



Governance

Our Directors and Corporate Auditors



Back row

Yoshio Fujima
Outside Corporate Auditor

Shigeru Matsushima
Corporate Auditor (Standing)

Shinhachiro Emori
Outside Director

Kunihiro Ando
Director and Senior Executive Officer

Masahiro Karino
Director and Senior Executive Officer

Tetsuya Ohashi
Director and Senior Executive Officer

Hideyuki Furikado
Outside Director

Katsuhide Fukuhara
Corporate Auditor (Standing)

Front row

Yoshiko Koizumi
Outside Director

Masafumi Fushihara
President and Representative Director

Shuji Fukuda
Chairman and Director

Yuuichi Kitabayashi
Vice President and
Representative Director

Wakako Mitani
Outside Corporate Auditor

Directors



Shuji Fukuda
Chairman and Director
Career Summary

- Apr. 1974 Joined Onoda Cement Co., Ltd.
- Jun. 1999 General Manager, Accounting & Finance Department of Taiheiyo Cement Corporation
- Apr. 2004 General Manager, Accounting & Finance Department and General Manager, Accounting & Finance Business Operation Center
- Apr. 2006 General Manager, Hokuriku Branch
- Apr. 2008 Executive Officer and General Manager, Human Resources Department
General Manager, Personnel Business Operation Center
- Oct. 2008 Executive Officer and General Manager, Human Resources Department
- Aug. 2010 Director, Managing Executive Officer and General Manager, Cement Business Division Department
- Oct. 2010 Director and Managing Executive Officer
- Apr. 2012 President and Representative Director
- Apr. 2018 Chairman and Director (to present)

Experience and Knowledge

Since 2010 Mr. Shuji Fukuda has engaged in the management of the company as a director and, after serving as president and representative director, was appointed as chairman and director in April 2018. He possesses a wealth of managerial experience, achievements and knowledge. While striving to enhance the function of the Board of Directors as chairperson, he has also served effectively as a director, striving to continuously increase the corporate value of the group, such as by identifying key management issues and supervising business execution.



Masafumi Fushihara
President and Representative Director
Career Summary

- Apr. 1978 Joined Onoda Cement Co., Ltd.
- Apr. 2007 General Manager, Business Promotion Department of Environmental Business Company of Taiheiyo Cement Corporation
- May 2009 General Manager, Sales Department of Environmental Business Company
- Oct. 2010 General Manager, Environmental Business Development Department
- Apr. 2012 Executive Officer and General Manager, Environmental Business Development Department
- Apr. 2015 Managing Executive Officer
- Jun. 2015 Director and Managing Executive Officer
- Apr. 2016 Director and Managing Executive Officer Senior General Manager, Cement Business Division
- Apr. 2017 Director and Senior Managing Executive Officer Senior General Manager, Cement Business Division
- Apr. 2018 President and Representative Director (to present)

Experience and Knowledge

Since 2015 Mr. Masafumi Fushihara has engaged in the management of the company as a director and was appointed as president and representative director in April 2018 after serving as senior general manager of the Cement Business Division. He possesses a wealth of managerial experience, achievements and management insights. He continuously strives to increase the corporate value of the group and significantly contributes to its development, while also identifying key management issues and supervising business execution.



Yoshiko Koizumi
Outside Director
Career Summary

- Apr. 1972 Registered as a lawyer (Daini Tokyo Bar Association)
- Jan. 1980 Partner, Masuda and Ejiri Law Office (now Nishimura & Asahi)
- Jan. 2008 Counsel, Nishimura & Asahi
- Apr. 2009 Partner, City-Yuwa Partners (to present)
- Jun. 2015 Director at Taiheiyo Cement Corporation (to present)
- Outside Director, Dowa Holdings Co., Ltd. (to present)
- Jun. 2016 Outside Director, Sumitomo Bakelite Co., Ltd.
- Sep. 2017 Outside Corporate Auditor, Nippon Koei Co., Ltd. (to present)

Experience and Knowledge

After working as counsel and partner at law firms, Ms. Yoshiko Koizumi was appointed as a director of the company in June 2015. She has a wealth of corporate law experience, and provides precise recommendations and advice from an objective standpoint, independent of the management team that executes business in the Board of Directors, and also monitors and supervises overall management.



Shinhachiro Emori
Outside Director
Career Summary

- Apr. 1975 Joined Toyo Soda Manufacturing Co., Ltd. (currently TOSOH CORPORATION)
- Jun. 2010 Director of TOSOH CORPORATION
- Jun. 2011 Managing Director of TOSOH CORPORATION
- Jun. 2012 Representative Director and Managing Executive Officer of TOSOH CORPORATION
- Jun. 2015 President and Representative Director of TAIYO VINYL CORPORATION
- Jun. 2020 Director at Taiheiyo Cement Corporation (to present)

Experience and Knowledge

After serving as representative managing director of Tosoh Corporation and president and representative director of Taiyo Vinyl Corporation, Mr. Shinhachiro Emori was appointed as director of the company in June 2020. He possesses a wealth of experience, achievements and insight as a corporate manager. He provides precise recommendations and advice from an objective standpoint, independent of the management team that executes business in the Board of Directors, and also monitors and supervises overall management.



Yuuichi Kitabayashi
Vice President and Representative Director
Career Summary

- Apr. 1978 Joined Nihon Cement Co., Ltd.
- May 2009 General Manager, Kamiiso Plant of Taiheiyo Cement Corporation
- Apr. 2011 Executive Officer and General Manager, Production Department
- Apr. 2013 Managing Executive Officer
- Jun. 2013 Director and Managing Executive Officer
- Apr. 2016 Director and Senior Managing Executive Officer
- Apr. 2017 Vice President and Representative Director (to present)

Experience and Knowledge

Since 2013 Mr. Yuuichi Kitabayashi has engaged in the management of the company as a director and was appointed as vice president and representative director in April 2017. He possesses a wealth of managerial experience, achievements and management insights. He continuously strives to increase the corporate value of the group and significantly contributes to its development while also identifying key management issues and supervising business execution.



Masahiro Karino
Director and Senior Executive Officer
Career Summary

- Apr. 1980 Joined Nihon Cement Co., Ltd.
- Apr. 2004 General Manager, Legal Department of Taiheiyo Cement Corporation
- Apr. 2013 Executive Officer and General Manager, Legal Department
- Apr. 2016 Managing Executive Officer
- Jun. 2016 Director and Managing Executive Officer
- Apr. 2019 Director and Senior Executive Officer (to present)

Experience and Knowledge

Since 2016, Mr. Masahiro Karino has engaged in the management of the company as a director and was appointed as a director and senior executive officer in April 2019. As the officer in charge of human resources and legal divisions, he is effective in the role of a director in striving to continuously increase the corporate value of the group as he significantly contributes to its development while also identifying key management issues and supervising business execution.



Hideyuki Furikado
Outside Director
Career Summary

- Apr. 1977 Joined the Ministry of Finance
- Jul. 2004 Deputy Director-General of Financial Services Agency
- Jul. 2010 President, Policy Research Institute, Ministry of Finance, Japan
- Dec. 2013 Retired from Ministry of Finance
- Jun. 2014 Senior Managing Director of Trust Companies Association of Japan
- Jun. 2021 Director at Taiheiyo Cement Corporation (to present)

Experience and Knowledge

After serving at the Ministry of Finance and as the managing director of a general incorporated association, Mr. Furikado was appointed as a director of the company in June 2021. He has extensive administrative experience as a government official, and provides precise recommendations and advice from an objective standpoint, independent of the management team that executes business in the Board of Directors, and also monitors and supervises overall management.

Corporate Auditors



Shigeru Matsushima
Corporate Auditor (Standing)
Career Summary

- Apr. 1979 Joined Nihon Cement Co., Ltd.
- May 2009 General Manager, Hokkaido Branch of Taiheiyo Cement Corporation
- Apr. 2011 Executive Officer and General Manager, Hokkaido Branch
- Apr. 2012 Executive Officer, Deputy General Manager and Senior General Manager of Cement Business Division
- Apr. 2013 Managing Executive Officer
- Jun. 2013 Director and Managing Executive Officer
- Apr. 2017 Director and Senior Managing Executive Officer
- Apr. 2019 Director
- Jun. 2019 Corporate Auditor (Standing) (to present)

Experience and Knowledge

After serving as a director and senior executive officer of the company Mr. Shigeru Matsushima was appointed as a corporate auditor in June 2019. As a director of the company he has taken charge of a wide range of operations in general affairs, accounting and environmental business divisions, and has considerable insight as well as the experience of supervising business execution as a director. He effectively audits the execution of duties by directors to continuously improve the corporate value of the group.



Katsuhide Fukuhara
Corporate Auditor (Standing)
Career Summary

- Apr. 1981 Joined Onoda Cement Co., Ltd.
- Apr. 2013 General Manager, Corporate Planning Department of Taiheiyo Cement Corporation
- Apr. 2015 Executive Officer and General Manager, Corporate Planning Department
- Apr. 2017 Managing Executive Officer
- Jun. 2017 Director and Managing Executive Officer
- Jun. 2020 Managing Executive Officer
- Jun. 2021 Corporate Auditor (Standing) (to present)

Experience and Knowledge

Mr. Katsuhide Fukuhara possesses a wealth of professional experience and expertise as a director and managing executive officer with extensive responsibilities in construction materials business and group company administrative divisions whose work includes advancing our group management. He effectively audits the execution of duties by directors to continuously improve the corporate value of the group.



Kunihiro Ando
Director and Senior Executive Officer
Career Summary

- Apr. 1980 Joined Onoda Cement Co., Ltd.
- Apr. 2011 General Manager, Ofunato Plant of Taiheiyo Cement Corporation
- Apr. 2013 Executive Officer and General Manager, Oita Plant
- Apr. 2015 Executive Officer and General Manager, Mineral Resources Business Department
- Apr. 2016 Managing Executive Officer
- Jun. 2016 Director and Managing Executive Officer
- Apr. 2020 Director and Senior Executive Officer (to present)

Experience and Knowledge

Since 2016, Mr. Kunihiro Ando has engaged in the management of the company as director and was appointed as director and senior executive officer in April 2020. As the officer in charge of the mineral resources business and environmental business divisions, he is effective in the role of a director in striving to continuously increase the corporate value of the group as he significantly contributes to its development while also identifying key management issues and supervising business execution.



Tetsuya Ohashi
Director and Senior Executive Officer
Career Summary

- Apr. 1982 Joined Onoda Cement Co., Ltd.
- Oct. 2010 President of Taiheiyo Cement U.S.A. Co., Ltd.
- Apr. 2015 Senior General Manager of International Business Division, Taiheiyo Cement Corporation
- Apr. 2016 Executive Officer and Senior General Manager of International Business Division
- Apr. 2019 Managing Executive Officer
- Jun. 2019 Director and Managing Executive Officer
- Jun. 2020 Managing Executive Officer
- Apr. 2021 Senior Managing Executive Officer
- Jun. 2021 Director and Senior Executive Officer (to present)

Experience and Knowledge

Since 2019, Mr. Tetsuya Ohashi has engaged in the management of the company as a director and was appointed as a director and senior executive officer in June 2021. As the officer in charge of general affairs and corporate planning divisions, he is effective in the role of a director in striving to continuously increase the corporate value of the group as he significantly contributes to its development while also identifying key management issues and supervising business execution.



Wakako Mitani
Outside Corporate Auditor
Career Summary

- Apr. 2000 Registered as a lawyer (Daiichi Tokyo Bar Association)
- Jul. 2001 Joined TANABE & PARTNERS
- Apr. 2012 Partner, TANABE & PARTNERS (Current position)
- Feb. 2018 Corporate Auditor at Taiheiyo Cement Corporation (to present)

Experience and Knowledge

After working as a partner at a law firm Ms. Wakako Mitani was appointed as a corporate auditor of the company in February 2018. As a lawyer she has considerable experience, achievements and insights in the field of corporate legal affairs, and effectively audits the execution of duties by directors from an independent, objective and fair standpoint.



Yoshio Fujima
Outside Corporate Auditor
Career Summary

- Nov. 1974 Joined Chuo Audit Corporation (now MISUZU Audit Corporation)
- Mar. 1980 Registered as a certified public accountant
- Sep. 1990 Employee, Chuo Shinko Audit Corporation (now MISUZU Audit Corporation)
- Aug. 1996 Representative Partner, Chuo Audit Corporation (now MISUZU Audit Corporation)
- Jul. 2007 Retired from MISUZU Audit Corporation
- Jun. 2011 Outside Auditor, JIEC Co., Ltd.
- May 2012 Outside Auditor, Prime Works Co., Ltd. (now Neos Corporation)
- May 2016 Outside Director (Audit and Supervisory Committee Member), JIEC Co., Ltd.
- Jun. 2019 Corporate Auditor at Taiheiyo Cement Corporation (to present)

Experience and Knowledge

After serving as a representative partner of an auditing firm and an outside director and auditor of operating companies, Mr. Yoshio Fujima was appointed as a corporate auditor of the company in June 2019. As a certified public accountant he has abundant experience, achievements and insights, including many years of practical experience in corporate accounting. He effectively audits the execution of duties by directors from an independent, objective and fair standpoint.

Messages from Outside Directors

Expectations of Further Dissemination of Information on Topics Such as Trailblazing Initiatives on Social Issues and Transparent Governance Structures

Outside directors Yoshiko Koizumi, Shinhachiro Emori and Hideyuki Furikado spoke about their recommendations and expectations of our governance system and ESG management based on their respective experience in corporate legal affairs as a lawyer, in business management, and at the Ministry of Finance and the Financial Service Agency.

Business Will Be Driven Over the Next 100 Years by Sustainability Which Has Become Part of the Company's DNA

The Standards of Conduct (Casebook) is distributed to all Taiheiyo Cement employees, and we are working consistently to fulfill the commitment made in the 2015 edition to reduce greenhouse gas emissions by 40-70% by 2050. This fiscal year is the first of the 23 Medium-Term Management Plan, which makes initiatives aimed at carbon neutrality one of its key strategies. The commitment to a strategy of investing 100 billion yen over the next decade, which includes the three years covered by the 23 Medium-Term Management Plan, clearly demonstrates a corporate stance ahead of global trends. The decision to establish a project team under the direct control of the vice president to drive this strategy shows how determined the company is to achieve carbon neutrality. I highly rate Taiheiyo Cement's corporate activities, which are based on a sense of responsibility and awareness of being a leading company in Japan's cement business, and intend to make such excellent initiatives more widely known amongst stakeholders and in society at large. With regard to diversity, the company is moving forward with medium and long-term plans to develop excellent human resources at its overseas bases. In my opinion, slightly more progressive strategies for the utilization of human resources are required for the company to develop globally, such as the promotion to executive positions of personnel from overseas group companies. The group is targeting sustainable growth and is making systematic investments aimed at developing mines and quarries and strengthening plant facilities with the next 100 years in view. I can sense that sustainability has become so firmly rooted in the company that it should be considered part of its DNA. I will do my best to contribute to TCC's strategy for sustainable growth by using my experience as an international lawyer to offer beneficial recommendations with regard to overcoming and providing solutions to any obstacles that may arise in this corporate culture as the company aims for further globalization.



Yoshiko Koizumi Outside Director

Strengthen Governance via Constructive Dialog with Group Companies

The company has maximized the technologies it has cultivated in its cement production, created a recycling-based business model, and established its profitability. I applaud how, in addition to that, the company has committed to a policy of investing a total of 300 billion yen over the next decade, which includes the three years covered by the 23 Medium-Term Management Plan. This will consist of 100 billion yen investments in, respectively, the achievement of carbon neutrality, the strengthening of plant facilities, and the development of mines and quarries. I also applaud how it has made clear to stakeholders its corporate stance of aiming to become an outstanding leading company, and revealed the specifics of the group's sustainable management policies. Governance systems are at the heart of sustainable management, and I can see that robust and detailed structures and organizations have been constructed that are based on expertise amassed over more than a century of corporate activities. However, the Taiheiyo Cement Group is composed of many subsidiaries in Japan and overseas, and I feel that there are more opportunities to improve cooperation between the Internal Auditing Department at Headquarters and each business division overseeing group companies with regard to the governance system within the group and the thorough enforcement of compliance. Although I worked for a chemical manufacturer, where the business structure was different from that of a cement manufacturer and in an industry which expected different functions of group companies, I do have experience as a representative of both the head company and its group companies. Based on that experience, I believe that group unity which leads to further growth can be created not only by regular audits and group round table discussions, but also by opportunities for constructive discussions where the top management at headquarters and group companies can express themselves freely about the management policies and various business challenges of each group company. I will make the most of the experience I have obtained so far to offer recommendations aimed at strengthening governance in the management of the group.



Shinhachiro Emori Outside Director

Improve Information Disclosure to Various Stakeholders

The Taiheiyo Cement Group is the leading company in the Japanese cement industry, with a history stretching back more than 100 years. I can see the strong management determination to boost transparency and governance displayed in such steps as the thorough provision of information in advance of its Board of Directors meetings so that outside directors can fully leverage their individual expertise, and can sense how that determination pervades company-wide activities. It is also a global enterprise which has eight production sites in the Pacific Rim region and where employees of many different nationalities flourish, and I can sense the strong interest it arouses in domestic and overseas investors etc. In recent years, stakeholders such as investors have been paying attention to not just financial data but also non-financial data such as details about initiatives such as ESG and SDGs that are linked with a company's sustainable growth, and about the results of such initiatives. The company is engaged in ambitious corporate activities in this field, such as initiatives aimed at carbon neutrality, and I think it should strive to disclose more information based on those activities.

So far, I have designed and enforced various systems mainly in monetary policy. Recently there has been engagement in constructive dialogue between business enterprises and shareholders based on the Stewardship Code and Corporate Governance Code. I was deeply involved in the policy making aimed at creating such connections and dialogue. Going forward, I hope to make such expertise fully manifest in the business world and make recommendations aimed at more appropriate information disclosure. I intend also to boost the medium and long-term corporate value of the company by leveraging my experience in establishing governance-related legal systems for financial institutions and the like, and strengthening the company's group governance.



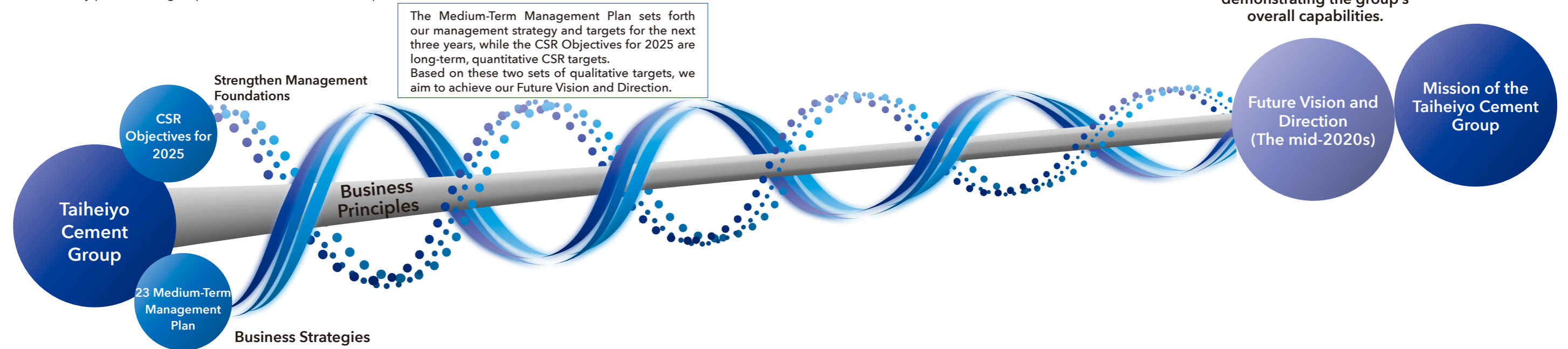
Hideyuki Furikado Outside Director

CSR Management

Corporate Framework for CSR

The Taiheiyo Cement Group Mission was formulated in 2002 as the highest level concept and guiding principle of our business activities. Our Business Principles present more detailed guidelines for action based on the Mission.

The vision and direction targeting the mid-2020s have been established as our vision for the future, based on the Mission. They present the group's values and orientation in qualitative terms.



CSR Objectives for 2025	
I Prevention of accidents	Zero fatalities
II Reduction of greenhouse gas emissions	Reduce specific net CO ₂ emissions by at least 10% from fiscal 2021 levels by fiscal 2025.
III Workplace diversity	Ratio of female recruits: At least 30% Ratio of female employees: At least 10% Ratio of newly appointed female managers: At least 10%

Basic Policy for Promoting CSR Management

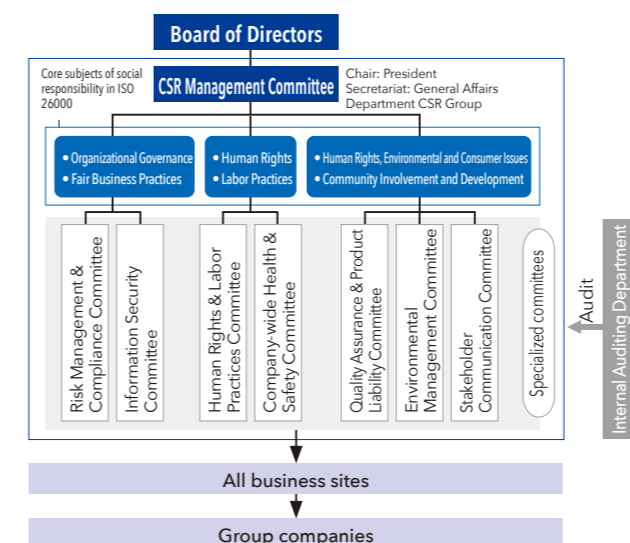
We promote CSR management in accordance with our CSR guidelines, which specify actions that are essential for realizing the Mission of the Taiheiyo Cement Group, and implementing our Business Principles. The guidelines steer the company as we conduct activities in and outside of our businesses that fulfill our social responsibility while pursuing sustainable growth for both the company and society as a whole. Moreover, they lay down basic policies for promoting CSR management.

Basic Policy for Promoting CSR Management

- Based on our Mission and Business Principles, the company will clarify the ideal form of CSR management to be pursued and strive to advance operations based on CSR.
- Promoting a corporate culture that places great importance on compliance, we aspire for all directors and all employees to always make the most appropriate autonomous decisions.
- We will manage the company in the awareness that our social mission includes protecting the environment, defending human rights and contributing to communities.
- We will proactively engage with key CSR issues and undertake the most appropriate prioritization and resource allocation.
- We will practice appropriate information disclosure and communication with stakeholders, based on the state of our CSR management, and build relationships of trust.
- We will treat the promotion of CSR management as a group-wide activity.

The System to Promote CSR Management

To promote our CSR management we have created a cross-departmental CSR Management Committee, chaired by the president with all board directors and all managing executive officers as members, under the direct oversight of the Board of Directors. The CSR Management Committee's role is to screen CSR action plans and other important matters, and review their progress. Reporting to this committee are seven specialized committees for individual CSR subjects, each chaired by the director responsible for that area. The department most closely associated with any given issue acts as the secretariat for the related committee.



CSR Training Programs

We provide CSR education through training programs for each job level, including sessions for newly hired employees, follow-up courses for newly hired employees, career development courses, and training for newly appointed managers. Each specialized committee provides the relevant training programs for education on specific issues, including compliance and human rights. We also conduct executive level CSR training once a year, including for group companies. FY2021 was the first year since our switch from the CSR Report to the Integrated Report, so we explained the main points in our in-house newsletter that goes out to all our employees in order to deepen their understanding of the Integrated Report.

Executive-level CSR Training (FY2021)

Date	Companies in Attendance	Themes
November 2020	82 Combined with remote attendance	<ul style="list-style-type: none"> Anti-power harassment laws, and recent forms of harassment Topics related to the prevention of irregularities and misconduct

Key CSR Issues (Materiality)

Steps in Their Review

Step 1 Identification of issues

We identified issues while referring to international guidelines and stakeholder feedback in the context of our business.

Step 2 Prioritization

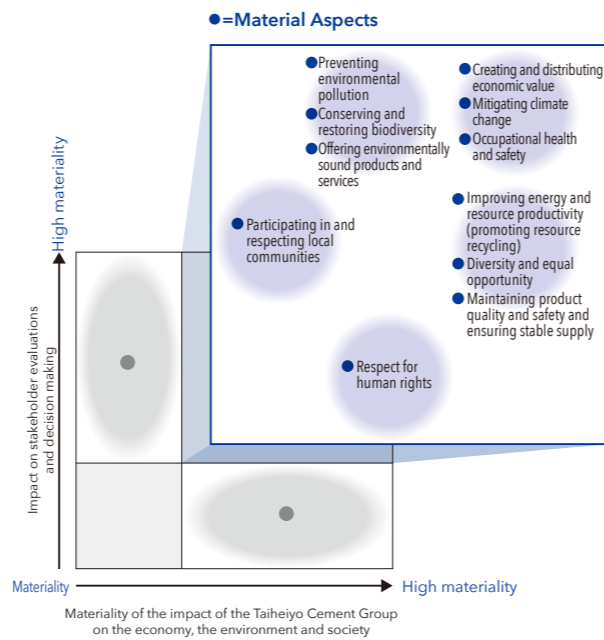
We held internal discussions to review the identified CSR issues and decide which were material aspects for the Taiheiyo Cement Group, and ranked them in order of priority.

Step 3 Verification

We scrutinized whether the selected issues encompassed key issues for the Taiheiyo Cement Group, and whether they reflected the expectations of our stakeholders, before coming to a final decision.

Step 4 Review

We review the issues every fiscal year for a published report.



The Taiheiyo Cement Group's Approaches

Category	Material aspects	Management approach
Economic	Creating and distributing economic value	Policy <ul style="list-style-type: none"> Conduct business activities in accordance with our 20 Medium-Term Management Plan (FY2019 to FY2021)
Environmental	Improving energy and resource productivity (promoting resource recycling)	Policy <ul style="list-style-type: none"> Environmental Management Policy WBCSD Charter GCCA Sustainability Charter
	Mitigating climate change	System <ul style="list-style-type: none"> Establish the Environmental Management Committee All plants and branches, Headquarters and the Central Research Laboratory operate in compliance with ISO 14001
	Preventing environmental pollution	Evaluation <ul style="list-style-type: none"> Framework for Our Long-term Vision of Greenhouse Gas Emissions Reduction toward 2050 CSR Objectives for 2025 Group environmental targets and KPIs based on the WBCSD Charter and the GCCA Sustainability Charter Monitoring and review by the Environmental Management Committee
	Conserving and restoring biodiversity	
Social	Provision of environmentally sound products and services	
	Occupational health and safety	Policy <ul style="list-style-type: none"> Occupational Health and Safety Policy System <ul style="list-style-type: none"> Company-wide Health & Safety Committee OSHMS in operation at all plants and mines Evaluation <ul style="list-style-type: none"> CSR Objectives for 2025 Monitoring of data on health and safety including information from contractors
	Workplace diversity and equal opportunity	Policy <ul style="list-style-type: none"> Basic Policy Concerning the Development of Human Resources The Basic Policy Concerning Diversity System <ul style="list-style-type: none"> Development of a long-term human resource development system, a fair evaluation system and comfortable working environments Evaluation <ul style="list-style-type: none"> CSR Objectives for 2025 Quantitative targets for diversity Monitoring of various kinds of personnel data
	Maintaining product quality and safety, and ensuring stable supply	Policy <ul style="list-style-type: none"> Quality Policy System <ul style="list-style-type: none"> A unified ISO 9001-based management system for product development, design and production Taiheiyo Brand Cement/Concrete (TBC) activities Evaluation <ul style="list-style-type: none"> Analysis of suggestions and inquiries related to quality Regular disclosure of safety-related data about our products on our website
	Participating in and respecting local communities	Policy <ul style="list-style-type: none"> Identification of communication with communities as a material issue in the Mission of the Taiheiyo Cement Group and the Basic Policy of CSR System <ul style="list-style-type: none"> Promotion of company-wide activities by the Stakeholder Communication Committee Evaluation <ul style="list-style-type: none"> Management of progress and sharing of information under the company-wide action plan
Respect for human rights	Policy <ul style="list-style-type: none"> Basic Policy Concerning Human Rights and Labor Practices System <ul style="list-style-type: none"> Promotion of company-wide activities by the Human Rights & Labor Practices Committee Contact points for counseling Evaluation <ul style="list-style-type: none"> Management of progress and sharing of information under the company-wide action plan, and facilitating negotiations and the exchange of opinions at labor management consultations 	

Stakeholder Engagement

We strive to fulfill our responsibilities in response to the expectations and demands of stakeholders while directly and indirectly maintaining sound relationships with them. Listed below are Taiheiyo Cement Group's key stakeholders, identified through consideration of our business characteristics and environment.

	Shareholders	Business partners	Employees	Local communities and local governments
Key stakeholders	Shareholders, investors Financial institutions	Cement sales agents Ready-mixed concrete companies Construction companies Orderers Suppliers Waste disposal companies	The Taiheiyo Cement Group Contractors	Local communities in which we do business Local governments NGOs and NPOs
Environmental (E)	<ul style="list-style-type: none"> Measures to mitigate climate change, and information disclosure Enhancement of environmentally sound management Reduction of greenhouse gas emissions 	<ul style="list-style-type: none"> Provision of environmental products Contributions to waste treatment 	<ul style="list-style-type: none"> Promotion of environmentally sound management Environmental education 	<ul style="list-style-type: none"> Reduction of environmental impacts Measures to mitigate global warming Conservation of biodiversity
Social (S)	<ul style="list-style-type: none"> Timely and appropriate information disclosure Rejection of antisocial forces Appropriate allocation of capital 	<ul style="list-style-type: none"> Stable supply of products Maintenance of product quality and safety Greater customer satisfaction 	<ul style="list-style-type: none"> Respect for human rights and diversity Health and safety assurance Skills and career development 	<ul style="list-style-type: none"> Contributions to the building of social infrastructure Job creation Contributions to disaster preparedness, and to restoration work after disaster damage
Governance (G)	<ul style="list-style-type: none"> Enhancement of corporate value Appropriate redistribution of profits Transparent management 	<ul style="list-style-type: none"> Compliance Impartial business transactions Respect for human rights 	<ul style="list-style-type: none"> Good work environment Adherence to laws, ordinances, and systems Human resource development and fair evaluations 	<ul style="list-style-type: none"> Compliance Timely and appropriate information disclosure

Collaboration with External Organizations

Global Cement and Concrete Association (GCCA)

The Global Cement and Concrete Association (GCCA) was established in 2018. As a founding member, Taiheiyo Cement is the sole Japanese cement and concrete manufacturer participating in its activities. The GCCA inherited the activities of the Cement Sustainability Initiative (CSI), a sector project of the World Business Council for Sustainable Development (WBCSD), in January 2019 and collaborates with the WBCSD in initiatives aimed at sustainable development. The GCCA has established six working groups to develop various guidelines on such themes as responses to climate change, a long-term roadmap for CO₂ reduction, low-carbon concrete, biodiversity, and health and safety. We are working to build a sustainable society via such GCCA initiatives, for example by setting and disclosing CO₂ emission reduction targets for each member company.



In addition, the GCCA launched a research network called Innovandi in 2020 and is expanding research worldwide into sustainable concrete and cement, which are characterized by low CO₂, as well as into the separation and recovery of CO₂. We have participated in Innovandi since its establishment. We recognize the challenges that the GCCA and Innovandi are working on as one of our management issues and strive to engage with them.



The World Business Council for Sustainable Development (WBCSD)

As a core member of the WBCSD Cement Sustainability Initiative (CSI) since 2000 we have engaged in international activities for sustainable development. Even after the activities of CSI were taken over by the GCCA, we continue to work as a WBCSD member and exchange the latest information on ESG with member companies from a broader perspective.



In addition, each year we enroll one employee in the WBCSD Leadership Program. We have sent eight employees so far, and this training program is helping us to develop global human resources.

Participation in the Industrial Federation for Human Rights, Tokyo

Taiheiyo Cement is a participant in the Industrial Federation for Human Rights, Tokyo. Established in November 1979, the federation now consists of 123 companies (representing about 1.5 million employees as of July 2020), most of which are headquartered in Tokyo. Under its basic philosophy of voluntary management and full participation, the federation endeavors to resolve the "Dowa issue" (discrimination against a caste-like minority of ethnic Japanese) and other human rights issues from a company perspective.

Corporate Governance

Corporate Governance

In keeping with the group’s mission, we established the Basic Policy on Corporate Governance with the aim of meeting the expectations of all our stakeholders, including shareholders, and helping to achieve sustainable growth while maximizing our corporate value over the medium to long term. Under this policy we also work toward further enhancing our corporate governance.

Taiheiyo Cement Group Management Organization

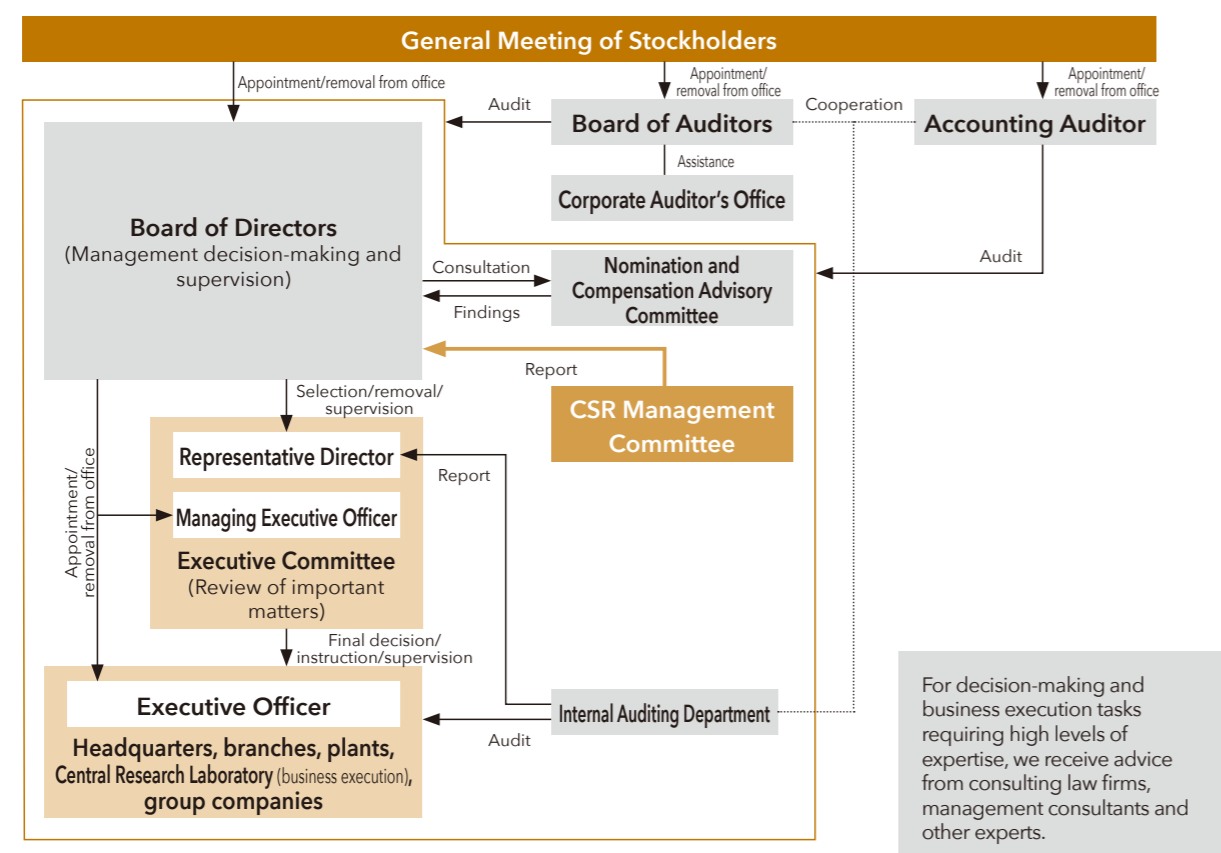
▶ GRI102-18, 19, 22, 23, 24, 28, 29, 30, 33, 35, 36, 37

Corporate Governance System

Our management structure is based upon the Board of Directors and Board of Auditors. However, the Nomination and Compensation Advisory Committee was established on March 31, 2021 as an advisory body of the Board of Directors on decisions regarding the nomination and remuneration of executives. We have also introduced an executive officer system and are endeavoring to separate management decision-making and monitoring/supervisory functions from business execution. Our Corporate Auditor’s Office provides comprehensive support for corporate auditors in the performance their duties. We have set up an internal control system in the Internal Auditing Department and, by means of internal audits, strive to ensure that operations are properly executed in the company and group companies.

In addition, the CSR Management Committee was established to strengthen our corporate governance, for example by improving our business activities from the perspective of CSR.

Corporate Governance System



Overview of Our Directors and Corporate Auditors

Name	Position	Outside officer	Nomination and Compensation Advisory Committee	Expertise and experience					
				Corporate management	Production Technologies Research	Sales Marketing	Finance Accounting	Legal Risk management	Global business
Shuji Fukuda	Director Chairman		○	●		●	●	●	●
Masafumi Fushihara	Representative Director President			●		●	●	●	●
Yuuichi Kitabayashi	Representative Director Vice President			●	●			●	●
Masahiro Karino	Director Senior Executive Officer			●				●	●
Kunihiro Ando	Director Senior Executive Officer			●	●	●			●
Tetsuya Ohashi	Director Senior Executive Officer			●	●		●		●
Yoshiko Koizumi	Director	○	○ (Chairperson)	●				●	●
Shinhachiro Emori	Director	○	○	●		●	●		
Hideyuki Furikado	Director	○	○				●	●	●
Shigeru Matsushima	Corporate Auditor (Standing)			●		●	●	●	●
Katsuhide Fukuhara	Corporate Auditor (Standing)			●	●		●	●	●
Wakako Mitani	Corporate Auditor	○					●	●	
Yoshio Fujima	Corporate Auditor	○					●	●	

Evaluating the Effectiveness of the Board of Directors

In accordance with the Basic Policy on Corporate Governance, we analyze and evaluate the overall effectiveness of the Board of Directors on an annual basis. We employ a self-evaluation system in which all directors and corporate auditors fill out a questionnaire. The chairman of the board and outside directors analyze and assess the results of the questionnaire and report the details to the Board of Directors. Future challenges and measures are then discussed and confirmed. We have made improvements to the structure and operations of the Board of Directors on the basis of the results, and the evaluation has deemed that the overall effectiveness of our Board of Directors is being ensured.

● Outline of Our Governance System (As of June 29, 2021)

	No. of people etc.
Organizational structure	Company with a Board of Auditors
Chairman of the board	Chairman
No. of directors (No. of female directors)	9 (1)
No. of outside directors included in that figure	3 (1)
No. of independent directors included in that figure	3 (1)
Tenure of a director	1 year
Executive officer system	Yes
No. of corporate auditors (No. of female corporate auditors)	4 (1)
No. of outside officers included in that figure	2 (1)
No. of independent officers included in that figure	2 (1)

● Major Meetings Held

Meeting	No. of times held	Presence of outside officers
Board of Directors	14	100%
Board of Auditors	13	100%
Executive Committee	23	-

Appointment of Board Members

Nomination and Appointment of Prospective Directors

The president proposes prospective directors and outside directors to the Board of Directors, including outside directors, in accordance with the Basic Policy on Corporate Governance. After deliberations and decisions by the Board of Directors, candidates are

presented to the General Meeting of Shareholders, whose vote decides their appointment. The deliberations of the Board of Directors respect the results of the discussions and findings of the Nomination and Compensation Advisory Committee.

Nomination and Appointment of Prospective Corporate Auditors

After gaining the approval of the Board of Auditors the president proposes to the Board of Directors prospective corporate auditors endowed with suitable experience and skills, and with adequate expertise in financial affairs, accounting and legal affairs. After deliberations and decisions by the Board of Directors, candidates are presented to the General Meeting of Shareholders, whose vote decides their appointment.

Nomination and Appointment of Prospective Outside Officers

Prospective outside officers must satisfy the company's Independence Criteria for Outside Officers and be capable of supervising our directors and management from an independent, external standpoint, and of providing proper and appropriate advice based on their experience and insights from careers in professions such as lawyer, corporate manager, certified public accountant and government official.

 Please see our website for more information about Independence Criteria for Outside Officers
<https://taiheiy-cement.co.jp/english>
About Us ▶ Corporate Governance

Board Member Remuneration

Determining Board Member Remuneration

A Nomination and Compensation Advisory Committee is established to determine board member remuneration. The committee is chaired by an outside director and has a majority of outside directors. The committee deliberates and reports its findings to the Board of Directors, which respects those findings. The decision is then entrusted to the representative director, within the scope decided at the General Meeting of Shareholders and determined by our company regulations.

The remuneration system for directors (excluding outside directors) consists of fixed compensation, share-based compensation and performance-based compensation, while the remuneration system for the outside directors consists solely of fixed compensation. The remuneration system for auditors also consists solely of fixed compensation.

- Fixed compensation is set according to position.

- Performance-based compensation is calculated by multiplying profit attributable to owners of parent company shares for the fiscal year under review by 1% (up to 400 million yen) and a coefficient according to position.
- Share-based compensation is calculated according to position and issued yearly in the form of share options with restrictions on transfer. In principle, the restrictions on transfer are rescinded on the day the director retires.

Annual Remuneration of Board Members

Remuneration for directors was decided at the General Meeting of Shareholders on June 29, 2021. After the said meeting, there are nine directors (of whom three are outside directors), for whose annual remuneration there is a maximum of 1.2 billion yen (of which 100 million yen is for outside directors). Included in that is a maximum annual sum of 200 million yen (200 thousand shares) as restricted transfer share-based remuneration.

Remuneration for corporate auditors was decided at the General Meeting of Shareholders on June 29, 2020. After the said meeting, there are four corporate auditors, for whose monthly remuneration there is a maximum of 13 million yen.

● Annual Remuneration of Board Members (FY2021)

Category	No. of board members remunerated	Amount of remuneration paid (Million yen)
Director	15	552
Corporate Auditor	4	72
Sub-total	19	624

The above count of board members and corporate auditors who received remuneration includes eight board directors (including one outside director) who retired or resigned at the conclusion of the 22nd Ordinary General Meeting of Shareholders held on June 26, 2020.

Internal Control System

▶ GRI102-30

We follow the Basic Policy for Building an Internal Control System to ensure suitable and efficient operations at the company and group companies. Our basic approach is to improve and strengthen systems that are currently in operation, and to review and reappraise essential matters. In accordance with this policy, and with the aim of establishing systems that ensure suitable operations at group companies, we are running training and awareness campaigns about Revisions to Our Internal Audit Regulations and Internal Audit Detailed Regulations (November 2020) and our Audit Manual for Auditors Dispatched to Affiliated Companies. Audits were carried out at four Taiheiy Cement business sites and fifteen

domestic group companies in FY2021. Matters in need of improvement were identified, and advice and recommendations are being given.

Compliance with Japan's Corporate Governance Code

The table below show where we disclose information regarding the principles in the Corporate Governance Code that require disclosure.

- The 11 Principles in the Corporate Governance Code Requiring Disclosure (Prior to revisions to the Corporate Governance Code)

Principle	Where disclosed	Where disclosed		
		Website ^{*1}	Fundamental Policies ^{*2}	Reports ^{*3}
Principle 1.4	Cross-shareholdings		Article 23	
Principle 1.7	Related party transactions		Article 24	
Principle 2.6	Roles of corporate pension funds as asset owners			●
Principle 3.1	Company objectives (e.g., our mission), management strategies, management plans	●		
	Basic concepts and policies on corporate governance			●
	Full disclosure		Article 16	
Supplementary Principle 4.1.1	Policies and procedures in determining the remuneration of senior management and directors		Article 6	
	Policies and procedures on the appointment of senior management, and nomination of prospective directors and corporate auditors		Article 10	Article 13
Supplementary Principle 4.1.1	Board of Directors' decisions and scope of matters delegated to management		Article 3	
Principle 4.9 ^{*4}	Independence criteria for outside directors		Article 4	●
Supplementary Principle 4.1.1.1	Views on appropriate balance between knowledge, experience and skills of the Board of Directors as well as on diversity and appropriate board size		Article 4	
Supplementary Principle 4.1.1.2	Status of concurrent positions at other listed companies held by directors and corporate auditors of the Taiheiy Cement Group		Article 8	Article 15
Supplementary Principle 4.1.1.3	Analysis and evaluation of the overall effectiveness of the Board of Directors and summary of results		Article 20	●
Supplementary Principle 4.14.2	Training policy for directors and corporate auditors		Article 19	
Principle 5.1	Policy for constructive dialog with shareholders		Article 25	

*1 Our corporate website

*2 Our Basic Policy on Corporate Governance

*3 Our Corporate Governance Report

*4 In addition to the above three methods of disclosure, we disclose information in our securities reports and materials for our general shareholders' meeting.

 Please see our website for the our Basic Policy on Corporate Governance and our Corporate Governance Report.

<https://taiheiy-cement.co.jp/english>
About Us ▶ Corporate Governance

Risk Management and Compliance



Basic Risk Management and Compliance Policies

▶ GRI102-16

Basic Risk Management Policy and Regulations

In our Business Principles we declare “we will strive to anticipate the changing business environment to assess new opportunities for growth.” We consider risk management to be a foundation for reducing management uncertainties and achieving management objectives. Based on our basic risk management policy, we manage risks that make the achievement of management goals uncertain, such as social change, changes in the global environment, natural disasters, accidents and scandals. In addition, we have established risk management regulations to incorporate the risk management policy into specific risk management activities. Our risk management regulations include responses to emergencies.

Basic Risk Management Policy

- 1 We prevent and reduce risks in order to ensure the quality and safety of our products and services, protect the lives and safety of our employees and their families, and earn greater trust from our stakeholders.
- 2 We create a system to appropriately manage a wide range of risks associated with our business activities.
- 3 We promote risk management through a plan-do-check-act cycle.
- 4 We quickly and appropriately deal with risks as they are identified.
- 5 In collaboration with group companies we build a system for immediately detecting new risks arising from changes in our business environment and for quickly and appropriately dealing with risks at the group level.

Basic Compliance Policy

Under our Business Principles we pledge that we will act in strict compliance with the law and in accordance with social mores. Fully aware that compliance is the foundation of CSR management, we published the Basic Compliance Policy and simultaneously created compliance rules in March 2005. We do not limit our definition of compliance to legal compliance; our definition includes compliance with the social mores from which our laws originate, the mission and business principles of our group, and internal regulations.

Basic Compliance Policy (Summary)

- Compliance with our Mission, Business Principles and social norms
- Maintaining internal systems and rules and ensuring broad-based awareness of them
- Cooperation with all group companies and promotion of educational and enlightenment activities
- Establishing appropriate responses and policies for when problems occur
- Timely and appropriate disclosure and communication of necessary information
- Compliance with international standards and rules, and respect for local cultures and customs
- Rejection of illegal and unwarranted demands from antisocial forces or organizations

Please see our website for more information about our Standards of Conduct (Casebook).

<https://taiheiyo-cement.co.jp/english>
 CSR-ESG Initiatives ▶ Risk Management and Compliance
 ▶ Risk Management and Compliance Promotion Activities

Please see our website for more information about risk management and compliance.

<https://taiheiyo-cement.co.jp/english>
 CSR-ESG Initiatives ▶ Risk Management and Compliance

For more information
 The Anti-Bribery Policy ▶P.86

Risk Management and Compliance Promotion System

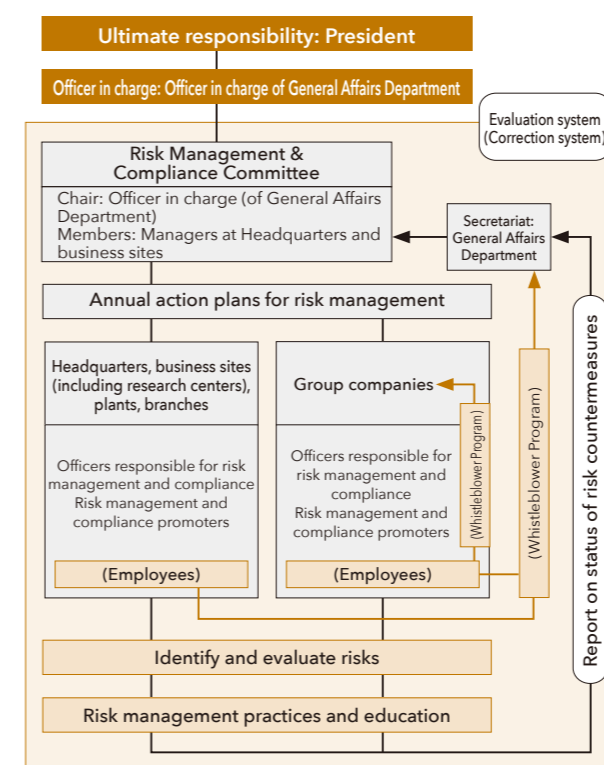
▶ GRI102-17, 30, 31

Our president has ultimate responsibility for risk management and compliance promotion. The officer in charge of both areas (officer in charge of the General Affairs Department) is appointed by the president to preside over and run the Risk Management & Compliance Committee and systematically promote organized activities.

The committee plays a core role in our risk management and compliance promotion for the entire group. It deploys the policy, identifies, evaluates and specifies company-wide risks, implements risk management activities based on PDCA cycles and promotes compliance. Moreover, it studies and proposes the creation and revision of rules for risk management and compliance, and provides instructions for advancing the awareness and education of employees. Under the guidance of this committee,

each business site and group company has an officer responsible for risk management and compliance, and a risk management and compliance promoter, who carry out specific duties. We held four Risk Management & Compliance Committee meetings in FY2021.

Risk Management and Compliance Promotion System



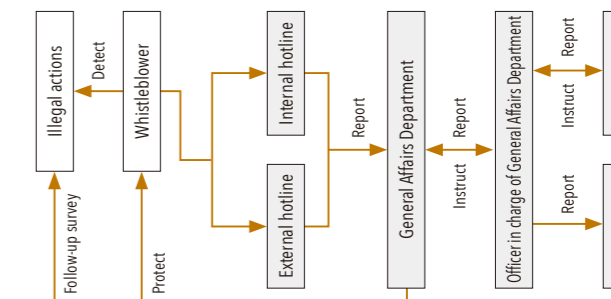
* Subject to risk management: 103 group companies (as of March 31, 2021)

Whistleblower Program

Reports and requests are handled properly in accordance with normal company procedures. We have also set up whistleblower hotlines to receive reports directly without the need for the usual company procedures. Whistleblowers have the option of either disclosing their identity, or reporting anonymously to mitigate any potential psychological constraints. We have whistleblower hotlines both internally (at the CSR Group of our General Affairs Department) and externally (at a law firm). Our internal hotline is in a dedicated, locked room equipped with dedicated phone and fax lines, as well as a computer with a dedicated address, in order to safeguard the privacy of those submitting reports. Our external hotline is also available to all employees of group companies in an effort to strengthen group governance, improve program effectiveness and reduce the burden on individual companies. In addition, we created the Whistleblower

Program Regulations so whistleblowers using the program are not subject to unfavorable treatment.

Whistleblower Program



Results* of the Whistleblower Program (FY2021)

Hotline	Reports
Internal (CSR Group, General Affairs Department)	7
External (Kajitani Law Offices)	0

* Cases that should be regarded as reports according to the Whistleblower Program Regulations.

Risk Management and Compliance Promotion Activities

▶ GRI102-11, 17, 201-2, 205-2

Identifying, Evaluating and Specifying Company-wide Risks

In FY2020 we decided to identify the impact of anticipated changes in social and environmental conditions over the next ten years on uncertainties in group management, and then formulate measures to avoid and reduce those uncertainties.

We referred to sources such as the World Economic Forum and WBCSD guidance on the integration of sustainability and enterprise risk management for risk data, and identified and evaluated risks. We also consulted risk management experts.

For more information

Identification of Risks and Opportunities ▶P.20

Announcement of Support for the Recommendations of the TCFD, and the Results of Our Scenario Analysis

Please see our website for more information about the TCFD and mitigating climate change.

<https://taiheiyo-cement.co.jp/english>
 CSR-ESG Initiatives ▶ Risk Management and Compliance
 ▶ Risk Management and Compliance Promotion Activities

Measures to Reduce the Impact of Risks

Based on evaluations of identified company-wide risks, our Risk Management & Compliance Committee takes the lead in specifying those to be addressed every year and implementing activities to reduce risk impact through PDCA cycles. The challenges addressed in FY2021 were (1) the establishment of a system to prevent scandals such as accounting irregularities, and (2) the revision of compliance-related rules.

Examples of Overseas Risk Countermeasures

We have created and regularly revise the Riot/Terrorism Response Manual. In addition, with regard to high-risk countries to which our employees are dispatched, we clearly state the procedure for deciding on local evacuations, have created a tool for evaluating the emergency evacuation level according to changes in local situations, and provide training using the tool. We also list and secure supplies (food, clothes, hygiene supplies, and medicines), as well as cash and other resources needed, in the event of evacuation or an emergency at our overseas business sites.

Emergency Task Force

If an event such as a disaster, accident or misconduct has occurred, the affected business site informs the general manager of the General Affairs Department. The general manager considers the severity of the event and determines if an emergency

Explosion at the Saitama Plant

On April 26, 2021 at 21:58, there was an explosion at the on-site power generation facility located on the north side of the Saitama Plant. We apologize profoundly for the trouble and anxiety we caused to the local residents, our customers, related companies, the authorities concerned, and many others.

It has been confirmed that debris flew beyond the plant perimeter, vehicles caught fire, buildings and vehicles were damaged and dirtied, and flying debris caused damage to farmland. People who were in a nearby parking lot have reported health issues, but there were no injuries to other local residents or other people.

We are dealing in good faith with the damage etc. working on implementing countermeasures to prevent a recurrence of the accident. There was no damage to plant facilities other than the on-site power generator and, after safety checks, cement production and shipments continued as normal, as did the treatment of municipal waste (combustible waste) entrusted to us by Hidaka, the city where the plant is located.

In addition, an accident investigation committee, including external experts, was established on June 1. We are working with the committee to investigate the causes of the accident based on an objective survey, and to formulate measures to prevent a recurrence.

task force should be established or if the response to the event can be delegated to the site management. Appropriate action is then taken by the emergency task force or local management.

13 such events were reported in FY2021. Important information, including how the situation is handled, is reviewed by the CSR Management Committee.

As preparation for responding to disasters and accidents, we also conducted Shake Out earthquake drills at each business site, and the general manager of the General Affairs Department attended an external course while exploring the question of providing executives with training on how to deal with the mass media. We also provided training for plant staff so they would understand how to appropriately handle complaints if an accident occurs.

Response to the Spread of the Novel Coronavirus (COVID-19)

We and our group companies prioritized the safety of our customers, business partners, the local community and employees of our business sites as COVID-19 infections spread. The emergency task force, headed by the president, implemented various measures and strove to ensure a stable supply of cement and mineral resources products that are essential for social infrastructure.

The Main Measures to Prevent the Spread of Infections

- Strongly encourage telecommuting by setting workplace attendance targets and publishing the actual attendance figures in-house and outside the company.
- Limit close contact between employees and prevent clusters from developing.
- Limit or completely ban get-togethers and occasions where people eat together.
- Utilize web conferencing and limit or completely ban business trips and meetings.
- Evacuate expatriate employees if so warranted by local conditions such as the spread of infections and the state of the medical care system.
- Provide workplace inoculations for Taiheiyo Cement and group company employees who work at the Headquarters or Central Research Laboratory, and for Taiheiyo Cement employees who work in the vicinity of Tokyo.

Going forward, the pandemic is expected to have a long-term impact on the economy and the business environment. However, Taiheiyo Cement and our group companies will continue to boost production while further promoting flexible work arrangement reforms, and to strive for business continuation even during states of emergency.

Risk Management and Compliance Promotion Training

We provide risk management and compliance training for managers and promoters working at the company's business sites and group companies to ensure effective risk management and compliance. In FY2021, we invited outside lecturers to give talks to the managers at our group companies. Held in November, "Aiming for Harassment-free Workplaces: The Latest Legislation and Corporate Responses" and "Preventing Irregularities and Scandals at Group Companies" were attended by 82 companies, including those who participated remotely. A training program for the promoters was postponed due to the COVID-19 pandemic.

Compliance Training

In order to fulfill our mission and uphold our business principles, we formulated the Standards of Conduct to guide all our officers and employees in the performance of their daily duties. The standards consist of 35 items in 6 categories that draw upon Taiheiyo Cement's policies, regulations and president's messages delivered within and outside the company.

We have created and distributed to all our employees, as well as all those of our main group companies, the Standards of Conduct (Casebook), which describes specific examples on how to act in line with the Standards of Conduct.

We regularly revise the Standards of Conduct (Casebook) to reflect the latest information.

In addition, for all company employees, including those on loan to group companies, we conduct monthly quiz tests as part of e-learning programs to provide education on the Standards of Conduct (Casebook) and other materials so they learn how to act in individual situations. In FY2021, 77.4% of employees participated in the program.

 Please see our website for more information about our Standards of Conduct (Casebook).
<https://taiheiyo-cement.co.jp/english>
 CSR-ESG Initiatives ▶ Risk Management and Compliance
 ▶ Risk Management and Compliance Promotion Activities

Legal Roundtables for Group Companies

Since FY2006 we have been holding roundtable discussions attended by management and legal affairs representatives from our group companies. These provide opportunities to share legal information (mainly responses to revisions of laws) in order to further our understanding of major laws relating to corporate management and to assist in the

creation of our group's compliance regime.

These roundtables were postponed due to the impact of COVID-19 in FY2021, but the table below shows those held in FY2019 and FY2020. We plan to hold them in an appropriate form in FY2022, based on the COVID-19 situation and other considerations.

● **Previous Legal Roundtables for Group Companies**

No.	Date	Attendance	Theme
27th	2018 July	8 companies 14 participants	Legal issues concerning labor
28th	2018 November	89 companies 88 participants	Revised points in the Civil Code and their impact on business transactions Practical responses to Civil Code revisions
29th	2019 July	11 companies 19 participants	Legal issues concerning labor
30th	2019 November	84 companies 86 participants	Communication with authorities in response to corporate scandals (criminal plea bargains, antimonopoly leniency and commitment procedures) Practical responses to Civil Code revisions (contract clause examples)

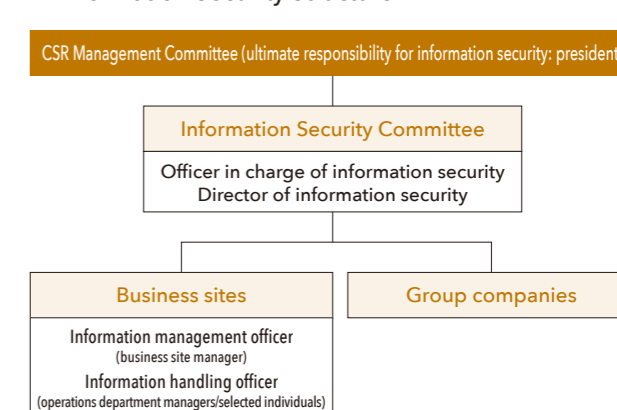
Information Security

System to Promote Information Security

To ensure and maintain the security of information assets we have established the Basic Information Security Policy and the Information Security Management Regulations. Under the management system in accordance with these regulations, we are actively working to maintain information security.

Our president has ultimate responsibility for information security. The president appoints the officer in charge of information security (officer in charge of the Corporate Planning Department), who presides over and runs the Information Security Committee in order to advance systematic, organized activities to promote information security.

● **Information Security Structure**



Please see our website for more information about our Basic Information Security Policy and Privacy Policy.
<https://taiheiyo-cement.co.jp/english>
 CSR-ESG Initiatives ▶ Risk Management and Compliance
 ▶ Information Security

Activities to Promote Information Security

In FY2021 we used a portal site on our intranet to remind and educate all employees about information security, and also hired outside experts to carry out a dark web analysis. A number of risks were identified and, after checking the details, we have taken appropriate measures. We also held a gathering for the information departments of group companies at which we promoted information security measures. In addition, we conducted disaster recovery drills based on hypothetical emergencies, and carried out a security level survey of group companies and information security training designed to enhance our security system. No serious incidents related to information security have occurred.

We will continue our efforts to improve the security levels of our domestic and overseas group companies.

Protection and Use of Intellectual Property

Fundamental Intellectual Property Policy

Based on our policy of boosting the outstanding competitiveness and brand value of the Taiheiyo Cement Group via business-oriented intellectual property activities, in addition to strengthening the group's business competitiveness by securing and utilizing intellectual property, we support the creation of an advantageous business environment by sharing information gleaned from totally new perspectives, based on an integrated analysis of information about patents, markets and the like.

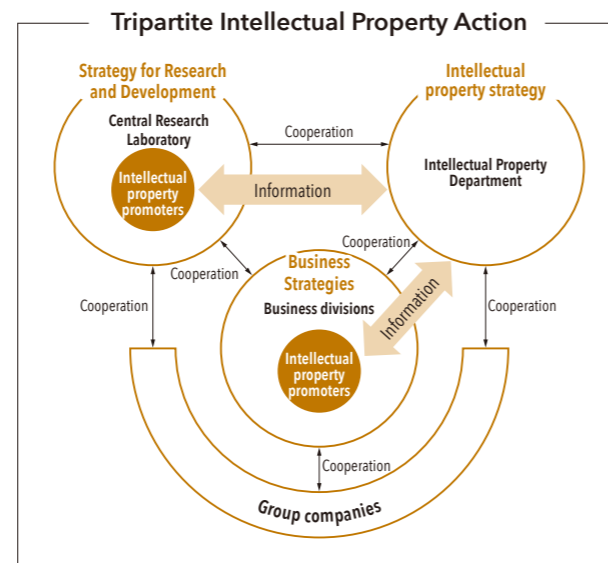
System to Promote Intellectual Property Action

We have formulated and apply our Rules for Handling Intellectual Property Rights and the Taiheiyo Cement Group Intellectual Property Management Guidelines to ensure the appropriate management of intellectual property.

Based on our intellectual property promotion system, intellectual property promoters are assigned to our major business divisions and the Central Research Laboratory to stimulate intellectual property action. They promote the effective and efficient creation, protection and use of our intellectual property in collaboration with the Intellectual Property Department. We have also established the Group Intellectual Property Promotion Committee with our main group companies. We are

working to promote and stimulate intellectual property activities at our group companies via workshops and exchanges of information with the Intellectual Property Department.

System to Promote Intellectual Property Action

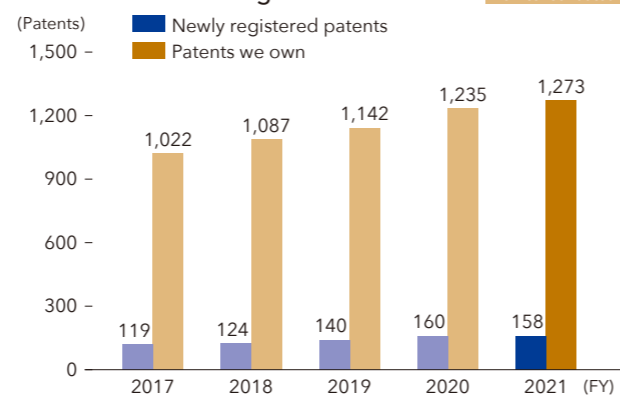


Outline of Our Intellectual Property

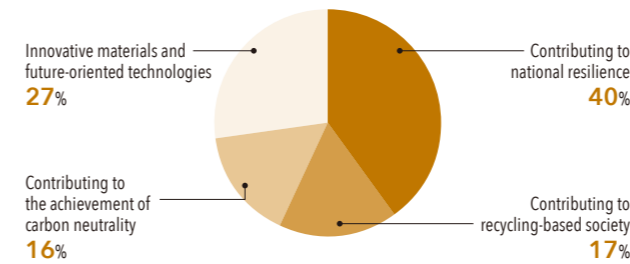
As of the end of March 2021, the company owned 1,273 domestic and 238 overseas patents, 267 domestic and 152 overseas trademarks, and 8 domestic design rights.

While maintaining and improving our performance in submitting patent applications in the cement and concrete sector that contribute to national resilience, recently there has been a sudden increase in our patent applications concerning technologies that contribute to carbon neutrality.

Number of Newly Registered and Current Domestic Patent Rights



Patent Application Ratio by Technical Field (FY2021)



In the process to create intellectual property we construct robust patent clusters by establishing rights to peripheral and improved technologies. As well as constructing a wide-ranging, robust intellectual property portfolio, we support business expansion by promoting a strategic mix of intellectual property that also includes assets such as trademarks and design rights.

We also appropriately manage our intellectual property rights, carrying out comprehensive evaluations of their business and technological value, and deciding whether to maintain or renounce them.

Risk Management for Intellectual Property

With regard to preventing the infringement of other companies' rights, we strive to ascertain recent developments in our competitors' rights via measures such as the periodic circulation of patent information, our problematic patent watch system and our intellectual property review service, and engage in thorough risk management based on our own criteria. Moreover, we boost our employees' awareness of intellectual property risks via measures such as holding in-house training and intellectual property strategy promotion meetings with our various divisions. To date, we have never been sued for infringing intellectual property rights, and therefore have not suffered any ensuing business obstacles.

To prevent technology leaks we comprehensively assess such factors as the implementation status of the invention concerned, and the relative difficulty of confidentiality for it, make a decision on know-how concealment, and handle it carefully as a trade secret.

We are also focusing on risk strategies for overseas intellectual property in view of further expansion of our overseas business going forward. The legal systems of emerging Asian nations are different from the system in Japan. We make sure that any differences from Japan are well-known in our group companies, establish support systems that draw upon outside experts well-versed in the situation in specific countries, and carry

out risk management for our intellectual property.

Action to Boost Awareness of Intellectual Property

Our steps to make employees aware of intellectual property and boost the group's intellectual property capabilities include holding in-house training, informing employees about external training programs, and encouraging them to take the national Intellectual Property Management Skills Test.

Our in-house training program includes basic training for new recruits who have almost no experience of dealing with intellectual property, periodical courses providing patent description training for young inventors, and patent research skills training. Thanks to the addition of remote training courses, our regional branches, plants and group companies participated actively in our FY2021 in-house training program with the number of participants increasing from 90 in the previous fiscal year to 164 in FY2021.

Furthermore, utilizing classes held by external organizations such as the Japan Intellectual Property Association has made it possible for participants to select training that matches their level and needs, and we are promoting such educational and awareness programs for employees at our group companies.



A patent description workshop (also available remotely)

In-house Attendance at Intellectual Property Training Sessions (FY2021)

(Unit: People)

Training Content	Taiheiyo Cement Corporation	Group companies	Total
Basic	57	57	114
Patent Descriptions	26	24	50
Total	83	81	164

As part of our action to boost awareness, we also have a reward system for inventors and run the Intellectual Property Award Program for employees who contribute to excellent inventions or intellectual property activities.

Respect for Human Rights and Diversity



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 awareness 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, provide them with 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 Standards of Conduct (see pages 56-57), which govern the actions of each employee and are 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 in the belief that education is the foundation for human rights.

In the FY2021 training program for the top management at group companies, we held a lecture called “Harassment-free Workplaces: The Latest Legislation and Corporate Responses” that was based on the revised act to prevent power harassment that was enacted in June 2019. We also held training for all our employees to make them aware of 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 also assisted group companies in conducting training courses and distributed a booklet to raise awareness of human rights.

In-house Training on Human Rights Issues and Submitted Slogans (FY2021) Non-consolidated

In-house Training and Slogans Submitted	Results
Taiheiyo Cement Group Top Management CSR training	112 participants
Unconscious bias training	3,152 participants (Group companies: 775 participants included)
Human rights training at plants and branches	69 participants
Human Rights Week slogans submitted (by employees and their families)	1,637 slogans

Our Human Rights Hotline

Members of the harassment counseling committees and human rights committees located at all our 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 FY2021, we received 4 reports via the hotline. We reviewed the details of each report based on requests from the complainants, and responded appropriately.

Harassment Hotline

Internal	Human rights awareness promotion committee members and harassment consultation members have been assigned at all our business sites (56 in total)
External	Telephone and website consultations have been contracted to the Japan Institute for Women's Empowerment & Diversity Management Harassment Hotline

Number of Reports to the Harassment Hotline (FY2021) Non-consolidated

	Sexual harassment	Power harassment	Other forms of harassment	Total
Internal	1	2	0	3
External	0	1	0	1

Respecting Diversity

▶ GRI404-2, 405-1

Promoting Diversity and the Empowerment of Women

We position promoting diversity and empowering women as a priority issue for creating an innovative labor force, and have set quantitative targets in the CSR Objectives for 2025 (formulated in May 2015) as announced in-house and outside the company. As of the end of March 2021, the ratio of female employees is 9.2%, and we are continuing with initiatives aimed at meeting our target. The ratio of newly appointed

female managers in March 2021 was 10.7%, meaning that we have achieved our target.

In addition to the plan actioned in April 2021 and based on the Act for Measures to Support the Development of the Next Generation and the Act for Promotion of Women's Participation and Advancement in the Workplace, we are proactively recruiting female employees and taking measures to support their retention in order to open up more workplaces and career options for female employees. To further promote employee work-life balance management, including childcare management, we have set targets relating to the use of annual paid leave and encourage male employees to take childcare leave.

In terms of our systems, we improved the existing system regarding childcare and caregivers in FY2017, and in FY2018 established a system that made leave available at the time of a life event and a reemployment system. We introduced a telecommuting system in April 2020, and are working on initiatives to improve labor productivity and make diverse workstyles available.

In October 2017 we launched Kirakira Palette, a portal site that provides support for continuous employment and is an integrated source of information about fringe benefits and support available for childcare and caregiving. Kirakira Palette was launched in response to employee feedback stating that they did not know which kind of systems were available in the company and that they would like more details about them.

We are also committed to providing information concerning male participation in childcare. In October 2020 we invited an outside lecturer to talk about gender equality programs throughout Japan and childcare support, and held an in-house diversity forum exploring the idea of male participation in childcare.

We launched a program to train the next generation of leaders (for female employees) in December 2020, and this new initiative is scheduled to run until the end of FY2026. It is held for our younger employees, including new recruits and mid-level employees, and is designed to gradually boost their awareness of their leadership potential.

We will continue to promote initiatives to attract and retain female employees, train human resources capable of managing work-life balance, and improve in-house systems which support them in that. Via such work-life balance management initiatives we aim to become an organization where diverse human resources can make full use of their abilities.



Kirakira Palette portal site established

Please see our website for more information about general business owner action plans pursuant to the Act of Promotion of Women's Participation and Advancement in the Workplace.

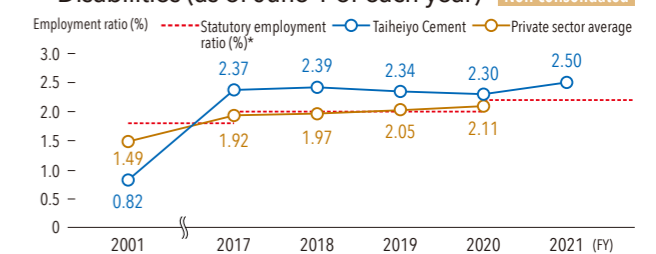
<https://taiheiyo-cement.co.jp/english>
 CSR-ESG Initiatives ▶ Collaborating with Society
 ▶ Human Resource Development and Creating an Energetic Workplace

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 2.50% as of June 2020 and the annual average employment rate for FY2021 was 2.61%, exceeding the statutory rate for the 14th consecutive year. The statutory employment rate was raised to 2.30% in March 2021. Our employment rate was 2.55% as of June 1, 2021, 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 and seminars for persons with disabilities.

Trends in the Employment Rate for Persons with Disabilities (as of June 1 of each year) Non-consolidated



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

Rehiring System for 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 are 65. We will continue to make sure there is a workplace for individuals who seek reemployment by expanding opportunities in group companies.

Number of Employees Rehired Non-consolidated

Employer	2020
Rehired by the company	51
Rehired by other companies (including some that are not group companies)	21

Human Resource Development and Creating an Energetic Workplace

Human Resource Development and Evaluation

▶ GRI404-2, 3

We regard our employees as the most important management resources for achieving 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.

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. In principle, human resources will be:

- 1 Developed through on the job training supplemented by off-the-job training
- 2 Developed to inherit the roles of their predecessors, playing central roles in the future in each field and at each level
- 3 Developed to take action in constant consideration of group management
- 4 Developed to global standards of competence
- 5 Developed to protect the environment and to serve society by assuming active roles in CSR initiatives
- 6 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, all employees are requested to submit annual self-appraisals in which they can detail their future career development aspirations, worksite preferences and family considerations. This helps us improve the working environment so they can fully demonstrate their abilities and we can retain their long-term services.

Characteristics of Ideal Employees

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


Self-confident individuals with a strong sense of purpose who will contribute to the sustainable growth of the group

- 1 Individuals with innovative ideas, strong leadership and the ability to take bold actions
- 2 Individuals who can play an active role in the global arena
- 3 Individuals who can contribute to group management

● Education/Training-Related Expenditure per Employee

Non-consolidated		
(Unit: Thousand yen)		
FY2019	FY2020	FY2021
74	75	34

*Expenditure was lower in FY2021 since training was postponed or moved online due to the COVID-19 pandemic.

 Please see our website for more information about our training system.

<https://taiheiyo-cement.co.jp/english>
 CSR-ESG Initiatives ▶ 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 FY2021, 810 people had participated in training under this program.

Employee-friendly Workplaces

▶ GRI401-3, 403-6

Flexible Work Arrangements

We are striving 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 have 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 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 gaining our first "Kurumin" certification in 2017, we achieved the targets for promoting the use of annual paid leave and encouraging male employees to take childcare leave set in the general business owner action plan during its fifth term, from April 2017 to March 2019, and its sixth term, from April 2019 to March 2021. We also met multiple certification criteria such as the rate of childcare leave taken and levels of overtime work. In recognition of our efforts we have gained our third "Kurumin" certification. Also, in FY2022 we started implementing various efforts in accordance with our seventh general business owner action plans.



General Business Owner Action Plans

Duration
 April 1, 2021 to March 31, 2023 (2 years)

	Target	Measures
1	Encourage employees to take annual paid leave	Systematically provide annual paid leave, set days when employees are encouraged to take annual paid leave
2	Encourage male employees to take childcare leave	Run a portal site in support of the continuation of employment which systematically introduces internal systems, actively encourage employees to take the childcare leave they are entitled to

Main 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 with region-limited employment option

● Leave Taken and Work Hours Non-consolidated

Items	2018	2019	2020
Number of employees who took childcare leave (male employees in parentheses)	22 (8)	24 (17)	18 (8)
Childcare leave rate for female employees	100%	100%	100%
Rate of annual paid leave taken	67.6%	78.5%	74.5%
Overtime work (monthly average)	16.7 hours	17.4 hours	17.5 hours

Human Resource Development and Creating an Energetic Workplace

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 as of FY2021.

Initiatives to Promote Employee Health

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

* Kenko-keiei (Health Management) is a trademark of the NPO Health Management Study Group.

Taiheiyō Cement Group Commitment to Health

The Taiheiyō 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: 96.7% in FY2021). Mental healthcare is a key focus in our initiatives to promote employee health. We also conduct workshops focused on maintaining mental health. 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.

Promoting Hygiene and Good Health

We conduct annual health examinations for all employees in accordance with the Industrial Safety and Health Act. As in FY2019 and FY2020, the attendance rate in FY2021 was 100%. When it is deemed necessary, we encourage the employee to undergo a more thorough examination and provide guidance on how to make lifestyle improvements.

Moreover, as part of the initiative, we hold nutrition seminars at each business site, provide information through our in-house newsletter and distribute pamphlets that boost health awareness.

Employee Awareness Survey

With the aim of boosting our employees’ job satisfaction we conducted an employee survey every two years from FY2014 to FY2018. We are discussing details to implement it more effectively in FY2022.

Our Employees

▶ GRI102-7, 8, 401-1

● Employees (as of the end of FY2021)

		(Unit: person)		
		Male	Female	Total
Non-consolidated	Permanent employees	1,633	205	1,838
	Temporary employees	65	8	73
Consolidated	Permanent employees	10,991	1,595	12,586
	Temporary employees	803	255	1,058

● Average Length of Employment for Employees (as of the end of each fiscal year)

		(Unit: year)		
		FY2019	FY2020	FY2021
Non-consolidated				
Male		20.4	20.0	19.2
Female		13.1	12.3	12.3

● Number of Employees in Management Positions (as of the end of each fiscal year)

		(Unit: person)		
		FY2019	FY2020	FY2021
Non-consolidated				
Male		767	760	759
Female		3	5	8

● Number of Newly Graduated Employees

		(Unit: person)		
		FY2019	FY2020	FY2021
Non-consolidated				
Male		68	91	91
Female		24	18	18

● Number of Newly Hired Mid-career Employees

		(Unit: person)		
		FY2019	FY2020	FY2021
Non-consolidated				
Male		6	9	11
Female		7	0	0

Sound Labor-Management Relations

▶ GRI102-41, 403-4

All employees who have entered into a labor agreement with the company are union members. As and when required we 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. These sessions encompass not only labor contract negotiations but also explanations of corporate performance, revisions to wages and bonuses, and amendments to systems and rules. We aim to improve communication between labor and management via these sessions. In addition, four specialized committees have been set up for labor-management consultations and provide opportunities for active negotiation and exchanging views between labor and management.

● Aims of Specialized Committees

Committee	Aims
Committee on human resources and the 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 in the context of diversifying employment and employment formats
Committee on work hours	Examine problems concerning work hours and work hour management, and the response to laws related to work hours
Committee to promote workplace diversity	Examine the measures necessary to promote diversity in the workplace

Direct Communication between Executive Officers and Employees

In FY2021, the Stakeholder Communication Committee hosted a roundtable discussion for female executives and female employees as part of its action to stimulate communication.

As one of our initiatives to achieve the workplace diversity targets in our CSR Objectives for 2025 (a ratio of at least 30% female employees hired with no area restrictions on their work, a ratio of female to male employees of at least 10%, and a 10% ratio of newly appointed female managers), we provided a forum for Ms. Koizumi (one of our directors), Ms. Mitani (one of our corporate auditors) and 12 female employees to engage in frank exchanges of ideas on topics such as career advice and how to balance work and life events.

