

## SPECIAL FEATURES

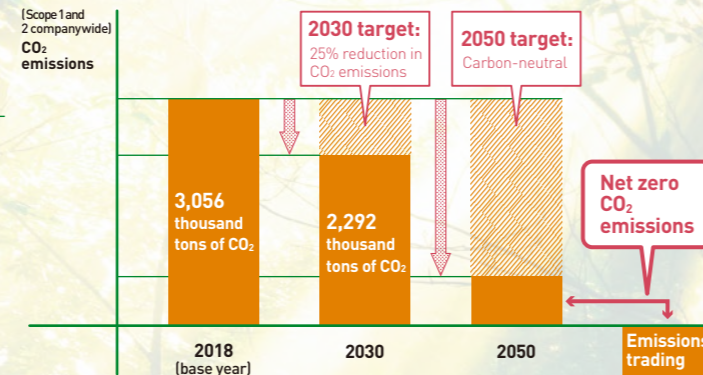
# To a Carbon-Neutral Society

The Tokai Carbon Group recognizes that addressing climate change is an important management issue and is working to reduce total CO<sub>2</sub> emissions with a goal of carbon neutrality by 2050. In November 2021, the Group expressed its support for the Task Force on Climate-related Financial Disclosure (TCFD). We will take appropriate measures toward achieving a carbon-neutral society by assessing the impact of climate change on our business.

## Tokai Carbon Group's CO<sub>2</sub> Emissions Reduction Target

Tokai Carbon Group targets reducing CO<sub>2</sub> emissions by 25% (VS 2018) before 2030 and achieving carbon-neutrality in 2050.

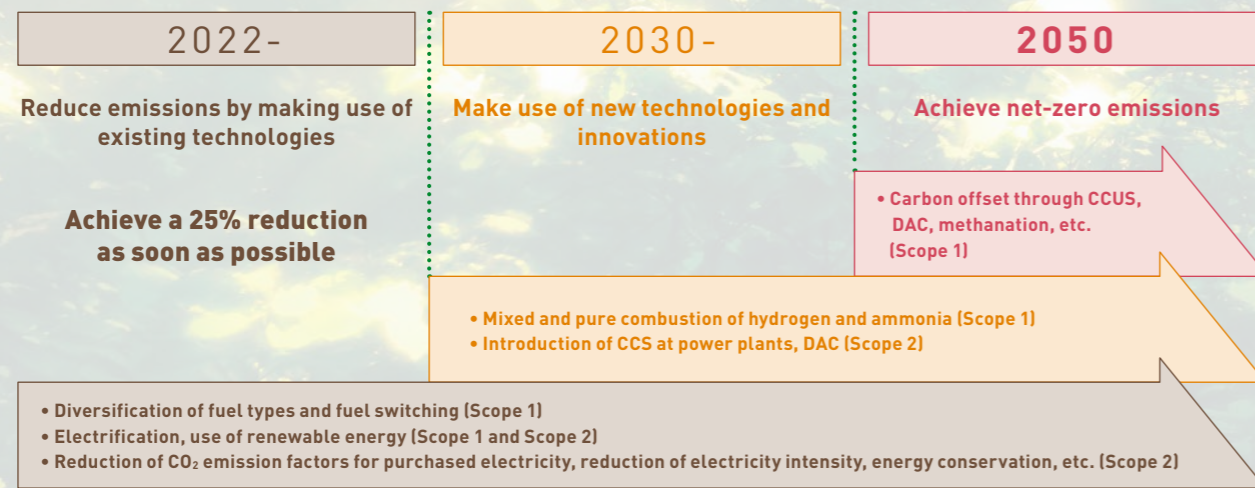
\* The targets pertain to Scope 1 and 2 emissions from all consolidated production bases, head office, branches, and laboratories, excluding Tokai Carbon (Dalian) Co., Ltd., Tokai Carbon (Suzhou) Co., Ltd., Shanghai Tokai Konetsu Co., Ltd., Tokai Konetsu (Suzhou) Co., Ltd., and Tokai Carbon Italia S.R.L.



## Roadmap to Carbon Neutrality

We will take steps to reduce CO<sub>2</sub> emissions using existing technologies to achieve a 25% reduction in CO<sub>2</sub> emissions by 2030, aiming for the earliest possible time. With respect to raw materials, we are considering introducing nature-derived and renewable resources. We will diversify from fossil fuels to electric energy and renewable energy for manufacturing. We will also make capital investments in energy conservation.

In addition, we will actively use new technologies and innovate towards net-zero carbon emissions in 2050. Amid revolutionary technological advances worldwide to reduce CO<sub>2</sub> emissions, we will actively introduce technologies that are likely to find full practical application.

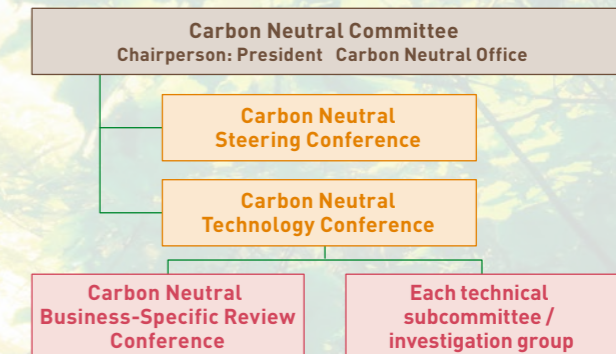


\*CCS: Carbon dioxide Capture and Storage [Capturing and storing CO<sub>2</sub>] \*DAC: Direct Air Capture [Technology for directly capturing and using CO<sub>2</sub> in the air] \*CCUS: Carbon dioxide Capture, Utilization and Storage [Technology to utilize CO<sub>2</sub> that has been isolated and stored]

# CO<sub>2</sub>net-0

## Organization for Carbon Neutrality

We reorganized the Carbon Neutral Project launched in May 2021 into a Carbon Neutral Committee in February 2022 to reinforce the organization. Serving as a high-level command tower for our carbon neutral efforts, it plans companywide policies and strategies. It visualizes issues and actions and centrally controls them. Under the committee, we have set up different related meetings, technical subcommittees, and technical study groups to implement specific strategies and measures for increasing the Group's competitiveness cross-divisionally.



## Response to Climate Change in Accordance with TCFD Recommendations

We analyze the impacts of climate change on our business in accordance with the TCFD recommendations and publish information specified as disclosure requirements in the TCFD recommendations and the results of scenario analysis on our website.

[Response to Climate Change https://www.tokaicarbon.co.jp/en/sustainability/climate-change.html](https://www.tokaicarbon.co.jp/en/sustainability/climate-change.html)

### CO<sub>2</sub> emissions (consolidated)

★ Assured by a third party

	2018	2019	2020	2021
CO <sub>2</sub> emissions (thousand tCO <sub>2</sub> )	3,056	2,687	2,232	2,409★
Scope 1 (thousand tCO <sub>2</sub> )	2,430	2,164	1,825	2,070★
Scope 2 (thousand tCO <sub>2</sub> )	626	523	406	339★

### Calculation of Scope 1 and Scope 2 CO<sub>2</sub> emissions

#### Boundary

All the consolidated production sites, head office, branches, and laboratories, excluding Tokai Carbon (Dalian) Co., Ltd., Tokai Carbon (Suzhou) Co., Ltd., Shanghai Tokai Konetsu Co., Ltd., Tokai Konetsu (Suzhou) Co., Ltd., and Tokai Carbon Italia S.R.L.

#### Period covered

	Japan	Overseas
Energy sources	2018-2020: April to March (Tokai Konetsu Kogyo: January to December) 2021: January to December	January to December
Non-energy sources	January to December	January to December

#### Calculation Method

**Scope 1:** CO<sub>2</sub> emissions from energy sources and non-energy sources (excluding non-CO<sub>2</sub> greenhouse gas emissions from industrial processes) from corporate activities are calculated. CO<sub>2</sub> emissions from non-energy sources are calculated from raw and secondary materials' consumption and the balance of products and waste. (Those pertaining to certain overseas plants are from measured CO<sub>2</sub> concentrations and exhaust gas flow rate collected from the outlet and the duration of operation.)

**Scope 2:** Indirect CO<sub>2</sub> emissions associated with use of energy in corporate activities

• The market-based method in the GHG Protocol is used. For emissions in Japan, the emission coefficient by electricity utility under the Act on Promotion of Global Warming Countermeasures applies. For overseas emissions, emission coefficients published by electricity utilities are used, although the latest emission coefficients published by national and regional authorities are used for emissions from some plants.