

Value Chain Management

Aiming to build a relationship of mutual trust with each stakeholder in the value chain and achieve sustainable development together.

High quality and safe products

Basic approach

In 1998, the year of Taiheiyo Cement's inception, we established a quality policy based on our management policy. We have since revised our Business Principles by adding content that expresses them in a way that is easy to understand, and we are working to disseminate them throughout the entire organization. It represents our aspiration to continue to be a company that customers trust and rely on by sharing a sense of achievement through each employee's actions and by providing high-quality products and services, leveraging our high technological capabilities and quality assurance system.

Quality Policy

All of our employees adopt a global perspective, striving to boost customer satisfaction and contribute to society by providing environmentally-friendly products and quality that matches our customers' needs.

In order to achieve the aims of our policy

- 1 We develop specific product quality targets based on our Quality Policy, and disseminate them within the company.
- 2 We focus our efforts and work positively to achieve the quality targets.
- 3 We carefully review the levels of customer satisfaction and product quality that have been achieved.
- 4 We implement a quality management system and continually improve our products.

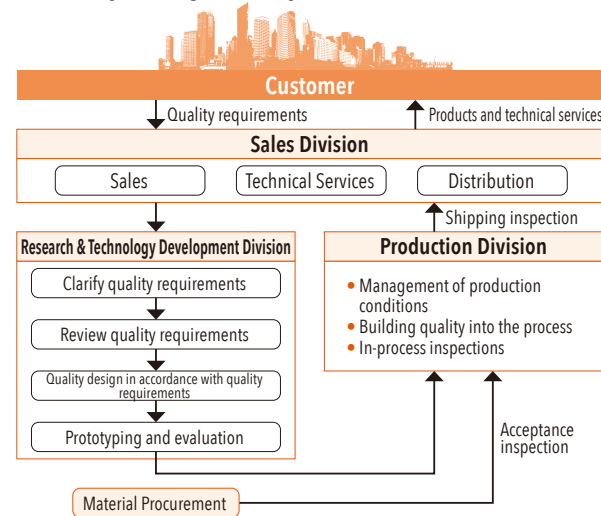
Quality Management

We focus on stabilizing and improving product quality while capitalizing on the production and quality control technologies we have developed over the years. We are further enhancing product quality control by deploying advanced technologies to ensure improved stability such as an online analysis system for raw materials, clinker and cement, the measurement of clinker minerals by X-ray diffraction and our proprietary Taiheiyo Cement Quality Predictive System (TQPS). Whilst maintaining quality, we also make effective use of waste and by-products and in doing so manufacture cement that pays due attention to the conservation of the global environment.

All of our Portland cement plants in Japan, including those of group companies, have obtained ISO 9001 certification, the international standard for quality management systems. Furthermore, all of our overseas cement plants in countries that adopt ISO have obtained ISO 9001 certification. To ensure product quality and improve business operations, we obtained ISO 9001 (JIS Q9001) certification from the Japan Testing Center for Construction Materials. The scope of our certification encompasses the development, design and production of a range of cement, cement clinker and cement-based soil stabilizer products.

We will continue to enhance our efforts to "supply products that meet customer needs" and "improve customer satisfaction" whilst actively utilizing the ISO 9001 system.

Quality Management System



Safe Cement and Cement Products

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

We have already established fixed standards for the management of heavy metals contained in natural resources, and are constantly enhancing the control of minor components as the volume of waste we receive increases. When we receive new types of waste or waste from new sources we strictly apply rules under which we conduct three kinds of inspection related to the source of the waste, its chemical composition and the results of trial use to identify any potentially negative impact on product quality or the surrounding environment. We will then make a final decision on whether to receive the waste. These measures help us ensure product safety.

Ensuring Product Safety Following a Nuclear Accident

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

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

Please see our website for more information about radioactive concentrations in our products in Japanese.

https://www.taiheiyo-cement.co.jp/english/csr/fair_trade_fr.html#section02

Provision of Information Using SDS and Labeling

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

Minor Components of Ordinary Portland Cement

(Unit: mg/kg)

		FY1988	FY2019	FY2020	FY2021	FY2022	FY2023
Fluorine	Average	—	427	435	409	395	461
	Max.	—	504	578	512	449	557
	Min.	—	355	337	326	311	396
Total chromium	Average	—	77	84	79	75	79
	Max.	—	95	95	85	88	92
	Min.	—	64	75	73	65	63
Water-soluble hexavalent chromium	Average	17.4	8.6	7.9	8.0	7.1	6.4
	Max.	32.3	11.4	9.8	11.1	8.9	7.2
	Min.	5.3	5.4	6.6	5.5	5.9	5.6
Zinc	Average	556	600	554	609	560	551
	Max.	1059	772	677	734	742	702
	Min.	137	449	493	464	434	422
Lead	Average	221	62	63	66	61	54
	Max.	668	84	77	88	82	72
	Min.	18	38	43	39	43	37
Copper	Average	122	274	263	267	253	253
	Max.	233	415	359	442	404	365
	Min.	17	163	181	168	159	138
Arsenic	Average	17	18	13	15	14	15
	Max.	39	47	28	47	39	54
	Min.	2	6	7	6	6	ND
Selenium	Average	—	0.5>	0.8	0.8	0.7	0.7
	Max.	—	0.5>	0.9	0.9	0.8	0.9
	Min.	—	0.5>	0.6	0.5>	0.5>	0.5
Cadmium	Average	1.5	1.3	2.0	1.7	1.5	2.0
	Max.	2.6	2.0	3.0	2.0	2.0	3.0
	Min.	0.6	1.0>	1.0>	1.0>	1.0	1.0
Mercury	Average	—	0.005>	0.007	0.010	0.008	0.010
	Max.	—	0.005>	0.011	0.020	0.012	0.020
	Min.	—	0.005>	0.005>	0.005>	0.005>	0.005>

Responsible Sourcing and Supply

Basic approach

We believe that we grow along with our business partners. In order that we may build relationships of mutual trust and work in tandem with our business partners, our dealings with them are based on fair contracts and we strictly adhere to our agreements. We have established fundamental policies in order to clearly establish our stance towards fair trade, under the "Dealing outside the company in good faith" section of our Standards of Conduct and based on the principle that "we will act in an ethical manner and abide by the laws and regulations of those countries in which we operate" defined in our Business Principles, and our supply chain management is in accordance with these policies.



In addition, we established the Basic Policy Concerning Procurement in October 2017 to consolidate commitments ② ("We will maintain appropriate and transparent relationships with our contractors") and ③ ("We will select business partners in a fair and equitable manner"), and request ethical conduct from our contractors.

 Please see our website for more information about the **Taiheiyo Cement Purchasing Basic Principle**
https://www.taiheiyo-cement.co.jp/english/csr/fair_trade_fr.html#section06 

Fundamental Policies

- ① We will conduct fair marketing and bidding, and not engage in unfair practices such as collusion and cartels.
- ② We will maintain appropriate and transparent relationships with our contractors.
- ③ We will select business partners in a fair and equitable manner.
- ④ We will not offer entertainment or gifts to customers that go beyond what is legally and socially acceptable.
- ⑤ Our advertising, displays and briefing sessions will be honest and sincere.
- ⑥ We will respond appropriately to customer feedback.
- ⑦ We will maintain transparent relationships with governments and local authorities.
- ⑧ We will respect the cultures and customs of the places where we operate.

In response to the strengthening of international regulations against acts of bribery, and to strengthen our initiatives against corruption as stated in commitments ④ (We will not offer entertainment or gifts to customers that go beyond what is legally and socially acceptable) and ⑦ (We will maintain transparent relationships with governments and local authorities), we established our Anti-Bribery Policy in January 2017, and concurrently released a statement by our president proclaiming the group's stance against bribery.

 Please see our website for more information about the **Anti-Bribery Basic Principle (Policy)**.
https://www.taiheiyo-cement.co.jp/english/csr/fair_trade_fr.html#section06 

Our Business Partners

Our main business activities are involved with cement and concrete. Limestone is the main raw material used and group companies are largely in charge of such aspects as the operation and management of the quarries. Coal, however, which is a source of thermal energy and also part of the raw materials we use, is sourced from companies outside the group. Moreover, the waste and by-products that we recycle in our cement production process come from many different industries and a variety of locations.

Most of our production divisions are mechanized and there are almost no labor-intensive processes, and tasks such as production equipment maintenance are outsourced to partner

companies and contractors as and when necessary.

Cement is sold mainly to ready-mixed concrete companies and building materials distributors, and raw materials and products are transported by group companies and also companies outside the group.

In our business activities we strive to communicate closely with the local governments of the countries and regions where our business sites are located. We deem it essential that our supply chain respects human rights, in particular the banning of forced labor and child labor, complies with laws and responds to requests.

Safety of Business Partners Working at Our Production Sites

Operations at our cement production sites and quarries are increasingly being mechanized. Since some tasks are performed in elevated places or at high temperatures, ensuring worker safety at our production sites is essential. We do our best to ensure that employees of contractors working at our

sites avoid any accidents. They receive various types of training when they start work at the site, are required to submit a work plan that includes a safety plan, and are given guidance with regard to that plan.

Enhancing Our Relationship with Our Customers

We place the highest priority on achieving greater customer satisfaction. Business units periodically exchange information and link up to strengthen production focused on quality that meets user expectations.

We gather information about customer requirements concerning product quality and services from our sales and technical staff at branches and sales offices. We then analyze that information, make improvements, and provide feedback. Furthermore, for our overseas customers, too, we have started to incorporate local needs into product quality, just as we do for domestic customers, and we are fine-tuning our products to meet the requirements of each overseas market. We respond

sincerely to every quality issue raised by our customers, and strive to improve product quality and customer satisfaction.

We actively identify potential quality risks, investigate their causes and implement stringent cross-divisional countermeasures with the aim of establishing an even more reliable quality assurance system.

In addition, we are working to improve our quality assurance system to include the products of our group companies as well as Taiheiyo Cement Corporation products. We systematically strive to identify and address material issues via cross-divisional initiatives, and aim to boost the reliability of the Taiheiyo brand as well as customer satisfaction.

User Societies and Industry Associations

We have founded and manage various cement user societies and industry associations that support participants in vitalizing their business operations and developing technological competitiveness. The National Taiheiyo Cement Ready-mixed Concrete Society, the largest of these user societies, is made up of ten Taiheiyo Cement Ready-mixed Concrete Societies, in locations ranging from Hokkaido to Kyushu, and engages in various activities. We hold technical sessions and presentations, as well as conduct activities under specific themes suited to local conditions. We also focus on providing support for users in obtaining qualifications such as Authorized Concrete Engineer, Authorized Chief Concrete Engineer, and Authorized Concrete Diagnosis and Maintenance Engineer.

In addition to the National Ready-mixed Concrete Society, we have established other associations such as the Taiheiyo Cement Association for the Paving Block Industry and SPLITTON Association Japan to proactively deliver technical support for the mutual development of concrete product companies. We will continue to support activities that benefit cement users.

Activities of the National Taiheiyo Cement Ready-mixed Concrete Society

Region	Details
Hokkaido	Ran a contest for case studies of improvements related to health and safety
Tohoku	Compilation of examples of how to proceed with management review
Tokyo	Held (online) training sessions for personnel in charge of facilities
Kanto	Held Concrete Forum (Online on-demand format)
Hokuriku	Conducted trial mixing of low-carbon concrete
Chubu	Conducted a workshop corresponding to JIS A 1132:2020 "Method of making and curing concrete specimens for a concrete strength test".
Kansai	Survey of ready-mixed concrete basic data and preparation of model basic data
Shikoku	Basic training course on concrete quality control (hybrid face-to-face and web-based)
Chugoku	Conducted survey on policy management
Kyushu	Publication of "Guide to Concrete Related Tests"

Initiatives of the Taiheiyo Cement Association for the Paving Block Industry

Since its establishment in 2003, the Taiheiyo Cement Association for the Paving Block Industry has promoted the increased use of block paving through the exchange of information on concrete block pavement design, manufacturing and construction techniques, and the development of new products and technologies.

Labor shortages have become a major issue in recent years, which requires a prompt response via productivity improvement and reduction of labor demand in order to maintain and expand the volume of pavement block construction. In order to promote mechanized construction and improved productivity of block pavement, the association is working together with its members nationwide to conduct mechanized construction tours and other activities.

The association is also actively working to address the SDGs. Block paving has the ability to handle heavy loads, is highly durable and also contributes to mitigating the heat island effect. It therefore has reduced life-cycle costs and contributes to the reduction of environmental impact. For this reason, we are also focusing on advertising activities to gain the understanding of specifiers and end-users.

The association will contribute to society through more vigorous activities to expand the applications and popularity of block paving.





Stakeholder engagement

Our Group's main business activities are involved with cement and concrete. In our business activities, we closely communicate with our stakeholders such as shareholders and investors, local communities, customers and suppliers, as well as our employees, and strive to meet their further requests by making compliance with the law a must.

Basic approach

We are promoting timely and appropriate information disclosure and communication with our stakeholders based on our belief that in order to remain a sustainable company, it is essential for us to fulfill our social responsibility and continue to build good relationships in response to the expectations and demands of our diverse stakeholders.

We will continue to strive to make better use in our management of the opinions and requests we receive from our stakeholders, and to further promote human capital management so that our employees, who are the greatest capital of a company, can work enthusiastically.

Stakeholders	Stakeholders' Interests		Results (FY2023)	Future Issues
 <p>Shareholders, investors</p>	<ul style="list-style-type: none"> Financial strategy Timely and appropriate disclosure Our business and mission Sustainability 		<ul style="list-style-type: none"> IR activities <ul style="list-style-type: none"> Financial results briefing (online live broadcast): 3 Individual investor meetings: 160 Investor conference: 1 Publication of Integrated Report: 1 	<ul style="list-style-type: none"> Reflecting the perspectives of shareholders and investors Promoting direct dialogue between shareholders and investors and management Timely and appropriate disclosure of information and obtaining appropriate evaluation from the market
 <p>Local community</p>	<ul style="list-style-type: none"> Engagement with local communities Biodiversity Reducing environmental impact Contributing to national resilience Water resources conservation 		<ul style="list-style-type: none"> Engagements with local communities: 2,538 <ul style="list-style-type: none"> Global environmental conservation activities: 1,253 Revitalization of local culture and exchange: 988 Regional development: 146 Education and human resources development: 119 Disaster relief: 4 Other: 28 	<ul style="list-style-type: none"> Exploring activities based on the needs of communities
 <p>Customers and business partners</p>	<ul style="list-style-type: none"> Delivering carbon neutrality Corporate ethics and compliance Risk management (crisis management) Contributing to the realization of a recycling-based society Popularization of environmentally sound products Sustainable supply chain 		<ul style="list-style-type: none"> Efforts Related to CO₂ Emissions Reduction in the Cement Production Process Business activities based on our Basic Compliance Policy and Anti-Bribery Policy Resource recycling with industry and local communities Disclosure of maintenance and management information on our six directly-controlled domestic plants pursuant to the Waste Disposal and Public Cleaning Law: monthly Acquisition of ISO 14001 certification through our company-wide environmental management system (including plants, headquarters, branches, and Central Research Laboratory) Acquisition of ISO 9001 certification: 100% in Japan, 100% in overseas cement production sites in countries where ISO is the mainstream standard Various user societies <ul style="list-style-type: none"> National Taiheiyo Cement Ready-mixed Concrete Society: Individual activities in 10 regions in Japan Taiheiyo Cement Association for the Paving Block Industry SPLITTON Association Japan 	<ul style="list-style-type: none"> Promoting initiatives based on the Carbon Neutral Strategy 2050 Ensuring compliance and anti-bribery throughout the group Achieving group environmental targets (reduction of CO₂ and main air pollutant emissions) Increasing customer satisfaction and trust in the Taiheiyo brand Continuing support activities to meet the needs of users
 <p>Our employees</p>	<ul style="list-style-type: none"> Creating a safe and healthy workplace Diversity and Inclusion Human resource development Respect for human rights Group governance DX promotion 		<ul style="list-style-type: none"> Safety promotion activities with KPIs set by the Companywide Health & Safety Committee Promotion of initiatives based on the "General Employer Business Action Plan" in accordance with the Act for Promotion of Women's Participation and Advancement in the Workplace. Promotion of employment of people with disabilities: Exceeded the statutory employment rate (16 consecutive years) Signatory to the UN Global Compact: May 2022 Promotion of work-life management Promotion of H&PM: periodic health examinations (once/employee), stress checks (once/employee), mental health consultation service (as needed) 	<ul style="list-style-type: none"> Achieving safety-related KPIs Continuing efforts to achieve the CSR Objectives for 2025 (Diversity) Promoting barrier-free accessibility at each business site Identifying human rights risks throughout the supply chain

Communities

The Group's business is built on being in harmony with the local community. We always remember to be grateful and place the utmost importance on walking together.

Basic approach

We believe that by making social contributions in the areas where we operate, both domestically and overseas, we can create social and environmental value and contribute to a sustainable society and sustainable development of our business. Through active communication with local

communities, we aim to understand their needs and challenges, and by making contributions that leverage the characteristics of our business, we aim to build trust with local communities and grow together with them.

Activity	No. of times conducted per year	Total number of participants	Examples of activities
1 Conservation of the global environment	1,253	1,778	Resident briefings, environmental reporting meetings, environmental monitoring system, cleanup activities, forest and local nature conservation activities
2 Revitalization of local culture and exchange	988	155,759	Organizing, participating in, and cooperating with plant and mine tours, facility openings, and events
3 Regional development	146	3,898	Provision of materials, lending of heavy equipment, disaster prevention activities Support for regional medical care and regional industrial development
4 Education and human resources development	119	16,027	Scholarships, training for engineers, internships and work experience
5 Disaster relief	4	17	Cooperation in rescue activities
6 Other	28	207,711	Cooperation in blood donation

Acceptance of high school students for internships
(Ryushin Mining Co., Ltd.)



Ryushin Mining offered an internship program for local high school students. As part of their "Period for Inquiry-Based Cross-Disciplinary Study," two second-year students from Iwate Prefectural Takata High School participated in a company overview and safety education, followed by a tour of the company and a ride on a dump truck.

Participation in an elementary school Halloween event
(CalPortland Company, U.S.)



CalPortland Company participated in a Halloween event held at an elementary school in Nevada. Costumed employees in front of a decorated mixer truck handed out candy to more than 700 children. The children asked many questions about mixer trucks and concrete.

Participation in the Miyagi Industrial Resource Recycling Association Sendai Branch "Cleanup Operation"
(Tohoku Branch)



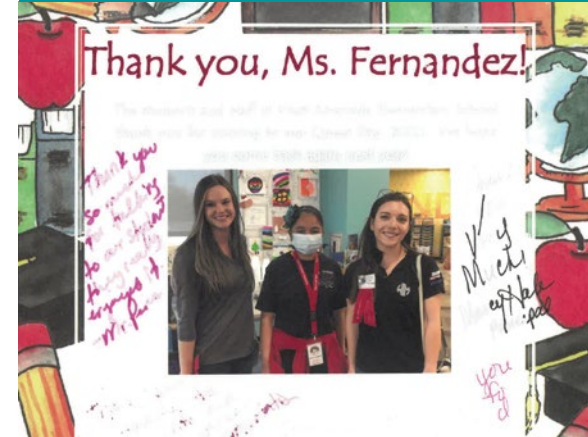
In October 2022, our Tohoku Branch participated in the "Cleanup Operation" in Onuma, organized by the Sendai Branch of the Miyagi Industrial Resource Recycling Association. We collected empty cans, plastic bottles, plastic bags, scrap tires, and many other waste items, contributing to the beautification of Sendai, the City of Trees.

Cooperation in Mt. Fujiwara Rescue Efforts
(Fujiwara Plant)



Our Fujiwara Plant received requests for cooperation from the local fire department for emergency incidents such as fires and rescues on Mt. Fujiwara, and in FY2023, we used the mine roads to deliver the department personnel to the top of the mountain three times. We also cooperate with annual joint mountain accident drills conducted by the police and fire departments.

Participation in "Career Day" at an elementary school
(CalPortland Company, U.S.)



CalPortland Company participated in a "Career Day" at an elementary school in California. Employees explained the work of the cement industry, including environmental management, heavy equipment operation, and technological development, and demonstrated concrete made in a cup.

Donation of medical supplies and equipment
(Taiheiyo Cement Philippines, Inc., Philippines)



As one of its contributions to the community, Taiheiyo Cement Philippines, Inc. interviewed local residents about the medical supplies they needed and distributed medicines and medical equipment to them free of charge.