

Our Directors and Corporate Auditors



Back row

Independent Corporate Auditor
Toshihito Aoki

Corporate Auditor (Standing)
Katsuhide Fukuhara

Independent Director
Shinhachiro Emori

Director and Senior Executive Officer
Hideaki Asakura

Director and Senior Executive Officer
Tetsuya Ohashi

Director and Senior Executive Officer
Yoshifumi Taura

Independent Director
Hideyuki Furikado

Corporate Auditor (Standing)
Masahiro Karino

Front row

Independent Director
Yoshiko Koizumi

Vice President and Representative Director
Yuuichi Kitabayashi

President and Representative Director
Masafumi Fushihara

Vice President and Director
Kunihiro Ando

Independent Corporate Auditor
Wakako Mitani

Our Directors and Corporate Auditors

Directors



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 Taiheiyō Cement Corporation
May 2009 General Manager, Sales Department of Environmental Business Company
Oct. 2010 General Manager, Environmental Business Development Department
Apr. 2012 Executive Officer, General Manager of Environmental Business Department
Apr. 2015 Managing Executive Officer
Jun. 2015 Director, Managing Executive Officer
Apr. 2016 Director, Managing Executive Officer and Senior General Manager, Cement Business Division
Apr. 2017 Director and Senior 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.



Kunihiro Ando
Vice President and Director

Career Summary

Apr. 1980 Joined Onoda Cement Co., Ltd.
Apr. 2011 General Manager, Ofunato Plant of Taiheiyō 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, Managing Executive Officer
Apr. 2020 Director and Senior Executive Officer
Jun. 2022 Vice President and Director, Assistant to President (to present)

Experience and Knowledge

Since 2016 Mr. Kunihiro Ando has engaged in the management of the company as a director and was appointed as a vice president and director in 2022. He possesses a wealth of managerial experience, achievements and management insights. In addition, as the officer in charge of the mining and mineral resources business division, 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.



Hideaki Asakura
Director and Senior Executive Officer

Career Summary

Apr. 1982 Joined Nihon Cement Co., Ltd.
Apr. 2011 President of Nghi Son Cement Company
Apr. 2016 Executive Officer of Taiheiyō Cement Corporation President of Nghi Son Cement Company
Apr. 2018 Executive Officer of Taiheiyō Cement Corporation General Manager of Sales Department of Cement Business Division
Apr. 2019 Managing Executive Officer
Jun. 2019 Director, Managing Executive Officer
Jun. 2020 Managing Executive Officer
Apr. 2022 Senior Executive Officer
Jun. 2022 Director and Senior Executive Officer (to present)

Experience and Knowledge

Since 2022, Mr. Hideaki Asakura has engaged in the management of the company as a director and significantly contributes to the development of the group as the officer in charge of the corporate planning division and legal department. He is effective in the role of a director in striving to continuously increase the corporate value of the group.



Yuuichi Kitabayashi
Vice President and Representative Director

Career Summary

Apr. 1978 Joined Nihon Cement Co., Ltd.
May 2009 General Manager, Kamiiso Plant of Taiheiyō Cement Corporation
Apr. 2011 Executive Officer and General Manager, Production Department
Apr. 2013 Managing Executive Officer
Jun. 2013 Director, Managing Executive Officer
Apr. 2016 Director and Senior Managing Executive Officer
Apr. 2017 Vice President and Representative Director, Head of Corporate Planning Department
Jun. 2022 Vice President and Representative Director, Assistant to President (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 a representative director in 2016. He possesses a wealth of managerial experience, achievements and management insights. In addition, as the officer in charge of the Carbon-Neutral Technology Development Project Team and the Philippines Renovation Construction Project Team since 2021, he has significantly contributed to the development of the group. 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, driving the management of our group, 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, Taiheiyō Cement U.S.A., Co., Ltd.
Apr. 2015 Senior General Manager of International Business Division, Taiheiyō Cement Corporation
Apr. 2016 Executive Officer and Senior General Manager of International Business Division
Apr. 2019 Managing Executive Officer
Jun. 2019 Director, Managing Executive Officer
Jun. 2020 Managing Executive Officer
Apr. 2021 Senior Executive Officer
Jun. 2021 Director and Senior Executive Officer (to present)

Experience and Knowledge

Since 2021, Mr. Tetsuya Ohashi has engaged in the management of the company as a director and significantly contributes to the development of the group as the officer in charge of the human resources and sustainability promotion division and the real estate division. 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.



Yoshifumi Taura
Director and Senior Executive Officer

Career Summary

Apr. 1983 Joined Onoda Cement Co., Ltd.
Apr. 2013 General Manager of Sales Department of International Business Division, Taiheiyō Cement Corporation
Apr. 2017 Executive Officer, General Manager of Sales Department of International Business Division
Apr. 2019 Managing Executive Officer, Senior General Manager of International Business Division
Jun. 2019 Director, Managing Executive Officer, Senior General Manager of International Business Division
Aug. 2019 Director, Managing Executive Officer, Senior General Manager of International Business Division, Chairman, Taiheiyō Cement (China) Investment
Jun. 2020 Managing Executive Officer, Senior General Manager of International Business Division, Chairman, Taiheiyō Cement (China) Investment
Apr. 2022 Managing Executive Officer, Senior General Manager of International Business Division
Apr. 2023 Senior Executive Officer, Senior General Manager of International Business Division
Jun. 2023 Director and Senior Executive Officer (to present), Senior General Manager of International Business Division (to present)

Experience and Knowledge

Mr. Yoshifumi Taura was appointed director in 2023 and has made a significant contribution to the development of the Group as the officer in charge of overseas operations. He is effective in the role of a director in striving to continuously increase the corporate value of the group.



Yoshiko Koizumi
Independent 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 Independent Director of Taiheiyō Cement (to present), Independent Director, Dowa Holdings Co., Ltd. (to present)
Jun. 2016 Independent Corporate Auditor, Sumitomo Bakelite Co., Ltd.
Sep. 2017 Independent Corporate Auditor, Nippon Koei Co., Ltd.
Jul. 2023 Director, Integrated Design & Engineering Holdings 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.



Hideyuki Furikado
Independent 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 Independent Director of Taiheiyō Cement (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



Katsuhide Fukuhara
Corporate Auditor (Standing)

Career Summary

Apr. 1981 Joined Onoda Cement Co., Ltd.
Apr. 2013 General Manager, Corporate Planning Department of Taiheiyō Cement Corporation
Apr. 2015 Executive Officer and General Manager, Corporate Planning Department
Apr. 2017 Managing Executive Officer
Jun. 2017 Director, 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.



Wakako Mitani
Independent Corporate Auditor

Career Summary

Apr. 2000 Registered as a lawyer (Daiichi Tokyo Bar Association)
Jul. 2001 Joined Tanabe & Partners
Apr. 2012 Partner, Tanabe & Partners (to present)
Feb. 2018 Independent Corporate Auditor of Taiheiyō Cement (to present)
Apr. 2023 Vice President, Daiichi Tokyo Bar Association (to present)
Jun. 2023 Independent Corporate Auditor, Seikagaku Corp. (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.



Shinhachiro Emori
Independent Director

Career Summary

Apr. 1975 Toyo Soda Manufacturing Co., Ltd. (now Tosoh Corporation)
Jun. 2010 Director, 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 Taiyō Vinyl Corporation
Jun. 2020 Independent Director of Taiheiyō Cement (to present)

Experience and Knowledge

After serving as representative managing director of Tosoh Corporation and president and representative director of Taiyō 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.



Masahiro Karino
Corporate Auditor (Standing)

Career Summary

Apr. 1980 Joined Nihon Cement Co., Ltd.
Apr. 2004 General Manager, Legal Department of Taiheiyō Cement Corporation
Apr. 2013 Executive Officer, General Manager of Legal Department
Apr. 2016 Managing Executive Officer
Jun. 2016 Director, Managing Executive Officer
Apr. 2019 Director and Senior Executive Officer
Apr. 2022 Directors
Jun. 2022 Corporate Auditor (Standing) (to present)

Experience and Knowledge

Mr. Masahiro Karino possesses a wealth of professional experience and expertise as a director and managing executive officer with extensive responsibilities in the human resources, legal and auditing 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.



Toshihito Aoki
Independent Corporate Auditor

Career Summary

Oct. 1983 Joined Tetsuzo Ohta & Co. (now Ernst & Young ShinNihon LLC)
Aug. 1987 Registered as certified public accountant
Jul. 1999 Partner, Ohta Showa LLC (now Ernst & Young ShinNihon LLC)
Aug. 2014 Retired from ShinNihon LLC (now Ernst & Young ShinNihon LLC)
Jun. 2023 Independent Corporate Auditor of Taiheiyō Cement (to present)

Experience and Knowledge

After working as a partner in an auditing firm, Mr. Toshihito Aoki was appointed as a corporate auditor of the Company in June 2023. 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 our Independent Directors



Based on their careers and expertise, our independent directors shared their evaluations and recommendations for the Taiheiyo Cement Group's governance structure and efforts to enhance corporate value.



I will support the further strengthening of global governance and crisis management capabilities, including responses to bribery and corruption in overseas operations.

Yoshiko Koizumi Independent Director

Improvement of Governance Including Overseas Group Companies

I believe that improving the governance of our group companies, both in Japan and overseas, is of utmost importance for the sustainable development of our group. We have several overseas group companies in the U.S. and Asia-Pacific region, mainly in the Pacific Rim, and making governance work in countries with different histories, cultures, and climates presents an extraordinary challenge. We must keep in mind that if a scandal occurs in an overseas group company, it will come back to the parent company. To build group governance, a relationship of trust between Headquarters and group companies is of the utmost importance, and two-way communication is extremely important for this purpose. It is essential for us to make steady effort, not just sending unilateral instructions from the headquarters, but to constantly visit the sites and listen to the voices of the people on the ground, and then correct course if there are any issues. We are a top company "aiming to be an outstanding leading company" and are always in the spotlight. As our overseas operations continue to expand we feel that it is time to return once again to the spirit of the "three actuals" principle of "the actual place, the actual thing and the actual situation," which are the foundations of a manufacturer.

Further Strengthening of Crisis Management Capabilities

The Group is currently restructuring its overseas business portfolio with a southward shift, strengthening its operations in the Philippines, Vietnam and Indonesia, and further investing and expanding its business in the United States. Such global

expansion, on the other hand, exposes the company to threats on a global scale, such as geopolitical and supply chain risks. Therefore, thorough crisis management is required, as well as a thorough understanding of the risks in countries and regions around the world. Another important risk management activity is to work to tackle corruption. Attitudes towards bribery and customs vary from country to country and region to region. Foreign laws, including those related to bribery, are constantly being revised in each country, and there are limits to how much the Legal Department at the headquarters can continue to follow up on all of these changes. Therefore, we believe that it is necessary to establish a mechanism for the Legal Department and overseas offices to collaborate with each other by keeping close contact with each overseas office and building a network with local law firms to obtain the latest information at all times.

In my capacity as an international lawyer, I would also like to make recommendations on how to further strengthen risk management with an eye to overseas group companies, such as the establishment of anti-bribery rules.

Expectations of the Taiheiyo Cement Group

My impression of the company when I was appointed as an independent director in 2015 remains unchanged. As a leading company in the domestic cement industry with over 140 years of history, we are an exceptionally solid company. On the other hand, however, I feel that all things are completed only within a limited industry, there is little interaction with different industries, and we seem to be stuck in the traditional B to B mindset. I hope that by looking more closely at the outside world, we will be able to generate richer ideas and further enhance the sustainability of our group.



I will strive to make proactive recommendations on board member remuneration and succession planning, as well as deepen the discussion on the implementation of the strategy.

Shinhachiro Emori Independent Director



I will advocate for stronger engagement from a broad stakeholder perspective and do our best to build trust between the two sides.

Hideyuki Furikado Independent Director

The Role of the Nomination and Compensation Advisory Committee

With respect to the role of the Nomination and Compensation Advisory Committee, I believe it is important to work to improve the objectivity, timeliness, and transparency of the procedures for determining director nominations and compensation.

The compensation of directors, excluding independent directors, currently consists of fixed compensation, performance-based compensation and share-based compensation, but eventually a compensation system that is also linked to mid- to long-term business performance is desirable. I would like to propose the ideal form of compensation for directors and corporate auditors, such as by explicitly incorporating incentives such as the degree of achievement of sustainability targets. On the other hand, regarding our succession plan, I believe it is most important to train management candidates with a long-term concrete plan. While managers are trained systematically according to their positions, it is important for top management to consider and implement their own training methods for selected senior management positions in terms of transfers and promotions. For example, I believe that systematic management experience at group companies, including overseas companies, is an effective way to develop the skills of employees, especially in companies that are facing difficult circumstances. I would like to use my experience in corporate management to vigorously advocate for the succession plan.

Evaluation of the 23 Medium-Term Management Plan

This fiscal year is the final year of the 23 Medium-Term

Management Plan, which is the third step toward our "our future vision and direction for the mid-2020s." However, the business environment has changed significantly due to factors such as a decrease in domestic demand, which was a precondition, and rising coal prices, making it difficult to achieve management goals.

At the same time, however, it is precisely at times like this that we can clearly see how capable and how competitive we are, excluding external factors, and what issues we need to resolve in the future. Already, in our mainstay domestic cement business, we are placing the highest priority on our sales price policy, while in our resource and environmental businesses, we are focusing on developing high value-added core businesses that do not rely on limestone or cement. As a top manufacturer specializing in cement, we are expected to contribute to society while generating stable profits. I expect that there will be a thorough review of the 23 Medium-Term Management Plan, and that the next medium-term plan will be formulated with a focus on the identified issues.

Role as Independent Director

I believe that the role of independent directors is to supervise management and to express their frank opinions to management from a position free from internal ties. We also play an important role in creating an atmosphere in which employees can speak freely by speaking up on their behalf when they feel uncomfortable saying things to management. The Company is promoting workplace diversity and inclusion, including the advancement of women, and has developed a strategy that emphasizes diversity. I expect that innovation will be generated by flexibly absorbing various values and ways of thinking.

Strengthening Engagement with Stakeholders

As a government official, I have been involved in designing systems such as the Stewardship Code and the Corporate Governance Code for constructive dialogue between investors and companies, so I recognize and I understand the importance of direct dialogue between investors and companies better than anyone else. I also believe that the effectiveness of the Board of Directors will be further enhanced by reflecting the perspectives gained through dialogue with investors in the Board's discussions, and therefore I believe that there should be even more opportunities for direct dialogue between investors and management. I myself would like to actively engage in dialogue with investors, if possible, to exchange frank opinions about our management policies and medium- to long-term growth strategies, and to contribute to the enhancement of our corporate value.

We must also always keep in mind that our cement business, which is the foundation of our company, is supported by various stakeholders, including the local communities where our plants and mines are located, and can only exist if we preserve the environment, including biodiversity and water resources. I believe that the source of our sustainability is to be a trusted and loved company that aims for co-existence and co-prosperity with local communities. To this end, I believe that we need to actively communicate with our stakeholders and make efforts to make them more aware of our business and our way of thinking. I believe it is the role of independent directors to encourage the company to strengthen the dissemination of such positive information, such as the effective use of waste

and by-products in cement production as raw materials and fuel for cement, contributing to the circular economy, and advanced efforts to achieve carbon neutrality.

Promoting Diversity as a Business Strategy

Today, diversity is respected from the perspective of human capital, and I believe that diversity is also important in business strategy. The Group's business portfolio is very well balanced, with the domestic cement business, the overseas cement business, and the resource, environment, and construction materials business each accounting for 1/3 of the Group's total sales, and one of our strengths is that even if one of these businesses were to hit a problem, our overall losses would be minimized. Although we ended FY2023 with a severe net loss, mainly due to the deteriorating profitability of the domestic cement business, we were able to maintain a positive operating income, supported by the strong U.S. cement business. This is the result of our efforts to diversify our business portfolio, including overseas expansion, without relying solely on our mainstay domestic cement business, and this is highly evaluated.

Furthermore, in addition to diversity, I intend to make recommendations in the future with a view to diversifying our business as a hedge against risk. For example, the U.S. cement business, which is mainly focused on the West Coast, should also look to the central and southern regions to avoid risks such as political and demand fluctuations. I will contribute to the enhancement of corporate value, utilizing my perspective as independent director.

Corporate Governance

We are working to strengthen corporate governance in order to achieve sustainable growth and increase corporate value.

Basic Policy on Corporate Governance

In keeping with the Mission of the Taiheiyo Cement Group, we established the Basic Policy on Corporate Governance with the aim of fulfilling our management responsibility towards all our stakeholders, including shareholders, and helping to achieve sustainable growth while maximizing our corporate value over the medium to long term. We are working to build a sound, transparent, and efficient corporate governance system.

Please refer to our website for the "Taiheiyo Cement Corporation Basic Policy on Corporate Governance".

https://www.taiheiyo-cement.co.jp/english/company/pdf/corpgov_01_2112.pdf



Corporate Governance System

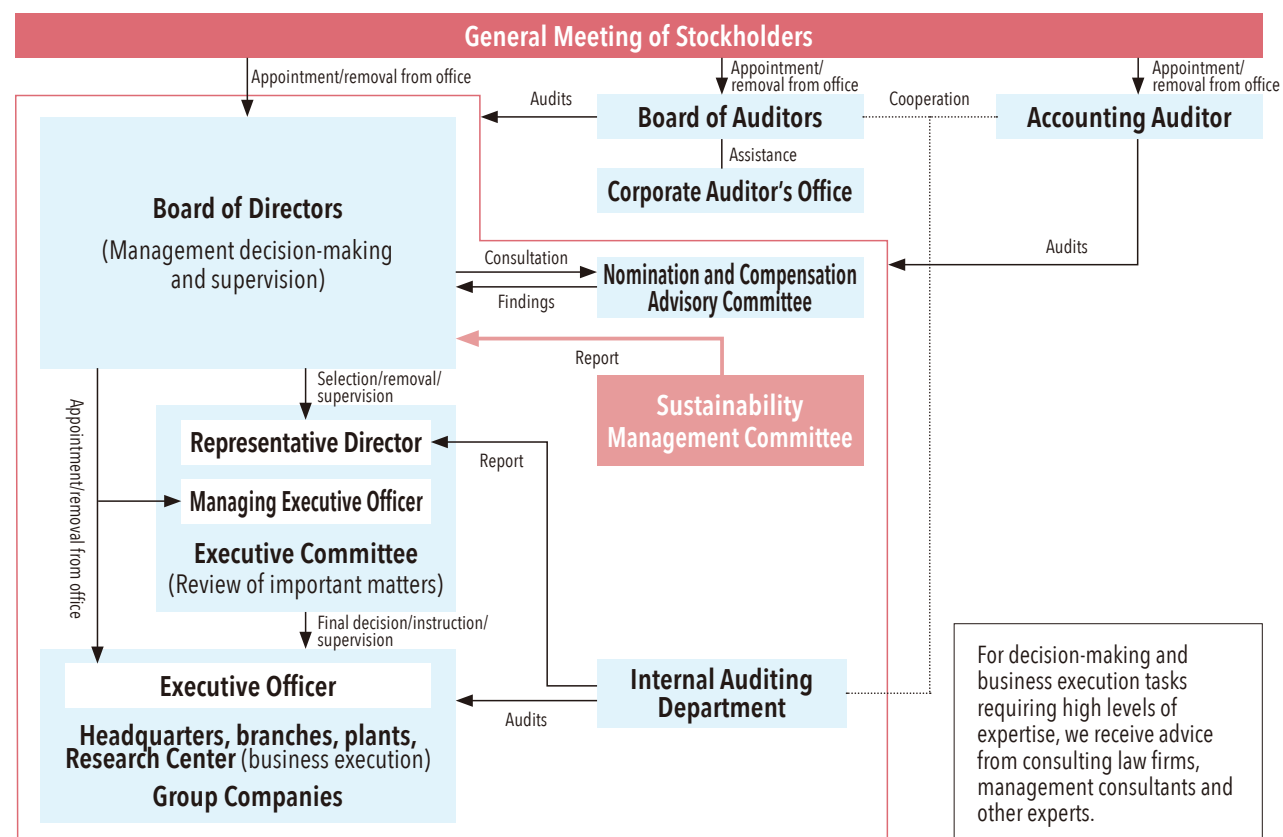
We are building a system that accurately recognizes and addresses corporate governance issues, effectiveness and themes in order to deploy a sustainable business model on a global scale.

Our management structure is based upon the Board of Directors and Board of Auditors. 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.

We have also established a Sustainability Management Committee to promote sustainability. Under that we have established specialized committees on human rights and labor, environmental management, and quality control, and are working to enhance our corporate governance.

Corporate Governance System



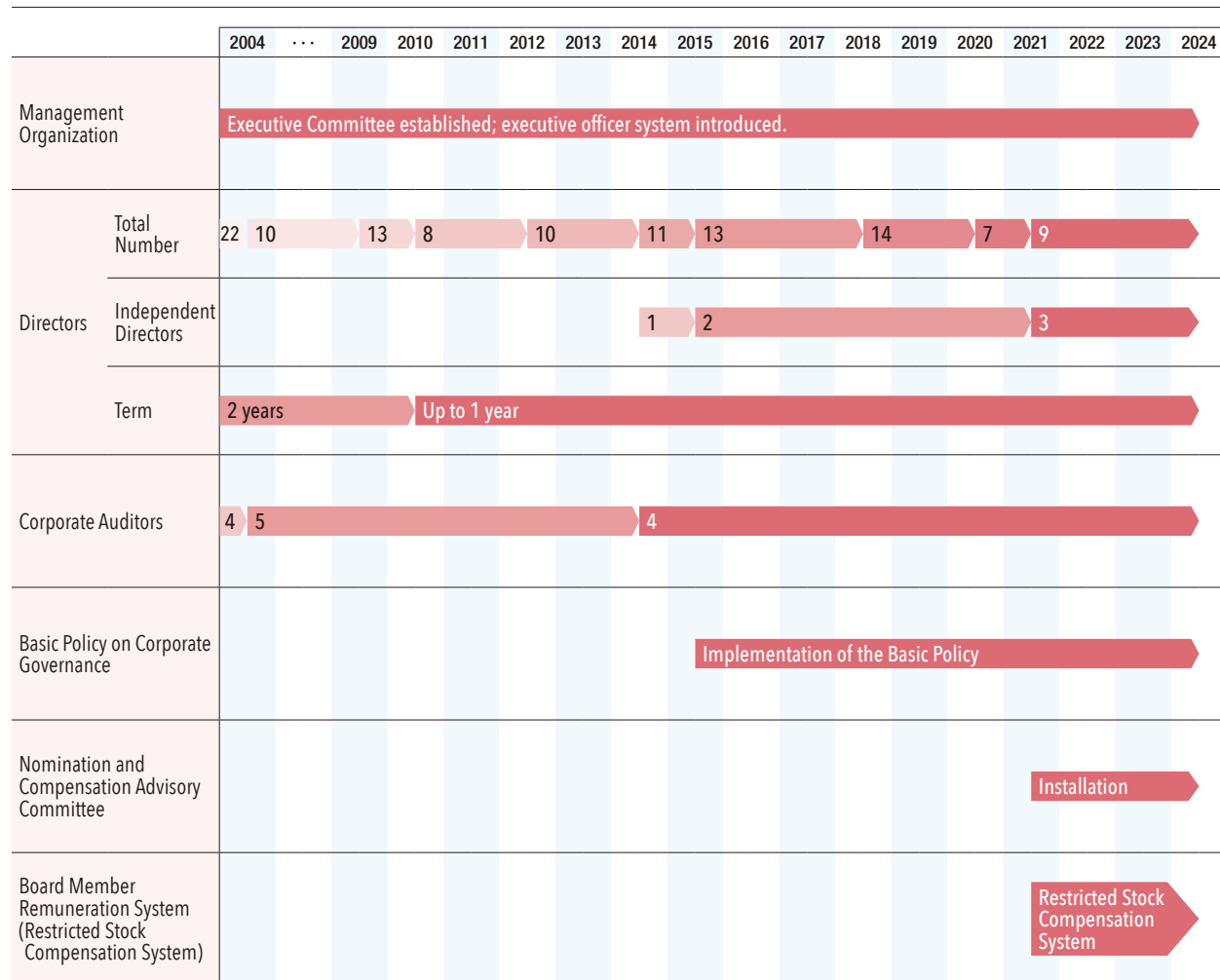
Outline of Our Governance Structure (As of June 29, 2023)

Item	No. of people etc.
Organizational Structure	Company with a Board of Company Auditors
Chairman of the board	President
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 directors included in that figure	2 (1)
No. of independent directors included in that figure	2 (1)

Major Meetings Held

Committees	No. of times held	Presence of independent officers	Overview
Board of Directors	15	100%	In principle, the Board of Directors meets once a month, and at other times when necessary, to make decisions on matters required by law and important matters related to the management of the company. The Board of Directors consists of nine directors, three of whom are independent directors. In addition, all of the corporate auditors attend the Board of Directors meetings. 15 meetings were held in FY2023, with 100% attendance by directors and corporate auditors.
Board of Auditors	16	100%	The Board of Auditors, consisting of two standing corporate auditors and two independent corporate auditors, fulfills its supervisory and auditing function over management by attending the Board of Directors meetings and other important meetings, questioning the directors and others about the performance of their duties, and inspecting important approval documents. In addition, in order to enhance the audits, they visit branches, factories, and group companies, etc., to investigate the status of the business operations. Also, regular corporate auditor liaison meetings are held for the corporate auditors to exchange opinions among themselves (and including those in charge of related divisions when necessary) and share information to build a system that enables fair and appropriate auditing.
Executive Committee	15	–	The Executive Committee consists of all internal directors and managing executive officers and makes decisions on important matters other than those that are to be decided by the Board of Directors in accordance with the Companies Act. A standing corporate auditor attends the Executive Committee meetings. Although the independent directors and independent corporate auditors do not attend these meetings, the Corporate Planning Department reports regularly to the independent directors (weekly in principle), and a liaison meeting is held for independent corporate auditors (weekly in principle), where the standing corporate auditors report on the details of important meetings such as the Executive Committee and share information and assist them in the execution of their duties.

Changes in Governance



Overview of Our Directors and Corporate Auditors

Nomination and Appointment of Prospective Directors

The president proposes prospective directors to the Board of Directors, from a diverse pool of talent both within and outside of the company, in accordance with the Basic Policy on Corporate Governance. The Board of Directors deliberates and nominates them as prospective directors, who are then appointed by resolution of the General Meeting of Shareholders. During the nomination of prospective directors, the Nomination and Compensation Advisory Committee deliberates and reports the results of its deliberations to the Board of Directors.

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 the ability to fairly audit the overall duties of the directors, suitable experience and skills, and with adequate expertise in financial affairs, accounting and legal affairs. After deliberation by the Board of Directors, nominated candidates are appointed by resolution of the General Meeting of Shareholders.

Nomination and Appointment of Prospective Independent Officers

Prospective independent officers must satisfy the company's Independence Criteria for Independent 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 the Independence Criteria (Appendix 1)

https://www.taiheiyo-cement.co.jp/english/company/pdf/corpgov_01_2112.pdf

Activities of independent directors

The Nomination and Compensation Advisory Committee met a total of four times in FY2023, with members consisting of three independent directors and one inside director. In addition, two meetings were held exclusively for a total of five independent directors, including independent auditors, to frankly exchange opinions on current issues and the deliberations of the Board of Directors.

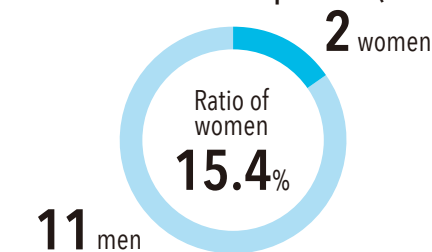
Operation of the Board of Directors

In FY2023, the Board of Directors met 15 times to discuss and decide on important matters stipulated by law and the Articles of Incorporation, as well as to supervise the execution of duties by directors. In order to ensure the efficiency of directors' duties, directors and executive officers who have been assigned duties report on the status of execution of their duties. With respect to management execution, a certain level of authority is delegated to executive officers, who execute operations through a policy deployment system in accordance with the medium-term management plan and annual management policy (President's Policy), and the Board of Directors reviews the progress of these operations.

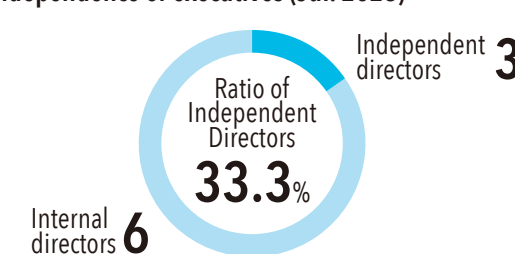
Major matters discussed at Board of Directors Meetings (FY2023)

Cement sales price policy	Reports on details and status of sales price revisions
Strengthening plant and mining facilities	Upgrade of manufacturing facilities and limestone quarry development
Carbon neutrality	Confirmation of progress on initiatives
Other forms of harassment	<ul style="list-style-type: none"> Promotion of sustainability management Acquisition of cement sales business from other companies Suspension of cement production and sales business in China Alternative sourcing for Russian coal and coal market trends Dialogue with institutional investors and shareholders Promotion of diversity management

Ratio of women in executive positions (Jul. 2023)



Independence of executives (Jul. 2023)



Attendance at Board of Directors meetings (FY2023)

(Number of meetings attended/number of meetings held)

Full Name	Board of Directors
Masafumi Fushihara	15/15 (100%)
Yuuichi Kitabayashi	15/15 (100%)
Kunihiko Ando	15/15 (100%)
Tetsuya Ohashi	15/15 (100%)
Hideaki Asakura	11/11 (100%)
Yukimasa Nakano	11/11 (100%)
Yoshiko Koizumi	15/15 (100%)
Shinhachiro Emori	15/15 (100%)
Hideyuki Furikado	15/15 (100%)
Katsuhide Fukuhara	15/15 (100%)
Masahiro Karino	11/11 (100%)
Wakako Mitani	15/15 (100%)
Yoshio Fujima	15/15 (100%)

Number of Board of Directors meetings held during the term of office: 15, except for Mr. Hideaki Asakura and Mr. Yukimasa Nakano, where 11 meetings were held after they became directors, and Mr. Masahiro Karino, where 11 meetings were held after he became a corporate auditor.

Skill matrix

In order to ensure appropriate decision-making and a high level of oversight of our business activities, we review the knowledge, expertise, and experience expected of our directors and officers in conjunction with materiality updates. This year, it is represented as a six-skill matrix covering corporate management, production technologies and R&D, sales

marketing, accounting and finance, legal and risk management, and global business.

We make the most of such advanced knowledge, expertise, and diverse experience to manage our business in order to realize our mission, which is based on sustainable growth and sustainability.

Executive Skill Matrix and Composition of Nomination and Compensation Advisory Committee

Full Name	Position	Independent officer	Years in office	Nomination and Compensation Advisory Committee	Knowledge, expertise and experience					
					Corporate management	Production technologies R&D	Sales Marketing	Accounting Finance	Legal Risk management	Global business
Masafumi Fushihara	President and Representative Director		8 years		●		●	●	●	●
Yuuichi Kitabayashi	Vice President and Representative Director		10 years		●	●			●	●
Kunihiro Ando	Vice President and Director		7 years	○	●	●	●			●
Tetsuya Ohashi	Director and Senior Executive Officer		2 years		●	●		●		●
Hideaki Asakura	Director and Senior Executive Officer		1 year		●		●	●	●	●
Yoshifumi Taura	Director and Senior Executive Officer		-		●	●	●			●
Yoshiko Koizumi	Director	○	8 years	○ (Chairperson)					●	●
Shinhachiro Emori	Director	○	3 years	○	●		●	●		●
Hideyuki Furikado	Director	○	2 years	○				●	●	●
Katsuhide Fukuhara	Corporate Auditor (Standing)		2 years		●	●		●	●	●
Masahiro Karino	Corporate Auditor (Standing)		1 year		●				●	●
Wakako Mitani	Corporate Auditor	○	5 years					●	●	
Toshihito Aoki	Corporate Auditor	○	-					●	●	

Evaluating the Effectiveness of the Board of Directors

We strive to share information among the internal and external officers in order for the Board of Directors to supervise the execution of the business and make appropriate decisions. Efforts are made to enhance the effectiveness of the Board of Directors by providing timely and appropriate information to independent directors and providing them with opportunities to inspect business sites, including overseas and affiliate companies. Furthermore, all directors and corporate auditors fill out a questionnaire to analyze and evaluate the effectiveness of the Board of Directors as a whole, including its composition, operation, agenda and deliberation status. The Board of Directors will review the contents of the report and we make improvements to the structure and operations of the Board of Directors on the basis of the results, ensuring the overall effectiveness of our Board of Directors.

Results of effectiveness evaluation (FY2023)

Challenges for FY2022	Enhancement of monitoring and other reporting on the status of execution of business
Assessment Results for FY2023	Increasing the amount of time for discussion at Board of Directors meetings regarding reports on the status of execution of business, etc.
Challenges for FY2024	<ul style="list-style-type: none"> Enhancement of discussion on medium-term management plan Further enhancement of English-language disclosure

Activities of the committee

Activities of the Nomination and Compensation Advisory Committee

We established the Nomination and Compensation Advisory Committee in March 2021 with the aim of further enhancing corporate governance by improving the fairness, transparency, and objectivity of the procedures for nominating directors and managing executive officers and determining their compensation. The Committee consists of four directors appointed by resolution of the Board of Directors, three of whom are independent directors. The Committee is chaired by an independent director appointed by resolution of the Board of Directors.

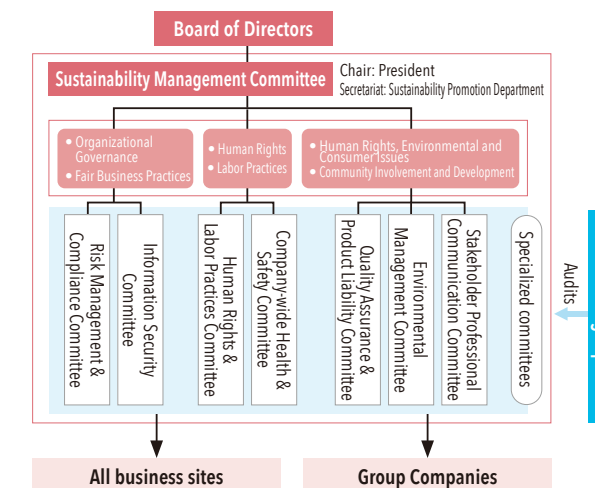
The Committee deliberates and reports to the Board of Directors on policies regarding the nomination of directors, the appointment and removal of directors, policies for determining the compensation of individual directors, and the details of the compensation of directors.

The System to Promote Sustainability Management

To promote our sustainability management we have created a cross-departmental Sustainability Management Committee, chaired by the president with all board directors and all managing executive officers as committee members, under the direct oversight of the Board of Directors. Reporting to the Sustainability Management Committee are seven specialized committees for individual 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. The Sustainability Management Committee's role is to screen important matters concerning sustainability and the status of activities of specialized committees, and review their progress.

Sustainability Management Committee Structure



● CSR Management Committee* meetings (FY2023)

Date	Main Content
First: May 12, 2022	<ul style="list-style-type: none"> Preparation of the integrated report for enhancement of corporate value Countermeasures against the spread of COVID-19 (review)
Second: Sep. 27, 2022	<ul style="list-style-type: none"> Interim report on the FY2023 activities of the seven specialized committees Business and human rights
Third: December 20, 2022	<ul style="list-style-type: none"> Report on the status of response to ESG-related surveys Report on the results of the 2023 employee awareness survey
Fourth: March 28, 2023	<ul style="list-style-type: none"> Report on the FY2023 activities of the seven specialized committees Planning of the FY2024 activities of the seven specialized committees Revision of CSR Outline to Sustainability Outline

* Sustainability Management Committee since FY2024

Activities of independent directors (Number of meetings attended/number of meetings held)

Full Name	Board Meeting Attendance	Details of Contribution
Yoshiko Koizumi	15/15	Providing appropriate comments mainly based on her extensive experience as an attorney and broad insight into corporate legal affairs.
Shinhachiro Emori	15/15	Providing appropriate comments mainly based on his extensive experience and broad insight as the manager of a business corporation.
Hideyuki Furikado	15/15	Providing appropriate comments mainly based on his extensive experience and broad insight as a national public servant.

Cross-shareholdings

From the perspective of maintaining and strengthening stable and long-term business relationships with our business partners, we acquire and hold shares in such business partners as cross-shareholdings when it is determined that it will contribute to the enhancement of our medium- to long-term corporate value.

Furthermore, the Board of Directors confirms the necessity of such holdings each year by examining the medium- to long-term economic reasonableness and future prospects of each individual cross-shareholding, based on whether the purpose of holding the shares is appropriate and whether the benefits and risks associated with holding the shares are commensurate

with the capital costs.

We do not hold any investment securities where the purpose is purely investment.

● Number of issues and amount reported on balance sheet

	Number of Issues (stocks)	Total amount reported on balance sheet (million yen)
Non-listed stocks	179	5,806
Shares other than unlisted stocks	33	18,910

Board Member Remuneration

Determining Board Member Remuneration

In the process for determining the compensation for directors, the Nomination and Compensation Advisory

Committee, the majority of which consists of independent directors and is chaired by an independent director, deliberates and reports its findings to the Board of Directors, which

respects those findings. The decision is then entrusted to the representative directors, within the scope decided at the General Meeting of Shareholders and determined by our company regulations.

The compensation system for directors (excluding independent directors) consists of fixed compensation, share-based compensation and performance-based compensation, while the compensation system for the independent directors consists solely of fixed compensation. The compensation 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.
- The reason for the introduction of the share-based compensation system and the adoption of profit attributable to owners of parent as an indicator for performance-based compensation is to promote further value sharing with our shareholders.

Composition of Compensation

● Directors (excluding independent directors)

Fixed compensation	Performance-based compensation	Share-based compensation
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* Fixed compensation: from approximately 90% to 45%
Share-based compensation: approximately 10% to 15%
Performance-based compensation: from 0% to approximately 40%

● Independent Directors, Independent Corporate Auditors

Fixed compensation

Annual Remuneration of Board Members

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

Remuneration for corporate auditors was decided at the General Meeting of Shareholders on June 29, 2000. Since the said meeting, there are four corporate auditors, for whose monthly compensation there is a maximum of 13 million yen.

● Total amount of compensation for directors and corporate auditors (FY2023)

Category	Total amount of compensation, etc. (million yen)	Total amount of compensation by type (million yen)			Number of officers covered
		Fixed compensation	Performance-based compensation	Non-monetary compensation, etc.	
Directors	510	315	149	45	11
Corporate Auditors	72	72	-	-	5
(independent directors)	(67)	(67)	(-)	(-)	(5)

The above count of directors and corporate auditors who received compensation includes two directors and one corporate auditor who retired or stepped down at the conclusion of the 24th Ordinary General Meeting of Shareholders held on June 29, 2022.

Internal Control System

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 FY2023, we audited five of our offices, 11 domestic group companies, and one overseas group company, identifying areas for improvement and providing advice and recommendations.

Risk Management and Compliance

We manage risks based on our Basic Risk Management Policy with the aim to reduce management uncertainties and achieve management objectives.

Basic Risk Management and Compliance Policies

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" that include emergency responses to ensure that the "Basic Risk Management Policy" is deployed in specific risk management activities.

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 Sustainability 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

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.

Please see our website for more information about risk management and compliance.
https://www.taiheiyo-cement.co.jp/english/csr/risk_management_fr.html



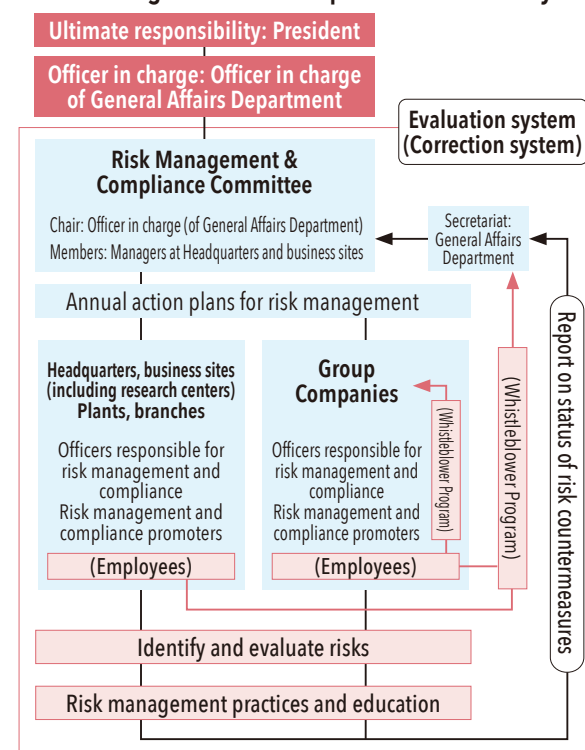
Structure and Operation

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 creates and revises rules for risk management and compliance, and provides instructions for advancing the awareness and education of employees. Four meetings were held in FY2023.

Risk Management and Compliance Promotion System



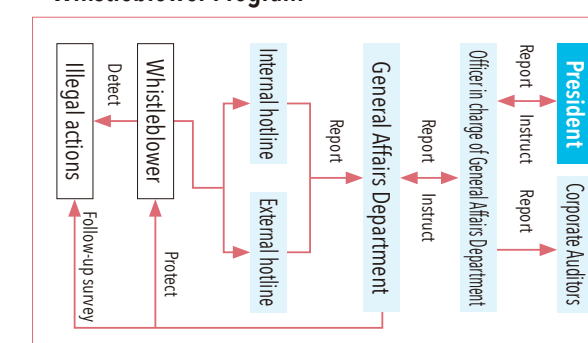
* Subject to risk management: 100 group companies (as of March 31, 2023)

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 (Compliance Hotline) and externally (at a law firm) 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 (FY2023)

Hotline	No. of cases
Internal (whistleblower hotlines)	4
External (law firm)	1

* Reportable cases according to the Whistleblower Program Regulations.

* Taiheiyo Cement Corporation and group companies subject to risk management by the Risk Management & Compliance Committee are subject to aggregation.

Risk Management and Compliance Promotion Activities

Identifying, Evaluating and Specifying Companywide Risks

We collect, evaluate and identify company-wide risks, including those of group companies, every three years and conduct an annual review of those risks. We carried out a company-wide risk review in FY2023. The purpose of

identifying risks is to "review the risks surrounding the Group in light of significant changes in the business environment and risks, identify risks that could have a significant impact on the achievement and sustainability of the Group's business plans and targets, and take measures to avoid or reduce such uncertainties".

• **Summary of the Collection, Evaluation and Identification of Company-wide Risks**

Reference: Identifying Risks and Opportunities → P.20

Step 1	Identification of risks that may hinder materiality initiatives
Step 2	Identification of company-wide risks that could have a significant impact on uncertainties in group management
Step 3	Review company-wide risks
Step 4	Determine company-wide material risks

Specified Company-wide Risks

- Risk of increase in the number and severity of natural disasters and aging facilities and equipment
- Risk of business fluctuations in the supply chain
- Human resource-related risks

Measures to Reduce the Impact of Risks

FY2023 was the final year of the Risk Management & Compliance Committee leading the implementation of measures based on the results of the identification and evaluation of company-wide risks that was conducted in FY2020, and the challenges that were addressed were (1) the establishment of a system to prevent scandals such as accounting irregularities, and (2) the revision of compliance-related rules.

We are implementing activities to reduce risk impact through PDCA cycles.

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 natural 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 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.

7 such events were reported in FY2023. Important information, including how the situation is handled, is reviewed by the CSR Management Committee (now the Sustainability Management Committee).

As preparation for responding to natural disasters and accidents, we also conducted Shake Out earthquake drills that assumed a large-scale earthquake at each business site, and provided training for plant staff so they would understand how to appropriately handle complaints if an accident occurs.


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 FY2023, we invited an independent lecturer to give a talk in November to the managers at our group companies about "Business and Human Rights Required of Companies Today" and "Precautions and Points to Actively Utilize the Whistleblower Hotlines", which was attended by managers from 84 companies. The training program was conducted via streaming video due to COVID-19 measures.


Compliance Training

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 FY2023, 91.7% of employees participated in the program.

 Please see our website for more information about our Standards of Conduct [Casebook] (in Japanese).

https://www.taiheiyo-cement.co.jp/english/csr/risk_management_fr.html



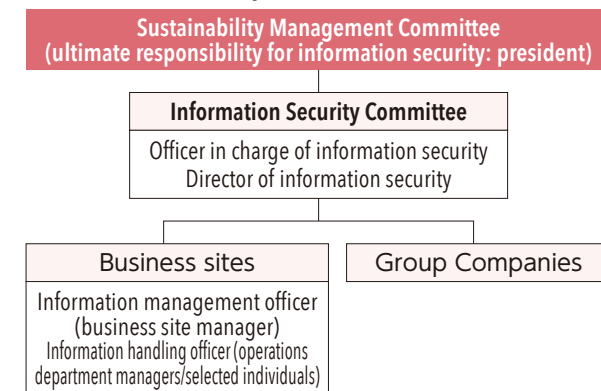
Information security

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://www.taiheiyo-cement.co.jp/english/csr/risk_management_fr.html#section05



Activities to Promote Information Security

In addition to conducting disaster recovery drills based on hypothetical emergencies and drills for responding to suspicious e-mails, we have also purchased cyber security insurance in case of a security incident. We also routinely use a portal site on our intranet to remind and educate all employees, and increase awareness of information security.

Further, we conducted drills on how to respond to suspicious e-mails and conducted a self-diagnostic security survey for group companies, and also conducted an infrastructure security survey for one overseas group company. In addition, we encouraged group companies to purchase cyber security insurance, ensure the backing up of critical systems and data, and encryption of their websites. Furthermore, we held an information department exchange meeting to share and spread information security awareness with group companies.

No serious incidents related to information security occurred in FY2023.

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

Risk Management for Intellectual Property

Risk Management for Intellectual Property

To ascertain recent developments and prevent infringement of other companies' intellectual property rights, we periodically share information on applications filed by other companies among related divisions, monitor the progress of examinations of obstructive patents, and conduct various patent surveys. Regarding other companies' applications that may be obstructive, we take measures according to the degree of impact on research and development and our business.

Regarding risk strategies for overseas intellectual property, we are focusing on ascertaining and sharing information on

the differences from Japan in the legal systems and practices concerning intellectual property in countries where business development is anticipated, and building a support system that draws upon external country-specific experts.

In addition, at various in-house training on intellectual property, we are providing education about the importance of respecting the rights of other companies with the same level of awareness as the protection of their own rights.

To date, we have never been sued for infringing intellectual property rights, and therefore have not suffered any ensuing business obstacles.