



Hodogaya Chemical Group's Sustainability



Details on TCFD can be found on our website.
<https://www.hodogaya.co.jp/english/csr/eco/tcfd/>



Basic approach

The Hodogaya Chemical Group actively promotes sustainability activities based on the concept of balancing the pursuit of economic value and solutions to social issues and providing value to all stakeholders to fulfill its responsibility to realize a sustainable world and society in the medium- to long-term in line with the PURPOSE (Management Philosophy) and VISION (Target Corporate Image).

Sustainability policy

The Hodogaya Chemical Group aims to address social issues within its business areas while ensuring economic rationality. By promoting sustainability management in a manner suited to its scale and advancing it in a sustainable way, our Group seeks to enhance corporate value over the medium- to long-term and achieve sustainable growth.

As a comprehensive policy, we have established our Sustainability Policy, which sets forth our basic approach and related policies for addressing sustainability-related challenges from five perspectives, guiding us in pursuing initiatives with clear intent.

To advance these efforts, we have established the Sustainability Development Committee, whose discussions are regularly submitted to and reported at the Board of Directors and Management Committee for approval.

Philosophy Structure



Sustainability Promotion Structure



Disclosure of Information Related to Climate Change Based on TCFD



Basic approach

The Hodogaya Chemical Group will actively move forward based on the idea of balancing the pursuit of economic value and solutions to social issues and providing value to all stakeholders to fulfill its responsibilities related to creating a sustainable world/society as given in the VISION (Target Corporate Image) appearing in the Mid-term Management Plan SPEED 25/30, which started from FY2021.

As a chemical company, Hodogaya Chemical is resolutely confronting climate change in accordance with the guidance by the TCFD, while proactively striving for information disclosure. In November 2022, we declared our support towards guidance from TCFD.

Governance and Risk Management

The Sustainability Development Committee is a committee organization that actively promotes responsibility toward the realization of a sustainable earth and society in accordance with the Management Philosophy and Corporate Action Guidelines. We established the Global Environment Subcommittee, which promotes activities related to preservation and improvement of the global environment, and the TCFD Subcommittee, which promotes disclosure activities in response to guidance from the TCFD, in addition to the conventional RC/QM Subcommittee.

The Risk Management Committee discusses Companywide risk recognition, evaluation and mitigation measures. The Risk Management Committee also discusses environmental risks, such as climate-related risks, opportunities and countermeasures recognized by the TCFD Subcommittee.

The content of discussions in each committee and subcommittee is submitted and reported to the Board of Directors and Management Committee.

Strategies and Risk Analysis

In pursuing the Mid-term Management Plan SPEED 25/30 business strategy of developing a new portfolio, we expect production volume to increase. We have classified the risks projected from a long-term perspective, looking ahead to 2030, into TCFD risk

categories, are proceeding with climate scenario analysis, and from the results of our analysis, we are promoting new initiatives and opportunities for transition risks and physical risks.

Scenario Analysis

Risks and Opportunities		Risks	Opportunities	Measures	Impact on business
Transitional risk 1.5°C scenario	Policy/Regulation	• Strengthening energy-related laws and regulations • CO2 reduction		• Promoting energy saving • Use of renewable energy • Review of manufacturing process	Increase in energy costs and raw material procurement costs due to the introduction of a carbon tax, etc.
	Strengthening environment management			Strengthen the internal structure by leveraging the knowledge gained thus far	Increased cost burden for maintenance and improvement of management system
	Technology	Creation of new technologies for environmental friendliness		• Strengthen R&D to meet demands • Strengthen production technology capabilities by reviewing manufacturing processes, etc.	[Risk] Increase in R&D and manufacturing costs [Opportunity] Maintain and expand market share by providing products and services that meet demand
	Market	Eco-friendly market formation		• Revise and strengthen business strategies by deepening market and customer needs, and improve R&D and manufacturing technology capabilities corresponding to them	[Risk] Increase in R&D and manufacturing costs [Opportunity] Maintain and expand market share by providing products and services that meet demand
Physical risk 4°C scenario	Reputation	Stakeholders making environment as important matters		• Enhancing dialogue with local communities, personnel, and shareholders and securing a system	—
	Chronic	Rise in average temperature		• Labor saving and automation of manufacturing equipment	[Risks and Opportunities] Response to market changes, especially in the agrochemicals business
	Acute	Increase in earthquakes, typhoons, and floods		• Promote multiple purchases, strengthen BCP	Shutting down of factories and inability to procure raw materials

Targets and Indicators

The Hodogaya Chemical Group has set the following non-financial targets (climate change-related) in its Medium-term Management Plan SPEED 25/30:

- Reduction of carbon dioxide emissions (achieved FY2025 target)
- Reduction of energy intensity (achieved FY2025 target)

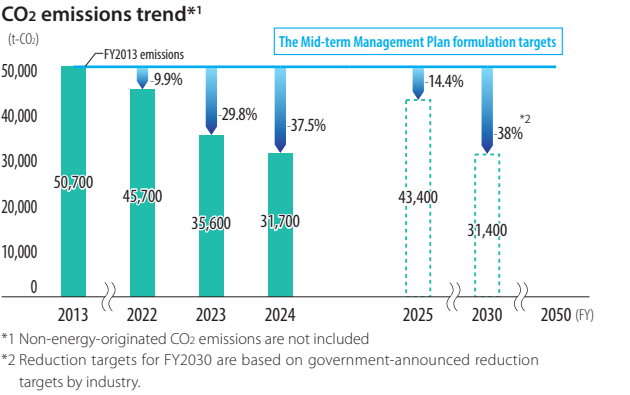
- Reduction of industrial waste volumes (did not achieve less than the previous fiscal year's generation)

These are being discussed by the Global Environment Subcommittee, debated in the Sustainability Development Committee, and progress is confirmed by the Board of Directors and Management Committee.

Responding to Climate Change

Most of the greenhouse gases (GHG) emitted by Hodogaya Chemical are carbon dioxide. The GHG emissions for FY2024 are 31,700 t-CO₂*1. In anticipation of increased production volumes in the future, we will address climate change from both mitigation and adaptation perspectives with a long-term view towards FY2030.

*1 Non-energy-originated CO₂ emissions are not included



Roadmap for Reducing CO₂ Emissions

		2030 Toward achieving future goals	2050 Development of hydrogen society and challenge to carbon neutrality
Promotion of technological innovation	Process	• Efforts to save energy — Promotion of high efficiency through process improvement — Promotion of waste heat recovery (heat pump)	• Study of hydrogen plant CO ₂ recovery and use • External procurement of green hydrogen
	Steam boiler	• Efforts to save energy — Active use of waste heat	• Improvement of electrification rate of heat source • External procurement of green hydrogen • Fuel conversion (LNG → hydrogen) — Hydrogen-fired boilers introduced at all plants • Introduction of cogeneration (hydrogen mixture → hydrogen-only combustion)
Expansion of use of renewable energy	Electricity	• Efforts to create energy — Introduction of renewable energy • Efforts to save energy — Promotion of high efficiency • Gradual switch to CO ₂ -free power sources using renewable energy	
Utilizing the ICP system	—	• Promoting ICP system • Continue switching to LED lighting equipment • Continue to introduce top-runner equipment • Reduction of heat loss through appropriate management of heat insulating materials and traps • Efficient operation	

*1 Scope 1: Direct emissions

*2 Scope 2: Energy-originated indirect emissions