



Sustainability Department, Safety & Environment Department, Technical Division
Yusen Building, 2-3-2, Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan Phone: +81-3-4236-8801

This report can also be viewed on the Company website at <https://www.kantodenka.co.jp/english/>



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We aim to be an innovative, development-driven company that supports the world’s most advanced technologies and contributes to society, thereby contributing to the realization of a sustainable society.

Kanto Denka Kogyo is a reliable and historic company that has created a variety of products with its own unique technology. We were the first company in Japan to succeed in the development of hydrofluoric acid electrolysis by applying the electrolysis technology that we have possessed since our founding, and we have also accumulated unique technology and know-how in fluorine related technology. In this way, the Company’s products have become indispensable as materials that support the world’s most advanced technologies. We believe that our corporate value will be enhanced if our products and business activities are widely recognized by society as contributing to the realization of a sustainable society. To address this issue, we have established the Sustainability Promotion Committee in order to place sustainability at the core of our management policy, and are implementing corporate management that incorporates elements of the environment, society, and governance.

Under the Medium-Term Management Plan “Dominate 1000,” which we have been implementing since FY2022, as where we want to be in the year 2030, we aim to become an innovative, development-driven company that contributes to a sustainable society by providing a safe and rewarding work environment for its employees and supporting the world’s most advanced technologies with unique and superior products, based on a sound and profitable management foundation. Against this backdrop, we are promoting the growth of our fine chemicals business, represented by semiconductor gases and battery materials, and strengthening the foundation for growth with the aim of creating new businesses that contribute to a sustainable society.

Currently, addressing the risks of climate change is a global challenge. In May 2022, we expressed our support

for the TCFD recommendations, and will continue to identify risks and opportunities related to climate change and proactively disclose information about them. In order to reduce greenhouse gas emissions and contribute to the realization of a sustainable society, we will expand the range of climate-change-responsive products that utilize our proprietary technologies, such as process gas products for semiconductors with a low global warming potential and the development of electrolytes and additives that are core materials for lithium-ion rechargeable batteries, which are essential for EVs (electric vehicles). In addition, we will continue to supply materials on a global scale to support the cutting-edge technologies of the growing semiconductor industry. As part of these efforts, we established Kanto Denka Fine Products KOREA Co., Ltd. in South Korea, our first overseas plant, in November 2017, and Xuancheng KDK Technology Co., Ltd. in China in January 2020.

One of the core measures in our current Medium-Term Management Plan is enhancing social value. We aim to enhance our corporate value not only through the pursuit of economic value, but also through activities aimed at promoting sustainability, strengthening decarbonization initiatives, and advancing recycling, and to develop and provide high-quality, safe, and environmentally-friendly products that society demands. I hope you will continue to lend your support going forward as we continue to grow and contribute to society as an innovative, development-driven company.

Jun'ichi Hasegawa
President

Management Principles

Through the quest for constant corporate growth and acquisition of optimum profits, Kanto Denka Kogyo is working with all its shareholders, users and employees to create a successful company and sustainable society in harmony with the global environment. To achieve this end, we are endeavoring to meet the requirements of our users with our unique technologies and customer-oriented services, and to build a trusted company based on our motto, “sincerity, creativity, prompt response and harmony with nature.”

Principles of Conduct

- ◆ Put the customer first at all times, and act courteously and with passion.
- ◆ Observe relevant laws and regulations as well as company regulations, and act openly.
- ◆ Practice 5S (Sort, Set, Shine, Standardize, and Sustain) & PDCA, and make a commitment to efforts to develop a safe and people-friendly work environment.
- ◆ Strive to improve our own abilities while nurturing the next generation, and aim to be professionals at what we do.
- ◆ Develop products, using creative technology, that our customers can use with a feeling of security.
- ◆ Work proactively to conserve and act in harmony with the global environment in order to develop a sustainable society.

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Editorial Policy

In December 2021, Kanto Denka Kogyo Group established the Basic Sustainability Policy and the Sustainability Promotion Committee to contribute to the creation of a sustainable society by increasing corporate value through activities aimed at solving social issues, including environmental and human rights problems, with the aim of realizing the SDGs (Sustainable Development Goals). In line with this change, we have changed the name of the RC Report to the Sustainability Report, and revised the content of the report to provide information on the Group’s ESG (environmental, social and governance) policies, systems, and initiatives. Please refer to the website for information that is not stated here.

Report period: Although this report has been compiled using data regarding activities that took place between April 1, 2021 and March 31, 2022, content concerning matters from April 2022 and after has also been included due to its importance and urgency.

Report scope: Kanto Denka Kogyo Co., Ltd. and group companies

Kanto Denka Products for a Better Life

Kanto Denka products are used as materials for a wide range of products that modern society cannot live without.

Here we introduce these products using familiar scenes from our everyday lives.

Specialty gas products 1 2 3

We use our proprietary fluorination technology to supply products including various materials that are an essential for the manufacture of semiconductors, liquid crystals, etc.

Materials of batteries 4 5

The market for lithium-ion rechargeable batteries is forecast to expand and we produce electrolytic products that are used as materials for these batteries.

Ferro-chemicals 10

We produce raw materials for the developer in copiers and printers that cater for a range of needs.

Fundamental chemicals 6 7 8 9

We produce compounds and raw materials for use in a variety of industries. These play an important role in industrial development and people's everyday lives.

5



Smartphones and mobile devices

With product quality that is among the world's best, we are helping to improve the performance and lifespan of lithium-ion rechargeable batteries.

Materials of batteries Lithium hexafluorophosphate, Lithium tetrafluoroborate

9



Water treatment

Our products are used in water treatment, providing safer drinking water and conserving the environment.

Fundamental chemicals Liquid caustic soda, Caustic soda flakes, Sodium hypochlorite

2



Flat display

It is used as a cleaning gas for manufacturing equipment during the production of liquid crystal and organic EL, and plays an essential role in improving product yields.

Specialty gas products Nitrogen trifluoride

4

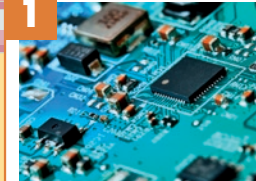


Electric vehicles

We are contributing to realizing a more environmentally friendly society by supplying high-grade products that meet the strict requirements for rechargeable batteries.

Materials of batteries Lithium hexafluorophosphate, Lithium tetrafluoroborate

1



Semiconductor

We supply specialty gas products used for etching, wiring, and cleaning during semiconductor manufacturing. We have a wide range of high-performance etching gases and environmentally friendly gases that support the high integration of semiconductors.

Specialty gas products Nitrogen trifluoride, Hexafluoro-1,3-butadiene, Tungsten hexafluoride, Carbonyl sulfide, etc.

7

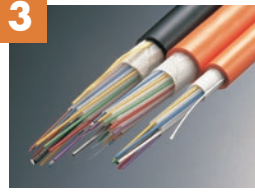


Soaps and detergents

We support sanitary living by providing the main materials for soaps, bleaches, and disinfectants.

Fundamental chemicals Liquid caustic soda, Caustic soda flakes, Sodium hypochlorite

3



Optical fibers

We provide materials to fabricate the optical fibers that facilitate today's information-communication society.

Specialty gas products Silicon tetrafluoride

6



Paper and pulp

We reach out to everyone through the raw materials we supply for making paper and pulp products, including newspapers, magazines and cardboard.

Fundamental chemicals Liquid caustic soda, Caustic soda flakes

10



Copiers and printers

Our products are meeting the need for recording media capable of storing images with increasingly higher quality, including realizing developer that is highly durable. We also provide a line-up of environmentally friendly products that do not contain heavy metals.

Ferrochemicals Carrier, Magnetite

8



Flavor enhancers

Our fundamental chemicals are also used in the manufacturing processes for flavor enhancers, making food even more delicious.

Fundamental chemicals Hydrochloric acid

Kanto Denka Kogyo's efforts to achieve a decarbonized society

We will contribute to the creation of a sustainable society, face the challenges of the global environment, and strive to realize a decarbonized society through our business.

Initiatives toward carbon neutrality

We have been promoting sustainability activities, reducing energy-intensive products, and strengthening our commitment to decarbonization and recycling as one of the key strategies of our 12th Medium-Term Management Plan “Dominate 1000” since FY2022 to enhance social value. In order to contribute to the creation of a sustainable society, we will accelerate our reduction of greenhouse gas emissions with the aim of achieving carbon neutrality by 2050.

Vision for 2030

Accelerate growth by further expanding our fine chemicals products, develop technologies to reduce greenhouse gas emissions and decarbonize, and grow to become an innovative, development-driven company to contribute to a sustainable society

CO₂ emissions reduction target

FY2030

30% reduction*1

*1 Vs. FY2013 CO₂ emissions from energy use for Scope 1 and Scope 2

Major initiative policies

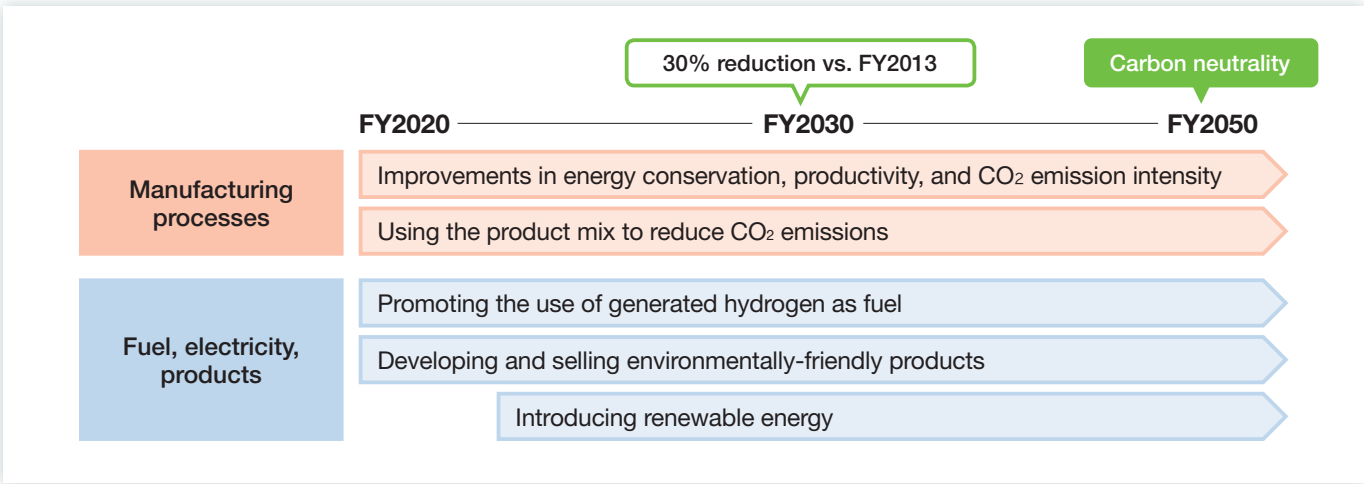
(i) Reducing CO₂ emissions intensity while achieving growth in the fine chemicals business

(ii) Introducing renewable energy

(iii) Using the product mix to reduce CO₂ emissions

(iv) Promoting development of environmentally-friendly products

CO₂ Reduction Roadmap



Endorsement of TCFD recommendations*2

We endorsed the TCFD recommendations in May 2022. We have been striving to preserve the global environment through the development of environmentally-friendly products and the reduction of greenhouse gas emissions. In our 12th Medium-Term Management Plan, we aim to be a creative development-driven company that contributes to a sustainable society by supporting the world's leading technologies with unique and superior products.

In accordance with the TCFD recommendations, we will continue to identify the risks and opportunities related to climate change, actively disclose such information, and contribute to the achievement of a sustainable society.



*2 At the request of the G20, the Financial Stability Board (FSB) established the Task Force on Climate-related Financial Disclosures (TCFD). As part of its mission to understand and communicate potential financial impacts of climate-related risks and opportunities, the Task Force issued recommendations on voluntary climate-related financial disclosures in June 2017.

As a plant that is trusted by society, we place priority on safety and value our interactions with the people and communities around our factory.

Thank you very much for your understanding and cooperation in the operation of the Shibukawa Plant. Based on one of our slogans, “Safety First,” we are proactively working to reduce our environmental impact in order to achieve a sustainable society, while giving priority to safety. In recent years, the construction of overseas production bases has progressed, and the required role of this plant has changed from a single production base to a mother plant, that is, a plant that serves as a model in terms of production systems and technology. In order to fulfill this role, it is necessary for us to increase productivity through automation and the introduction of AI, and we also recognize that it is an important task to develop human resources that can support those overseas production bases. We will continue to research every day so that we can continue to be a plant that can be trusted by society and contribute to the development of the industry.

Taisuke Yonemura
Executive Officer, Shibukawa Plant Manager



Shibukawa Plant Tour



7 Daily pre-work meeting
Meetings held in each workplace before work begins are always attended by staff from the Safety & Environment Department who give instructions on safety and thorough hazard prediction (The photo shows a meeting during shutdown maintenance. Meetings usually take place within the facility at each team's workplace).



1 Safety tower
Erected in hopes of achieving zero accidents and zero disasters and to represent our pledge of “Safety First.”



2 Safety message board
By highlighting the number of days of zero accidents and zero disasters, the board helps to improve safety awareness.



3 Precautions against heatstroke
This electronic board shows the heat index (WBGT).



6 Combustion abatement system
Striving to reduce emissions of environmentally harmful substances from the processes of producing specialty gas products and Ferro-chemicals.



5 Risk awareness equipment
Employees are trained here to enhance their risk awareness and develop their ability to detect potential hazards in their day-to-day work.



4 Green workplace
Making the workplace more pleasant and contributing to environmental conservation.



Location 1497, Shibukawa, Shibukawa City, Gunma, Japan
Plant area Approx. 138,000 m²
Number of employees 310 (as of March 31, 2022)

This plant manufactures materials that support advanced technologies, such as specialty gases and carriers, and is one of the world’s largest producers of fluorine, a key material for specialty gas production. It supports the development of the industry by providing a stable supply of high-quality products to a large number of customers in Japan and overseas.

Certifications

ISO 9001/JQA-1009 (certified in October 1995)
A majority of the products are ISO certified.

ISO 14001/JQA-EM0438 (certified in May 1999)

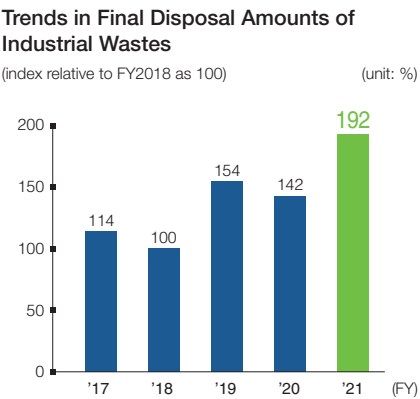
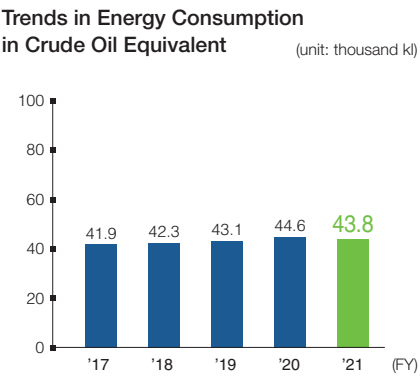
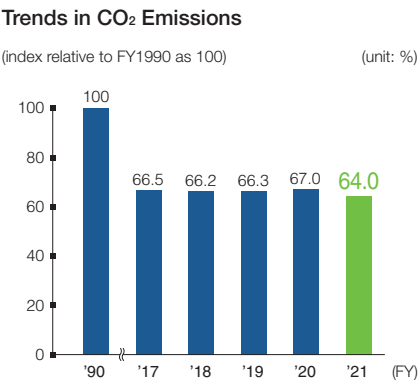
ISO 45001/JQA-OH0087 (registration updated in July 2020)
OHSAS-compliant management from 2005 to 2020

Products

- Ferro-chemicals

 - Carrier
 - Magnetite
- Specialty gas products

 - Carbontetrafluoride
 - Methyl fluoride
 - Difluoromethane
 - Trifluoromethane
 - Ethane hexafluoride
 - Octafluoropropane
 - Octafluorocyclobutane
 - Sulfur hexafluoride
 - Hexafluoro-1,3-butadiene
 - Nitrogen trifluoride
 - Carbonyl sulfide
 - Iodine pentafluoride
 - Tungsten hexafluoride
 - Fluorine gas mixture



Trends in SO_x, NO_x, Soot and Dust Emissions
(index* relative to FY1993 as 100) (unit: %)

FY	'17	'18	'19	'20	'21
SO _x	0.00	0.00	0.00	0.00	0.00
NO _x	1.10	1.16	1.24	1.12	0.63
Soot and Dust	0.17	0.18	0.21	0.20	0.17

* Emission/shipment value

Under the slogan of “building a plant that can be trusted and be proud of,” we will strive to meet the expectations of our stakeholders.

The Mizushima Plant produces basic chemical products and fluorochemical products. Especially for fluorochemical products, in addition to being the largest producer in Japan of lithium-ion battery electrolytes, one of the key materials important for achieving a future electric society, the plant also handles products with low GWP values among fluorinated specialty gases, which are indispensable in the production of semiconductors. With growing international environmental awareness, the plant is also playing a major role in the increasing importance of environmentally friendly products and production in Japan due to major changes in the supply chain. While maintaining good relationships with local residents and surrounding companies, we will strive to meet your expectations by aiming to be a plant that you can trust and be proud of.



Go Takikawa

Director and Executive Officer, Mizushima Plant Manager

Mizushima Plant Tour



7 Green workplace

Employees look after the plants and trees to make their workplace greener.



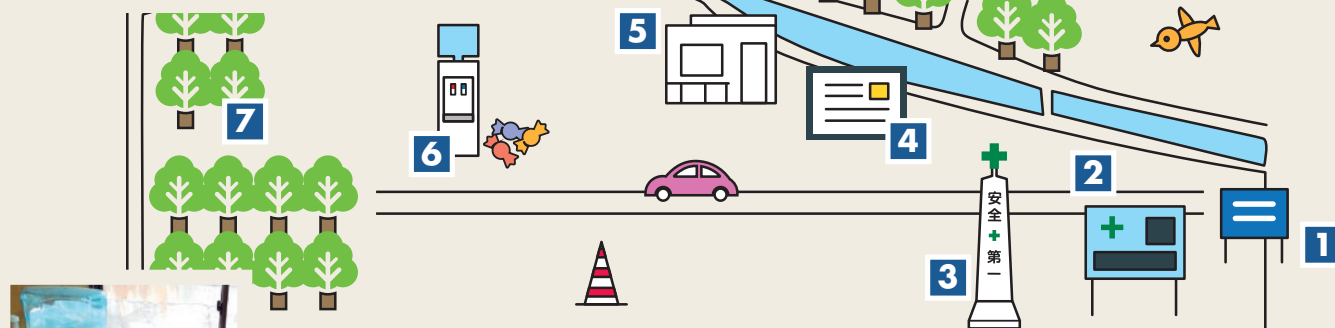
1 “Be Safe” message

A large sign at the plant entrance symbolizes our wish for a safe trip back and helps raise safety awareness.



2 Safety message board

By highlighting the number of days of zero accidents and zero disasters, the board helps to improve safety awareness.



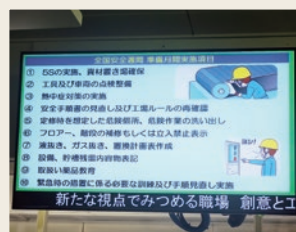
6 Precautions against heatstroke

To prevent heatstroke, candies and oral rehydration solutions are available at multiple locations in the plant.



5 Risk awareness equipment

Known as Kansui-Juku, this facility is used for risk awareness training to educate workers to recognize potential risk factors in the workplace.



4 Digital signage

Every workplace has a large LCD panel to draw greater attention to safety-related information.



3 Safety tower

As a symbol of employees' commitment to safety, the tower watches over the Mizushima Plant as it strives to achieve zero accidents and zero disasters.



Location 4-4-8, Matsue, Kurashiki City, Okayama, Japan
Plant area Approx. 185,000 m²
Number of employees 207 (as of March 31, 2022)

This plant is committed to the development of original technologies and production innovation in order to supply world-leading chemicals that can contribute to a wide range of manufacturing processes, including fundamental chemicals that are indispensable to various industries, and battery materials that are in increasing demand every year.

Certifications

ISO 9001/JQA-2254 (certified in March 1998)

A majority of the products are ISO certified.

ISO 14001/JQA-EM0437 (certified in May 1999)

ISO 45001/JQA-OH0190 (registration updated in January 2020)

OSHMS-compliant management from 2006 to 2011, and OHSAS-compliant management from 2011 to 2020

Products

Fundamental chemicals

- Liquid caustic soda
- Sodium hypochlorite
- Trichloroethylene
- Perchloroethylene
- Caustic soda flakes
- Hydrochloric acid
- Vinylidene chloride

Materials of batteries

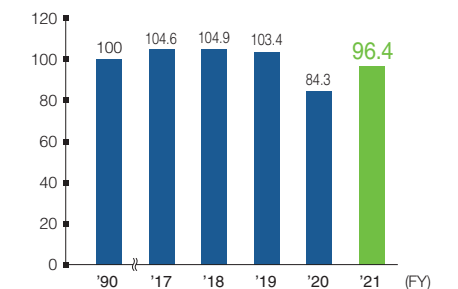
- Lithium hexafluorophosphate
- Lithium tetrafluoroborate

Specialty gas products

- Silicon tetrafluoride
- Hexafluoro-1, 3-butadiene
- Chlorine trifluoride
- Organic fluorine compounds

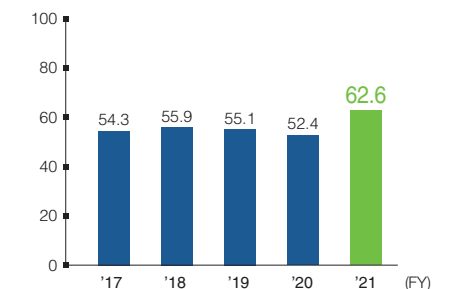
Trends in CO₂ Emissions

(index relative to FY1990 as 100) (unit: %)



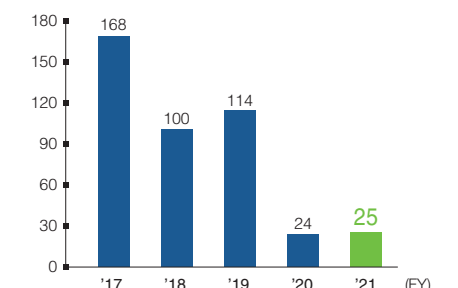
Trends in Energy Consumption in Crude Oil Equivalent

(unit: thousand kl)



Trends in Final Disposal Amounts of Industrial Wastes

(index relative to FY2018 as 100) (unit: %)



Trends in SO_x, NO_x, Soot and Dust Emissions

(index* relative to FY1993 as 100) (unit: %)

FY	'17	'18	'19	'20	'21
SO _x	1.13	0.93	1.06	1.52	1.20
NO _x	59.45	48.83	53.74	69.44	51.02
Soot and Dust	5.07	4.36	4.38	6.31	3.27

* Emission/shipment value

Sustainability Policy

With the aim of realizing the SDGs (Sustainable Development Goals) adopted by the United Nations in September 2015, the Group will support the world's most advanced technologies on a global scale with its unique and superior products, and strive for sustainable development as an innovative, development-driven company. At the same time, the Group will earnestly address environmental and human rights issues in order to contribute to a sustainable society with

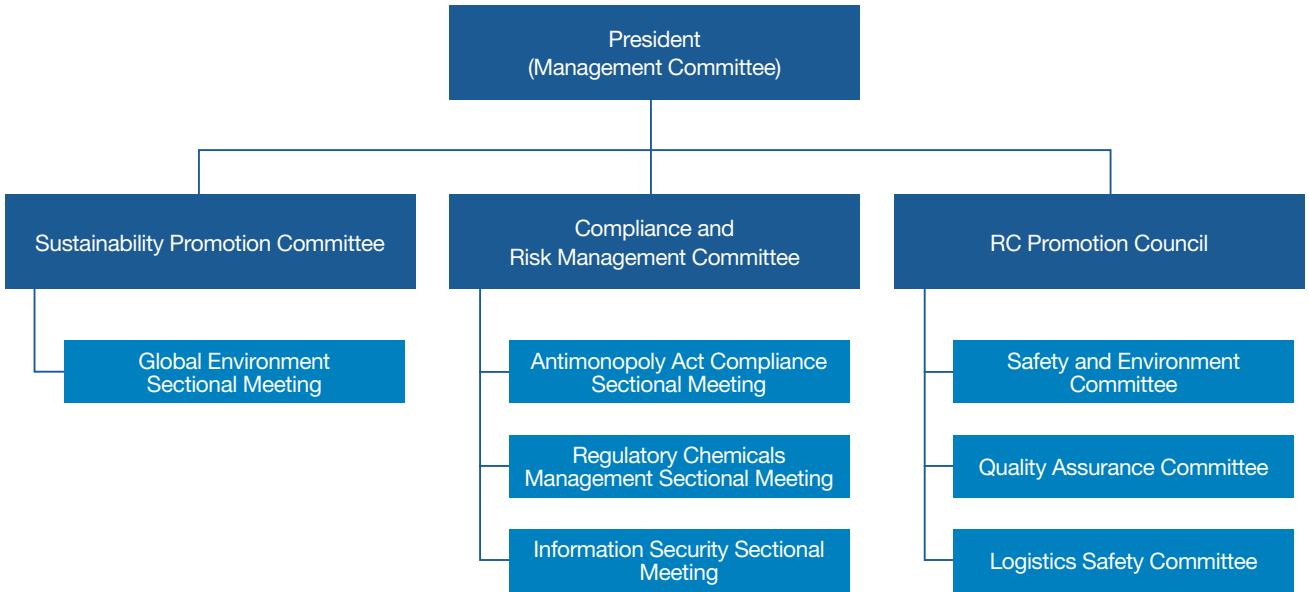
ESG (environmental, social and governance) in mind.

We will build a safe and rewarding work environment, promote the 3Rs (reduce, reuse, recycle) in harmony with nature, reduce the emission of environmentally hazardous substances, promote the reduction of industrial waste and the effective use of resources, increase our corporate value through activities aimed at solving social issues, and contribute to the creation of a sustainable society.

Sustainability Promotion System

The Group has placed sustainability at the core of its management policy, and has established the Sustainability Promotion Committee, chaired by the President, to promote sustainability. We will work on individual sustainability issues in cooperation with the Compliance and Risk Management Committee, also chaired by the President, and the RC Promotion Council. In particular, we have established the Global Environment Sectional Meeting under the Sustainability

Promotion Committee to address important themes such as the response to climate change and CO₂ emissions reduction. In addition, the sustainability policy will be discussed and decided at the Board of Directors meetings, and the status of related initiatives will be regularly reported at the meetings (about twice a year) and reflected in the Medium-Term Management Plan and annual plan.



Sustainability Department

The Sustainability Department is responsible for the overall management of sustainability promotion, and its main tasks are setting issue goals, progress management, and disclosure.

The products we provide to our customers are utilized as essential items that support their livelihoods. On the other hand, we use energy and resources, mainly electricity, in order to manufacture them. We will develop and provide more environmentally-friendly products by leveraging our unique technological foundation. We believe one of the missions of the Sustainability Department is to provide information that makes this kind of initiative easier to understand. We will also disseminate information on our various efforts to achieve the SDGs that we have set as our goals.



Basic Philosophy and Basic Policy on the Environment and Safety Issues

Basic Philosophy

Recognizing that the preservation of the global environment is one of the common challenges facing humankind, we will, based on our own responsibility in our corporate activities, give consideration to the preservation of the environment and safety throughout the entire lifecycle of our products, from development through manufacturing, distribution, use, and disposal.

Basic Policy

1. Carry out comprehensive environmental and safety management in such areas as environmental protection, operational safety and disaster prevention, occupational health and safety, chemical product safety, logistics safety, and international trade safety.
2. Ensure the safety of employees and areas in the vicinity of company facilities by working to achieve zero accidents and zero disasters.
3. Make efforts to save energy and resources and reduce the amount of industrial waste generated as a result of operations.
4. Ensure the development and introduction of products and manufacturing processes that take environmental and safety issues into account.
5. Strictly comply with laws, regulations and agreements related to the environment and safety, as well as establish and meet our own stricter voluntary standards in these areas.
6. Promote logistics safety and safe chemical handling for customers.
7. Carry out the Environmental and Safety Audits.
8. Collect information on the environment and safety related to products, and thoroughly disseminate the information among employees and provide information to customers.
9. Take care to ensure the protection of the environment and safety in overseas operations, technology transfers and the international trade of chemical products.
10. Promote mutual understanding of risk by widely publicizing the details and results of our environmental and safety activities to local communities, investors, related organizations and others through environmental reports and other materials.

Audit System

Our RC audit system consists of three types of auditing: self-auditing, in which each facility evaluates its own performance; facility auditing, which is conducted by committees; and overall auditing, in which the RC Promotion Council discusses and assesses the results of facility audits. Continuous improvements are fostered as self-audit results are reflected in the next RC objectives and plans, while overall audit results are incorporated into management policies, objectives, and implementation plans for the following fiscal year.

Since FY2018, facility auditing conducted by the Safety and Environment Committee has been integrated with that conducted by the Quality Assurance Committee. We have introduced audit preparatory meetings and audit follow-up to implement an audit system that pays more attention to the PDCA process.



Organization

RC Promotion Council

The RC Promotion Council is chaired by the President and consists of the chairpersons of its committees and a few members appointed by the President. With the Safety & Environment Department serving as the secretariat, the Committee is responsible for formulating RC policies for each fiscal year and over the medium- to long-term, deliberating and deciding on important issues related to company-wide RC activities, overseeing three committees, and discussing and coordinating RC promotion and audit issues.

Safety and Environment Committee

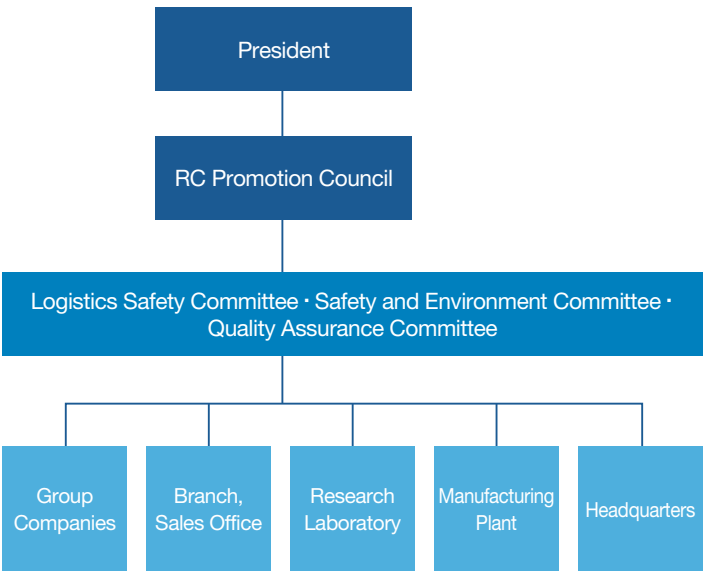
Promotion and audit of RC activities across all operational areas

Quality Assurance Committee

Promotion and audit of quality control issues, such as PL and quality assurance

Logistics Safety Committee

Promotion and audit of environmental and safety preparations related to the external transport of chemical products and customers' delivery facilities, and understanding the purpose of use



The 8th RC Action Targets

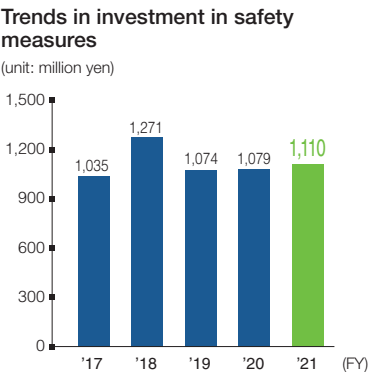
- We took the following measures to achieve the 8th RC Action Targets:
- 1. Actions for zero accidents and zero disasters:** Strengthen safety measures by effectively using the PDCA cycle based on the 5S (Sort, Set, Shine, Standardize, and Sustain) method
 - 2. Energy-saving measures:** Foster improvements in the intensity of our high energy-consuming facilities and promote the effective use of excess hydrogen
 - 3. Reduction of final disposal amounts of industrial waste:** Diversify recycling destinations and improve raw material consumption intensity to reduce the generation of industrial waste
 - 4. Reduction of emissions of PRTR target substances:** Analyze the causes of increasing pollutants and enhance countermeasures
 - 5. Reduction of greenhouse gases emissions:** Implement measures to address detailed sources toward reducing emissions of substances with high global warming potential and power-conservation measures to cut CO₂ emissions

RC Action Target for FY2019–2021 (three-year plan)		Results in FY2021	
1 Actions for zero accidents and zero disasters 0 incident	Zero major occupational accidents resulting in lost work time (employees and partner company contractors), zero equipment accidents	Workplace Injuries 0 Equipment Accidents 0	By engaging in activities such as raising safety awareness, implementing hazard prediction (KY) before starting work each day, regularly receiving guidance from industrial safety consultants, and sharing close-call accidents, we were able to prevent major equipment accidents (four or more lost workdays) and workplace injuries.
2 Energy-saving measures 3 % reduction	Reduce energy consumption (crude oil equivalent) per factory production volume by 3% compared to FY2018 (1% reduction per year)	Shibukawa Plant 0.9 % Increase Mizushima Plant 0.1 % Increase	Both plants strategically implement measures to conserve energy for their high energy-consuming facilities. When ramping up production, the Shibukawa Plant had to operate under a load exceeding the adequate level for energy conservation, which resulted in less energy-saving effects, falling short of the target. The Mizushima Plant missed its target due to an increase in sales of products with a high energy use load, despite the effective contribution of energy-saving measures.
3 Reduction of the final disposal of industrial waste 15 % reduction	Reduce final disposal of industrial waste by 15% compared to FY2018 by improving the recycling rate (5% reduction per year).	59.2 % reduction	The amount of industrial waste from the Mizushima Plant has been increasing in line with higher production. However, the development of new recycling sites has enabled us to significantly reduce the final disposal of industrial waste from FY2020.
4 Reduction of emissions of PRTR target substances 30 % reduction	Reduce emissions of PRTR-designated chemical substances under the JCIA method by 30% compared to FY2018 (10% reduction per year).	19.6 % reduction	A new combustion treatment system was installed to reduce the increasing emissions of organic solvents, which has significantly reduced emissions. Nevertheless, the effects of this were reduced by the increase in production, and the target was not met.
5 Reduction of greenhouse gases emissions 10 % reduction	Reduce CO ₂ equivalent greenhouse gas (GHG) emissions by 10% compared to FY2018 (3.3% reduction per year)	18.9 % reduction	To reduce emissions of substances with high global warming potential (GWP), we enhanced the collection equipment in individual processes and installed multiple abatement systems that use combustion treatment. This resulted in the successful achievement of the reduction target. We will continue measures to address detailed sources of emissions.

Investment for the Achievement of RC Action Targets

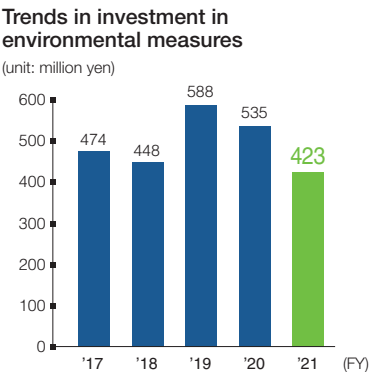
Investment in Safety Measures

Investments are focused on building a foundation to support safety measures. We continue to invest in safety in line with the “Giving the highest priority to safety” principle. We are committed to improving working environments and systematically upgrading facilities.



Investment in Environmental Measures

To conserve the environment, we continuously invest in necessary environmental measures such as promoting resource and energy saving, and reducing greenhouse gas emissions, PRTR target substances, environmental pollutants and the final disposal of industrial wastes.



Environment

Response to Climate Change

In support of Agenda 21: Global Plan of Action for Sustainable Development, adopted at the United Nations Conference on Environment and Development, we are promoting responsible care (RC) activities, a voluntary initiative to implement and improve comprehensive safety measures for chemical substances.

It is the responsibility of a company to ensure that its corporate activities do not affect the environment of surrounding areas and the entire planet, and we will implement voluntary management activities to implement and improve safety, health, and environmental measures throughout the entire life cycle of chemical substances, from development through manufacturing, distribution, use, and final consumption to disposal.

Reduction of Greenhouse Gases

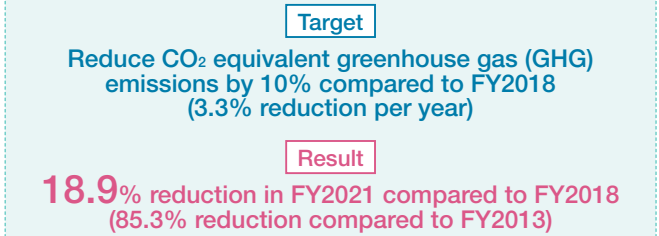
We produce various compounds from fluorine and chlorine obtained by electrolysis, and we consume a large amount of electricity to perform electrolysis. However, we aim to achieve carbon neutrality by 2050 and are committed to reducing CO₂ emissions from energy sources by 30% from the FY2013 level by FY2030.

We have been working to reduce greenhouse gas emissions from non-energy sources since 2009 with the introduction of detoxification equipment, and have made significant progress, achieving a 98.2% reduction in FY2021 compared to FY2013. Furthermore, in order to proactively tackle climate change, we are focusing on reducing energy sources greenhouse gas emissions, and in FY2021, we reduced energy sources greenhouse gas emissions by 10.5% compared to FY2013 by improving production effi-

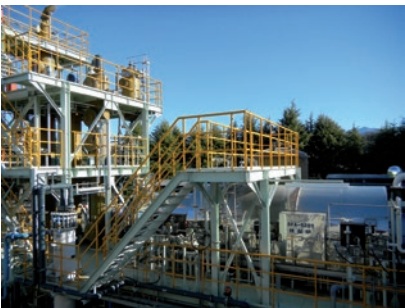
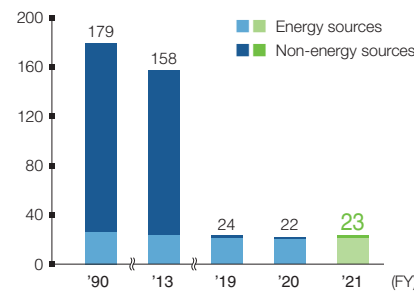
ciency. As a result, we have achieved an overall reduction of 85.3% in greenhouse gases.

We have calculated the amount of greenhouse gas emissions (Scope 3) throughout the supply chain, from the purchase of raw materials to their use and disposal by customers, and are working to reduce greenhouse gas emissions throughout the supply chain. In order to expand the use of renewable energy, we are purchasing electricity with non-fossil certificates and are also going forward with plans to install solar cell power generation systems in plants.

The 8th RC Action Targets

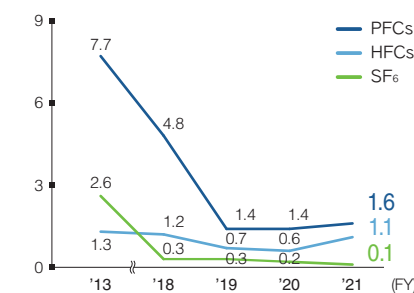


CO₂ equivalent Greenhouse gas emissions
(unit: 10,000 tons of CO₂)

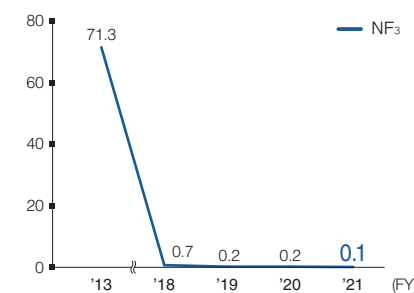


Detoxification equipment for greenhouse gas

Emissions of PFCs, HFCs, and SF₆
(unit: tons)



Emissions of NF₃
(unit: tons)



ESG (Environmental, Social and Governance) Information

Improvement of Energy Consumption per Unit of Production
Although we are continuing to implement proactive activities such as improving power-hungry facilities and reducing steam intensity, the effects of these improvements were canceled out in FY2020 and FY2021 as well, as production exceeded the operational load at which high-efficiency operation can be maintained in order to meet the rapid increase in demand for semiconductors.

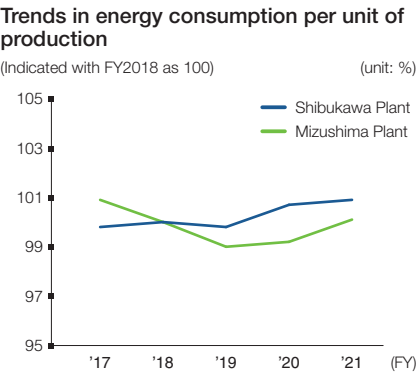
The 8th RC Action Targets

Target

Reduce energy consumption (crude oil equivalent) per factory production volume by 3% compared to FY2018 (1% reduction per year)

Result

The Shibukawa Plant increased its energy consumption per production volume by 0.9% and the Mizushima Plant also increased its consumption by 0.1% in FY2021 compared to FY2018



Reduction of Pollutant Emissions and Effective Use of Resources

We handle a wide variety of chemical substances, which we manage thoroughly in order to reduce environmental risks.
We also promote the 3Rs (Reduce, Reuse, Recycle) to reduce waste and promote effective use of resources.

Reduction of the Final Disposal of Industrial Waste

From FY2018 onward, despite reducing the final disposal of industrial waste by promoting the recycling of waste generated, although we increased our recycling rate to 85.3% in FY2021, industrial waste increased by 46.0% compared to the previous year due to an increase in production. This resulted in the final disposal of industrial waste increasing by 17.6% compared to the previous year.
Going forward, we will consider specific measures to recover resources from waste, and we will work to reduce waste itself by building facilities for this purpose.

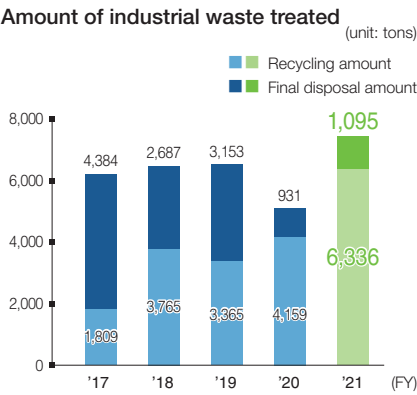
The 8th RC Action Targets

Target

Reduce final disposal of industrial waste by 15% compared to FY2018 by improving the recycling rate (5% reduction per year).

Result

59.2% reduction in FY2021 compared to FY2018



Reduction of Emissions of PRTR Target Substances

In accordance with the Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement, businesses are obligated to monitor and report to the government the amount of chemical substances released or transferred, and Kanto Denka Kogyo uses the JCIA method* to manage the chemical substances we handle. In FY2021, we handled 28 PRTR target substances with a total weight of 250,000 tons. Emissions into the environment totaled 15.4 tons, which equates to 62 grams of unit emissions per ton handled.
* The JCIA method covers a greater number of substances than PRTR target substances under the law and requires more stringent management.

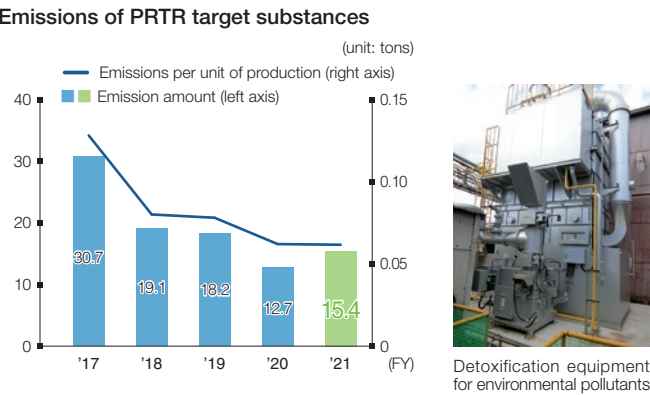
The 8th RC Action Targets

Target

Reduce emissions of PRTR-designated chemical substances under the JCIA method by 30% compared to FY2018 (10% reduction per year).

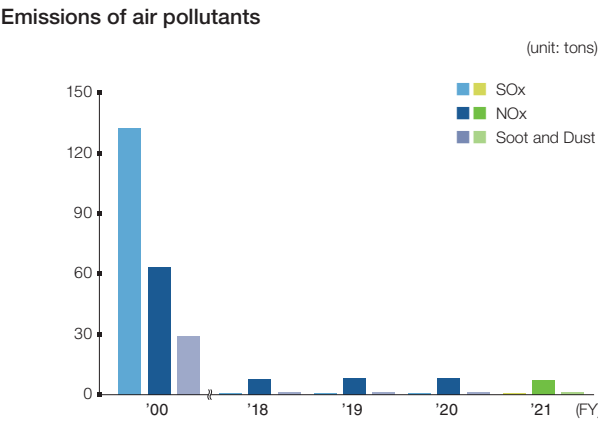
Result

19.6% reduction in FY2021 compared to FY2018



Reduction of Emissions of Air Pollutants

We are working to reduce the emissions of atmospheric pollutants, namely SOx (sulfuroxides), NOx (nitrogen oxides) and Soot and Dust through fuel conversion and stable operation of abatement equipment. Going forward, we will continue to enhance facility management and operations management so that we can maintain low emissions levels.



Reduction of Water Pollutant Emissions

To prevent environmental impact, we conduct thorough wastewater management based on in-house standards that are stricter than those stipulated by environmental laws and regulations.

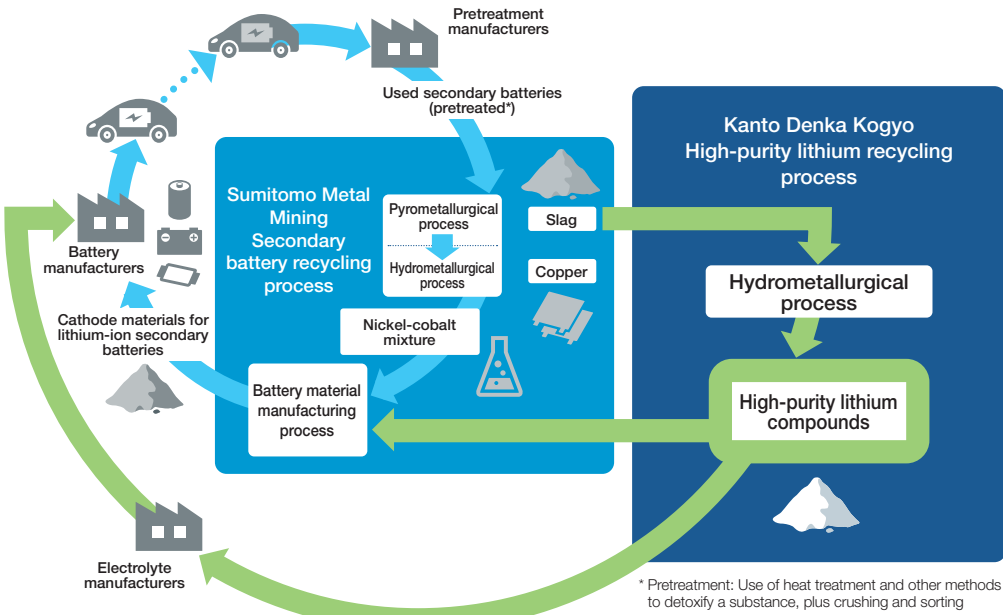
[Amount of pollutants in wastewater] (unit: tons)

	FY2019	FY2020	FY2021
COD	28.43	28.44	22.57
Total nitrogen	39.10	37.85	22.49
Total phosphorus	0.89	0.92	0.92

Initiatives for the effective use of resources

Through joint development with Sumitomo Metal Mining, Co., Ltd. (“Sumitomo Metal Mining”), we have established the world’s first technology to recycle lithium compounds from used lithium-ion secondary batteries (“LIBs”) with high-purity and to recycle them horizontally into battery materials.

Process for recycling high-purity lithium compounds from used LIBs



- Using our hydrometallurgical method, recycling generated slag containing lithium into high-purity lithium that can be reused in LIBs
- Enabling a recycling system for lithium resources and contributing to the realization of a resource-recycling society

Together with Sumitomo Metal Mining, we proposed and adopted the “Development and Demonstration of a Storage Battery Recycling Process” (the “Project”) for the “development of technology for storage battery recycling,” which is one of the research and development items of the “Green Innovation Fund / Next-generation Storage Battery and Motor Development” project announced by the New Energy and Industrial Technology Development Organization (“NEDO”). The Green Innovation Fund project aims to achieve carbon neutrality by 2050, with the Ministry of Economy, Trade and Industry creating a two trillion yen fund for NEDO to continue to support companies committed to ambitious goals for 10 years, from research, development, and demonstration to so-

cial implementation. The “Next-generation Storage Battery and Motor Development” project aims to achieve decarbonization and industrial competitiveness in the automotive sector by conducting research and development related to high performance, resource saving, and recycling of storage batteries and motors. In the Project, we aim to create and expand a horizontal recycling business that recovers copper, nickel, cobalt, and lithium from spent lithium-ion batteries and other secondary batteries using the non-ferrous metal smelting technology of Sumitomo Metal Mining and our lithium recovery technology. We will contribute to achieving a sustainable society through the realization of this project.

ESG (Environmental, Social and Governance) Information

Safety Behavior Criteria

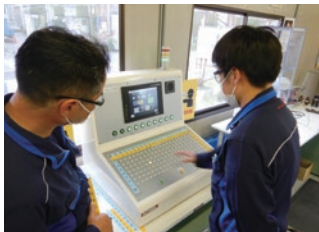
1. Pre-work Kiken Yochi (KY: hazard prediction) reminders and awareness checks shall be performed, and the causes of any hazards shall be checked and eliminated before any work is carried out.
2. Managers and supervisors monitor and confirm that all work is being done as instructed.
3. Unsafe activities shall not be tolerated under any circumstances and safety shall not be compromised.
4. Instructions shall be clear, detailed and appropriate for the type of work, and those responsible shall confirm that those instructions have been understood correctly.
5. Persons receiving instructions shall always query any instructions that they cannot understand and shall not engage in work while they are still unsure.
6. Where workers lack experience, the responsible manager or supervisor shall provide detailed instructions and work permits and shall monitor the work.
7. Instructions and coaching shall be provided based on the principles of the “Sangen Shugi” (“three actuals” philosophy).
8. Managers and supervisors shall communicate orders and instructions to the employees actually carrying out the work, including partner company contractors, and shall confirm that such communication is thoroughly carried out.
9. Training shall be persistent and repeated until the content is fully understood.
10. When performing work, the Production Department, Plant Protection Department and original contractor shall be fully aware of their rights and responsibilities and shall issue instructions in accordance with those responsibilities.

Risk Awareness Equipment

We installed risk awareness equipments at the Shibukawa and Mizushima plants in FY2017. While knowledge and experience are essential for cultivating a capacity to spot potential sources of danger during day-to-day work, we cannot allow people to experience an actual accident or disaster. By experiencing dangerous situations in safety with this risk awareness equipment, it is possible to accumulate such knowledge and experience. We are constantly introducing new devices as we work to enhance the equipment. Participants have said they have become more sensitive toward safety by experiencing conditions they do not normally experience. We will continue this form of education going forward with the inclusion of partner company contractors as well.



Training on experiencing the risk of leakage from flanges



Training on experiencing pointing and calling

Other Safety Training

We constantly conduct meetings before work begins, improve work procedures, and carry out safety training according to the work content, and strive to eliminate unsafe conditions and behaviors. In addition, we have a monthly Safety Day, and conduct safety training and safety and health patrols to ensure that past accidents are not forgotten. To improve employee safety awareness and techniques, the training content ranges from practical activities such as training about protective clothing and for workers working at tall heights,



Confined space training

to how to conduct pointing and called, how to read SDS, and how to do single-person hazard prediction. We also encourage the development of hazard prediction and worker safety trainers, and active participation in external safety and health workshops.

Implementation of Various Training

Every year, we conduct joint disaster prevention drills with the public fire brigade, as well as emergency call drills, safety confirmation drills, evacuation drills, fire drills, and emergency response drills for each department to prepare for emergency situations.



Joint disaster prevention drill

Initiatives to Promote Health

We believe that human resources are everything, and for this reason, it is important to ensure the physical and mental health and safety of our employees. We are working to improve the job satisfaction of our employees by maintaining a healthy, safe, and clean work environment.

Medical Examinations

If the results of a regular medical examinations indicate that a second examination is necessary or that there are findings, we recommend that the employee undergo a secondary examination, with all costs borne by the Company. In addition to the subsidy provided by the health insurance association for influenza vaccination, the Company also provides a subsidy.

Mental Health Care

We focus on not only physical health care, but also mental health care so that employees can live healthy lives. We open a Mental and Physical Health Contact Point, and assign a mental health representative to each office. In addition, a high screening rate of 98% or higher on average has been achieved in the stress check conducted since FY2016.

Labor Standards (Creating a Comfortable Workplace)

Work-life Balance

We have introduced flextime, and are promoting the reduction of overtime work, and the use of paid leave in order to achieve a better work-life balance for our employees. We are working to promote paid leave utilization by posting the rate of paid leave utilization by office and department on the company intranet. The paid leave utilization rate was 71.7% in FY2020, and 77.4% in FY2021. As for childcare leave, we make it known on the intranet that men can also take childcare leave. Two male employees took childcare leave in FY2020 and then one in FY2021.

Employee Training System

Regardless of the type of job, we provide training to acquire the skills and knowledge necessary to carry out the roles required of each level of our company's employees, and to improve the overall level of the Company.

Harassment Prevention Measures

Employee work rules and regulations clearly state that sexual harassment, power harassment, and harassment related to pregnancy, childbirth, childcare leave, and nursing care leave are prohibited and

that violations will result in disciplinary action. In addition, a consultation service for harassment has been set up. It provides for the protection of the privacy of those involved and to ensure that no disadvantageous treatment is given to whistleblowers.

Governance

Corporate Governance

Basic Stance on Corporate Governance

Our management philosophy is “Through the quest for constant corporate growth and acquisition of optimum profits, Kanto Denka Kogyo is working with all its shareholders, users and employees to create a successful company and sustainable society in harmony with the global environment. To achieve this end, we are endeavoring to meet the requirements of our users with our unique technologies and customer-oriented services, and to build a trusted company based on our motto, ‘sincerity, creativity, prompt response and harmony with nature.’” In other words, our corporate goal is to “contribute to the creation of a sustainable society while enhancing corporate value,” and to achieve this goal, we are working to build good relationships with our stakeholders, including shareholders, local communities, users, and employees.

Outline of the Corporate Governance System

Details of the Company's Organizations

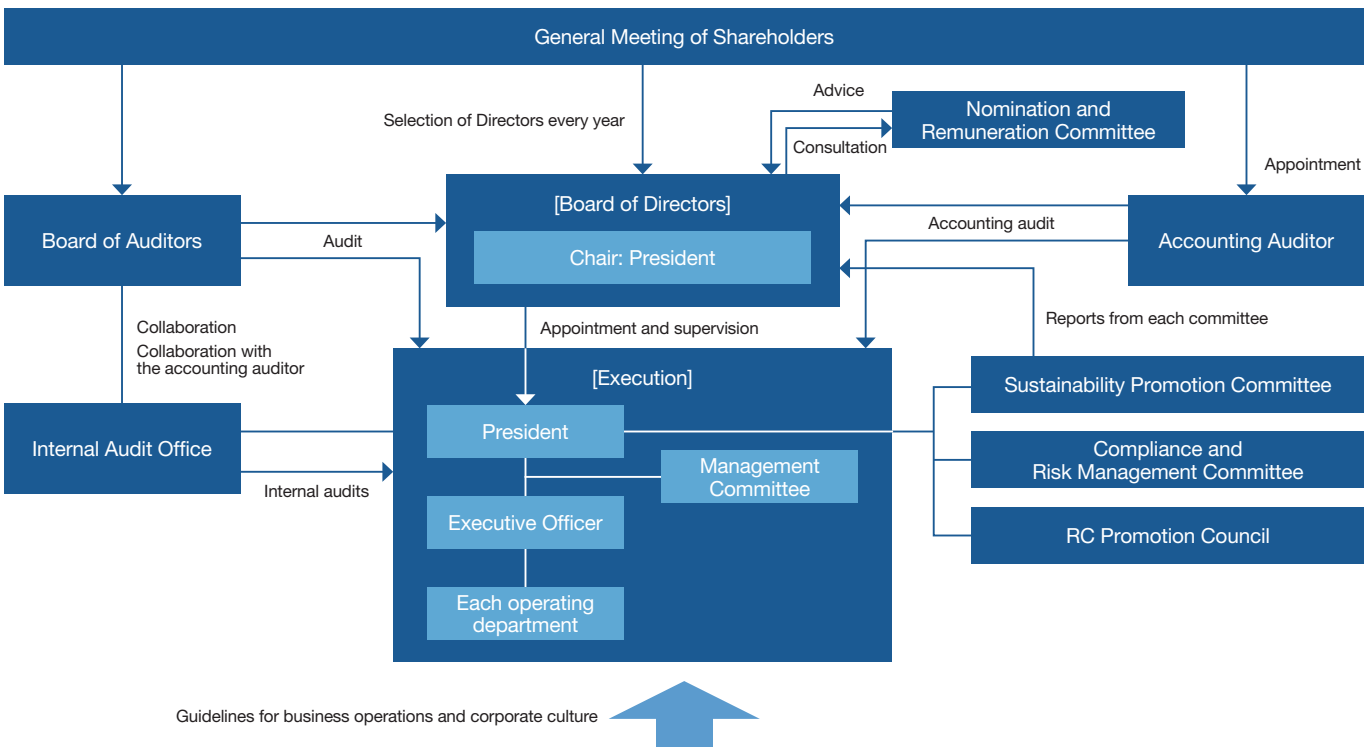
The Company holds a regular meeting of the Board of Directors once a month to make decisions on important matters and supervise the execution of duties by Directors. In order to further strengthen the

functions of the Board of Directors and improve management efficiency, the Management Committee, which is attended by the Directors and Executive Officers who execute the Company's business, meets once a month to flexibly make decisions on basic and important matters related to business execution.

The Compliance and Risk Management Committee, chaired by the President and with the participation of outside attorneys, has been established as an organization to oversee overall compliance. Each Group company has appointed a compliance promotion officer to ensure collaboration. In addition, the Kanto Denka Kogyo Group Compliance Manual has been formulated as a code of conduct for officers and employees, and all officers and employees are thoroughly familiarized with it, and a consultation and reporting system for compliance has been established. The Committee also manages antitrust laws and strategic materials.

As for internal audits, the RC Promotion Council, chaired by the President, conducts audits in the areas of safety and health, environment, product safety, and logistics, while the Internal Audit Office conducts internal audits of overall operations.

Corporate governance system diagram



Management philosophy and action guidelines that translate the philosophy into concrete actions

Status of Auditors and Audits by Auditors

The Company has adopted a company with auditors system consisting of four Auditors, two of whom are Outside Auditors.

The Board of Auditors consists of four members: two full-time Auditors (one of whom has expertise in finance and accounting) and two part-time Auditors, and regularly reports and discusses important matters related to auditing. In order to ensure the effectiveness of audits, full-time Corporate Auditors attend the Management Committee and other important meetings to ensure a system for auditing the execution of duties by Directors.

In addition, the Auditors receive explanations on the contents of accounting audits from the Internal Audit Office and other internal audit departments as well as Ernst & Young ShinNihon LLC, the Company’s accounting auditor, and cooperate with them by exchanging information.

Internal Reporting System

Officers and employees are obliged to report any violations of compliance within the Company. The parties reported to are the General Manager of the Legal & General Affairs Department, the General Manager of the Human Resources Department, the General Manager of Administration Department of both plants, the Board Director in charge of the Legal & General Affairs Department, the Board Director in charge of the Human Resources Department, the full-time Auditors, and the legal counsel. The Company will keep the details of reports confidential and will not treat whistleblowers disadvantageously. The same applies when a report is received from an external party such as a business partner.

Implementation Status of Corporate Governance Measures
Policy and Procedure for Appointing and Dismissing Upper Management and Designating Candidates for Directors and Auditors by the Board of Directors

The Company elects Directors and Auditors from a diverse range of individuals who possess outstanding character, insight, and a wealth of experience. In terms of selection procedures, the Nomination and Remuneration Committee, of which the majority of members are independent Outside Directors, is consulted with on the selection of candidates for Directors, and then the Board of Directors will make a decision. Candidates for Auditors will be decided by the Board of Directors after obtaining the consent of the Board of Auditors for the appointment proposal. In addition, in cases where serious misconduct has occurred and the involvement of such misconduct is recognized, or in cases where the Company is unable to achieve its performance targets over a long period of time, the Company will not reappoint senior management.

Independence Judgment Standards for Independent Outside Directors and the Qualities of Independent Outside Directors

The Company selects candidates for Outside Directors who are Independent Directors in accordance with the independence standards established by the Tokyo Stock Exchange. The four Independent Outside Directors are involved in corporate management, corporate legal affairs, corporate accounting, and research and development, and play an important role in the decision-making process of the Board of Directors by applying their experience and broad insight to management and expressing their opinions from a professional perspective.

Policy and Procedure for Deciding on Remuneration for Upper Management and Directors by the Board of Directors

Remuneration for Directors shall be determined by paying attention to the balance between fixed and variable remuneration, as well as between short-term and medium- to long-term remuneration, in order

to provide sound incentives for improving business performance and increasing corporate value. Specifically, remuneration for Directors excluding Outside Directors consists of monthly remuneration (fixed portion), bonuses for Directors (performance-linked portion, short-term remuneration), and stock-based remuneration (medium- to long-term remuneration), while remuneration for Outside Directors consists of monthly remuneration only. Procedures for determining the remuneration of Directors are determined by the Board of Directors after consulting the Nomination and Remuneration Committee, of which the majority of members are Independent Outside Directors.

Risk Management

Objectives of Risk Management

The purpose of this policy is to respond to and plan for an emergency (an emergency refers to the occurrence, or the possibility of occurrence, of damage to employees or local residents, loss of trust in business partners, or a decrease in company assets due to compliance issues, plant accidents, natural disasters, overseas terrorism, etc.) from among possible risks in the course of our business activities, and to take prompt and appropriate action in the event of an emergency, in order to protect and save lives, ensure the safety of officers and employees, restore the trust of local residents and business partners, quickly restore operations, and preserve company assets.

Risk Management System

To promote compliance and conduct risk management, we have established the Compliance and Risk Management Committee, which meets at least twice a year. This committee is chaired by the President and consists of the Board Director in charge of Legal & General Affairs Department, the chairpersons of the committees, and the chairpersons of the RC Promotion Council.

In the event of an emergency, the Emergency Response Headquarters, headed by the President, will be responsible for crisis management. In addition, we have established an emergency response manual to identify possible risks, and have formulated countermeasures. In the event of an emergency, we will take prompt and appropriate action to prevent the spread of damage, ensure the safety of our officers and employees, secure the trust of our customers and local residents, quickly restore operations, and protect the Company’s assets.

BCP (Business Continuity Plan) Initiatives

Because we supply unique products with our original technologies to countries all over the world, we recognize that it is our social responsibility to continue to provide a stable supply of products. In addition to promoting the decentralization of production bases, including those overseas, we have formulated a BCP to protect human lives, preserve facilities, and promptly resume operations in the event of an emergency.

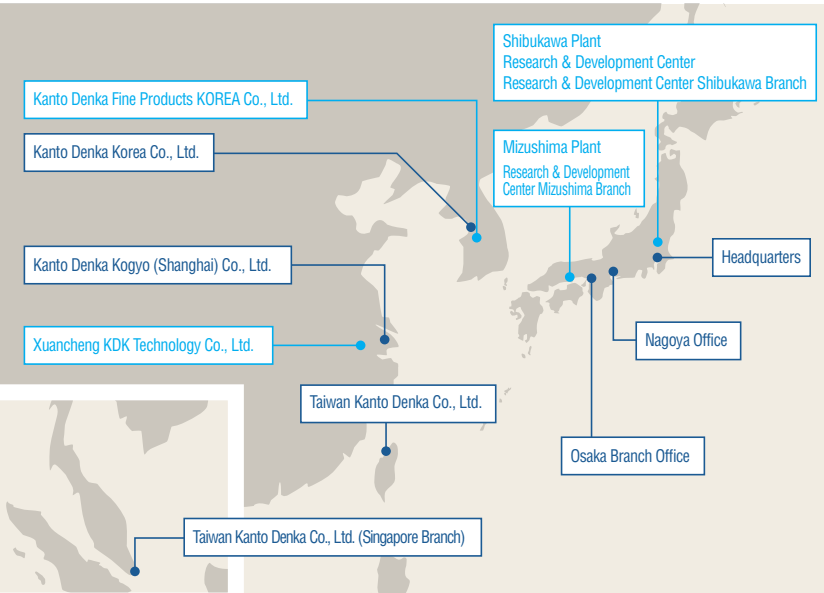
Information Security

Kanto Denka Kogyo Group complies with laws, regulations, and internal rules to properly manage the information about customers and our group that we handle in our corporate activities. In particular, we recognize that dealing with risks such as information leaks and tampering caused by information systems is one of the most important management issues in protecting information assets from all kinds of threats.

In order to protect information assets from various threats, we strive to raise information security awareness among all directors and employees, implement multifaceted measures to prevent information security incidents, and continuously enhance information security.

Corporate Profile

Company Name: Kanto Denka Kogyo Co., Ltd.
Established: September 22, 1938
Headquarters: Yusen Building, 2-3-2, Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan
Phone: +81-3-4236-8801
President: Jun’ichi Hasegawa
Capital: ¥2.877 billion
Employees: 701 (as of March 31, 2022)
Sales: ¥55.750 billion



Network

Shibukawa Plant 1497, Shibukawa, Shibukawa City, Gunma 377-8513, Japan Phone: +81-279-23-3211	Mizushima Plant 4-4-8, Matsue, Kurashiki City, Okayama 712-8533, Japan Phone: +81-86-455-5231	Osaka Branch Office Seiwa Umeda Building, 2-12-7, Sonezaki, Kita-ku, Osaka 530-0057, Japan Phone: +81-6-6366-0681
Nagoya Office Nagoya Mitsui Building Main Wing 1-24-30, Meiekininami, Nakamura-ku, Nagoya City, Aichi 450-0003, Japan Phone: +81-52-571-1371	Research & Development Center 425, Kanai, Shibukawa City, Gunma 377-0027, Japan Phone: +81-279-23-2712	Research & Development Center Shibukawa Branch 1497, Shibukawa, Shibukawa City, Gunma 377-8513, Japan Phone: +81-279-22-3533
Research & Development Center Mizushima Branch 4-4-8, Matsue, Kurashiki City, Okayama 712-8533, Japan Phone: +81-86-455-5234	Kanto Denka Korea Co., Ltd. 329, 27, Seochojungang-ro 24-gil, Seocho-gu, Seoul, Republic of Korea Phone: +82-2-3471-2360	Kanto Denka Fine Products KOREA Co., Ltd. 176, 5 Sandan 1-ro, Susin-myeon, Dongnam-gu, Cheonan City, Chungcheongnam-do, Republic of Korea Phone: +82-41-569-4562
Kanto Denka Kogyo (Shanghai) Co., Ltd. Room 3506, The Place Tower B, 100 Zunyi Road, Changning District, Shanghai 200051, China Phone: +86-21-6278-7004	Xuancheng KDK Technology Co., Ltd. No.3, West Diecui Road, Xuancheng high tech Industrial Development Zone, Anhui, 242000, China Phone: +86-563-3032-099	Taiwan Kanto Denka Co., Ltd. 17F-8, No.118, Ciyun Rd., East Dist, Hsinchu City 30072, Taiwan (R.O.C.) Phone: +886-3-577-1575
Taiwan Kanto Denka Co., Ltd. (Singapore Branch) 11 Beach Road #03-01 Crasco Building Singapore 189675 Phone: +65-3157-5974		