

Quality and Technologies

GRI103-2, 3

Closely Related SDGs



Quality Policy

In 1998, the year of Taiheiyo Cement's inception, we established a quality policy based on our management policy. We revised the policy by incorporating a visual description of the code of conduct. Through those efforts we have been continually raising awareness of the policy across the organization. Moreover, it represents our aspiration to continue to be a company that customers trust and rely on by sharing a sense of achievement through each employee's actions and by providing high-quality products and services, leveraging our high technological capabilities and quality assurance system.

Quality Policy

Improve customer satisfaction by ensuring each employee is pursuing quality that meets the needs of users in the Pacific Rim from a global perspective and providing quality assurance.

Quality Assurance Initiatives and Quality Management System

GRI146-1

We focus on stabilizing and improving product quality while capitalizing on the production and quality control technologies we have developed over the years. Recently, we have further enhanced product quality control by capitalizing on advanced technologies to ensure improved stability such as an online analysis system for raw materials, clinker and cement, the measurement of clinker minerals by X-ray diffraction and our proprietary Taiheiyo Cement Quality Predictive System (TQPS).

All of our cement plants in Japan, including those of group companies, have obtained ISO 9001 certification, the international standard for quality management systems. Furthermore, all of our overseas cement plants in countries that adopt ISO have obtained ISO 9001 certification. To ensure product quality and improve business operations, we obtained ISO 9001 certification from the Japan Testing Center for Construction Materials. The scope of our certification encompasses the development, design and production of a range of cement, cement clinker and cement-based soil stabilizer products.

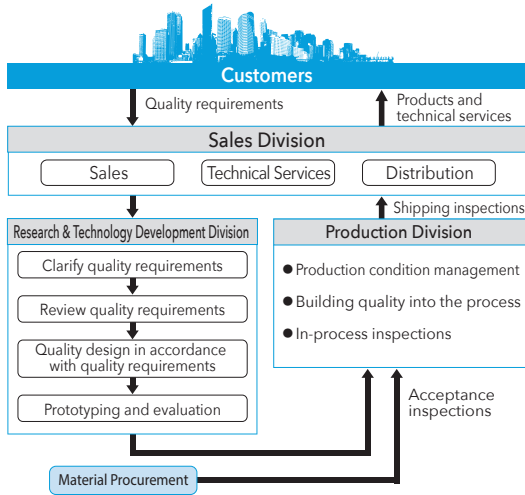
We will continue to fully apply the ISO 9001 approach in addition to our own quality management system to more deeply integrate our quality management system and business processes in an effort to strengthen our ability to continually provide ISO 9001-compliant products and deliver greater customer satisfaction.

■ Strengthening Our Relationship with Customers

We place the highest priority on achieving greater customer satisfaction. We periodically exchange information among business units to strengthen production focused on quality that meets customer expectations. From our sales and technical staff at the branches and sales offices we collect information on customer requirements for product quality and services, including delivery, and analyze the information in order to provide suggestions for improvements. To encourage overseas customers to adopt our high-quality products we have started to incorporate local needs into product quality, just as we do for domestic customers, and we are fine-tuning our products to meet the requirements of each overseas market. We respond to each quality issue raised by customers and strive to improve product quality and customer satisfaction. Also, we actively identify potential quality risks, investigate their causes and implement extensive countermeasures while enhancing cross-divisional coordination toward establishing a more secure and safer quality assurance system.

In addition, we have been expanding our quality assurance system to include the products of our group companies beyond Taiheiyo Cement products. We strive to identify and address material issues in a well-organized manner through cross-divisional activities toward strengthening the reliability of the Taiheiyo brand as well as customer satisfaction.

QMS Management System



Safe Cement and Cement Products

GRI416-1

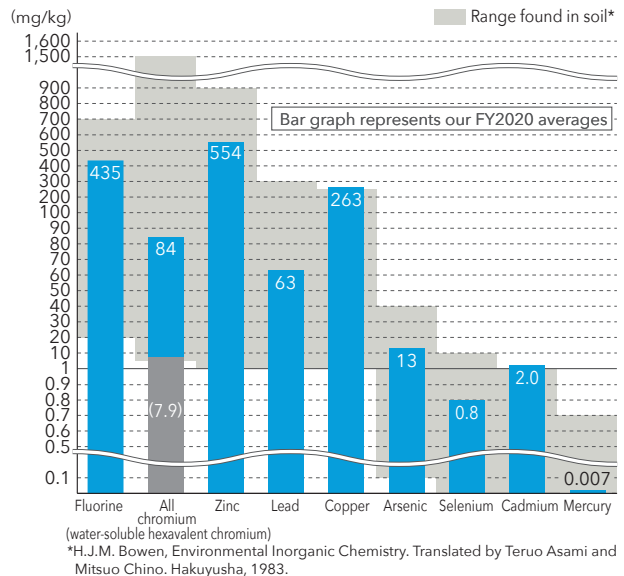
Today every product is expected to be safe and cement, as a construction material that is indispensable for developing social infrastructure, is no exception. The cement industry has long made use of industrial waste and by-products such as blast furnace slag, coal ash and by-product gypsum as substitutes for natural mineral resources. Furthermore, using technologies we developed to recycle household waste such as the AK system to recycle municipal waste and the incineration residue recycling system, we also recycle construction-related soil and waste materials into raw material and fuel for cement production. When our cement plants accept waste we prevent its dispersal and minimize the release of odor by transporting the waste in a tightly sealed panel truck and storing it in a fully enclosed facility to protect the environment of the surrounding area as well as inside the plants.

Wastes, as well as natural raw materials, contain minute quantities of heavy metals such as chromium and lead. We continually reinforce the control of minor components as the volume of waste we receive at our cement plants increases. When we receive new types of waste or waste from new sources we strictly apply rules under which we conduct three kinds of inspection related to the source of the waste, its chemical composition and the results of trial use to identify any potentially negative impact on product quality or the surrounding environment. We will then make a final determination on whether to receive the waste. These measures help us ensure product safety.

Transition of Minor Components of Ordinary Portland Cementa (Unit: mg/kg)

		FY1988	FY2016	FY2017	FY2018	FY2019	FY2020
Fluorine	Average	—	421	382	448	427	435
	Maximum	—	522	485	543	504	578
	Minimum	—	376	313	339	355	337
All chromium	Average	—	74	81	79	77	84
	Maximum	—	81	91	88	95	95
	Minimum	—	61	74	69	64	75
Water-soluble hexavalent	Average	17.4	7.4	8.3	7.4	8.6	7.9
	Maximum	32.3	10.6	9.8	9.3	11.4	9.8
	Minimum	5.3	5.7	7.1	6.0	5.4	6.6
Zinc	Average	556	529	627	530	600	554
	Maximum	1,059	659	741	659	772	677
	Minimum	137	436	496	390	449	493
Lead	Average	221	62	65	57	62	63
	Maximum	668	80	89	84	84	77
	Minimum	18	45	53	41	38	43
Copper	Average	122	216	259	223	274	263
	Maximum	233	355	355	319	415	359
	Minimum	17	133	154	162	163	181
Arsenic	Average	17	10	14	12	18	13
	Maximum	39	17	39	43	47	28
	Minimum	2	4	4	2	6	7
Selenium	Average	—	0.6	0.5>	0.7	0.5>	0.8
	Maximum	—	0.7	0.5>	1.2	0.5>	0.9
	Minimum	—	0.5>	0.5>	0.5>	0.5>	0.6
Fluorine Cadmium	Average	1.5	1.8	1.5	1.3	1.3	2.0
	Maximum	2.6	3.0	2.0	2.0	2.0	3.0
	Minimum	0.6	1.0>	1.0>	1.0>	1.0>	1.0>
Mercury	Average	—	0.005>	0.005>	0.008	0.005>	0.007
	Maximum	—	0.005>	0.005>	0.015	0.005>	0.011
	Minimum	—	0.005>	0.005>	0.005>	0.005>	0.005>

Minor Components of Ordinary Portland Cementa



Quality and Technologies
Respecting Human Rights and Diversity and Creating an Energetic Workplace
Supply Chain Management
Creating a Healthy and Safe Workplace
Communication with Communities

Quality and Technologies


Ensuring Product Safety Following a Nuclear Accident

GRI416-1, 417-1

As a consequence of the nuclear accident at the Fukushima Daiichi Nuclear Power Station of Tokyo Electric Power Company in 2011, we discovered that some industrial waste used for making cement contained radioactive material. We have established a system to ensure that the radioactive concentration in cement shipped from our plants is below the safety limit* set by the Japanese government by strictly controlling the radioactive concentrations in raw materials and fuels for cement. In the interest of full disclosure we post measurements of radioactive concentrations in our products on our website every month.

*The Japanese government set the limit of 100 Bq/kg, effective May 2011, as the safety standard for radioactive concentrations in cement.

For more information about radioactive concentration in our products, please visit:

 <https://www.taiheiyo-cement.co.jp/news/sokutei.html>
(Japanese only)

Information Provision Using SDS and Labeling

GRI417-1

To ensure the safety of cement users we prepare Safety Data Sheets which contain hazard identification details and make these sheets available on our website. Labels showing safety information are also attached to bags and flexible containers.

User Societies and Industry Associations

GRI417-1

We founded and manage a variety of societies for cement users and industry associations to support them in strengthening their businesses and developing technological competitiveness. The National Taiheiyo Cement Ready-mixed Concrete Society, the largest of these organizations, has established 10 Taiheiyo Cement Ready-mixed Concrete Societies from Hokkaido to Kyushu. For technical support we hold technical sessions and presentations while conducting activities under a specific theme that meets regional user requirements. We also support users in obtaining qualifications such as Authorized Concrete Engineer, Authorized Chief Concrete Engineer, and Authorized Concrete Diagnosis and Maintenance Engineer.

In addition to the Ready-mixed Concrete Society, we established other associations such as the Taiheiyo Cement Association for the Paving Block Industry and

SPLITTON Association Japan to proactively deliver technical support for the mutual development of concrete companies. We will continue to support activities that benefit cement users.

Representative Activities of the Ready-mixed Concrete Society (under Specific Themes)

Region	Description
Hokkaido	Survey of technical staff and education/training at ready-mixed concrete plants
Tohoku	Compiling a booklet on representative near-miss cases at ready-mixed concrete plants
Tokyo	Workshop on concrete work technologies by general contractor's engineers
Kanto	Workshop on safety management at ready-mixed concrete plants
Hokuriku	Survey of trial mixing of concrete using fly ash from different sources
Chubu	Training workshop for young engineers at concrete plants in each prefecture
Kansai	Case study of annual policy and quality policy at ready-mixed concrete plants
Shikoku	Workshop on health and safety for operators
Chugoku	Compiling technical materials for hot-weather concrete in response to work in hot or extremely hot seasonal conditions
Kyushu	Developing an FAQ on ready-mixed concrete technologies

■ Initiatives through the Taiheiyo Cement Association for the Paving Block Industry

Concrete paving blocks are being deployed to lower vehicle speeds and reduce traffic accidents associated with excessive speed. To encourage the dissemination of our roadway blocks developed by the association, we are conducting an anecdotal evaluation of performance required for roadway pavement, their durability, and other properties at the Central Research Laboratory.

Work style reform is currently in high demand at production and construction worksites for paving blocks. To gather information on the world's advanced technologies to address this challenge, we, accompanied by association members, attended bauma2019, one of the world's largest trade shows for construction machinery held in Germany in April 2019, and visited precast concrete-related companies.

The knowledge we gained there has been shared with other member companies so that, as a means of contributing to society, we can promote a wider spread use of concrete block paving.



Paving blocks constructed for evaluation



Studying construction machinery

Partnership with Society and Employees

Respecting Human Rights and Diversity and Creating an Energetic Workplace

GRI103-2, 3

Closely Related SDGs



Basic Policy Concerning Human Rights and Labor Practices

GRI102-16

We formulated our Basic Policy Concerning Human Rights and Labor Practices in April 2015 with the acknowledgement that respecting human rights and diversity is a fundamental principle for a sustainable society, and taking into consideration the Universal Declaration of Human Rights and the labor standards of the International Labor Organization.

Basic Policy Concerning Human Rights and Labor Practices

- 1 Recognizing that respecting human rights is a foundational management concern, we will strive to address human rights issues.
- 2 We will respect diversity and will not tolerate discrimination or harassment in any form.
- 3 Applying accepted international principles and laws and labor practices in each country, we will respect the rights of all our workers, treat them to employment free of discrimination and strive to ensure equal employment opportunities.
- 4 We will strive for better working conditions and a workplace environment that ensures the health and safety of our employees.
- 5 We will not tolerate child labor or forced labor under any circumstances.

Respect for Human Rights

GRI102-17, 412-2

Under the Basic Policy Concerning Human Rights and Labor Practices we are committed to respecting the human rights of our employees and all those involved in our business activities. These strong commitments are reflected in our Standard of Conduct (see page 52-53), which governs the actions of each employee and is clearly expressed in statements such as "We will respect human rights and will not discriminate on the basis of national origin, gender or other factors" and "We will maintain a harassment-free workplace."

■ Educational Activities on Human Rights

We have been conducting a variety of educational activities with the belief that education is the foundation for human rights.

In FY2020 our human rights seminars for employees were focused on the Dowa discrimination issue in Japan and preventing harassment, and the sessions for the top management of our affiliates were about unconscious bias. Moreover, during Human Rights Week, we promoted human rights awareness by collecting slogans from company employees and their

families as well as our partner companies.

We have been conducting a questionnaire on employee harassment every two years and plan to conduct the next in FY2021.

We also assisted group companies in conducting training courses and distributed a booklet to raise awareness of human rights.

In-house Training Related to Human Rights Issues and Call for Slogans (FY2020) Non-consolidated

In-house Training and Slogans Collected	Results
Group company top management lecture by CSR executive officers	138 participants
Human rights seminar for HQ employees by position (including 67 from our affiliates)	390 participants
Human rights training at plants and branches	741 participants
Human Rights Week slogans collected (from employees and their families)	1,507 slogans

■ Operating the Human Rights Hotline

Members of the Harassment Counseling Committee and Human Rights Committee assigned at all business sites conduct activities to raise awareness of human rights to prevent harassment, and handle any related complaints to create a positive workplace environment. In FY2020 we received 15 reports via the hotline, reviewed the details of each report based on requests from the complainants, and responded appropriately.

Harassment Hotline

Internal	The Human Rights Committee and harassment counselors have been allocated at all our business sites (56 in total).
External	Telephone and website consultations have been contracted to the Japan Institute of Workers' Evolution Harassment Hotline.

Number of Reports to the Harassment Hotline (FY2020) Non-consolidated
(Unit: report)

	Sexual harassment	Power harassment	Other	Total
Internal	1	8	0	9
External	1	4	1	6

Human Resource Development and Evaluation

GRI404-2, 3

We see our employees as the most important management resources for achieving the sustainable growth of our group. We maintain a long-term human resource development system in accordance with our Basic Human Resources Development Policy and a fair evaluation system to support the performance of all our human resources. These systems reflect diverse individual characteristics and values, regardless of nationality or gender.

Respecting Human Rights and Diversity and Creating an Energetic Workplace

Basic Policy Concerning the Development of Human Resources

Our aim is to develop human resources that are highly regarded both inside and outside the company.

- 1 In principle, human resources will be developed through on-the-job training supplemented by off-the-job training.
- 2 Human resources will be developed to succeed the roles of their superiors, playing central roles in the future in each area and at each level.
- 3 Human resources will be developed to take action in constant consideration of group management.
- 4 Human resources will be developed to be competent by global standards.
- 5 Human resources will be developed to protect the environment and to serve society by assuming active roles in CSR initiatives.
- 6 Human resources will be encouraged and assisted to develop their motivation and to adopt broader perspectives through self-development.

Human Resource Development

We implement company-wide measures, including group training by position, and the development of global human resources. We also introduce measures aimed at developing the individual potential of each employee as a basis for energizing the organization. These efforts provide our employees with opportunities for personalized learning experiences that foster autonomy and independence, and ultimately raise their motivation to the next level. We actively encourage and create environments in which employees can freely make decisions about their careers during their work and training.

In addition, we ask all employees to submit self-appraisals once a year, including future career development aspirations, worksite preferences and family considerations, to help us improve the work environment so they can fully demonstrate their abilities and to ensure stable employment.

Characteristics of Ideal Employees

From the standpoint of human resource development we have identified the following desirable characteristics and traits for revolutionizing the company and creating a dynamic Taiheiyo Cement.

Self-confident individuals who are able to contribute to the sustainable growth of the group with a firm commitment to achieving the group mission:

- 1 Individuals with innovative ideas, strong leadership and the ability to take bold actions
- 2 Individuals who can be competent by global standards
- 3 Individuals who can contribute to group management

Education/Training-Related Expenses per Employee Non-consolidated
(Unit: 1,000 yen)

FY2018	FY2019	FY2020
71	74	75

WEB Our Training System

Our website <https://www.taiheiyo-cement.co.jp/english/index.html>

CSR → Integrated Report → Appendix

Human Resource Evaluation System

We have adopted a human resource evaluation system that prioritizes development over compensation. The system assists employees in deepening their understanding of their evaluation results through feedback. It also strongly emphasizes the exchange of opinions between evaluators and employees, who share their thoughts on issues such as identifying areas for future development.

We have been implementing a management (HR evaluation) training program since FY2008 to enhance the evaluation, development and management of skills of evaluators. As of the end of FY2020, 770 people had participated in training under these programs.

Respecting Diversity

GRI404-2, 405-1

Promoting Diversity and the Empowerment of Women

Acknowledging that promoting diversity and empowering women is the biggest and most immediate challenge for creating an innovative labor force, we have engaged in a wide range of efforts.

In July 2015 we established the Diversity Promotion Office (name at the time) to review various measures and strengthened our awareness-raising efforts. In addition to reviewing company systems and establishing new ones, the office operates the Kirakira Palette portal site*, which provides employees with information such as details of company programs and available fringe benefits.

In October 2019 we held the fifth Diversity Forum and invited an external lecturer who has long been engaged in initiatives for enabling diverse human resources to demonstrate their capabilities and realize diverse workstyles. The theme of the lecture was diversity among role models. We made the video of the forum available online via the Kirakira Palette site for all employees to watch at their convenience.

We have been participating since FY2018 in the Science, Technology, Engineering and Mathematics Challenge (Rikochalle) program led by the Gender Equality Bureau of the Cabinet Office, to empower women in the workplace. In August 2019 we organized a plant tour for experiencing work and interacting with our female engineers at the Fujiwara Plant and Quarry.

We are steadily working on the general business owner action plans pursuant to the Act of Promotion of Women's Participation and Advancement in the Workplace. In addition, we have been participating in Keidanren's Action Plan on Women's Active Participation in the Workforce and announced our voluntary action plans. We will continue our sincere efforts to increase job opportunities for women and create an environment that fosters more female managers.

We have been actively recruiting female employees to increase the ratio of female employees to over 10% by 2020 (the ratio of female employees as of March 31, 2020 was approximately 9.0%). Women who are "G Course" employees accounted for approximately 21% of the new employees joining the company in April 2020. We also hired one female foreign national and will continue to hire outstanding employees with a focus on individual capabilities, regardless of nationality.

While our target of at least 10% of female employees by 2020 expires at the end of FY2021, we will continue to promote the empowerment of women toward achieving the target in our CSR Objectives for 2025.



ポジティブ・アクションに取り組んでいます

*Kirakira Palette portal site for supporting employees to continue working while caring for family members



Establishing Kirakira Palette portal site



The Science, Technology, Engineering and Mathematics Challenge (Rikochalle) program held in August 2019

WEB The general business owner action plans pursuant to the Act of Promotion of Women's Participation and Advancement in the Workplace

Our website <https://www.taiheiy-cement.co.jp/english/index.html>

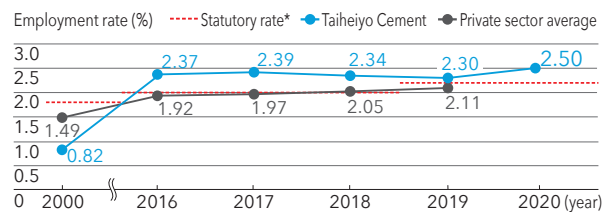
CSR → Collaborating with Society → Human Resources

■ Promoting Employment Opportunities for Persons with Disabilities

We have been working to improve the working environment for employees with disabilities, including the establishment of three special purpose subsidiaries. As a result, our employment rate of persons with disabilities has steadily improved. The rate was 2.30% as of June 2019 and the annual average employment rate for FY2020 was 2.44%, exceeding the statutory rate for the 13th consecutive year. The statutory employment rate was raised to 2.2% in April 2018. Our employment rate was 2.50% as of June 1, 2020, which also exceeded the statutory rate.

We intend to continue doing all we can to increase the number of employees with disabilities, including visiting schools, inviting school staff to our workplaces, collaborating with support organizations for persons with disabilities, and participating in recruitment events or seminars for persons with disabilities.

Trends in the Employment Rate for Persons with Disabilities (as of June 1 of Each Year) **Non-consolidated**



*Statutory employment rates were 1.8% until March 31, 2013, 2.0% until March 31, 2018, and 2.2% since April 1, 2018.

■ System to Rehire Employees Who Have Reached Retirement Age

We rehire employees who want to continue working after they have reached the traditional retirement age of 60 until they become eligible for their pension. After they start receiving a pension we rehire them in accordance with specific rehiring standards under a labor-management agreement until they reach 65. We will continue to make sure there is a workplace for individuals who seek re-employment by expanding opportunities in group companies.

Number of Employees Rehired after Reaching Retirement Age

Non-consolidated		(Unit: person)
		2019
Rehired by the company		21
Rehired by other companies (including those that are not group companies)		21

Respecting Human Rights and Diversity and Creating an Energetic Workplace

Employee-friendly Workplaces

GRI401-3, 403-6

■ Flexible Work Arrangements

We are working to provide flexible work arrangements by adopting various employment systems that will enable our employees to enhance work-life balance.

Support for Childcare and Caregivers

We established a long-term leave system in 2017 for employees who are given no choice but to give up their careers due to unavoidable circumstances such as relocating for their spouse's job or childcare. We also operate a reemployment system for employees who leave their jobs due to child or family care. In addition to our childcare/family-care leave, we have instituted measures that support employees who do not want to take leave, such as a telecommuting, flextime, shortened work hours and starting work early or finishing late.

Responding to the Act for Measures to Support the Development of the Next Generation

Since FY2006 we have been formulating general business owner action plans based on the Act for Measures to Support the Development of the Next Generation. After having obtained the initial "Kurumin" certification in 2017, we achieved the objectives set in the general business owner action plan during the plan's fifth term, from April 2017 to March 2019. We also met multiple certification criteria such as the rate of childcare leave taken and actual overtime work. In recognition of our efforts we obtained the second "Kurumin" certification in January 2020. Also, in FY2020 we started implementing various efforts in accordance with our sixth-term general business owner action plan.



General Business Owner Action Plans

Duration of plan: April 1, 2019 to March 31, 2021 (2 years)

Objective 1	Disseminate information about the systems for balancing work and family based on the Act on Childcare Leave, Caregiver Leave and Other Measures for the Welfare of Workers Caring for Children and Other Family Members
Measures	Run a portal site in support of the continuation of employment which introduces internal systems systematically
Objective 2	Implement an initiative to realize flexible work arrangements
Measures	Implement trial telework arrangements
Objective 3	Implement measures to promote the use of annual paid leave
Measures	Improve the rate of annual paid leave taken by setting up days when employees are encouraged to take annual paid leave, systematically providing annual paid leave, etc.
Objective 4	Implement a social contribution program concerning the development of the next generation
Measures	Conduct internships, etc., that provide young people with opportunities to gain workplace experience

Major Work Systems that Allow Flexible Work Arrangements

- Telecommuting system
- Flextime system
- Discretionary labor system
- Half-day paid vacation
- "Special Reserved" leave (use of accumulated paid leave that has expired)
- Refresh System
- Human resource management system per course (region-limited employment) and others

Status of Leaves Taken and Work Hours Non-consolidated

Items	2017	2018	2019
Number of employees who took childcare leave (male employees in parentheses)	21(10)	22(8)	24(17)
Childcare leave rate for female employees	100%	100%	100%
Rate of annual paid leave taken	66.0%	67.6%	78.5%
Overtime work (monthly average)	16.4 hours	16.7 hours	17.4 hours

■ Support for Volunteer Activities

In June 2012 we formulated a volunteer activity leave scheme and have been supporting volunteer activities undertaken by employees. A total of 44 employees have taken this leave up to FY2020.

■ Efforts to Promote Employees Health

In March 2018 the company formulated the "Taiheiyo Cement Group Commitment to Health" as its policy for employee health. Under the commitment we have since undertaken initiatives based on the "Kenkokeiei*" concept to maintain and improve the mental and physical health of every employee.

*Kenkokeiei (Management of Health on Company and Employee) is a trademark of the NPO Health Management Study Group

Taiheiyo Cement Group Commitment to Health

The Taiheiyo Cement Group regards its employees as key management resources ("human assets") and intends to be a corporate group in which every employee can enthusiastically work while maintaining their mental and physical health.

Mental Healthcare

We provide mental health checkups for all our employees (consultation rate: 95.3% in FY2020). Mental healthcare is a key focus in our efforts to promote employee health. We also conduct workshops focused on preventing mental health problems. In addition, we offer free counseling services on mental health to employees and their families under a contract with the company's healthcare trust for this purpose.

Initiative for Improving Employees Health

We conduct annual health examinations for all employees in accordance with the Industrial Safety and Health Act. As in FY2018 and 2019 the attendance rate in FY2020 was 100%. In the event that any doubt is raised over a diagnosis, we help the employee to undergo an extensive examination and provide lifestyle improvement training.

Moreover, as part of the initiative we hold nutrition seminars at each business site, provide information through an in-house newsletter and distribute a pamphlet for raising health awareness.

Employee Awareness Survey

Toward increasing employee job satisfaction we have conducted an employee survey every two years from FY2014 to FY2018. In FY2021 we plan to conduct the survey after reviewing its content.

Employee Status

GRI102-7, 8, 401-1

Employee Status (as of the End of FY2020)

(Unit: person)

		Male	Female	Total
Non-consolidated	Permanent employees	1,606	192	1,798
	Temporary employees	52	6	58
Consolidated	Permanent employees	11,507	1,612	13,119
	Temporary employees	782	260	1,042

Note: The number of temporary employees refers to the annual average number of temporary employees.

Average Length of Employment for Employees (Years) (Non-consolidated) (as of the End of Each Fiscal Year)

(Unit: year)

	FY2018	FY2019	FY2020
Male	20.5	20.4	20.0
Female	14.5	13.1	12.3

Note: A declining trend in the average years of employment is primarily due to an increase in the number of new graduate employees rather than an increase in turnover rate.

Number of Employees in Management Positions (Non-consolidated) (as of the End of Each Fiscal Year)

(Unit: person)

	FY2018	FY2019	FY2020
Male	767	767	760
Female	2	3	5

Number of New Graduate Employees (Non-consolidated)

(Unit: person)

	FY2018	FY2019	FY2020
Male	70	68	91
Female	24	24	18

Number of Newly Hired Mid-career Employees (Non-consolidated)

(Unit: person)

	FY2018	FY2019	FY2020
Male	1	6	9
Female	0	7	0

Sound Labor-management Relations

GRI102-41, 403-4

All employees who have entered into a labor agreement with the company are members of a union. We occasionally hold labor-management consultation and briefing sessions that provide opportunities for labor and management to exchange opinions and negotiate issues on the basis of mutual trust and understanding. In FY2020, 38 of these sessions were held encompassing labor contract negotiations as well as explanations of corporate performance, revisions to wages and bonuses, and amended systems and rules. Through the sessions we intend to improve communication between labor and management. In addition, four specialized committees set up as advisory bodies for labor-management consultation provide opportunities for active negotiation and exchanging views between labor and management.

Activities of Specialized Committees

Committee	Activities
Committee on personnel and treatment of employees	Review the entire personnel system and the treatment of employees
Committee on employment and employment formats	Examine the operation of personnel/labor management systems against the background of diversifying employment and employment status
Committee on work hours	Examine problems concerning work hours and work hour management, and the response to laws related to work hours
Committee on the promotion of diversity	Examine the measures necessary to promote diversity in the workplace

Direct Communication between Executive Officers and Employees

As part of our efforts to enhance communication across the company we have been holding talk sessions with the executive officers, providing both executive officers and employees with a valuable opportunity to interact directly. In FY2020 these sessions were held at our 18 business sites and attended by 1,168 people.



Supply Chain Management

Closely Related SDGs



Our Business Partners

GRI102-9

We produce and use cement and concrete in our major business activities. Much of its main raw ingredient, limestone, is mined and supplied by our group companies, which also manage the quarries. Coal, the primary fossil fuel thermal energy is supplied by companies outside the group. The wastes and by-products that we recycle in our cement production process come from many different industries and a variety of locations.

A significant part of our production process is automated. The construction and maintenance of our production equipment is outsourced to partner companies and contractors when needed.

Our cement products are mainly supplied to building materials companies. Raw materials and products are transported by both group and non-group companies (for more on their activities, see pages 4-5). Our group operates cement production sites in Japan, the U.S., China, Vietnam, the Philippines and Papua New Guinea.

By closely communicating with the governments in the regions and countries where we operate we ensure that we observe their laws and strive to meet their needs and requests.

Fundamental Policy

GRI-102-16


Our growth depends on the growth of our business partners. To build relationships of trust we work in concert with our business partners, we are sincere and fair in our dealing with them and strictly adhere to our agreements. Under the section entitled "Dealing outside the company in good faith" in our Standards of Conduct, we declare a number of commitments to ensure that "We will act in an ethical manner and abide by the laws and regulations of those countries in which we operate," a statement in our Business Principles. We manage our supply chain in compliance with these commitments:

1. We will conduct fair marketing and bidding, free from unfair practices such as collusion and cartels.
2. We will maintain decent and transparent relationships with our contractors.
3. We will select business partners in a fair and equitable manner.
4. We will not offer entertainment or gifts to

customers that go beyond what is legally and socially acceptable.

5. We will produce honest, sincere and faithful advertisements, displays and presentations.
6. We will respond sincerely to customer feedback.
7. We will maintain transparent relationships with governments.
8. We will respect the cultures and customs of the places in which we operate.

We also established the Basic Policy Concerning Procurement in October 2017 to reinforce commitments 2 and 3 and ask our contractors to share them.

	Taiheiyō Cement Basic Policy Concerning Procurement
Our website	https://www.taiheiyō-cement.co.jp/english/index.html
CSR → Collaborating with Society → Supply Chain Management	

To respond to internationally reinforced controls over acts of bribery and strengthen our prevention initiatives against corruption (commitments 4 and 7), we established the Anti-Bribery Policy in January 2017, concurrent with the release of a statement by our president declaring our group's stance against bribery.

	The Anti-Bribery Policy
Our website	https://www.taiheiyō-cement.co.jp/english/index.html
CSR → Risk Management and Compliance → Compliance Guidelines	

Safety of Our Business Partners at Production Sites

GRI-403-1, 3

Many of our operations at cement production and mining sites are mechanized. However, some operations require manual work at height or in high temperatures, and ensuring safety of workers at our production sites is a prerequisite to our stable business performance. In an effort to prevent employees of contractors working at our sites from becoming involved in any accidents, we request that they go through safety training, submit a safety plan and reflect our instructive feedback in advance.

Trade Compliance Training

GRI102-16, 205-2

Relationships of trust with business partners and governments depend on the conduct of each employee, so we encourage our employees to advance fair trade through a variety of means.

■ Distributing the Standard of Conduct Casebook

Our Standard of Conduct Casebook, designed to provide exemplary models of conduct for employees, includes a section about what constitutes fair trade. It is distributed to all employees of our major group companies.

■ Distributing the Antimonopoly Law Compliance Manual

Our Antimonopoly Law Compliance Manual is distributed to all employees toward ensuring compliance.

The manual first presents an outline of the Antimonopoly Law focusing on private monopoly, unfair restraint of competition (cartels) and unfair business practices, the three pillars of this law. It further offers examples of illegal conduct in the form of “Don’t” statements to help employees more thoroughly understand the law. The manual is revised when laws and regulations are amended.



Antimonopoly Law Compliance Manual

■ E-learning Programs

To ensure that all employees understand compliance across our supply chain and act accordingly, we conduct monthly tests as part of e-learning programs to provide education on the Standard of Conduct Casebook and the Antimonopoly Law Compliance Manual for all company employees, including those on loan to group companies or others. The monthly tests that began in FY2019 always contain one question concerning anti-bribery.

Looking ahead, we will continue to provide e-learning education.

Creating a Healthy and Safe Workplace

GRI103-2, 3

Closely Related SDGs



Taiheiyo Cement Health & Safety Policy

Our Occupational Health and Safety Policy is shown below. Under this policy, our headquarters and business sites review and implement yearly management policies on health and safety.

Taiheiyo Cement Health and Safety Policy

We are aware that the health and safety of our employees is part of the foundation of our company, and we effectively implement the following policy by devoting sufficient management resources to prevent work-related accidents and diseases in accordance with the Industrial Safety and Health Act and the Mine Safety Act.

Basic Policy

- 1 Promote health and safety activities through cooperation between management and labor, with the aim of eliminating work-related accidents.
- 2 Ensure the health and safety of our employees and those of our affiliates by complying with health and safety-related laws and regulations, the health and safety management regulations created by us, and health and safety regulations created by our business sites.
- 3 Strive to improve the level of safety and health by actively promoting the implementation and operation of an Occupational Safety and Health Management System, and by continually ensuring the true safety of our equipment, providing education and training, and raising awareness
- 4 Continually improve the working environment and work methods through the company-wide and business site Health & Safety Committees, by applying technological progress and utilizing new knowledge and information about health and safety.
- 5 Ensure health and safety throughout the Taiheiyo Cement Group by advancing programs to eliminate work-related accidents under the leadership of the company-wide, business site, group company and affiliate Health & Safety Committees.

Occupational Health & Safety System

GRI103-1, 2, 3

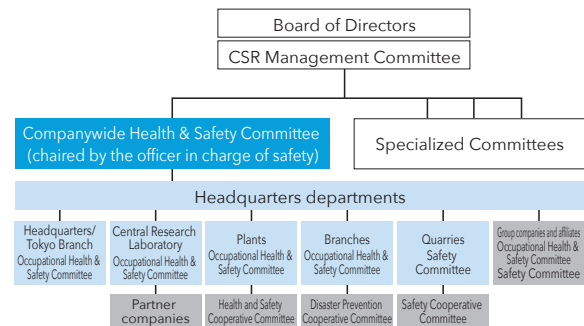
Under the Taiheiyo Cement Health & Safety Policy and health and safety management regulations, we provide for the basic aspects of the group's health and safety management and promote health and safety activities. This creates comfortable working environments while also ensuring the health and safety of our employees and those of our contractors at the group's business sites and other locations.

We established the Companywide Occupational Health & Safety Committee, chaired by the officer in charge of safety, as a Specialized Committee under the CSR Management Committee and reporting to the Board of Directors and reporting to the Board of Directors which oversees the system. The Companywide Occupational Health & Safety Committee oversees promotion activities at all business sites and also collects safety-related data from group companies as well as the company itself, and provides guidance.

All plants, quarries and branches have a Health & Safety Committee consisting of representatives from both management and labor to promote the activities at each business sites. We manage health and safety at our cement plants and quarries at home and abroad using the OSHMS*.

*Occupational Safety and Health Management System: A framework that allows organizations to reduce potential dangers at workplaces and promote comfortable worksites by voluntarily practicing continuous, uninterrupted health and safety management as prescribed in the guidelines of the Ministry of Health, Labor and Welfare in 1999.

Occupational Health & Safety System



■ Safety Operation Officer Certification System

Since FY2008 we have been using the Safety Operation Officer System which emphasizes the importance of improving leadership capabilities and therefore only certifies those who complete qualification seminars held at plants as leaders (safety operation officers) of working groups. To further improve the capabilities of these leaders we imposed a stricter requirement for the qualification seminars starting in FY2016, restricting participants to those who have completed the foreman training course stipulated in the Industrial Safety and Health Act.

■ Health and Safety Training Program

To ensure employee safety at work we conduct health and safety training in accordance with the

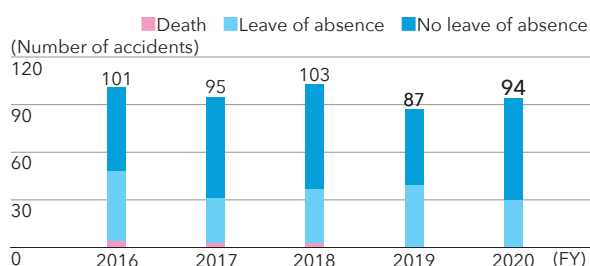
related implementation procedures. Training courses focus on newly hired employees, including those with professional experience, specialized courses, newly appointed managers, strengthening capabilities and new partner companies.

■ Report and Database of Work-related Accidents

Regardless of severity, any work-related accident is reported to the Companywide Occupational Health & Safety Committee immediately after it occurs. We promptly post the details of any accident on the group bulletin board in an effort toward avoiding recurrence.

We have maintained a work-related accident database since FY2009 to help avoid the recurrence of accidents. It contains information about accidents involving employees of the company and group companies as well as all employees of partner companies including temporary workers. It is also used to store information on identified accident causes and response reports, including measures taken in response to unsafe actions and equipment with respect to the "4 Ms" (men, machines, methods and management). Information on the database is translated into English and Chinese so that it can be understood by those at overseas business sites.

Number of Accidents Registered in the Work-related Accident Database



Status of Our Health and Safety Promotion Activities

GRI403-2, 3, 4, 5, 6, 7, 9, 10

The Companywide Occupational Health & Safety Committee set the objectives for FY2020 aiming to achieve zero fatalities, limit lost-time injuries to 30 or less and work-related accidents to 80 or less, while also setting the absence rate at a maximum of 0.69% and targeting 0.6%. Accordingly, we conducted health and safety promotion activities with a focus on: (1) basic safety activities for attaining the CSR Objectives for 2025 by (a) establishing the safety culture of

the Taiheiyo Cement Group and (b) promoting ongoing safety activities at cement plants and by the industry; (2) implementing concrete actions to reduce accidents; (3) the speedy dissemination of information following an accident; (4) the horizontal rollout of countermeasures taken by the accident site; (5) prevention of occurrence or recurrence of serious work-related accidents at specific business sites and affiliates; and (6) checks on countermeasures taken in response to an accident.

As a result we attained our objective of zero fatalities in FY2020 following FY2019. We also achieved our objective of 30 or fewer lost-time injuries for the first time since the company's foundation and lost-time ratio of 0.580%. However, we fell short of meeting the work-related accident objective with 94. While we have sought to prevent serious accidents as a key activity, there was a serious accident in FY2020 involving human contact with heavy machinery. In response we are promoting thorough no entry and separation of pedestrians and vehicles to prevent contact between heavy machinery and people. The number of accidents at overseas group companies declined as a result of implementing the same safety policy and system used in Japan.

Reviewing accidents by type, we found that a large number of accidents involved being caught by and dragged into equipment, or falling, and we are now focused on preventing their recurrence. Among work-related health hazards, the number of incidents of heatstroke increased more than four-fold compared to the average for previous years with 15 cases reported, and so prevention of heatstroke has emerged as a key challenge.

Absence Rate Non-consolidated

(Unit: %)

	FY2016	FY2017	FY2018	FY2019	FY2020
Absence Rate	0.439	0.448	0.458	0.647	0.580

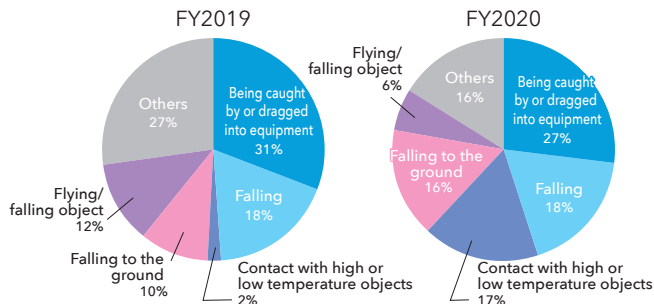
Number of Work-related Accidents

(Number of accidents)

		FY2016	FY2017	FY2018	FY2019	FY2020
By region	Japan	93	84	98	81	92
	Outside of Japan	8	11	5	6	2
By gender	Male	97	90	99	83	89
	Female	4	5	4	4	5
Work-related injuries/diseases	Injury	98	88	98	83	79
	Disease	3	7	5	4	15
Employees/partner companies	Employees	52	42	41	45	40
	Partner companies	49	53	62	42	54

Creating a Healthy and Safe Workplace

Breakdown by Accident Type



Improving Equipment to Prevent the Recurrence of Accidents

By accident type, the most frequent were workers being caught by or dragged into equipment. Many of these involved workers being caught by transportation equipment while loading cement into trucks. We are therefore striving to prevent more of these serious accidents from occurring and have taken action including disseminating related information across our plants and service stations.



Measure to prevent being dragged into equipment at the Yokohama-Minami service station

Promoting Safety Activities at Group Companies

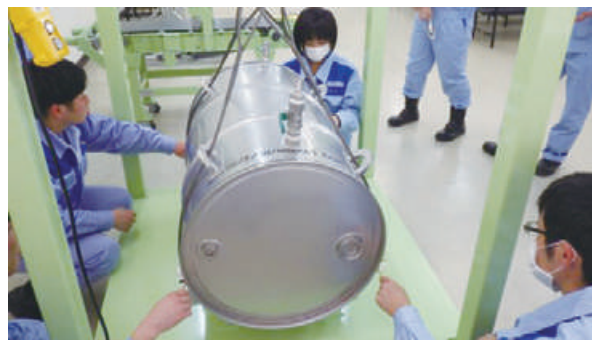
The Companywide Occupational Health & Safety Committee supports safety activities at group companies. We started conducting safety surveys in FY2019 and in FY2020 we conducted a survey covering the group's ten business sites in Japan and five sites overseas. We seek to raise safety standards by visiting the sites in order to hear about safety activities, conduct facility inspections and directly share information. Moreover, we are working to improve safety practices by, for example, having group companies conduct safety patrols together.



Safety patrol (Nghi Son Cement Corporation)

Hands-on Safety Training

To develop each employee's sense of safety we have promoted hands-on safety training during which employees experience simulated dangers that could happen in daily operations. In FY2019 we introduced hands-on safety training equipment for them to experience simulated dangers related to heights, rotating equipment, electricity and objects hanging from a crane. Furthermore, we introduced virtual reality equipment in each cement plant for quickly training young or inexperienced employees and also provide the equipment to partner and group companies upon request.



Hands-on safety training equipment (Kumagaya plant)

Safety Training Video

For employees who have just started working at a plant we made a DVD titled "The Promise of the Seven Safety Principles" in Japanese, English and Chinese. In an easy-to-understand manner it highlights certain dangerous conduct that could lead to serious accidents.



"The Promise of the Seven Safety Principles" video

Training to Prevent Heatstroke

We train employees of the company and of business partners on heatstroke prevention and treatment, including early detection, and how to respond quickly while not aggravating the condition.



Heatstroke training and prevention (Tsuruga Cement Co., Ltd.)

Partnership with Society

Communication with Communities

GRI103-2, 3, 203-1, 413-1

Closely Related SDGs



Major Activities (FY2020)

Theme	Activity	Sessions (Rounds)	Attendees (Persons)	Examples
Protection of the local environment	Community briefing	178	852	● Briefing on waste treatment ● Briefing on quarry development work ● Briefing on power generation
	Community briefing on environmental issues	64	173	● Briefing to members of a neighboring community on environmental issues
	Environmental monitoring system	93	83	● Meetings, briefings and social gatherings for environmental monitors
	Community cleanup activities	364	2,495	● Cleaning of roads and rivers surrounding business sites ● Participating in a community cleanup activity
	Community forest conservation and nature protection activities	136	198	● Participation in forest conservation activities such as planting seedlings and thinning ● Support for preserving local communities' farmlands ● Concluding a partnership agreement with the forest union ● Protecting rare regional plants and animals ● Donating money for environmental protection
Promotion of local culture and communication	Plant and quarry tours	448	6,508	● Plant and quarry tours for children, students, residents and government representatives in the community
	Opening facilities to the public	1,204	10,312	● Providing schools and local organizations with access to our grounds, gymnasiums and meeting rooms
	Sponsoring, participating in and cooperating in local events	282	45,478	● Sponsorship of a boys baseball tournament ● Participating and cooperating in a sports tournament, community festivals and events
Regional development	Provision of materials and rental of heavy machinery	31	350	● Providing and lending materials and heavy machinery to improve public spaces as well as roads and waterways in local communities
	Support for community medical services	21	415	● Provision of free medical checkups and medication ● Agreement on use of the company's premises as a medical heliport ● Donating money to medical support
	Support for the development of local industries	26	330	● Participation and cooperation in activities to support the development of local industries ● Providing industrial water for agricultural use
	Disaster prevention activities	31	262	● Conclusion of a regional disaster assistance agreement ● Regional joint disaster prevention drills, regional fire-fighting activities ● Financial assistance for fire-fighting activities
	Others	20	401	● Support for economically distressed areas ● Developing community leaders
Education and development of human resources	Scholarships	11	517	● Scholarships for students who need financial assistance living near our business sites
	Developing engineers	31	1,254	● Opening free concrete technology schools to train concrete engineers ● Implementation of technical guidance programs
	Internships and career experience opportunities	32	10,897	● Acceptance of domestic and foreign interns ● Technical guidance for university students ● Career experience, on-site training at quarries
	Others	14	308	● Provision of materials for building schools in local communities ● Donations of funds to a public library
Support for areas affected by disaster	Disaster area support	4	—	● Participation in support groups ● Provision of company-managed housing and a gymnasium as an evacuation center (agreement with local authorities) ● Provision of a tentative storage yard for disaster waste, recycling of disaster waste as raw materials ● Donating money to affected areas

Protection of the Local Environment

■ Participating in a Volunteer Cleanup around Mt. Hiwada in Hidaka City and Fundraising for the Hidaka City Green Fund (Saitama Plant)

Once a year, employees at the Saitama plant volunteer to conserve the environment and protect nature around Mt. Hiwada, a symbol of Hidaka City. The employees, particularly younger workers, remove weeds, rake up fallen leaves and cut down dead trees. The activity offers employees the opportunity to contribute to passing on the rich natural wealth of Mt. Hiwada to coming generations and deepen communication with local residents.

The plant also cooperates in fundraising for the Green Fund, created to conserve the natural environment by maintaining green spaces in Hidaka City and promoting greening. The plant has participated in the activity since 1993 and received a letter of appreciation from the Hidaka City government. We will continue to participate in ways that help to maintain an attractive Hidaka City.



Employees participating in the volunteer work

■ Receiving the 2019 Iwate Governor's Award for Environmental Conservation Activity to Mitigate Global Warming (Ofunato Plant)

This award recognizes organizations and individuals for their outstanding efforts to prevent global warming and for the technological development and commercialization of products for reducing greenhouse gas emissions.

The plant raises employee awareness during a meeting on energy saving and energy saving proposal promotion month. It also focuses on decreasing electricity intensity by introducing highly efficient equipment, switching to LED light bulbs on chimneys and suspending the operation of unnecessary equipment. The plant, along with erex Co., Ltd., jointly established a new company that is engaged in Japan's largest-scale biomass power generation business with a biomass plant that began operating in January 2020. For these reasons, the Iwate Prefectural government recognized the plant's initiatives toward limiting global warming.



Iwate Prefecture Environmental Conservation Activity award ceremony

Communication with Communities

Promotion of Local Culture and Communication

■ Holding a Local Specialties Sales Event (Tohoku Branch)

The company holds what it calls “Marche,” an event for selling specialty products from regions in which it maintains close connections. We held Tohoku Restoration Support Marche for specialties of Iwate Prefecture in November 2018 and sales events for specialties of Fukushima Prefecture in March 2019 and Miyagi Prefecture in October 2019.

Prior to the events the company signed a comprehensive partnership agreement with the Miyagi Prefectural government in June 2019. Miyagi Prefecture is the first place where we do not operate a cement plant to sign a comprehensive partnership agreement with us. Visitors have told us that they were impressed by the attractiveness of Miyagi Prefecture, such as its specialty items and sightseeing spots. Through these activities we will continue to deepen communication with the region.



Sales event for specialty items of Miyagi Prefecture (head office)

■ Opening Our Facilities to the Community at DuPont Quarry (CalPortland Company, U.S.)

Annual Open House welcoming the community to our facilities took place at the DuPont Quarry of CalPortland Company in Washington State. It was attended by more than 200 people including local residents, representatives of the state assembly and city council, as well as our employees. Salmon purchased from the Nisqually Tribe was served to participants followed by a tour of DuPont Quarry, which is expected to be expanded by 177 acres (71.6 ha). The company is implementing an initiative to increase the flow of water in Sequelitchew Creek, which runs near the expansion area, in partnership with the environmental authorities of the state and regional municipalities. We look forward to seeing the return of salmon traveling upstream, something that has not happened in recent years.



Local residents participating in the tour

Regional Development

■ Removing Snow from Town Roads with Heavy Machinery after a Heavy Storm (Buko Mining Co., Ltd.)

A joint committee of four companies involved in quarrying at Mt Buko, including Taiheiyo Cement, removes snow at the request of the Yokoze Town Office in the Nekoya district and on Town Roads No. 1 and No. 3 after heavy snowfall. Each member company uses heavy machinery they own to remove the snow in their assigned areas.

At a joint committee meeting with the Yokoze Town Office every year, as the snow season nears, we confirm snow removal areas, storage spaces for removed snow and areas where a de-icing agent is applied. The companies and government work together to contribute to traffic safety in the Nekoya district where the quarry is located.



Heavy machinery used for snow removal

■ Donating a Microbus to the Education Department of the Community (Taiheiyo Cement Philippines, Inc., Philippines)

Taiheiyo Cement Philippines, Inc. and Solid Earth Development Corporation donated a microbus to the Education Department of San Fernando, the town where the companies' plant is located. The microbus is used by teachers to commute to and from elementary schools in the town and as a means of transport for students who attend after-school activities. The donation ceremony was held on April 25, 2019 and attended by the mayor and a representative of the local education department. The mayor expressed his appreciation for the company's contribution to the town's educational development.

In addition, we have a scholarship system for university and high school students. We also donate cement to 30 elementary schools in the town. Through these activities, we contribute to improving its educational programs.



A donated bus and the teachers who use it

Education and Development of Human Resources

■ Cooperating in Producing of “Secret of Cement” in the Let’s Learn with Cartoons Series (General Affairs Department)

A cartoon book titled *Secret of Cement* by Gakken Plus Co., Ltd. was published in March 2020 as part of a series of cartoon books under the name “Let’s Learn with Cartoons.” The goal of the series is to explain about subjects in various fields using cartoons so children can readily understand them. The series is distributed to elementary schools, public libraries and children’s halls, and is used as supplementary material for classes and for other proposes. In producing the book the company and its group companies cooperated extensively, and also invited the writer to its plants and laboratories where he was provided with useful reference materials. This facilitated the publication of a book that explains the cement industry in an easy-to-understand way. We received many comments from schools that received it, such as in reference to learning the difference between cement and concrete, having technical content explained in an easy-to-understand manner using cartoons and learning new things about something we see every day.



Secret of Cement cover

■ Participating in the “Riko-challe” Program (Fujiwara Plant)

The Science, Technology, Engineering and Mathematics Challenge (Riko-challe) program is led by the Gender Equality Bureau of the Cabinet Office. Its goal is to help female students who are interested in science, technology, engineering and mathematics select their careers. We have been participating in the program since 2017 while also holding in-house events for female students to experience work.

These took place at the Oita plant in 2017 and the Central Research Laboratory in 2018. Another was held this year at the Fujiwara plant. The students were given a tour of the cement plant and limestone quarry, and then met our female engineers to ask questions and talk about club activities and career selection.



Students with female engineers

Supporting Areas Affected by Disaster

■ Recycling Disaster Waste as Raw Materials (Chugoku Branch)

The Chugoku branch provided its former premises as a temporary storage yard for disaster waste caused by the West Japan Flood in July 2018. It transported some of the soil, approximately 31,500 tonnes, generated in Kure City, Hiroshima Prefecture, during the period between June 2019 and April 2020 to the Ofunato plant, the Oita plant and the Itoigawa plant of Myojo Cement Co., Ltd. by sea, where it was recycled as raw materials.

The branch implemented this initiative in close cooperation with COCCO Co., Ltd., an industrial waste treatment operator in the affected area, and REMATEC Holdings Corporation, headquartered in Kishiwada City, Osaka Prefecture, who have extensive experience in treating disaster waste for reconstruction and other operations for the Great East Japan Earthquake.



Handling Cargo at the Ofunato Plant

■ Maintaining the Agreement for Use of Matsuzaki Company-managed Housing as an Evacuation Center for Tsukumi City Residents (Oita Plant)

The area surrounding the Matsuzaki company-managed housing of the Oita plant lies near the bank of the Aoe River, a location that can be exposed to seawater forced upstream in the event of a tsunami. An evacuation is therefore required when a significant earthquake occurs. The evacuation center, however, is over a kilometer away from the area, raising concerns that small children and the elderly may be evacuated too late.

We therefore recommended that the Tsukumi City government use the common areas on and above the 4th floor of the six-story Matsuzaki company-managed housing as a temporary evacuation center. We concluded the agreement on its use for this purpose in July 2011.

Fortunately, the housing space has not yet been needed. We will continue to offer it to local residents as an evacuation center in the event of an emergency.



Matsuzaki company-managed housing of the Oita plant