

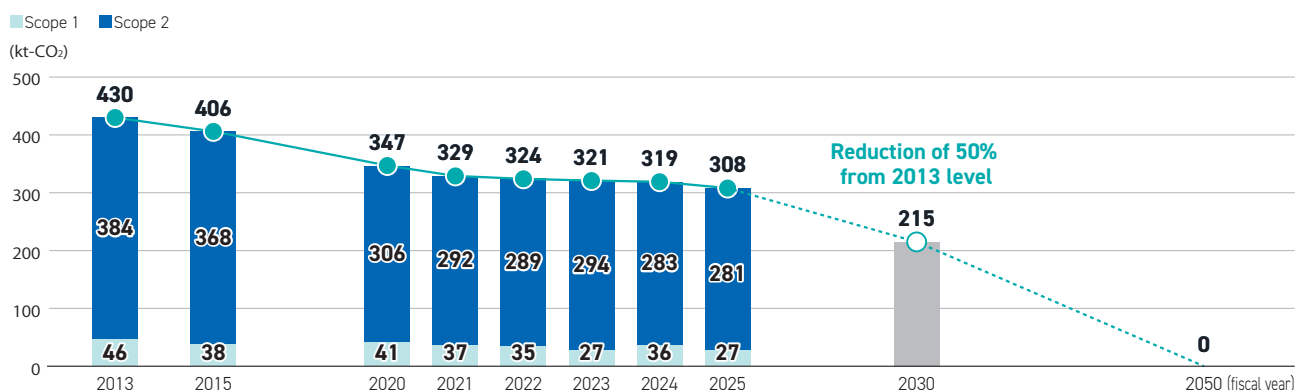
Initiatives to Mitigate Climate Change

Initiatives to achieve carbon neutrality

We are working to reduce greenhouse gas (GHG) emissions with the goal of becoming carbon neutral (net zero) by 2050. For Scope 1 and 2, our target is a 50% reduction by 2030 compared to 2013, and we achieved a 28.4% reduction in 2025 compared to 2013.

To achieve carbon neutrality, in addition to energy conservation and the switch to low-carbon fuels in our existing manufacturing processes, we are expanding our own renewable energy power generation, such as solar power generation and small-scale hydroelectric generation. In addition, we will introduce internal carbon pricing in 2026, building on pilot programs already under way in parts of the business. We will use internal carbon pricing as a reference indicator for capital investment decisions, accelerating our efforts to reduce GHG emissions.

GHG emissions and reduction targets (Scope 1 and 2)



Expanding the introduction of renewable energy

We are expanding the introduction of renewable energy in and around our own plants. Following the Nagoya Logistics Center (1 MW output), we began generating power at the Takaoka Plant in 2025 as well with a 1-MW mega solar power generation facility. In addition, we are proceeding with the construction of mega solar power generation facilities at our Nagoya and Hirono plants. We are also pursuing small-scale hydroelectric power generation. Our first small-scale hydroelectric power plant, currently under construction in Nagano Prefecture, is scheduled to begin generating power in 2026. We plan to expand the introduction of small-scale hydroelectric power plants following the first plant and are advancing surveys and development for subsequent plants.

Utilization of carbon-neutral steam

Steam is used for heating in the manufacturing processes for chemical products. Generating steam primarily involves burning fossil fuels such as city gas in boilers, which produces CO₂ emissions. We are working with the Yokohama City on a demonstration project to supply carbon-neutral steam, generated at a waste incineration plant, to our Yokohama Plant.

Utilization of hydrogen energy

Hydrogen obtained during caustic soda production does not emit CO₂ when burned, unlike fossil fuels. We expanded the installation of hydrogen boilers beyond the Tokushima Plant to the Yokohama Plant and the Nagoya Plant, enabling steam generation without fossil fuels.

Utilization of low-carbon hydrogen

We are participating in the "Feasibility study for a low-carbon hydrogen model town in Chita City, Aichi Prefecture," which uses hydrogen as an energy source that emits no CO₂ during use. At the Nagoya Plant, we electrolyze brine using renewable electricity and supply the resulting low-carbon hydrogen for a wide range of hydrogen applications, including fuel cells for public facilities and homes, and hydrogen water heaters.

TOPICS

Implementation of demand response

To promote the effective use of renewable energy and advance decarbonization, we are implementing demand response (DR), which adjusts electricity consumption on the demand side. During periods of high renewable energy generation and surplus power, such as spring and autumn holidays, we shift our production facilities' operations. This helps stabilize the overall supply-demand balance across society. At the Nagoya Plant, we use the electrolytic cells to implement "upward-DR," a program that increases output (electricity consumption) on request. Through advance simulation and on-site coordination, we operate this program while minimizing its impact on production plans.