Metrics and Targets 1: Climate Change

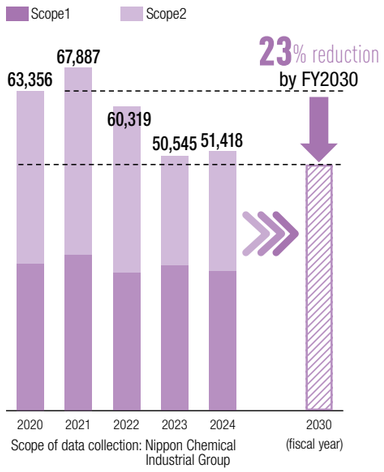
The Group's greenhouse gas emissions in FY2020 totaled 63,356 tons: 29,117 tons for Scope 1 (direct emissions from business operations) and 34,239 tons for Scope 2 (indirect emissions from the consumption of electricity).

For this reason, upon taking into account CO_2 emission reduction levels required under the Paris Agreement and with a view to realizing a decarbonized society, the Company set a target for Scopes 1 and 2 emissions of a 23% reduction by FY2030 compared to the 63,356 tons of emissions recorded in FY2020.

We will aim to reduce greenhouse gas emissions and realize a decarbonized society by utilizing renewable energy and introducing decarbonization technologies at our production sites and striving to conserve energy and electricity.

GHG Emissions and Medium-term Reduction Targets

■ GHG Emissions



Scope of data collection: Nippon Chemical Industrial Group

The Group's CO_2 emissions are calculated in accordance with the GHG Protocol and are verified by a third-party organization to improve reliability and transparency.

■ Breakdown of Scope 3 by Category

Scope/Category		Category	FY2022 CO_2 emissions (t-CO_2)	FY2023 CO_2 emissions (t-CO_2)	FY2024 CO_2 emissions (t-CO_2)
Scope 3		Total for all categories	212,874	190,722	217,211
Breakdown of Scope 3	Category 1	Purchased goods and services	163,369	145,798	179,636
	Category 2	Capital goods	13,185	8,260	8,630
	Category 3	Fuel- and energy-related activities * Not included in Scopes 1 and 2	10,986	9,367	6,981
	Category 4	Upstream transportation and distribution * Procurement logistics, horizontal logistics, and shipping logistics for which the company is the shipper	19,587	21,202	16,183
	Category 5	Waste generated in operations	600	816	703
	Category 6	Business travel	222	318	438
	Category 7	Employee commuting	588	676	550
	Category 8	Upstream leased assets	Not applicable to calculation	Not applicable to calculation	Not applicable to calculation
	Category 9	Downstream transportation and distribution * Shipping transportation (other companies are the transport shippers), storage in warehouses, and sales at retail stores	Not applicable to calculation	Not applicable to calculation	Not applicable to calculation
	Category 10	Processing of sold products	Not applicable to calculation	Not applicable to calculation	Not applicable to calculation
	Category 11	Use of sold products	Not applicable to calculation	Not applicable to calculation	Not applicable to calculation
	Category 12	End-of-life treatment of sold products	Not applicable to calculation	Not applicable to calculation	Not applicable to calculation
	Category 13	Downstream leased assets	4,338	4,286	4,091
	Category 14	Franchises	Not applicable to calculation	Not applicable to calculation	Not applicable to calculation
	Category 15	Investments	Not applicable to calculation	Not applicable to calculation	Not applicable to calculation

No third-party guarantees have been received for emissions in FY2022.

Strategy 2: Natural Capital

LEAP Approach

We utilize the LEAP Approach developed by TNFD in our analysis for evaluation and management purposes related to natural capital. The LEAP approach consists of four processes: Locate (interface with nature), Evaluate (dependencies and impacts on nature), Assess (nature-related risks and opportunities), and Prepare (to respond to, and report on, material nature-related issues).

Locate Phase: Locate Interface with Nature

Scope

The scope of the Locate phase covers direct operations and value chain upstream operations (raw materials and fuels). All four domestic production sites were selected as direct operations. For the value chain upstream operations, we selected eight companies: four companies that provide products on the High Impact Commodity List[*2] published by SBTs for Nature (SBTN)[*1] and are closely related to our business, and four suppliers of raw fuel for products that account for a high percentage of sales. The following tools were used to analyze the natural conditions in the vicinities of these operations and identify areas requiring attention.

*1: A framework that encourages companies and municipalities to set nature-related targets based on science.
*2: SBTN's list of commodities (raw materials) that are considered to have a significant impact on nature.

Identification of Areas Requiring Attention

We utilized the analysis tools and databases recommended by SBTN to identify areas requiring attention. Areas requiring attention are identified where one or more of the following five criteria listed in the TNFD Recommendations apply.

- Areas of importance for biodiversity (analysis tool: IBAT[*1])
- Areas of high ecosystem integrity (analysis tool: GFW[*2])
- Areas of rapid decline in ecosystem integrity (analysis tool: GFW)
- Areas of high physical water risks (analysis tool: Aqueduct[*3])
- Areas of importance for ecosystem service provision, including benefits to Indigenous peoples, local communities, and stakeholders (analysis tool: GFW)

*1: Integrated Biodiversity Assessment Tool
*2: Global Forest Watch (an online system for monitoring forests on a global scale using high-resolution satellite images)
*3: A data platform on water risk provided by WRI (World Resources Institute)

IBAT Analysis

We utilized four IBAT indicators (WDPA[*4], KBA[*5], IUCN[*6] Red List of Threatened Species STAR[*7], and IUCN management categories) to analyze the four domestic production sites and eight suppliers we surveyed in order to identify areas important for biodiversity.

The survey areas were set within a 50-kilometer radius of the production site (supply base) for WDPA, KBA, and IUCN Red List of Threatened Species STAR, and within a 0-kilometer radius for IUCN management categories.

*4: The World Database on Protected Areas
*5: Key Biodiversity Areas
*6: International Union for Conservation of Nature and Natural Resources
*7: Species Threat Abatement and Restoration

■ IBAT Data Map

(STAR Threat Abatement 5 km resolution, East Asia region)

Results of Analysis Using IBAT (Direct Operations, Value Chain Upstream Operations)

The results of the analysis showed that the WDPA and KBA indicators applied to all four domestic production sites. In addition, the IUCN Red List applied to two sites to a medium degree, and IUCN management categories (IV to VI) applied to two sites.

As for suppliers, WDPA and KBA applied to five production sites (supply sites), IUCN Red List species counts applied to one site each to a high and medium degree, and IUCN management categories (IV to VI) to one site.

■ Summary of Analysis Utilizing IBAT

As of March 31, 2025

Production site name	Scope	World Database on Protected Areas				World Database of Key Biodiversity Areas	IUCN Red List of Threatened Species	IUCN management category
		National	World Heritage	Ramsar Convention wetlands	UNESCO MAB	KBA Important Bird and Biodiversity Area	Number of threatened species	IUCN IV~VI
Fukushima No. 1 Factory	50 km (1 km for IUCN)	Yes	No	No	No	Yes	Medium	Yes
Fukushima No. 2 Factory		Yes	No	No	No	Yes	Medium	Yes
Aichi Factory		Yes	No	Yes	No	Yes	Low	No
Tokuyama Factory		Yes	No	Yes	No	Yes	Low	No
8 Suppliers		5 sites	0 sites	0 sites	0 sites	5 sites	1 medium site 1 high site	1 sites

Yes: applicable; No: not applicable

Number of threatened species: rated low to high