

Information Disclosure Based on TCFD (Task Force on Climate-Related Financial Disclosures) Recommendations

December 20, 2023



Introduction

Our company recognizes that addressing environmental issues is an essential requirement for our corporate activities in order to achieve a sustainable society (a carbon-neutral society by 2050) and considers responding to climate change to be one of several important management issues.

In addition, the Sustainability Committee and its working groups have conducted scenario analyses, including risk severity assessments, to identify and evaluate climate-related risks and opportunities in our company's core business, the High-purity Chemical Business.

Going forward, we will continue to promote responses based on the TCFD recommendations, strive to provide substantial information disclosures, and work with all stakeholders involved with our company to contribute to the realization of a sustainable society through our business.



1. Basic Policy on Sustainability

Our company's Board of Directors has established the following Basic Policy on Sustainability as its fundamental policy to practice sustainability initiatives through our business activities.

Basic Policy on Sustainability

In addition to practicing our management philosophy, we strive to realize a sustainable society and enhance corporate value through our business activities under the slogan “**Beyond the Chemical,**” which embodies our “aim to create products that will make people happy, and as a result, build a company with higher corporate value.”

1. Identify materiality (key issues) and contribute through business activities

- We will promote research and development utilizing original perspectives and unique technologies that we have cultivated to create and provide products that contribute to solving social issues.
- We will commit to achieving long-term mutual prosperity by capturing customer needs and providing high-quality, safe products in a stable manner.

2. Respond to climate change and conserve the environment

- We will work toward the realization of a decarbonized society and address environmental issues, including climate change.
- We will manage and reduce the emission of chemical substances from our business activities and strive to reduce our impact on the natural environment.

3. Create a safe and rewarding environment

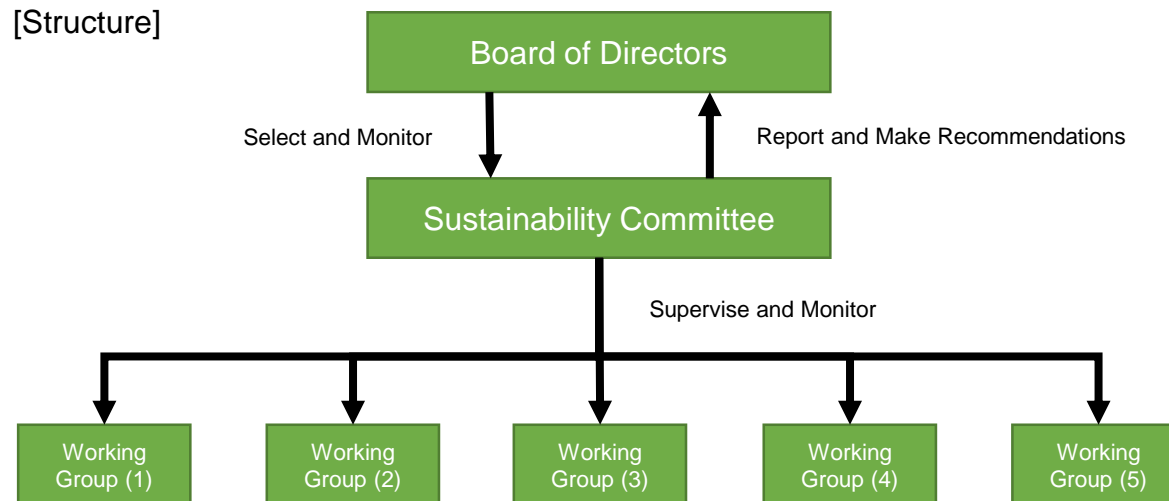
- We aim to create a workplace environment where diverse personalities and workstyles are respected, work-life balance is enriched, and work is rewarding.
- We are committed to developing responsible and autonomous human resources who can think and act on their own.
- We respect human rights and do not engage in unjust discrimination based on race, gender, ethnicity, nationality, or any other grounds, including among our suppliers.



2. Governance and Risk Management

As the approach to addressing various issues related to sustainability is an important management issue for improving our company's corporate value over the medium to long term, the Board of Directors has established a system for appropriate monitoring.

In April 2023, we established the Sustainability Committee, composed of directors and the heads of different divisions, and developed the Basic Policy on Sustainability. The Sustainability Committee collects information on efforts related to sustainability, including responses to climate change, deliberates and reviews cross-organizational risks and opportunities, and reports the results as well as makes recommendations to the Board of Directors. The Board of Directors then reviews strategies and directions as well as selects and supervises initiatives related to sustainability based on the reports from the Sustainability Committee and the recognition of external environments.



At our company, the Sustainability Committee recognizes risks associated with climate change, deliberates on countermeasures, and monitors progress, which is then reported to the Board of Directors. Since the impacts of climate change manifest over a medium-to-long-term timeframe, relevant divisions carry out their efforts and regularly report progress to the Committee. In addition, to incorporate sustainability issues into company-wide efforts, discussions are held within Sustainability Working Groups organized by working-level employees in each division.

3. Strategy I

We reviewed the main risks and opportunities in consideration of how climate change could impact our business.

	Assumed World Setting	
2° C Scenario	While the cost of raw materials is expected to rise, an increase in semiconductor-related products is also expected, thereby expanding opportunities.	
4° C Scenario	The momentum towards decarbonization weakens, the cost of raw materials and energy rises, and the risk of natural disasters increases.	
	A 2° C World	A 4° C World
Renewable Energy	<ul style="list-style-type: none"> ➤ The introduction of renewable energy based on a diverse range of procurement methods is promoted 	<ul style="list-style-type: none"> ➤ There are few renewable energy procurement methods available, resulting in delays in the introduction of renewable energy (costs also remain high)
Market	<ul style="list-style-type: none"> ➤ Demand for semiconductors increases in line with the promotion of smart cities ➤ Demand for semiconductors and batteries increases due to the spread of ZEVs 	<ul style="list-style-type: none"> ➤ The development of smart cities does not progress, and traditional urban forms are maintained, resulting in no significant change in the demand for semiconductors ➤ EVs increase incidentally, and accordingly, the demand for semiconductors and batteries does not change significantly
Government	<ul style="list-style-type: none"> ➤ A carbon tax is introduced, and stricter recycling regulations are enacted 	<ul style="list-style-type: none"> ➤ Energy-saving and renewable-energy policies are not actively promoted (a carbon tax is not introduced)
Factory	<ul style="list-style-type: none"> ➤ Low-carbon factories are achieved through the securement of renewable energy sources, etc. 	<ul style="list-style-type: none"> ➤ Factories shut down due to extreme weather ➤ Operations are impacted in areas with high water risk



3. Strategy II

	Evaluation items		Main risk	Main opportunity	Countermeasures
	Category	Subcategory			
Transition	Policy/ Legal	Carbon price and taxes	Introduction of a carbon tax	Increase in sales opportunities for low-carbon products	➤ Updates to the latest cogeneration systems in proportion to consumption levels
		Carbon emissions targets/policies of different countries	Increased compliance costs due to enhanced emission targets	Increase in sales opportunities due to increasing demand for semiconductors	
	Industry/ Market	Fluctuations in the cost of raw materials	Increased cost of raw materials	-	➤ Diversification of raw material suppliers ➤ Introduction of various energy-saving facilities ➤ Increased efficiency through the consolidation of production facilities
		Changes in customer behavior	Increased demand from customers	Increase in sales opportunities due to emission reduction measures	
	Technology	Development and spread of low-carbon, next-generation technologies	Failure of technology investments	Increase in demand for environmentally friendly products, etc.	➤ Sales of products for semiconductors and next-generation batteries, which are growing in demand mostly due to ZEVs
		Energy-saving policies, subsidies for renewable energy, etc.	-	Decrease in facility investment and R&D costs	
	Reputation	Changes in reputation among investors	Decline in reputation among investors	Increase in reputation among investors	-
		Changes in reputation among customers	Decline in company or product reputation among customers	Increase in sales opportunities for environmentally friendly products	-
Physical	Chronic	Rising average temperatures	Increase in electricity consumption and deterioration of working environment due to rising outdoor temperatures	-	➤ Introduction of renewable energy and solar power generation ➤ Reduction of water intake and effective use of wastewater ➤ Relocation of electrical equipment to more than 10 m above ground ➤ Installation of tidal barriers around key facilities ➤ Waterproofing of electrical wiring routes ➤ Installation of emergency generators
		Water stress	Impact of business due to water shortages	-	
		Rising sea levels	Impact on business due to rising sea level	-	
	Acute	Changes in precipitation and weather patterns	Impact on business due to heavy rain and strong winds	-	
		Increased severity of extreme weather events	Impact on business due to severe disasters	-	



4. Metrics and Targets

In evaluating climate-related risks and opportunities, our company has set Scope 1 and Scope 2 greenhouse gas (CO₂) emissions as indicators. The government has set a goal to achieve carbon neutrality by 2050, and our company also aims to achieve carbon neutrality by 2050.

**By 2030, we will reduce GHG emissions (Scopes 1 and 2) by 46% of FY2013 levels (11,830 t).
By 2050, we will achieve carbon neutrality in GHG emissions (Scopes 1 and 2).**

(Reference)	FY2013	FY2016	FY2019	FY2022
Emissions	25,718t	25,611t	22,276t	17,302t

