

Human Resources Strategy



We motivate our employees and enhance their abilities, which in turn drives the improvement of our corporate value.

Tetsuya Ohashi Director and Senior Executive Officer

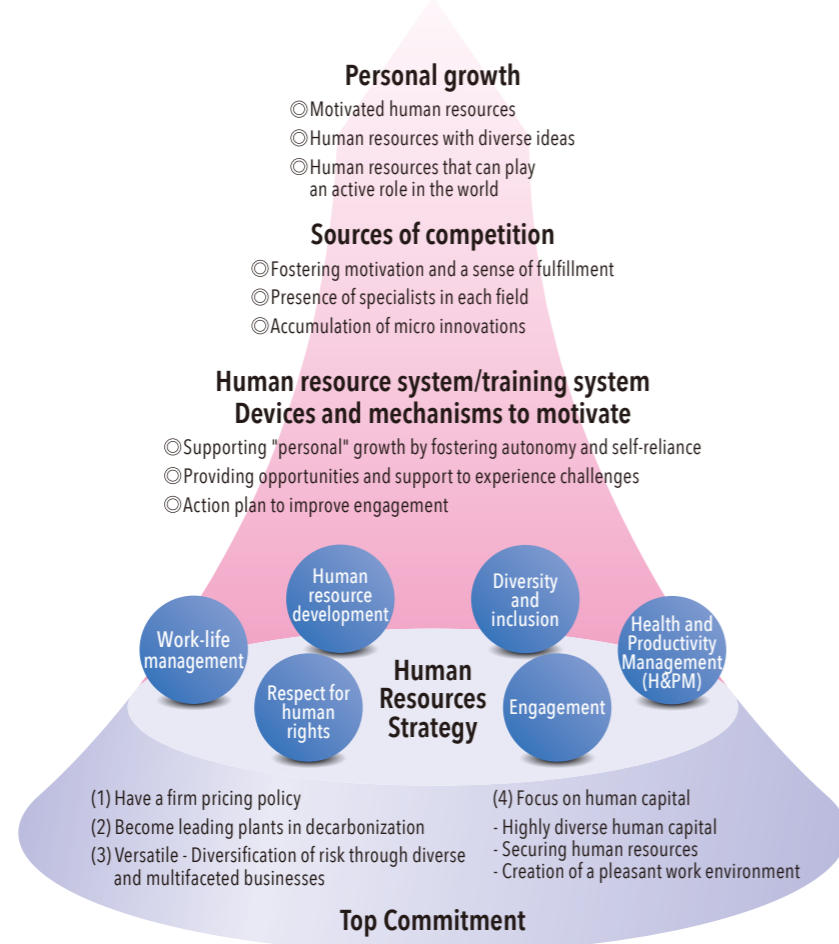
We view human resources as "capital" and believe that increasing the value of individuals by investing in people will lead to medium- and long-term improvements in corporate value.

Based on this approach, we are deploying initiatives that are conscious of the link between management strategy and

human resource strategy, including securing and training human resources that can create added value.

We will realize human capital management by creating an environment in which our employees are rewarded for their work, maintain their physical and mental health, and work efficiently.

Improvement of corporate value



Human resources strategy and micro-innovation

The Taiheiyo Cement Group has been continuously involved in cement production for 140 years. During that time, we have worked to achieve quality and cost competitiveness of our products and services at all sites, from limestone mining to cement production and transportation.

Originally, cement was made purely from naturally occurring materials such as limestone, clay, and silica stone, but in recent years waste and by-products have been used as alternative raw materials. Continuous operation and planned repairs at the plant are the source of our cost competitiveness; however, many of the alternative raw materials can have a negative impact on the cement manufacturing process, so making full use of them requires a certain amount of ingenuity.

For example, utilising sewage sludge as a raw material in the cement production process can be unpleasant for operatives on site. Similarly, in response to the recent surge in coal prices, plants are striving to make full use of lower-quality coal, so the accumulation of "micro innovations" to overcome challenges such as unpleasant or difficult to handle materials becomes a specific skill. Therefore, the "motivation" of plant employees is directly related to corporate value.

Human resources required for further growth

Expansion of our business in overseas markets is essential for the further growth of the Taiheiyo Cement Group. To this end, it is necessary to continuously develop human resources, both technical and clerical, who can play an active role overseas. There are programs such as overseas traineeships and overseas language study programs, but nothing beats practical work experience.

We are currently building a state-of-the-art cement plant in the Philippines, and participating in this project is an extremely good learning experience. It is a valuable opportunity because we are building a plant from scratch and starting it up together with local employees. Many of our employees, especially young and "motivated" employees, are playing an active role on location.

However, overseas projects do not always progress smoothly and unforeseen things can happen frequently, so working on location is usually a battle against schedules. Experiencing such difficulties is a way for an individual's ability to grow by leaps and bounds. All of them will come back stronger and more mature.

Approach to human capital

The term "human capital" is now used frequently. We believe "capital" includes the nuance that when an individual grows, the overall "capital" of the firm will increase as a result. Growth is the accumulation of what you were not able to do yesterday that you are able to do today. The driving force behind growth is motivation. The Human Resources Department is the place where mechanisms and systems are created to sustainably generate "motivation".

Towards improvement of corporate value

Starting this year, we have decided to conduct an engagement survey of all employees to gauge their willingness to serve in the organization. Based on the survey results, each department will develop and implement an action plan to improve engagement, and the PDCA cycle will be implemented. In addition to regular job rotations, an in-house sideline system is being implemented on a trial basis with the aim of gaining experience in other departments. For example, a person from a research center can telework 20% of his/her time per week to work in overseas sales, or a person from the general affairs section of a plant can work in the human resources department at Headquarters. If they are a good match, it is possible for them to transfer directly.

We believe that individual growth based on "motivation" leads to increased corporate value.

Human resource development

In addition to company-wide measures such as training for each job level of employees, we provide individual learning opportunities that foster autonomy and self-reliance, thereby creating a corporate culture that motivates employees to grow and proactively find the pillars of their careers.

Basic approach

We have established the following six items as our "Human Resource Development Policy" for systematic and comprehensive human resource development so that all of our human resources can demonstrate the full extent of their individual capabilities.

Human Resource Development Policy

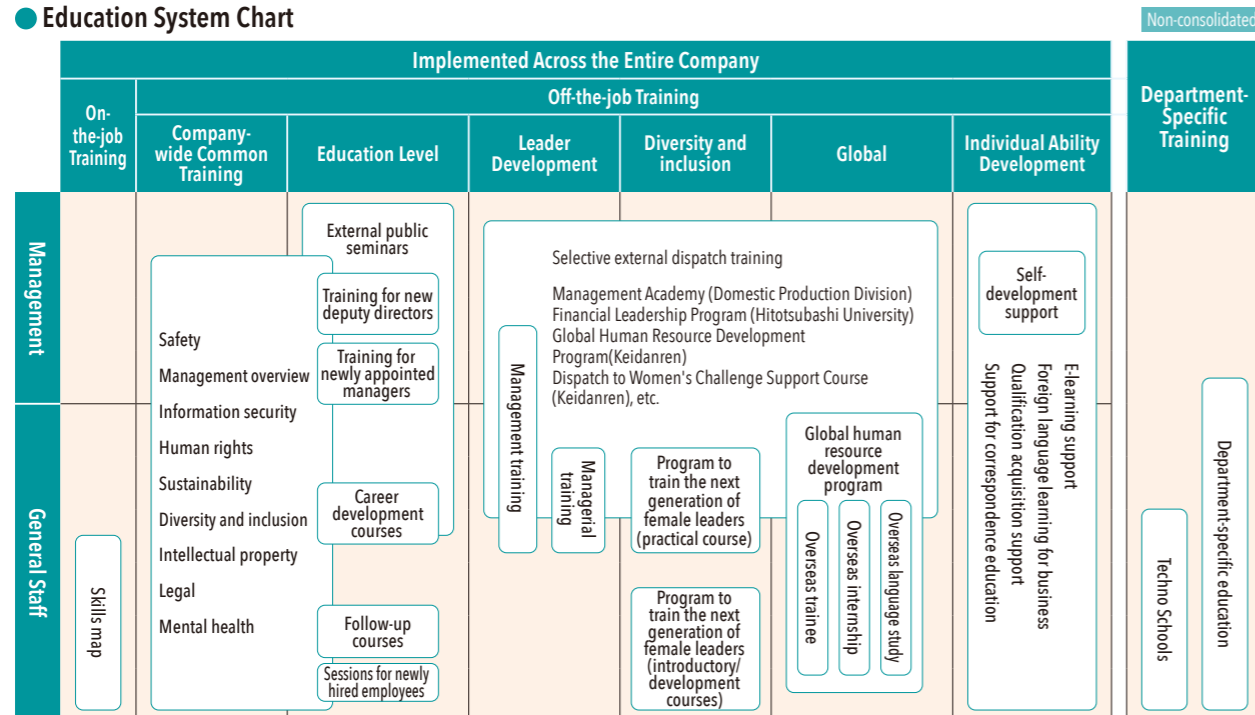
- 1 Supporting "personal" growth by fostering autonomy and self-reliance among our diverse human resources.
- 2 Developing human resources through on-the-job training supplemented by off-the-job training.
- 3 Developing human resources to inherit the roles of their predecessors, playing central roles in the future in each field and at each level.
- 4 Developing human resources to take action in constant consideration of group management.
- 5 Developing human resources to global standards of competence.
- 6 Developing human resources to protect the environment and to serve society through the promotion of sustainability.

Education System

In order to realize our Human Resource Development Policy, we provide training across the entire company. Regarding on-the-job training, which is the foundation of human resource development, we have clearly indicated skill maps for each area of work in which employees are engaged and utilize

them in on-the-job training in the workplace. For off-the-job training, which complements on-the-job training, we provide various training programs and support for the development of individual skills.

Education System Chart



Promotion of diversity and inclusion

The promotion of diversity and inclusion is one of the key issues for the creation of an innovative workforce, and we are making it a priority.

Basic approach

We are actively working with the aim of becoming a company where people with diverse values can play an active role.

Promoting Women's Participation and Advancement in the Workplace

We have established a basic policy regarding women's participation and advancement in workplace and are implementing initiatives. The current quantitative targets are defined in our CSR Objectives for 2025 that were established

in May 2015 and have been published both internally and externally. The ratio of female employees was 9.6% at the end of March 2023 and we are continuing our efforts to achieve our target of 10% or more.

Fundamental Policies

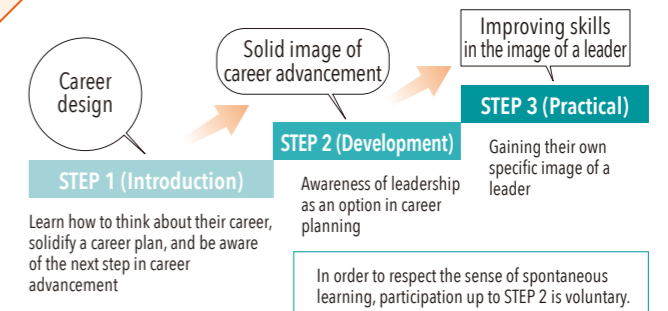
With the aim of further enhancing corporate value by promoting innovation through the ideas and values of diverse human resources, we will:

- Promote active recruitment and retention of women in order to build an appropriate human resources portfolio;
- Promote work-life management to improve productivity and build an organization that maximizes the capabilities of our diverse workforce.

Program to train the next generation of female leaders

In Japan, the career development of working women is prone to various uncertainties due to the influence of life events and the absence of role models. To counter this, we provide training aimed at developing the next generation of female leaders.

▶ Number of participants in FY2023: 29



Expanding recruitment of experienced persons

With regard to employee recruitment, we are actively recruiting not only new graduates but also experienced persons. Hiring people with diverse careers not only ensures immediate workforce strength, but also revitalizes the organization with new values. We have hired about 10 experienced workers in

each of the last five fiscal years, leading to diversity in our core workforce.

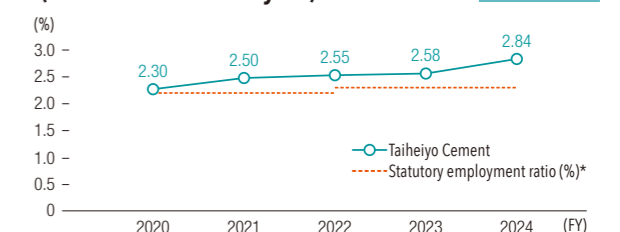
In addition, "employee referral hiring" and "alumni hiring" were newly introduced to increase employment diversity.

Promoting Employment Opportunities for Persons with Disabilities

We have been working to improve the ratio of employees with disabilities, including the establishment of three special purpose subsidiaries, and exceeded the statutory rate of employment for 16 consecutive years since FY2009.

We will continue to proactively work to increase the number of employees with disabilities while collaborating with schools and support organizations for persons with disabilities.

Trends in the ratio of employees with disabilities (as of June 1 of each year)



* Statutory employment rates: 2.2% from April 1, 2018; 2.3% from March 1, 2021

Promotion of work-life management

Employee wellbeing is contributes to our sustainable growth. We are working to create a workplace where each and every employee can enjoy job satisfaction.

Basic approach

We have introduced various systems to realize flexible work styles and promote work-life management for our employees.

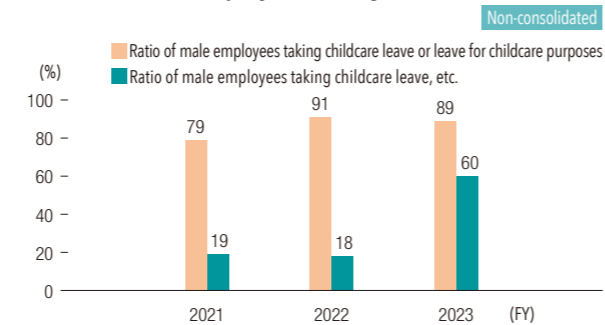
Various Employment Systems

- Flextime system (Core time: 11:30 a.m. to 1:30 p.m. (headquarters, branches, etc.))
- Discretionary labor system
- Telecommuting system
- Inside side job system
- Outside side job system
- Shortened work hours in order to care for children up to sixth grade of elementary school (hours can be shortened by up to 3 hours/day in 10-minute increments)
- Shortened work hours in order to provide nursing care to family (hours can be shortened by up to 3 hours/day in 10-minute increments, for a total of 3 years per person requiring care)
- Exemption from overtime work in order to care for children under 3 years old
- Restriction on overtime work, exemption from late-night work, and staggered work hours in order to care for children up to sixth grade of elementary school
- Exemption and restriction on overtime work, exemption from late-night work, and staggered work hours in order to provide nursing care to family
- Half-day paid vacation
- "Special Reserved" leave (purposes of use: medical care, nursing care, physical checkups, fertility treatment, self-development, etc.)
- Child nursing/nursing care leave (ten days per year)
- Volunteer activity leave
- Personnel management systems for each course, including area-specific positions (with course change system)
- Maternity leave and childcare leave system (up to two years and one month)
- Nursing care leave system (for a total of two years per person requiring nursing care)
- Work-life management leave
- Career comeback system (reemployment system) etc.

Support for balancing work and childcare/nursing care

To enable employees to balance work and childcare/nursing care, we have introduced a shortened working hour system for childcare up to the completion of the sixth grade and for nursing care up to a total of three years (per person requiring nursing care). We are working to make the system easier to utilize by, for example, allowing employees to choose to work shortened hours under the flextime system (at the headquarters, branch offices, etc.). In addition to leave for childcare and nursing care, we also provide a long-term leave system (work-life management leave) for accompanying a spouse on a new assignment, etc., to support work-life balance.

Ratio of male employees taking childcare leave, etc.



Support for side jobs both inside and outside the company

We have introduced a system that allows employees to work side jobs, both inside and outside the company. We expect this system to promote the autonomous formation of diverse

careers and increase engagement by allowing employees to demonstrate their strengths and take on tasks that are in line with their interests.

Increasing Understanding of the Systems

We have an exclusive website for our employees regarding the various systems called "Kirakira Palette" in order to increase awareness of the various systems that can be utilized for work-life management. The site provides information on child and nursing care, health, self-development, and other information to support employees' lives, which can be accessed from anywhere at anytime. We are working to enhance the content.



Health and Productivity Management (H&PM) initiatives

As part of our efforts to improve labor productivity, we promote various measures to maintain the physical and mental health of our employees.

Basic approach

We have been implementing H&PM initiatives since FY2019, and based on the belief that the health of our employees and their families is the foundation of our business activities, we view our employees as "human capital" and work to maintain and promote the health of our employees and their families, as well as promote a workplace that provides job satisfaction.

Taiheiyo Cement Group Commitment to Health

The physical and mental health of our employees and their families is a prerequisite for us to realize our mission of contributing to social infrastructure development by providing solutions that are environmentally efficient, enhancing our competitive position and bringing value to our stakeholders. We hereby declare that we regard our employees as "human capital" and that we will work to maintain and improve their health and that of their families, and aim to create a rewarding workplace where employees can fully demonstrate their abilities.

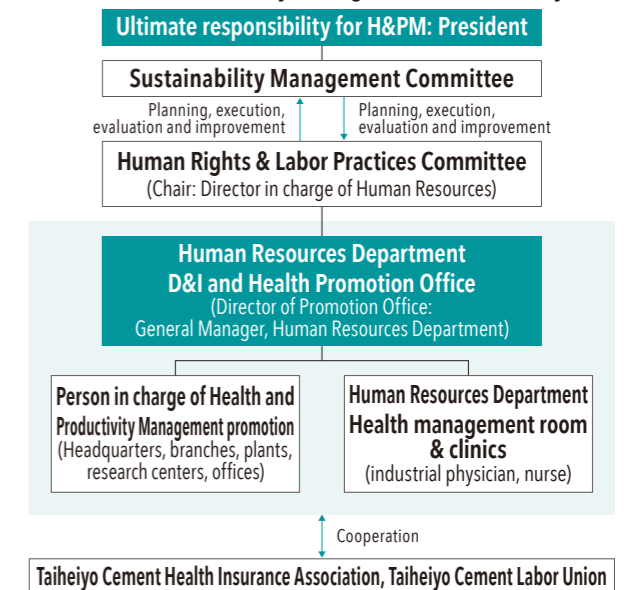
Sep. 2022 TAIHEIYO CEMENT CORPORATION President and Representative Director
Masafumi Fushihara

Fundamental Policies

- 1 Under the Health-Conscious Management Declaration, the Taiheiyo Cement Group, led by the Human Rights & Labor Practices Committee, will work with each business site to promote efforts to maintain and improve the health of employees and their families and to create a rewarding workplace.
- 2 Employees will enhance their physical and mental wellbeing and improve their quality of life by actively working to maintain and improve their health and that of their families.

Please see our website for more information about our promotion of "H&PM".
https://www.taiheiyo-cement.co.jp/english/csr/human_rights_fr.html#section13

Health and Productivity Management Promotion System



Main Health and Productivity Management activities

Under our Health-Conscious Management Declaration, we are promoting health management through the PDCA cycle, which includes establishing a Health and Productivity

Management activity plan for each fiscal year, implementing measures, verifying their effectiveness, and reflecting the results in measures for the next fiscal year.

Employee health care	Health literacy education	Preventive measures against lifestyle-related diseases
<ul style="list-style-type: none"> • Employees receiving periodic health examinations • Recommendation of secondary testing and specific health guidance • Health care system utilization, etc. 	<ul style="list-style-type: none"> • Implementation of e-Learning for all employees • Provision of health information, etc. 	<ul style="list-style-type: none"> • Three walking events are held annually • Introductions of healthy employees in the company newsletter • Implementation of "eating in moderation" campaign, etc.
Smoking rate reduction measures	Mental health measures	
<ul style="list-style-type: none"> • Smoking cessation aids provided free of charge • Assistance for smoking cessation therapy • Running of Smoke-Free Day, etc. 	<ul style="list-style-type: none"> • Conducting of stress checks • Follow-up interviews with employees at high-stress offices • Establishment of a mental health counseling services, etc. 	

Respect for human rights

In order to practice business activities in which respect for human rights is regarded as the most important issue for the entire supply chain, we promote human rights awareness activities for the entire group.

Basic approach

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.

Furthermore, we signed the United Nations Global Compact in May 2022 and are continuing to further enhance our efforts to protect human rights.

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.

The United Nations Global Compact

The United Nations Global Compact (UNGC) is the world's largest sustainability initiative, bringing together the United Nations and the private sector (businesses and organizations) to build a healthy global society.

We signed the Compact in May 2022 and endorse the ten principles related to the protection of human rights, the elimination of unfair labor practices, environmental responsibility, and the prevention of corruption, and we are taking various steps to achieve these principles.



Educational Activities on Human Rights

CSR top management lectures for Group companies were held on topics related to "Business and Human Rights Responses Required of Companies". We also provided training support to Group companies, distributed human rights educational booklets, and provided information.

In FY2023, the theme of training for each job level of employees was "Recent Dowry issues and efforts to prevent harassment and how to use counseling services" and explanatory meetings on understanding the importance of harassment prevention and the procedures to use the counseling services were held at all business sites.

Internal Training and Motto Submission (FY2023)

Training	Results
CSR top management lecture	126
Human rights training for each job level at headquarters	291
Human rights training at branches, research centers and plants	1,412
Number of Human Rights Week mottos submitted (employees and family members)	1,670

Our Human Rights Hotline

In addition to members of the harassment counseling committees and human rights committees conducting activities to raise awareness of human rights to prevent harassment and offering consultation, the Japan Institute for Women's Empowerment & Diversity Management serves as an external consultation service, providing an environment conducive to consultation.

In FY2023, there were 14 consultations to the harassment consultation service, all of which were handled appropriately in accordance with the requests of the consulting parties.

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 (FY2023) Non-consolidated

	Sexual harassment	Power harassment	Other forms of harassment	Total
Internal	0	6	3	9
External	1	2	2	5

Human Rights Due Diligence

Together with our suppliers, we will deepen our commitment to respect human rights and aim for sustainable growth throughout the supply chain.

Human Rights Due Diligence

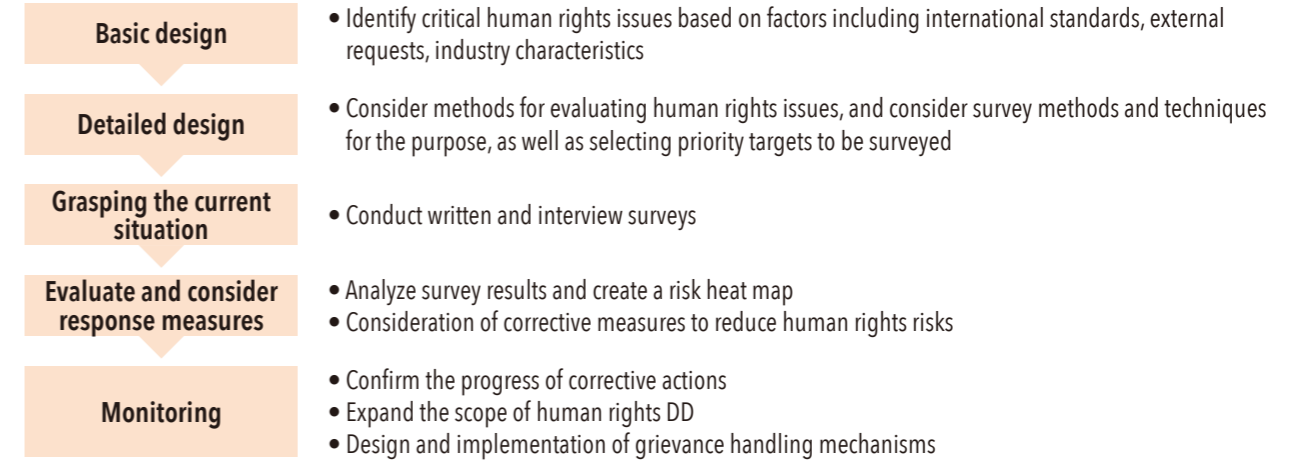
We recognize that respect for human rights not only means not being complicit in human rights abuses ourselves, but also taking responsibility for preventing and mitigating negative impacts on our suppliers. The first Human Rights Due Diligence (Human Rights DD) was initiated in 2024 to identify potential human rights risks in the Group's business activities and prevent or mitigate them by appropriate means.

The scope of the survey covered the Taiheiyo Cement Group and several representative companies from the supply chain centered on cement manufacturing, the backbone of the Group.

For the issues survey, we referred to the "Guiding Principles on Business and Human Rights" issued by the UN Human Rights Council, as well as several international norms and guidelines, and identified 15 themes considered to be of particular importance to the Group.

This year, based on the survey results, we will assess the current status of human rights risks and examine corrective measures and countermeasures, focusing on issues rated as having a high severity of impact.

Flow of human rights DD implementation



Human Rights Issues of the Taiheiyo Cement Group

1	Respect for human rights
2	Non-participation in human rights violations
3	Access to legal remedies
4	Equality under the law and prohibition of discrimination
5	Harassment and abuse
6	Child labor
7	Forced labor
8	Occupational Health and Safety
9	Working hours
10	Appropriate working environment
11	Wages
12	Freedom of association and the right to collective bargaining
13	Rights of local residents and communities
14	Bribery and corruption prevention
15	Thorough procurement practices (supplier management)

First DD: Scope of survey

Major domestic primary suppliers (coal, limestone)		2 companies
Production	Directly-controlled of domestic affairs	6 plants
	Domestic Group	3 companies
	Overseas Group	6 companies
Transportation	Land transportation (domestic group)	1 company
	Marine transportation (domestic group)	1 company



To be implemented from the second time onwards

- Other domestic and overseas group companies
- Major domestic secondary suppliers
- Major overseas primary suppliers

Initiatives to Improve Engagement

Regular engagement surveys will lead to measures to motivate employees and increase their willingness to contribute to the company.

Basic approach

Based on the belief that understanding and empathy with the values of the Taiheiyo Cement Group, including its mission and future vision, and increasing the willingness of employees to contribute to the company will contribute to sustainable corporate growth, we are promoting the creation of a vibrant and comfortable workplace that respects human rights and diversity. In June 2023, we introduced an employee

engagement survey to visualize issues related to improving employee engagement from the perspectives of whether the workplace environment and ease of work are improving, whether there are changes in awareness regarding work styles, and how we compare with other companies, and to link this to the review and implementation of various measures.

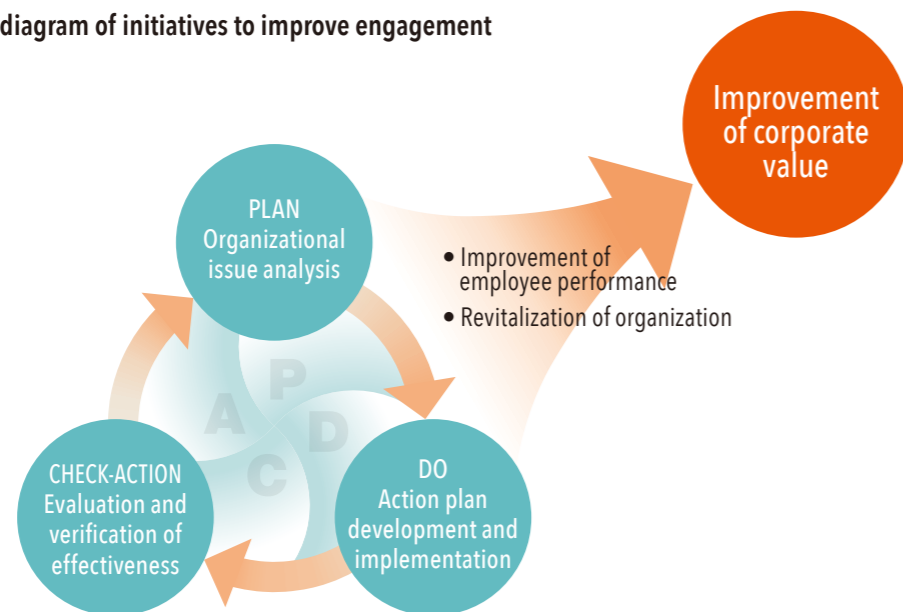
Conducting of engagement surveys

An engagement survey is one that visualizes "the willingness to contribute to the organization and the psychological state of being proactively engaged in one's work". In June of this year, we conducted engagement surveys to visualize employees' "engagement with their work" and "engagement with the organization's philosophy, culture, and environment," respectively, with the aim of aligning the direction of growth between the company and employees.

Our engagement score of 66 was at a 3-point deviation from the benchmark score of 69. The scores by evaluation item show that "provision of career opportunities" and "culture of challenge" need improvement, while "stress response," "work-life balance," and "satisfaction with salary" are expressed as our strengths. Note that the benchmark score here is the overall average score for Wevox-using companies in all industries and

with company sizes ranging from 1,001 to 5,000 employees. We will continue to conduct employee engagement surveys on a regular basis and, while checking the scores, each department will deploy a PDCA cycle to analyse organizational issues, formulate and implement action plans, and evaluate and verify the effectiveness of such plans, aiming to improve employee performance, revitalize the organization, and increase corporate value over the medium to long term.

● Conceptual diagram of initiatives to improve engagement



Discussion with the Independent Directors

The Stakeholder Communication Committee, a cross-functional organization within the Company, held a "Discussion with the Independent Directors".

With Director Koizumi



Attendees	T.Y. Tohoku Branch remote
	S.T. Cement Business Division Administration Department
	H.N. Kamiiso Plant remote
	R.N. Chubu Hokuriku Branch
	N.N. The Carbon Neutral Technology Development Project Team remote
A.N. International Business Division	
Host	Y.S. General Affairs Department

looking within the group, there are only a few completely different industries, giving the impression of a strong cement specialization.

Q Our company now offers a wide variety of work styles. Please share your advice on what you value in future career development.

A When I was giving birth and raising my children, we did not have the support that we have today, so I feel that these are great times. It is important not to interrupt your career, but to take advantage of all the support you can get, because you will not be able to keep going if you have to take on work, childcare, caregiving, and family all by yourself. It is said that it takes the support of 10 people to nurture a female businessperson, so it is difficult to do it alone no matter how hard you work. Therefore, it is important to always remain grateful to those around you, including your family and colleagues. Since society is now promoting the active participation of women, we should try to get on board with this trend.

Q What are some of the characteristics of the company from the perspective of its independent directors?

A We strongly feel that each and every employee takes pride in being part of a leading company with over 140 years of history. There have been times of hardship in the company's long history, but it has overcome these hardships, is actively expanding overseas, and it is time for the struggles of the past to blossom. On the other hand,

After the Discussion

Normally, we rarely have the opportunity to hear directly from management, as their intentions and ideas go through various internal processes before reaching us. Through the exchange of various opinions at this discussion meeting, we were able to gain a clearer understanding of what is expected of us in our daily work, and it was a valuable opportunity to increase our motivation.

A.N.



With Director Emori



- Attendees** **T.O.** Chubu Hokuriku Branch
A.N. The Carbon Neutral Technology Development Project Team
K.M. Nghi Son Cement Corporation **remote**
T.I. Kumagaya plant
S.Y. General Affairs Department
A.S. Production Department
Y.M. Corporate Planning Department
Host **Y.S.** General Affairs Department

will face your work by embodying your own themes, such as "What is it that I can do?" and "What should I do?" to overcome difficult situations. When encountering difficulties, actively engage in dialogue with your superiors and seniors to get in touch with their humanity and outlook on life. That way, you may find some constructive answers. I hope that all of you will have an unshakable focus in your lives and become people equipped with virtue.

Q We are in a difficult business environment right now, what will it take to keep us motivated?

A It is important for young people to align their vectors with the president's vision of "becoming an outstanding leading company in the Pacific Rim," and to look ahead to the future and work hard without being too concerned about the situation in front of them. I hope that you

Q What is the experience that a young employee should have?

A I hope that you will make an effort to gain experience and knowledge of company operations and management. Furthermore, in order for our company to accelerate global management in the future, language skills that can be used overseas and the ability to communicate with local staff are also indispensable. In order to become such sought-after human resources, I hope that you will actively look outward from a young age.



With Director Furikado



- Attendees** **A.H.** Central Research Laboratory
S.H. General Affairs Department
M.Y. Saitama Plant **remote**
S.I. Taiheiyō Cement Philippines, Inc. **remote**
T.H. Chugoku Branch
M.O. Human Resources Department
K.S. Accounts Department
Host **Y.S.** General Affairs Department

things radically. As the top manufacturer in Japan, we must develop and lead the way on cement pricing policy. I would like to encourage young employees, with their fresh and flexible senses, to proactively make various proposals from the perspective of "if I were the president".

Q Please tell us about what it is that our company should communicate more to society.

A Cement is the base material for infrastructure and, as a necessary industry, it will not disappear in the future. The fact that we have created a technology that utilizes a wide variety of waste materials to produce cement and contributes to the circular economy is proof that the cement industry itself is sustainable. On the other hand, it is less well known that the company is actively working to achieve carbon neutrality and that it is a global company with overseas factories accounting for nearly 40% of its production capacity. I think that should be more widely communicated to society.

Q What are your expectations for young employees in order for our company to become an outstanding leading company?

A While energy prices continue to soar, the price pass-through to cement has not progressed well, resulting in very difficult business conditions in FY2023. However, times of trouble are opportunities to change

After the Discussion

We asked them about the corporate culture that they felt was unique to our company. The foundation of our company is the long 140-year history built by our predecessors, and I once again recognize that it is my role to pass on this history to the next generation. I would like to use this opportunity of this discussion meeting as an impetus to work harder than ever before.

S.H.

