend of high efforts on addressing human rights issues.
- Implemented organization of future actions

In addition, a checklist on human rights issues that can be utilized during supplier visits, regardless of business field, and ongoing interviews from a human rights perspective will be used to establish a system for effective implementation of prevention and reduction of human rights violations. Kanematsu will continue to follow its human rights due diligence process to prevent, mitigate, and remedy negative human rights impacts.





## Creating an Environment That Enables Diverse Work Styles

### Human Capital Development Policy

#### Policy

As a trading company that builds new businesses and promotes a sustainable society, Kanematsu will acquire, train, and develop its human resources, striving to quickly and flexibly identify and adapt to change in order to nurture a “Kanematsu Persons” who is loved and chosen by our many customers and business partners through their prompt perception and quick response to change.

#### Overview

We believe that each employee should embody Kanematsu's values. ▶p 23

This requires the cultivation of such personal qualities as a can-do attitude in any situation, a willingness to take responsibility and see things through to the very end, and the ability to effectively communicate with our business partners and colleagues within the Company.

Kanematsu's human resources share a passion for bringing new businesses to life, a vigorous sense of adventure with an eagerness to take on new challenges, and innovative thinking that enables the creation of new business models and the development of new ideas unfettered by existing concepts.

Kanematsu will develop its human resources in accordance with its human capital strategy, built on a foundation of outstanding personalities to ensure sustainable value creation.

### 1. Ability to Design Optimal Solutions That Are Rooted in Deep Field Knowledge

#### VOICE

#### Comments from OJT System Participants in the Section 2 of the Semiconductor Equipment Department

OJT Instructor, **Hironori Kato** (left)

The two-person mentoring team is of great significance to new employees. While my role is to provide practical sales guidance rooted in the workplace, OJT supporters, with their wealth of experience, can offer advice from a more multifaceted perspective. This gives new employees a broader perspective and allows them to approach their work with a more flexible mindset. Furthermore, the presence of an OJT supporter ensures consistent guidance, even at times when I am away on business. Another major advantage is that it allows new employees to focus on their work without anxiety.

New Employee, **Sang Eun Kim** (center)

Mr. Kato, my OJT instructor who joined the company not long before I did, is supporting me through daily work procedures, the preparation of quotations, and in making presentations for business meetings, so that I can quickly become an effective employee. On the other hand, Mr. Takahashi, a mid-level employee, has been sharing his knowledge of the industry, market trends, and what our customers have come to trust about our salespeople. I have received guidance on a wide variety of topics, such as rules that a salesperson should take to heart. I find such a two-tier support system very reassuring, and it creates an environment that allows me to develop a wide variety of skills as a working adult, in addition to basic knowledge of the business. My goal is to gradually improve myself so that I can contribute to the organization as quickly as possible, and to boldly take on new challenges as a member of Kanematsu.

OJT Supporter, **Hikaru Takahashi** (right)

My job is to formulate a training policy for the year and provide feedback to new employees, monitoring their progress as necessary. I also try to communicate with them from a more senior perspective without relying solely on the OJT instructor for daily operational guidance. I have high hopes that Ms. Kim will take an active approach toward gaining field knowledge at an early stage, while also seeking help from her peers. My mission is to nurture the next generation of Kanematsu employees. To do so, I will provide my full support by leveraging the unity of our team to enable new employees to boldly take on new challenges with the deep on-site knowledge they acquire.

### On-The-Job Training System

Kanematsu has adopted an on-the-job training (OJT) system that provides education through daily work to cultivate deep on-site understanding and knowledge. For each new employee, a mid-level employee who plays a central role in the department is assigned as an OJT supporter. Also assigned is a practical instructor responsible for directly instructing the new employee in practical operations. The Company provides both practical instructor and OJT supporter training to



ensure that these individuals are in possession of the information necessary to nurture new employees, thereby establishing a system that enables effective instruction in not only business knowledge but also the fundamentals of being a working adult.

At the Tokyo Head Office, where Activity Based Working (ABW) has been introduced, priority seating is provided for new employees, practical instructors, and OJT supporters, allowing new employees to quickly acquire on-the-job knowledge and skills as part of the team.

## Creating an Environment That Enables Diverse Work Styles

### Business Plan Formulation Training

Since 2007, Kanematsu has been providing business plan formulation training designed to equip participants with the necessary skills necessary for business creation, including the ability to develop and implement new business ideas and concepts. This training comprises two parts: a pre-learning section and a learning application section (group work) to cultivate and enhance expertise and information for business creation, taking participants from “understanding” to “being able to utilize” what they have learned. In the learning application section, real-life business issues are selected as themes, with each team developing a business plan over a period of about six months and a final Companywide presentation being held.

#### VOICE

#### Comment from a Business Plan Formulation Training Participant



Kanematsu USA Inc. Houston Branch member,  
**Takeru Sugiyama** (left)

During training, I and three other members from various divisions and Group companies worked as a team to create a new business based on the theme of utilizing Operational Technology (OT). As this was my first time getting involved in this field, interacting with companies involved in the OT business allowed me to deepen my knowledge of the technology and the industry. At the same time, the objective of this training was not merely to understand such information, but to take it a step further and be able to utilize it. Ultimately, we compiled our ideas into a detailed business concept that would lead to

the development of this existing Group business. Taking part in this training, helped me understand that the key to business creation lies in the flexibility of the initial idea and the extent to which it can be developed during the business scheme deliberation stage. By working with colleagues across divisions and companies, I gained the ability to create business ideas from scratch, the skills to propose solutions from a wide range of perspectives and expertise, and an awareness of the need to promote Groupwide management. I will continue to use what I've learned to develop my knowledge even further, and I will continue to challenge myself to achieve both my own personal growth and further development of Kanematsu.

### Kanematsu University

Kanematsu University, a reinforced, more systematic version of previous training systems, was launched in July 2019. The university curriculum comprises three categories: general education, interpersonal knowledge and skills, and professional knowledge and skills. It also offers a wide variety of courses that are divided into e-learning and group training programs according to content. The program is designed to provide participants with the fundamentals, such as business manners and foreign languages, as well as specialized knowledge and skills, such as business investment, legal matters, and anger management, and is designed to develop the next generation of management professionals.

Undergraduate			Graduate School Years 11–15
Basic course Years 1–3	Advanced course Years 4–7	Professional course Years 8–10	
Learn knowledge needed to be a fully competent professional	Learn knowledge needed as an organizational/project leader	Learn basic knowledge needed as a next-generation management professional (global leader)	Learn advanced management expertise
Learn knowledge needed to live as a fully-fledged adult			

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

Data for July 1, 2023 to June 30, 2024

	Major Initiatives
Monetary Investment	<p>¥98.68 million; ¥110,000 per full-time employee*</p> <p>(Cost of Kanematsu University: ¥67.08 million; ¥150,000 per participant)</p> <p>* Number of employees calculated based on full-time equivalent (FTE); does not include employees on leave, re-hired retirees, or temporary employees</p>
Training Hours	<p>Total training hours: 19,466; 22 hours per full-time employee</p> <p>(Kanematsu University training hours: 16,433 total, 37 hours per participant)</p>

## Creating an Environment That Enables Diverse Work Styles

### 2. The Capability to Implement and Operate Solutions

#### Development of DX Human Resources

Kanematsu is promoting DX to work with our business partners and overcome challenges as we strive to shift to businesses that conform to next-generation standards by leveraging digital and automation technologies in our supply chain. We believe the DX human resources that we are looking for require not only digital knowledge but also business knowledge. As such, we not only provide training to enhance IT literacy but also opportunities to interact with employees of Group companies that specialize in digital technologies. With this initiative, we aim to develop human resources who can promote DX in line with the digitalization progress of our business partners.

#### VOICE

#### Kanematsu Employees Seconded to KEL for Personnel Exchange



**Kenji Fujii**

Executive Officer  
Kanematsu Electronics Ltd.

In addition to having extensive knowledge of DX as a whole, DX human resources must possess the ability to accurately identify each customer's issues and lead them to a solution. We at Kanematsu leverage our strengths in ICT solutions and expertise in the DX field to provide optimal solutions to our customers' various IT-related issues.

Our hope is that by striving to understand the customer experience through presales activities with KEL engineers and striving to learn more about the technology, all our seconded employees will become true DX human resources. We also anticipate that those seconded to KEL from Kanematsu will become leaders of Groupwide management through their business experience they have gained at Kanematsu, whilst creating new synergies at KEL.



**Yoshimasa Ishikawa**

Seconded from Meat Products  
Department No. 2

I applied for the personnel exchange because I believe that the ability to take on challenges in a wide variety of industries and business sectors is a strength that only a general trading company can offer. My goal is to deepen my practical experience and professional knowledge in the cutting-edge IT industry, and to broaden my scope so that I can contribute to the Company's development in other fields as well.

To start, my first priority will be to expand business at KEL. My next step will be to create new value, such as developing new markets and competitive businesses, by combining my accumulated experience and knowledge of the livestock industry with the DX solutions I have acquired at KEL.

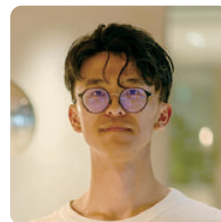


**Kenji Ota**

Seconded from IT Planning  
Department

In the IT Planning Department, to which I have belonged since joining the company, I have supported the implementation of IT and DX solutions for various issues within the Company. KEL, on the other hand, is an IT vendor, which means it takes an opposite, outward facing approach. I requested to be seconded to KEL because I hoped that by learning about proposing solutions to a wider range of industries and companies, I could gain insight from both perspectives and enhance my proposal development skills for when I returned to my original department.

With DX and Groupwide management emerging as keywords for Kanematsu's future direction, I will strive to become a person capable of contributing to the provision of solutions and business creation that will be even more "aggressive" for the Kanematsu Group with IT at the core, thereby contributing to increased profits.



**Kazuharu Mori**

Seconded from Grain and  
Feedstuff Department

I took on this challenge because I wanted to gain more experience in a diverse industrial environment and explore new commercial opportunities, especially in growing industries. By immersing myself in the IT industry, where innovation continues to rapidly unfold, I hope to not only deepen my understanding of the latest trends, but also master the art of creating commerce ahead of the trends. Succession and labor shortages are underlying issues in the animal feedstuff industry, in which Kanematsu has long been involved. Drawing on this experience, I will make the most of the solutions that the Kanematsu Group has to offer and strive to solve problems in the overall animal feedstuff industry and provide services that are even more closely tailored to our customers.



## Creating an Environment That Enables Diverse Work Styles

### GX Accelerator

To promote environment-related businesses within the Group, we have organized the GX Accelerator team, which is responsible for drafting new projects and providing a full range of support activities for fostering the GX momentum within the Group. The GX Accelerator team comprises employees from each of the Group companies, all of whom are highly knowledgeable and active in the industry.

#### VOICE

#### Accelerators Promote New Environmental Businesses

The GX Accelerator team is a Groupwide entity that aims to realize new environmental businesses through a combination of GX initiatives and existing businesses. Initially formed by a group of about 20 volunteers in 2021, the team has now grown to 85 members working together with a core of seven members, including two full-time professionals. Several projects have already been created through the team's activities, which rely on the exchange of information through daily group chats and active communication through monthly meetings.

With the urgent need to reduce the environmental impact of economic activities in order to realize a sustainable society, as a trading company connecting supply chains, Kanematsu believes that it has a responsibility to create a system that balances environmental contributions and business concerns while accommodating the possibility of creating new businesses. Through this initiative, Kanematsu will continue to work vigorously to promote its unique environmental business by leveraging the Groupwide management set forth in the "integration 1.0" medium-term management plan, with the aim of contributing to the sustainable growth of the entire supply chain and the promotion of GX throughout society.



In addition to Kanematsu, the GX Accelerator team's core members comprise volunteers from Group such companies as Kanematsu Foods Corporation, Kanematsu Futuretech Solutions Corporation, Kanematsu Petroleum Corporation, and Japan Data Exchange Inc.

### Human Capital Development Policy Targets and Achievements (Non-Consolidated)

	Key Themes	KPI Indicators	Results for FY2024	Targets for FY2027
Human Capital Development Policy	Ability to design optimal solutions that are rooted in deep field knowledge	Business Plan Formulation Training participation rate	39.5%	60%
	The capability to implement and operate solutions	IT Passport acquisition rate	45.1%	100%
		DX-related training participation rate*	53.4%	70%
		No. of participants in personnel exchanges with ICT and data business companies, etc.	18	60

Note: In conjunction with the formulation of the "integration 1.0" medium-term management plan covering the period from the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2027, the Company has developed a new human capital strategy and reviewed various key themes, indicators, and targets.

\* Percentage of participants in Business Process Management training, DX project promotion training, process advisor training, data utilization training, business analytics training, cybersecurity courses, or any of classes offered in KGU's DX curriculum.

## Creating an Environment That Enables Diverse Work Styles

### Work Environment Policy

#### Policy

- We aim to build organizations that allow individuals to make the most of their abilities, respect each other, and are united by mutual respect as we work toward fostering a corporate climate in which individuals and organizations can enjoy constant evolution as existing businesses are renewed and new businesses created one after another.
- To achieve these goals, the office environment and work flow, which constitute the foundation upon which employee engagement will grow, must be continuously reviewed to ensure the development of an environment unrestricted by time and location and in which employees can maintain and improve their health and work safely.

#### Overview

Human resources are what enable Kanematsu to provide solutions. It is therefore essential to create work environments in which diverse human resources cooperate and respect each other as equals and are able to build diverse careers and in which those who take on challenges are rewarded. Based on the DE&I approach, the Company has established four core values to improve employee engagement—Leverage Individuality, Equality & Respect, Support Ambitious Efforts, and Work Style Options—and strives to create an organization that maximizes the abilities of each and every employee.

### 1. Leveraging Individuality through Diversity, Equity and Inclusion (DE&I)

#### DE&I Team Initiatives

Kanematsu has formed a DE&I team to disseminate information Companywide and to deepen employee understanding of diversity through such events as International Women's Day, Pride Week to promote LGBTQ+ understanding, and Family Day, on which employees invite their family members to the office.

In addition, Kanematsu has held "Platinum Kurumin" certification since 2020 and "Eruboshi" certification since 2022. Both certifications from the Ministry of Health, Labour and Welfare were given in recognition of our efforts to support employees in balancing work and childcare and to promote women's participation and advancement in the workplace.



### Core Values for Organizational and Corporate Development Leveraging Human Resources



#### VOICE

#### Comments from Female Employees at Kanematsu

##### Ai Nozawa (left)

Section 1, Industrial Electronics Department

I've been involved with sales since joining the Company. As a salesperson, I prioritize my clients' schedules and often travel domestically and internationally, so balancing work and childcare inevitably proved to pose difficulties for me. Although I still consider myself to be in a state of trial and error, I am able to communicate with those around me and explore the possibilities. I hope that by sharing my experiences with my junior colleagues, I can help them to consider a variety of options without narrowing their career possibilities.

##### Yoko Terauchi (center)

General Manager  
IT Planning Department

Ever since I began working, I have taken on the challenge of open transfers and have built my career by doing my best at the work I have been given in an environment in which I am entrusted with tasks regardless of gender. It is my sincere hope my junior female colleagues will be able to choose from a variety of options and pursue a career that fits their own personal aspirations. I will continue to support those under my supervision in bringing out more of their initiative and contribute to the creation of a Kanematsu that people are proud to work for.

##### Miho Kondo (right)

Finance Section,  
Finance Department

After giving birth, I was seconded to a Group company where I gained experience as a section manager, which was a turning point in my career. I was concerned about juggling work and raising a child, but my boss at the time told me, "As a manager, I'd like you to develop the ability to make a difference in the workplace." This approach of supporting my career development gave me the push I needed. At the beginning of my secondment, not being able to become the kind of section chief I had always envisioned left me feeling rather discouraged. However, I gradually came to realize that instead of striving for perfection, I should become a leader in my own way, relying on those around me.

## Creating an Environment That Enables Diverse Work Styles

## Diversity and Mid-Career Recruitment

Kanematsu strives to recruit people with diverse backgrounds from around the world in order to expand into markets, and product and customer areas that cannot be reached solely through our internal knowledge and experience. For our new graduate recruitment, we have set targets for women and foreign students in Japan. We are also expanding our mid-career recruiting program in the hope of acquiring diverse knowledge and experience.

## VOICE

## Career Recruitment



**Takuhito Tanaka**

Section 1, Motor Vehicles and Parts Department No. 2  
Prior employer: Automobile components manufacturer

In my previous job, I was stationed in India as a sales manager. Wanting to make use of this valuable experience in a new environment, however, I decided to change jobs. I am currently in charge of sales of automotive components, delivering products from domestic manufacturers to affiliated companies in Europe and the United States. As has been the case since I graduated, I want to work in a global environment, and in the future I would like to work on the front lines overseas.

After joining Kanematsu, I felt a strong sense of the kindness and sincerity of my fellow employees. We have a culture in which decisions must always reflect an integrity of purpose, rather than the pursuit of profit alone. I also find it refreshing that the management team respects the decisions of those in the field. Going forward, I want to contribute to Kanematsu by producing lasting results for the future and creating businesses that will make people say, "We owe what we have now to that hardworking senior staff member."



**Hiroshi Tagoshima**

Section 2, Industrial Electronics Department  
Prior employer: Environmental testing equipment manufacturer

I joined Kanematsu because I wanted to broaden my knowledge and perspective and work on a larger scale. I am in charge of export operations related to printers and security, and I work hard every day to help our customers solve their problems.

If Kanematsu is to create new value in the future, I feel that cross-divisional collaboration is necessary. Making the most of the relationships based on equality at Kanematsu, where everyone, including the president, is addressed in the same way regardless of rank or title, I will boldly take on the challenge of providing the world with new solutions created by building networks with mid-career hires, other divisions, and Group companies, so that future generations can enjoy the benefits of these solutions as something commonplace.



**Chihiro Takeyama**

Stock & Document Control Section, General Affairs Department  
Prior employer: Information and telecommunications company

I joined Kanematsu because I found the work it does to be fascinating as it requires the collaboration of many people both inside and outside the company and problem-solving skills. My current work involves the General Meeting of Shareholders and shareholding association operations and I continue to gain new insights on a daily basis.

Having changed jobs from another industry, I strive to communicate with others to better understand how trading companies operate, and I am also studying to become a securities analyst for my own personal development. Looking ahead, I would like to apply the experience and knowledge I have cultivated in other industries and use my leadership skills to help the entire team grow and thereby enhance our organizational capabilities. As the entity closest to our shareholders, we will continue to strive to provide highly transparent and accurate information to help improve Kanematsu's external presence.



**Tatsuo Tsukamoto**

Human Resources Development Section Manager, Human Resources Department  
Prior employer: Office automation equipment manufacturer

I joined Kanematsu because I was impressed by its people and the breadth and satisfying nature of its work. Currently, as a Human Resource Development Manager, I am in charge of recruitment, training, evaluation, and secondments. The new medium-term management plan "integration 1.0" includes such keywords as "strengthening human capital" and "aligning management strategy with human capital strategy," thus giving me the sense that the role and responsibility of the Human Resources Department is considered significant. Going forward, in my role as manager, I will continue to strive toward my ideals, and, as a human resource manager, I will propose and proactively introduce systems that will lead to the growth of both the Company and its employees.



## Creating an Environment That Enables Diverse Work Styles

### 2. Maximizing Performance through Increased Engagement

#### Culture Design Project

In December 2023, Kanematsu launched TANEMATSU, a Companywide project that aims to establish a corporate culture unique to Kanematsu based on the further permeation and reinterpretation of the Company's founding purpose.

##### VOICE

#### Giving Shape to the Spirit of Sowing Seeds

The concept of TANEMATSU initially emerged from a discussion among employees who felt that, while the relocation of the head office and the introduction of a new personnel system had made it easier to work there, Kanematsu needed to reform its organizational culture and climate in order to truly become a better company. The project's name is a portmanteau of the Company's name and the Japanese word for seed, "tane," embodying the founding purpose, "Let us sow and nurture the seeds of global prosperity."

Activities began with an attempt to identify and enhance connections between the founding purpose and employees through a variety of workshops and internal communications. Its members have also been deeply exploring what makes Kanematsu unique, trying their best to put their insights into words as they seek to realize a corporate culture that "enjoys challenges and creates businesses one after another," all while maintaining the Company's longstanding DNA. Through TANEMATSU, the Kanematsu Group will continue to clearly formulate its vision and establish a culture that will serve as a foundation for its employees.



The founding members of TANEMATSU

#### Engagement Survey

As part of Kanematsu's efforts to improve employee satisfaction, the Company conducts periodic engagement surveys of all its employees. The first survey was conducted in fiscal 2019, the second in fiscal 2022, and the latest in July 2024. Based on the analysis of the survey's results, we work to further improve engagement through the steady implementation of the PDCA cycle, in which issues are identified and countermeasures are considered, implemented, and assessed.

#### New Personnel System

In April 2024, a new personnel system was introduced in which each employee can set challenging goals for themselves and be rewarded for their efforts and achievements.

The new personnel system clarifies the priorities of roles and evaluation items by rank, and rewards contributions to performance improvements achieved by taking on new challenges. Instituted with a view of promoting both business expansion and new challenges while maintaining fairness and transparency, the system is designed to reflect employees' roles and contributions in their compensation. The job classifications are divided into three levels: Professionals, who are responsible for core operations and proactively contribute to the Company's growth; Administrative Staff, who assist in the promotion of core operations; and Specialists, who make the most of their expertise.

##### VOICE

#### New Personnel System Promotes Taking on Challenges



**Asuka Tsujii**

Section 1, Industrial  
Electronics Department  
Professional

My responsibilities as a label printer-related salesperson include daily contact with many people and business trips, both domestic and international. I feel the greatest sense of satisfaction when I see our customers using printers sold by Kanematsu, as it means that we have been able to help them develop new products and improve their business efficiency.

The goals for the new personnel system, which began in April, were formulated through numerous discussions among supervisors and teams. I feel that this has made it easier to visualize issues and progress, and has enabled us to work more efficiently and ambitiously toward our goals. I would like to continue to actively expand the scope of our business in order to help foster a new Kanematsu culture.

## Creating an Environment That Enables Diverse Work Styles

### Award-Winning Tokyo Head Office

In August 2023, the Tokyo Head Office, which was built based on a vision of realizing a workplace that will continue to support Kanematsu's growth looking ahead 30 years, received the Ministry of Economy, Trade and Industry Award, the top prize at the 36th Nikkei New Office Awards. In November of that same year, the office also won the best Asia winner in the office design category of Office Designs Over 2,000 m<sup>2</sup> at the SBID International Design Awards 2023.



#### VOICE

#### Launch Site of a New Kanematsu Brand

The office has implemented ABW to create a workplace that fosters diversity and autonomy by allowing each employee to pursue their individual aspirations in order to facilitate the creation of new enterprise value and businesses. An environment that allows employees to choose a work style best suited to their needs is provided through the establishment of specialized areas for working on project promotion and bidding, open meeting areas that encourage meetings that are brief, and booths that allow employees to concentrate on their work. In addition, the in-house café offers flower arrangement classes and regularly holds food-related events featuring foodstuffs handled by Kanematsu, thereby increasing cross-divisional interactions.



General Affairs Section, General Affairs Department

From the left, **Aiko Nakai**, **Wataru Asai**, **Chihiro Nakamura**

We will continue to promote the use of office facilities toward greater work comfort and efficiency, and aim to make this office a source of new innovation and business for the Kanematsu Group.

## 3. Enabling Diverse Work Styles

### 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. The Company also has a rehiring system for retirees who left because their spouses were temporarily transferred to other locations, and has introduced a system that allows employees to choose from a variety of career paths.

Furthermore, in 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



**Koji Kanemura**

Tax Section, Accounting Department

Supported by a corporate culture that encourages employees to utilize childcare leave and the generosity of my supervisors and colleagues, I took a month of childcare leave after the births of both my first and second children.

Though it was exhausting and I found myself thinking, "I had no idea raising a child would be this hard," almost daily, being able to watch my children's amazing growth firsthand strongly reaffirmed my devotion and sense of responsibility as a father.

While I feel Kanematsu boasts an excellent childcare-related system, as an employee, I would like to contribute to the creation of a company that enables employees to remain active regardless of life events, so that the system does not become a mere formality.

## Creating an Environment That Enables 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 for example, by 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 a work style option.

### 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 childraising and family care consultation officer, enabling one-to-one consultation on these matters. Information about Kanematsu's family care-related systems is publicly

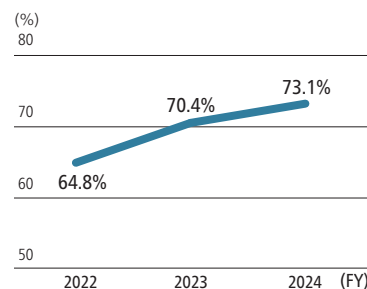


available on the Ministry of Health, Labour and Welfare's *Ryoritsu Shien no Hiroba* website. In recognition of such systems, in 2021 Kanematsu was granted "Tomonin" certification as a company that provides work environments that enable employees to balance work with family care.

### 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)



Years ended March 31		2020	2021	2022	2023	2024
Users of childcare leave	Women	20	24	31	29	14
	Men	0	4	6	10	11
Users of "Hello Baby" leave (Launched Oct. 2022)	Women	—	—	—	0	0
	Men	—	—	—	6	12
Users of special childbirth leave for spouse		14	7	10	2	5
Users of leave to care for sick children	Women	29	26	31	36	42
	Men	20	18	21	13	21
Users of family care leave		1	0	0	0	0
Users of special family care holidays	Women	13	11	12	13	20
	Men	10	7	8	2	6

### Work Environment Policy Targets and Achievements (Non-consolidated)

	Key theme	KPI	FY2024 Result	FY2027 Target
Work Environment Policy	Leveraging Diverse Individuality through DE&I	Percent of management positions held by women	5.3%	7%
		Childcare leave usage rate among eligible men	75.0%	100%
		Percentage of diverse human resources hired (women and foreign nationals)	37.9% <sup>1</sup>	Keep at 35% (Four-year average)
	Enhancing Engagement to Maximize Performance	Engagement score	61% <sup>2</sup>	The global average of companies in the top 10% <sup>3</sup>
	Diverse Work Styles	Annual vacation usage rate	73.1%	75%
		Full flex system usage rate	84.3%	95%
	Health & Productivity Management Focused on Employee Well-Being and Employee-Friendly Labor Practices	Rate of employees undergoing regular medical checkups	99.2%	100%
		Rate of employees undergoing stress checks	97.6%	100%
		Harassment prevention training participation rate	99.9%	Keep at 100%

1. The figure is for a single year, as this is the first year of a four-year average target for new graduate recruitment.

2. Result for the year ended March 31, 2022

3. 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



## Creating an Environment That Enables Diverse Work Styles

### 4. Promoting Health & Productivity Management Focused on Employee Well-Being and Employee-Friendly Labor Practices

#### Initiatives for Health & Productivity Management

Kanematsu was recognized as a 2024 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 fourth consecutive year of recognition under the program.



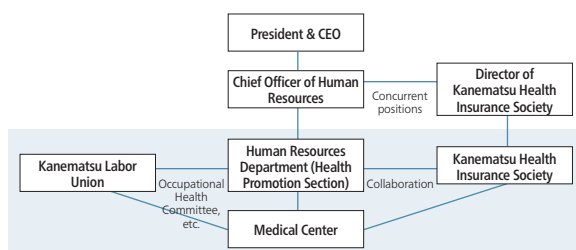
#### Kanematsu Health & Productivity Management Declaration

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 Health Promotion Section of the Human Resources Department, the Kanematsu Health Insurance Society, and the Kanematsu Labor Union, with the President & CEO designated as the Health & Productivity Management Promotion Officer.



#### Monitoring Employee Health

In March 2024, Kanematsu introduced a health management system to centrally manage the results of employee health checkups and stress checks, attendance data, and other health-related information. In collaboration with the Kanematsu Health Insurance Society, we will efficiently promote health management by identifying Companywide health issues and trends, implementing countermeasures, and monitoring the effectiveness of the action taken.

#### 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. We also promote health awareness and behavioral change among employees through walking events, vegetable intake enhancement month, and anti-smoking events.

#### 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 conduct self-care training for all employees and line-care training for managerial employees as part of efforts to raise awareness of the importance of mental health.

#### Anti-Harassment Measures

Kanematsu strives to create a more comfortable work environment in which harassment is not tolerated by distributing a handbook and conducting ongoing training to ensure that each employee has a proper understanding of the issue. We have also established an internal consultation hotline so that appropriate action can be taken promptly in the event of an issue.

#### 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.

#### VOICE

#### The introduction of the health management system



Yuko Tsukidate (left)  
Honoka Oketa (right)

Health Promotion Section,  
Human Resources Department

Our health management system was introduced out of a desire to promote health management more effectively through both appropriate measures on the part of the Company and the self-care practices of employees. The system has enabled the Company to easily identify health issues and determine and implement the necessary countermeasures.

Participants in a walking campaign, organized using the event function, said that the event had made them more aware of the importance of walking than they had been before, and that the campaign had stimulated communication within the Company.

## Corporate Governance

### Our Basic Stance on Corporate Governance

Kanematsu's founder himself put down the words "Let us sow and nurture the seeds of global prosperity." The Kanematsu Group recognizes the pioneering spirit fostered by our predecessors along with the wise use of our creative imagination and ingenuity, fulfilling our corporate social responsibilities through sound, flourishing businesses, and adherence to Company rules as key parts of its Corporate Principle. We operate in accordance with this principle and our Code of Conduct, striving to carry out corporate activities to serve our various stakeholders and help realize a sustainable society by providing














socially valuable goods and services.

To this end, Kanematsu endeavors to strengthen corporate governance to increase the transparency of management and create a more equitable, efficient, and sound company. We work to improve corporate governance with the aim of increasing our enterprise value and winning the support of all our stakeholders, including shareholders, customers, business partners, and employees.

### Corporate Governance Structure

Role and composition of each body (as of July 2024)













Body	Board of Directors	Nominating Committee	Compensation Committee	Management Committee
Composition	<b>7 members</b> <ul style="list-style-type: none"> <li>Presiding officer: Chairman of the Board of Directors</li> </ul>  <ul style="list-style-type: none"> <li>Standing directors: 3</li> <li>Outside directors: 3</li> </ul>  	<b>4 members</b> <ul style="list-style-type: none"> <li>Committee chair: Outside director</li> </ul>  <ul style="list-style-type: none"> <li>Chairman of the Board of Directors</li> <li>Outside directors: 2</li> </ul>  	<b>4 members</b> <ul style="list-style-type: none"> <li>Committee chair: Outside director</li> </ul>  <ul style="list-style-type: none"> <li>President &amp; CEO</li> <li>Outside directors: 2</li> </ul>  	<b>13 members</b> <ul style="list-style-type: none"> <li>Presiding officer: President &amp; CEO</li> </ul>  <ul style="list-style-type: none"> <li>Chairman of the Board of Directors</li> <li>Executive officers: 11</li> </ul>   
	Comprising seven directors and led by the chairman of the Board of Directors. In addition, three of the seven directors are outside directors to promote appropriate decision making and further reinforce the supervision of business execution.	Three of the four members, including the committee chair, are independent outside directors. The committee reinforces the independence, objectivity, and accountability of the Board of Directors.	Three of the four members, including the committee chair, are independent outside directors. The committee reinforces the independence, objectivity, and accountability of the Board of Directors.	Chaired by the President and CEO, the committee has 13 members, comprising the chairman of the Board of Directors and certain executive officers.
Objective, Authority, and Function	<p>The Board of Directors decides on matters required of it as set out in law and Kanematsu's Articles of Incorporation as well as management policy and other important matters related to business execution. The Board also provides oversight of the business execution of directors and executive officers by taking up important matters referred from the Management Committee and receiving various reports.</p> <p>Decisions regarding the execution of other business operations (mainly matters to be reported as stipulated in the Board of Directors regulations) are delegated to the Management Committee or executive officers in accordance with the rules on administrative authority established by the Board of Directors.</p>	In response to inquiries from the Board of Directors, the Nominating Committee deliberates on such matters as proposals for the General Meeting of Shareholders related to the appointment and dismissal of directors and the necessary policy, rules, and procedures for reaching related resolutions. Based on these deliberations, the committee provides advice and recommendations to the Board of Directors.	In response to inquiries from the Board of Directors, the Compensation Committee deliberates on such matters as policy regarding the setting of compensation levels and types for individual directors and executive officers, the compensation itself, and the necessary policy, rules, and procedures for reaching related resolutions. Based on these deliberations, the committee provides advice and recommendations to the Board of Directors.	<p>The executive officer system has been adopted to improve the flexibility of business execution, speed up management decision making, and further clarify roles and responsibilities through the separation of supervisory and executive functions, with the Management Committee established as an executive body.</p> <p>The Management Committee establishes basic policies for Companywide general business execution in accordance with policies determined by the Board of Directors and provides instruction and guidance on the execution of business.</p>
Meeting Frequency	Regular meetings: Once a month Extraordinary meetings held as needed	Held as needed	Held as needed	Generally twice a month Extraordinary meetings held as needed
Meetings in Fiscal 2024	17	4	5	27

## Corporate Governance

## Role and composition of each body



Body	Audit & Supervisory Board	Project Deliberation Committee	Internal Control and Compliance Committee	Sustainability Management Committee
Composition	<b>4 members</b> <ul style="list-style-type: none"> <li>Presiding officer: Standing Audit &amp; Supervisory Board member </li> <li>Standing Audit &amp; Supervisory Board member: 1 </li> <li>Outside Audit &amp; Supervisory Board members: 2 </li> </ul>	<b>3 members</b> <ul style="list-style-type: none"> <li>Presiding officer: Chief Officer of Risk Management </li> <li>Executive officers: 2 (chief officers of finance and accounting and corporate planning) </li> </ul>	<b>5 members</b> <ul style="list-style-type: none"> <li>Committee chair: Chairman of the Board of Directors </li> <li>Committee vice-chair: President &amp; CEO </li> <li>Executive officers: 3 </li> </ul>	<b>8 members</b> <ul style="list-style-type: none"> <li>Committee chair: Chief Officer of Corporate Planning </li> <li>Executive officers: 7 </li> </ul>
	Two (half) of the four Audit & Supervisory Board members are outside members in order to increase the transparency of management and create a more equitable, efficient, and sound company.	The committee comprises the chief officers of risk management, finance and accounting, and corporate planning.	The committee has five members, comprising the chairman of the Board of Directors and certain executive officers, including the President & CEO.	The committee comprises seven officers from business divisions (executive officers) and the chief officer of corporate planning (an executive officer), who chairs the committee.
Objective, Authority, and Function	<p>Kanematsu uses the audit &amp; supervisory board system. The Audit &amp; Supervisory Board and its members act independently to audit directors' performance of their duties.</p> <p>The Audit &amp; Supervisory Board works with the Board of Directors to provide part of the Company's auditing function and audits the directors' performance of their duties as an independent body acting on behalf of shareholders.</p>	To speed up the decision making, enhance deliberations, and minimize business risks, prior to resolutions on such important matters as major investments and loans, the Project Deliberation Committee examines and deliberates the matters in question from a Company-wide perspective and provides advice to the respective decision-making bodies or individuals.	As a Companywide internal body, the Internal Control and Compliance Committee comprehensively assesses risks facing the Kanematsu Group, seeks to enhance operational effectiveness and efficiency, and strives to ensure the reliability of Group financial reporting.	<p>Established to help solve increasingly serious social and environmental problems, including climate change, the Sustainability Management Committee deliberates on climate-related risks identified and evaluated by the business divisions. The committee also regularly calculates the Group's CO<sub>2</sub> emissions and discusses changes in emissions and policy for related measures as part of implementing comprehensive risk management.</p> <p>Furthermore, the committee identifies and revises key issues the Company is confronting and deliberates on overall sustainability initiatives, including ensuring respect for human rights and biodiversity, as well as the Company's participation in outside initiatives, such as support for the United Nations Global Compact.</p>
Meeting Frequency	Regular meetings: Once a month Extraordinary meetings held as needed	Generally twice a month Extraordinary meetings held as needed	Generally held twice a year, in April and July	Regular meetings: Once a quarter Extraordinary meetings held as needed
Meetings in Fiscal 2024	14	24	4	6

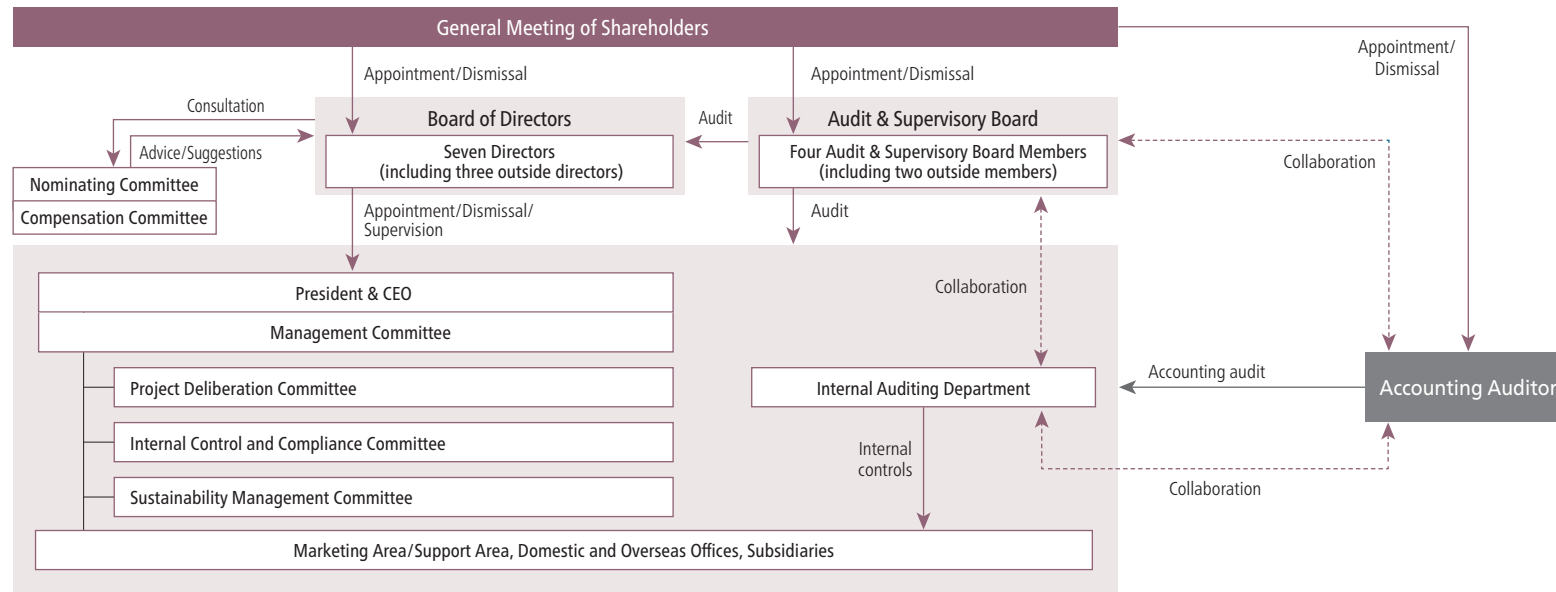


## Corporate Governance

## The Evolution of Our Corporate Governance System (as of the end of the General Meeting of Shareholders following each fiscal year-end)

		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
System			2014--:Expanded the executive officer system										
Committees					2016--:Established the Nominating Committee and Compensation Committee								
Directors		10	6	7	7	8	8	6	6	6	7	7	7
Standing directors		10	5	5	5	5	5	4	4	4	4	4	4
Outside director		0	1	2	2	3	3	2	2	2	3	3	3
Outside director ratio		0%	17%	29%	29%	38%	38%	33%	33%	33%	43%	43%	43%
Audit & Supervisory Board Members		4	4	4	4	4	4	4	4	4	4	4	4
Outside Audit & Supervisory Board members		3	2	3	3	3	3	3	2	2	2	2	2
Nominating Committee	Committee chair				Standing	Standing	Standing	Standing	Standing	Standing	Outside	Outside	Outside
	Members				4	4	3	3	3	3	4	4	4
	(Outside members)				3	3	2	2	2	2	3	3	3
Compensation Committee	Committee chair				Standing	Standing	Standing	Standing	Standing	Standing	Outside	Outside	Outside
	Members				4	4	3	3	3	3	4	4	4
	(Outside members)				3	3	2	2	2	2	3	3	3

## Corporate Governance Structure (as of June 28, 2024)



## Corporate Governance

## Skill Matrix and Meeting Attendance (Fiscal 2024)

		Professional Background		FY2024 Attendance					Skills Needed for Medium- and Long-term Management Strategy and the Board of Directors								
		Experience as a corporate officer or division chief officer at Kanematsu or as a corporate officer outside the Company	Overseas work experience	Board of Directors	Nominating Committee	Compensation Committee	Audit & Supervisory Board	Management Committee	Medium- to long-term enhancement of corporate value				Business investment		Sustainability, DX		
									Corporate management	Business strategy planning	Human resource management	Governance	Investment decisions	Finance	SDGs (ESG) management thinking	Technology/ DX	Innovation
Kaoru Tanigawa	Chairman	Chief Officer, Electronics & Devices Division; Chief Officer, Corporate Planning; President; Chairman; Chief Officer, Internal Control (incumbent)	U.S.A. (15 years)	17/17 Presiding officer	4/4			26/27	◎	◎	○	◎	◎	○	○	◎	○
Yoshiya Miyabe	President & CEO	Deputy Chief Officer, Electronics & IT Division; Chief Officer, Motor Vehicles & Aerospace Division; President; Chief Officer, Growth Strategy Office (incumbent)	U.S.A. (10 years)	16/17		5/5		27/27 Presiding officer	◎	◎	○	○	◎	○	○	◎	◎
Tetsuro Tsutano	Director	Chief Officer, Finance, Accounting, Business Accounting; Chief Officer, Corporate Planning and IT Planning (incumbent)	U.S.A. (4 years)	17/17				27/27		◎		○	◎	◎	◎		◎
Shuji Masutani	Director	Chief Officer, Finance, Accounting, Business Accounting (incumbent)	U.K. (2 years) Germany (2 years)	17/17				27/27				○	◎	◎			
Yuko Tahara	Director (outside, independent)	Outside director (incumbent)		17/17	4/4	5/5 Chair			○		◎					◎	◎
Kazuhiro Tanaka	Director (outside, independent)	Outside director (incumbent)		17/17	4/4 Chair	5/5						◎			◎		
Hiroyuki Sasa	Director (outside, independent)	Outside director (incumbent)	U.S.A. (5 years)	17/17	4/4	5/5			◎	◎	○	◎	◎				○
Yoshio Tajima	Audit & Supervisory Board member	Director at a Group affiliate (Electronics & Devices)	Australia (4 years) U.S.A. (5 years)	13/13			10/10 Presiding officer					◎	Notes: 1. Areas in which individuals possess expertise and experience are marked with "○," while areas in which they are particularly expected to contribute are marked with "◎." 2. Audit & Supervisory Board member Yoshio Tajima was appointed at the June 27, 2023, General Meeting of Shareholders, the numbers of meetings of the Board of Directors and Audit & Supervisory Board that he was eligible to attend differ from those for the other directors and Audit & Supervisory Board members. 3. Audit & Supervisory Board member Yoichiro Muramatsu was appointed at the June 28, 2024 General Meeting of Shareholders.				
Yoichiro Muramatsu	Audit & Supervisory Board Member	Chief Officer, Corporate Planning; Chief Officer, IT Planning	U.S.A. (10 years) Germany (3 years)	—			—			◎		◎					
Yusaku Kurahashi	Audit & Supervisory Board member (outside, independent)	Outside Audit & Supervisory Board member (incumbent)		17/17			14/14					◎					
Nobuko Inaba	Audit & Supervisory Board member (outside, independent)	Outside Audit & Supervisory Board member (incumbent)		17/17			14/14		○			◎					

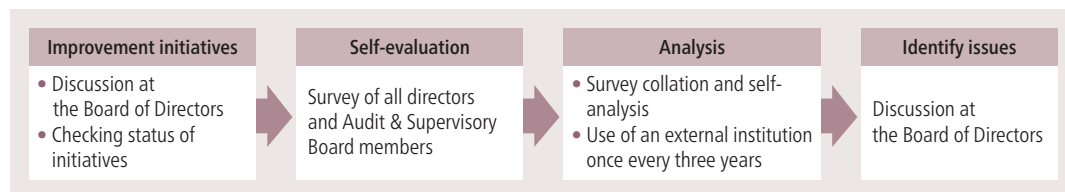
Details regarding the professional background of each director and Audit & Supervisory Board member are available in the Notice of the 130th Ordinary General Meeting of Shareholders.

## Corporate Governance

### Evaluating the Effectiveness of the Board of Directors

Each year, Kanematsu implements evaluations of the effectiveness of the Board of Directors to identify issues to address in the following year and confirm the status of measures undertaken to address issues identified the previous year. Through this process of evaluation and the implementation of measures to address issues identified, Kanematsu works to continually improve the effectiveness of the Board of Directors. The Board of Directors and its secretariat implemented the measures listed below in fiscal 2024. We will continue working to resolve issues on an ongoing basis.

### Board of Directors Effectiveness Evaluation Process



### Initiatives to Address Issues Identified in the Previous Year

Issues	Initiatives in Fiscal 2024
Board of Directors Composition	<ul style="list-style-type: none"> <li>Identified skills that the Board of Directors should possess to promote the medium-term vision and enhance shareholder value over the medium to long term</li> <li>Confirmed succession plans for directors</li> <li>Organized positions and duties</li> </ul>
Board of Directors Discussions and Operations	<ul style="list-style-type: none"> <li>Further narrowed agenda items to be handled by the Board of Directors through the delegation of authority to the Management Committee</li> <li>Enhanced discussions on medium- and long-term themes (The management philosophy and management issues, the next medium-term management plan and management strategies, organization, institutions and composition of the Board of Directors, etc.)</li> <li>Revised executive compensation structure</li> </ul>
Dialogues and Enhancing Relations with Investors and Shareholders	<ul style="list-style-type: none"> <li>Formulated policy on investor and shareholder relations</li> <li>Conducted investor meetings on the "integration 1.0" medium-term management plan</li> <li>Shared transcripts of IR meetings at the Board of Directors</li> </ul>
Knowledge and Training Necessary for Board Members	<ul style="list-style-type: none"> <li>Held training for officers on AI utilization and biodiversity</li> <li>Reported in depth on sustainability initiatives</li> </ul>
Other/Overall	<ul style="list-style-type: none"> <li>Appointed an external organization to evaluate effectiveness (in principle, once every three years)</li> <li>Established ICT Solution Division, formulated the Human Capital Policy, and established the Human Capital Committee</li> </ul>

### Issues to Address Going Forward

- Reconfirming the composition of the Board of Directors over the medium to long term (including consideration of gender and other diversity and skill perspectives)
- Monitoring the progress of the "integration 1.0" medium-term management plan
- Utilizing the Human Capital Committee and appropriate reporting
- Promoting active investor relations activities and enhancing investor briefings
- Enhancing dialogue between outside and standing directors
- Ongoing officer training (to be implemented in FY2025: Cybersecurity, circular economy, etc.)

### Director and Audit & Supervisory Board Member Compensation

#### Total Compensation (Fiscal 2024)

	Total Compensation (millions of yen)	Total Compensation by Type (millions of yen)			Number of Individuals Receiving Compensation
		Monetary Compensation		Non-monetary Performance- linked Stock Compensation	
		Basic Compensation	Performance- linked Compensation		
Directors (excluding outside directors)	286	156	58	71	4
Outside Directors	31	31	—	—	3
Audit & Supervisory Board Members (excluding outside members)	58	58	—	—	3
Outside Audit & Supervisory Board Members	19	19	—	—	2
Total	395	265	58	71	12

#### Notes:

- Annual director compensation as determined by resolution of the General Meeting of Shareholders is capped at ¥450 million (including ¥40 million for outside directors) (Resolution of the 129th Ordinary General Meeting of Shareholders held on June 27, 2023). Annual compensation for Audit & Supervisory Board members is capped at ¥84 million (Resolution of the 121st Ordinary General Meeting of Shareholders held on June 24, 2015).
- The above includes one Audit & Supervisory Board member who retired at the conclusion of the 129th Ordinary General Meeting of Shareholders held on June 27, 2023.
- The above non-monetary compensation amount (¥71 million) is the amount recorded for the fiscal year ended March 31, 2024 as an expense related to performance-linked stock compensation.

### Basic Policy

Kanematsu's basic policy for director compensation is to adopt a compensation system that is linked to the interests of shareholders to ensure that the system sufficiently incentivizes the sustainable enhancement of corporate value while also ensuring that the compensation of individual directors is set at levels appropriate to their respective responsibilities. Specifically, compensation for executive directors consists of basic compensation such as fixed compensation, performance-linked compensation, and stock compensation. Compensation for Outside Directors, who provide oversight, consists of only basic compensation that factors in their duties. The performance-linked remuneration system was revised as of April 1, 2024 to strengthen the Board of Directors' commitment to improving enterprise value over the medium to long term and to serve as an incentive for this commitment.



## Corporate Governance

## Director and Audit &amp; Supervisory Board Member Compensation System

Executive Directors																																																															
Basic Compensation	Performance-linked Compensation					Stock Compensation																																																									
Monthly fixed compensation	<ul style="list-style-type: none"><li>Cash compensation that reflects the performance indicator (profit for the year attributable to owners of the Parent)</li><li>An amount calculated based on the performance indicator (profit for the year attributable to owners of the Parent) and its value is paid as a bonus once a year</li><li>Total payment amount: Depending on net profit for the year attributable to owners of the Parent, the lesser of the amount calculated by the following formula or 175 million yen</li></ul> <table><tr><th>Profit for the year attributable to owners of the Parent</th><th>Less than ¥5.0 billion</th><th>¥5.0 billion to less than ¥25.0 billion</th><th>¥25.0 billion to less than ¥35.0 billion</th><th>¥35.0 billion or above</th></tr><tr><th>Performance-linked compensation amount formula</th><td>0</td><td>Profit for the year attributable to owners of the Parent × 0.25%</td><td>Profit for the year attributable to owners of the Parent × 0.30%</td><td>Profit for the year attributable to owners of the Parent × 0.35%</td></tr></table> <ul style="list-style-type: none"><li>The amounts paid to individual directors are determined by dividing the total payment amount in proportion to points set out for each rank</li></ul> <table><tr><th>Rank</th><th>Chairman of the Board of Directors President</th><th>Vice President</th><th>Director and Senior Managing Executive Officer</th><th>Director and Managing Executive Officer</th><th>Director and Senior Executive Officer</th><th>Director and Executive Officer</th></tr><tr><th>Points</th><td>1.00</td><td>0.74</td><td>0.59</td><td>0.53</td><td>0.45</td><td>0.42</td></tr><tr><th>Maximum individual payment (thousands of yen)</th><td>62,100</td><td>46,000</td><td>36,700</td><td>32,900</td><td>28,000</td><td>26,100</td></tr></table> <p>Note: The specific calculation formula for the above individual payment amount is as follows: Individual payment amount = Total payment amount × The individual's rank-based points ÷ Sum of rank-based points awarded to all directors</p>					Profit for the year attributable to owners of the Parent	Less than ¥5.0 billion	¥5.0 billion to less than ¥25.0 billion	¥25.0 billion to less than ¥35.0 billion	¥35.0 billion or above	Performance-linked compensation amount formula	0	Profit for the year attributable to owners of the Parent × 0.25%	Profit for the year attributable to owners of the Parent × 0.30%	Profit for the year attributable to owners of the Parent × 0.35%	Rank	Chairman of the Board of Directors President	Vice President	Director and Senior Managing Executive Officer	Director and Managing Executive Officer	Director and Senior Executive Officer	Director and Executive Officer	Points	1.00	0.74	0.59	0.53	0.45	0.42	Maximum individual payment (thousands of yen)	62,100	46,000	36,700	32,900	28,000	26,100	<ul style="list-style-type: none"><li>Stock compensation that reflects the performance indicator (profit for the year attributable to owners of the Parent); the number of shares to be granted is calculated in accordance with the level of achievement of performance targets set forth in the medium-term business plan and other factors, and shares are delivered upon retirement</li><li>This compensation is also granted to executive officers</li><li>Compensation is the total of amounts calculated each year during the term of the medium-term business plan (April 1, 2024 to March 31, 2027) (amounts less than ¥1 are rounded up to the nearest yen)</li></ul> Stock compensation = Amount of performance-linked stock compensation × The individual's rank-based points ÷ Sum of rank-based points awarded to all directors <table><tr><th>Profit for the year attributable to owners of the Parent</th><th>Less than ¥5.0 billion</th><th>¥5.0 billion to less than ¥25.0 billion</th><th>¥25.0 billion to less than ¥35.0 billion</th><th>¥35.0 billion to less than ¥50.0 billion</th><th>¥50.0 billion or above</th></tr><tr><th>Performance-linked stock compensation amount formula</th><td>0</td><td>Profit for the year attributable to owners of the Parent × 0.18%</td><td>Profit for the year attributable to owners of the Parent × 0.20%</td><td>Profit for the year attributable to owners of the Parent × 0.22%</td><td>¥110 million</td></tr></table> <ul style="list-style-type: none"><li>Individual payment formula (for individuals who were directors on the final day of the evaluation period) Stock issuance points = Stock compensation amount ÷ Per-share book value of Kanematsu stock held by the trust</li><li>Maximum Shares (Stock Issuance Points) Awarded per Fiscal Year</li></ul> <table><tr><th>Rank</th><th>Chairman of the Board of Directors President</th><th>Vice President</th><th>Director and Senior Managing Executive Officer</th><th>Director and Managing Executive Officer</th><th>Director and Senior Executive Officer</th><th>Director and Executive Officer</th></tr><tr><th>Maximum shares (stock issuance points)</th><td>53,000</td><td>39,000</td><td>31,000</td><td>28,000</td><td>23,000</td><td>22,000</td></tr></table>	Profit for the year attributable to owners of the Parent	Less than ¥5.0 billion	¥5.0 billion to less than ¥25.0 billion	¥25.0 billion to less than ¥35.0 billion	¥35.0 billion to less than ¥50.0 billion	¥50.0 billion or above	Performance-linked stock compensation amount formula	0	Profit for the year attributable to owners of the Parent × 0.18%	Profit for the year attributable to owners of the Parent × 0.20%	Profit for the year attributable to owners of the Parent × 0.22%	¥110 million	Rank	Chairman of the Board of Directors President	Vice President	Director and Senior Managing Executive Officer	Director and Managing Executive Officer	Director and Senior Executive Officer	Director and Executive Officer	Maximum shares (stock issuance points)	53,000	39,000	31,000	28,000	23,000	22,000
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Monetary compensation: Annual monetary compensation is capped at ¥300 million for directors (including ¥40 million for outside directors) and ¥84 million for Audit & Supervisory Board members																																																															
40%–70% of total compensation	15%–45% of total compensation					15%–30% of total compensation																																																									
Policy and methods for deciding compensation amounts and calculation methods	Board of Directors <ul style="list-style-type: none"><li>Decides amounts within the maximum amount of director compensation decided by resolution of the General Meeting of Shareholders</li><li>Decides calculation methods and policies for the determination of amount is based on the recommendations of the Compensation Committee</li></ul>					Compensation Committee <ul style="list-style-type: none"><li>Deliberates on policy for determining the content of compensation for individual directors, the content of compensation, the basic policy necessary to make resolutions on these, rules, and procedures and makes recommendations to the Board of Directors</li></ul>																																																									

The Compensation Committee considers the proportion of each type of compensation for executive directors, taking into account compensation levels benchmarked against companies of a similar business scale to the Company or in related industries or with similar business formats; the Board of Directors respects such considerations when determining the details of compensation for each director.

Outside Directors
Basic Compensation
Outside directors are paid only monthly compensation and are not paid performance-linked compensation.

Audit & Supervisory Board Members
Basic Compensation
Audit & Supervisory Board members are paid monthly compensation determined by the Audit & Supervisory Board and are not paid performance-linked compensation.

## Corporate Governance

### Internal Control

#### ■ The Kanematsu Group's Internal Control System

To provide systems for ensuring appropriate business operations as stipulated in the Companies Act and the Regulations for Enforcement of the Companies Act, Kanematsu has adopted the "Basic Policy on the Establishment of Internal Control Systems" by resolution of the Board of Directors (established May 1, 2006, last amended April 1, 2024). The Company maintains and operates an internal control system in accordance with this basic policy.

In addition, in line with internal control reporting systems defined in the Financial Instruments and Exchange Law, we have established the "Kanematsu Group's Internal Control Overall Policy". The effective-

ness of internal control regarding Groupwide governance, settlement of accounts, IT, and operational processes is internally monitored by the companies and divisions that implement such operations as well as by the Legal and Compliance Department, which provides independent assessment.

Furthermore, we have established the Internal Control and Compliance Committee, which is chaired by Chairman Tanigawa, to head the Group's overall internal control. This committee carries out planning, conducts research, and provides recommendations and guidance regarding internal control development, operation, and assessment.

#### ■ Compliance

The Internal Control and Compliance Committee provides support and guidance to ensure that the Group maintains proper compliance. As part of such efforts, the committee has prepared the Kanematsu Group Compliance Handbook, which explains related measures with concrete examples and clearly states that the Group rejects any and all ties with antisocial forces. The Handbook has been made available through the Company intranet to promote thorough awareness. The Handbook also clearly lays out the system of division and Group company compliance officers, rules for reporting compliance matters,\* and the hotline systems for directly reporting to and consulting with Internal Control and Compliance Committee members or external counsel.

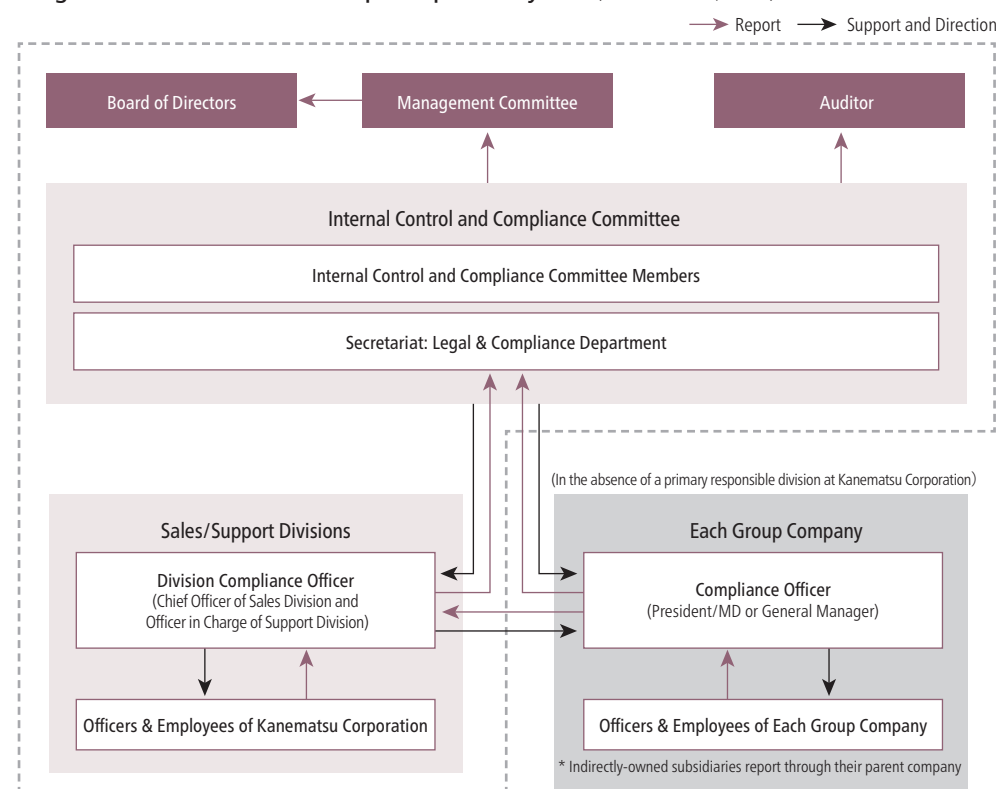
In addition to the Handbook, we are implementing internal training to promote strict compliance, including the prevention of bribery and corruption. To educate employees about harassment, we have prepared and circulate a Harassment Handbook that features concrete examples, and we highlight examples of harassment as part of our internal compliance training. We also implement management training on handling reports and incidents of bullying and harassment. Through these efforts, we are working to further instill and enhance compliance awareness on an ongoing basis.

Furthermore, at meetings of Group company presidents, which bring together the top management of Kanematsu and its main subsidiaries and affiliates, participants discuss Groupwide issues and share information related to internal control, compliance, and risk management.

When a compliance matter occurs within the Group, it is promptly reported to the Internal Control and Compliance Committee, which provides opinions and directions regarding the matter as necessary. The compliance officer of the division or Group company where the matter occurred then takes corrective action and implements measures to prevent recurrences, respecting the committee's opinions and directions to the greatest extent possible.

\* "Compliance matter" means matters which may damage company property or reputation of Kanematsu Group through violation of laws and regulations, company regulations or general societal norms.

Diagram of the Kanematsu Group Compliance System (as of June 28, 2024)



## Corporate Governance

### Bribery Prevention Initiatives

The Kanematsu Group Compliance Handbook lays out the Group's prohibitions on bribery and excessive gifts and entertainment for business partners, both in Japan and overseas, with a view to ensuring fair business activities.

#### 1. Prohibition of Bribery

Under the laws of the countries in which the Group operates, the Kanematsu Group's officers and employees are forbidden from engaging in the bribery of public officials or persons in comparable positions (such as officers and employees of JBIC, JETRO, JICA, or foreign state-run companies).

#### 2. Prohibition of Excessive Gifts and Entertainment

The Kanematsu Group prohibits the provision of entertainment, gifts, or other tangible or intangible benefits in excess of reasonable, socially acceptable norms to officers and employees of business partners, whether in Japan or overseas, regardless of whether they are public or quasi-public officials or officers or employees of private companies and regardless of whether such provision is funded by the Company or personally by individuals. In addition, when entertainment or gifts are provided to business partners for legitimate business purposes, such entertainment or gifts must be applied for and approved in advance in accordance with the internal rules established by each Group company.

#### 3. Raising Awareness of Compliance with the Laws of Relevant Countries

The Kanematsu Group takes steps to raise awareness internally of compliance not only with Japan's Unfair Competition Prevention Act, but also with laws under which acts committed by Japanese companies outside the United States or United Kingdom are punishable, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act.

In fiscal 2024, there were zero violations of policies related to preventing corruption.

## Information Management System

### Information Asset Categorization

Under the leadership of departmental information officers (chief officers of business divisions and administrative departments), each organization within Kanematsu organizes the information assets handled in its business operations into three categories of confidentiality (strictly confidential, internal use only, and general). The categorization is reviewed annually to promote awareness among officers and employees.

### Information Asset Management

Important information assets categorized as strictly confidential or internal use only, whether recorded on paper, in digital form, or using other analog media, are managed and utilized in accordance with the Information Asset Management Rules, which stipulate procedures for their appropriate handling, as well as detailed regulations for general employees and information system managers that specify procedures and key points to be observed.

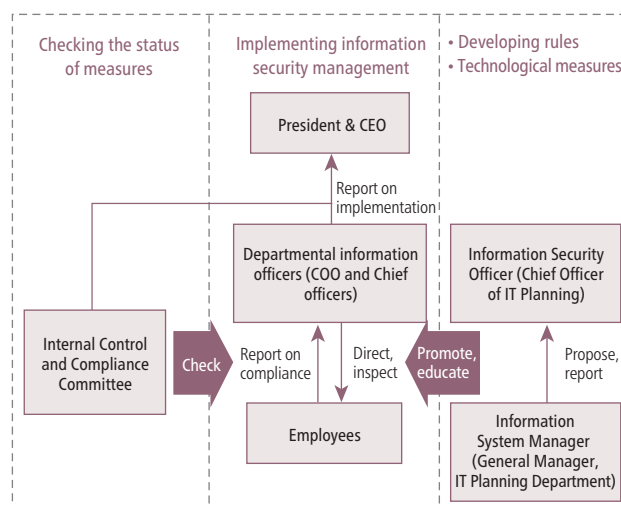
### Information Asset Retention

In light of the demand for digitization, detailed rules for document retention have been integrated into the subordinate rules of the Information Asset Management Rules, and data and paper documents are retained for a specified period of time in accordance with relevant laws and regulations.

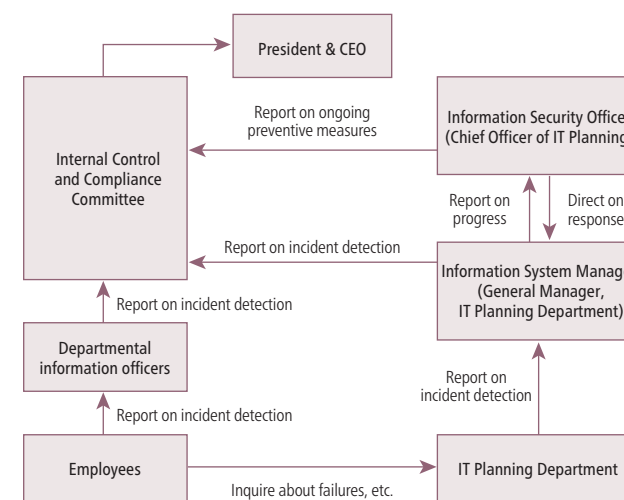
### Incident Response

Because the risk of information leaks cannot be completely eliminated, Kanematsu has designated procedures for handling leaks of important information assets and other such incidents. In the event of such an incident, the Internal Control and Compliance Committee gathers information and works with relevant departments to implement a response.

## Information Security Management System



## Incident Response System





## Corporate Governance

### Risk Management System

The Kanematsu Group has established the following framework for managing risks by risk category. Specific risk countermeasures are disclosed in the notice of the Ordinary General Meeting of Shareholders and in the annual Securities Report (in Japanese).

Risk Management System (Japanese) [https://www.kanematsu.co.jp/en/ir/library/annual\\_security\\_report](https://www.kanematsu.co.jp/en/ir/library/annual_security_report)

### ■ Business Risk Categories, Definitions, and Departments Responsible

The Risk Management Guidelines categorize and define the Kanematsu Group's business risks and specify the primary department responsible for the management of each. The designated departments regularly take steps to identify specific risks, understand the mechanisms of risk realization, frequency, and impact, formulate responses for when risks are realized, and gather information to detect signs of risks.

The Kanematsu Group has established an internal approval request system based on the Rules on Delegation of Authority for making judgments and decisions about business risks. The Project Deliberation Committee evaluates important investments and loans, including their execution, continuance, and withdrawal, based on the comprehensive examination of relevant risks, aiming to minimize the Group's losses and promote sound business growth.

Category	Subcategory	Definition	Department Responsible
Market Risk	Commodity risk	The risk of incurring losses on trading of commodities and other goods in Japan or overseas due to severe fluctuations in commodities markets or declining demand as a result of changes in market conditions, price reductions due to competition, obsolescence due to technological innovation, etc.	Accounting Department
	Exchange rate risk	The risk of incurring losses on transactions denominated in foreign currencies due to exchange rate fluctuations	Finance Department
	Interest rate risk	The risk of incurring losses due to interest rate fluctuations	Finance Department
	Investment risk	<ul style="list-style-type: none"> <li>The risk of incurring losses in investment transactions of marketable securities due to stock market fluctuations, etc.</li> <li>The risk of incurring losses due to inability to liquidate investments</li> </ul>	Risk Management Department
	Business investment risk	<ul style="list-style-type: none"> <li>The risk of incurring losses due to fluctuations in the value of business investments made to further develop existing businesses or expand business areas attributable to market risks or investees' financial condition or business success or failure</li> <li>The risk of incurring losses due to inability to develop businesses as planned or withdraw because of local laws or relationships with partners, etc.</li> </ul>	Corporate Planning Department
Credit Risk	Transactional credit risk	<ul style="list-style-type: none"> <li>The risk of incurring losses due to late repayments or defaults on credit extended by the Group, such as accounts receivable, advance payments, loans, and guarantees, because of deterioration in the financial standing of trading partners, etc.</li> <li>The risk of being forced to honor obligations and thereby incur a monetary loss due to a trade partner's default on its obligation or contract in the course of forming and carrying out commodity supply agreements, subcontract agreements, or other agreements</li> </ul>	Risk Management Department
	Country risk	The risk of incurring losses in overseas transactions, investments, and loans due to the suspension of foreign payments because of political and economic conditions in the relevant country, etc.	Risk Management Department
Operational Risk	Legal risk	The risk of incurring additional costs or other losses due to changes in laws and regulations or differences in the recognition or interpretation of contracts with business partners	Legal and Compliance Department
	Information security risk	<ul style="list-style-type: none"> <li>The risk of negative effects on corporate activities due to information, either in tangible or intangible form, not being properly stored or preserved</li> <li>The risk of incurring damages due to the leaking of confidential or personal information</li> </ul>	IT Planning Department (General Affairs Department)
	Environmental risk	The risk of incurring business disadvantage due to being avoided by business partners or society as a result of actions that are detrimental to the environment	General Affairs Department
	Operation risk	The risk of incurring losses due to designated business processes not being carried out or being overlooked despite having in place internal rules and regulations governing corporate activities	Support divisions
	Compliance risk	The risk of incurring tangible or intangible losses due to the occurrence of legal or regulatory violations or wrongdoing as a result of such issues being overlooked despite having in place preventive countermeasures	Legal and Compliance Department (Logistics and Insurance Dept, Food Safety Management Office)

### Business Investment Process

The Kanematsu Group does not pursue investment to secure short-term gains, rather, it does so with the general assumption that investments will be held long-term. After executing an investment, we make full use of the Group's functions to maximize the enterprise value of the investee, increase trading revenue, and improve consolidated earnings.

In addition, in order to grow business revenue and ensure prompt withdrawal from inefficient investments, we conduct thorough periodic reviews and monitor investees, evaluating them both qualitatively (the purpose of holding the investment) and quantitatively (related revenue, dividend income, and other returns, etc.) to determine whether each investment justifies the Company's cost of capital.

## Corporate Governance

## ■ Decision-Making Process



## ■ Post-Merger Integration Promotion System

The Kanematsu Group works to enhance its system for ongoing post-merger integration (PMI) to ensure that investees are appropriately managed as members of the Group and maximize their enterprise value. Specifically, the qualitative standards of the investment guidelines applied when making an investment include provisions for clarifying the officer at Kanematsu responsible for PMI and dispatching a representative from Kanematsu who is highly knowledgeable about the investee's business. This is intended to promote close collaboration with Kanematsu's support divisions, which offer sophisticated expertise, and thereby make maximum use of the Company's functions.

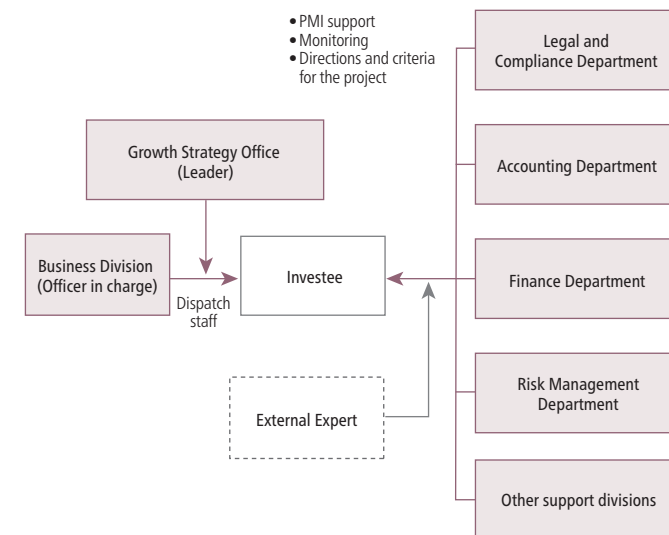
## ■ Monitoring and Asset Replacement

At their monthly information sharing meetings, the support divisions share information about everything from pre-approval investment planning to post-investment monitoring, progress, and items of concern. This information is also reported to members of the Management Committee.

When a problem arises in business implementation following an investment, the support divisions issue directions for improvement to the relevant business divisions and report on related measures and plans to Kanematsu's deliberative bodies as necessary.

Based on monitoring, we advance the replacement of low-efficiency assets and businesses when they meet our exit criteria or their strategic purpose in the portfolio has diminished.

## ■ Business Investment Process Support System



## Groupwide Activities

Group company presidents meet twice a year and as necessary to share information on Groupwide business activities. These meetings are aimed at ensuring mutual understanding and awareness with regard to corporate governance issues.

# Corporate Officers

(As of June 28, 2024)

## Directors and Audit & Supervisory Board Members



### Kaoru Tanigawa

Chairman

Shares held: 39,700

1981 Joined Kanematsu-Gosho Ltd.  
2015 Director, Senior Managing Executive Officer  
2017 President  
2021 Chairman (incumbent)



### Yuko Tahara

Director (Outside)

Shares held: 0

1998 President and CEO, Basic Inc. (incumbent)  
2012 Representative Director, Knowledge Management Lab (incumbent)  
2018 Outside Director & Member of the Audit and Supervisory Committee, Sanyo Homes Corporation (incumbent)  
2019 Outside Director, Kanematsu Corporation (incumbent)  
2021 Professor, School of Professional Education, The Graduate School of Information & Communication (now the Graduate School of Social Design) (incumbent)  
2024 Outside Director, Nanto Bank, Ltd. (incumbent)



### Yoshio Tajima

Audit & Supervisory Board Member (full-time)

Shares held: 700

1984 Joined Kanematsu-Gosho Ltd.  
2014 Director, Kanematsu Communications Ltd.  
2016 Managing Director, Kanematsu Communications Ltd.  
2017 Director, Managing Executive Officer, Kanematsu Communications Ltd.  
2023 Audit & Supervisory Board Member, Kanematsu Corporation (incumbent)



### Yoshiya Miyabe

President & CEO

Shares held: 30,200

1983 Joined Kanematsu-Gosho Ltd.  
2018 Director, Senior Managing Executive Officer  
2021 President (incumbent)



### Kazuhiro Tanaka

Director (Outside)

Shares held: 0

2010 Professor, Graduate School of Commerce and Management, Hitotsubashi University  
2018 Professor, Graduate School of Business Administration, Hitotsubashi University (incumbent)  
2019 Dean, Graduate School of Business Administration and Faculty of Commerce and Management, Hitotsubashi University  
2020 Outside Director, Kanematsu Corporation (incumbent)



### Yoichiro Muramatsu

Audit & Supervisory Board Member (full-time)

Shares held: 5,756

1988 Joined Kanematsu-Gosho, Ltd.  
2015 General Manager, Corporate Planning Department  
Director & Member of the Audit and Supervisory Committee (outside), Hokushin Co., Ltd.  
2021 Executive Officer, President, Kanematsu GmbH., President, Kanematsu Europe PLC.  
2024 Audit & Supervisory Board Member, Kanematsu Corporation (incumbent)



### Tetsuro Tsutano

Director

Shares held: 26,400

1992 Joined Kanematsu Corporation  
2017 Director, Executive Officer  
2018 Director, Senior Executive Officer  
2024 Director, Managing Executive Officer (incumbent)



### Hiroyuki Sasa

Director (Outside)

Shares held: 0

2012 Director, Representative Executive Officer, President, Olympus Corporation  
2019 Director, Olympus Corporation  
2020 Outside Director, Kyosan Electric Manufacturing Co., Ltd. (incumbent)  
2022 Outside Director, Kanematsu Corporation (incumbent)  
2023 External Director, AMADA Co., Ltd. (incumbent)



### Yusaku Kurahashi

Audit & Supervisory Board Member (Outside)

Shares held: 0

2007 Registered as attorney at law and joined Nakamura, Tsunoda & Matsumoto  
2015 Partner of Nakamura, Tsunoda & Matsumoto (incumbent)  
2019 Audit & Supervisory Board Member, Kanematsu Corporation (incumbent)  
2020 Outside Director (Audit & Supervisory Committee Member), UNITED ARROWS LTD. (incumbent)  
2023 Opened Kurahashi Law Office  
Representative Partner, Kurahashi Law Office (incumbent)  
2024 Independent Audit and Supervisory Board Member, Nissha Co., Ltd. (incumbent)



### Shuji Masutani

Director

Shares held: 5,700

1990 Joined Kanematsu Corporation  
2021 Executive Officer  
2022 Director, Executive Officer  
2024 Director, Senior Executive Officer (incumbent)



### Nobuko Inaba

Audit & Supervisory Board Member (Outside)

Shares held: 0

2005 President, Inaba C.P.A. Office (incumbent)  
2007 Representative Director, PAS Corporation (now Hayabusa Consulting Corporation) (incumbent)  
2014 Outside Audit & Supervisory Board Member, Tokyo TY Financial Group, Inc (now Tokyo Kiraboshi Financial Group, Inc.) (incumbent)  
2019 Outside Corporate Auditor, DeNA Co., Ltd. (incumbent)  
2021 Audit & Supervisory Board Member, Kanematsu Corporation (incumbent)  
Senior Partner, Yasumori Audit Corporation (incumbent)

1 Ms. Yuko Tahara, Mr. Kazuhiro Tanaka and Mr. Hiroyuki Sasa are outside directors.

2 Mr. Yusaku Kurahashi and Ms. Nobuko Inaba are outside Audit & Supervisory Board members.

3 Ms. Yuko Tahara, Mr. Kazuhiro Tanaka, Mr. Hiroyuki Sasa, Mr. Yusaku Kurahashi, and Ms. Nobuko Inaba are independent officers, as defined by the Tokyo Stock Exchange.



## Corporate Officers

## Executive Officers



**Yoshiya Miyabe**  
President & CEO  
Chief Officer, Growth  
Strategy



**Toshihide Motoshita**  
Senior Managing  
Executive Officer  
Chief Officer, Risk  
Management, Legal and  
Compliance



**Eiji Kan**  
Senior Managing  
Executive Officer  
COO Steel, Materials & Plant,  
Green Transformation  
Committee Chair



**Hiroshi Yamashina**  
Senior Executive Officer  
Chief Officer, Human  
Resources, General Affairs,  
Logistics & Insurance  
Human Capital Management  
Committee Chair



**Akihiro Fujita**  
Senior Executive Officer  
President, Kanematsu USA  
Inc.; General Manager,  
Chicago Head Office



**Shuji Masutani**  
Senior Executive Officer  
Chief Officer, Finance,  
Accounting, Business  
Accounting



**Masahiro Harada**  
Managing Executive  
Officer  
COO Electronics & Devices,  
Digital Transformation  
Committee Chair



**Tetsuro Tsutano**  
Managing Executive  
Officer  
Chief Officer, Corporate  
Planning, IT Planning,  
Technologies and Business  
Collaboration  
Sustainability Management  
Committee Chair



**Ryoichi Kidokoro**  
Managing Executive  
Officer  
COO Motor Vehicles &  
Aerospace  
General Manager, Osaka  
Branch; General Manager,  
Nagoya Branch



**Jun Nakajima**  
Executive Officer  
COO Grain, Oilseeds &  
Feedstuff



**Toru Hashimoto**  
Executive Officer  
COO Meat Products



**Koichi Nishimura**  
Executive Officer  
COO Foods



**Kaori Kusuda**  
Executive Officer  
President, Kanematsu  
GmbH; President,  
Kanematsu Europe PLC;  
General Manager, Milano  
Office; General Manager,  
The Representative of  
Kanematsu GmbH Budapest



**Akira Watanabe**  
Executive Officer  
COO ICT Solution;  
President & CEO,  
Kanematsu Electronics Ltd.



**Shigenobu Makita**  
Executive Officer  
Chief Officer, Steel,  
Materials & Plant Division;  
General Manager, Steel,  
Materials & Plant Planning  
Office

# Financial and ESG Highlights

(As of March 31)

	JGAAP					IFRS								
												Millions of yen¹	Thousands of U.S. dollars²	
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2024		
For the year:														
Net sales	¥1,114,539	—	—	—	—	—	—	—	—	—	—	—	—	
Revenue	—	¥704,211	¥668,374	¥675,579	¥714,790	¥723,849	¥721,802	¥649,142	¥767,963	¥911,408	¥985,993	\$6,512,079		
Gross profit	86,402	87,880	86,238	100,139	106,371	110,014	110,904	101,515	111,801	130,894	142,557	941,536		
Operating income/Operating profit	19,776	23,547	18,772	22,633	26,160	30,349	28,352	23,635	29,347	38,896	43,870	289,750		
Income (loss) before income taxes and minority interests/Profit before tax	19,075	22,373	18,122	17,875	26,043	29,177	26,944	23,580	28,765	35,696	37,241	245,963		
Net profit/Profit for the year attributable to owners of the Parent³	11,799	10,546	8,959	8,049	16,317	16,605	14,399	13,315	15,986	18,575	23,218	153,352		
Cash flows from operating activities	22,384	6,758	33,024	11,852	434	24,698	24,259	36,984	15,382	(296)	35,582	235,008		
Cash flows from investing activities	(1,111)	(6,649)	(4,214)	(14,691)	1,103	(6,575)	(10,215)	(9,927)	(10,547)	(16,684)	(12,423)	(82,049)		
Free cash flow	21,273	109	28,810	(2,839)	1,537	18,123	14,044	27,057	4,835	(16,980)	23,159	152,959		
At year-end:														
Total assets	428,459	466,314	443,592	479,717	519,889	549,459	551,671	557,495	634,456	677,588	725,347	4,790,620		
Net assets/Total equity	96,204	119,015	120,706	129,863	147,050	158,698	166,174	180,492	199,282	143,423	176,000	1,162,408		
Shareholders' equity/Total equity attributable to owners of the Parent	71,657	90,244	91,599	100,357	116,012	125,246	130,829	143,926	159,484	128,525	159,318	1,052,232		
Net interest-bearing debt	68,038	72,155	48,813	55,429	59,045	49,969	51,807	40,520	51,242	147,948	159,425	1,052,938		
Per share (yen):														
Net profit/Basic earnings attributable to owners of the Parent³	¥ 28.09	¥ 125.49⁴	¥ 106.46⁴	¥ 95.64⁴	¥ 193.79⁴	¥ 198.22	¥ 172.43	¥ 159.44	¥ 191.42	¥ 222.38	¥ 277.90	\$ 1.84		
Net assets/Total equity attributable to owners of the Parent	170.54	1,072.20⁴	1,088.45⁴	1,192.21⁴	1,377.66⁴	1,499.86	1,566.60	1,723.42	1,909.64	1,538.42	1,906.69	12.59		
Dividends	3.00	4.00	5.00	6.00	48.00⁵	60.00	60.00	60.00	65.00	75.00	90.00	0.59		
Financial indicators:														
Return on equity (ROE) (%)	18.7	13.0	9.9	8.4	15.1	13.8	11.2	9.7	10.5	12.9	16.1			
Equity ratio (%)	16.7	19.4	20.6	20.9	22.3	22.8	23.7	25.8	25.1	19.0	22.0			
Net D/E ratio (times)	0.9	0.8	0.5	0.6	0.5	0.4	0.4	0.3	0.3	1.15	1.00			

## Financial and ESG Highlights

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>ESG (Non-Financial) Data:</b>											
<b>E</b> CO <sub>2</sub> emissions (t-CO <sub>2</sub> ) <sup>6, 7, 8</sup>	456.44	377.54	392.58	398.68	400.74	358.31	304.05	265.44	274.43	313.05	<b>246.92</b>
Total paper use (sheets) <sup>7</sup>	6,648,353	6,645,797	6,087,765	6,256,363	5,920,960	5,510,121	4,919,786	3,099,900	2,503,625 <sup>9</sup>	1,809,950 <sup>9</sup>	<b>1,450,578</b>
External disposal of waste (t) <sup>7, 10</sup>	37.60	33.40	31.90	32.70	29.50	35.00	34.43	42.20	36.18	29.46	<b>9.41</b>
Recycled waste (t) <sup>7</sup>	—	—	—	—	—	—	21.93	36.56	30.89	24.28	<b>4.91</b>
Non-recycled waste (t) <sup>7</sup>	—	—	—	—	—	—	12.50	5.64	5.29	5.18	<b>4.50</b>
Hazardous waste disposal (t) <sup>7</sup>	—	—	—	—	—	—	0	0	0	0	<b>0</b>
Environment-related fines and penalties paid (yen) <sup>7</sup>	—	—	—	—	—	—	0	0	0	0	<b>0</b>
Violations related to water quality/volume <sup>7</sup>	—	—	—	—	—	—	0	0	0	0	<b>0</b>
Total electricity consumption (kWh) <sup>7</sup>	805,015	682,717	735,174	768,166	772,137	690,378	659,534	597,845	625,132	719,657	<b>587,911</b>
<b>S</b> Employees—consolidated	5,747	6,002	5,832	6,727	6,666	6,915	7,182	7,296	7,446	7,866	<b>8,353</b>
Employees—non-consolidated (women)	800 (246)	813 (253)	816 (259)	835 (273)	842 (282)	765 (263)	775 (266)	795 (284)	788 (293)	798 (299)	<b>812 (301)</b>
Percentage of women among employees—non-consolidated (%)	31	31	32	33	33	34	34	36	37	37	<b>37</b>
Average length of service (years)	15.7	15.5	13.8	15.4	15.5	15.0	14.0	13.8	15.0	13.7	<b>13.2</b>
Three-year job separation rate (%) <sup>11</sup>	2.6	3.5	4.8	5.2	9.4	10.5	17.1	14.3	—	—	<b>—</b>
Average overtime worked (hours/month)	8.0	8.8	8.1	11.6	12.1	12.5	17.5	18.1	19.6	19.2	<b>17.9</b>
<b>G</b> Directors (outside directors) <sup>12</sup>	6(1)	7(2)	7(2)	8(3)	8(3)	6(2)	6(2)	6(2)	7(3)	7(3)	<b>7(3)</b>
Audit & Supervisory Board members <sup>12</sup> (outside Audit & Supervisory Board members)	4(2)	4(3)	4(3)	4(3)	4(3)	4(3)	4(2)	4(2)	4(2)	4(2)	<b>4(2)</b>

Notes For the above items with two titles, the first applies to figures under JGAAP and the second to figures under IFRS.

- Figures are rounded down to the nearest million yen. Percentages have been rounded off.
- The U.S. dollar amounts represent the arithmetical results of translating yen to dollars at the rate of ¥151.41 to U.S.\$1.00, the exchange rate prevailing on March 31, 2024.
- JGAAP: Net profit attributable to owners of the Parent; IFRS: Profit for the year attributable to owners of the Parent.
- Kanematsu executed a share consolidation on October 1, 2017, at a ratio of five common shares to one. The calculation of the above figures assumes that said share consolidation was implemented on April 1, 2014.
- Kanematsu executed a share consolidation on October 1, 2017, at a ratio of five common shares to one. The calculation of the above figure assumes that said share consolidation was implemented on April 1, 2017.
- The coefficients used to calculate the above figures are the most recent values published by the Japan Foreign Trade Council (originally published by the Electric Power Council for a Low Carbon Society via the Japan Business Federation).
- The figures above are the totals for Kanematsu's domestic locations on a non-consolidated basis and are subject to change due to changes in office space due to the consolidation of branches or sales offices, etc.
- For data on Kanematsu's Scope 1 and Scope 2 emissions, please refer to p. 58.
- For the years ended March 2021 and earlier, paper use was calculated based on sheets of paper (copy paper, envelopes, and business cards) purchased; from the year ended March 2022 it is calculated as sheets of copy paper (with all types converted to A4 equivalent) purchased.
- Due to a change in aggregation standards, data for past years (the years ended March 2020 and 2021) has been revised. Data is for waste from office activities at main locations.
- The percentage of employees hired in the year in question who had left the Group as of three years later (for example, of the 42 employees hired in April 2015, 2 had left the Group as of April 2018, so the rate for the year ended March 31, 2016 is calculated as  $(2 / 42) \times 100$ ).
- As of the conclusion of the General Meeting of Shareholders following each fiscal year-end.



# Management's Discussion and Analysis

## Business Results

For the fiscal year ended March 31, 2024, revenue increased ¥74,585 million (8.2%) from the previous fiscal year to ¥985,993 million. Gross profit increased ¥11,663 million (8.9%) from the previous fiscal year to ¥142,557 million. Reflecting the increase in gross profit, operating profit rose ¥4,974 million (12.8%) year on year to ¥43,870 million, even though selling, general and administrative expenses rose. In addition, despite the deterioration of financial income and an impairment loss on fixed assets, profit before tax increased ¥1,545 million (4.3%) year on year to ¥37,241 million, largely due to the rise in operating profit. Profit for the year attributable to owners of the Parent rose ¥4,643 million (25.0%) year on year to ¥23,218 million. Return on equity (ROE) calculated on the basis of total equity attributable to owners of the Parent (shareholders' equity) came to 16.1% and return on invested capital (ROIC)\* was 6.4%.

\* ROIC = Profit for the year attributable to owners of the Parent / Invested capital (Interest bearing debt + Shareholders' equity)

## Segment Information

Results for each business segment are described below.

### Electronics & Devices

Revenue increased ¥46,069 million year on year to ¥328,582 million due to higher revenue in the mobile business and the semiconductor parts and manufacturing equipment business. Operating profit rose ¥2,486 million to ¥22,817 million due to higher profit for the year in the mobile business. Profit attributable to owners of the Parent increased ¥6,064 million to ¥14,840 million.

Performance in terms of operating profit was as follows. In the ICT solutions business, network and security-related projects remained firm, backed by rising demand for security measures and DX as well as the effect of acquiring 100% ownership of Kanematsu Electronics Corp. The mobile business showed a strong performance owing to the effects of store reorganization and an increase in sales volume.

### Foods, Meat & Grain

Revenue increased ¥1,248 million year on year to ¥341,696 million, reflecting a rise in revenues in the foods business and grain, oilseeds & feedstuff business. Operating profit rose ¥3,905 million to ¥7,968 million, due to higher profit in the meat products, and foods businesses, while profit for the year attributable to owners of the Parent increased ¥1,288 million to ¥3,480 million.

A summary of profit for the year attributable to owners of the Parent is as follows. The foods business performed strongly, reflecting firm sales of beverage ingredients and other products, as well as in the overseas processed food product business. The meat products business struggled due to soft domestic market conditions, but performed well compared to the previous fiscal year, due in part to contributions from sales of Uruguayan beef. In the grain, oilseeds & feedstuff business, market prices of staple grains remained soft compared to the previous fiscal year.

### Steel, Materials & Plant

Revenue increased ¥20,275 million year on year to ¥213,668 million, due to revenue rises in the energy business and steel tubing business. Operating profit fell ¥2,915 million to ¥9,424 million, due to weaker profits in the steel tubing business and energy business and profit for the year attributable to owners of the Parent decreased ¥4,053 million to ¥2,641 million.

A summary of profit for the year attributable to owners of the Parent is as follows. The steel tubing business was affected by impairment losses on equity method investment. The energy business remained sluggish compared to the previous fiscal year, affected by a decline in domestic demand.

### Motor Vehicles & Aerospace

Revenue increased ¥9,142 million year on year to ¥90,486 million, due to a rise in revenue in the aerospace business. Operating profit rose ¥1,603 million to ¥3,088 million, due to expansion in revenue from the aerospace business, while profit for the year attributable to owners of the Parent grew ¥915 million to ¥1,718 million.

A summary of profit for the year attributable to owners of the Parent is as follows. The performance of the aerospace business

was strong in aviation- and ship-related transactions. The motor vehicles and parts business performed well due to such factors as improved market conditions.

### Other

Revenue shrank ¥2,147 million from a year earlier to ¥11,560 million. Operating profit fell ¥111 million to ¥551 million, while profit for the year attributable to owners of the Parent rose ¥352 million to ¥571 million.

## Analysis of Financial Status

Total assets at the end of the year under review increased ¥47,759 million from the end of the previous fiscal year to ¥725,347 million.

Interest-bearing debt decreased ¥13,348 million from the end of the previous fiscal year to ¥214,546 million, mainly due to repayment of borrowings. Net interest-bearing debt after deducting cash and bank deposits, increased ¥11,477 million from the end of the previous fiscal year to ¥159,425 million, mainly due to an increase in working capital. Interest-bearing debt does not include lease liabilities.

In terms of equity, total equity attributable to owners of the Parent rose ¥30,793 million from the end of the previous fiscal year to ¥159,318 million, mainly due to the accumulation of profit for the year attributable to owners of the Parent and an increase in other components of equity resulting from the depreciation of the yen and appreciation of the stock market.

As a result, the equity ratio at the end of the fiscal year under review was 22.0%. The net D/E ratio stood at 1.00 times.

### Cash Flows

In the year under review, net cash provided by operating activities totaled ¥35,582 million. Net cash used in investing activities amounted to ¥12,423 million. Net cash used in financing activities amounted to ¥50,102 million. As a result, after the effect of exchange rate changes on cash and cash equivalents, cash and cash equivalents at the end of the fiscal year under review stood at ¥53,431 million, down ¥26,031 million from the end of the previous fiscal year.

## Management's Discussion and Analysis

### Fundraising

The Kanematsu Group carries out fundraising in line with a basic policy of stably procuring funds at low cost as needed to realize the enhancement of shareholder value, one of the tenets of its medium-term management plan, "integration 1.0."

The Group raises funds primarily through indirect financing based on good relations with banks, life and non-life insurers, and other financial institutions. During the year under review, the Company borrowed ¥35.0 billion through a syndicated loan with Mitsubishi UFJ Bank, Ltd. as the agent, for part of the financing of the acquisition that made Kanematsu Electronics Ltd. a wholly owned subsidiary. In addition, the Company raises funds from the capital market by issuing straight bonds as a means of procuring long-term funds. As a result, at the end of the fiscal year, debt procurement through direct financing accounted for 7% of consolidated interest-bearing debt.

To facilitate capital procurement, Kanematsu receives ratings from Japan Credit Rating Agency, Ltd. (JCR) and Rating and Investment Information, Inc. (R&I). The Group's long-term ratings as of the end of the fiscal year under review are A-(positive) from JCR and A- (stable) from R&I.

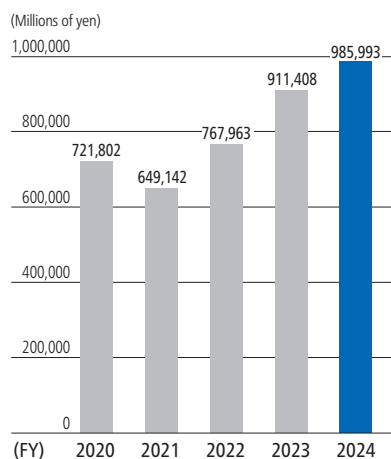
To secure liquidity on hand, the Group maintains an ample balance of cash and cash equivalents and has established commitment lines with major financial institutions.

To efficiently procure capital on a consolidated basis, the Group has adopted a cash management system under which fundraising for major domestic subsidiaries and affiliates is concentrated at the Parent Company and proceeds are then allocated in response to capital requirements. At the end of the fiscal period under review, the Company's interest-bearing debt accounted for 70% of the consolidated Group's interest-bearing debt, a reflection of the concentration of fund procurement at the Parent Company.

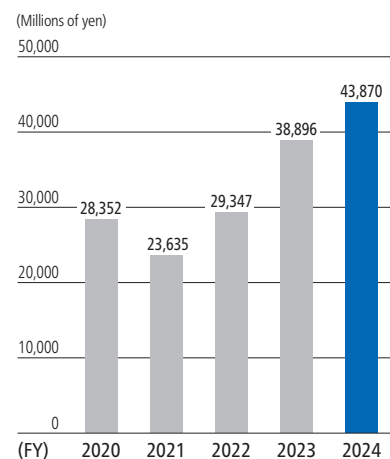
As a result of the above fund-raising activities, at the end of the fiscal year under review, gross interest-bearing debt stood at ¥214,546 million, a decrease of ¥13,348 million from the end of the previous fiscal year. Net interest-bearing debt stood at ¥159,425 million, up ¥11,477 million from the end of the previous fiscal year. As a result, the net D/E ratio stood at 1.00.

Corporate bonds and long-term borrowings (including the current portion of corporate bonds and long-term borrowings) accounted for 59% of the balance of interest-bearing debt at the end of the fiscal year under review (or 81% on a non-consolidated basis).

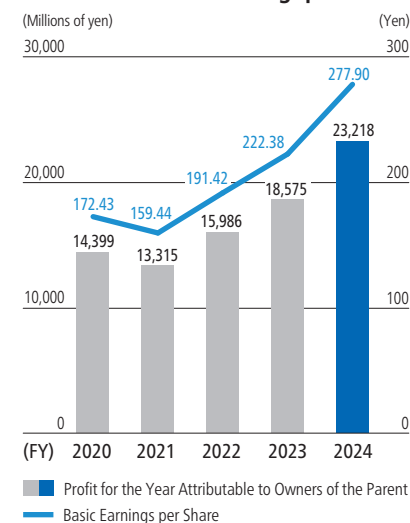
### Revenue



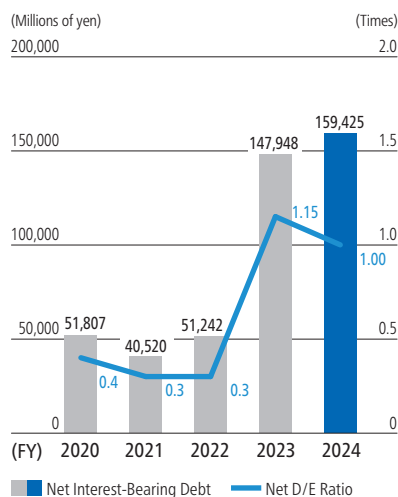
### Operating Profit



### Profit for the Year Attributable to Owners of the Parent / Basic Earnings per Share



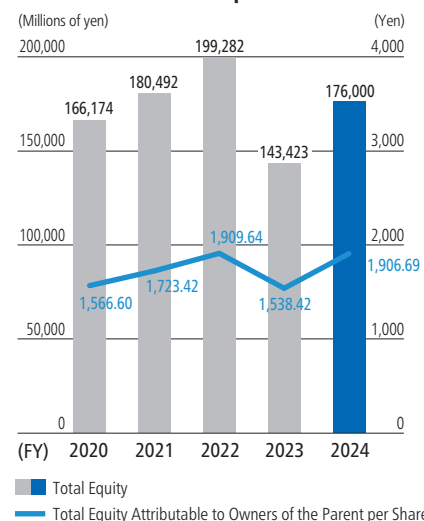
### Net Interest-Bearing Debt\*1 / Net D/E Ratio\*2



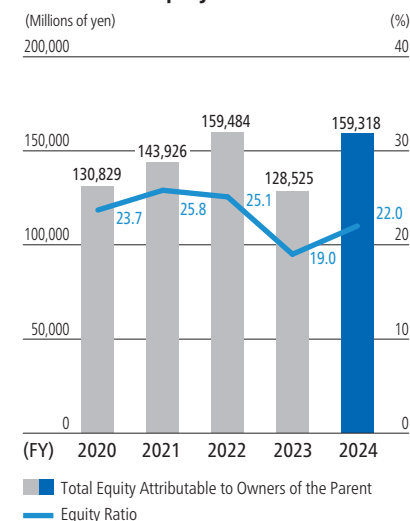
\*1 Net interest-bearing debt = Interest-bearing debt - Cash and cash equivalents

\*2 Net D/E ratio = Net interest-bearing debt / Total equity attributable to owners of the Parent

### Total Equity / Total Equity Attributable to Owners of the Parent per Share



### Total Equity Attributable to Owners of the Parent / Equity Ratio



## Corporate Profile

(As of March 31, 2024)

### Corporate Profile

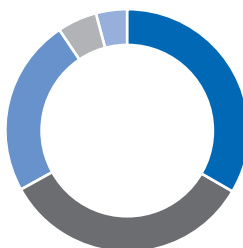
Company Name	KANEMATSU CORPORATION
Established	August 15, 1889
Foundation	March 18, 1918
President & CEO	Yoshiya Miyabe
Head Office	7-2 Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-7017, Japan
Paid-in Capital	¥27,781 million
Fiscal Year	April 1 to March 31
General Meeting of Shareholders	June
Number of Offices	Domestic: Tokyo Head Office, Kobe Head Office and branches 5 Overseas: 35
Number of Employees	812 (Consolidated: 8,353)

### Investor Information

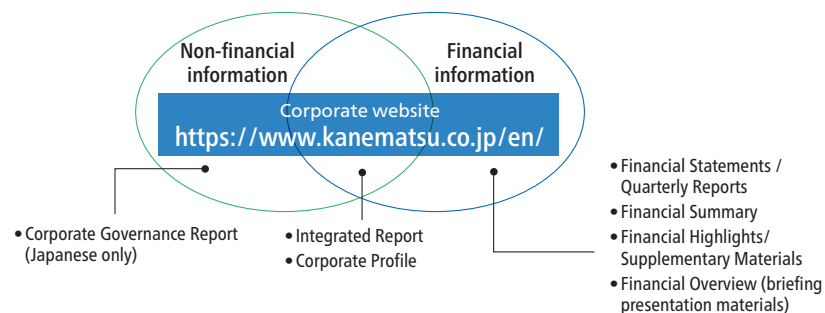
Stock Exchange Listings	Tokyo
Stock Code	8020
Transfer Agent for Common Stock	Sumitomo Mitsui Trust Bank, Limited
Shares Authorized	200,000,000
Shares Outstanding	84,500,202 (including 265,818 treasury shares)
Minimum Trading Unit	100
Number of Shareholders	39,952

### Composition of Shareholders

Financial institutions	33.58%
Foreign institutions and individuals	33.41%
Individuals and others (including treasury shares)	23.80%
Other corporations	5.30%
Securities firms	3.91%



### Kanematsu's Disclosure



### IR Disclosure

The Kanematsu Group strives to ensure transparency and foster dialogue through prompt, accurate, and fair disclosure to all stakeholders.

- General Meeting of Shareholders (once a year)
- Financial Results Briefing (twice a year)
- Meetings of institutional investors and analysts with the President & CEO and/or CFO

### Principal Shareholders

	Number of shares held (thousands)	Percentage of voting rights (%)
The Master Trust Bank of Japan, Ltd. (trust account)	12,586	14.94
Custody Bank of Japan, Ltd. (trust account)	5,232	6.21
SSBTC CLIENT OMNIBUS ACCOUNT	2,756	3.27
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,990	2.36
MUFG Bank, Ltd.	1,417	1.68
STATE STREET BANK AND TRUST COMPANY 505103	1,402	1.66
MSIP CLIENT SECURITIES	1,391	1.65
The Norinchukin Bank	1,249	1.48
The Bank of New York Mellon Corporation 140044	1,186	1.40
JP MORGAN CHASE BANK 385781	1,166	1.38

Note: Calculated after deduction of treasury shares (265,818 shares)





For more information on this *Integrated Report*, or to obtain additional copies, please contact:

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<https://www.kanematsu.co.jp/en/inquiry>