



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

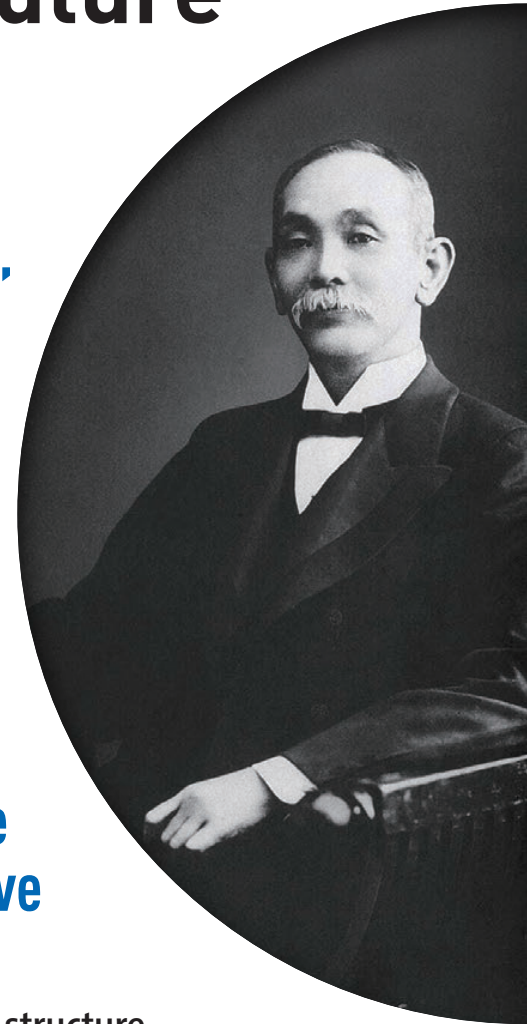
1967 Merged with The Gosho Company to form Kanematsu-Gosho, Ltd.

**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

125TH
ANNIVERSARYMedium-Term
Vision

VISION-130

Enhanced governance structure

M&A and business succession in highly specialized fields

Completed disposal of commercial real estate holdings

2018-2023

130TH
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

135TH
ANNIVERSARYMedium-Term
Management Plan

“integration 1.0”

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

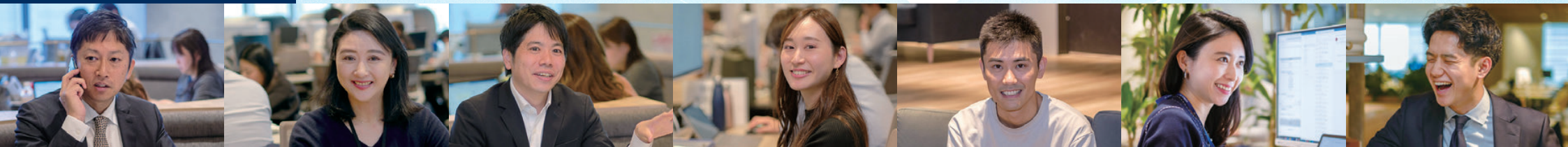
Kanematsu's
Envisioned
Goal

(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.

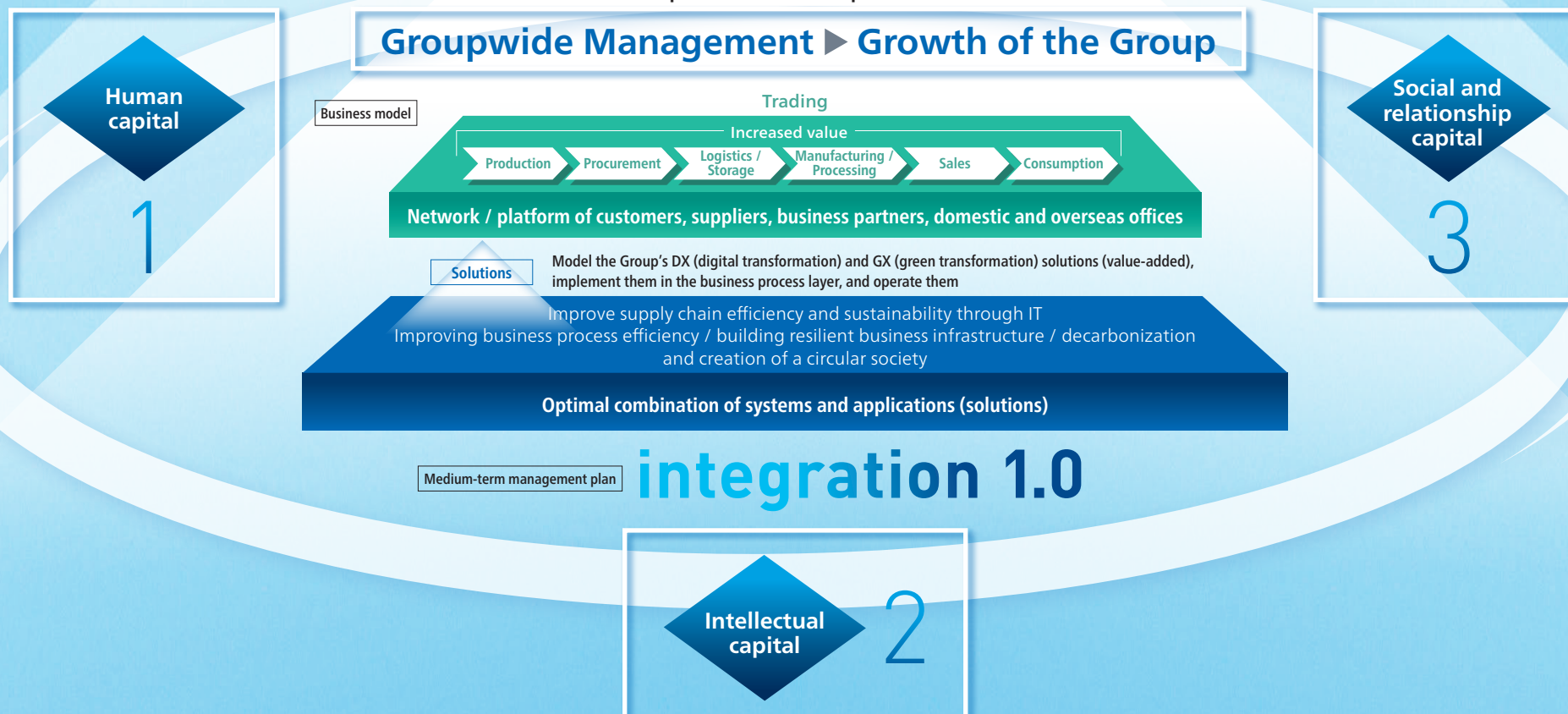
Realizing the Envisioned Goal

(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

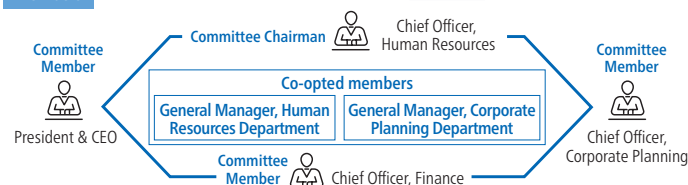
Growth Strategy Office

- 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

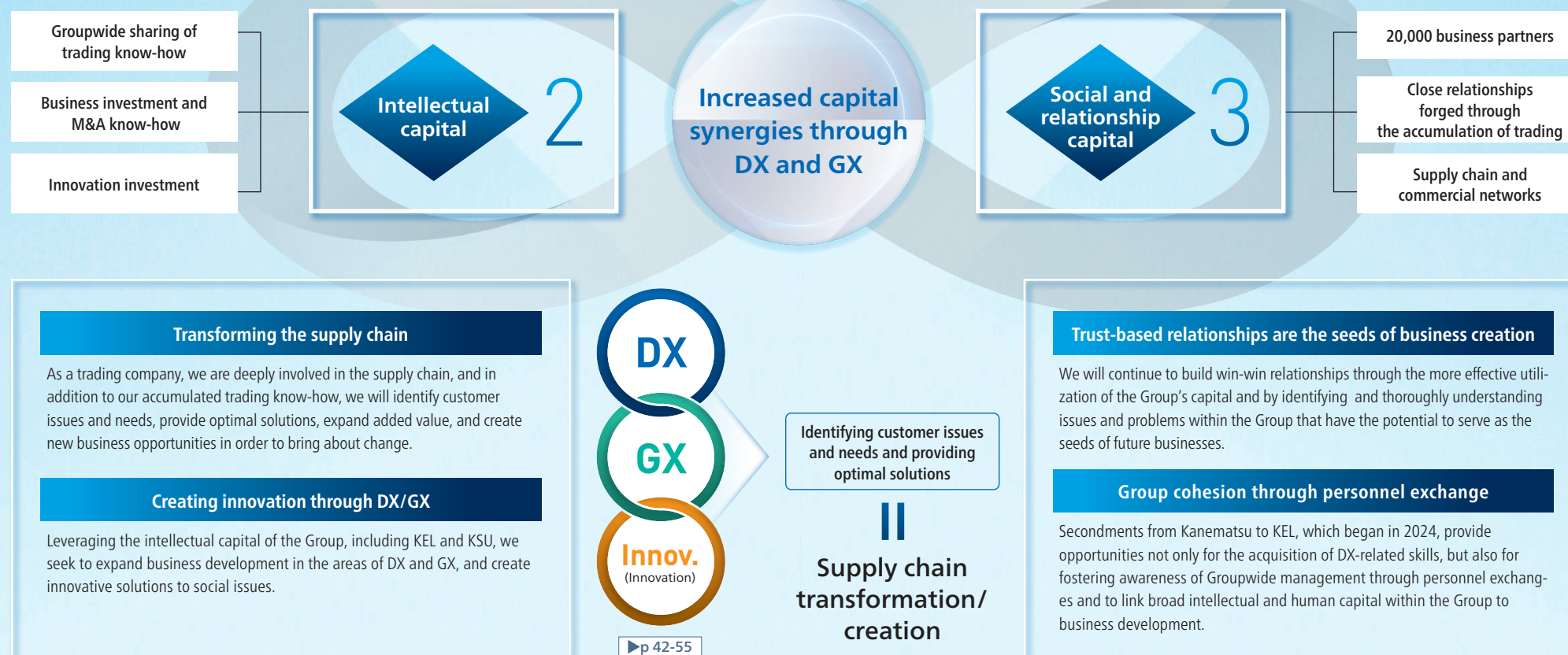
Sales promotion driven by the Growth Strategy Office

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 CO₂ 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

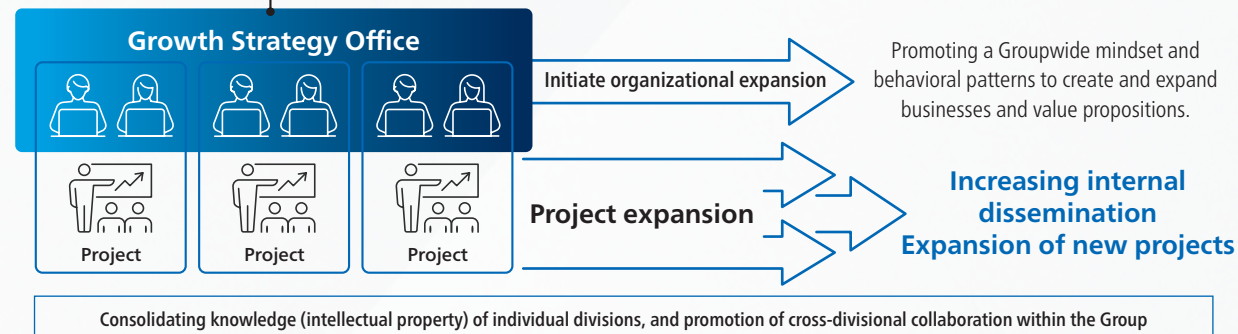
- A** My experience of being involved in many new company launches and being seconded to both domestic and overseas companies has given me the ability to be proactive and speedy in implementing PDCA cycles. I place great emphasis on acting before thinking, for better or for worse.
- B** I'd say the issue 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

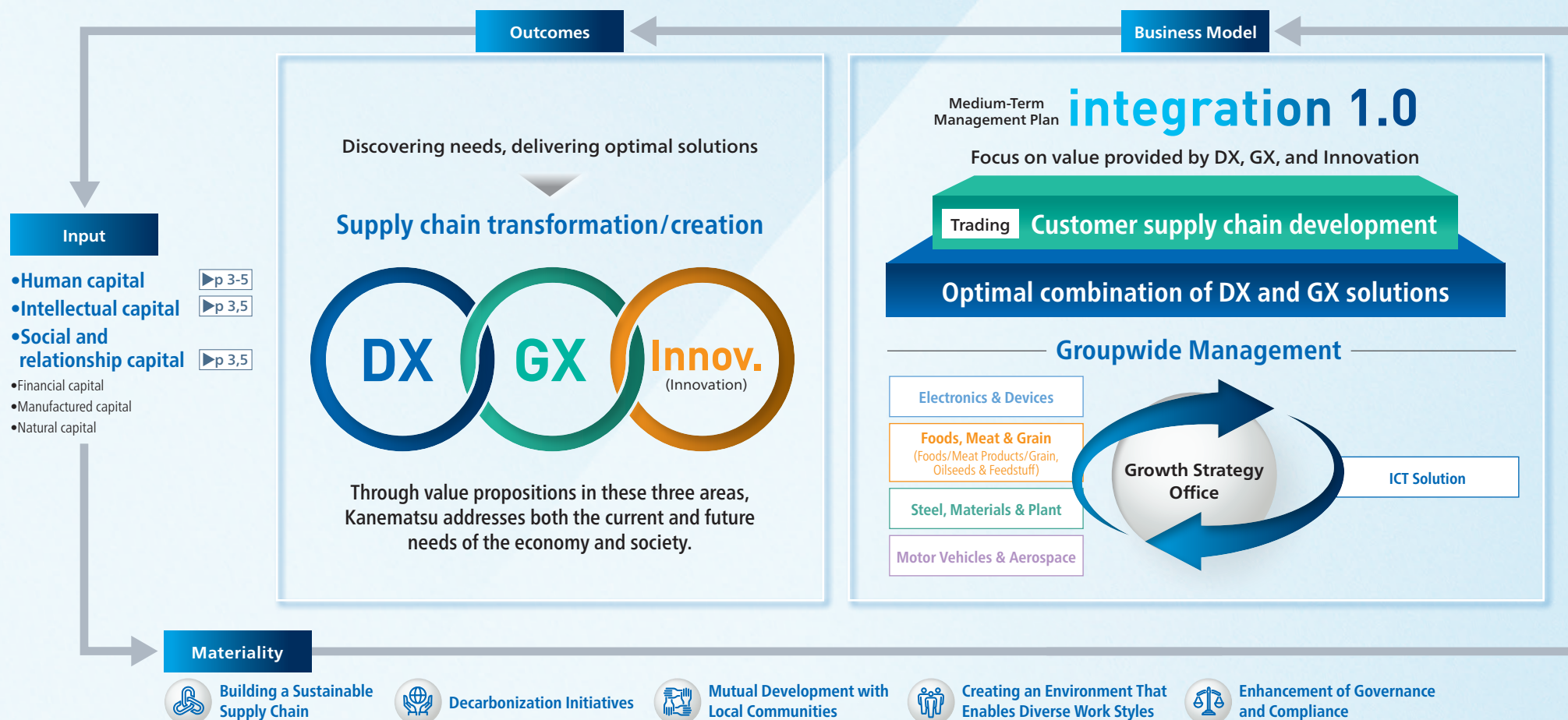
Kanematsu will implement its medium-term management plan, "integration 1.0," to become "a solutions provider leading the transformation of efficient and sustainable supply chains" through the pursuit of five key issues (materiality), backed by the capital it has accumulated, in particular its strengths 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>Building a Sustainable Supply Chain</p>	<ul style="list-style-type: none"> • Business continuity risk in existing business models due to inadequate response • Decreased competitiveness and trust due to delay in addressing human rights issues in the supply chain • Unbalanced food supply and demand due to global population increase 	<ul style="list-style-type: none"> • Growing demand for sustainable and environmentally friendly products, creation of new markets and services • Gaining customer trust and create new businesses based on approach that addresses sustainability and human rights issues • Food demand expansion and diversification due to population rise 	<ul style="list-style-type: none"> ■ Sales of environmentally friendly labels made with LIMEX Sheet (255% year on year) ■ Increased volume of sustainable coffee sales (112% year on year) ■ Partnership agreement signed with Danish Crown A/S of Denmark to promote sustainable pork products ■ Received certification from the Round Table on Responsible Soy Association (RTRS) for defatted soybean contracts for the European market ▶ p 11 ■ Kanematsu Sustech Corporation's Eco Wood Pile Buildings constructed: 4,637(cumulative total: 47,984) Material used: 25,882m³(cumulative total: 244,722m³) ■ Kaneyo Co., Ltd.'s down comforter recycling business (material recycled: 8,968.2 kg) ● Endorsement of the Task Force on Nature-related Financial Disclosures (TNFD) recommendations and disclosures in line with the Framework ▶ p 57 ● Established the Action Policy for Building a Sustainable Supply Chain
 <p>Decarbonization Initiatives</p>	<ul style="list-style-type: none"> • Decrease in sales of related products alongside decrease in demand for fossil fuels • Increased burden of carbon pricing and carbon border taxes • Factory damage and supply chain disruption due to increasingly severe extreme weather events • Changes in food-producing regions due to average temperature increases 	<ul style="list-style-type: none"> • Introduction of new products and services alongside development and popularization of new and low-carbon technologies • Increase in new climate change-conscious applications and products • Creation of new commercial channels alongside development 	<ul style="list-style-type: none"> ■ Distributed DAIZ Inc.'s plant-based meat made from sprouted soybeans and yellow peas ■ Launched collaboration with Spiber Inc. to develop applications for Brewed Protein™, a structural protein material ■ Joint Crediting Mechanism (JCM) projects: (1 new project; 8 projects in operation) ■ Investment in Australian environmental technology startup Samsara Eco ■ CARBON FLY, Inc. won the Startup Award at the Japan Summit Summer/Fall 2023 Batch ● Entered a business alliance with Aozora Bank, Ltd. to promote the Company's supply chain GX ● Implemented GX accelerator activities (Groupwide decarbonization project team) Core members: 7; registered members: 85 (48 in fiscal 2023) ● Disclosures under the Task Force on Climate-Related Financial Disclosures (TCFD) ▶ p 58
 <p>Mutual Development with Local Communities</p>	<ul style="list-style-type: none"> • Regulatory changes and business continuity risk due to legal or political changes • Decline in relationships of trust due to defects in infrastructure or services provided • Business continuity risk due to human rights issues in business regions 	<ul style="list-style-type: none"> • New business creation based on initiatives to solve social issues • Building relationships of trust and stabilizing businesses through operations aligned with the needs of local communities 	<ul style="list-style-type: none"> ■ Kanematsu Sustech Corporation and Kanematsu Vietnam Co., Ltd. provided dry preservation treatment technology for a wooden building project in Vietnam. ▶ p 11 ■ Cooperated in a grant program to manufacture and deliver tugboats to the Kingdom of Tonga as part of the Japanese government's ODA ■ Selected JCM equipment subsidy project for mini hydro power project in the Philippines (GHG emission reduction: 29,342t-CO₂/year) ■ 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 ● Conducted human rights due diligence ▶ p 59

Materiality

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

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 CO₂ 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.