

Environmental Management Report

FY2024 (103rd Fiscal Period)



(Report Period: From June 1, 2024 to December 31, 2024)
(Activity Period: From June 1, 2024 to December 31, 2024)

100th ANNIVERSARY
ISE 100

 **ISE CHEMICALS CORPORATION**

2027: 100th Anniversary

Prepared March 3, 2025

Ise Chemicals Corporation

Basic Management Policy

1. In the field of specialty chemicals materials and processing, we will aim to be a trusted company in the market by prioritizing our customers' needs, and providing outstanding products and services that earn customer satisfaction.
2. Based on the idea that "people are the core of a company," we will strive to respect the humanity and individuality of each employee, and to foster their abilities, while aiming to be a company where employees realize fulfillment through their work and can take pride in being employees.
3. As a good corporate citizen, we will observe all laws and promote fair, sincere corporate activities in accordance with social norms. In addition, we will protect the natural environment and be mindful of preserving resources, aiming to acquire the understanding and approval of society overall.

Environmental Safety Policy

- We recognize that safety is our top priority and strive to create a safe, secure, and comfortable work environment.
- We will steadily advance disaster prevention measures prioritizing lives and safety.
- We aspire toward sustainable business, strive to realize an environmentally friendly production process and coexistence with the local community, aiming for continuous improvement of environmental management.

Environmental Management Policy



1) We will strive to reduce CO₂ emissions from electricity and fuel to achieve a decarbonized society.



2) We will strive to reduce waste and promote recycling to build a circular society.



3) We will strive to reduce water use for the effective management of water resources.



4) We will strive to properly manage chemicals.



5) We will comply with environmental laws and regulations, consistently focus on reducing our environmental load, and promoting the safety and health of employees and the local community.



6) We will promote eco-friendly products and services.



7) We will actively engage in environmental activities within the local community and associated organizations.

Environmental Safety Policy Established: January 1, 2022

Revisions Revised: January 1, 2025

PRESIDENT AND CEO

Toshiro Kasuya

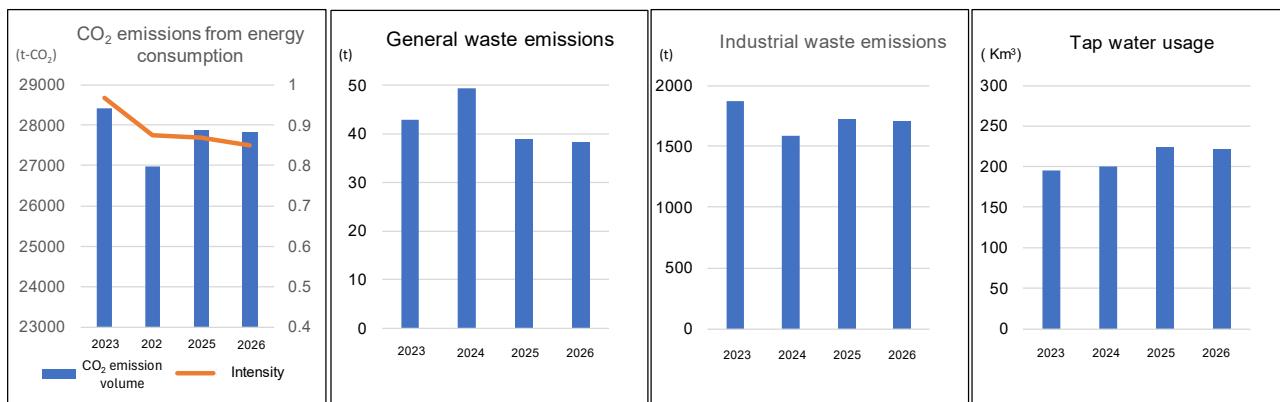


Environmental Load Reduction Targets, Results, and Interim Targets

Full year refers to Jan-Dec business year in the table

Goals	Units	Benchmark: 2023		Year 1: 2024			2025	2026
		Full Year	Jun-Dec	Jun-Dec		Full Year	Full Year	Full Year
		Results	Results	Target	Results	Results	Target	Target
Reduce CO ₂ emissions from energy consumption	Baseline ratio t-CO ₂	28,428	100%	100%	95%	95%	98%	98%
	Intensity	0.97	1.11	0.85	0.88	0.88	0.87	0.85
Reduce general waste	Baseline ratio t	42.9	100%	90%	125%	115%	91%	90%
Reduce copy paper usage	Baseline ratio 1000 sheets	771	100%	95%	89%	94%	93%	93%
Reduce industrial waste	Baseline ratio t	1,870	100%	95%	89%	85%	92%	91%
Reduce tap water usage	Baseline ratio 1,000m ³	195	100%	101%	100%	103%	115%	114%
Promote environmentally friendly products and services	Baseline ratio t	14,396	100%	94%	90%	90%	93%	92%
	Chemicals usage	3.27	3.25	3.14	3.43	3.36	3.36	3.29
	Intensity	100%	97%	106%	103%	103%	101%	101%

* Our operations focus on iodine production from natural brine and natural gas production, and, due to the locations of brine extraction, our plants and mining bases are spread out. Since facilities with high electricity needs are dispersed, CO₂ emissions increase as production volume grows at each site. We plan to centralize production facilities and rebuild plants for more energy efficiency. We will also keep working on improving production processes to reduce emissions intensity, optimize usage, and transition to non-fossil fuel energies.



(Assessment) O: Achieved X: Not achieved

Goals	Units	Benchmark: 2023		Year 1: 2024			Notes
		Full Year	Jun-Dec	Jun-Dec	Results	Target	
		Results	Results	Target	Results	Status	
Reduce CO ₂ emissions from energy consumption	Baseline ratio t-CO ₂	28,428	100%	100%	95%	O	CO ₂ emissions decreased due to lower capacity utilization. Emissions intensity improved at two sites through energy-saving efforts, but the target was missed because of operating rate fluctuations.
	Intensity	0.97	1.11	0.85	0.88	X	
	Baseline ratio		100%	76%	79%		
Reduce general waste	Baseline ratio t	43	100%	90%	125%	X	Not achieved due to higher emissions from upgrades at some sites.
Reduce copy paper usage	Baseline ratio 1000 sheets	771	100%	95%	89%	O	Achieved by implementing usage reduction measures.
Reduce industrial waste	Baseline ratio t	1,870	100%	95%	89%	O	Achieved by reducing large works that produce industrial waste and implementing waste reduction measures.
Reduce tap water usage	Baseline ratio m ³	195	100%	101%	100%	O	Achieved the goal but should promote additional reduction measures.
Promote environmentally friendly products and services	Baseline ratio t	14,396	100%	94%	90%	O	Usage declined from capacity utilization rate difference. Intensity goal wasn't met as impact of the capacity utilization rate and different processed material outweighed benefits of reduction measures.
	Intensity	3.27	3.25	3.14	3.43	X	
	Baseline ratio		100%	97%	106%		
Production volume	t	29,354	14,506	19,166	17,544		

Environmental management plan progress status and assessment, and FY2026 plan

P3

(Assessment) O: Achieved X: Not achieved Δ: Partially achieved

Initiatives		Year 1: Jun–Dec 2024			Jan–Dec 2025	FY2025 assessment / FY2026 initiatives
Measures Applied		Targets	Results	Status	FY26 Targets	
CO ₂ emissions reduction for energy consumption	t-CO ₂	16,211	15,407	O	27,869	Emissions volume decreased due to the capacity utilization rate, but emissions intensity was not achieved because of the progress of each measure.
	Intensity	0.85	0.88	X	0.87	
Electricity						
a	Reduce motorized equipment usage with process improvement			O	Continue	Each site is implementing various process improvements to promote power usage reduction, but some are not making progress due to revisions or changes in plans. LED conversion in plants is progressing according to plan. Also, promote office LED conversions. Starting next fiscal year, gradually consider installing solar panels.
b	Reduce power usage with process improvement			Δ	Continue	
c	Optimize operation of equipment used for processes			Δ	Continue	
d	Promote conversion to LED lighting, introduce motion sensor			O	Continue	
e	Upgrade to highly efficient equipment			O	Continue	
f	Efficient use of air conditioning			Δ	Continue	
g	Solar panels		--	Plan		
Natural Gas						
a	Insulate steam piping and heat exchangers			Δ	Continue	Promoting insulation of heating equipment and pipes and heat recovery. Equipment is systematically upgraded. Some plants are lagging in the insulation plan, but will continue to work on this in the next FY onwards. Promote operational condition optimization and upgrade heat energy using equipment.
b	Recover steam drain heat			Δ	Continue	
c	Upgrade to highly efficient boilers			O	Continue	
d	Optimize steam trap management			O	Continue	
e	Insulate combustion equipment			O	Continue	
f	Optimize dryer operation		--	Plan		
g	Replace heat energy consuming equipment		--	Plan		
Other fuels						
a	Communicate LPG usage reduction			O	Continue	Gradually replace corporate vehicles and forklifts with hybrid and electric vehicles, ensure eco-driving, and raise awareness about vehicle maintenance. In FY26, begin reviewing raw material receiving methods as an initiative to reduce forklift usage in plants.
b	Inspect gas equipment			O	Continue	
c	Promote eco-driving			O	Continue	
d	Convert to fuel efficient vehicles			Δ	Continue	
e	Consider adding electric vehicles			Δ	Continue	
f	Replace with electric forklifts			O	Continue	
g	Regularly confirm tires to ensure appropriate air pressure			O	Continue	
h	Reduce container cleaning by converting to tank trucks		--	Plan		
i	Regular inspection and maintenance			O	Continue	
j	Promote remote operation			O	Continue	
k	Reduce use of corporate vehicles			O	Continue	
General waste reduction	Emissions (t)	20	27	X	39	Not achieved.
a	Recycle work clothes and safety equipment			O	Continue	Each site visualized the total volume of general waste and promoted reduction measures by ensuring sorting and recycling. In particular, reducing copy paper was a goal, contributing to less waste by switching to electronic work reports and cutting down on meeting material distribution. Efforts will continue in FY26.
b	Continue recycling			Δ	Continue	
c	Communicate reduction of domestic waste			Δ	Continue	
d	Cardboard recycling (resource collection)			O	Continue	
e	Paper reduction with electronic daily reports			Δ	Continue	
f	Reduce distribution of paper documents for meetings, etc.			O	Continue	
g	Change packaging			Δ	Continue	
h	Use reverse side of paper			O	Continue	
Copy paper reduction	Usage (1000 sheets)	433	404	O	721	Achieved target with visualization of usage.
a	Communicate usage reduction			O	Continue	The initiative began as a supplementary goal for general waste reduction. It increased awareness of paperless operation by tracking the number of sheets used and achieved around a 10% reduction vs target.
b	Review printing of business documents			Δ	Continue	
c	Use own laptops at meetings			O	Continue	
d	Use large TV monitors at meetings			O	Continue	
e	Promote paperless operation (reduce copy paper usage)			O	Continue	
f	Paper reduction with electronic daily reports			Δ	Continue	
g	Use reverse side of paper for copying			O	Continue	
Industrial waste reduction	Emissions (t)	1,099	1,030	O	1,722	Achieved through implementing measures, though influenced by capacity utilization rate.
a	Promote recycling			Δ	Continue	Considered recycling industrial waste, but significant results were not achieved in FY25. Continue review in FY26 onwards.
b	Consider reuse of process materials			O	Continue	
c	Consider recycling industrial waste			Δ	Continue	
d	Consider reduction of product drum disposals			Δ	Continue	
e	Enhance stock management for product packaging			O	Continue	
f	Reuse pallets			O	Continue	
g	Maintain equipment			O	Continue	
h	Change packaging			O	Continue	
i	Review operational conditions			O	Continue	
Tap water use reduction	Usage (1000m ³)	122	122	O	224	Met target.
a	Promote usage reduction			O	Continue	Achieved by optimizing process material usage. Planning reduction by reviewing raw material receiving method in FY26.
b	Optimize process tap water usage			O	Continue	
c	Reduce equipment using tap water			O	Continue	
d	Reduce container cleaning by converting to tank trucks		--	Plan		

Initiatives		(Assessment)			O: Achieved	X: Not achieved	△: Partially achieved	FY2025 assessment / FY2026 initiatives
Measures applied		Targets	Results	Status	FY26 Targets			
Optimize chemicals management								
a	Risk assessment (environmental measurement)			O	Continue			
b	SDS monitoring for raw materials, chemicals RA performed and notified for renewed SDS			O	Continue			
c	Ensure hazardous materials labeling			O	Continue			
d	Recording/management of usage, storage volume, use method and location, and storage location, etc.			O	Continue			
e	Employee education			O	Continue			
f	Inspection of raw materials, work in progress, product tanks, pipes, valves, and bund walls, etc.			O	Continue			
g	Emergency response preparation and training for piping, valves, bund walls, etc., and iodine leakage			O	Continue			
Promote environmentally friendly products and services								
c	Improve emissions intensity of chemical substances (sodium hypochlorite)	Emissions intensity	3.14	3.43	X	3.36		
a	Reduce claims/reprocessing of defective products (internal treatment)			X	Continue			
b	Reduce internal treatment/reprocessing into raw materials, regrading ratio			O	Continue			
d	Reduce plastic usage			O	Continue			
e	Promote recycling			O	Continue			
f	Thoroughly enforce separation of waste			O	Continue			
g	Support energy reduction			O	Continue			
h	Increase use of renewable energy			O	Continue			

(1) Activity goal

- Compliance with key applicable laws and regulations.

(2) Activity details

- Report any changes or additions to the reported facilities or managers to the supervisory agency as needed, and update the list of plant-related laws and regulations [integrated version].
- Perform environmental measurements at prescribed intervals and verify at the Safety, Health, and Environmental Management Committee meeting.

(3) Activity results and assessment

Monitored regulatory compliance throughout the fiscal period and found no violations of relevant laws and regulations.

In addition, there were no claims reported, violations, or other issues identified by relevant authorities, and no litigations or similar matters occurred.

(4) FY26 initiatives

- Continue regulatory monitoring and share revised laws at the Safety, Health, and Environmental Management Committee.
- Report any changes or additions to the reported facilities or managers to the supervisory agency as needed, and update the list of plant-related laws and regulations [integrated version].
- Notify the departments of plant-related laws and regulations every six months and verify proper compliance with a checklist (monitor compliance).
- Act on Special Measures Concerning Promotion of Proper Treatment of PCB Wastes: Completed treatment of high-, revised low-, and low-concentration PCB wastes.

Environmental Activities

We engage in activities that are closely tied to the local communities, such as by participating in and supporting cleanup and beautification activities in the areas and local communities near our plants, as well as sponsoring local events, such as sporting events and festivals. We also offer tours of our plants to local residents and students from nearby schools.

(1) Activity goal

- Flower planting, cleaning, litter pickup around each site
- Initiatives for local environmental improvement

(2) Activity results and assessment

Cleaning activities conducted by each plant



(3) FY26 initiatives

- Weeding, cleaning, beautification around each site
- Support initiatives for local environmental improvement

(1) Activity goals

- Company-wide training • Emergency Call System Safety Confirmation Drill (EMC Drill) • Inspections on "Company Safety Inspection Day"
- Disaster prevention education and training
- Each business unit conducted emergency response training assuming a disaster, EMC Drill, AGC Group safety confirmation drill.
- Each business unit implemented heatstroke prevention measures
- Participate in internal and external education regarding EA21 and energy saving

(2) Activity results and assessment

- Conducted emergency response training for potential disasters relevant to the business unit environment (earthquake/tsunami, fire, leakage, blackout, water damage).
Updated the Earthquake/Tsunami Notebook and conducted earthquake/tsunami evacuation training by plant.
- Conducted airline mask training assuming iodine leakage and fire extinguishing training.
- Conducted heatstroke prevention education and business unit WBGT management/response, resulting in zero heatstrokes.
To improve the WBGT score, promoted insulation for building structure and heat source, and installed air-conditioners. Otherwise, supplied air-conditioned work wear suitable for each business unit.
- Education and training led by Environment and Safety Office, trainings planned by each department, company-wide training and heatstroke prevention measures were implemented according to the plan.
Introduced safety and health management solution using watch-type wearable device.
- Established initial response to wind and water damage, including rainfall/wind speed criteria and an action manual, and emergency communication standards.
Introduced weather news (used as reference information for BCP internal disaster alert notice).

(3) FY26 initiatives

- Established BCP regulations, identified issues/risks regarding expected incidents for each department.
- Continue to conduct trainings for earthquake/tsunami, leakage, and fire response.
- Continue WBGT management, installed mist showers where possible for outdoor work.



Environmental Education (Security and Disaster Prevention Activities)

1. Established and communicated wind and water disaster response criteria
 - (1) Clarified the roles of the Environment and Safety Office and each department at normal and emergency times.
Considered, established, and communicated the initial response
 - (2) Specific explanation of criteria for reporting to/leaving office
2. Introduced weather news (used as reference information for internal disaster alert announcement)
3. VR risk experience education for disaster experience (supplement lack of experience)
4. Disaster prevention education and training
 - (1) Response to low and fast moving tsunami
 - (2) Response to flood damage in Mobera (self support by each employee)
5. Disaster prevention lecture
 - "Learning from Noto and Hyuganada: Large Earthquake Response"
6. Procurement of disaster prevention emergency food supplies and record-keeping
7. Others
 - (1) March 11: Basics of earthquake and tsunami disaster prevention—notification, September 1: Prepare/distribute "Disaster Prevention Day Confirmation Sheet"
 - (2) EMC company-wide drill

(1) Date of review February 26, 2025 Regular review Emergency review

(2) Review period From June 1, 2024 to February 21, 2025

(3) Necessary information

- 1) Status of achievement of environmental management targets and implementation of environmental management plan (based on Environmental Management Plan)
- 2) Progress confirmation and review by Environment Committee
- 3) Scope of application, activity structure
- 4) Compliance with environment-related laws and regulations (based on Environmental Management Plan)
- 5) External communication (result of external environment-related claims, etc., received)

(4) Assessment by the Representative

- 1) Effectiveness of the system
Environmental Management System Year 1 (Jun–Dec 2024): Each department clearly set targets/measures for initiatives in the policy items.
Reviewed the list of plant-related laws and regulations, and took appropriate measures on regulatory compliance.
In some cases in Year 1, implementation of the environmental management was left to the discretion of the person in charge. Education must be promoted to raise awareness among all employees.
- 2) Environmental management initiatives

Goals	Status of Target Achievement	Status of Mgmt. Plan Implementation	Clarification of cause, FY26 direction, etc.
Reduce CO ₂ emissions from energy consumption	X	○	CO ₂ emissions decreased due to lower capacity utilization rate at most plants, except Ichinomiya Plant, but emissions intensity targets were not met despite various measures. Clarify risks and opportunities, and encourage efficient equipment management with DX.
Reduce general waste	X	○	Targets were not achieved at several plants due to the replacement of aging equipment during site upgrades, etc., in that period. Promote paperless operations, including improving production process efficiency as a reduction measure.
Reduce industrial waste	○	○	Emissions volume increased due to overlapping routine upgrades of production equipment at each plant, but appropriate waste separation helped achieve the target. Further explore recycling options to reduce emissions.
Reduce tap water usage	○	○	Further promote the optimization of tap water use in the production process, which consumes the most water, and consider using well water, including for safety water.
Optimize chemicals management	○	○	Routinely implementing appropriate equipment management and inspections. Planning and implementing manuals review and leakage response training to prepare for emergencies.
Promote environmentally friendly products and services	X	○	Continue to promote equipment improvements to reduce emissions intensity for secondary raw material chemicals to mitigate increase of raw material and fuel costs.
Community Environmental Activities	○	○	To strive for coexistence with the local community as stated in the Environmental Policy, promote local environmental preservation as a corporation by participating in various initiatives.

Environmental Management Policy	Revisions	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Revised on January 1, 2025, in accordance with the Guidelines			
Environmental Management Goals and Plan	Revisions	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Continue the current Environmental Management Goals and Plan			
Activity Structure	Revisions	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Newly established Head Office corporate organizations, Legal & IR Office, as part of organizational restructuring Revised Ichinomiya Plant corporate organization, General Affairs Department to Administration Section and Purchasing Section under the Administration Department.			
Environmental Management system	Revisions	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Changed the activity period to January to December of the business year			

(6) Evaluation by the Representative

- Year 1 activities toward certification registration were carried out over seven months, from June to December 2024. I appreciate that clear targets and methods were established, and initiatives were implemented by each department in accordance with the Environmental Management Code of Conduct. For these activities, understanding the purpose of the Environmental Policy, steadily repeating the PDCA cycle, reflecting necessary corrections in the plan for the next fiscal year, and promoting steady efforts to achieve the goals are essential.
- The EA21 Secretariat should report the confirmation and assessment of target and plan achievement status through the responsible persons at relevant departments or the secretariat to management at appropriate intervals and meetings (Environment, Safety, and Security Committee, Safety, Health, and Environment Review Meeting, and others).
- Reflect reports from each department on data to ensure they align with reports for the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures.
- We will continue to promote initiatives to realize our environmental preservation vision of "decarbonized society," "recycling-oriented society," and "coexistence with local community" under sustainability.