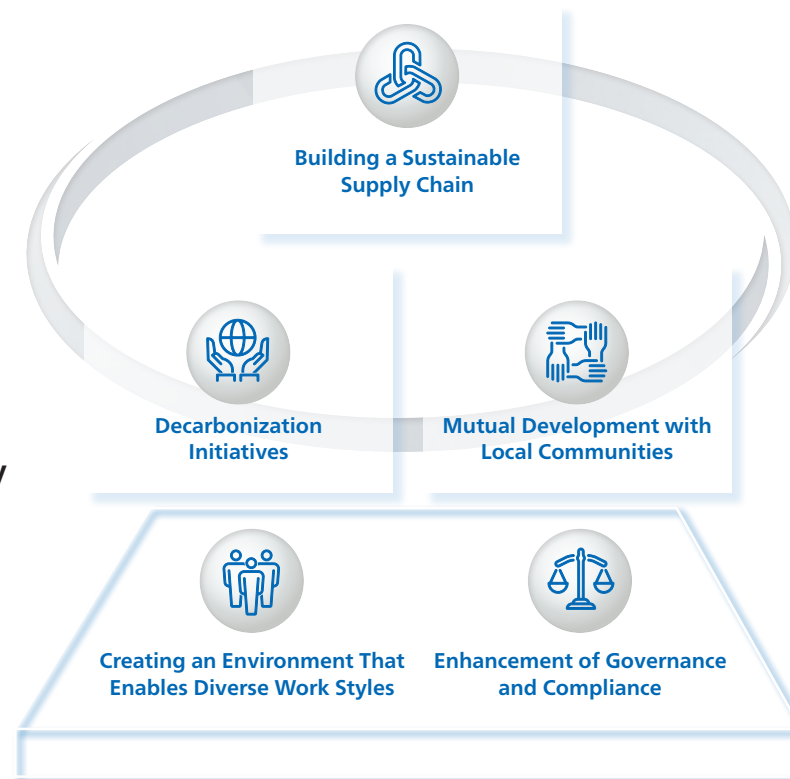




Business Foundation

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

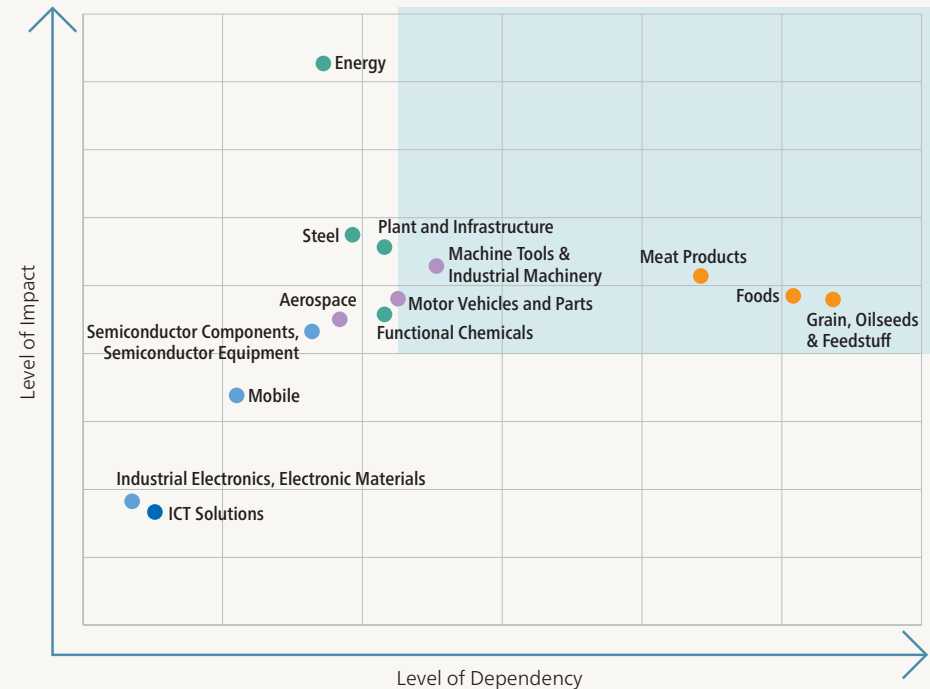
- Evaluate short-, medium-, and long-term risks and opportunities based on the status of dependencies and impacts.
- Review the current risk management situation and consider additional necessary risk response measures.

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

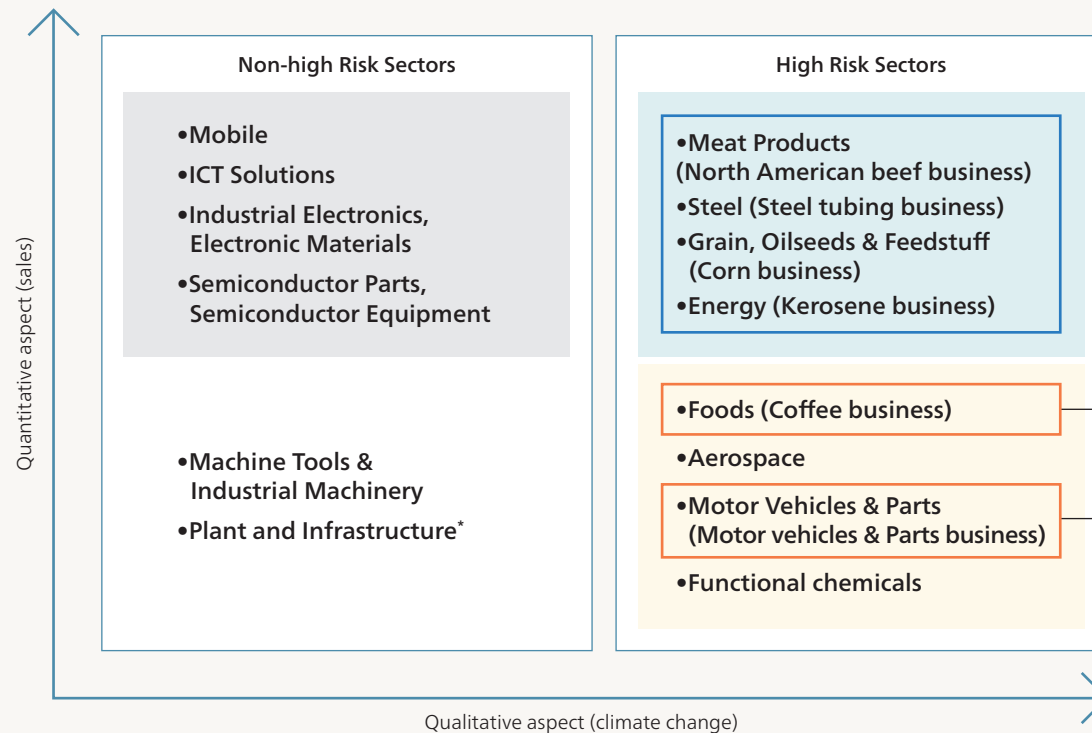
Disclosure Based on TCFD Recommendations

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

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

Disclosed

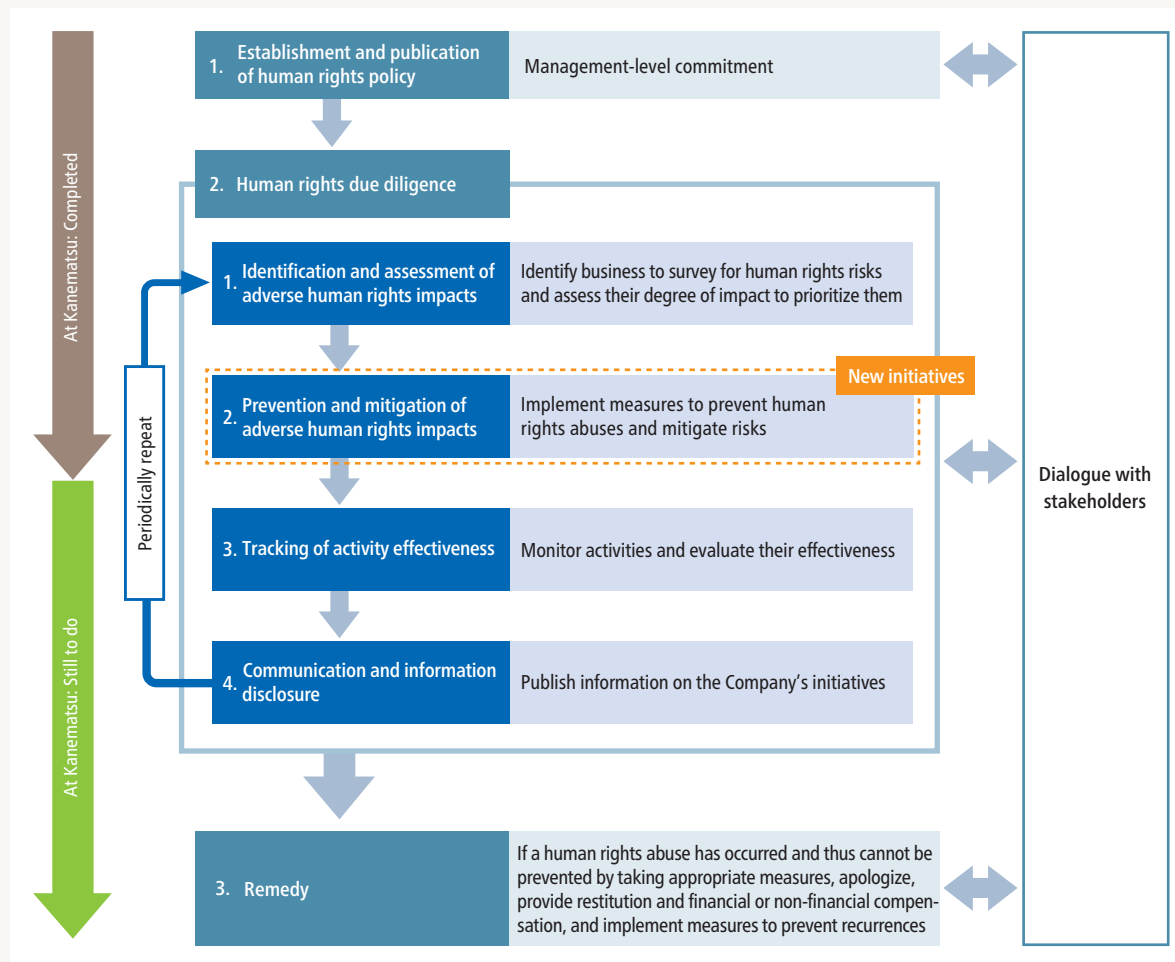
New Disclosure



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

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.

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.

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.

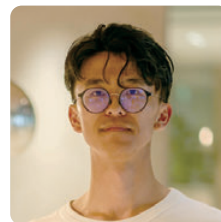
To start, my first priority will be to expand business at KEL. My next step will be to create new value, such as developing new markets and competitive businesses, by combining my accumulated experience and knowledge of the livestock industry with the DX solutions I have acquired at KEL.



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 m² 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

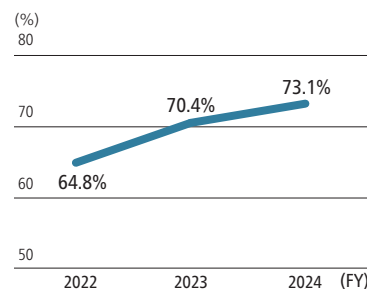


available on the Ministry of Health, Labour and Welfare's *Ryoritsu Shien no Hiroba* website. In recognition of such systems, in 2021 Kanematsu was granted "Tomonin" certification as a company that provides work environments that enable employees to balance work with family care.

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% ¹	Keep at 35% (Four-year average)
	Enhancing Engagement to Maximize Performance	Engagement score	61% ²	The global average of companies in the top 10% ³
	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.



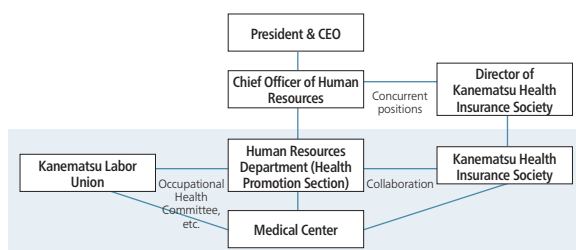
Kanematsu Health & Productivity Management Declaration

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	7 members <ul style="list-style-type: none"> Presiding officer: Chairman of the Board of Directors  <ul style="list-style-type: none"> Standing directors: 3 Outside directors: 3  	4 members <ul style="list-style-type: none"> Committee chair: Outside director  <ul style="list-style-type: none"> Chairman of the Board of Directors Outside directors: 2  	4 members <ul style="list-style-type: none"> Committee chair: Outside director  <ul style="list-style-type: none"> President & CEO Outside directors: 2  	13 members <ul style="list-style-type: none"> Presiding officer: President & CEO  <ul style="list-style-type: none"> Chairman of the Board of Directors Executive officers: 11  
	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

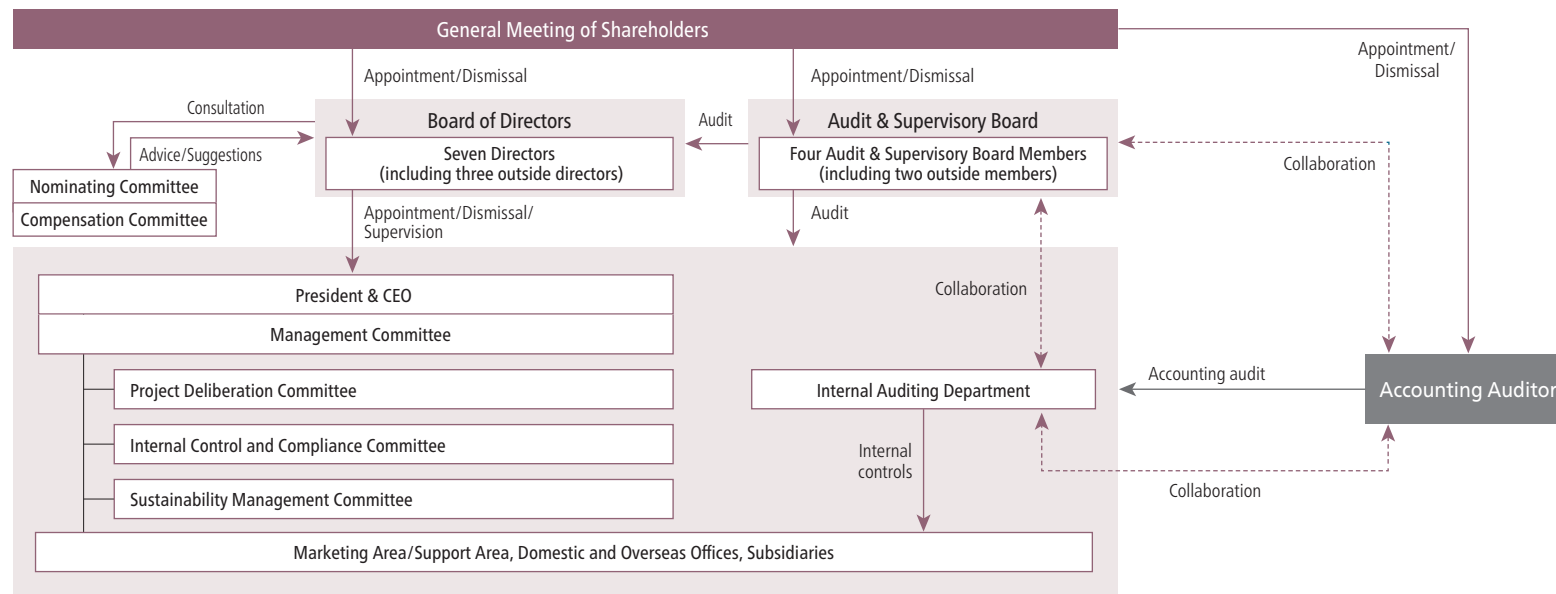


Body	Audit & Supervisory Board	Project Deliberation Committee	Internal Control and Compliance Committee	Sustainability Management Committee
Composition	4 members <ul style="list-style-type: none"> Presiding officer: Standing Audit & Supervisory Board member  Standing Audit & Supervisory Board member: 1  Outside Audit & Supervisory Board members: 2  	3 members <ul style="list-style-type: none"> Presiding officer: Chief Officer of Risk Management  Executive officers: 2 (chief officers of finance and accounting and corporate planning)  	5 members <ul style="list-style-type: none"> Committee chair: Chairman of the Board of Directors  Committee vice-chair: President & CEO  Executive officers: 3  	8 members <ul style="list-style-type: none"> Committee chair: Chief Officer of Corporate Planning  Executive officers: 7 
	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 & supervisory board system. The Audit & Supervisory Board and its members act independently to audit directors' performance of their duties.</p> <p>The Audit & 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 CO₂ 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

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		○			◎					

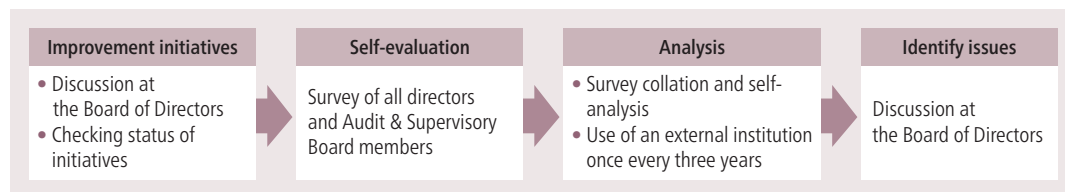
Details regarding the professional background of each director and Audit & Supervisory Board member are available in the Notice of the 130th Ordinary General Meeting of Shareholders.

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"> 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 Confirmed succession plans for directors Organized positions and duties
Board of Directors Discussions and Operations	<ul style="list-style-type: none"> Further narrowed agenda items to be handled by the Board of Directors through the delegation of authority to the Management Committee 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.) Revised executive compensation structure
Dialogues and Enhancing Relations with Investors and Shareholders	<ul style="list-style-type: none"> Formulated policy on investor and shareholder relations Conducted investor meetings on the "integration 1.0" medium-term management plan Shared transcripts of IR meetings at the Board of Directors
Knowledge and Training Necessary for Board Members	<ul style="list-style-type: none"> Held training for officers on AI utilization and biodiversity Reported in depth on sustainability initiatives
Other/Overall	<ul style="list-style-type: none"> Appointed an external organization to evaluate effectiveness (in principle, once every three years) Established ICT Solution Division, formulated the Human Capital Policy, and established the Human Capital Committee

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 & Supervisory Board Member Compensation System

Executive Directors																																																															
Basic Compensation	Performance-linked Compensation					Stock Compensation																																																									
Monthly fixed compensation	<ul style="list-style-type: none">Cash compensation that reflects the performance indicator (profit for the year attributable to owners of the Parent)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 yearTotal 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 <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">The amounts paid to individual directors are determined by dividing the total payment amount in proportion to points set out for each rank <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">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 retirementThis compensation is also granted to executive officersCompensation 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) 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">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 trustMaximum Shares (Stock Issuance Points) Awarded per Fiscal Year <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">Decides amounts within the maximum amount of director compensation decided by resolution of the General Meeting of ShareholdersDecides calculation methods and policies for the determination of amount is based on the recommendations of the Compensation Committee					Compensation Committee <ul style="list-style-type: none">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																																																									

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

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

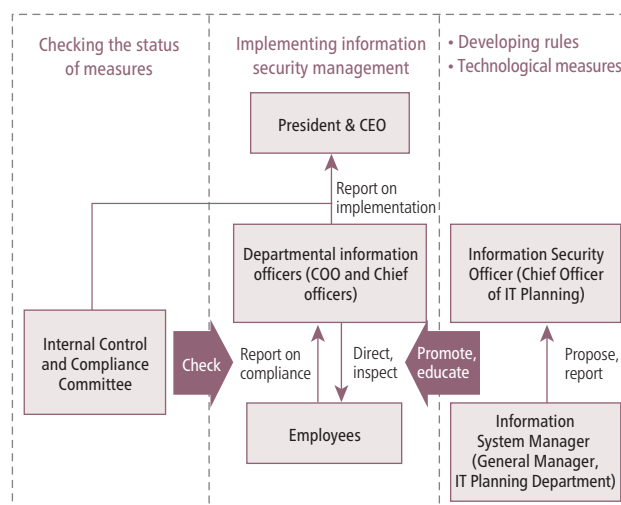
Information Asset Categorization

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 Security Management System



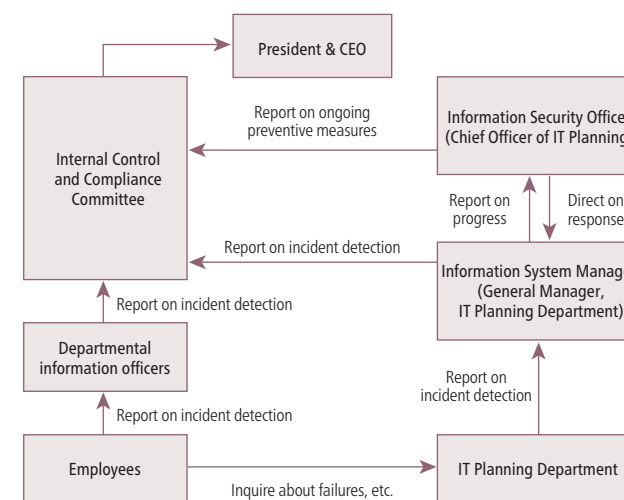
Information Asset Retention

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.

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

■ 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"> The risk of incurring losses in investment transactions of marketable securities due to stock market fluctuations, etc. The risk of incurring losses due to inability to liquidate investments 	Risk Management Department
	Business investment risk	<ul style="list-style-type: none"> 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 The risk of incurring losses due to inability to develop businesses as planned or withdraw because of local laws or relationships with partners, etc. 	Corporate Planning Department
Credit Risk	Transactional credit risk	<ul style="list-style-type: none"> 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. 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 	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"> The risk of negative effects on corporate activities due to information, either in tangible or intangible form, not being properly stored or preserved The risk of incurring damages due to the leaking of confidential or personal information 	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.

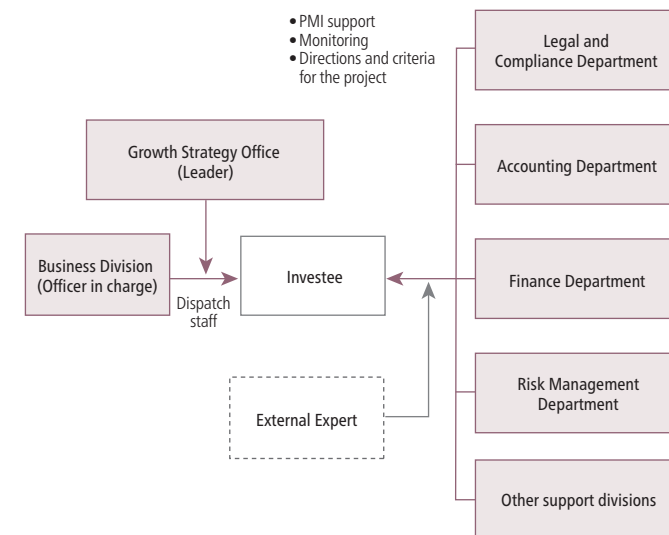
■ Monitoring and Asset Replacement

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 yen ¹	Thousands of U.S. dollars ²
	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 Parent ³	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 Parent ³	¥ 28.09	¥ 125.49 ⁴	¥ 106.46 ⁴	¥ 95.64 ⁴	¥ 193.79 ⁴	¥ 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	1,072.20 ⁴	1,088.45 ⁴	1,192.21 ⁴	1,377.66 ⁴	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	48.00 ⁵	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
ESG (Non-Financial) Data:											
E CO ₂ emissions (t-CO ₂) ^{6, 7, 8}	456.44	377.54	392.58	398.68	400.74	358.31	304.05	265.44	274.43	313.05	246.92
Total paper use (sheets) ⁷	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 ⁹	1,809,950 ⁹	1,450,578
External disposal of waste (t) ^{7, 10}	37.60	33.40	31.90	32.70	29.50	35.00	34.43	42.20	36.18	29.46	9.41
Recycled waste (t) ⁷	—	—	—	—	—	—	21.93	36.56	30.89	24.28	4.91
Non-recycled waste (t) ⁷	—	—	—	—	—	—	12.50	5.64	5.29	5.18	4.50
Hazardous waste disposal (t) ⁷	—	—	—	—	—	—	0	0	0	0	0
Environment-related fines and penalties paid (yen) ⁷	—	—	—	—	—	—	0	0	0	0	0
Violations related to water quality/volume ⁷	—	—	—	—	—	—	0	0	0	0	0
Total electricity consumption (kWh) ⁷	805,015	682,717	735,174	768,166	772,137	690,378	659,534	597,845	625,132	719,657	587,911
S Employees—consolidated	5,747	6,002	5,832	6,727	6,666	6,915	7,182	7,296	7,446	7,866	8,353
Employees—non-consolidated (women)	800 (246)	813 (253)	816 (259)	835 (273)	842 (282)	765 (263)	775 (266)	795 (284)	788 (293)	798 (299)	812 (301)
Percentage of women among employees—non-consolidated (%)	31	31	32	33	33	34	34	36	37	37	37
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	13.2
Three-year job separation rate (%) ¹¹	2.6	3.5	4.8	5.2	9.4	10.5	17.1	14.3	—	—	—
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	17.9
G Directors (outside directors) ¹²	6(1)	7(2)	7(2)	8(3)	8(3)	6(2)	6(2)	6(2)	7(3)	7(3)	7(3)
Audit & Supervisory Board members ¹² (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)	4(2)

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.

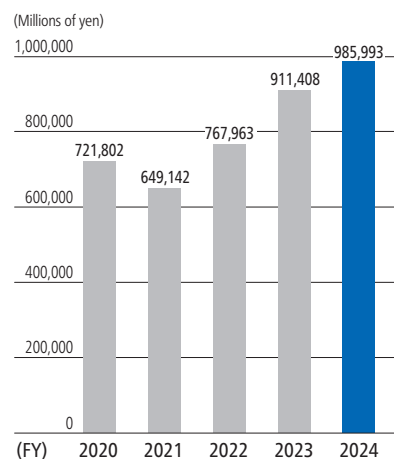
To secure liquidity on hand, the Group maintains an ample balance of cash and cash equivalents and has established commitment lines with major financial institutions.

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.

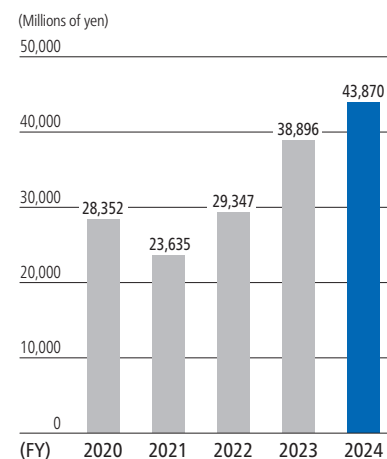
As a result of the above fund-raising activities, at the end of the fiscal year under review, gross interest-bearing debt stood at ¥214,546 million, a decrease of ¥13,348 million from the end of the previous fiscal year. Net interest-bearing debt stood at ¥159,425 million, up ¥11,477 million from the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

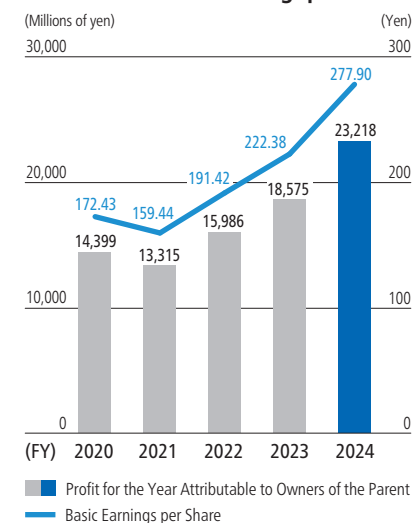
Revenue



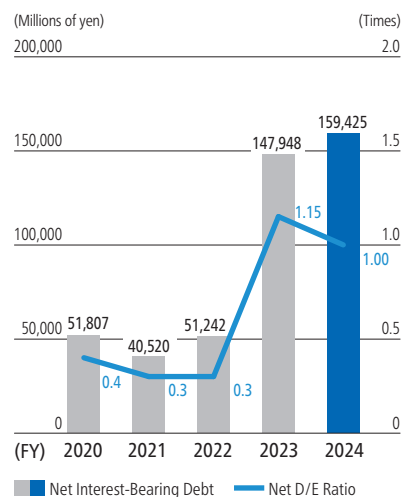
Operating Profit



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



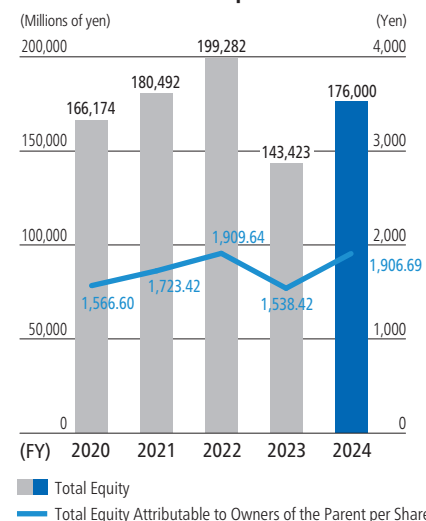
Net Interest-Bearing Debt*1 / Net D/E Ratio*2



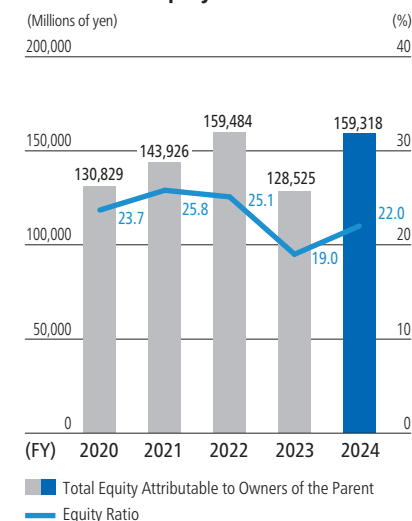
*1 Net interest-bearing debt = Interest-bearing debt - Cash and cash equivalents

*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

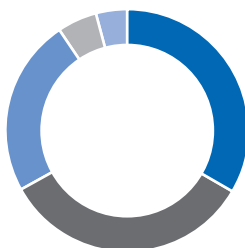
Company Name	KANEMATSU CORPORATION
Established	August 15, 1889
Foundation	March 18, 1918
President & CEO	Yoshiya Miyabe
Head Office	7-2 Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-7017, Japan
Paid-in Capital	¥27,781 million
Fiscal Year	April 1 to March 31
General Meeting of Shareholders	June
Number of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

Investor Information

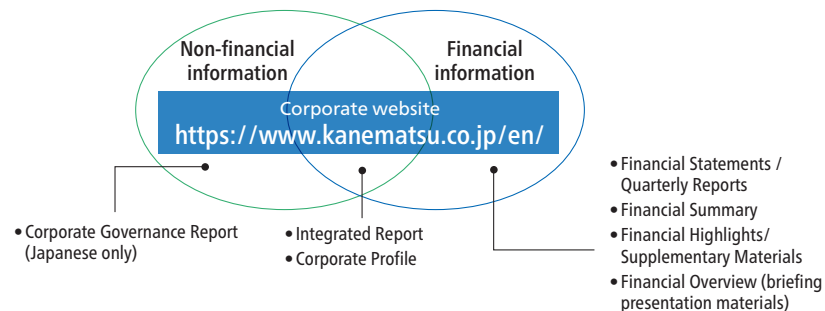
Stock Exchange Listings	Tokyo
Stock Code	8020
Transfer Agent for Common Stock	Sumitomo Mitsui Trust Bank, Limited
Shares Authorized	200,000,000
Shares Outstanding	84,500,202 (including 265,818 treasury shares)
Minimum Trading Unit	100
Number of Shareholders	39,952

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>