

Denka Acquires AA Rating, the Highest Environmental Financing Assessment Rating, and Signs Agreement for Mizuho Eco Finance

— To Achieve Carbon Neutrality by 2050, Collaborative Research into CCUS with AIST is Under Way —

Denka Company Limited (headquarters: Chuo-ku, Tokyo; president: Manabu Yamamoto; hereinafter "Denka") has recently signed a loan agreement with Mizuho Bank, Ltd. (hereinafter "Mizuho Bank") for Mizuho Environmentally Conscious Financing (hereinafter "Mizuho Eco Finance").¹

Mizuho Eco Finance is an environmental assessment-based financial product of Mizuho Bank incorporating globally reliable environmental certifications and assessments with the goal of facilitating client companies' adaptation to a decarbonized society. Using an environmental assessment model developed by Mizuho Information & Research Institute, Inc., Mizuho Eco Finance rates clients' efforts and indexes and provides loans to only the clients rated within the top two of five ratings, AA, A, B, C and D.

Last year, Denka declared that it would achieve carbon neutrality by 2050 to fulfill our social responsibilities in the face of the world's challenges. To achieve this, we have signed an agreement with the National Institute of Advanced Industrial Science and Technology (AIST) for collaborative research into CCUS² and also implement the following efforts with the perspective of the entire product lifecycle.

Specific Efforts to Achieve Carbon Neutrality

- 1: Expanding the use of clean energy and introducing high-efficiency gas turbine power generation
 - Nearly 40% of Denka's total power consumption is energy from 15 hydroelectric power generation facilities.
 - The Shin Omigawa Power Plant, the 16th facility of this type, began operating since January 2021.
 - The 17th facility, Kurobegawadenryoku Company Limited's Shin Himekawa Dai-roku Power Plant is under construction.
- 2: Products for environmental contribution and technologies for the reduction of environmental burden
 - Popularization of EV-related products and CO₂-absorbing concrete (LEAF, carbonation admixture)
- 3: Development and implementation of CCUS
 - A collaborative research agreement has been signed with AIST on the implementation of CO₂ recovery technologies (goal to be achieved by 2030)
 - The technology for recycling recovered CO₂ into raw materials for products is being developed collaboratively.
- 4: Chemical recycling technologies
 - Japan's first verification facility for the commercialization of polystyrene resin chemical recycling is Planned to begin operations in fiscal 2022
- 5: Portfolio change (restructuring of our commodity business)

Also, Denka expresses its support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). Based on the TCFD's recommendations, Denka discloses information about its progress through its own publications, including integrated reports and the ESG information website.³ Denka's perspective on eco-friendly management has been praised, and this acquisition of an AA rating, the highest possible, led to the successful signing of the loan agreement.

With the SDGs as its guidepost, Denka will advance many different efforts to conserve and protect the environment, with the goal of being a company that is genuinely needed by society.

¹ See Mizuho Bank's press release for information about Mizuho Eco Finance.

https://www.mizuhobank.co.jp/release/pdf/20190628release_jp.pdf

² CCUS: carbon dioxide capture, utilization and storage

A technology that prevents the release of CO₂ to the atmosphere by separating it from other components in the gases emitted from plants and then collecting it. The collected CO₂ is stored underground or at the bottom of the ocean, and the government and academia are jointly investigating ways to recycle it as a raw material for making chemicals or fuel. Denka is working to develop technologies in collaboration with AIST, with the aim of commercializing CO₂ collection technology by 2030.

³ ESG information website <https://denka.disclosure.site/ja>

This website is designed to communicate comprehensive information about the Denka Group's ESG management (environment, society and corporate governance) to our stakeholders.

Reference:

- January 29, 2021 “Transmission of Power from the New Omigawa Power Plant Commences Expanding Use of Clean Energy towards the Achievement of Carbon Neutrality by 2050”
https://www.denka.co.jp/eng/storage/news/pdf/321/20210129_denka_shinomi_en.pdf
- November 25, 2020 “Denka Strengthens Environmental Management for Carbon Neutrality by 2050 Presenting Denka’s Original Initiatives at Eco-Pro Online 2020”
https://www.denka.co.jp/eng/storage/news/pdf/318/20201125_denka_carbon0_en.pdf
- September 14, 2020
“Denka Expresses Support for Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) Intensifying Commitment to a Sustainable Society and Information Disclosure”
https://www.denka.co.jp/eng/storage/news/pdf/297/20200914_denka_tcf_d_en.pdf
- April 13, 2020
“Denka Affiliate Toyo Styrene to Start a Business for Chemical Recycling of Polystyrene Resins”
https://www.denka.co.jp/eng/storage/news/pdf/278/20200413_denka_ps_chemical_recycle_en.pdf

About Denka

Denka is a chemical manufacturer headquartered in Chuo-ku, Tokyo. The company specializes in developing business activities on a global scale across a wide range of fields, from inorganic and organic chemicals, to electronic materials and pharmaceuticals. Founded in 1915, Denka has steadily continued to develop and manufacture products that contribute to the development of society by fully utilizing its unique concepts and technological capabilities. Upholding its corporate slogan, “Possibility of chemistry” the company and its president, Manabu Yamamoto are committed to contributing to the sound development of the society while sincerely tackling the challenges that the society is now confronting.

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