

Contribution to global environmental conservation

To Realize a Decarbonized Society

We recognize that climate change represents both risks and an important management mission for the Toho Titanium Group to gain new profit opportunities. We will work to mitigate and adapt to climate change through our business, actively contribute to decarbonization through technological innovation, and work proactively in good collaboration with stakeholders to achieve both medium- to long-term improvements in the Group's corporate value and sustainable development of society as a whole.

Our Group supports the Japanese government's decision to lead the country toward decarbonization. We will comply with all laws and regulations related to climate change and help achieve the goals set forth in the SDGs and the Paris Agreement through the reduction of GHG emissions across the whole value chain. We also recognize the importance of climate-related financial disclosures, support the TCFD, and disclose information in line with the TCFD.

TOPICS

Introduction of Solar Power Generation Equipment

At the Wakamatsu Plant, solar power generation equipment (PPA* model) was installed on the roofs of the plant and warehouse buildings, and power transmission began in December 2023.

We will actively promote the introduction of carbon-neutral energy and energy-saving equipment by considering the installation of such equipment in plants and buildings to be constructed in the future.



Solar power panels installed within the Wakamatsu Plant
* Abbreviation of Power Purchase Agreement. A power purchase agreement in which the power producer installs, operates, and maintains power generation facilities on and off site, and supplies the generated power to customers.

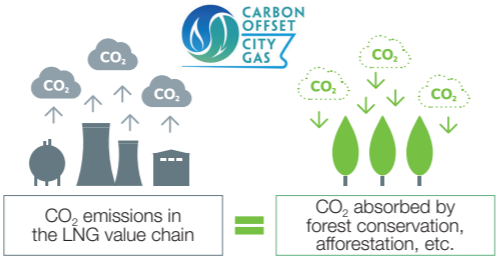
Initiatives to Make Fuel Carbon-free

Carbon Offset City Gas Buyers Alliance

Toho Titanium joined 14 companies including Tokyo Gas Co., Ltd. in launching the Carbon Neutral LNG Buyers Alliance in March 2021. In September 2024, the Carbon Neutral LNG Buyers Alliance has been renamed the Carbon Offset City Gas Buyers Alliance, in which more than 80 companies, organizations, and local governments are participating.

Carbon offset city gas is a city gas that can contribute to global CO₂ reduction by offsetting (carbon offsetting) all or part of the greenhouse gases generated in the life cycle of city gas with CO₂ reduced or absorbed in various projects in Japan and abroad.

Aiming to contribute to the realization of a carbon-neutral society by 2050, we will make carbon offset city gas widely known throughout the world and promote efforts to increase the value of its use.



Net zero emissions

Introduction of Carbon Offset LPG

At the Kurobe Plant that uses LPG in the manufacturing process, we switched to carbon offset LPG in October 2022.

Carbon offset LPG offsets the greenhouse gas emissions produced when it is burned with carbon credits.



*GX League: Activities to realize a carbon-neutral society by 2050 and economic growth at the same time

<https://www.toho-titanium.co.jp/en/csr/external-initiatives/>

Participation in the GX League*

Our Group has participated in the GX League sponsored by the Ministry of Economy, Trade and Industry since FY2024.

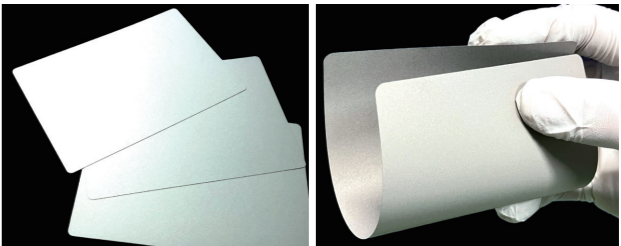
Aiming to realize a carbon-neutral society by 2050, we will contribute to society by working to reduce GHG emissions.

Providing Products Beneficial to the Environment and Safety

Our Group is responding to the emerging demands of our customers and promoting the development of new process and products that contribute to the reduction of the global environmental burden. We are also highly conscious of contributing to the SDGs in the raw materials we use, manufacturing processes, and product applications, thereby contributing to the development of a sustainable society.

The New Materials Division started construction of a new WEBTi Plant in FY2024 to be used as a material for PEM water electrolysis generators. We aim to start its mass production in FY2025.

The Catalyst Division is continuing to develop environmentally friendly catalysts and aims to commercialize them in FY2025.



Porous titanium materials "WEBTi"

Sustainable Resource Utilization

Effective Use of Water Resources

Our Group is working to improve operations and promote water recycling, as well as identify regions with high water risks and reduce water intake. We have confirmed that we meet the permit standards for water quality and quantity in each region, comply with laws and regulations, and there are no business

sites experiencing water stress as of FY2023 based on the water stress level survey results *1 in the "Aqueduct Water Risk Atlas" *2.

*1 <https://www.toho-titanium.co.jp/csr/data/> (Japanese only)

*2 A tool published by the World Resources Institute (WRI) for measuring water risks in various regions around the world.

Promotion of Waste Reduction and Reuse

While controlling amounts of waste generated at each business site as much as possible, we are also enhancing our sorting of waste to render it valuable and recyclable. When waste disposal is the only option left, we do so properly and in compliance with the Waste Disposal and Public Cleansing Act.

Recycling of Sludge Generated from the Wakamatsu Plant

With regards to the sludge generated from the Wakamatsu Plant, we are working to recycle sludge so that it can be used for landfill disposal.



Drying sludge to make press cake.

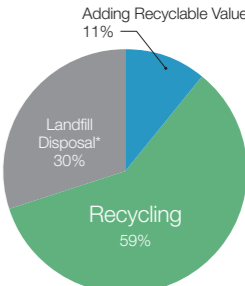
Promotion of Waste Plastic Reuse

Continuing from the previous fiscal year, we are promoting initiatives to recycling waste by changing the outsourcing company for waste treatment and adopting a recycling process. At Chigasaki Plant, we continue to work to recycle waste plastic and carrying out activities that contribute to environmental conservation.



Reusable waste plastic collection container

Breakdown of Industrial Waste (FY2023)



* 29% of the 30% landfill disposal ratio is effectively utilized for the development of offshore landfill sites.

Information Disclosure Consistent with the 4 TCFD Themes



Based on the Task Force on Climate-related Financial Disclosures (TCFD) framework, our Group organize and discloses information within 4 frameworks: governance, strategy, risk management, and metrics and targets.

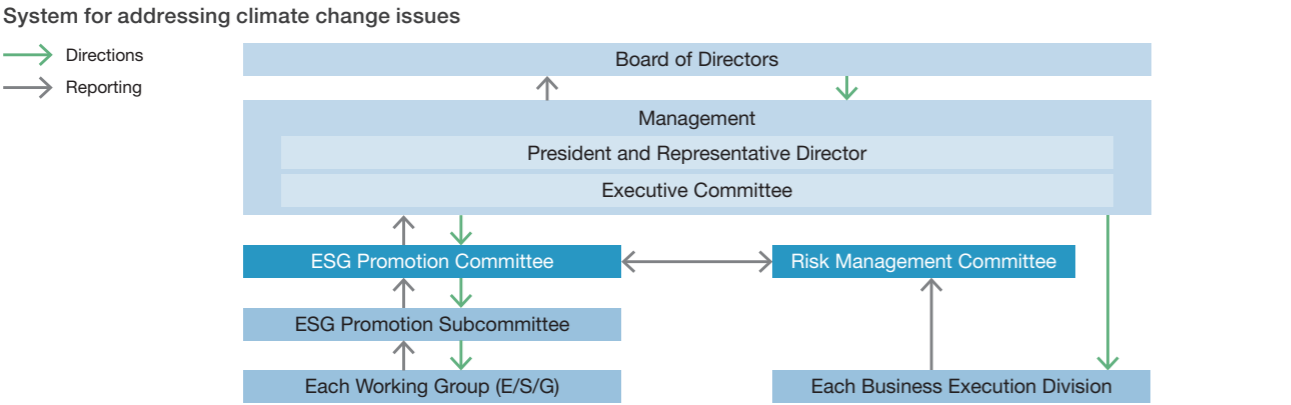
Our initiatives on climate change are as follows. We will promote progress toward our goal of net-zero GHG emissions by 2050.

Governance

The Risk Management Committee leads the identification of climate change risks, the deliberation of their impacts and countermeasures, and monitoring and management of handling of approved risks.

The ESG Promotion Committee leads the identification of climate change opportunities, the deliberation of their impacts and countermeasures/targets, and monitoring of handling of approved opportunities. These matters, together with climate change risks deliberated at the Risk Management Committee, are reported to the Executive Committee.

The Executive Committee regularly (twice a year in principle) receives and approves reports on climate change risks and opportunities deliberated by the 2 Committees. Then, the approved matters are reported to the Board of Directors, which has a supervisory function.



Strategy

The Group strives to understand the financial impact of climate change through scenario analysis. Based on the results of the scenario analysis, we have formulated a concrete transition plan to achieve a low-carbon society, which is reflected in the FY2023-2025 3 year Medium-term Management Plan.

Please refer to "Disclosure content in accordance with the TCFD" on the Group website for details.
<https://www.toho-titanium.co.jp/pdf/csr/aboutTCFD.pdf> (Japanese only)

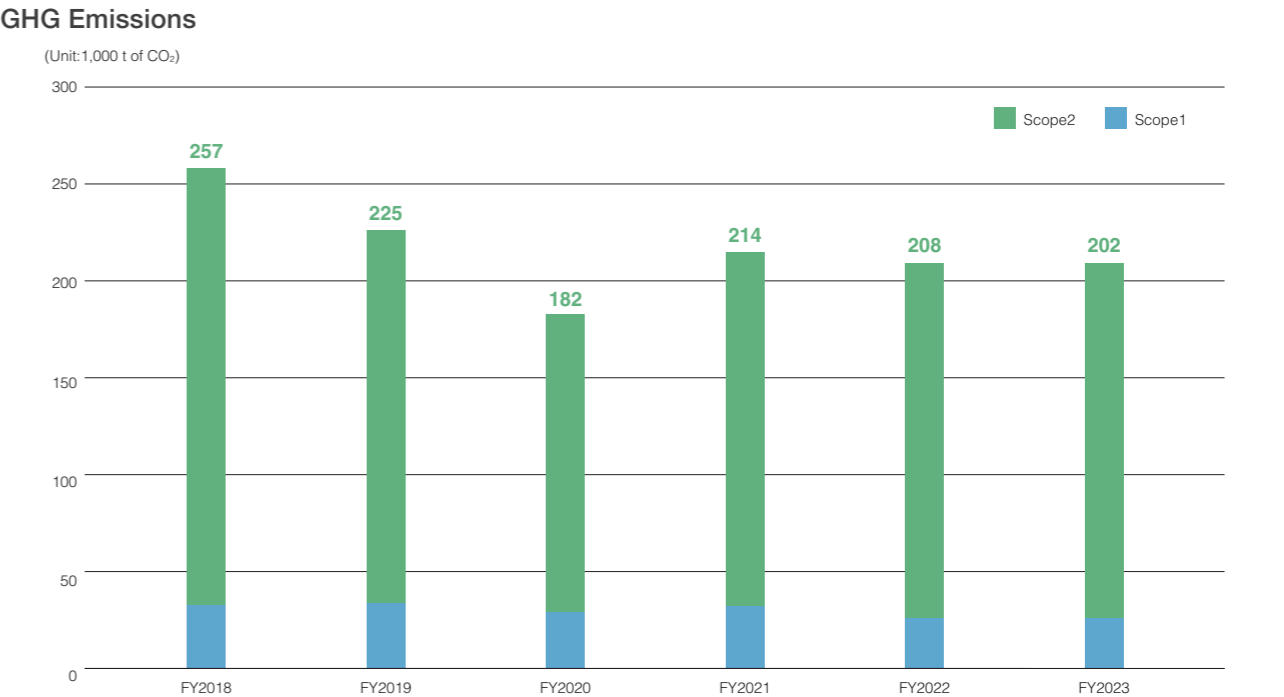
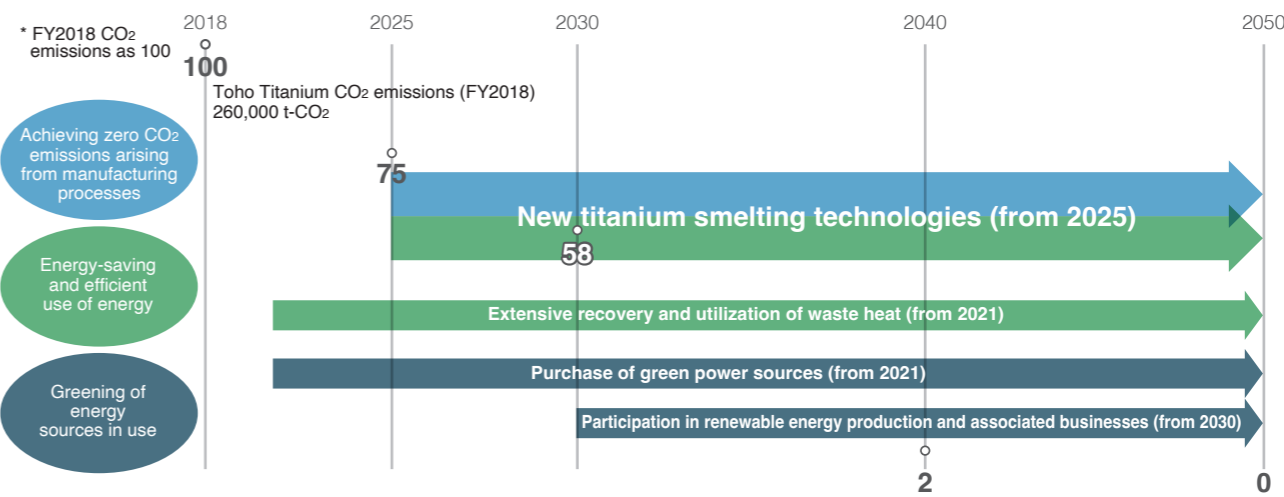
Risk Management

- The Climate Change Risk Identification Process**
The process of identifying climate change risks is led by the Risk Management Committee. In cooperation with the ESG Promotion Committee, the Executive Committee finally identifies climate change risks of our Group.
- Integration into Company-wide Risk Management**
The Risk Management Committee is chaired by the Toho Titanium President, and consists of its Executive Officers, the Presidents of affiliated companies, and other members appointed by the President. Climate change risk is also managed by the Risk Management Committee in the same manner as other risks, based on the system set forth in the Risk Management Manual.
- How to Respond to Risks**
The identified climate risks are classified into 4 categories (avoidance, mitigation, transfer, and acceptance) in accordance with the Risk Management Manual, and their responses are considered. After deliberation by the Risk Management Committee, the response policy is reported to the Executive Committee through the ESG Promotion Committee for final approval.

Indicators and Targets

Our Group is committed to reducing GHG emissions through zero CO₂ emissions from manufacturing processes, energy conservation and effective use of energy, and carbon-free energy source uses.

We set a target of 25% reduction in the sum of Scope 1 and Scope 2 for FY2025 and 40% reduction for FY2030 (both compared to FY2018), with a final goal of net zero in FY2050.



Notes:
1. CO₂ emissions from the combustion of carbon neutral city gas and carbon offset LPG are considered zero.
2. For Scope 3, FY2022 results are 367 thousand tons of CO₂, and FY2023 results are 351 thousand tons of CO₂.

Adoption of CO₂-free Electricity

As part of our efforts to reduce CO₂ emissions, we introduced CO₂-free electricity at the Chigasaki Plant, part of Wakamatsu Plant, and at Hitachi Plant in FY2021, and Kurobe Plant in FY2023. In FY2023, we installed solar power generation equipment based on the PPA model, and started generating and transmitting electricity.

The Group will continue to promote CO₂-free use of the electricity it uses.