



## TAIHEIYO CEMENT CORPORATION

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# TAIHEIYO CEMENT REPORT 2024

Integrated Report

*Cement for Life*  
– Protecting our lives and supporting society –

TAIHEIYO CEMENT CORPORATION



Editorial Policy

In the report we convey to our stakeholders how we conduct activities to address social challenges and sustainably increase corporate value. We aim to deepen mutual understanding through constructive dialog and further evolve management while raising the level of disclosure.

Scope and Boundaries of this Report

Reporting Period

FY2024 (April 1, 2023 to March 31, 2024)  
It is clearly stated where information about events that occurred outside this period are included in the report.

Boundary of Reporting Organizations

The report covers Taiheiyo Cement Corporation (nonconsolidated) and includes our group companies. “The company” refers to Taiheiyo Cement Corporation (nonconsolidated); when information pertains to one of our group companies, the group company's name is explicitly stated.

• Boundary of Reporting Organizations by Quantitative Data

Quantitative data are aggregated on a consolidated basis and under the following categories.

Non-consolidated	Taiheiyo Cement Corporation (non-consolidated)
GCCA	The scope of data collected for reporting of GCCA* KPIs
	The scope of ESG data is described on P.144.

\* GCCA (Global Cement and Concrete Association)

Disclaimer Regarding Forward-looking Statements

Plans and prospects included in this report are predictions based on information available at the time of publication and are subject to unpredictable risks and uncertainties. Consequently, there are no explicit or implied guarantees as to actual results, which may materially vary from the projected figures or measures cited in this report.

Information Structure

Financial Data	Securities Report Financial Results Summary Investor Information (Website) <a href="https://www.taiheiyo-cement.co.jp/ir/index.html">https://www.taiheiyo-cement.co.jp/ir/index.html</a>
Integrated Report	
Non-financial Data	Sustainability (Website) <a href="https://www.taiheiyo-cement.co.jp/csr/index.html">https://www.taiheiyo-cement.co.jp/csr/index.html</a>

Publication Dates

November 2024  
Previous Report: November 2023  
Next Report: November 2025

Guidelines Used for Reference

- The International Integrated Reporting Framework (IIRC)
- Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation (Ministry of Economy, Trade and Industry)
- GRI Sustainability Reporting Standards (GRI Standards) 2016/2018
- Environmental Reporting Guidelines 2018 Edition (Ministry of the Environment)
- Environmental Accounting Guidelines 2005 Edition (Ministry of the Environment)
- ISO30414

Contents

Taiheiyo Cement – Who We Are

Taiheiyo Cement Group's Values	2
Taiheiyo Cement's DNA	4
Taiheiyo Cement's Strengths – Sources of Competition –	6
The Social Value of Cement	8
Business Model	10
Global Network of Taiheiyo Cement Group	12

Management That Aims for Long-Term Improvement of Corporate Value

Message from the President	14
Roundtable Discussion between the New President and Mid-Career and Young Employees	22

Creating Value

Value Creation Process	26
Materiality	28

Management Strategy

New Medium-Term Management Plan	
Long-term vision – Future vision targeting 2050	30
Financial Strategy	34
Summary up to the Previous	
Medium-Term Management Plan	38
Overview of the 26 Medium-Term Management Plan	39
1. Revitalizing Domestic Business	42
2. Global Strategy Special Feature:	
Growth Strategy for U.S. Business	44
3. Promoting of Sustainability Management	
Carbon Neutral Strategy 2050	46
Why does blended cement have a CO <sub>2</sub> reducing effect?	51
DX Strategy	52
Human Capital Strategy	54

Key Strategies	
Strengthening Production Systems	56
Research and Development Strategy	58
Intellectual Property Strategy	60

Business Strategies	
Business At a Glance	62
Cement Business (Domestic)	64
Cement Business (Overseas)	66
Mineral Resources Business	68
Environmental Business	70
Construction Materials Business	72

Sustainability Management: Driving Force and Booster for Value Creation

Sustainability Management	74
Environment	
Environmental Management	76
Circular Economies	80
Climate Change	82
Disclosure Regarding Recommendations of the TCFD	84
Disclosure Regarding Recommendations of the TNFD	85
Natural Resources Capital	86
Utilization of Waste and By-products in Cement Manufacturing	89
Human Capital Management	
Human Capital Management	90
Human Resource Development	92
Initiatives to Improve Engagement	93
Promotion of Work-Life Management	94
Health and Productivity Management (H&PM) Initiatives	96
Promotion of Diversity and Inclusion	98
VOICE: Voices of System Users	100
Occupational Health & Safety	
Occupational Health & Safety	102
Respect for Human Rights	
Respect for human rights	105
Human Rights Due Diligence	106
Social and Relationship Capital	
Stakeholder Engagement	108
Our Employees	110
Group Companies	112
Shareholders, Investors	114
Users and Business Partners	115
Local Community	116
Quality Assurance	118
Global Cement and Concrete Association (GCCA)	120
Governance	
Our Directors and Corporate Auditors	122
Message from Chairman of the Board	126
Roundtable Discussion by the Independent Directors	128
Corporate Governance	132
Risk Management and Compliance	140
Data Section	
ESG Data	144
Financial and Non-financial Highlight	148
11-Year Summary	150
Financial Statements	152
GCCA Key Performance Indicators	154
GCCA Independent Assurance Report	155
Glossary	156
About Us	158
Stock Overview	160
List of Group Plants / List of External Evaluations	161



# Aiming for Sustainable Development

The Taiheiyō Cement Group aims to address social challenges through its business activities while pursuing the growth of the Group through these contributions.

Bringing Innovative Technologies to the World

## Taiheiyō Cement Group's Values



Our mission is to contribute to social infrastructure development by providing solutions that are environmentally efficient, enhance our competitive position and bring value to our stakeholders.

- Deploy around the world the Group's overall capabilities and revolutionary technologies including carbon neutrality.
- Become a leader in the global cement industry.
- Become a corporate group that supports a safe, secure, decarbonized and recycling-based society for people.
- Expand the Group's presence in the Pacific Rim by utilizing its overall capabilities.
- Contribute to the achievement of carbon neutrality and circular economies.
- Become a robust corporate group that grow sustainably.

1881

Onoda Cement Co., Ltd.

1883

Asano Cement Co., Ltd.

1923

Chichibu Cement Co., Ltd.

1947

Nihon Cement Co., Ltd.

1994

Chichibu Onoda Cement Corporation

1998



**TAIHEIYO CEMENT**



# Taiheiyo Cement's DNA

Taiheiyo Cement is continuing to support economic development and social infrastructure while being environmentally conscious.

1990~

## Birth of Taiheiyo Cement and Full-Scale Development of Waste Treatment

Our company was founded in 1998 amidst turbulent times as domestic demand peaked and began to decline. We began the full-scale development of our waste recycling business as a measure to improve profitability.



2000~

## Overseas Expansion of Cement Business

In addition to existing sites in the U.S. and China, we accelerated investment in Southeast Asia to build our cement business in the Pacific Rim.



2010~

## Improve Profits Through Structural Reforms and Cooperation in Disaster Recovery

We focused on business restructuring to improve profitability. We received disaster waste and assisted in the early recovery of areas affected by disaster.



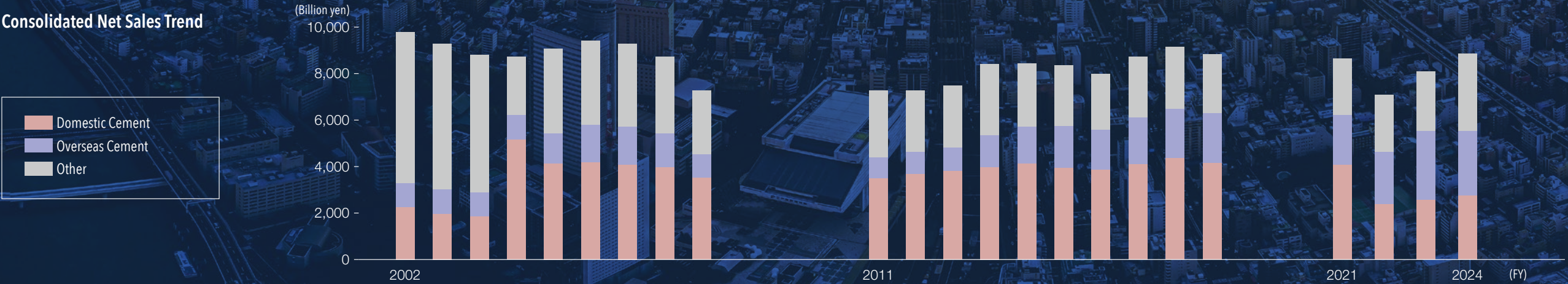
2020~

## Strengthen Initiatives to Achieve Carbon Neutrality

We have formulated the "Carbon Neutral Strategy 2050" and are working on the development of innovative technologies that are positioned as a new growth strategy.



Consolidated Net Sales Trend



\* Consolidated net sales figures are presented from when information disclosure of overseas business was started.  
\* Changes to segments, etc. were made in FY2005.  
\* The "Accounting Standard for Revenue Recognition" (ASBJ Standard No. 29), etc. were applied from FY2022.



# Taiheiyo Cement's Strengths – Sources of Competition –

The Taiheiyo Cement Group's social mission is to contribute to solving social challenges and to continue to provide a stable supply of high-quality cement and limestone through a robust supply chain both domestically and internationally.

## Leading Supplier of Cement and Limestone Supporting a Safe and Secure Society

The Taiheiyo Cement Group operates globally with a focus on the Pacific Rim, but we take pride in being Japan's leading supplier of cement and limestone, backed by our long history in the industry. To secure limestone for cement raw materials and aggregates used in ready-mixed concrete, we are working on quarry development with a future-oriented approach that looks 100 years ahead. Our corporate mission is to continue to provide a stable supply of cement products and limestone that support a safe and secure society.

## World-Class Cement Production and Waste Recycling Technologies

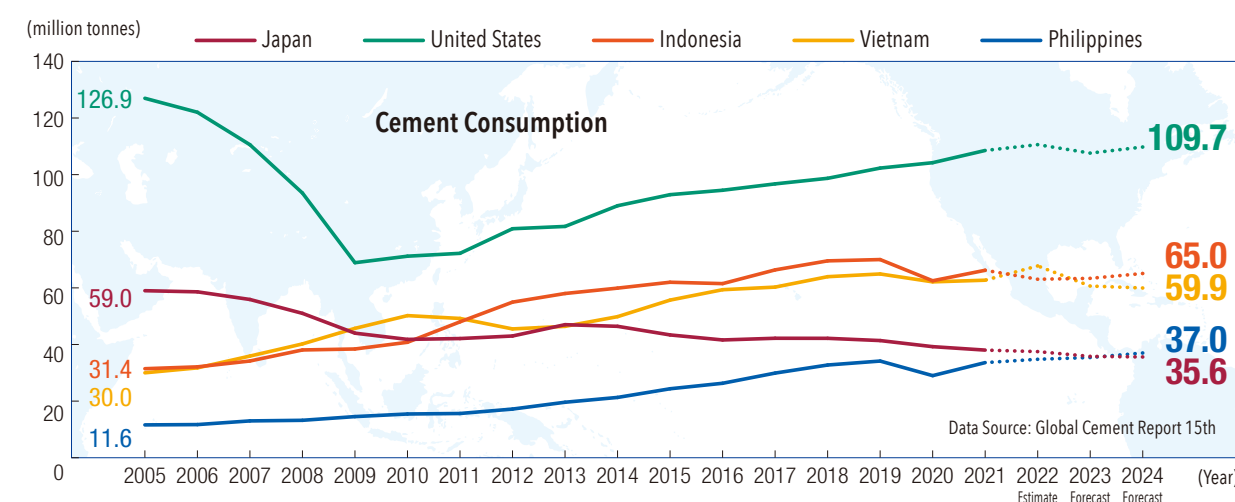
The Taiheiyo Cement Group's domestic cement plants accept waste and by-products generated by local communities and other industries, as well as disaster waste generated by natural disasters, as raw materials and fuel for cement. This approach contributes to solving social challenges, including the establishment of a circular economy and the restoration of disaster-stricken areas. Our world-class manufacturing technology is utilized to recycle waste. We manufacture cement that meets standards without generating new waste.

## Highly Diverse Human Capital

We promote human capital management based on the idea that "people are a company's greatest asset." We foster a workplace that supports our employees' well-being by promoting work-life balance, as well as health and productivity management (H&PM). In addition, believing that the work of diverse talent contributes to enhancing corporate value, we are implementing various initiatives to promote diversity and inclusion, including the employment of women and those with disabilities. We are also advancing human resources development to foster the growth of each individual employee.

## Global Network Incorporating the Growth Markets of the Pacific Rim

Thanks to the success of our growth investments to date, overseas sales now account for approximately 40% of the Taiheiyo Cement Group's net sales. In addition to our main base in the United States, we are expanding into the growth markets of the Asia-Pacific region, establishing a robust supply chain across the Pacific Rim, including Japan. Going forward, we aim to focus on strengthening and expanding our global network by enhancing our business portfolio in growth markets and expanding our trading business, among other initiatives.



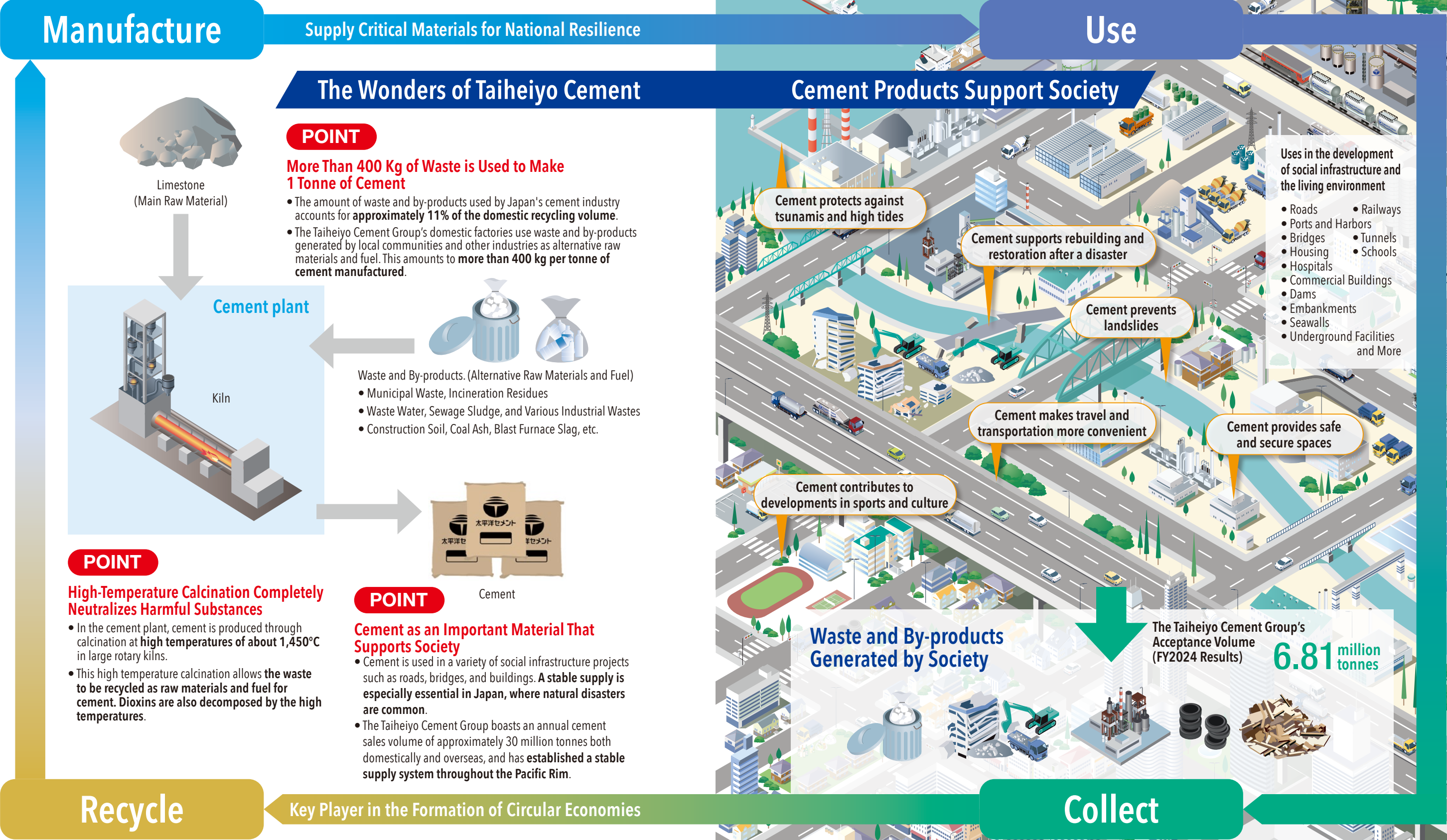
## Stable Financial Footing That Enables Continued Growth Investments

We systematically implemented growth investments, even in the challenging business environment during the 23rd Medium-Term Management Plan, and we plan to continue these investments in the 26th Medium-Term Management Plan while maintaining financial discipline. To support this, our financial strategy will involve stable fund raising and building a robust financial base. In addition, the company's financial soundness was recognized, and our issuer ratings have improved from the previous fiscal year. (JCR/A+, R&I/A)



# The Social Value of Cement

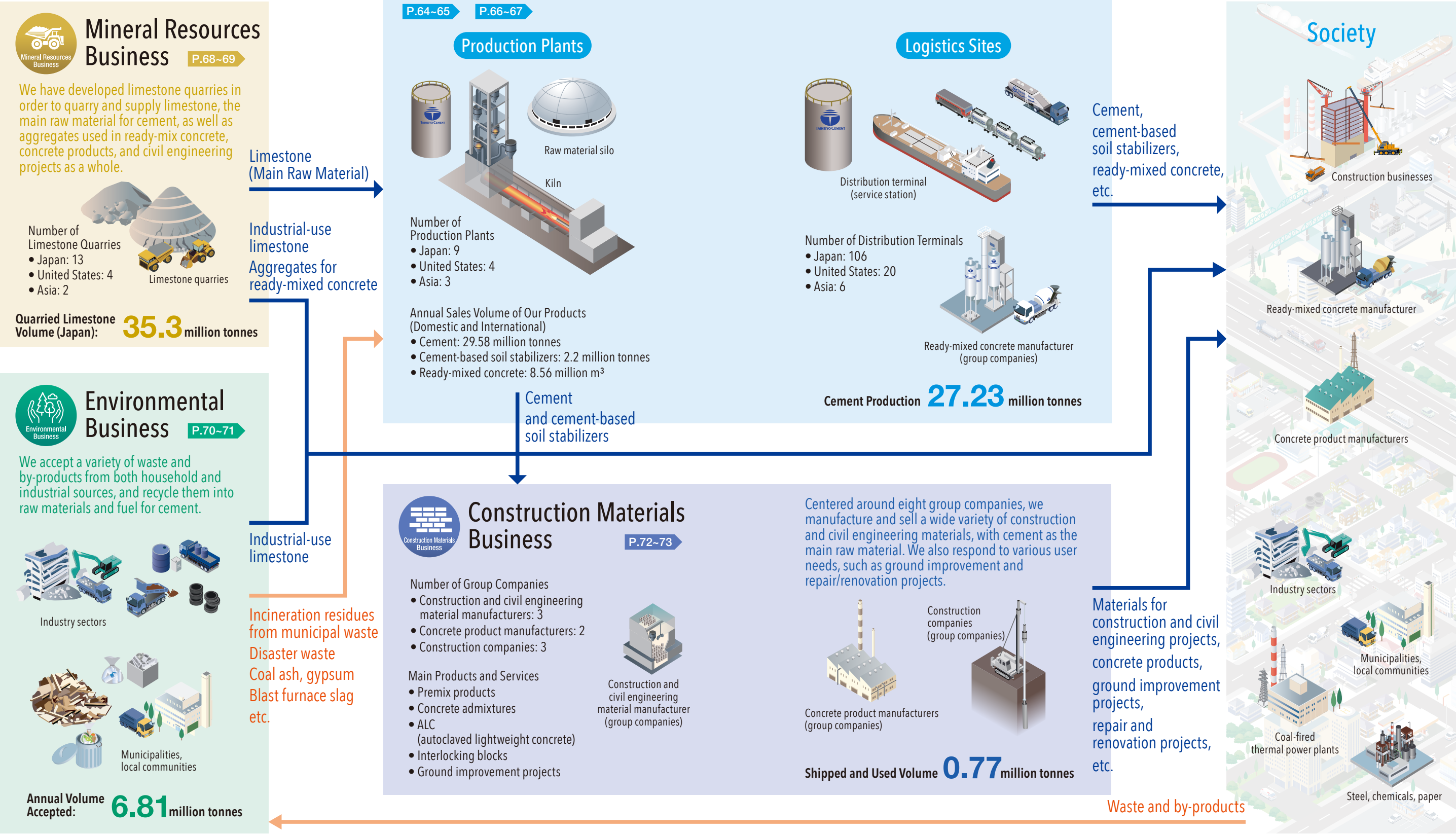
By recycling waste and other materials to manufacture cement, the Taiheiyo Cement Group is simultaneously contributing to "building safe and secure social infrastructure" and "solving social challenges," such as extending the lifespan of waste disposal sites.





# Business Model

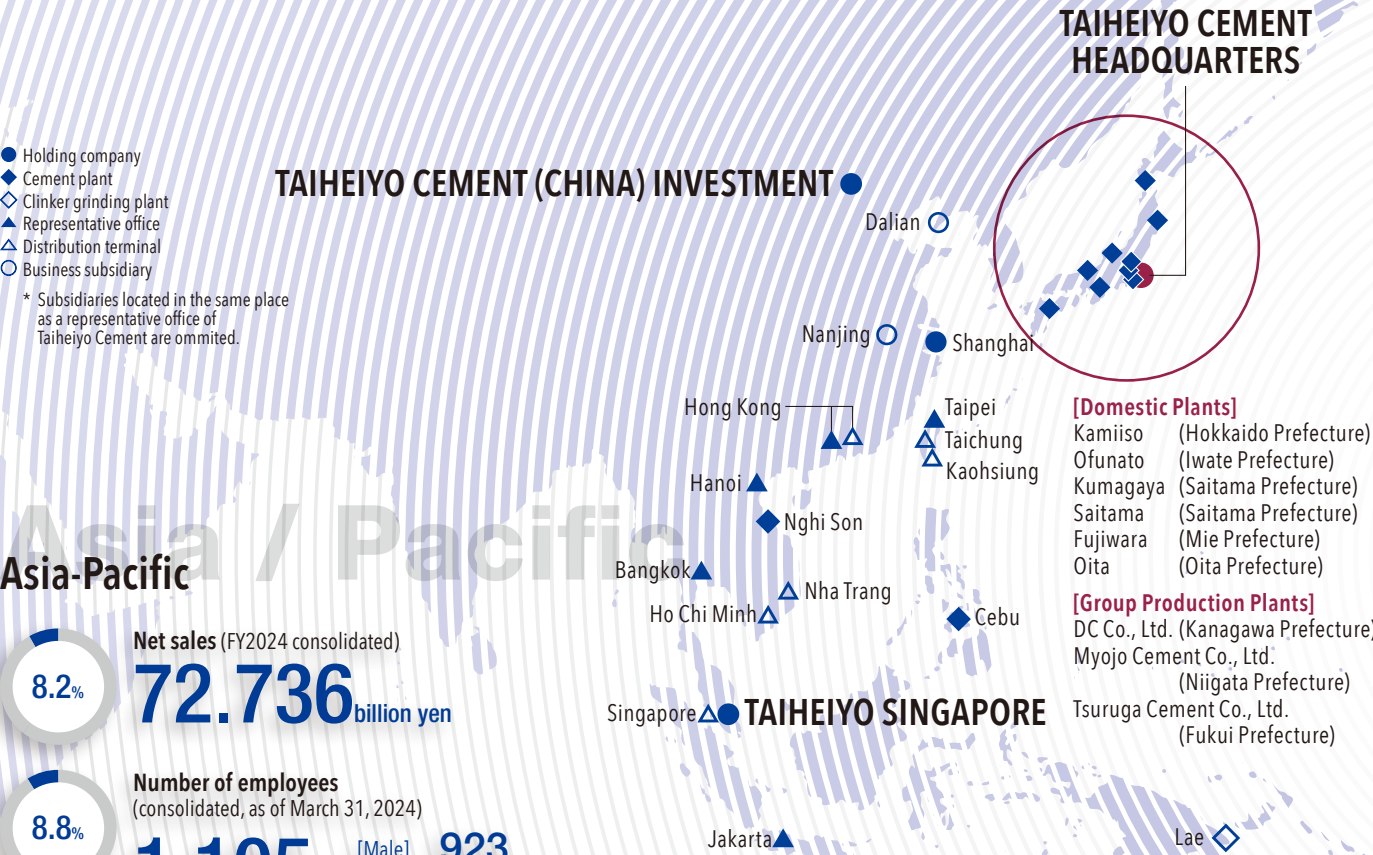
We provide total solutions for building safe and secure social infrastructure.



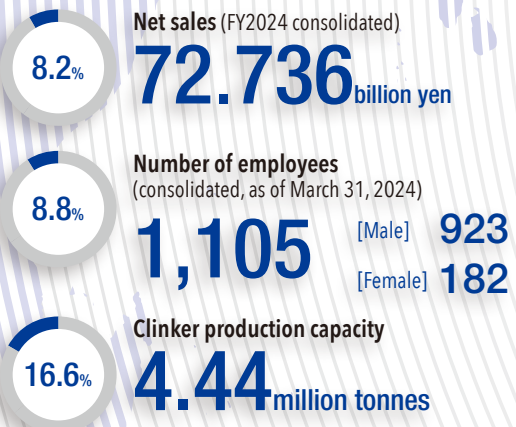


# Global Network of Taiheiyō Cement Group

The Taiheiyō Cement Group deploys production and logistics sites in Japan and overseas, and establishes systems to ensure stable supplies of cement and mineral products.

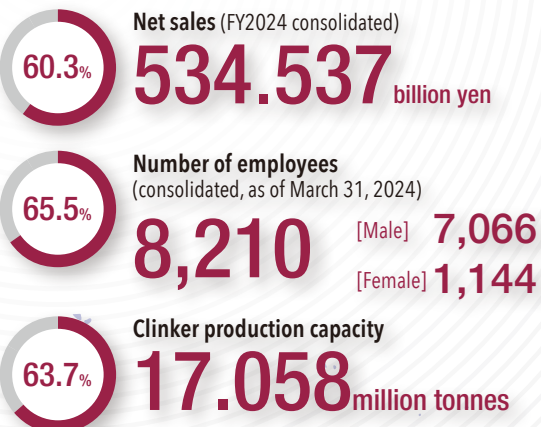


## Asia-Pacific



Net sales (FY2024)			Operating income	Operating income on net sales
Japan	Overseas	Consolidated Total		
534.5 billion yen	351.7 billion yen	886.3 billion yen	56.5 billion yen	6.4%
ROE			Financial Capital	
8.2%			JCR Issuer Rating	R&I Issuer Rating
			A+	A
Cash flow from operating activities			Human Capital	
140.5 billion yen			Number of employees (consolidated)	Waste and by-products processed (Japan)
			12,540	6.81 million tonnes
Intensity of waste and by-products (Japan)			Quarried limestone volume (Japan)	
421.9 kg/tonne-cement			35.30 million tonnes	

## Japan

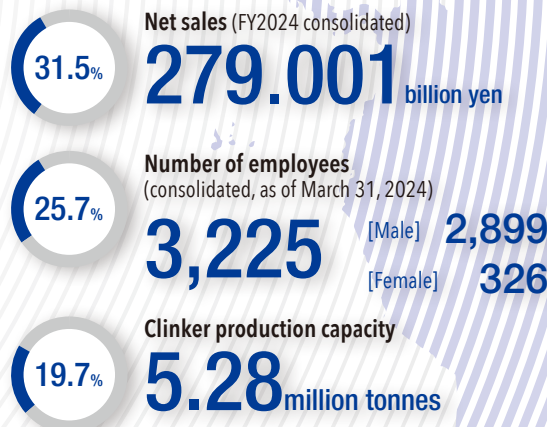


Cement sales volume			Quarried limestone volume (Japan)
Japan	Overseas	Total	Cement raw material, aggregate, industrial use
12.96 million tonnes	16.62 million tonnes	29.58 million tonnes	35.30 million tonnes

Human Capital	Waste and by-products processed	Intensity of waste and by-products
Number of employees (consolidated)	(Japan)	(Japan)
12,540	6.81 million tonnes	421.9 kg/tonne-cement



## America





Message from the President



President and Representative Director  
**Yoshifumi Taura**

Profile	
April 1983	Joined the company
April 2017	Executive Officer, General Manager of Sales Department of International Business Division
June 2020	Managing Executive Officer, Senior General Manager of International Business Division
April 2023	Senior Executive Officer, Senior General Manager of International Business Division
June 2023	Director and Senior Executive Officer, Senior General Manager of International Business Division
April 2024	President and Representative Director (to present)

I will pursue my ideal leadership style and strive to realize the Future Vision of the Taiheiyo Cement Group

Upon assuming the presidency

Q Please tell us your thoughts at the time of agreeing to become president.

I was very surprised when I was asked to be the next president. As the Senior General Manager of the International Business Division, I had new initiatives I was eager to implement for our overseas operations in the coming fiscal year. I also felt some apprehension about transitioning from a business-specific role to overseeing the entire company as president. However, I have always believed in taking action rather than letting opportunities pass by, so despite my initial reservations, I decided to embrace this new challenge, understanding that overthinking things would not change the situation.

Looking back on my life since joining the company when I was young, I had always intended to pursue a career as an engineer, but I also had the experience of suddenly becoming the secretary general of a labor union. The English expression "leap of faith" resonates strongly with me. It perfectly captures the spirit of embracing challenges even when the outcome is uncertain. This time, too, with this leap of faith mindset, I will do my utmost as president for the further development of our group.

Q Please tell us about your ideal company and leader image.

"Cheerful, fun, and energetic." I think it is absolutely important to have a positive attitude of cheerfulness, fun, and working hard together. Also, I'm not sure if I can call it my motto, but what I have written in my notebook is "One who knows is no match for one who likes. One who likes is no match for one who enjoys." This is a passage from the Analects of Confucius, and it means that the work of a person who enjoys doing it is better than that of a person who likes it, and the work of a



Message from the President

person who likes it is better than that of a person who knows it. After all, a company life where one says "I have to do it because there's no other way" is not interesting, so I want to make it a cheerful, fun, and energetic company.

And in order to grow, it is important to bring together everyone's wisdom. Therefore, as a leader, I always try to revitalize discussions. For example, prior to the General Meeting of Stockholders in June this year, we gathered the officers and conducted a brainstorming session. The General Meeting of Stockholders is also an opportunity to thoroughly study one's own company once a year, so it is an important opportunity to speak up and discuss various problems and challenges, including those of other departments, and think about what one would do if one were in their shoes. It is very important to go beyond the silo mentality of refraining from speaking up because it is a matter for another department, and to speak up from a different perspective. It is also one of my roles to create an open atmosphere where people feel free to speak up, even when the topic is not their responsibility. I am working hard with the belief that a company cannot grow unless it is a company where people can say what they want to say.

Q As the president of one of the top specialized manufacturer in Japan, how do you think the cement industry should be in the future?

Cement is a material that was born in Europe more than 2,000 years ago, but even today, there is no substitute for it. Even in the future, there are no materials that we can think of that might replace it at least 10 years from now. This is the greatest feature and strength of cement as a material. We are providing the foundation of society, and we continue to produce materials that cannot be replaced.

Domestic demand has been on a long-term downward trend, and there are opinions that domestic plants should be consolidated to balance supply and demand. However, in addition to ensuring a stable supply of materials that will become social overhead capital, the concept of resilience of social infrastructure has been attracting attention in recent years. And, in the event of emergencies such as the frequent occurrence of severe disasters in recent years, it is the mission of our industry to supply cement, with mobility, for the earliest possible recovery. If we say "Please wait" at such times, there will be no quick recovery, so it is necessary to maintain some leeway.

Another important social mission is the acceptance of waste and by-products. The cement industry effectively utilizes waste and by-products as alternative raw materials and fuel, and the amount is equivalent to about 11% of the waste recycled in Japan as a whole. In order to continue to play this role, it is important to maintain the operation of our domestic plants.

Therefore, I believe that the cement industry, which bears such a mission, cannot say "There is no future for the Japanese cement industry" just by looking at the decline in domestic demand. From now on, various costs, including environmental conservation and labor costs, will continue to rise. In order to be able to properly pass through cost increases to prices, we need to improve the status of the cement industry, otherwise it will end with "We cannot accept price increases." Now is the turning point to enable us to pass through price increases. By doing so, we will be able to secure profits and stabilize our business foundation, which will lead to a virtuous cycle of investment to solve social challenges and attracting human resources.

We work with our customers, partner companies and maintenance-related companies that support the operation of our factories, and transportation companies that transport our products, raw materials, coal, etc., totaling more than 300 companies. My idea of "good for everyone" is

"good for the seller, good for the buyer, and good for the supporter." I want us to value the idea that it is our role to support those who work behind the scenes. If we do not raise the status of the cement industry here and now, make a decent profit as a company, become an attractive presence for the next generation of human resources, and have the spirit to coexist and prosper with our partner companies and the people who work there, we have no future.

Our industry is important, and I want to make it a vibrant industry with the enthusiasm that "it will not disappear; it is indispensable."

President Taura's vision for the future

Q Please tell us about what Taiheiyo Cement is aiming for through its long-term visions for 2050 and 2030, and the 26 Medium-Term Management Plan back-casted from them.

What I am aiming for is for us to be a company that can steadily generate profits and return them sufficiently to stakeholders, namely, our investors, shareholders, employees and everyone who supports us. I want to make Taiheiyo Cement a happy company, where permanent employees are satisfied with the company's situation and their own treatment.

To achieve this, we must aim for growth where both Japan and overseas operations are equally important, rather than the traditional approach of prioritizing Japan and treating overseas operations as secondary. Currently, we rely on the U.S. for our overseas business, but the Philippines and Vietnam also have great potential to contribute to profits. I believe that there is still plenty of room for profit growth in Asia if we can leverage our know-how, network, and experience. In the future, I would like to make Japan, the U.S., and Southeast Asia our three main pillars.

One of the most important themes is carbon neutrality, and we are focusing on the development of the C2SP Kiln, an innovative technology. The C2SP Kiln, which recovers carbon dioxide generated during clinker firing, is our own and a world-first technology. It is not yet cost-effective at this stage; however, in any field, such as with aircraft and automobiles, the first unit is never profitable. However, once the technology is established, the costs will be significantly reduced and it will become widely adopted. If someone does not do it first, others will not follow. It is truly our "Apollo program," which the base of innovative technologies expand at once from the establishment of one innovative technology. That is why I definitely want us to complete the development of our C2SP Kiln. With the prospect of making the C2SP Kiln a global standard, we aim to complete the development of innovative technologies by 2030.

On the other hand, one initiative that we can definitely implement in the short term is the promotion of blended cement. Currently, the need for blended cement with lower emission of CO<sub>2</sub> is increasing in the world. The usage ratio in Japan is about 20%, but in Southeast Asia and Oceania, it has reached as high as 50% in some areas. In the future, we will expand exports of blended cement with lower CO<sub>2</sub> emission in these directions. Increased production for export will also lead to maintaining the operation of our domestic plants. Until now, exports have been largely complementary to domestic demand, but from now on, we will position them as a growth strategy.

Related articles:  
[The Social Value of Cement](#)  
P.8~9

Related articles:  
[Long-term vision - Future vision targeting 2050](#)  
P.30~33

Related articles:  
[Carbon Neutral Strategy 2050](#)  
P.46~50



Message from the President

Q How do you view the three years of the 23 Medium-Term Management Plan up to last year?

Related articles:  
[Financial Strategy](#)  
P.34~37

The previous Medium-Term Management Plan was a period when all manner of risks overlapped. First, the COVID-19 pandemic occurred in 2020, and we faced supply chain risks, with coal prices, which had been hovering around \$100 per tonne at the beginning of the year, exceeding \$200. Then, in 2022, geopolitical risks such as the invasion of Ukraine overlapped, and coal prices exceeding \$400 dealt a major blow to our cement business.

We do not know when and how such pandemics, supply chain, and geopolitical risks will occur again. There are also resource risks, and countries such as China and Vietnam, which used to export large quantities of coal, have now become importers due to the depletion of resources. Coal is exported at first because it is profitable, but when reserves are depleted, industrial policy changes dramatically. As a country's industries develop, coal-fired power plants become necessary, and when coal is used in the cement and chemical industries, coal is directed domestically rather than exported. Resource risks and resource crises will continue to emerge in the future. Therefore, in addition to pandemic risks, logistics risks, and geopolitical risks, it is important to address resource risks.

The 23 Medium-Term Management Plan was a period in which we caught a glimpse of this and learned the lesson that we must prepare for risks. We also learned that it is important to diversify and hedge such risks. We were able to somehow get through the 23 Medium-Term Management Plan period because cement prices were drastically revised in a short period of time for the first time in the history and the significant contribution of the U.S. business. Although the U.S. business also had a long period of deficit from 2009 to 2013, now, it is contributing to our overall performance.



The cement industry, including the domestic market, is greatly affected by the economic fluctuations in the region, so it is necessary to hedge regional risks. Without such preparations, if the ups and downs become too severe, the cement industry's position will be jeopardized by things like incurring excessive debt or resorting to restructuring. We truly learned many lessons during this period.

Q How will you proceed with the domestic cement business in the 26 Medium-Term Management Plan?

The revitalization of our domestic business is one of the important themes of the 26 Medium-Term Management Plan. While it's true that we cannot be overly optimistic about domestic demand in quantitative terms, the industry's social importance remains undiminished. It is crucial to persevere and continue operations, not only to supply materials for recovery and resilience from severe disasters but also to address social issues through accepting waste and by-products.

Our mindset reform also leads to bargaining power. The cement industry has been pursuing market share expansion amid declining demand since 1991, which has made raising prices difficult. But what we learned again through the price increase is that we can secure stable profits by securing appropriate pricing, not just by prioritizing market share. Costs are expected to increase further due to coal prices, environmental measures, and aging facilities and equipment, so we cannot avoid passing on these costs. I have told our sales representatives on site to understand the background of such costs and negotiate prices with users.

Of course, we will not only seek price increases, but also propose "total solutions" in order to continue to survive together with our users. Our group has 13 limestone quarries in Japan and therefore is working to national resilience. There are growing concerns about the depletion of aggregates and sand, which are raw materials for ready-mixed concrete. In parallel with the price increase of cement, we will propose and solve related issues and requests, such as the supply of aggregates and sand, respond to transportation problems as total solutions.

Q In addition to the mainstay U.S. business, you are also aiming to expand business in Southeast Asia.

The U.S. is a country that is growing, with a large population and high level of immigration. Surprisingly, there is still room for growth in infrastructure development. Looking at the accumulated use of cement in infrastructure, the amount of cement used for infrastructure. Since the start of the cement industry in Japan is about 30 tonnes per capita, but in the U.S. it is still around just 18 tonnes. The U.S. is known for its car culture, so one might imagine that roads are well-developed, but surprisingly, the accumulated infrastructure using cement is less than one might expect. A \$1 trillion infrastructure bill, the largest since the New Deal, is being implemented specifically with an eye on addressing the country's aging infrastructure, so demand from this will continue to grow. Our understanding is that there are still frontiers left in the U.S.

I can say with confidence that there is a high probability that Asian countries will also continue to grow in the long term. In terms of the aforementioned accumulation of cement use, the Philippines and Indonesia are still at only around 6 tonnes per capita. Both countries have a young average age and a growing population, just like Japan during the "Sanpaku" or Three-Whites economic boom (involving white commodities such as paper, sugar and cement) era. Domestic demand in Vietnam

Related articles:  
[Revitalizing Domestic Business](#)  
P.42~43

Related articles:  
[Growth Strategy for U.S. Business](#)  
P.44~45



Message from the President

Related articles:  
[Business Strategies  
Cement Business  
\(Overseas\)](#)

P.66~67

is sluggish, but Nghi Son Cement has turned profitable since it started exporting to the CalPortland Company in the U.S. Now is the time to expand our investment in Asia.

Q What are the challenges in realizing the long-term vision?

The biggest challenge is "people." The first thing I said when I became president was, we need to develop human resources. To have the ability to support the company, you need not only expertise, but also competencies such as information gathering, a challenging spirit, and the courage to tackle innovation. To support our company 26 years from now, in 2050, when we envision our future, we must give opportunities to those who have just joined the company as new graduates and nurture them. We are working with a sense of urgency to develop human resources who can realize the desired image of 2050.

Workplace diversity is also important for this. We have been promoting the active participation of women in our company, but the challenge for the future is multi-nationalization. It is impossible for Japanese people to do everything, so it is necessary to become a true global company that fosters and entrusts human resources who can become representatives in each country. On the other hand, I recognize that how to supervise local governance is a very difficult issue.

Another major theme is climate change. While working to achieve carbon neutrality by 2050, we should also accept the reality of the increasing number of severe disasters in front of us and take visible steps one by one. We will fulfill our social mission to infrastructure by supplying cement and building materials for resilient facilities. We also want to explore, as a group, what technologies and products we can offer during disasters.

In addition, we have decided to cooperate with the "Zero Carbon Island Concept" of the town of Yakushima, where our group company Yakushima Denko is located. Just as there are model towns for autonomous driving in the automotive industry, we also plan to cooperate various initiatives in Yakushima, including the promotion of local production and consumption of renewable energy (hydropower).

What our stakeholders are asking for

Q Please give a message to all stakeholders.

We are working to create social value as a company, with the understanding and cooperation of local communities where we have factories and quarries. In order to contribute to the development of local communities while ensuring the peace of mind of our neighbors, we are conducting tours of our factories to show the actual sites and quality control status, in addition to providing opportunities for dialogue and explanation. In addition to safety and security, we are also actively participating in social and cultural activities such as festivals and cleaning activities, aiming for coexistence and co-prosperity with the community.

For those who have invested in our company's shares, I believe it is very important to

demonstrate our position with visible figures. In addition to improving figures such as ROE and PBR, we would like to put more effort into communicating with our investors. In the 26 Medium-Term Management Plan, we will meet your expectations by realizing medium- to long-term corporate value enhancement through growth investment while continuing stable dividends and shareholder returns through share repurchases.

Q Finally, how do you look back on your first quarter as president?

My impression is that my first quarter as president has gone by in a flash. After assuming the presidency, I have been visiting our domestic bases, and there are many new discoveries. At my business trip destinations, I take time to have dialogues with permanent employees, and everyone listens to my talk of future growth and overseas expansion with great interest, and we have lively discussions. I would like to continue to work positively, especially in the first year, by listening to various stories in various places and conveying my own thoughts, while valuing the input of permanent employees and customers and opportunities for dialogue.



Related articles:  
[Stakeholder Engagement](#)

P.108~117



# Discussion with Mid-Career and Young Employees

## "The Growth of the Taiheiyo Cement Group and Our Growth as Employees"



Roundtable Discussion

# The New President and Mid-Career and Young Employees

Attendees (from left)

**Kazuma Takahashi**

Aggregate Sales Group,  
Mineral Resources Business Department

**Noriaki Shimokawa**

Corporate Planning Group,  
Corporate Planning Department

**Ran Fukunaga**

NEXST Team, Central Research Laboratory

**President Taura**

**Sayaka Yamamoto**

Production Section, Production Department,  
Oita Plant

**Zheng Jingjie**

Administration Group, Business Development  
Department, International Business Division

**Kazuki Kawai**

Minami Kyushu Sales Office, Kyushu Branch

# 1

## The Direction of Growth for the Taiheiyo Cement Group

**President** What kind of growth do you think the Taiheiyo Cement Group should aim for? I'd like to hear everyone's opinions.



sale of ready-mixed concrete and construction materials, as well as environmental business, real estate, and international business. I would like to bring together the technical and sales capabilities of each business to make new proposals to the world and work towards spreading them more widely.

**Fukunaga** I belong to the Central Research Laboratory and am involved in exploring new themes in the field of cement and concrete, particularly in relation to countermeasures for severe disasters caused by climate change. The Taiheiyo Cement Group operates a wide range of businesses, from cement manufacturing to the

**President** Improving our technical and sales capabilities across businesses is a prerequisite for growth. One of the five pillars of the carbon neutral strategy in our 26 Medium-Term Management Plan is countermeasures to combat severe disasters caused by climate change. While decarbonization efforts often receive the most attention when it comes to countermeasures against climate change, countermeasures against the increasing occurrences of extreme disasters are equally important and an area where our technology can be effectively utilized. To achieve this and drive the group's growth, as Ms. Fukunaga mentioned, leveraging existing technologies through interdivisional collaboration and developing new technologies will be key.

**Kawai** I am part of the Minami Kyushu Sales Office and am involved in large-scale projects. I find it extremely rewarding to work on projects that directly relate to strengthening national resilience. I believe Taiheiyo Cement has the know-how to form alliances with various companies involved in projects to ensure smooth construction operations. I think that by utilizing this know-how both domestically and overseas, our company will be able to grow even further. Furthermore, as someone in charge of domestic cement sales, I believe that the most important prerequisite for growth is to work on pricing policy and strengthen our earnings base for domestic business. It is only with this solid foundation that we can ensure a stable supply of high-quality products, which I think contributes to strengthening national resilience.



**Takahashi** I work in the Mineral Resources Business Department, particularly in aggregate sales, and I believe Taiheiyo Cement's strength lies in our ability to provide a stable supply. Recently I've noticed that, with our transportation contractors facing labor shortages, maintaining a stable supply is no longer as straightforward as

it used to be. As Mr. Kawai mentioned, I believe it is essential to continuously optimize prices to ensure stable supply.

**President** As both of you mentioned, pricing policy is crucial for sustainable growth. The background for the price increase includes various factors such as rising costs of goods, employment issues, and responses to natural disasters. We have around 300 contractors supporting our plants, including those involved in transportation. To ensure these companies can maintain their workforce and to sustain our current production system, increasing prices is crucial. If we fail to achieve this, we won't be able to supply essential materials like cement or accept disaster waste when they are truly needed, such as during recovery efforts after a major disaster. Additionally, the cost of carbon neutrality remains a future issue. We need to carefully explain these points to our business partners and shift our focus from market share-driven to profit-oriented sales.

# 2

## Expected Growth of Employees

**President** What qualities do you want or believe you must develop for the growth of the group?



**Shimokawa** I am currently working in the Corporate Planning Department, and I believe the most important quality needed is a strong attachment to your company. When you have that attachment, you'll naturally become more knowledgeable about the company, and your pride in selling "Taiheiyo Cement" products will resonate with external stakeholders. If this way of thinking spreads, I believe it will lead to increased corporate value and growth.

**Zheng** I work in the Administration Group in the International Business Division. I believe employees need to have curiosity. People with curiosity tend to question how they can improve their work, explore new ideas, and ultimately improve the quality of their work.

**Yamamoto** I am working as an operator of production machine for cement at the Oita Plant. I think one of the essential growth requirements in the plant is the ability to identify quality anomalies. I believe that the quality of each individual operator plays a crucial role in maintaining the quality of our products.



**Takahashi** I think it is important to think outside the box and not to limit yourself. I think there are new applications and needs that users desire, emerging from creative ideas beyond fixed notions.

**Fukunaga** I think flexibility is necessary. I believe that by being flexible and making adjustments to existing products, we can create unexpected uses and new value.

**President** I think each of the points you mentioned are all very important qualities. Having spent a considerable amount of time abroad, I have often thought about the qualities required of global talent. I believe that global talent requires not only external qualities like language skills, but also internal traits such as perseverance, patience and communication skills. These



The New President and Mid-Career and Young Employees' Roundtable Discussion



qualities are developed through daily experiences, and I believe the company must create an environment that nurtures and supports this kind of growth. As everyone has pointed out, having a sense of balance and being able to think flexibly will be useful in your career going forward. To do that, you need curiosity. I want to encourage you to take on challenges while you are young, even if it means you make mistakes or fail. Even if you fail, the company will work together with you to come up with solutions and support your future challenges.

3 What is "An Energetic Company" and "A Company That Inspires Energy"?

**President** From the employees' perspective, is the Taiheiyo Cement Group a comfortable and rewarding place to work? Also, what can the company do in order for you to be able to feel more excited and energetic at work?



**Shimokawa** As the slogan "Taiheiyo for the people" conveys, I think the most comfortable aspect of working here is the way the workplace fosters open communication. Moreover, I feel assured that I can seek advice whenever I need, and there's an encouraging environment for taking on challenges. At the

same time, I believe we should further advance our internal digital transformation, including initiatives like going paperless, to enhance productivity. I hope we can enhance our productivity so we can spend more time on creative work, and that the company provides more opportunities for younger employees to present their ideas. I think being able to discuss ideas with the management team can also boost the motivation of younger employees.

**Takahashi** I find my work rewarding because the Taiheiyo Cement Group operates in an industry that supports social infrastructure and contributes to a recycling-based society by accepting waste and by-products. To make the company even more energetic, I think it's important for management and younger employees to communicate and deepen their mutual understanding.

**President** In order to improve productivity, we will not only promote digital transformation within the company, but also actively encourage remote work. I'm sure that having the management team exchange opinions with younger employees such as yourself would provide valuable insights for them. We would definitely like to increase the number of such opportunities.

**Kawai** I believe that the Taiheiyo Cement Group has a strong culture of mutual support and an understanding of the importance of taking on challenges, which creates a comfortable work environment. Going forward, I think it's essential to break down the barriers between departments and establish a system that can better leverage the group's overall strengths.



**President** Taiheiyo Cement's strength lies in our ability to provide a one-stop supply for cement, aggregates, sand, admixtures, etc. to meet various needs. Leveraging that advantage, we want to break down the barriers between departments so that a single representative can propose all products, transforming us into a total solution provider capable of delivering comprehensive problem-solving services. We will continue to work on improving our internal structure so that we can further demonstrate our collective strength. Furthermore, I want you all to enjoy the work that you do. I believe that when each person enjoys their work, it contributes to creating an "energetic company." In that sense, "being curious" is an important quality.

4 Appeal and Prospect of the Taiheiyo Cement Group

**President** What kind of corporate group do you want the Taiheiyo Cement Group to be in the future?



**Zheng** I want the Taiheiyo Cement Group to be a corporate group where employees can feel happy working there. To achieve this, I think it's important to create an environment where each employee can demonstrate their capabilities and feel a sense of purpose in their work.

**Takahashi** I think the appeal of the Taiheiyo Cement Group is that, although it may not stand out, it's like a behind-the-scenes force that has an essential role in everything. I want us to become a company that people can turn to for anything, not only within the cement industry but also as a leading company across various industries.

**Yamamoto** I work in a plant on a three-shift schedule that includes night shifts. When I think about the future, I have concerns about balancing a three-shift schedule with marriage, having children and raising them. I believe there are challenges we need to address to improve the working environment for women in manufacturing. I want to work towards resolving each issue one by one so that future female colleagues are able to feel secure in their job, and create an environment where women want to be a part of the Taiheiyo Cement Group's field operations. I would like the company to become one that builds relationships of trust with the local community, prioritizes quality, the environment and safety, and that builds an environmentally friendly plant where people want to work for many years.

**Fukunaga** I want us to be a corporate group that can provide total support throughout the entire lifecycle of structures, from the construction of bridges, buildings and other infrastructure, to preventive maintenance and all the way up to reconstruction. I aspire for our group to be one that can flexibly respond to the changing needs of society and users throughout the long lifecycle of structures.

**Kawai** The domestic cement business is becoming tougher due to a decline in demand. Therefore, I envisage our corporate group becoming one which, after solidifying our domestic foundation by balancing supply and demand and strengthening alliances with various parties, progresses our southward shift that our President has been spearheading across the entire Pacific Rim.

**President** Perhaps it is our role to remove obstacles that hinder employees' happiness. Given the various life changes and events that each employee experiences, I believe it's essential to consider how to promote flexible working arrangements and improve productivity by not only advancing initiatives like smart factories and internal DX efforts, but also reevaluating internal communication structures, such as reporting systems, to ensure a better balance between work and personal life.

I believe it's my responsibility to provide clear direction so that the group's overall capabilities can be fully realized. I would like to deepen the cooperation between various group companies so that we can work together to identify issues and explore solutions.

It was a meaningful experience to hear your voices directly during this roundtable discussion. As President, I want to continue striving for a happy company and a workplace with open communication for all of you who will lead us into the future. Thank you very much.



Attending the Roundtable Discussion

Being able to speak directly with President Taura was a valuable experience and has increased my motivation toward the work that I do. In addition, exchanging opinions with attendees from various business sites was very meaningful. Direct communication with executives is a valuable opportunity for us to directly hear the thoughts of management and to express our opinions. I hope there will be more opportunities like this in the future.

**Sayaka Yamamoto**  
Production Section, Production Department, Oita Plant





**[Management Capital]**

### [Business Activities]

**[Output]**

**[Outcome]**

## Credit rating (as of August 2024)

JCR | **A+**  
R&I | **A**

## Domestic clinker production capacity (FY2024)

**17,058** thousand tonnes  
Overseas clinker production capacity (FY2024)

**9,720** thousand tonnes

## Patents held (as of the end of FY2024)

Japan **1,509**

Overseas **303**

Number of permanent employees  
(as of the end of FY2024)

**12,540**

## Engagement with communities (FY2024)

**4,895**  
IR Activities (FY2024)

**219** times

### Limestone quarries of the group

(as of the end of FY2024)

**19** Quarries

Utilization of waste and by-products (FY2024)

**421.9** kg/t-cement

## P.6~7



P.28~29

## P.132~143

P.2~3

## Foundation for Value Creation

## Supply critical materials for national resilience

### Key player in the formation of circular economies

## Steady transition to carbon neutrality

## Engagement with stakeholders

Net sales (up YoY)	886.3	billion yen
Operating income (up YoY)	56.5	billion yen
Total amount of dividends (shareholder returns, stable dividends)	8.2	billion yen
Capital expenditure (maintenance and growth areas)	89.4	billion yen
R&D expenses (research and intellectual property areas)	5.7	billion yen

Cement, aggregates, etc.	41.05	million tonnes
Ready-mixed concrete	8.56	million m <sup>3</sup>
Waste and by-products processed	6.81	million tonnes
External Economic Benefits (EEB) (non-consolidated)	88.6	billion yen
Reduction rate of net CO <sub>2</sub> specific emissions (compared with FY2001)	9.8	% reduction
Alternative energy usage rate (Contribute to reduction of fossil energy use)	20.7	%
Overall employee engagement score (permanent employees, non-consolidated)	67.8	
Ratio of newly appointed female managers (permanent employees, non-consolidated)	11.4	%



# Realization of a sustainable society

## Safe and secure living environment

## Formation of circular economies

## Resilient social infrastructure

## Rapid disaster response



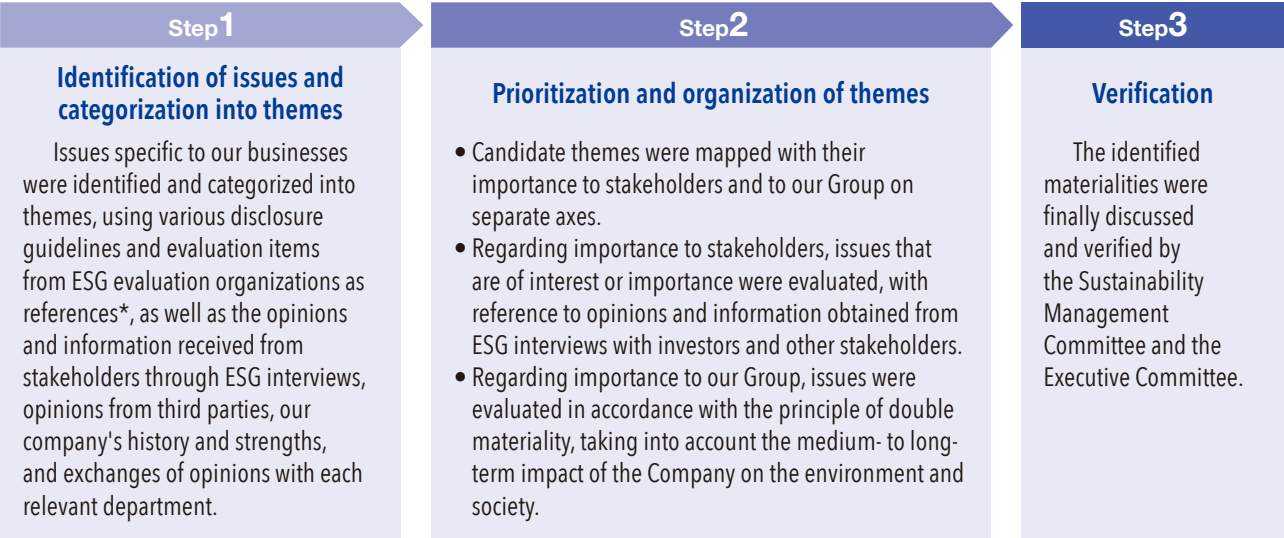
Materiality

Materiality

For more than 140 years the Taiheiyo Cement Group has supported infrastructure and living environments by supplying society with high quality cement and construction materials, while conducting our business in consideration of the global environment. Based on this experience we have identified what is material to our business in order to organize the form and direction we should aim for when addressing the various environmental and social challenges we face, beginning with climate change.

Materiality Identification Process

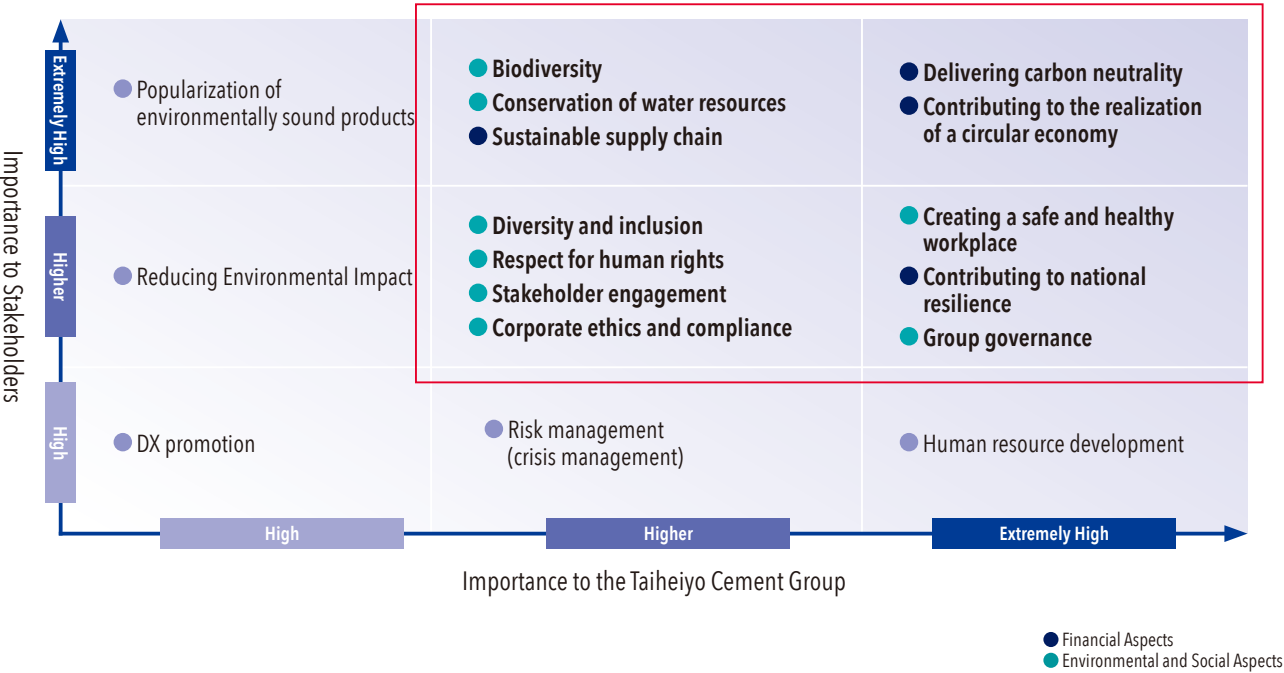
The process was conducted in three steps, from identification of issues to validation. As a result, a total of 12 materialities were identified from financial, environmental, and social perspectives.



\* SDGs, ISO 26000, GRI Standards, ESG assessment agency evaluation items, GCCA Sustainability Framework, etc.

Identified Materialities

Twelve materiality themes were identified and graded in terms of importance.



List of Materialities and Main KPIs

Aspect	Materiality (Relevant SDGs)	Themes to be addressed	Targets, KPIs, etc.	Relevant standards, targets, guidelines, etc.
Financial Aspects	Delivering carbon neutrality 	CO <sub>2</sub> emissions reduction	<ul style="list-style-type: none"><li>Delivering carbon neutrality (by year 2050)</li><li>Reduce specific CO<sub>2</sub> emissions by at least 20% or more (by FY2031, compared with 2000)</li><li>Reduce domestic CO<sub>2</sub> emissions by 40% or more (by FY2031, compared with 2000)</li></ul>	Carbon Neutral Strategy 2050
	Contributing to the realization of a circular economy 	Promote the use of alternative raw materials and fuels Waste emissions reduction	<ul style="list-style-type: none"><li>Maintain waste usage intensity of 400 kg/tonne-cement or more</li><li>Maintain volume of waste to landfill at or below 40 tonnes</li></ul>	GCCA Guidelines on Alternative Raw Materials and Fuels
	Sustainable supply chain 	Sustainability assessment	<ul style="list-style-type: none"><li>Assessment rate of major suppliers: 75% (FY2031)</li></ul>	GCCA Guidelines on Supply Chains
	Contributing to national resilience 	Maintaining a stable product supply system	<ul style="list-style-type: none"><li>Upgrade of plant facilities to maintain stable supply</li><li>Serious quality complaints: 0</li></ul>	ISO9001
Environmental and Social Aspects	Biodiversity 	Develop quarry rehabilitation plans	<ul style="list-style-type: none"><li>Rate of developing rehabilitation plans: 90% or more</li></ul>	GCCA Guidelines on Biodiversity
	Conservation of water resources 	Management of water resources	<ul style="list-style-type: none"><li>Promote management of fresh water usage intensity</li></ul>	GCCA Sustainability Framework Guidelines
	Creating a safe and healthy workplace 	Accident prevention Promotion of Health and Productivity Management (H&PM)	<ul style="list-style-type: none"><li>Zero fatalities ①</li><li>Ratio of employees receiving periodic health examinations: 100% ②</li></ul>	① CSR Objectives for 2025 ② Internal Environment Improvement Policy
	Diversity and inclusion 	Promotion of the active participation of women	<ul style="list-style-type: none"><li>Ratio of female employees: At least 10% ① ③</li><li>Ratio of female managers (2030): At least 5% (2026) (At least 3%) ③</li><li>Ratio of female recruits: At least 30% ①</li><li>Ratio of newly appointed female managers: At least 10% ①</li></ul>	① CSR Objectives for 2025 ③ 26 Medium-Term Management Plan Sustainability Targets
	Respect for human rights 	Promotion of human rights due diligence	<ul style="list-style-type: none"><li>Conduct systematic human rights due diligence and take corrective action</li></ul>	United Nations and government, etc. standards
	Stakeholder engagement 	Engagement with shareholders, investors Communication with local communities	<ul style="list-style-type: none"><li>Engagement with shareholders, investors More than 220 instances/year</li><li>Engagement with local communities More than 1,500 instances/year</li></ul>	GCCA Sustainability Framework Guidelines
	Group governance 	Globalization of Whistleblower Program	<ul style="list-style-type: none"><li>Coverage of the Whistleblower Program 90% or more (FY2031)</li></ul>	* Coverage = number of companies who have introduced program and subsidiaries that are covered
	Corporate ethics and compliance 	Compliance Training	<ul style="list-style-type: none"><li>Standards of conduct training (e-learning) participation rate Maintain at 90% or more</li></ul>	GCCA Sustainability Framework Guidelines



# Long-term vision – Future vision targeting 2050



We will take a firm step toward the realization of a sustainable society and the sustained development of our business.

Hideaki Asakura Vice President and Representative Director

## "Future vision targeting 2050" Please tell us about the strategic positioning of "Taiheiyo Vision 2030."

When formulating the new Medium-Term Management Plan (26 Medium-Term Management Plan), we first started by examining the long-term "Vision for 2050," with the desire to clearly establish an unwavering axis. We believe that it is important to incorporate the opinions of young employees who will be the core of the company in 30 years' time, and when we conducted an in-house survey, a common vision of "wanting to be the leader of the global cement industry" emerged. We are the top specialist manufacturer of cement in Japan and maintain a certain presence in the Pacific Rim. However, in order to become a leader in the global cement industry, we need to establish a position comparable to that of overseas majors in terms of scale, profit levels, and the number of business areas. Furthermore, in this process, it is essential to achieve compatibility with carbon

neutrality and circular economies. We will promote carbon neutrality and circular economies as a growth strategy, while seeking a balance with economic viability. In this way, we aim to achieve sustainable growth and become a leader in the global cement industry.

From there, we backcasted to set the interim target of "Taiheiyo Vision 2030," and further incorporated these visions into a concrete action plan, which is the 26 Medium-Term Management Plan covering the next three years. In the management targets and guidelines of the 26 Medium-Term Management Plan, we are aiming for the so-called Triple 10, with net sales of 1 trillion yen, operating income of 100 billion yen, and an operating profit margin of 10%. First, we will steadily achieve these targets and establish a solid profit base, and then realize the "Taiheiyo Vision 2030" and aim for "Future vision targeting 2050."

- Deploy around the world the Group's overall capabilities and revolutionary technologies including carbon neutrality.
- Become a leader in the global cement industry.
- Become a corporate group that supports a safe and secure decarbonized and recycling-based society.

## Future vision targeting 2050

- Expand the Group's presence in the Pacific Rim by utilizing its overall capabilities.
- Contribute to the achievement of carbon neutrality and circular economies.
- Become a robust corporate group that grow sustainably.

## Taiheiyo Vision 2030

## 26 Medium-Term Management Plan

## 23 Medium-Term Management Plan

## 20 Medium-Term Management Plan

## 17 Medium-Term Management Plan

Back casting

Materiality

Mission

Supply critical materials for national resilience

Key player in the formation of a circular economy

Steady Transition to Carbon Neutrality

Engagement with stakeholders



Long-term vision – Future vision targeting 2050

The 23 Medium-Term Management Plan fell short in many indicators. On the other hand, cement prices were drastically revised in a short period of time for the first time in the history. How do you reflect on this?

We must take it seriously that the management indicators set out in the 23 Medium-Term Management Plan, both operating income on net sales and ROE, were not achieved. The main factors were the decline in demand due to the COVID-19 pandemic and geopolitical risks, and the soaring prices of resources. The cement industry has been in a situation where it is difficult to pass through price increases due to sluggish domestic demand and industry practices. The result was a slump in the domestic business in the 23 Medium-Term Management Plan. Additionally, largely as planned, interest-bearing debt increased as a result of implementing growth investments outlined in the 23 Medium-Term Management Plan. Although our financial structure is improving due to the increase in operating cash flow, strengthening our financial base is one of our future challenges.

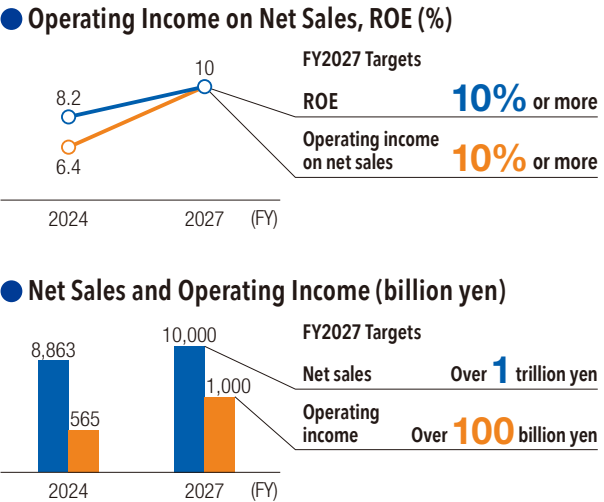
On the other hand, the success of drastic revision of domestic cement prices in a short period of time for the first time in the history in 2022 was an epoch-making event for the industry. We will strive to gain users' understanding regarding the appropriate maintenance of prices in accordance with the costs of raw materials, etc., and domestic demand. In addition, we consider it a major achievement that we were able to achieve the total return ratio as planned, and that progress has been made in domestic and overseas growth investments and carbon neutral initiatives.

The 26 Medium-Term Management Plan was formulated as a concrete measure to realize our long-term vision. How will you utilize the lessons learned from the challenges of the 23 Medium-Term Management Plan?

The basic concept of the 26 Medium-Term Management Plan is the "3D Approach for Sustainable Future." We will create synergy through three initiatives: revitalizing of domestic business, further promotion of global strategy, and promoting sustainability management towards carbon neutrality, and link them to improve corporate value. At domestic plants, we will promote the use of blended cement while contributing to the realization of circular economies through the effective use of waste and by-products, and aim to deliver carbon neutrality. Blended cement is in high demand overseas, and the options for selling cement produced in Japan will increase overseas as

Plan for FY2027

Management Targets			
Operating income on net sales	10%	or more	
ROE	10%	or more	
Guidelines			
Net sales	Over 1	trillion yen	
Operating income	Over 100	billion yen	
Net debt/equity ratio (DER)	Approximately 0.5	times	
ROIC	7%	or more	



well, which is a great advantage in the cement industry, where product shelf-life is short. In this way, we expect synergies such as carbon neutral initiatives contributing to the production and sales efficiency of cement.

As the basic policy of the 26 Medium-Term Management Plan, we have set forth Sustainable Growth and Enhancement of Corporate Value of the Taiheiyo Cement Group. Revitalization of the domestic business is essential to achieve growth. We will shift from focusing on market share to focusing on profitability and improve profitability by maintaining appropriate prices. Specifically, we will flexibly adjust the types of cement produced at domestic plants for domestic and overseas markets in light of domestic demand trends and optimize our production system. In this way, we would like to maintain domestic plant operations while also increasing profits overseas. At the same time, we will review our domestic sales structure. In the past, we had sales representatives for each business, such as cement, resources, and an environment services, for each user company, but in the future, we will break down the barriers between business divisions and

build a system that can propose total solutions. In conjunction with this, we plan to review our human resource evaluation system.

Overseas businesses, such as those in the U.S., have blossomed as a result of investments and are generating stable profits. In the 26 Medium-Term Management Plan, we will expand our trading business to capture the robust demand in the U.S. In particular, we anticipate increased demand for blended cement on the West Coast, and plan to make growth investments of 150 billion yen, including investments to expand our blended cement businesses. In Asia, we started production from the new line of Taiheiyo Cement Philippines, Inc. in the first half of FY2025. Along with the Philippines, Vietnam, and Indonesia, we will make it a production and logistics base and enhance our presence in the Pacific Rim.

Carbon neutrality and circular economies are particularly important in the Taiheiyo Cement Group's sustainability strategy. Please tell us about the challenges and prospects for each.

**Carbon Neutrality**

The development of innovative technologies is progressing smoothly. Regarding the C2SP Kiln, which is our unique and world's first kiln that can efficiently recover CO<sub>2</sub> with compact equipment, we plan to establish the technology by 2030 and then sequentially deploy it within the group. A demonstration plant has already been in operation since March 2024, and we have a vision of making it a global standard in a similar way as the NSP kiln became.

On the other hand, balancing economic viability is a challenge. Carbon neutral cement is very expensive, so we have to consider it while keeping an eye on technological innovation and market conditions. In addition, the support of the emissions trading system currently under consideration, government subsidies, and cement standardization is essential. We will continue to work on this as well.

**Circular Economies**

Cement plants manufacture cement while effectively utilizing waste and by-products as alternative fuels and raw materials. In other words, it can be said that it also plays the role of a waste treatment facility. In Japan, where resources and energy sources are scarce and the lifespan of final disposal sites must be extended due to the limited land area, we believe that this technology, which the cement industry has developed by utilizing its own characteristics, is of great social significance. In addition, natural disasters are becoming increasingly severe every year, and the disposal of disaster waste has become a social issue. We accept not only municipal waste and incineration residues generated on a daily basis, but also disaster waste. This

is an important initiative not only for its importance in circular economies, but also for adapting to the future increase in disasters due to climate change. Although the cement industry is recognized as a major CO<sub>2</sub> emitter, we would like you to know that it also has aspects that contribute to the environment in this way.

Socially, efforts toward collaborating with circular economies are progressing, and waste that can be used as an alternative to thermal energy is becoming difficult to obtain. Another challenge is that the amount of waste that can be utilized varies depending on the location and facilities of the plant. We will continue to fulfill our social responsibility of accepting waste and by-products by promoting technological development for the acceptance of recyclable waste that is difficult to handle at other industries, as well as by optimizing our production system.



Unloading of disaster waste (wood chips) from the Noto Peninsula Earthquake at Himekawa Port in Niigata Prefecture.

Finally, please tell us your about your enthusiasm for achieving the long-term vision.

In order to realize our long-term vision, it goes without saying that we need to make a solid profit. If we do not make a profit, we will not be able to make important investments toward our growth strategy, nor will we be able to return profits to our shareholders. In recent years, the cement industry has been facing headwinds, but we are finally seeing signs of improvement in profitability and financial strength. We will steadily turn the timing of the peak demand in emerging countries into results. Also, the motivation and sense of fulfillment of our employees are essential to realize our vision. I myself have been involved in the Vietnamese business for 18 years since the establishment of Nghi Son Cement in Vietnam, and I have found the dynamism and excitement of overseas operations to be very rewarding. I would also like to focus on investing in people and creating an environment where they can freely take on challenges.



# Financial Strategy



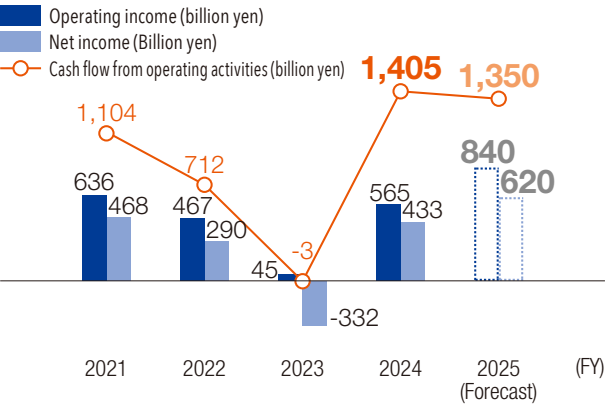
We will strengthen our financial base in order to achieve both aggressive growth investment and shareholder returns.

Masahiro Ban Managing Executive Officer

## 2024 in Review

In FY2024, both operating income and ordinary income increased significantly due to the strong performance of our U.S. business, which led the overall performance, and the penetration of price increases in each business, including cement sales prices, in Japan. In addition, due in part to the absence of the extraordinary losses recorded in FY2023 resulting from the withdrawal of business in China, the profit attributable to owners of parent turned to 43.3 billion yen. So, we were able to end FY2024, the final year of the previous medium-term management plan, with a V-shaped recovery.

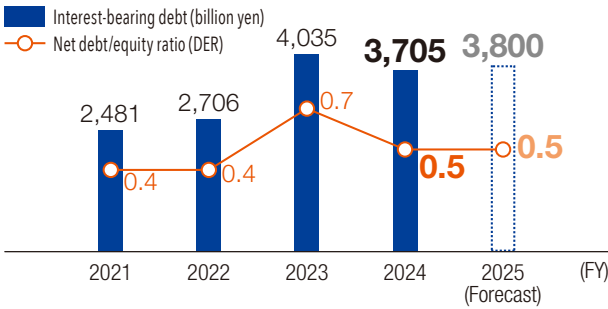
### Operating income, net income and cash flow from operating activities



Our mainstay domestic cement business recorded an operating loss of 1.4 billion yen, but this loss was a 35.6 billion yen improvement compared to FY2023. The profitability of the domestic business has improved significantly due to the increase in cement prices. Overseas, although there is a difficult market environment in Southeast Asia due to deteriorating economic

conditions, the cement business as a whole recorded an operating income of 34.2 billion yen, thanks to the contribution of our strong U.S. subsidiary. While continuing to invest in the new production lines in the Philippines, the financial situation also improved due to the increase in operating cash flow resulting from the recovery in business performance, and interest-bearing debt decreased by 33 billion yen year-on-year to 370.5 billion yen.

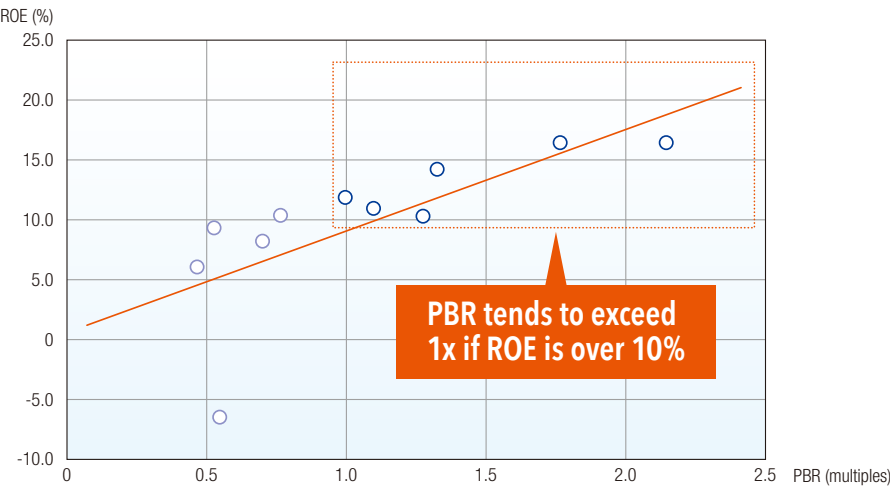
### Interest-bearing Debt and Net Debt/Equity Ratio (DER)



## Forecast for FY2025

For FY2025, we forecast a 73.7 billion yen increase in net sales to 960.0 billion yen, a 27.5 billion yen increase in operating income to 84.0 billion yen, a 24.0 billion yen increase in ordinary income to 83.5 billion yen, and an 18.7 billion yen improvement in profit to 62.0 billion yen compared to the previous fiscal year. The initial plan for the domestic cement business aims to turn profitable with the tailwind of improved domestic supply and demand and rising sales prices in the resource sector. Overseas, we expect business performance to improve not only in the U.S., which is doing well, but also in regions such as Southeast Asia. Although the cement sales volume has been declining both in Japan and the U.S. recently, we believe that there is no significant

### Correlation of PBR and ROE (based on FY2014-FY2024 results)



difference in the overall earnings forecast at this time due to the upward pressure on profits resulting from the weaker yen and stronger dollar in the first half of the fiscal year, as well as the rise in cement and ready-mixed concrete prices in the U.S. As for overseas, it seems that the situation of dependence on the U.S. will continue for the time being, but in Southeast Asia, the new production line in the Philippines has started operation, and we will work to build a system to earn globally in the Pacific Rim.

we systematically implemented growth investments, such as asset acquisitions in the U.S., renewal of production lines in the Philippines, and capital participation in SBI in Indonesia, and also carried out stable shareholder returns.

## 26 Medium-Term Management Plan Financial Strategy

### Improvement of PBR through achievement of management targets

In the 26 Medium-Term Management Plan, which started this fiscal year, we have set management targets of 10% or more for both operating income on net sales and ROE in FY2027. The formula for calculating ROE can be broken down into net profit margin on sales, total asset turnover, and financial leverage, but as a capital-intensive industry, our company has a high ratio of non-current assets, and there is not much fluctuation in total asset turnover and financial leverage. Net profit margin, which is highly correlated with ROE, is linked to operating income, so we have set a target for operating income as a management indicator to improve profitability. As a guideline for achieving the targets, we have also set numerical targets of net sales of 1 trillion yen or more and operating income of 100 billion yen or more. We will promote measures to achieve our targets through a global strategy that revitalizes our domestic business by raising cement prices to increase profitability, and builds a system to earn income overseas, mainly in the U.S., while also expanding into Southeast Asia.

The promotion of the 26 Medium-Term Management Plan will also lead to the early realization of a price-to-book ratio (PBR) exceeding 1x. Since 2023, there has been growing interest among investors and managers in resolving the PBR if below 1x, and our company also had a period last year when it remained in the 0.6x range. However, it improved to over 0.8x at the time

## Summary of the 23 Medium-Term Management Plan

In the 23 Medium-Term Management Plan, which started in FY2022, we set a management target of 11% or more for operating income on net sales and 10% or more for return on equity (ROE) in FY2024, the final year of the plan. But, in the end, we achieved 6.4% and 8.2%, respectively, and were unable to achieve the targets. Although the financial indicators set as guidelines for achieving the management targets also indicated poor results, net sales exceeded the target of 750 billion yen or more, and we were able to achieve an increase in sales to 886.3 billion yen.

During the 23 Medium-Term Management Plan period, the environment surrounding our company was burdened by a decline in domestic cement demand and increases in various costs, such as raw materials and fuel. The background to this includes the spread of COVID-19, Russia's invasion of Ukraine, and soaring coal prices in Australia due to inclement weather. On the other hand, we believe that it was a certain achievement that we were able to end the 23 Medium-Term Management Plan by creating a solid foundation for the next 26 Medium-Term Management Plan, despite the deteriorating business environment, by realizing a price increase for cement, which was not included in the original plan. In terms of financial strategy,



Financial Strategy

before the stock market crash in August, which exceeded Black Monday. During this period, in addition to the overall rise in the stock market, we believe that our own efforts, such as the implementation of share repurchases and the increase in cement prices, contributed to the rise in stock prices. Cement emits a large amount of CO<sub>2</sub> in the manufacturing process, so in recent years, the negative image of climate change has also affected stock prices. Recently, however, the evaluation of medium- to long-term carbon neutrality efforts, such as the use of blended cement, has progressed, and we believe this is also one of the factors that has improved PBR.

Theoretically, PBR will exceed 1x when ROE exceeds the cost of capital. In our case, analysis of past data suggests that ROE exceeding 10% will likely result in PBR exceeding 1x as well. First, we will strive to lower the cost of capital by ensuring understanding of our business through dissemination of information related to carbon neutrality, etc. Furthermore, by implementing measures to improve profitability and bringing ROE to a level of 10% or higher, we believe that we can achieve a PBR exceeding 1x along with the achievement of the targets of the 26 Medium-Term Management Plan.

Cash Allocation and Key Strategies

In the 26 Medium-Term Management Plan, we anticipate a cumulative operating cash flow of 400 billion yen over the three years up to FY2027 as a premise for cash allocation. Of this, 150 billion yen will be allocated to growth investments such as expanding sales of blended cement in the U.S. market and developing carbon neutral technologies. In addition, as a key strategy to strengthen our business foundation, we plan to allocate 20 billion yen to strengthen plant facilities, such as renewing large-scale key machinery, and 50 billion yen to strengthen quarries for the Shin-Tsukumi Quarry (Oita Prefecture) and development of Mount Kurohime summit (Niigata Prefecture). Furthermore, 140 billion yen will be required for normal maintenance investments. In recent years, the unit cost of investment projects has also been rising, and from a

financial strategy perspective, it is important to select the optimal financing for growth investments. In recent years, it has been possible to raise funds in Japanese yen at ultra-low interest rates and invest overseas, but in the future, the financial market will become a "world with interest rates," and it will be necessary to plan investments and recoveries that match local interest rates for each region.

Appropriate price increases for cement continue to be a key strategy. We achieved a price increase of total 5,000 yen per tonne in 2022, and in May 2024, we announced a price increase of 2,000 yen from April 2025. We believe that the appropriate price is the level at which we can recover fixed costs with the money earned from manufacturing and selling cement, and carry out the cycle of shareholder returns and investment for the future. The cement industry is a sector that is easily affected by economic sentiment, but in order to be evaluated as a company that can earn stable profits even if the business environment changes, it is essential to realize appropriate cement prices. By creating a track record in FY2024, we were also able to establish a flow of announcing price increases one year in advance and proceeding with negotiations. So I hope that price revisions, including the process, will become more common in the future.

Carbon neutrality is also an important strategy, but with a longer-term vision in mind, we will first focus on technological development during the three years of the 26 Medium-Term Management Plan. We are estimating the technical costs of CO<sub>2</sub> capture, CCU, CCS, etc., but the cost of oxygen required for the C2SP Kiln and hydrogen required for methanation also has a large impact. We believe that it is not only necessary for our company but for other companies to also advance technological development. Towards carbon neutrality in 2050, we will promote the commercialization of our own innovative technological development by realizing the carbon neutral model plant of DC Co., Ltd., a cement production subsidiary, in addition to a gradual approach such as promoting the use of blended cement and developing low-CO<sub>2</sub> cement.

Introduction and Penetration of ROIC

In the 26 Medium-Term Management Plan, we set a guideline of 7% or more for Return on Invested Capital (ROIC). ROIC is an indicator that measures how much profit was generated from the invested capital, so it has a very important meaning in capital-intensive industries such as ours, where the scale of investment is large. In the 26 Medium-Term Management Plan, we first set ROIC as a guideline for the entire company, but in the future, we will develop a system to introduce it in a framework that goes beyond individual businesses.

Currently, we are developing our cement, mineral resources, and environmental businesses separately in Japan. However, in reality the cement business purchases limestone, the main raw material, from the mineral resources business, and the environmental business uses cement production facilities. The three businesses are closely related in terms of internal transactions, non-current assets, and human capital, and are all developing their business as a trinity. The domestic cement business, which was in the red in the previous fiscal year, is also an indispensable business for the mineral resources business and the environmental business, and we cannot measure our true strength without considering the three businesses as a whole. The quarry developments are exactly the kind of project that will be a source of profit for both the cement and mineral resources businesses, so we would like to instill ROIC management, which is a guideline for the 26 Medium-Term Management Plan, in order to clearly demonstrate the investment effect.

Financial Strategy



In addition to growth investments for business expansion, continuous capital expenditure for maintenance and renewal is essential for our company, which owns large-scale production facilities. In order to support management with stable financing, we believe it is essential to maintain an A issuer rating in our financial strategy. In the current fiscal year, we received a JCR issuer rating of A+ and an R&I rating of A, both of which improved from the previous fiscal year. The improvement in ratings is largely due to the progress made in reducing interest-bearing debt, and the fact that rating agencies understand that we are a company with the means to secure profits and improve finances through the realization of cement price increases. Net debt/equity ratio (DER), which we emphasize in measuring financial soundness, is currently around 0.5 times the 26 Medium-Term Management Plan guideline. Although it may rise in the short term depending on investment projects in the future, we are establishing a system that can take measures to return to the level of about 0.5x in one to two years in order to maintain an A rating. For example, Taiheiyo Financial & Accounting, a financial subsidiary, has also established a system for mutual financing of surplus funds within the group, and we will consider increasing

the target currencies in the future to create a financial structure that does not rely too much on external funds.

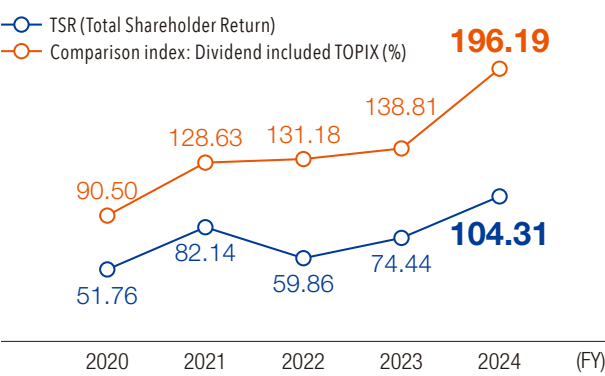
Shareholder Returns

Under the 26 Medium-Term Management Plan, our plan for shareholder returns is a total return ratio of 33% or more. As a return policy, we will implement flexible repurchase of treasury shares in addition to an annual dividend of 80 yen or more per share. In the 23 Medium-Term Management Plan, we were able to continue to implement an annual dividend of 70 yen for three terms, including FY2023, when we recorded a net loss for the period. For FY2025, the first year of the 26 Medium-Term Management Plan, we plan to pay a dividend of 80 yen per year, an increase of 10 yen from the previous year. In order to ensure that investors can hold our shares with peace of mind, we will steadily implement the dividend plan, which is a promise to our investors, and work to improve corporate value with awareness of TSR (Total Shareholder Return), which also takes into account stock price fluctuations.

Dialogue with stakeholders

In order to increase opportunities for dialogue with stakeholders, including institutional investors, we are actively facilitating interviews with the president and vice president in addition to regular briefings on financial results. We also plan to hold interviews with Independent Directors. We are strengthening our communication of sustainability information, and since our company's shares have a high percentage of ownership by foreign investors, we will also focus on IR activities overseas. We would also like to increase the number of individual investor shareholders, and we have begun to consider strategies to improve our name recognition.

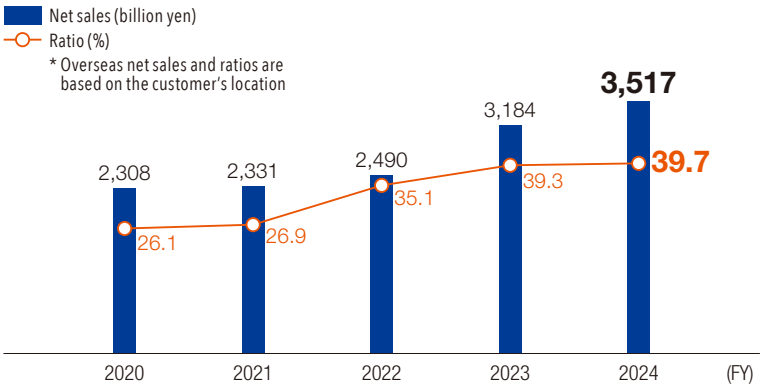
● TSR (Total Shareholder Return)



TSR (Total Shareholder Return)

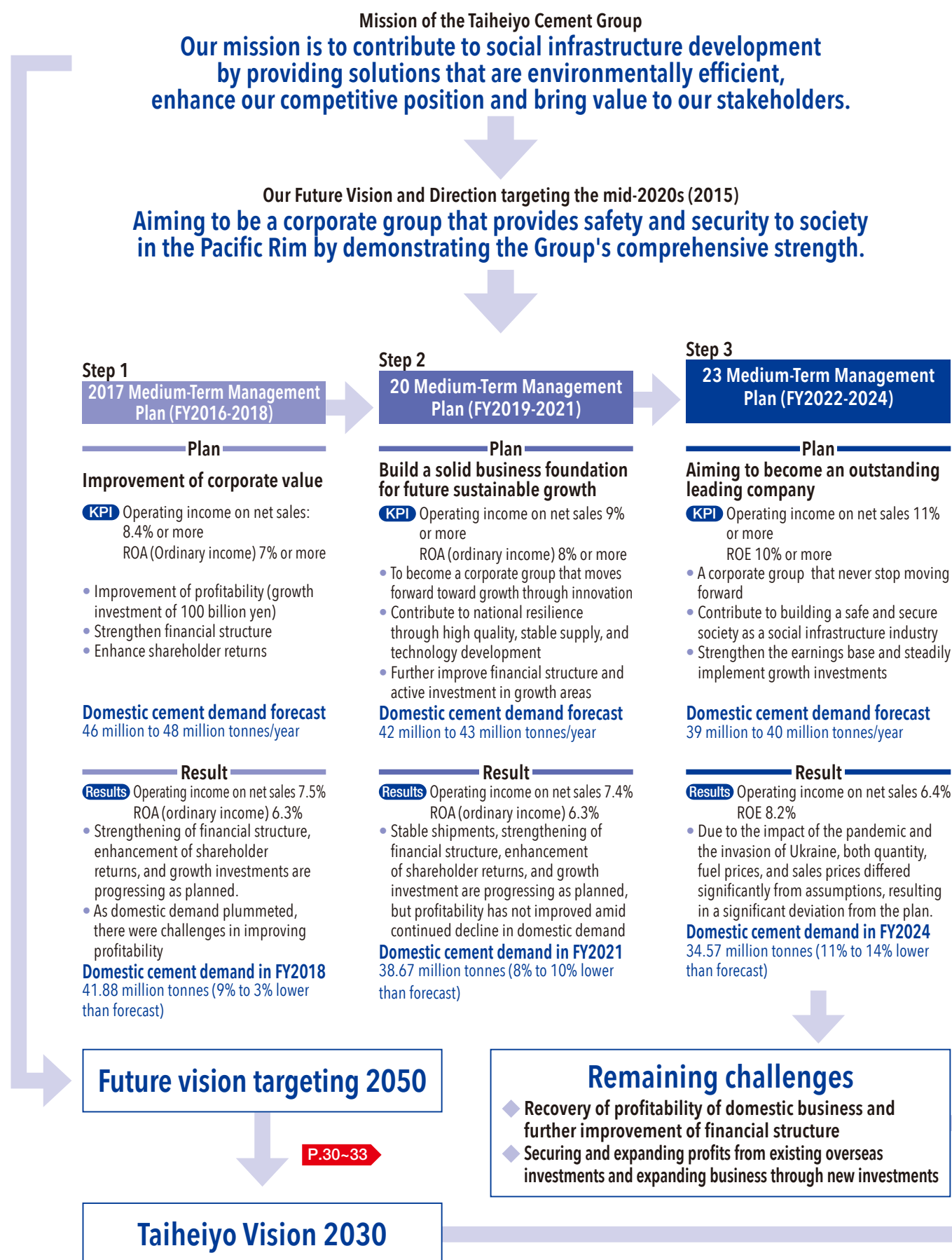
The ratio of the return (mainly dividends and capital gains) earned on a stock investment divided by the stock price (investment amount), indicates the overall investment return for the shareholder. It is calculated using the closing price at the end of each fiscal year (last day of March) and based on an investment having been made at the closing price on the last day of March 2018.

● Overseas net sales and ratio





## Overview of the Previous Medium-Term Management Plan



## Overview of the 26 Medium-Term Management Plan

### 3D Approach for a Sustainable Future

– Three-dimensional challenge toward the realization of a sustainable society –

#### Sustainable growth and enhancement of corporate value\* of the Taiheiyo Cement Group

"Improve of profitability" and "Pursue growth potential"

##### Numerical Targets

ROE: **10%** or more  
ROIC: **7%** or more  
Operating income: **100** billion yen or more

Total return ratio: **33%** or more  
Annual dividend per share: **80** yen or more

#### Maximize corporate value\* (Early realization of PBR exceeding 1x)

##### 1 Revitalizing Domestic Business

- Fundamentally revise pricing policy
- Provide total solutions
- Optimize production systems

##### 2 Global Strategy

- Strengthen our earnings base for existing businesses
- Further expand business areas
- Expand of trading business

##### Collaboration between Divisions

##### 3 Promoting Sustainability Management

- Carbon Neutral Strategy
- DX Strategy
- Human Capital Strategy
- IR strategy

#### Contributing to the Realization of a Sustainable Society

- Safe and secure living environment
- Formation of circular economies
- Resilient social infrastructure
- Rapid disaster response

\* Corporate value here refers to market capitalization.



Overview of the 26 Medium-Term Management Plan

1

Revitalizing Domestic Business

Fundamentally Revise Pricing Policy

While profitability is deteriorating due to declining domestic demand, we also need to fulfill our social responsibility to contribute to a recycling-based society and secure the necessary investment funds to respond to a recycling-based society and carbon neutrality. We will shift from an emphasis on market share to an emphasis on profitability, and aim to achieve improved profits.

Provide Total Solutions

We will shift from a sales style in which multiple sales representatives conduct sales based on their own knowledge and know-how to a sales style in which we provide total solutions to customers' needs through one-stop service and sales DX, and revitalize our domestic business by improving customer satisfaction and reducing costs.

Optimize Production Systems

We will strengthen the capacity of our production and logistics facilities to expand exports of blended cement, demand for which is increasing overseas. We will reduce costs by maximizing the acceptance of wastes and by-products as alternative raw materials and fuels and maximizing revenue from processing consignment fees, and also introduce energy saving equipment to reduce costs. In addition, we will conduct technological development to produce methane from the CO<sub>2</sub> emitted from the manufacturing process for use as fuel.

2

Global Strategy

Strengthen our Earnings Base for Existing Businesses

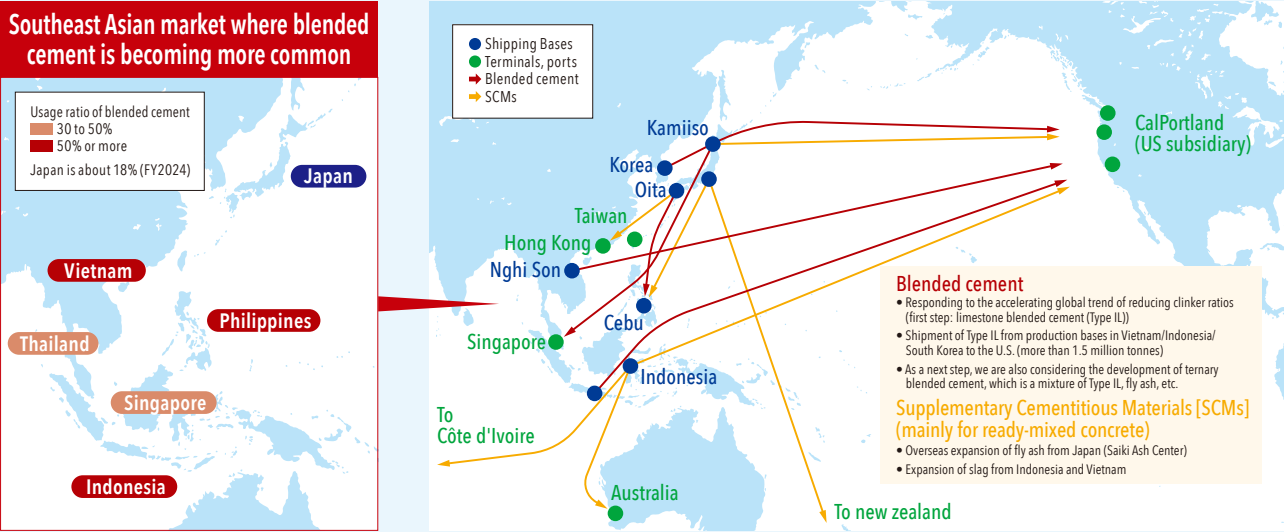
We will steadily implement strategies for the U.S. and Southeast Asia to maximize profits at each overseas location.

Further Expand Business Areas

We will proactively expand our business domains in order to become a leader in the global cement industry by 2050.

Expand Trading Business

We will deliver blended cement, demand for which is increasing demand overseas, directly to customers through our own network. We will leverage our accumulated know-how to strengthen our logistics network.





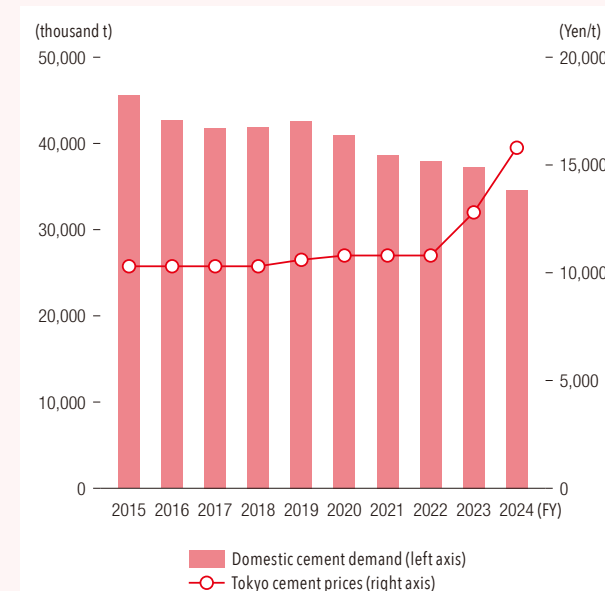
# 1 Revitalizing Domestic Business

## Revitalizing Domestic Business

### Fundamentally revise pricing policy

While domestic cement demand has been declining year by year, cement prices have been unable to rise to reflect rising costs. In response, during the 23 Medium-Term Management Plan period, we implemented a total price increase of 5,000 yen/tonne to cope with the unprecedented soaring coal prices and transportation costs associated with the spread of COVID-19 after 2020, the invasion of Ukraine in 2022, and natural disasters in Australia. However, we were unable to fully offset the high manufacturing costs, and the domestic cement business continued to operate in the red. Furthermore, against the backdrop of the difficult situation of the domestic cement business, which is our main business, we were unfortunately unable to achieve the ROE and profit margin targets of the 23 Medium-Term Management Plan. In the first place, we believe that it is not a sustainable business if we cannot cover the costs of maintaining and renewing domestic manufacturing and transportation facilities and sales expenses with the profits from domestic business. Our cement plants contribute to a recycling-based society by using waste as alternative raw material and fuel for cement production, and since it is challenging to relocate production facilities, we need to secure maintenance costs. In addition, production facilities have aged due to long-term use, and securing funds for facility renewal is also an issue. Furthermore, since social demands, such as carbon neutrality, are gradually becoming wider in scope, it is also necessary to make capital expenditures to respond to these demands.

### Trends in domestic cement sales volume and prices



Therefore, in the 26 Medium-Term Management Plan, we decided to fundamentally review our cement pricing policy and improve our profit structure. Specifically, we will implement various measures to shift from an emphasis on market share to an emphasis on profitability, reflect cost increases in prices in a timely manner, and optimize prices in light of investment costs to meet various social demands.

### Causes and problems of the slump in the domestic cement business

- Decrease in demand → Easing of supply and demand
- Main business and profit margin is directly linked to the company's target achievement level
- Maintaining the sustainability of the domestic cement business
- Continued contribution to a recycling-based society
  - Securing maintenance costs for production facilities
- Renewal of aging equipment and prompt response to new social demands
  - Increased costs for renewal and new construction

→ Optimizing domestic cement pricing is an essential goal

### Review of pricing policy in the 26 Medium-Term Management Plan

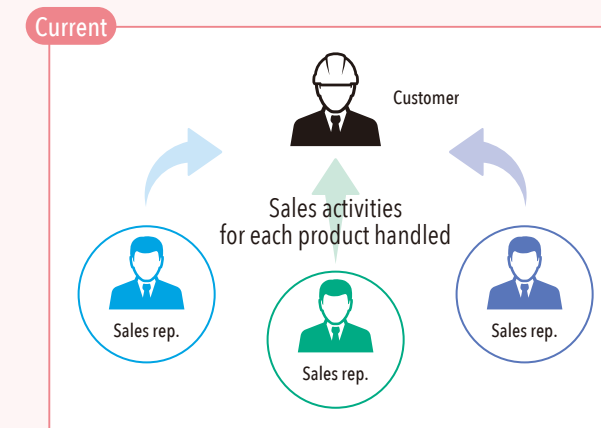
- Emphasis on profitability
- Shortening of the cost pass-through cycle
- Sharing with users the recognition of medium- to long-term price levels in light of investment costs for various social demands

→ Optimizing domestic cement pricing will maintain the sustainability of the domestic cement business and become a driving force for company growth

### Provide total solutions

Traditionally, we have assigned sales representatives for each segment to handle customer inquiries. However, while this system has advantages in terms of acquiring and utilizing specialized knowledge and customer information by the sales representatives, it also incurs high monetary costs due to the duplication of sales resources. Furthermore, there is a problem from the perspective of decrease in the working population.

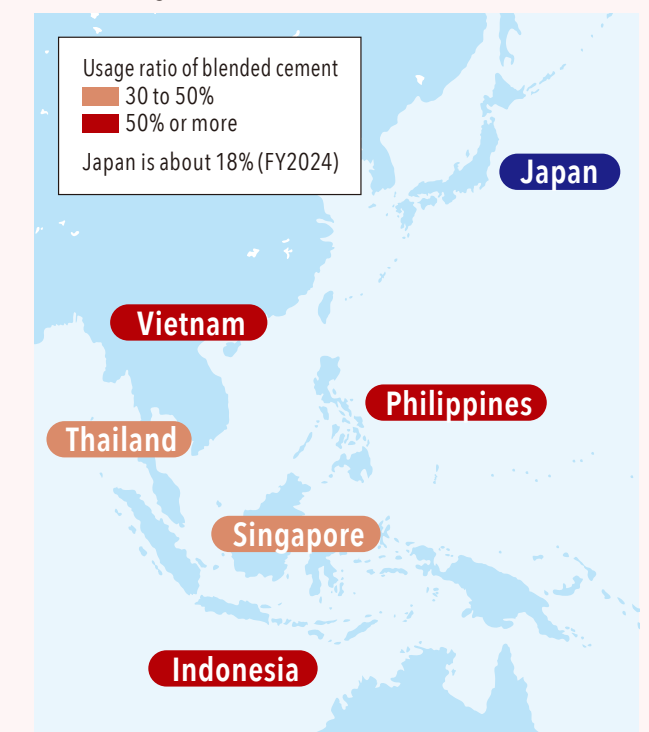
Therefore, as a measure during the 26 Medium-Term Management Plan period, we have decided to aim for multiple business assignments for sales representatives without compromising the advantages of the current system by improving collaboration between business divisions and utilizing IT technology in sales (Sales DX). This will not only reduce costs by streamlining the sales structure, but also enable us to provide comprehensive support to solve users' challenges.



### Optimize production systems

Domestic cement demand is decreasing year by year, so the operation rate of cement production is also declining. Since both variable costs and fixed costs per tonne of cement decrease with continuous operation and stable production, we will maintain the operation rate by expanding the production and export of blended cement, which is in high demand overseas.

### Southeast Asian market where blended cement is becoming more common



In addition, we have been actively engaged in technological development to expand the use of waste as an alternative fuel for cement production and to expand the treatment of waste that is difficult to handle, in order to reduce raw material and fuel costs and maximize revenue from waste treatment fees. In this Medium-Term Management Plan, we aim to further reduce raw material and fuel costs and maximize waste treatment fee revenue by expanding the use of fuel-based waste and expanding the use of sewage sludge as a cement raw material by expanding the introduction of sewage sludge pretreatment facilities, thereby reducing the manufacturing cost of domestic cement.

Similarly, we also aim to implement these measures, such as reducing electric power costs by replacing clinker cooling equipment with the latest models, and reducing fuel costs by replacing coal with methane as fuel for in-house power generation.

These measures will contribute to a recycling-based society and the reduction of greenhouse gases, but they will also contribute to reducing our costs.




Special  
Feature

Growth Strategy for our U.S. Business – To be a well-known company throughout the U.S. –

**We promise to grow to our core business by demonstrating the Taiheiyo Cement Group's synergy in the U.S. market, where large scale and high growth coexist.**

Tsuyoshi Hara

Managing Executive Officer and Deputy General Manager  
of the International Business Division  
President of TAIHEIYO CEMENT U.S.A., Inc.


## The Cement Industry in the U.S.

From the medium-term perspective, the U.S. cement market has lots of topics that should stimulate its demand, such as the chronic shortage of new housing, the Infrastructure Investment and Jobs Act, and the 2028 Los Angeles Olympics. It is also an extremely attractive market in the long term.

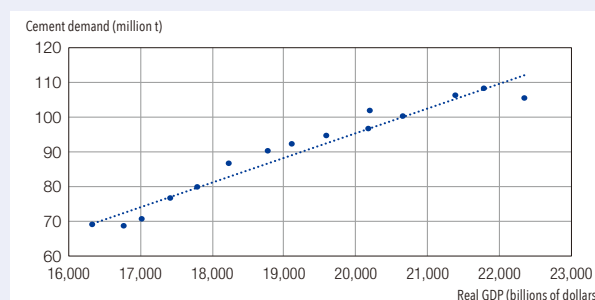
Due to its nature, it is not easy for the cement industry to create new demand by itself, for example through the introduction of innovative technologies or products, etc., so, in the long term, the economic power of the country or region itself is a major factor in determining demand. Therefore, there is a strong correlation between U.S. real GDP and cement demand.

Based on this premise, the characteristics and attractiveness of the U.S. economy from the perspective of the cement industry can be summarized as "a combination of the attributes of an industrialized country (large scale), a country continuing to develop (high growth), and a resource-rich country (stability)." Growth, growth arising from change in particular, is attractive. While everyone anticipated a decline in cement demand under the spread of COVID-19, "changes" such as the increase in e-commerce logistics bases and housing demand due to the rapid expansion of teleworking pushed up demand, thus enabling growth after 2020.

Also, being a "resource-rich country and a self-contained economy (the ratio of exports and imports to GDP is relatively low)" is important, and even during the soaring coal prices after 2021, our U.S. business was not significantly affected and was able to generate stable profits.

Furthermore, looking at the U.S. cement market situation, supply is falling short of demand, and the shortfall is being met by imports. Therefore, as described later, the attractiveness of the U.S. market lies in the fact that our international supply network and the value chain of our U.S. business can create synergy.

### Correlation between U.S. real GDP and cement demand (2009-2023)



### Characteristics and attractiveness of the U.S. economy from the perspective of the cement industry

Characteristics and attractiveness of the U.S. economy		Impact on the cement industry
Huge economic scale and high growth rate	Accounting for more than 1/4 of the world's GDP Continued growth exceeding the global average	Continued high demand and high growth in demand
Huge population size and high growth rate	3rd in the world, 30% increase in 30 years	Creation of housing-related demand
Growth through embracement of changes	Growth rising from changes in economic structure	Creation of new demand through scrap and build
Self-contained economy	Low ratio of exports and imports to GDP	Small impact from geopolitical risks

## Our U.S. Business

We are developing a "general building materials business from upstream to downstream" in the U.S. through the CalPortland Company (hereinafter referred to as CPC). The business area covers the entire West Coast, and we have been developing and expanding cement, aggregate and ready-mixed concrete businesses, mainly with cement plants in the Southwest region - California, Arizona and Nevada State, and import cement terminals in the Northwest region - Washington and Oregon State. Operating income for the fiscal year ending March 2025 is expected to account for about 50% of our consolidated operating income.

We plan to actively expand our business while optimizing our business portfolio in consideration of the combination of regions and products.

## Characteristics and Strengths of Our U.S. Business

The source of our strengths in our U.S. business lie in providing high-quality products and services along with the strong customer base, business development of a wide range of large scale and optimal cement plant and terminal locations built through M&A, etc., and our Group's capabilities.

### Wide-ranging, large-scale, and optimal business development

- In the U.S., cement is mainly delivered at the shipping location. Users tend to prefer to pick up their orders at plants or terminals near the demand area, taking into account transportation costs and, especially in recent years, securing human resources, which creates our strength.
- Risk diversification - stable Northwest, high-growth Southwest - is also our major strength.
- We have built a stable and highly profitable model by developing a ready-mixed concrete business in areas where we have cement shipping bases.
- The U.S. has only gone without protectionist trade measures for about a third of the past 100 years and is traditionally a country with strong protectionist tendencies. Having a production base in the country has great value in enabling stable business continuity over the long term.

### The Taiheiyo Cement Group's strength

- CPC has achieved high operation ratios and cost reductions at cement plants through collaboration with the Taiheiyo Cement Production Department and Maintenance & Engineering Department, etc.
- CPC has high technological development capabilities through collaboration with the Taiheiyo Cement Central Research Laboratory, etc., and are accelerating initiatives such as towards achieving carbon neutrality (CN).
- CPC has built a strong supply chain by stably importing high-quality cement through the Group's overseas network.

## Initiatives of the 26 Medium-Term Management Plan to Achieve Our Future Vision

Aiming for our Future Vision of "enhancing corporate value to become a well-known company throughout the U.S. by 2050," we will work on the 26 Medium-Term Management Plan as follows.

### Promotion of blended cement and expansion of cementitious materials business (CN initiatives)

- The use of blended cement, low carbon product, is rapidly spreading in the U.S. Both Taiheiyo Cement's and CPC's central research laboratories will collaborate to develop the next generation of even lower-carbon blended cements to prepare for further increases in demand. In addition, we will also collaborate on the development of innovative technologies towards achieving carbon neutrality.

### Trends in demand for blended cement (mainly limestone cement) in the U.S.

	2021	2022	2023	January-May 2024
Five states on the West Coast	3.0%	2.5%	12.7%	17.9%
Nationwide	5.6%	23.7%	50.2%	54.7%

- On the other hand, one of the challenges for our U.S. business is the difficulty in procuring cementitious materials such as slag and fly ash in the West Coast region. We will make the compatibility of CN and profit expansion a growth strategy and utilize our overseas network to procure cementitious materials and work on business expansion. We will expand import terminals for that purpose.
- We will also introduce the business know-how of utilizing cementitious materials gained in the U.S. to Japan and Southeast Asia.

### Business area expansion

- Through M&A, etc., we aim to expand the cement business regionally and expand the highly profitable aggregate and ready-mixed concrete businesses.

### Supply chain strengthening

- We will realize high-quality and stable cement imports from Semen Indonesia Group and Nghi Son Cement (Vietnam).

### Establishment of CPC University (tentative name)

- Aiming to strengthen human capital, we will proceed with the establishment of CPC College (tentative name) within the current CPC Central Research Laboratory. With lecturers from the company, we will not only conduct in-house training, but also plan to demonstrate the appeal and attractiveness of the cement industry and measures for CN through open lectures, etc., and work to improve the recognition of the entire industry. The college is scheduled to open in the second half of 2025, and we also aim to incorporate it into the curriculum of general universities in the future.





# Carbon Neutral Strategy 2050

We position the carbon neutral strategy as a growth strategy and work on it across businesses.



Koshiro Hidaka  
Director and Senior Executive Officer

## Key Strategies during the 26 Medium-Term Management Plan

We will achieve CO<sub>2</sub> reduction with an immediate approach utilizing existing technologies. One of these is to focus on shifting to blended cement production. Blended cement, which has a lower clinker ratio, is in high demand especially in countries with high environmental awareness, and we are positioning the shift to blended cement as an important strategy for our cement business. This is an initiative that contributes to carbon neutrality at the same time as revitalizing the domestic business and deepening our overseas business.

The other is aimed at reducing CO<sub>2</sub> through further utilization of waste and by-products, energy saving and higher efficiency of existing facilities, and substitution of fossil energy.

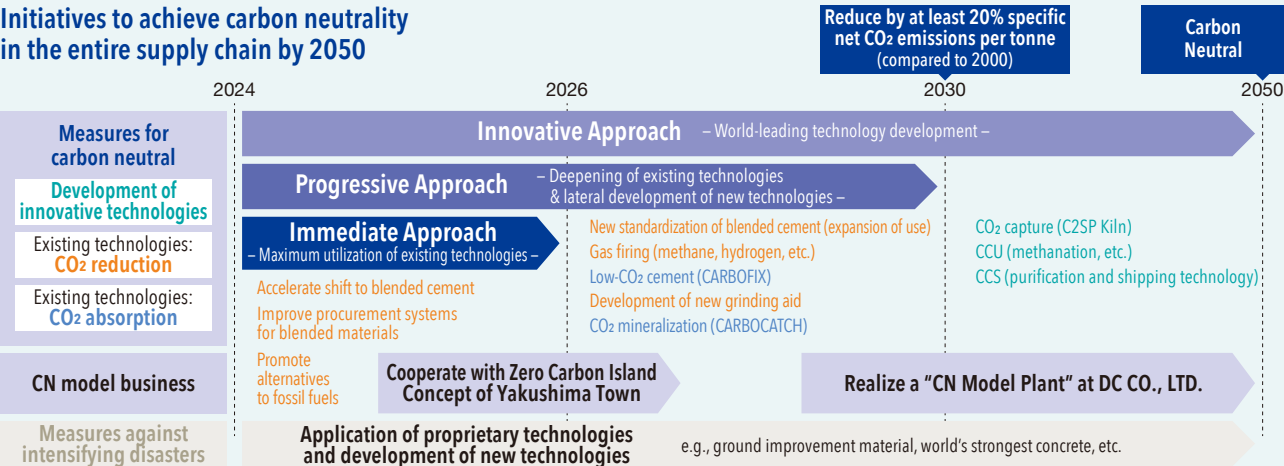
We will also steadily progress demonstration testing of the C2SP Kiln, an innovative CO<sub>2</sub> capture technology, and the recovered CO<sub>2</sub> fuel conversion process (methanation) technology development, which are being conducted in Sanyo Onoda City, Yamaguchi Prefecture.

## Roadmap for 2026-2030

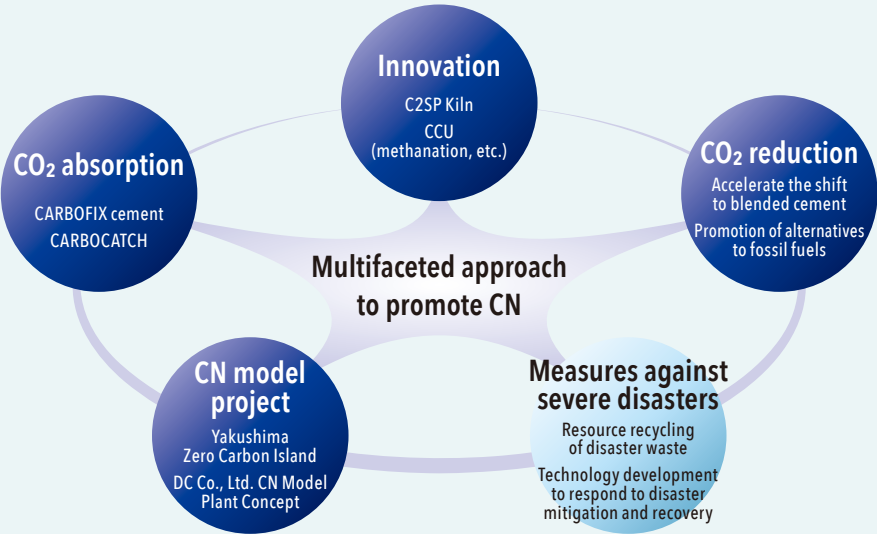
Following the 26 Medium-Term Management Plan, we will continue to shift to blended cement, but we will also work on new standardization for its further expansion. As measures in the manufacturing process, in addition to promoting the development and dissemination of gas firing (methane, hydrogen, etc.) technologies, we plan to complete the innovative technologies (CO<sub>2</sub> capture and utilization) currently under development by 2030. In particular, with regard to the C2SP Kiln, we aim to realize a carbon neutral plant by completing the technology through demonstration tests using an actual Kiln at DC Co., Ltd., a group company located in Kawasaki City, and combining this with the CO<sub>2</sub> capture, refining, transportation, and storage project that we are studying in the project of Japan Organization for Metals and Energy Security. Furthermore, we will complete the technological development of low-CO<sub>2</sub> cement, including CARBOFIX cement, and promote its market introduction.

### Carbon Neutral Strategy Roadmap

Initiatives to achieve carbon neutrality in the entire supply chain by 2050



CN : Carbon Neutrality



## 2030-2050 Roadmap

During this period, various innovative technologies, including the aforementioned C2SP Kiln, will be put into practical use and deployed to domestic and overseas plants in order to recover, utilize, and store CO<sub>2</sub> that is inevitably emitted during the cement burning process.

In addition, although this is a theme that we will start working on immediately, as well as on medium- to long-term, technological development to respond to disaster reduction and recovery (soil improvement materials, the world's highest strength concrete, etc.), in addition to resource recycling of disaster waste, as measures against severe disasters to adapt to climate change.

In order to realize these, not only will the Group's technological development and capital expenditure be essential, but we will also need government subsidies, the development of domestic standards, and collaboration with other industries. We will continue to work toward this goal.

## Thoughts on CN Cost

Technological development is steadily progressing, but implementation requires a great deal of investment. For example, we estimate that it will cost more than 100 billion yen to implement the C2SP Kiln at the DC Co., Ltd. plant. If all of this is borne by private companies, the sales price of cement will need to rise to several times the current level. Cost is one of the biggest challenges, and we recognize the need to continue to communicate with customers and other related parties, ask for government support, and raise awareness in society. On the other hand, we can expect costs to decrease as technology advances in the future, and we can also expect changes in the way people think about carbon pricing. We believe that it is important to assess the market value of carbon neutral cement and find the right price in order to achieve sustainable carbon neutrality.

### Measures against severe disasters associated with climate change – Our company's proprietary technologies and future development –

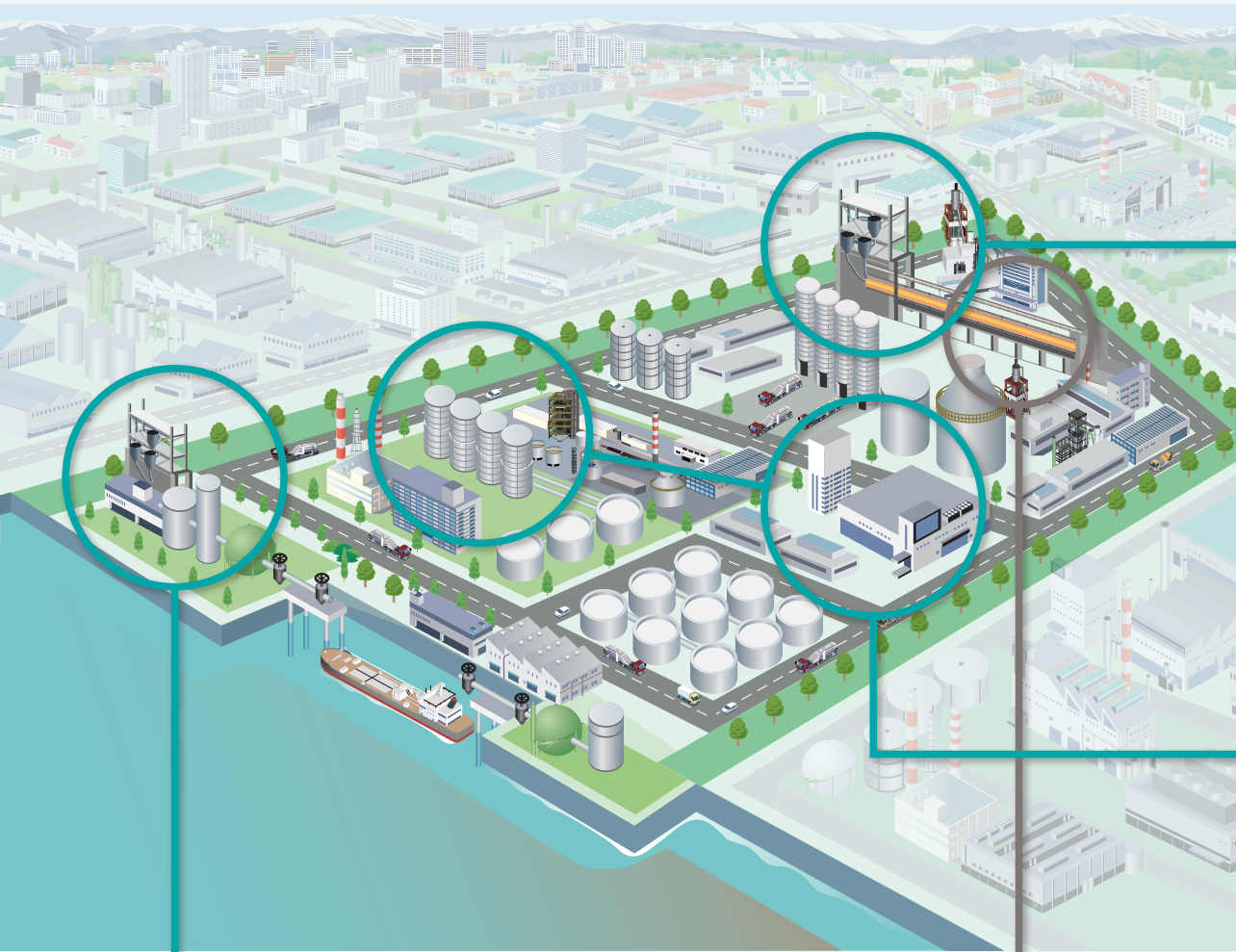
[Corporate activities and technological proposals to prepare for severe disasters associated with climate change and realize rapid recovery and reconstruction]





Start of study of a carbon neutral model plant concept utilizing "existing technologies" in the cement production process and new "innovative technologies" that have not been available before.

Study of the carbon neutral model plant concept

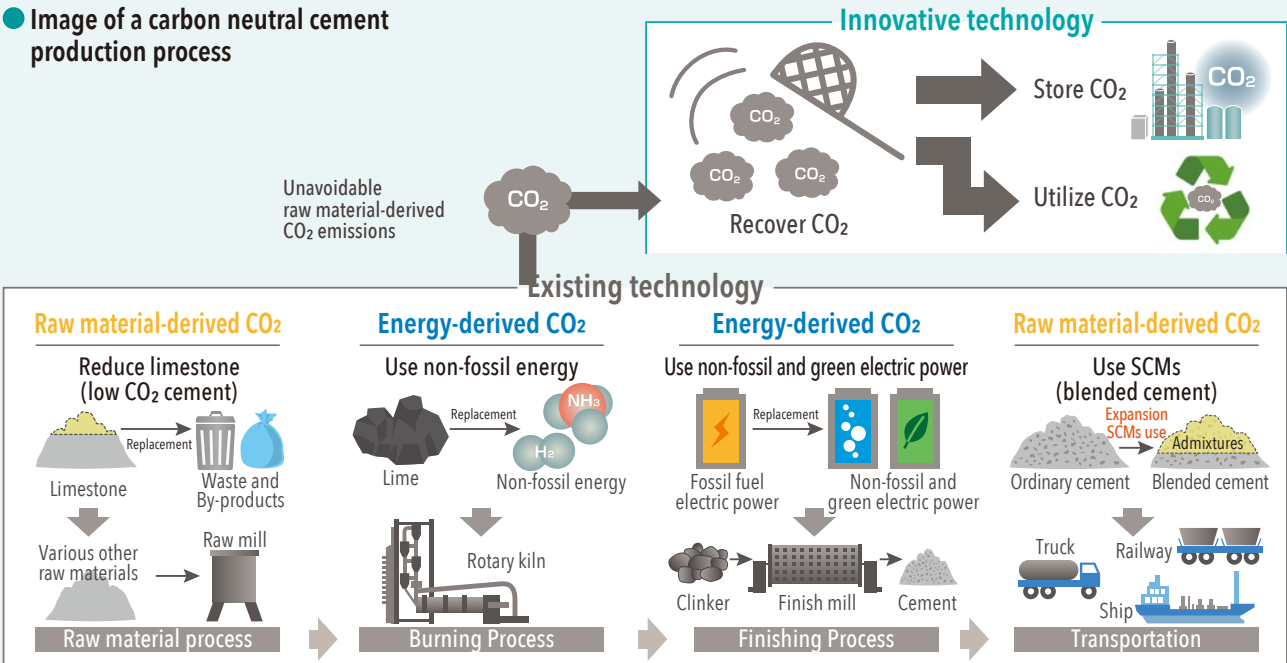


Existing Technology Existing Technology

Cement manufacturing requires a large amount of "fossil energy" because it is burned at a high temperature of 1,450°C, and a considerable amount of CO<sub>2</sub> is emitted because the main raw material, limestone, undergoes a decarbonation reaction during this burning process. For the former, we are promoting

the introduction of energy-saving equipment and the use of alternative fossil fuel. For the latter, we are working on the use of alternative raw materials to replace limestone, the development and diffusion of low-CO<sub>2</sub> cement, and the use of supplementary cementitious materials.

Image of a carbon neutral cement production process



Innovative technology CO<sub>2</sub> Capture

CO<sub>2</sub> that cannot be reduced by existing technologies alone needs to be recovered. In the cement production process, the raw materials are preheated in a device called a preheater, and then burned at a high temperature in a rotary kiln. Most of the CO<sub>2</sub> derived from raw materials is generated in a combustion device called a calciner in this preheater. We focused on this point and

started the development of a "CO<sub>2</sub> capture calciner" that efficiently recovers CO<sub>2</sub> from the calciner. By replacing the combustion gas of the calciner from the normally used air to oxygen (O<sub>2</sub>), it becomes possible to directly recover high-concentration CO<sub>2</sub> gas with compact equipment.

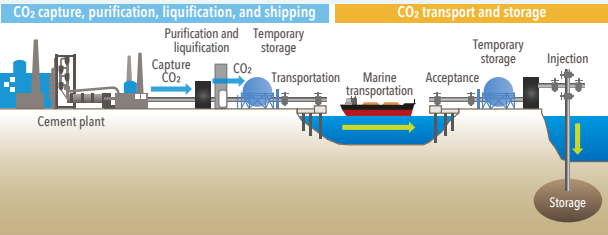
Innovative technology CO<sub>2</sub> Utilization

In order to prevent releasing the captured CO<sub>2</sub> back into the atmosphere, effective utilization or storage (CCS) is necessary. As one of the effective utilization measures, we are developing CO<sub>2</sub> mineralization (sequestration) technology. Carbonation (sequestration) is a technology that reacts CO<sub>2</sub> with calcium in cement-based materials and stably fixes it as calcium carbonate

in various concretes. We are also promoting the development of technology for the production of synthetic methane using recovered CO<sub>2</sub> as a raw material. Synthetic methane is expected to be used again as an energy source in the cement production process, as well as to be supplied to the existing city gas distribution infrastructure.

Innovative technology CO<sub>2</sub> Storage

We are also studying CCS for the recovered CO<sub>2</sub> as part of the activities of the JOGMEC project consortium. As an overall concept, CO<sub>2</sub> recovered from cement kilns is refined and liquefied, transported by ship, and stored at suitable storage sites, and we are promoting efforts toward implementation, such as designing necessary infrastructure facilities and estimating costs.





Carbon Neutral Strategy 2050

C2SP Kiln

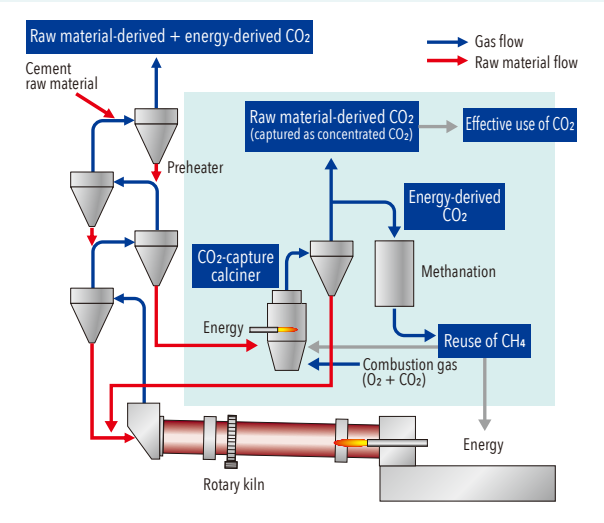
We are currently developing a unique CO<sub>2</sub> capture technology called the "CO<sub>2</sub> capture type cement production process (C2SP Kiln)," which utilizes technology we have cultivated in cement production. This development is being conducted within the NEDO (New Energy and Industrial Technology Development Organization) Green Innovation (GI) Fund project (~FY2031).

About 60% of the CO<sub>2</sub> generated from the cement production process is caused by the thermal decomposition of the main raw material, limestone (CaCO<sub>3</sub>). In the actual cement production process, the raw materials are heated in a preheating device called a preheater, and then further burned at a high temperature in a rotary kiln. When the raw material passes through a combustion device called a calciner in this preheater, it is heated to a high temperature of about 900°C, generating CO<sub>2</sub> (decarbonation: CaCO<sub>3</sub>→CaO+CO<sub>2</sub>). We focused on this point and started the development of a "CO<sub>2</sub> capture calciner."

In conventional calciners, air is used as combustion gas, but by replacing this with oxygen (O<sub>2</sub>), it becomes possible to recover high-concentration CO<sub>2</sub> gas with compact equipment. Since the equipment can be introduced by replacing the existing calciner, it is not detrimental to the excellent thermal efficiency, that can be said to be a characteristic of the NSP (New Suspension Preheater) which is current mainstream of pre-heating system for cement manufacturing process and waste (raw materials, thermal energy) can continue to be used as much as or more than before.

A demonstration equipment for this technology was completed in March 2024 in Sanyo Onoda City, Yamaguchi Prefecture. The goal of this technology is to realize a global standard facility for the cement industry aiming for carbon neutrality, and we are actively conducting development.

Gas flow of a C2SP Kiln



By concentrating the calcination reaction of raw limestone in an oxygen-fired calciner, highly concentrated CO<sub>2</sub> can be recovered directly from the cement process.



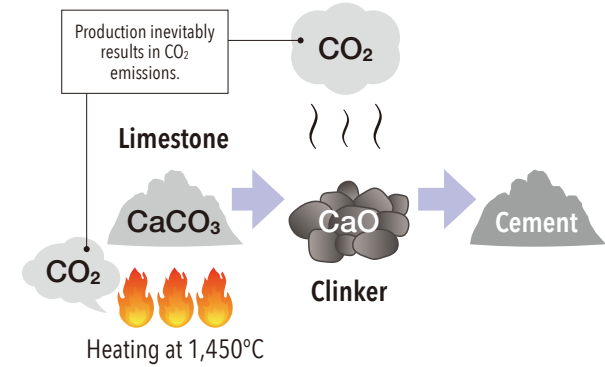
C2SP Kiln demonstration equipment (within the Onoda Plant of Taiheiyo Materials Corporation in Sanyo Onoda City, Yamaguchi Prefecture)

Why does blended cement have a CO<sub>2</sub> reducing effect?

The most widely used cement in Japan is Portland cement, but in recent years, "blended cement" has been attracting attention as an initiative toward decarbonization in the cement industry.

The production of Portland cement clinker emits a considerable amount of CO<sub>2</sub>, but blended cement, with say 50% of this replaced with supplementary cementitious materials, halves the CO<sub>2</sub> emissions.

Portland cement



Portland cement is an inorganic material whose main component is a sintered material called clinker, and the main raw material of this clinker is limestone (CaCO<sub>3</sub>). By heating the raw materials of clinker to a high temperature (1,450°C) and allowing the raw material components to react with each other, clinker is produced. Fossil fuels, such as coal, are used for heating, and limestone undergoes thermal decomposition (CaCO<sub>3</sub>→CaO+CO<sub>2</sub>) at high temperatures, resulting in the emission of a considerable amount of carbon dioxide during the production of (Portland) cement clinker.

Blended cement



Blended cement is manufactured by mixing Portland cement with secondary cementitious materials such as granulated blast furnace slag, a by-product of the steel industry, and fly ash, a fine powder of coal ash recovered from the combustion exhaust gas treatment process of coal-fired thermal power plants. Blended cement is expected to contribute to decarbonization because it is commercialized in a form that replaces part of the Portland cement by supplementary cementitious materials.

Blended cement is currently rapidly becoming more widespread not only in Europe and North America, but also in Southeast Asia. We also position the diffusion of this blended cement as one of our important strategies for decarbonization and are working on a wide range of measures to promote its use, including the development of technologies and securing sources of its raw materials.

Developer's Voice

Please share any memorable impressions that occurred during and up to the completion of the C2SP Kiln demonstration test facility.

The most difficult thing was that we built such a large facility in a very short period of time. The start of construction was delayed by more than half a year due to difficulties in procuring construction materials, but since the first stage of NEDO's GI Fund project was to be completed by the end of FY2024, we started with all parties involved working together to review the construction process, and we put together all the construction schedules like a puzzle. As a result, we were able to complete the construction in November 2023 as originally planned without any accidents or disasters, and we were able to hold the completion ceremony in March 2024 without any problems. This was of course due to the efforts of all the people involved, but I was overwhelmed with emotion, thinking that it was, in a sense, close to being a miracle. In the second stage from FY2025, we will move to the demonstration test stage using this facility and proceed with the demonstration toward actual implementation.



Kenichi Honma  
Manager, CO<sub>2</sub> Capturing team,  
Engineering and Technology group,  
Carbon Neutral Technology  
Development Department





# DX Strategy

**In a labor-constrained society, DX promotion will strengthen our competitiveness and achieve sustainable growth.**

**Hideaki Asakura**

Vice President and Representative Director

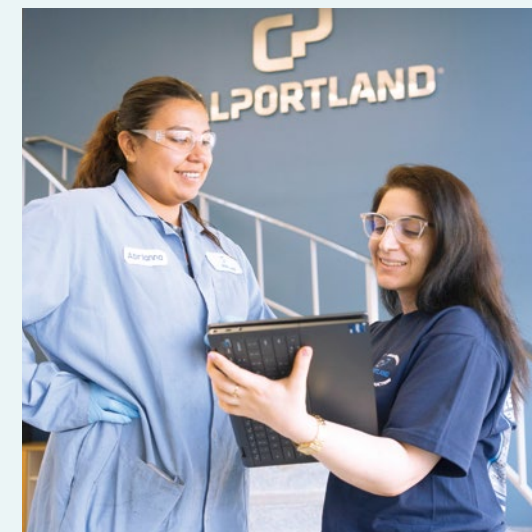


## Fundamental Policies of the 26 Medium-Term Management Plan

Recognizing that DX promotion is essential for maintaining and strengthening our competitiveness and developing new business areas, we launched the DX Promotion Team in June 2022 and have established a system to work on DX on a company-wide basis. In the 26 Medium-Term Management Plan, DX continues to be an important theme and is positioned at the core of our growth strategy. In the future, it is expected that it will become difficult to secure labor in Japan and, even in a labor-constrained society, improving efficiency and saving labor throughout the entire supply chain will be important in order to fulfill our supply responsibilities. We will solve these problems with the power of DX. Our main initiatives include production process innovation (smart factories) and streamlining of administrative work (smart offices). We will focus on developing DX human resources to effectively promote these initiatives. We will position our DX strategy as a key driver for achieving our ideal vision for the Taiheiyo Cement Group, and will work to achieve sustainable growth and strengthen our competitiveness.

## Production Process Innovation

We are developing a centralized management system for kiln operation at domestic and overseas plants, a support system by expert operators and an automated kiln operation system, and are considering unmanned nighttime operation. For example, in the calcination process it is necessary for the operator to make various adjustments while checking the inside of the kiln. We are attempting to automate this process using AI, and its accuracy is improving. We are test-introducing this initiative at the Kamiiso Plant and plan to roll it out to other plants in the future. In addition, we will introduce advanced equipment inspection methods, such as automatic collection of on-site instrument data and AI-based life span prediction, and a drone-based equipment inspection system. We are also promoting the automation and labor-saving of plant site work, such as through the introduction of remote-control systems for heavy machinery and self-driving trucks, automation of bagged cement loading, and the introduction of ICT in visitor management and safety education.



Promoting the use of tablets (CalPortland Company Research Center)



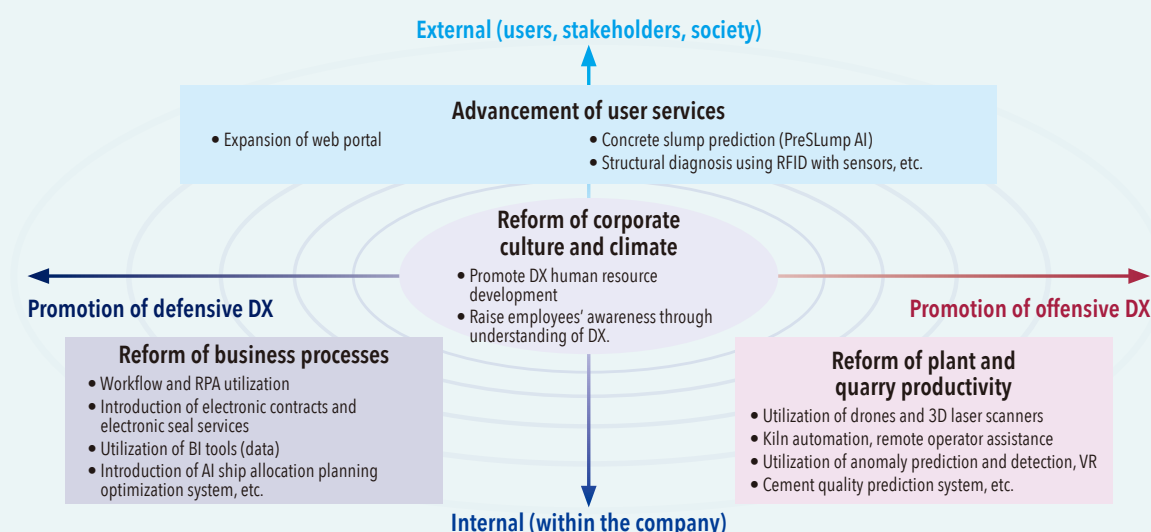
Promoting the use of tablets (CalPortland Company ready-mixed concrete plant (Las Vegas area))

## Streamlining Administrative Work

We are also working to improve the efficiency of our administrative work. For example, we are using automated workflow tools and data analysis tools. We are using AI to conduct demand forecasts and developing a system that can be used in daily sales and production activities. In addition, we are considering the efficient allocation of human capital by centralizing the operations of our administrative divisions at our headquarters. This will make it possible to reduce duplicate work at each site and allocate highly specialized personnel to the most appropriate locations. We are also promoting the elimination of borders in terms of the workplace through the use of remote work. We will streamline administrative work in conjunction with the automation of plant operations, and develop a system to prepare for the coming of a labor-constrained society.

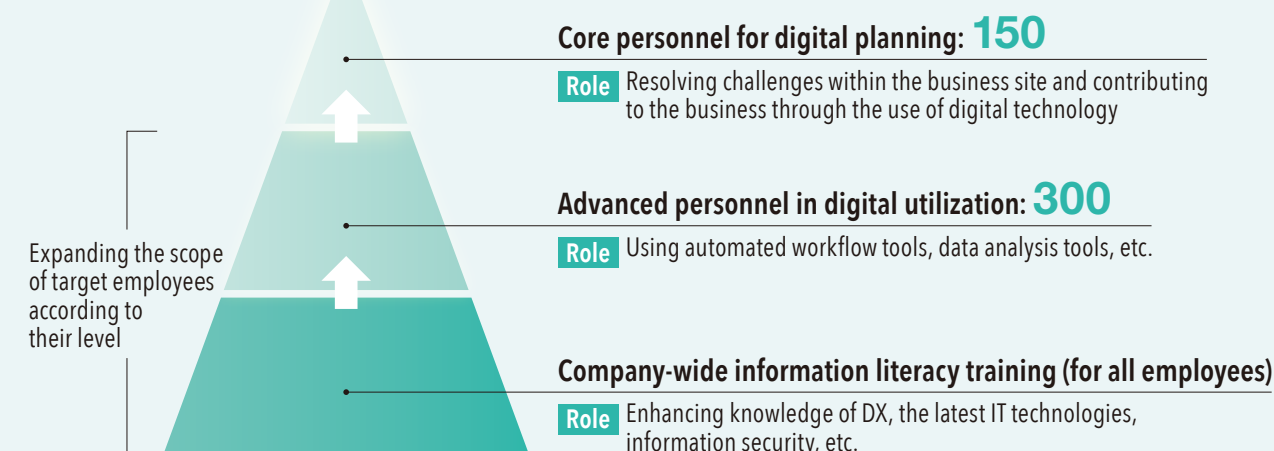
## DX Human Resource Development

We plan to develop more than 450 DX human resources during the period of the 26 Medium-Term Management Plan through cooperation between the Information - Technology Planning Group and business divisions. We will develop about 150 "core personnel for digital planning" who will be expected to identify challenges at each business site and play a central role in resolving them using digital technologies. The remaining 300 will be "advanced personnel in digital utilization" who will acquire the skills to master the use of the automated workflow tools that have been introduced. We will also provide DX literacy training to all employees to raise the level of the entire workforce. We will promote the development of human resources who will be the driving force behind the promotion of smart factories and smart offices.



## DX human resource development image

**Target: Develop 450 DX human resources across the company by FY2027**







# Human Capital Strategy

**We will increase employee engagement, draw out the abilities of each individual, and develop human resources who can contribute to increasing corporate value.**

**Yusuke Nemoto** Managing Executive Officer



Discussion at an overseas internship training program (Malaysia)



## Improvement of corporate value

### Personal growth

- ◎ Motivated human resources
- ◎ Human resources with diverse ideas
- ◎ Human resources that can play an active role in the world

### Sources of competition

- ◎ Fostering motivation and a sense of fulfillment
- ◎ Presence of specialists in each field
- ◎ Accumulation of micro innovations

### Human resource system / training system Devices and mechanisms to motivate

- ◎ Supporting "personal" growth by fostering autonomy and self-reliance
- ◎ Providing opportunities and support for challenges and experiences
- ◎ Action plan to improve engagement

Human resource development

Diversity and inclusion

Work-life management

**Human Capital Strategy**

Health and Productivity Management (H&PM)

Respect for human rights

Engagement

### The type of human resources that matches Taiheiyo Cement Group's management strategy

- ◎ Global human resource development
- ◎ Promoting workplace diversity
- ◎ Management human resource development

## Human Capital Strategy for Further Growth

We consider our employees as "capital," the driving force behind growth and the source of our competitiveness. Our basic human capital strategy is to create an environment where each employee can maximize their abilities by respecting each other's individuality and values.

In addition, we believe that it is important to enhance both well-being, which we consider to be a sense of happiness and comfort that employees feel while working, and engagement, which we consider to be a willingness to voluntarily contribute to the organization. In particular, we feel that it is essential for each and every employee to wholeheartedly in alignment with the company's policies and vision in order to improve engagement. Motivation and a sense of fulfillment in one's work can only be fostered when the direction of the company and what one wants to do are perfectly aligned. We have introduced an engagement survey from FY2024, and we will continue to monitor the extent to which employees empathize with our policies and vision, and promote initiatives such as dialogue with management, in order to ensure that our policies and vision are thoroughly understood.



Dispatching young employees to Taiheiyo Cement Philippines, Inc. for production line renewal work

## Key Initiatives of the 26 Medium-Term Management Plan

In the 26 Medium-Term Management Plan we have set forth three goals for the type of human resources that match the Taiheiyo Cement Group's management strategy: "development of global human resources," "promotion of workplace diversity" and "development of management human resources." Of these, with regard to the development of global human resources, which is also an urgent matter in our growth strategy, we are actively providing opportunities to gain overseas experience by implementing an overseas trainee program, an overseas language study program and an overseas internship program. These are in addition to expanding our overseas trainee program. We want young employees to experience working abroad at an early stage, and we want them to efficiently acquire the minimum skills necessary to do so through practical experience in Japan and training programs. We will also actively promote exchange personnel programs with overseas group companies.

With regard to the promotion of workplace diversity, in addition to measures to promote the careers of female employees, such as next-generation female leader training, we will also aim to create an organization with workplace diversity by hiring foreign nationals, actively hiring experienced personnel, including through referrals and alumni networks, as well as employing people with disabilities and further utilizing senior citizens.

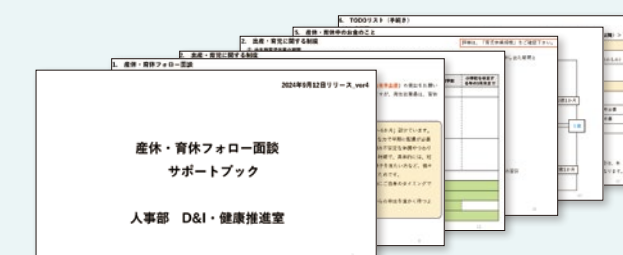


Program to train the next generation of female leaders: Debriefing session

## Aiming to be a Company where People want to Continue Working

What I believe is most important is the retention of human resources. In order to be a company where our valuable employees, whom we have hired and trained, feel they want to continue working, it is important to improve the ease of working, as well as fostering motivation and a sense of fulfillment.

In recent years, the number of dual-income and co-parenting households has increased, and it has become more difficult to accept the conventional transfer system which involves frequent relocation. For example, we are considering a flexible transfer system that is tailored to the life stages of our employees, such as exempting employees from transfers for a certain period of time depending on their circumstances and those of their families, reducing the frequency of transfers, and extending the period between transfer confirmation and the actual relocation. In addition, from this fiscal year we have introduced maternity/childcare leave follow-up interviews to support the smooth leave of absence and return to work of eligible employees. By conducting multiple interviews with supervisors and human resources personnel before and after childbirth, we are helping to alleviate anxiety about taking leave and returning to work. Creating a work environment where employees feel they want to continue working for a long time is essential for our future growth. We believe that by balancing motivation, a sense of fulfillment, and ease of working, we can retain our human resources and draw out the abilities of each individual, which will lead to improved competitiveness for our company.



Maternity/childcare leave follow-up interview support book



# Strengthening Production Systems



**We will build a sustainable production system and continue to be responsible for supplying important materials for national resilience.**

**Koshiro Hidaka** Director and Senior Executive Officer

## Production and Equipment System Strategy based on the 26 Medium-Term Management Plan

We will optimize our production system to regenerate our domestic business, one of the fundamental policies of the 26 Medium-Term Management Plan. While domestic demand continues to be sluggish, there is strong demand for blended cement overseas. We will build an operating system that is not limited to domestic demand while making use of our existing locations and facilities, such as accelerating the shift to a production system for the export of a variety of cement types, including blended cement, mainly at plants located in coastal areas.

In addition to optimizing our production system in this way, we will promote the replacement of major machinery and the advancement of AI-based upgrading of production and equipment management in order to establish a stable production and supply system for national resilience. We have already begun developing remote operation technology and upgrading equipment inspection methods at some plants to promote the creation of smart factories, which will not only address labor shortages and reduce costs, but also contribute to improved occupational safety by managing signs of equipment failure and abnormalities through continuous monitoring.

## Challenges for Strengthening Cost Competitiveness

Although the price of coal, which soared in FY2023, is settling down, the future outlook is uncertain and measures are needed to further reduce costs. Although the effective use of waste contributes to reducing manufacturing costs, competition in waste collection has intensified in recent years, so we need to differentiate ourselves through our network and processing technology, such as by treating waste that cannot be handled by other industries at a higher level and utilizing it as raw material and fuel.

In addition, we will reduce costs by establishing a system that transforms each production site into an "integrated factory" that maximizes efficiency by considering not only the factory but also the production department, resource department, environmental department and cement sales department. At the same time, we aim to establish a sales system that can respond to the diverse needs of users with a one-stop service.



Equipment inspection by drone (Kumagaya Plant)

## Key Initiatives

- (1) Accelerate the shift to blended cement**  
In order to accelerate the shift to a production system suitable for the stable supply of blended cement for which there is strong demand overseas, we will undertake capital investment at our coastal plants to diversify cement types and increase export capacity.

**(2) Maximizing waste treatment**  
As competition with other companies in the same industry and different industries for waste collection is intensifying, we will work to collect and utilize wastes that are difficult for other industries to accept and waste plastics that were previously sent to landfills, while also considering the introduction of technology from outside sources.

**(3) Toward the elimination of occupational accidents**  
To prevent occupational accidents which have been on the rise, we have installed safety experience training facilities using VR (virtual reality), and are working to prevent heatstroke by improving the workplace environment, managing internal body temperature using wearable devices, and increasing the introduction of air-conditioned work clothes.
- (4) Promotion of smart factories**  
We are establishing an AI-based life span prediction system using sensors, drones and image processing technology as a way to upgrade the equipment management system, using the Kumagaya Plant as a model. We are also developing an AI-based operation support system and remote operation technology at the Kamiiso Plant.

**(5) Development of a system for integrated factories**  
Limestone and aggregates in the mineral resources business and waste and by-products in the environmental business are important raw materials and fuels for cement production, and the three businesses are closely linked in the value chain. We will carry out management across the entire company and aim to increase sales and improve operational efficiency as "integrated factories."

**(6) Technology transfer**  
We will focus on developing human resources to improve technical skills by implementing initiatives such as "Techno Schools" for mid-level engineers at each factory to intensively learn specialized knowledge, expanding the scope to include contractor engineers learning maintenance skills at "Maintenance Dojo" and short-term overseas assignments for engineers.

## Roadmap for Long-Term Vision 2050

FY2024 Results	Plan for FY2027	Future vision targeting 2050
<ul style="list-style-type: none"><li>Initiatives for revision of the Japanese Industrial Standards (JIS) for cement</li><li>Strengthening cost competitiveness Strengthening the collection of recyclables Fossil energy substitution rate: 20.7% (Japan and overseas)</li><li>Smart-factory technology development AI-based equipment management Remote operation</li></ul>	<ul style="list-style-type: none"><li>Accelerating the production and export system for blended cement</li><li>Sophistication of waste treatment technology</li><li>Further evolution and sophistication of smart-factory technology</li></ul>	<ul style="list-style-type: none"><li>Operation of carbon neutral plants</li><li>Realization of smart factories and maximization of labor productivity</li></ul>

### Promotion of smart factories

Operation Division	Inspection Division	Production Department
<p><b>Current</b> Operators monitor 24 hours a day</p> <p><b>Future</b> 100% automation Remote support from headquarters</p> <ol style="list-style-type: none"><li>Introduction of automated kiln control</li><li>Remote support for operation Kamiiso Plant - Domestic deployment - Overseas deployment</li></ol>	<p><b>Current</b> Inspection by inspectors</p> <p><b>Future</b> Unmanned inspection, AI-based life span prediction</p> <ol style="list-style-type: none"><li>Analyze data collected from sensors using AI to predict signs and estimate life span</li><li>Use of drones Kumagaya Plant - Domestic deployment</li></ol>	<p><b>Current</b> Heavy machinery operation, transportation and inventory measurement by workers</p> <p><b>Future</b> Automation and remote control of work</p> <ol style="list-style-type: none"><li>Introduction of remote operation and automated operation of heavy machinery</li><li>Automation of bagged cement product shipping</li><li>Automation of inventory measurement by drone</li></ol>



# Research and Development Strategy



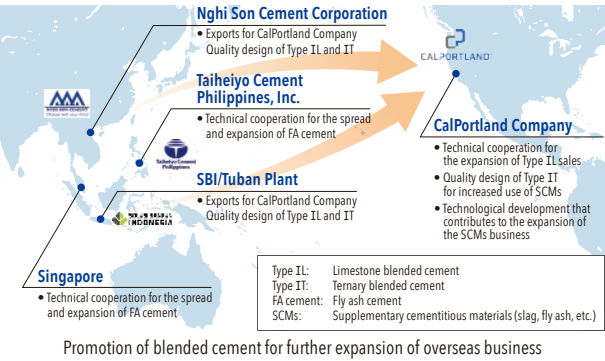
**We will promote research and development that contributes to the business expansion and profit improvement of Taiheiyo Cement Group.**

**Hiroyuki Takano**    Managing Executive Officer

## Key Strategies of the 26 Medium-Term Management Plan and the R&D System of the Research and Development Department

We aim for our Research and Development Department to become one that "anticipates environmental changes, proposes innovations and contributes to the entire group" by 2050. To achieve this, we have formulated four key strategies in the 26 Medium-Term Management Plan: "contributing to business expansion and profit improvement," "technological development toward carbon neutrality," "developing into a group-wide research center" and "research and development for sustainable growth."

As for our R&D system, we would like to establish a system that can promote research and development by bringing together the comprehensive capabilities of Taiheiyo Cement Group to develop into a group-wide research center. We are working to strengthen the functions of our Central Research Laboratory so that it can play the role of "think tank" for the group. To that end, in April 2024 we established a new "NEXST Team," reporting to the director of our Central Research Laboratory, as a dedicated organization to study specific concepts. In addition, to further strengthen our research and development capabilities, we will also work to develop human resources who can contribute to the growth and development of the Taiheiyo Cement Group through practical education to develop global human resources, and the exchange of human resources and technologies with outside parties.



Promotion of blended cement for further expansion of overseas business

## Promotion of Blended Cement for Further Expansion of Overseas Business

In the U.S. market, demand for blended cement is rapidly expanding against the backdrop of carbon neutrality. To meet this demand we are working with our U.S. group company, CalPortland Company, to expand sales of limestone blended cement (Type IL), and are carrying out quality design that meets local needs, such as improving durability. In addition, to further expand our blended cement business in the United States, we are collaborating with PT. Solusi Bangun Indonesia Tbk. (hereinafter referred to as SBI), a state-owned Indonesian company with which we have a capital and business alliance, to export blended cement from Southeast Asia, by proposing manufacturing formulas and providing technical cooperation. The Type IL to be exported from SBI has already received quality certification from the local government in the United States and we expect to be able to start exporting soon. Furthermore, we are also conducting research on ternary blended cement (Type IT), which is expected to have a higher blending ratio than Type IL. In Japan as well, expanding the use of blended cement is an important initiative as a measure to reduce CO<sub>2</sub> emissions, and we will use the knowledge we have accumulated in overseas markets to develop new blended cements and standardize them, aiming for early practical application.



On-site construction of concrete products using CARBOFIX cement



## Technological Development toward Carbon Neutrality

We are working to spread and expand the use of blended cement, low carbon product, as an immediately effective approach toward achieving carbon neutrality by 2050. In addition, as a progressive approach toward 2030, we are working to implement "CARBOFIX cement," a cement-based material that reacts with and fixes CO<sub>2</sub>, and "CARBOCATCH," which efficiently absorbs CO<sub>2</sub> into cement-based slurry. We are steadily gaining experience, such as conducting test constructions, for both of these technologies. In addition, to reduce fossil energy-derived CO<sub>2</sub> emissions, we are promoting the development of advanced burner combustion technology and other technologies to expand the use of combustible waste as an alternative to fossil fuels. On the other hand, since it is also important to deal with chlorine, which is contained in combustible waste and is an undesirable component in cement production, we are further developing our unique chlorine removal technology, the "Chlorine Bypass System" to make it even more efficient. In the current situation of soaring energy prices, expanding the use of combustible waste is expected to contribute not only to achieving carbon neutrality and circular economies, but also to our profits.



Test construction of a concrete pavement using CarboCatch slurry

## Research and Development for Sustainable Growth

By utilizing the knowledge of inorganic chemistry cultivated through cement research and development and the effective use of our resources, we aim to commercialize our unique functional materials at an early stage to make them a new source of revenue for sustainable growth. "CellSpheres," our functional hollow particles, have been adopted by three manufacturers working to develop new products. We have started shipping samples of "Nanolithia," a cathode material for lithium-ion batteries produced at a demonstration plant with an annual capacity of 150 tonnes. In addition, we are providing technical support for the enhancement of production facilities for "ultra-pure silicon carbide (SiC)," a material for power semiconductors used in electric vehicles and data centers, etc., as demand is expected to expand in the future.

Needs surrounding social challenges are diversifying, such as the increase in severe disasters due to recent climate change, labor shortages and aging social infrastructure. To meet these needs, we have built our own market-in type theme exploration system and are focusing on creating new research and development themes. We will also promote incubation activities for the early commercialization of development themes.



"Nanolithia," a cathode material for lithium-ion batteries



## Intellectual Property Strategy

## Fundamental Intellectual Property Policy

Our basic policy is to contribute to the sustainable growth of the Taiheiyo Cement Group through intellectual property activities that support business expansion by promoting an intellectual property strategy that secures a competitive advantage." Based on this policy, we have established three key initiatives: intellectual

property activities that secure a competitive advantage, intellectual property consulting activities that contribute to management and business, and Group collaboration activities related to intellectual property.

## Promoting an Intellectual Property Strategy to Secure a Competitive Advantage

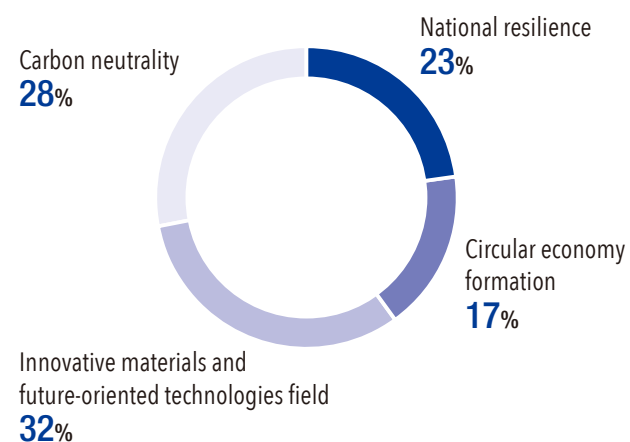
To secure a competitive advantage, we will focus on acquiring intellectual property rights for technologies related to further expansion of our overseas business and improvement of the profitability of our domestic business. For technologies related to carbon neutrality, we will promote the creation of a group of intellectual property rights with a view to global deployment. We will also strive to protect intellectual property rights for technologies related to expanding the use of blended cement, measures to combat intensifying disasters caused by climate change, and DX-related technologies for cement and concrete. Additionally, we will promote the branding of technologies through an intellectual property mix strategy that secures trademark rights and other rights related to patent groups.

We have steadily expanded our intellectual capital to support our future business. The percentage of patent applications by field in the three years of the 23 Medium-Term Management Plan was 28% for carbon neutral technology-related fields and 32% for future technologies using innovative materials, IoT/AI. We support research and development and social implementation

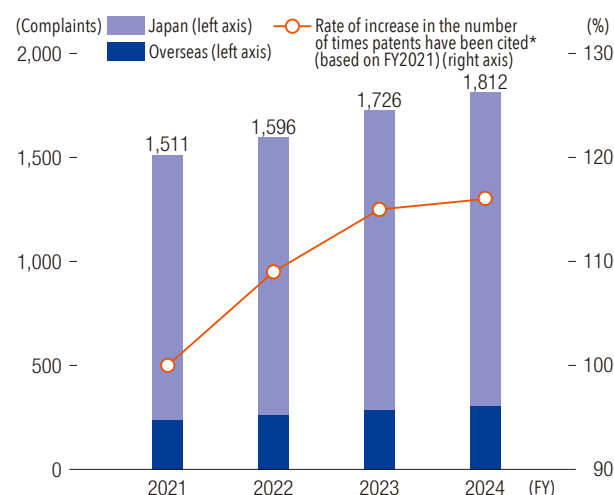
with a view to creating new profits through innovative materials and achieving sustainable growth through the realization of carbon neutrality by securing intellectual property rights. The next highest number of patent applications was for technologies related to strengthening national resilience at 23% followed by technologies related to the formation of circular economies at 17%. These technologies contribute to the expansion of the Taiheiyo Cement Group's business while responding to the needs of a low-carbon society, including those related to severe disasters caused by climate change, and blended cements.

While obtaining a patent has the advantage of granting rights, it also means that the content of the proprietary technology is disclosed. Therefore, in the case of advanced materials such as functional materials, we may consider it more advantageous not to file a patent application and instead secure a competitive advantage by keeping our know-how confidential. On the other hand, we are steadily implementing intellectual property risk management to avoid unintentionally infringing on the rights of other companies.

### ● Patent Application Ratio by Technical Field (3 years of the 23 Medium-Term Management Plan)



- Number of patents held and the number of times patents have been cited



\* An indicator of the deterrent power that our patents have had on the establishment of other companies' patents

**We will promote an intellectual property strategy that maximizes the technological capabilities of the group**

In our company the same director is in charge of research and development and intellectual property activities. Close cooperation between the Research and Development Department and intellectual property activities, such as patent acquisition, is essential to maximize technological capabilities and achieve the goals set by the entire company and each business division. We will strategically promote the creation of a group of intellectual property rights for developed technologies, thereby contributing to strengthening the business competitiveness and enhancing the corporate value of the Taiheyo Cement Group.



## Promotion of Intellectual Property Consulting Activities

In intellectual property consulting activities that contribute to building a business environment advantageous to our company and creating new businesses, we will actively develop IP landscape activities that provide analysis results of intellectual property information and other information that can be used for business and research and development strategies. In FY2024, we conducted 19 analyses (previous fiscal year: 10) for a wide range of purposes, including analysis of technology trends and exploration of new applications, and provided the results to related departments. In a new initiative, we searched for development partners based on patent information and obtained results that contributed to the selection of joint research partners.

In the 26 Medium-Term Management Plan we will focus on identifying areas where we should focus and identifying intellectual property risks through analysis of intellectual property information related to carbon neutrality and blended cement. We will create an inventory of our patented technologies and conduct objective quantitative evaluations, aiming to establish intellectual property consulting activities with strong information analysis capabilities.

## Intellectual Property Management Promotion through Collaboration between Divisions

Intellectual property management is promoted under the Intellectual Property Rights Management Committee (Chairperson: Director in charge of the Intellectual Property Department). The Intellectual Property Department will lead "Intellectual Property Strategy Meetings" which are attended by the heads of related departments to discuss applications and rights acquisition with the Research and Development Department. "Intellectual Property Promotion Meetings" promote intellectual property activities according to the challenges and needs of the business divisions. Thereby, intellectual property activities are promoted through the trinity of the Intellectual Property Department, the Research and Development Department, and the business divisions. We also hold regular meetings where intellectual property promoters from each department gather to disseminate policies on intellectual property and review various intellectual property activities.

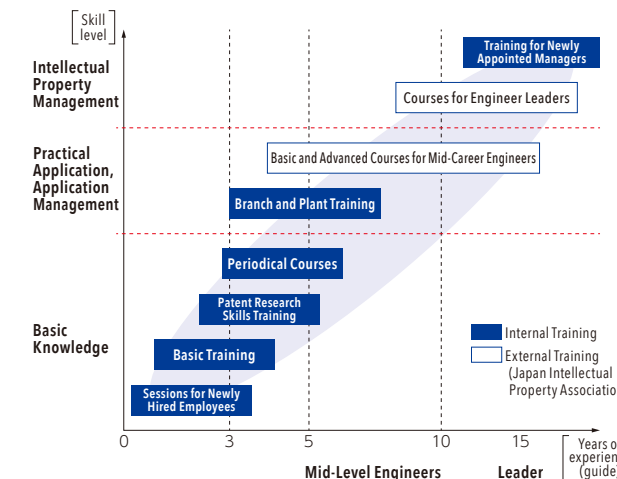
To strengthen interdepartmental cooperation, it is essential to raise the level of intellectual property capabilities across the entire group. We will enhance hierarchical education on intellectual property according to years of experience and expertise and, as an incentive, we will provide rewards to inventors and commend employees who have made significant achievements in intellectual property.

- Intellectual Property Management Promotion System



\* Providing analysis results of intellectual property information, etc. that can be used for business strategies and Research and Development strategies

- Education System for Intellectual Property





Business At a Glance

5-year Net Sales and Operating Income		Overview	Fundamental Policies of the 26 Medium-Term Management Plan		Key Initiatives	Plan for FY2027																	
Net Sales																							
<div><div><div></div><div>Cement Business [Japan]</div></div><div>295.2 billion yen</div></div>	<div><div><div></div><div>Net sales (left axis)</div></div><div><div></div><div>Operating income (right axis)</div></div></div> <table><tr><th>FY</th><th>Net sales (Billion yen)</th><th>Operating income (Billion yen)</th></tr><tr><td>2020</td><td>415.1</td><td>16.7</td></tr><tr><td>2021</td><td>406.2</td><td>16.2</td></tr><tr><td>2022</td><td>237.5</td><td>-1.9</td></tr><tr><td>2023</td><td>255.7</td><td>-36.9</td></tr><tr><td>2024 (FY)</td><td>295.2</td><td>-1.4</td></tr></table>	FY	Net sales (Billion yen)	Operating income (Billion yen)	2020	415.1	16.7	2021	406.2	16.2	2022	237.5	-1.9	2023	255.7	-36.9	2024 (FY)	295.2	-1.4	<p>Although domestic cement sales volume increased from April 2023 due to the acquisition of the cement sales business from Denka Company Limited, domestic demand fell sharply and, including consigned sales, sales volume decreased by 1.4% year-on-year to 12.96 million tonnes. As a result of achieving price increases, net sales increased by 39.429 billion yen year-on-year to 295.169 billion yen, and the operating loss improved by 35.51 billion yen year-on-year to 1.48 billion yen.</p>	<div><div></div>Regeneration of the domestic cement business through cement price optimization</div>	<div><div></div>Optimize cement price</div> <div><div></div>Increase Taiheiyo Cement's presence in the domestic distribution market</div> <div><div></div>Succeed the cement business from Denka Company Limited.</div> <div><div></div>Maintain a stable production by strengthening plant facilities</div> <div><div></div>Strengthen transportation system and response to the shortage of drivers under the revision of regulation in 2024</div> <div><div></div>Implement initiatives aimed at achieving carbon neutrality</div>	<div>Net sales: 350 billion yen</div> <div>Operating income: 35 billion yen</div> <div>P.64~65</div>
FY	Net sales (Billion yen)	Operating income (Billion yen)																					
2020	415.1	16.7																					
2021	406.2	16.2																					
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2023	255.7	-36.9																					
2024 (FY)	295.2	-1.4																					
<div><div><div></div><div>Cement Business [Overseas]</div></div><div>334.7 billion yen</div></div>	<div><div><div></div><div>Net sales (left axis)</div></div><div><div></div><div>Operating income (right axis)</div></div></div> <table><tr><th>FY</th><th>Net sales (Billion yen)</th><th>Operating income (Billion yen)</th></tr><tr><td>2020</td><td>213.3</td><td>19.9</td></tr><tr><td>2021</td><td>214.8</td><td>25.1</td></tr><tr><td>2022</td><td>225.7</td><td>26.0</td></tr><tr><td>2023</td><td>297.3</td><td>22.0</td></tr><tr><td>2024 (FY)</td><td>334.7</td><td>34.2</td></tr></table>	FY	Net sales (Billion yen)	Operating income (Billion yen)	2020	213.3	19.9	2021	214.8	25.1	2022	225.7	26.0	2023	297.3	22.0	2024 (FY)	334.7	34.2	<p>Due to the full-year effect of the acquisition of the Redding Plant and other assets on the west coast of the United States, an increase in exports from Vietnam and the recovery of production capacity in the Philippines, overseas cement business sales volume exceeded the previous fiscal year. As a result, net sales increased by 37.399 billion yen year-on-year to 334.7 billion yen, and operating income increased by 12.172 billion yen year-on-year to 34.191 billion yen.</p>	<div><div></div>Expansion of business through utilization of supplementary cementitious materials ~ Enhancing the added value of blended cement and contributing to profits while promoting carbon neutrality ~</div>	<div><div></div>Strengthen earnings base for existing businesses</div> <div><div></div>Further expand business domain</div> <div><div></div>Expand trading business</div>	<div>Net sales: 410 billion yen</div> <div>Operating income: 45 billion yen</div> <div>P.66~67</div>
FY	Net sales (Billion yen)	Operating income (Billion yen)																					
2020	213.3	19.9																					
2021	214.8	25.1																					
2022	225.7	26.0																					
2023	297.3	22.0																					
2024 (FY)	334.7	34.2																					
<div><div><div></div><div>Mineral Resources Business</div></div><div>87.7 billion yen</div></div>	<div><div><div></div><div>Net sales (left axis)</div></div><div><div></div><div>Operating income (right axis)</div></div></div> <table><tr><th>FY</th><th>Net sales (Billion yen)</th><th>Operating income (Billion yen)</th></tr><tr><td>2020</td><td>80.1</td><td>7.2</td></tr><tr><td>2021</td><td>75.8</td><td>6.1</td></tr><tr><td>2022</td><td>77.2</td><td>6.0</td></tr><tr><td>2023</td><td>82.7</td><td>5.6</td></tr><tr><td>2024 (FY)</td><td>87.7</td><td>8.5</td></tr></table>	FY	Net sales (Billion yen)	Operating income (Billion yen)	2020	80.1	7.2	2021	75.8	6.1	2022	77.2	6.0	2023	82.7	5.6	2024 (FY)	87.7	8.5	<p>The aggregates business performed steadily in the Hokkaido and Kansai regions. Although the sales volume of limestone for overseas steelmaking and stabilizer/insolubilizing agents decreased, net sales increased by 4.968 billion yen year-on-year to 87.674 billion yen, and operating income increased by 2.899 billion yen year-on-year to 8.455 billion yen due to the penetration of the transfer of increased costs to sales prices.</p>	<div><div></div>Working diligently on resource policies with a medium- to long-term perspective to build a foundation for growth</div> <div><div></div>Establishing a revenue structure that is not affected by fluctuations in cement demand</div>	<div><div></div>Strengthen existing core businesses</div> <div><div></div>Improve profitability of affiliates</div> <div><div></div>Build a long-term stable supply system for resources</div> <div><div></div>Expand new businesses in Japan and overseas</div>	<div>Net sales: 100 billion yen</div> <div>Operating income: 11 billion yen</div> <div>P.68~69</div>
FY	Net sales (Billion yen)	Operating income (Billion yen)																					
2020	80.1	7.2																					
2021	75.8	6.1																					
2022	77.2	6.0																					
2023	82.7	5.6																					
2024 (FY)	87.7	8.5																					
<div><div><div></div><div>Environmental Business</div></div><div>68.3 billion yen</div></div>	<div><div><div></div><div>Net sales (left axis)</div></div><div><div></div><div>Operating income (right axis)</div></div></div> <table><tr><th>FY</th><th>Net sales (Billion yen)</th><th>Operating income (Billion yen)</th></tr><tr><td>2020</td><td>84.4</td><td>7.7</td></tr><tr><td>2021</td><td>78.0</td><td>6.4</td></tr><tr><td>2022</td><td>72.3</td><td>6.6</td></tr><tr><td>2023</td><td>77.9</td><td>5.9</td></tr><tr><td>2024 (FY)</td><td>68.3</td><td>6.1</td></tr></table>	FY	Net sales (Billion yen)	Operating income (Billion yen)	2020	84.4	7.7	2021	78.0	6.4	2022	72.3	6.6	2023	77.9	5.9	2024 (FY)	68.3	6.1	<p>Although sales of FGD calcium carbonate and gypsum remained strong, waste treatment, including coal ash treatment, fuel sales and incineration ash treatment, was sluggish, resulting in a 9.656 billion yen year-on-year decrease in net sales to 68.254 billion yen, and a 266 million yen year-on-year increase in operating income to 6.138 billion yen.</p>	<div><div></div>Continuing growth while creating new added value by simultaneously promoting carbon neutrality and circular economies</div>	<div><div></div>Enhance the competitive advantage of existing businesses</div> <div><div></div>Create new added value</div>	<div>Net sales: 89 billion yen</div> <div>Operating income: 10 billion yen</div> <div>P.70~71</div>
FY	Net sales (Billion yen)	Operating income (Billion yen)																					
2020	84.4	7.7																					
2021	78.0	6.4																					
2022	72.3	6.6																					
2023	77.9	5.9																					
2024 (FY)	68.3	6.1																					
<div><div><div></div><div>Construction Materials Business</div></div><div>73.5 billion yen</div></div>	<div><div><div></div><div>Net sales (left axis)</div></div><div><div></div><div>Operating income (right axis)</div></div></div> <table><tr><th>FY</th><th>Net sales (Billion yen)</th><th>Operating income (Billion yen)</th></tr><tr><td>2020</td><td>81.3</td><td>4.5</td></tr><tr><td>2021</td><td>73.0</td><td>3.6</td></tr><tr><td>2022</td><td>65.1</td><td>3.5</td></tr><tr><td>2023</td><td>68.3</td><td>2.4</td></tr><tr><td>2024 (FY)</td><td>73.5</td><td>4.2</td></tr></table>	FY	Net sales (Billion yen)	Operating income (Billion yen)	2020	81.3	4.5	2021	73.0	3.6	2022	65.1	3.5	2023	68.3	2.4	2024 (FY)	73.5	4.2	<p>The strong performance of ground improvement projects and shield tunnel construction-related businesses, together with efforts to optimize the sales prices of ALC (autoclaved lightweight concrete) and building and civil engineering materials, resulted in a net sales increase of 5.185 billion yen year-on-year to 73.456 billion yen, and an increase in operating income of 1.856 billion yen year-on-year to 4.28 billion yen.</p>	<div><div></div>Strengthening the profitability of existing businesses by optimizing sales prices, making DX investments, etc.</div> <div><div></div>Launching new products and expanding into new business areas, including overseas</div>	<div><div></div>Further strengthening of the earnings base</div> <div><div></div>Expanding into new business areas, including overseas</div> <div><div></div>Launch new products toward delivering carbon neutrality</div>	<div>Net sales: 92 billion yen</div> <div>Operating income: 7 billion yen</div> <div>P.72~73</div>
FY	Net sales (Billion yen)	Operating income (Billion yen)																					
2020	81.3	4.5																					
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2024 (FY)	73.5	4.2																					





## Cement Business (Domestic)

### We will regenerate our domestic business by optimizing prices and increasing our presence.

We are the leading manufacturer in Japan, capable of supplying cement to every corner of the country, including remote islands, and we recognize that it is our mission to maintain the ability to stably supply cement to the entire country, including in times of disaster.

In the summary of the 23 Medium-Term Management Plan, "strengthening the profitability of the domestic cement business" was identified as a challenge. Although an increase in domestic cement demand is still not foreseeable, we will continue to improve profitability by making efforts to optimize prices and increase our presence, aiming to regenerate our domestic business.

**Naoyuki Kira** Managing Executive Officer,  
Senior General Manager of Cement Business Division

### Review of the 23 Medium-Term Management Plan and Recognition of the Business Environment

The domestic cement business during the 23 Medium-Term Management Plan period was in a very difficult and unpredictable business environment. Not only did demand plummet due to the COVID-19 pandemic, falling far short of the estimated annual demand of 40 million tonnes, but also all of our initial assumptions were disrupted by developments such as the soaring price of coal due to the situation in Ukraine. In response to this situation, we implemented two price increases of 5,000 yen per tonne for cement and cement-based soil stabilizers in January and October 2022. Although these were drastically revised in a short period of time for the first time in the history, almost all users accepted it because they understood the background of the cost pass-through. As a result, we were able to achieve our domestic net sales target in FY2024.

In addition, in May of this year, we announced a price increase of 2,000 yen per tonne for shipments from April 2025, a price revision necessary for business survival in response to the soaring costs of energy and other resources. At the same time, we will steadily improve the profitability of our domestic business by strengthening orders for large-scale projects such as the redevelopment of the Tokyo metropolitan area and the Linear Chuo Shinkansen, as well as expanding our soil stabilizers business.



Naruse Dam construction site (photographed in May 2024)

### Growth Opportunities and Outlook

Although a significant recovery in domestic cement demand is not expected, we will continue to seek steady growth. One area, although the market size is smaller than that for cement, is cement-based soil stabilizers, which are expected to have solid demand. In particular, since the Great East Japan Earthquake, it has been attracting attention as a countermeasure against liquefaction and its use has been expanding for construction purposes, such as foundations for mid-rise buildings and large warehouses. We recognize that our strengths in stabilizers include our high technological capabilities, as well as our production bases and supply network throughout Japan, which allow us to supply stabilizers regardless of the area.

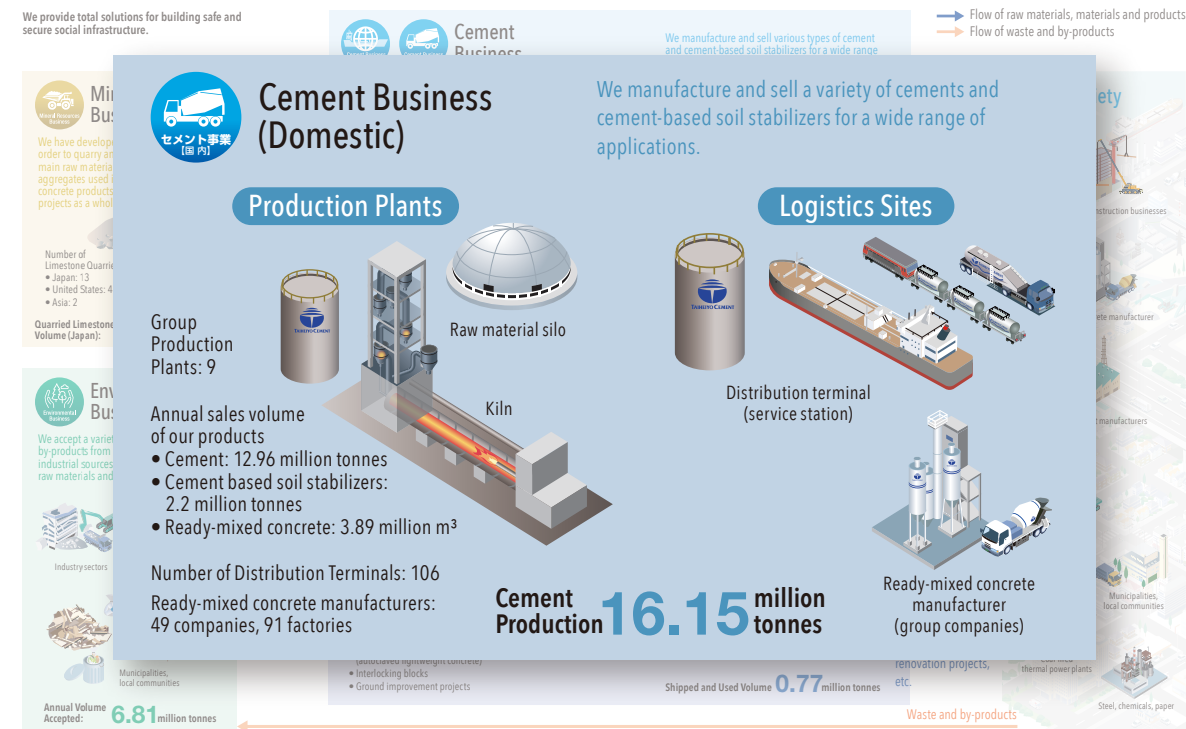
In addition, since April 2023, we have been selling cement produced by Denka Company Limited under our own brand, and we are working to restructure our sales system and logistics network in response to Denka's complete withdrawal from the cement business in the first half of 2025. We will consider whether there is anything we can do to help as a company specializing in cement, such as through business alliances or acquisitions, with a view to the possibility of industry reorganization due to the shrinking domestic market in the future.



Our coastal cement tanker, Han-ei Maru

### Business Model

We provide total solutions for building safe and secure social infrastructure.



### Key Initiatives ①

#### Continuation of Efforts to Optimize Prices

In the 26 Medium-Term Management Plan, we consider the optimization of cement prices to be the most important challenge. We have announced a price increase of 2,000 yen per tonne for cement and cement-based soil stabilizers for shipments from April 2025, but this is the first time we have made an announcement one year in advance. Since 2,000 yen is a large amount for users, we set a timeframe of one year to give users sufficient time to prepare to pass on the price increase to their sales prices. In the future, various costs are expected to rise, and there is also the challenge of how much to reflect capital expenditure for carbon neutrality and other measures in cement prices. We will continue to study what kind of pricing policy should be adopted so that it is easy for users to understand and pass through to their sales prices.

### Key Initiatives ②

#### Human Resource Development for Providing Total Solutions

We will promote the development of human resources who can provide total solutions, covering everything from cement to aggregates for the same user, instead of having different sales representatives for each product. Our strength is that we can supply not only cement but also the sand and aggregates necessary for the production of ready-mixed concrete with a one-stop service, but it is not easy to secure personnel for this, and it is necessary to improve the productivity of each individual. To do so, a wide range of product knowledge and technical knowledge is required, as well as the human skills to build relationships of trust with users. We will create an environment where young employees can play an active role independently so that they can become an immediate asset, while also addressing the educational challenges of skill transfer between generations.

### VOICE

In order for us to continue to fulfill our social responsibility through the supply of cement in the continuing harsh business environment, it is essential to regenerate our domestic cement business, and we cannot avoid optimizing prices to improve profitability.

In preparation for the price revision from April 2025, we have been promoting it to each business partner and related industry, carefully explaining the business environment and the necessity of the price revision, and asking them to pass on the price increase to the product prices of the user industry over a sufficient period of time.

We are currently in the phase of specific price negotiations, but we would like to explore a pricing policy that allows us to pass on the various rising costs each time, together with the user industry, so that we can establish a system that secures profits throughout the supply chain and create a structure that allows the entire industry to survive.



**Takahiro Watanabe**  
Sales Group, Sales Department,  
Cement Business Division





## Cement Business (Overseas)

**We aim for further growth by deepening our business in the United States, strengthening our Southeast Asian business, and expanding our trading business.**

I assumed the position of Senior General Manager of the International Business Division in April and, as the head of our overseas business, I have been visiting each of our overseas locations and interacting with our local partners and employees. The 26 Medium-Term Management Plan is where the growth investments made in the 23 Medium-Term Management Plan will come to fruition and, in addition to our U.S. business which has a solid outlook for the time being, we expect further growth in the Southeast Asian market, which has very high growth potential. In addition, expanding the handling of blended cement is one of the key strategies of the 26 Medium-Term Management Plan, and we will utilize our strengths, the Pacific Rim network, to achieve growth.

**Shinji Fukami**

Director and Senior Executive Officer,  
Senior General Manager of International Business Division

### Review of the 23 Medium-Term Management Plan and Recognition of the Business Environment

During the 23 Medium-Term Management Plan period, the business environment was harsh due to the impact of the COVID-19 pandemic, but we actively made growth investments in our overseas business during that time. First, we withdrew from China, where we had been operating a cement business since the late 1980s, and proceeded with a "Southward Shift" to redirect management resources to Southeast Asia. In our U.S. business, we acquired a cement plant and ready-mixed concrete business assets in 2022 and expanded our business base on the West Coast, mainly in California. As a result, we have made a significant contribution to profit in FY2024.

In Asia, in 2021 we formed a capital and business alliance with Semen Indonesia Group, a state-owned company in Indonesia, and are currently investing in facilities such as a pier to serve as an export base for the United States. Taiheiyo Cement Philippines, Inc. carried out production line renewal work and in July 2024 held a completion ceremony to mark the start of production with the new kiln. The population continues to grow in Southeast Asia and the potential for economic growth is high, so we are making further investments to capture medium- to long-term growth.



PT. Solusi Bangun Indonesia Tbk. Tuban Plant (Indonesia)

### Growth Opportunities and Outlook

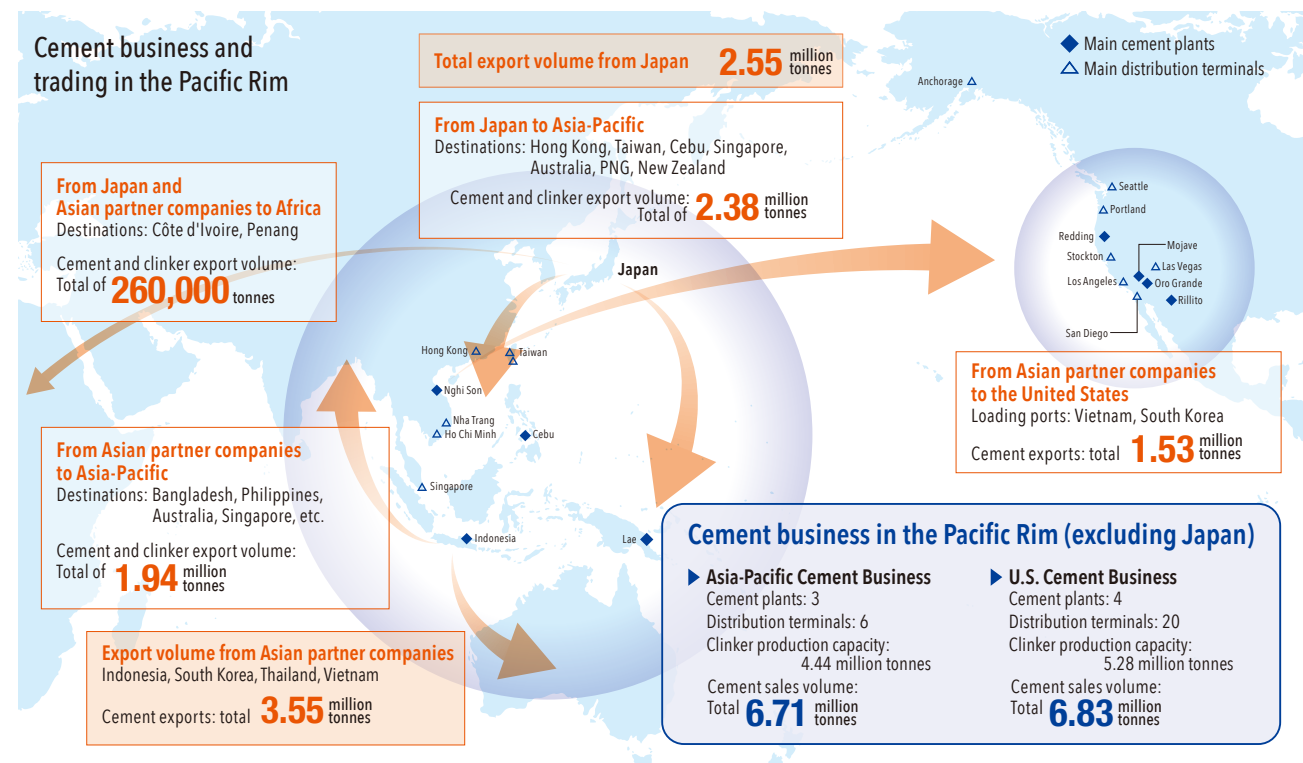
We believe that our U.S. business, which is currently a pillar of our overseas business, still has many growth opportunities. The United States is a rare country among developed countries where the population is increasing and economic growth continues. In the United States, where environmental awareness is high, demand for blended cement, low carbon product, is increasing. We have decided to add silos to our import terminal in California, and we will utilize our supply chain in the Pacific Rim to capture demand for secondary cementitious materials such as slag and fly ash, as well as blended cement.

In Southeast Asian countries the cumulative cement consumption per capita as a whole is still far below the 20-30 tonne level, which is the level at which demand matures. Considering the future population growth and infrastructure investment needs, Southeast Asia is a market with very large potential growth. In addition to the Philippines, Vietnam and Indonesia, where we have already entered, we will explore new growth opportunities in other countries. We also plan to actively promote exports from Japan, as demand for blended cement is increasing in Southeast Asia.



Taiheiyo Cement Philippines, Inc. Cebu Plant (Philippines)

### Cement business and trading in the Pacific Rim



#### Key Initiatives ①

### Further Expand Business Areas

We have expanded our business in the United States and Southeast Asia through our trading business, and we will continue this policy in the 26 Medium-Term Management Plan. We will expand our horizons to Oceania, where we already have a track record and experience, and to India and Africa, which we have not explored until now but are expected to grow significantly in the future, referred to as the Global South, and we will develop a plan for business expansion in new markets.

In Indonesia, we will expand our collaboration with Semen Indonesia Group to business areas beyond cement such as resources, environment and building materials. For example, in the new capital Nusantara, where demand for ground improvement projects is expected, we will propose cement-based soil stabilizers and construction methods utilizing the Taiheiyo Cement Group's knowledge and technology.

#### Key Initiatives ②

### Expand Trading Business

In the United States, we will focus on supplying both blended cements, for which demand is expected to increase in the future, and secondary cementitious materials, which are difficult to procure locally. The supply base for these materials will be the Asian region. First, for cement, we are already exporting from Nghi Son Cement Corporation in Vietnam to the United States. In addition, an export pier currently under construction at the Tuban Plant of PT. Solusi Bangun Indonesia Tbk. in Indonesia is scheduled to be completed at the end of this year, and exports to the United States will begin.

In Asia, we will continue to strengthen our logistics network with the aim of achieving optimal logistics by combining our bases in Japan and Asia. In addition to the Philippines and Vietnam, where the Taiheiyo Cement Group has plants, we plan to increase trilateral trade through exports to the Asia-Oceania region by Semen Indonesia Group.

### VOICE

I feel that the Overseas Business Division is required to have the spirit to actively take on any challenge. In particular, as we move into new business areas such as Indonesia and the Philippines' Luzon Island, and expand our blended cement business, we need to be able to identify new trends without being bound by past experience. So, I believe it is important to be open to trial and error without fear of failure. The Overseas Business Division has been able to gain such experience through overseas assignments from an early stage, and young employees are also provided with opportunities to take on challenges. I would like to contribute to the development of our overseas business by continuing to take on challenges proactively in cooperation with related departments and group companies in Japan and overseas.



**Takashi Hirohata**  
Group II, Business  
Development Department,  
International Business Division





## Mineral Resources Business



**We will maximize the use of abundant limestone resources through a strong supply chain.**

We are developing quarries with a 100-year vision in order to ensure a long-term stable supply of limited resources. We will continue to maintain our competitive advantage, not only in cement production, but also in the supply of aggregates for ready-mixed concrete and other industries such as steel and electric power, utilizing our overwhelming supply capacity and supply chain based on our 13 limestone quarries in Japan. In addition, we will develop our functional materials business, such as ultra-pure silicon carbide (SiC) and functional hollow particles "CellSpheres," with the aim of establishing a revenue structure that is not affected by fluctuations in demand for cement.

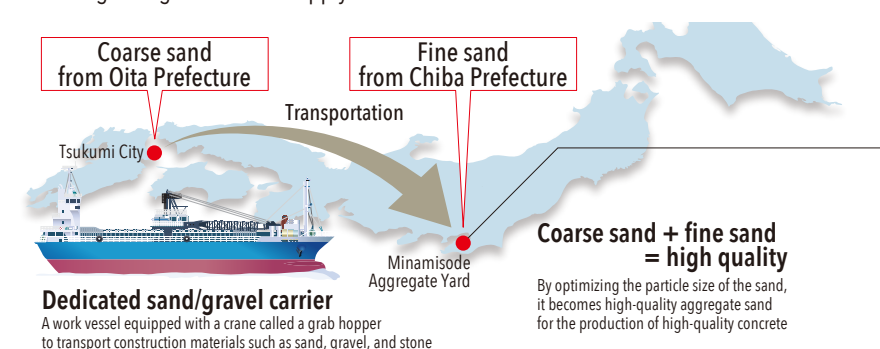
**Kenichi Hirata** Managing Executive Officer

### Review of the 23 Medium-Term Management Plan and Recognition of the Business Environment

Although the 23 Medium-Term Management Plan was implemented in a difficult environment in which domestic demand for cement fell below expectations and various costs, including energy prices, increased, we steadily implemented investments to strengthen our quarries. Currently, the Taiheiyo Cement Group has 13 limestone quarries in Japan and we quarry a little over 35 million tonnes of limestone annually. However, quarry development is essential in order to maintain a stable supply over the long term. Currently, we are carrying out large-scale development work at the Shin-Tsukumi Quarry in Oita Prefecture and the Mount Kurohime Summit Development in Niigata Prefecture, and this development will allow us to secure 100 years' worth of reserves at both quarries.

In FY2024, as a result of passing on the increased costs to sales prices and increasing sales volume, etc., by capturing construction demand in the Hokkaido, Chubu and Kansai regions in the aggregates business, we were able to achieve a year-on-year increase in net sales that exceeded the target of the 23 Medium-Term Management Plan.

While domestic demand for cement is on a long-term downward trend, demand for resource products is firm, and we are also working to build a solid supply chain with the aim of achieving a long-term stable supply.

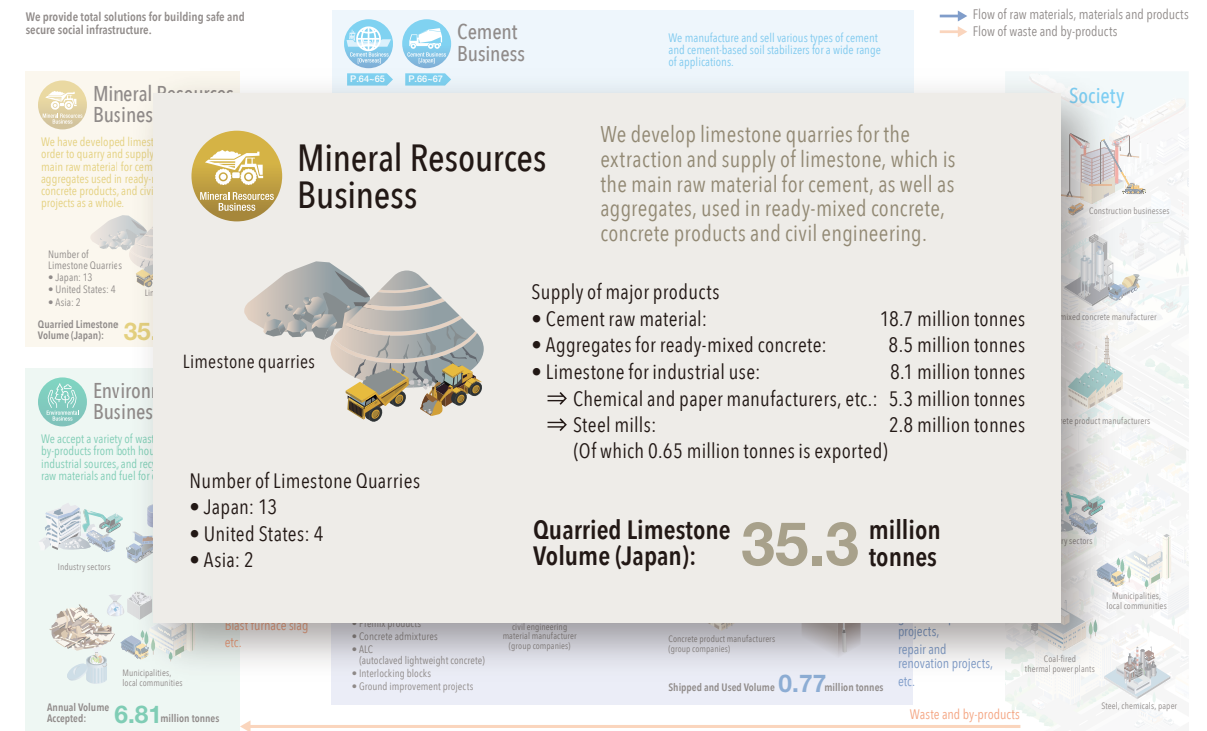


### Growth Opportunities and Outlook

In order to further grow our mineral resources business, we will first work to strengthen our existing businesses of aggregates, mineral products and soil solutions, and improve their profitability. Currently, we are focusing on building a long-term stable supply system for resources and making large-scale investments in each of our quarries in Japan. We will shift to quarries specializing in cement production, aggregates and mineral products, respectively, in accordance with the characteristics of each limestone quarry, maximize the value of our limited limestone resources, and establish an optimal production system. In addition, the mineral resources business is a single business that encompasses everything from quarrying to manufacturing products, transporting them and selling them, but the shortage of drivers under the revision of regulation in 2024 is not only a land-based problem, it is also a sea-based problem. Furthermore, it is necessary to renew our transport vessels to ensure transport capacity. We will continue to develop quarries and strengthen our transportation capacity, and we will gain the understanding of our users regarding the necessity of these costs for long-term stable supply, and realize appropriate pricing. In addition, we will continue to examine the commercialization of a comprehensive soil treatment business for the geo-solutions business, which is not affected by fluctuations in cement demand.

#### Business Model

We provide total solutions for building safe and secure social infrastructure.



#### Key Initiatives ①

### Securing a Competitive Advantage by Building a Strong Supply Chain

The resource product market tends to be local production for local consumption, and it can be said that the supply capacity in each area affects price negotiation power. The Taiheiyo Cement Group is not only developing quarries but also working to maintain large-scale yards and secure transport vessels to enable stable supply. The Minamisode Aggregate Yard in Chiba Prefecture will be completed in December 2024, and this is expected to increase our aggregate inventory capacity in the Tokyo metropolitan coastal area to a 60% share. We will also leverage this market share to help shape the market.

From October 2024, there will be 19 group companies engaged in the mineral resources business, and all domestic quarries will be operated by group companies. In addition to unifying operations and providing technical support, we expect synergistic effects such as complementing each other's resources, and we are working to improve profitability as a group.

#### Key Initiatives ②

### New Profit Pillars

What we expect to be the fourth pillar after the existing three businesses is the functional materials business. For ultra-pure silicon carbide (SiC), which is a power semiconductor material, when the user's specifications are finalized within FY2025 we will enhance our facilities and start supplying SiC in a mass production system within a few years. We are also working to establish a stable customer base for "CellSpheres," our functional hollow particles, and appealing the uniqueness of our battery materials to the market. We will promote efforts to make both of these businesses independent as soon as possible.

In terms of new overseas businesses, we will expand our business in Vietnam, where we have a local subsidiary. We are already exporting and selling gypsum and dolomite to Japan but, going forward, we believe that the soil stabilizers business, for which there is a certain demand expected in the Mekong River area, is promising, and we will focus on this business.

#### VOICE

As part of the technical department of the headquarters, I am involved in the development of the Shin-Tsukumi and Mount Kurohime quarries. We are working with the local communities to consider specifications and construction methods for tunnels, crushing and transportation equipment, construction management, and budget management. Both projects are large-scale developments of new mining areas, requiring 6 to 7 years from the start of construction to completion. In this rare case of having two projects proceeding simultaneously, we feel both a heavy responsibility and a sense of fulfillment, and we will focus on the smooth progress of the construction, aiming for the completion of high-quality facilities that will support the 100-year operation of the quarries and the long-term stable supply of resources, as well as ensuring no accidents whilst meeting the construction schedule within budget.



**Keisuke Fujino**  
Mining Group,  
Mining Department









## Construction Materials Business

**We aim for further growth by strengthening the profitability of our existing business and expanding into new business areas.**

Our main group companies in the construction materials business are Clion Co., Ltd., Taiheiyo Materials Corporation, Onoda Chemico Co., Ltd., Chichibu Concrete Industry Co., Ltd., and Taiheiyo Precast Concrete Industry Co., Ltd. Our Construction Materials Business Department is in charge of these companies and is working to maximize group collaboration and synergy effects. The challenges currently facing our division are the need to develop products and construction methods to address labor shortages and carbon neutrality, and we are promoting initiatives as a united group.

**Isao Matsui**

Director and  
Senior Executive Officer

### Review of the 23 Medium-Term Management Plan and Recognition of the Business Environment

During the 23 Medium-Term Management Plan period, in addition to external factors such as the COVID-19 pandemic and soaring prices of raw materials and energy, the decline in demand for building materials due to delays in construction projects had a significant impact. Under these circumstances, in FY2024, the final year of the 23 Medium-Term Management Plan, we achieved year-on-year increases in both net sales and profit, and this was largely due to the generally smooth progress in optimizing prices due to cost increases, and the strong performance of ground improvement projects by Onoda Chemico Co., Ltd., etc. However, the business environment will continue to be unpredictable, with labor costs and logistics costs expected to rise due to the shortage of drivers under the revision of regulation in 2024, and raw material and energy prices are expected to continue to rise. So, the most important measure will be to steadily optimize sales prices.

In addition, we will continue to work on overseas business development, which was set out in the 23 Medium-Term Management Plan, as an important strategy in the 26 Medium-Term Management Plan. There are significant business opportunities in Southeast Asia where economic development is remarkable, and we are considering if we can expand the products of our group companies in Indonesia, where we have a capital and business alliance with Semen Indonesia Group.



Planting grass between blocks mitigates the effect of the heat island phenomenon

### Growth Opportunities and Outlook

To strengthen the profitability of our existing business, we will continue to focus on product development that meets user needs, along with optimizing prices. In particular, the shortage of labor is becoming increasingly serious, not only for the Taiheiyo Cement Group but also for society as a whole. So, there is a growing need for labor-saving, manpower-saving and shorter construction times, resulting in a pressing requirement to develop products and construction methods that meet these needs among the product groups of each company in our group. Chichibu Concrete Industry Co., Ltd. is working on labor-saving and manpower-saving in particular, and its newly developed concrete surface repair material has been highly evaluated.

These efforts will also drive the expansion of our infrastructure maintenance business, which contributes to fortifying national resilience. The maintenance of aging infrastructure will become increasingly important in the future, but the shortage of labor will be a challenge here as well. In addition to expanding the sales of products and construction methods that meet such needs, we will also consider expanding our service system through M&A as well as promoting DX.



First domestic manufacturer of cement-based high-strength grout material for offshore wind power generation facilities to receive international (DNV) certification (Taiheiyo Materials Corporation)

### Business Model

We provide total solutions for building safe and secure social infrastructure.



### Key Initiatives ①

#### Development of New Businesses

First, for overseas expansion, we will conduct market research and market development for the soil stabilizers business in Indonesia. It has been decided to relocate the capital of Indonesia from Jakarta to Nusantara, a region with widespread peatlands, and we would like to propose cement-based soil stabilizers and construction methods suitable for Indonesia utilizing the ground improvement know-how of Onoda Chemico Co., Ltd.

In Japan, we will promote the soil recycling business for the effective use of construction soil. Onoda Chemico Co., Ltd. is working to spread the use of a method that combines its technology to modify the properties of construction soil generated from shield tunneling and other projects to meet required standards with our cement-based soil stabilizers to produce improved soil, and we will eventually develop this into a business on par with ground improvement work.

### Key Initiatives ②

#### Toward the Delivery of Carbon Neutrality

Amid growing attention to the increased demand for renewable energy, Taiheiyo Materials Corporation developed cement-based high-strength grout material for offshore wind power generation and, in February 2024, acquired international certification from DNV, a global third-party certification body, the first for a domestic company. This will enable domestic procurement of grout material, which had previously relied on imports. In another initiative, Taiheiyo Precast Concrete Industry Co., Ltd. has completed the evaluation of concrete products using CarboCatch, which fixes CO<sub>2</sub> in fresh concrete. We also manufacture environmentally sound products such as paving blocks that have the effect of mitigating the heat island phenomenon and products that effectively utilize rubble that is normally disposed of as industrial waste.

Through these initiatives, the Taiheiyo Cement Group will contribute to the transition towards a decarbonized society.

### VOICE

Many of the products and construction methods provided by our group companies are used in our daily lives, ranging from building materials that enhance our living spaces to strong foundations that support buildings. We are currently promoting the development of environmentally sound products that combine the technologies of our group companies with our carbon neutral technology, aiming for their implementation in society as soon as possible. By establishing a recovery and utilization process for CO<sub>2</sub> recovered at cement plants, we will contribute to achieving carbon neutrality throughout the supply chain as part of our Carbon Neutral Strategy 2050.



**Hiroaki Nakamura**  
Business Planning Group,  
Construction Materials Business  
Department



# Sustainability Management

- Environment
- Human Capital Management
- Occupational Health & Safety
- Respect for Human Rights
- Social and Relationship Capital
- Governance

<Mission of the Taiheiyo Cement Group>

Our mission is to contribute to social infrastructure development by providing solutions that are environmentally efficient, enhance our competitive position and bring value to our stakeholders.

Basic Policy for Promoting Sustainability Management

- ① Based on our Mission and Business Principles, the company will determine the ideal form of sustainability management to be pursued and strive to advance operations based on sustainability.
- ② Promoting a corporate culture that places great importance on compliance, we aspire for all directors and all employees to always make the most appropriate autonomous decisions.
- ③ We will manage the company with the recognition that contributing to global environmental challenges and communities, as well as respecting human rights, will contribute to the sustainability of our group.
- ④ We will proactively engage with key sustainability challenges and undertake the most appropriate prioritization and resource allocation.
- ⑤ Based on the progress of our sustainability management, we will disclose information and communication appropriately with stakeholders to build relationships of trust.
- ⑥ We will promote sustainability management as a group-wide activity.

CSR Objectives for 2025

- 1. Prevention of accidents
  - Zero fatalities
- 2. Reduction of greenhouse gas emissions
  - Reduce specific net CO<sub>2</sub> emissions by 10% or more (compared with FY2001)
- 3. Workplace Diversity
  - Ratio of female recruits: At least 30%
  - Ratio of female employees: At least 10%
  - Ratio of newly appointed female managers: At least 10%



# Environmental Management

## Towards Value Creation

Our environmental management policy declares an active commitment to address environmental challenges facing society, including not only preventing environmental pollution but also building circular economies, delivering carbon neutrality,

reducing environmental impacts, protecting water resources and conserving biodiversity as key management challenges. Under this policy we are striving to improve our environmental performance.

### Environmental Management Policy

In January 2006 we formulated our Environmental Management Policy, reflecting the fact that we consider an active commitment to the environmental challenges facing society to be key management challenges. We will focus on the following six items in all business operations, whilst also communicating with a wide range of stakeholders, both internationally and locally. As a member of the GCCA and the UNGC, we will pursue a sustainable cement industry.

Formulated in January 2006  
Revised in April 2024

#### 1 Pursuing Environmentally Conscious Business Activities

We will properly evaluate the environmental impact of our business activities and work to reduce the burden on the environment by developing and adopting eco-conscious products and technologies. As a member of the local community, we will also engage in environmental conservation activities.

#### 2 Compliance with Environmental Laws and Regulations

We will ensure compliance with all environmental laws and regulations applicable to our business activities.

#### 3 Contribution to the creation of Circular Economies

We will contribute to the establishment of circular economies to reduce our environmental impact and promote economic growth by utilizing the characteristics of the cement industry and advancing the sophistication of recycled resource utilization technologies.

#### 4 Initiatives to deliver Carbon Neutrality

We will work to achieve carbon neutrality throughout the supply chain as a company by maximizing the use of existing technologies and developing and sequentially deploying innovative technologies.

#### 5 Promoting Global Technology Transfer

We will promote the worldwide transfer and deployment of our energy conservation, environmental preservation and waste utilization technologies.

#### 6 Nature Conservation

By providing products and technologies that respect coexistence with nature, we will contribute to the conservation and restoration of water resources and biodiversity, and aim to achieve a nature-positive society.

## Operational Structure

We have established an Environmental Management Committee chaired by the officer in charge of the Production Department to promote environmental management and implement the Environmental Management System (EMS).

In June 1997 we initiated ISO 14001 certification of each of our plants and attained certification of all six of our directly operated plants by 1999. In 2009, we established a company-wide Environmental Management System (EMS) that extends to our headquarters, branches, and the Central Research Laboratory, and in February 2024, we underwent our fifth renewal audit as a company by the Japan Testing Center for Construction Materials, and continue to maintain our certification.

In countries where ISO is adopted, the ISO 14001 certification acquisition rate for cement plants, including Group companies, is 100% and are actively committed to environmental conservation. Furthermore, all of our overseas cement plants where ISO is not adopted as the mainstream standard operate their own EMS.

### Risk Management

#### Environmental risk reduction

We are taking necessary measures to prevent major environmental accidents as appropriate based on past cases.

#### Response to natural disasters

In recent years, the intensification of natural disasters due to abnormal weather has become a challenge. We plan to identify the risk of flooding in our plants due to heavy rain, confirm drainage routes and treatment capacity, and then invest in any necessary preventative measures.

#### Compliance with environmental laws

To ensure compliance with environmental laws throughout the Taiheiyo Cement Group, we regularly conduct environmental patrols at our group companies to confirm their compliance status.

## Roadmap for Achieving this Goal

We will implement continuous improvement activities through the reliable operation of our EMS, and will steadily work on the following points:

#### 1 Zero serious environmental accidents and complaints

We provide training using past cases of serious environmental accidents. To eliminate environmental accidents and complaints caused by dust emissions, we will completely transition the cement kiln exhaust gas treatment equipment from electrostatic precipitators to bag filters at six directly managed plants and three group company plants.

#### 2 Creating plants that are resilient to emergencies (earthquakes, tsunamis, oil spills, torrential rains, fires, dust emissions)

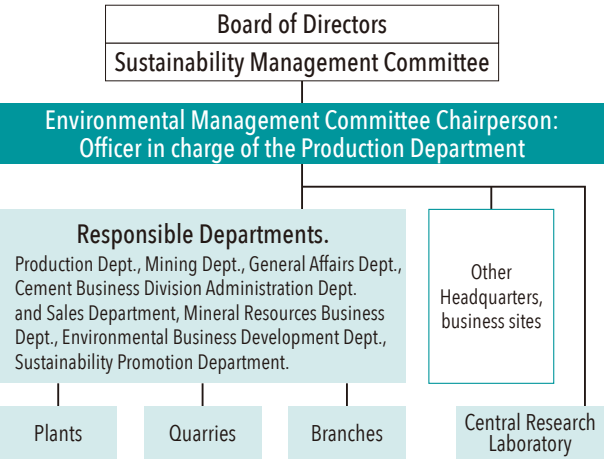
By reviewing manuals for each emergency situation and conducting regular education and training, we will develop human resources with the on-site capabilities to respond to any emergency. We aim to create plants that are resilient to emergencies by identifying environmental risks and planning and implementing countermeasures.

#### 3 Establishing a system for compliance with environmental laws throughout the Group

For group companies, we will conduct regular environmental patrols using checklists that reflect revisions to environmental laws, and establish a system to maintain compliance with environmental laws and regulations.

FY2024 Results	Plan for FY2027	Our Vision (2030)
<div>1 Zero serious environmental accidents and zero serious environmental complaints</div> <div>2 Developed manuals for earthquake and tsunami response, strengthened oil spill prevention system</div> <div>3 Operated environmental law compliance checklists and twice conducted environmental patrols at related group companies.</div>	<div>1 Zero serious environmental accidents and serious environmental complaints</div> <div>2 Implement measures to address the risk of flooding in plants due to torrential rain</div> <div>3 Strengthen fire prevention systems for equipment</div>	<div>1 Zero serious environmental accidents and zero serious environmental complaints</div> <div>2 Create plants that are resilient to emergencies (earthquakes, tsunamis, oil spills, torrential rains, fires, dust emissions)</div> <div>3 Establish a system for compliance with environmental laws throughout the Group</div>

### Company-wide EMS Readiness



Training to respond to environmental accidents (Oita Plant)

### Internal Environmental Audits

We conducted internal environmental audits at all our sites in FY2024. This year's audit focused on confirming compliance evaluations for environmental laws and other requirements, reviewing external communications, and verifying corrective actions for unmet targets. For plants, it also included following up on corrective and preventive actions for environmental non-conformities and assessing flood risk to equipment from natural disasters, including the formulation of countermeasures; and for branches, it involved verifying emergency response procedures at service stations.

#### Results of internal environmental audits

	Total number of identified issues	Number of requests for improvement	Number of corrective actions taken
FY2022	40	3	3
FY2023	29	3	3
FY2024	26	5	5



# Environmental Management – Reducing Environmental Impact –

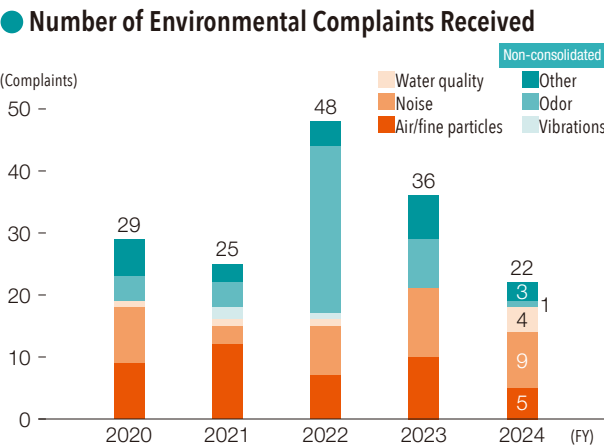
## Policy and Operational Structure

Based on our environmental management policy, we comply with environmental laws and regulations and engage in business activities that consider the environment.

Each plant maintains emergency response plans in preparation for possible environmental accidents. They also conduct periodic fire-fighting drills in cooperation with local fire departments. Other training includes how to reduce environmental impact when an environmental accident occurs, and how to report it to local authorities.

In addition, as we increasingly utilize ever more diverse forms of waste and by-products, the number of environmental issues we need to consider also increases. Therefore, we are ramping up our efforts to reduce environmental impact through activities such as expanding indoor storage facilities and the use of sealed containers for waste and by-products, and improving our flue gas stacks. On receiving an environmental complaint, whenever possible we quickly travel to the site in question to check the

situation, investigate the cause and provide an explanation. If we find that our activities are the cause we implement improvements.

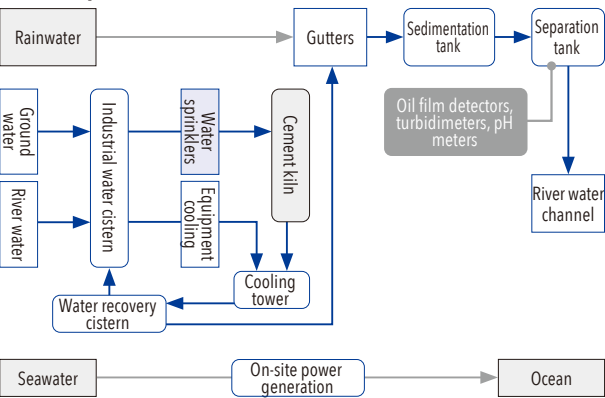


## Risk Management

### Water Contamination Prevention

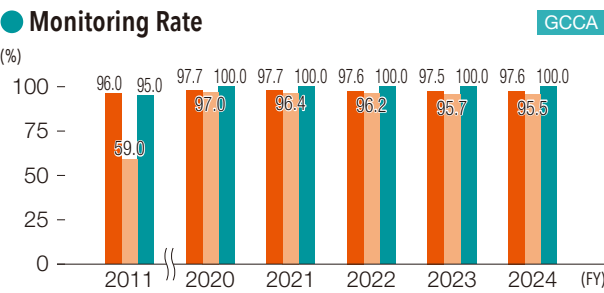
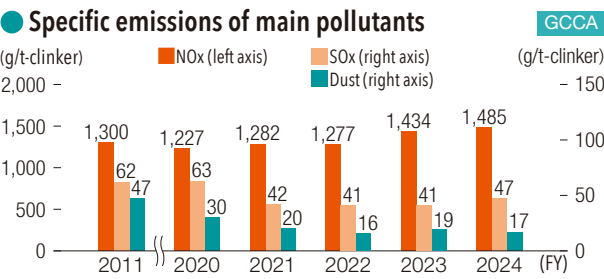
Most of the industrial water discharged from our plants to public watercourses is cooling water and not polluted as defined in the Water Pollution Control Act. At our cement plants all water resources are reused as circulation water to minimize industrial water discharge into watercourses. Moreover, we are taking measures to prevent the leakage of contaminants by installing bunds around oil tanks and acid/alkali tanks, as well as installing sedimentation tanks, water-oil separation tanks, oil film detectors, pH meters and suspended solid sensors on water discharge routes that connect to publiccourses.

### ● Example of Water Circulation Flow at a Cement Plant



### Air Pollution

Air pollutants generated from cement production are primarily NOx, SOx and dust in combustion gases emitted from cement kilns. To ensure the proper management of these substances we strive to reduce air pollutant emissions through measures such as installing equipment to continuously monitor emission concentrations, improving NOx reduction systems and installing bag filter equipment to capture dust. Our target is to maintain our FY2011 emissions levels.



■ Percentage of clinker volume manufactured in a kilns equipped with continuous NOx measurement  
■ Percentage of clinker volume manufactured in a kilns equipped with continuous SOx measurement  
■ Percentage of clinker volume manufactured in a kilns equipped with continuous dust measurement

### Soil Contamination Prevention

Across FY2008 and FY2009, we evaluated the risks associated with cement plants that may be sited on contaminated ground by appointing an expert consultant to undertake a land history survey, conduct drilling surveys, and verify whether or not the soil is contaminated. Actions have been taken as necessary

based on the findings, such as the installation of observation wells to monitor ground water contamination and the removal of contaminated soil. We are also working to eliminate the possibility of soil contamination via measures to prevent the leakage of wastewater from scrapyards or fluid from oil tanks, acid/alkali tanks, pipes and so forth.

### Management of PCB Waste

We properly store and dispose of high and low concentrations of PCB waste in accordance with the Amendment to the Law concerning Special Measures for Promotion of Proper Treatment of PCB Wastes (hereinafter referred to as the PCB Special Measures Law). For high-concentration PCB waste with an early disposal deadline as stipulated by the PCB Special Measures Law, we signed a processing contract with the Japan Environmental Safety Corporation (JESCO) in 2006 and have prioritized processing. In FY2024, we disposed of six PCB contaminated items, such as electrical ballasts, from the former Osaka Plant and the former Kawara Plant, completing the disposal of all high-concentration PCB waste. However, two contaminated items were subsequently discovered at the Kumagaya Plant and the former Onoda Plant and are currently being stored. We will respond appropriately in accordance with instructions from local authorities.

### ● Treatment of High-concentration PCB Waste

Non-consolidated (No. of items)					
Waste	Treated in FY2023	New Targets for FY2024	FY2024 processing results	Stored in FY2024	Treatment Scheduled for FY2025
Capacitors	0	0	0	0	0
Transformers	0	0	0	0	0
Electrical ballasts	6	2	6	2	2
Total	6	2	6	2	2

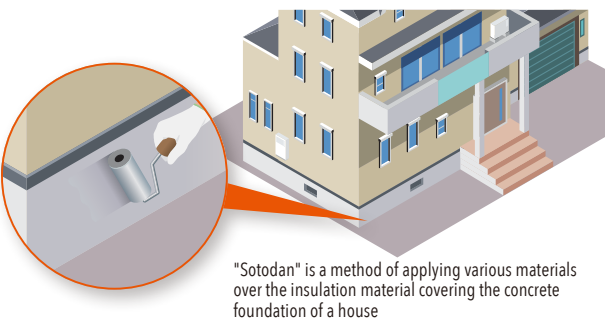
## Environmentally Sound Products

### Foundation insulation system "Sotodan"

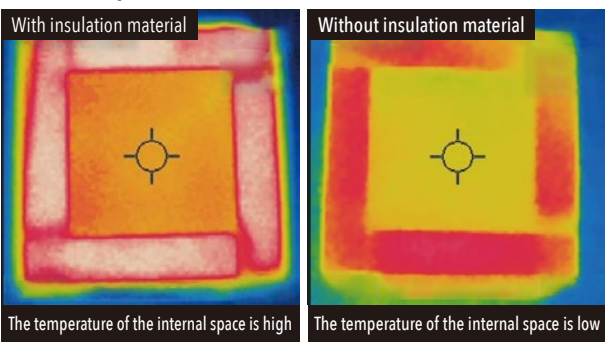
The housing industry is promoting the spread of ZEH\*, with excellent environmental performance, towards the delivery of carbon neutrality by 2050. ZEH requires high thermal insulation performance to reduce energy consumption. One way to improve thermal insulation performance is the foundation insulation method, which covers the concrete foundation with insulation material. This makes it possible to keep the underfloor temperature constant, making it cool in summer and warm in winter. Furthermore, by combining this with roof and wall insulation, energy consumption for air conditioning and floor heating can be significantly reduced. "Sotodan," developed by Chichibu Concrete Industry Co., Ltd. for foundation insulation, is a construction method that protects the insulation material on the outside of the foundation from impact, wind, rain, and ultraviolet rays, and adds design value. It is a simple construction method that allows various materials to be applied over the insulation material without any special skills or tools, and it has excellent adhesion and durability.

As compliance with energy-saving standards will be mandatory for all new buildings from April 2025, ZEH is expected to increase further in the future, and demand for "Sotodan" is also expected to increase accordingly.

\* ZEH: Abbreviation for net Zero Energy House, meaning "a house with zero or negative energy balance" consisting of three elements: energy saving, high thermal insulation and energy generation, contributing to CO<sub>2</sub> reduction.



### ● Verification of the effect of insulation material installed on a test specimen simulating the concrete foundation of a house (comparison when placed in a low-temperature environment for 3 hours)



High temperature Low temperature

When placed in a low-temperature environment for 3 hours, the temperature of the internal space of the concrete test specimen is kept high under the condition with insulation material installed (left figure)



# Circular Economies – Improving resource efficiency –

## Towards Value Creation

We are promoting the recycling of waste and by-products into alternative raw materials and fuels for cement towards the creation of circular economies. This reduces the depletion of natural resources and also contributes to extending the life of final disposal sites.

We will continue to create new added value and grow by flexibly responding to cement demand trends and social demands, while achieving circular economies at the same time as carbon neutrality.

## Policy and Operational Structure

We have set the establishment of circular economies as part of our environmental management policy, and have identified it as a material management challenge. We aim to reduce our environmental impact and achieve economic growth by utilizing the characteristics of the cement industry, aiming for further sophistication of recycled resource utilization technologies, and launching and developing new businesses that contribute to deepening them. The Taiheiyo Cement Group not only recycles difficult-to-treat waste using the cement manufacturing process,

but also recovers various useful resources such as through phosphorus recovery technology (Rintoru), useful metal/precious metal recovery technology in the cement manufacturing process, and lithium-ion battery treatment technology, enabling reuse through collaboration with other industries.

We will promote this under the basic policy of sustainability management, while developing and sharing it in each business and research and development department.

## Roadmap for Realizing the Long-term Vision

Based on the current social situation, such as domestic cement demand trends and the promotion of carbon neutrality initiatives, we will promote the following initiatives as a roadmap for achieving circular economies by 2030.

① Securing the superiority of existing businesses

② Further improvement of the thermal energy substitution rate by securing the amount of waste treatment in cement production

③ Securing coal ash sources for use as supplementary cementitious materials in blended cement.

Furthermore, to contribute to the deepening of circular economies, we will promote the following initiatives:

① Recycling lithium-ion batteries, which are one of the difficult-to-treat materials

② Participating in the phosphorus recovery and fertilizer from the sewage sludge resources demonstration project, which does not depend on the cement business, and the waste solar panel treatment business

③ Establishment of technology for recovering precious metals and removing heavy metals from incineration residues from municipal waste

FY2024 Results

The amount of waste and by-products used was 5.476 million tonnes, a decrease year-on-year due reduced cement production. However, the utilization rate was 421.9 kg/tonne-cement, an increase on the previous fiscal year. The amount of waste plastic accepted as an alternative fuel increased by 0.7% year-on-year.

Plan for FY2027

We will work to accept recycled products that were previously considered difficult to treat, increase the amount of waste treatment, improve the thermal energy substitution rate by increasing the amount of fuel waste treatment in cement production, and launch new businesses that contribute to the deepening of circular economies at an early stage.

Our Vision (2030)

While cement production is decreasing, we will expand new businesses that contribute to the deepening of circular economies and strongly promote activities that can contribute to the local community.

Resource Recycling with Local Communities

In addition to industrial waste, we also use general waste generated by local governments, municipal waste incineration residues, water purification sludge and sewage sludge as raw materials and fuel to manufacture cement.

The national waste generation volume in FY2023 was 40.34 million tonnes, of which 3.37 million tonnes, including non-utilized incineration residues and waste that could not be incinerated, were landfilled at final disposal sites.

The Group's systems for recycling municipal waste that meet the needs of society include the Incineration Residues Recycling System, the AK System, and the Ecocement System. We use these three technologies to recycle municipal waste and strive to make effective use of such resources and resolve environmental issues.

Resource Recycling with Industries

We accept coal ash produced at coal-fired thermal power plants and use it as a substitute for clay as a cement raw material. In addition, we operate Ash Centers to use more ash effectively. We supply limestone powder to power plants as a desulfurization agent for sulfur oxides generated by coal combustion, and we also take back and effectively utilize the by-product gypsum generated from the reaction as a cement raw material.

Steelmakers employ a refining process to remove impurities from iron ore as it's transformed into steel. We supply the limestone and quicklime used in the refining process. We also take in by-products such as blast furnace slag generated after refining, and use them as cement raw materials and as supplementary cementitious material.

## Materiality KPIs, targets and results

KPIs and targets	FY2022	FY2023	FY2024
Promote the use of alternative raw materials and fuels Maintain waste usage intensity of 400 kg/tonne-cement or more	405.2 kg/t-cement	409.6 kg/t-cement	421.9 kg/t-cement
Waste emissions Maintain volume of waste to landfill at or below 40 tonnes	1.3 tonnes	1.9 tonnes	2.0 tonnes

## Trends in Amount and Intensity of Waste and By-products Used

Fiscal Year	Total amount (thousand t)	Intensity (kg/t-cement)
2011	6,478	267.3
2020	6,387	409.5
2021	6,108	402.7
2022	6,244	405.2
2023	5,771	409.6
2024	5,476	421.9

Demonstration facility of the Ministry of Land, Infrastructure, Transport and Tourism's "Demonstration Project for Innovative Sewage Technology (B-DASH Project)"

## Initiatives at Service Stations

Service stations (SS) reduce the waste handled by waste disposal contractors by accepting any residual cement that remains in silos after switching the cement products. Returned cement is recycled as raw material. The recycling rate in FY2024 increased by 14.6% compared to the previous fiscal year.

## Recycling Ratio

Fiscal Year	Recycling Ratio (%)
2020	77.9
2021	80.3
2022	83.5
2023	73.4
2024	88.0

## External Economic Benefit (EEB)

We evaluate the socioeconomic benefits from environmental impact reduction due to increased recycling of waste in monetary terms.

### Basic approach

We use the external economic benefit (EEB) evaluation method through our Recycled-Waste-to-Cement System to express, in monetary terms, our evaluation of socioeconomic benefits from environmental impact reduction due to increased recycling of waste accepted from outside the company. We calculate that we created a social benefit of 88.6 billion yen in FY2024. In FY2024, the amount of natural raw materials reduced increased from the previous fiscal year, and the economic effect increased by about 2% year-on-year.

## External Economic Benefits (FY2024)

Impact	Inventory	Reduction (t)	Inventory Market Price (Yen/t)	External Economic Benefits (Billion yen)
Climate change mitigation	CO <sub>2</sub>	1,986,899	3,000	60
Depletion of energy resources	Crude oil	108,397	18,400	20
Depletion of mineral resources	Natural resources	6,823,222	1,000	68
Shortage of landfills	Waste	4,923,390	15,000	739
Total				886

## Taiheiyo Cement's External Economic Benefits Evaluation

- We have developed a unique evaluation method to estimate the contribution to overall environmental benefit to society by utilizing waste materials from other industries.
- We use information, including data collected for the GCCA Cement CO<sub>2</sub> Protocol, to calculate the reduction in consumption of fossil energy and natural resources associated with the use of waste and by-products.
- Economic benefits are calculated by multiplying reductions in consumption (effects of environmental conservation) by set market prices. The market values of the inventory items are set at FY2001 levels, and are estimated on the basis of the following considerations: CO<sub>2</sub>: Carbon tax of 3,000 yen/tonne, Crude oil: Import price, Natural raw materials: Purchase price (assumed), Waste: Treatment cost at a managed disposal site (Tokyo metropolitan area)
- A portion of the External Economic Benefits is accounted for in our profit and loss statement.

Fiscal Year	External Economic Benefits (Billion yen)
2021	89.2
2022	90.8
2023	87.2
2024	88.6

80

81



# Climate Change – Preventing Global Warming –

## Towards Value Creation

A considerable amount of CO<sub>2</sub> is emitted during the cement manufacturing process, of which 40% is energy derived and 60% is derived from the decarbonation of limestone, the main raw material. Therefore, while it is theoretically possible to reduce energy-derived CO<sub>2</sub> emissions to zero by switching to clean energy, there is a major challenge in that CO<sub>2</sub> emissions from raw materials cannot be reduced to zero as long as limestone is used.

To contribute to the prevention of global warming and achieve sustainable growth, we have set forth our "Carbon Neutral Strategy 2050," which includes 2030 interim targets, and are promoting CO<sub>2</sub> emission reduction measures from a medium- to long-term perspective.

## Policy and Operational Structure

Based on our "Carbon Neutral Strategy 2050" we have established a project team (currently the Carbon Neutral Technology Development Department) to work on achieving carbon neutrality as a growth strategy and are promoting the development and practical application of innovative technologies that contribute to carbon neutrality.

Furthermore, under the Carbon Neutral Strategy Committee, we have established five working groups (2030 WG, Medium- to Long-Term WG, Finance WG, CCS WG, and CN Plant WG) as cross-organizational groups to promote activities toward achieving our goals.

## Roadmap for Realizing the Long-term Vision

In order to achieve our interim goals for 2030, which are "reducing specific CO<sub>2</sub> emissions by 20% or more across the entire supply chain compared to 2000" and "reducing CO<sub>2</sub> emissions in Japan by 40% or more," we have set goals for energy conservation, fossil fuel substitution and expansion of the use of supplementary cementitious material, development of low-CO<sub>2</sub> cement, and completion of the development of CO<sub>2</sub> recovery and utilization technologies.

FY2024 Results

- Commenced study of the carbon neutral model plant concept
- Started demonstration testing of C2SP Kilns
- Decided to introduce gas engine power generation equipment at the Fujiwara Plant

Plan for FY2027

- Accelerate the shift to blended cement
- Development of a system for procuring supplementary cementitious materials
- Promoting alternatives to fossil energy

Our Vision (2030)

- New standardization of blended cement
- Gas firing using methane, hydrogen, etc.
- Development of new grinding aids
- Low CO<sub>2</sub> cement (CARBOFIX cement)
- CO<sub>2</sub> sequestration (CARBOCATCH)

Reducing CO<sub>2</sub> Emissions during Transportation

We contract the delivery of our raw materials, fuels and products to transportation companies and are striving to reduce CO<sub>2</sub> emissions as a specified consigner designated under the Act on Rationalizing Energy Use. As part of our key initiatives, in the trucking division we are encouraging the planned implementation of round-trip transportation and eco-driving, as well as the introduction of energy-saving equipment such as digital tachometers and eco-tires for each vehicle. In shipping, we operate new ships that are equipped with various energy-saving features. We are also supporting energy-saving operations for conventionally powered ships.

Our FY2024 CO<sub>2</sub> emissions were approximately 2% lower than in FY2023.

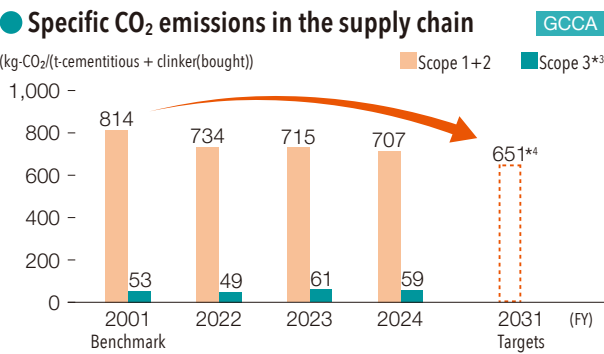
CO<sub>2</sub> Emissions by Mode of Transportation (FY2024)

Mode of transportation	Transportation volume (thousand t)	Average distance transported (km)	Transported tonne-kilometers (thousand t/km)	CO <sub>2</sub> emissions (thousand t)
Ship	15,955	502	8,013,408	108
Truck	12,135	61	741,154	41
Railway	4,864	26	125,322	3
Total	32,954	269	8,879,884	152

## Materiality KPIs, targets and results

KPIs and targets	FY2022	FY2023	FY2024
<b>Delivering carbon neutrality (2030 Interim Targets)</b> Reduce specific CO <sub>2</sub> emissions*1 by at least 20% (compared with 2000)	9.7%	10.5%	11.6%
Reduce domestic CO <sub>2</sub> emissions*2 by 40% or more (compared with 2000)	36.0%	42.7%	46.8%

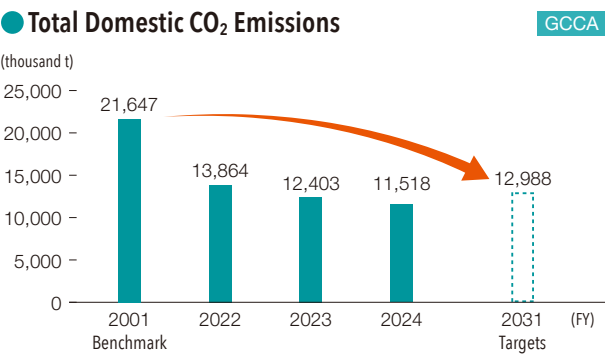
\*1 Scope 1 (excluding fossil energy substitution) + Scope 2 + Scope 3 (Categories 1, 3)  
\*2 Scope 1 (excluding fossil energy substitution) + Scope 2  
(Note) Calculation results were reviewed and retroactively revised



(Note) Calculation results were reviewed and retroactively revised  
\*3 For Scope 3, refer to the "Emissions Unit Values for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain (Ver. 3.2) Ministry of the Environment" and the "LCI Database IDEA version 3.2 (before FY2023), version 3.4 (FY2024)."  
\*4 Excluding Scope 3

Specific CO<sub>2</sub> emissions in Scope 1+2 decreased compared to the previous fiscal year. We have achieved an 11.6% reduction toward our 2030 goal of reducing CO<sub>2</sub> specific emissions by 20% or more across the entire supply chain (compared to 2000).

We are also promoting the examination of appropriate evaluation methods for the CO<sub>2</sub> reduction effect through concrete absorption in cooperation with the GCCA.



Emissions decreased due to the decrease in coal consumption resulting from the increase in fossil fuel alternatives and the decrease in cement production volume, and we exceeded our 2030 interim target of reducing total domestic CO<sub>2</sub> emissions by 40% or more (compared to 2000).

## Environmental Accounting by Project – Introduction of Gas Engine Power Generation Equipment at the Saitama Plant

Gas engine power generation equipment uses an internal combustion engine that burns gaseous fuels such as city gas, and generates electricity by converting the driving force obtained from combustion into electrical energy.

In FY2024, we introduced two 7,800 kW gas engine power generation units at the Saitama Plant, the second case for our domestic plants. This power generation equipment is state-of-the-art equipment with high power generation efficiency and excellent environmental performance, and the introduction of this equipment enables stable availability of electric power necessary for operation and the use of energy-saving and low-CO<sub>2</sub> emission electric power. We will continue to aim for further CO<sub>2</sub> reductions and reductions in our environmental impact.



Gas engine power generation facility at Saitama Plant

Investment amount: Approx. **3.6** billion yen      Reduction in CO<sub>2</sub> emissions: **5,809** tonnes/year



# Disclosure Regarding Recommendations of the TCFD

## Setting Scenarios

We focused our scenarios, evaluation and analysis on the business risks and opportunities that climate change will pose to the Group by the year 2050. We identified events that will materially impact climate-related risks and opportunities, based on climate-related, long-term scenarios founded on science, such as the World Energy Outlook (WEO) and Energy Technology Perspectives (ETP) published by the IEA, and The Fifth Assessment Report (AR5) published by the IPCC. Then we created two CO<sub>2</sub> emission reduction-related scenarios, 1.5°C and 4°C, that will impact the business operations of the Group, along with appropriate carbon price assumptions for the 2030s using the IEA World Energy Outlook 2021 as a reference. To follow up, we analyzed the business impacts of every scenario by size and time horizon (short, medium and long).

## Process of Selecting Material Climate-related Risks and Opportunities and Scenarios

- STEP 1

Conduct a benchmark survey to identify climate-related risks and opportunities for the cement industry and identify relevant drivers
- STEP 2

Determine the causal relationships between climate-related drivers, interim outcomes and implications. Then identify key drivers
- STEP 3

Create climate-related scenarios for each key driver, referring to the published climate-related long-term scenarios that were developed based on scientific grounds
- STEP 4

Evaluate the anticipated business impacts of each scenario
- STEP 5

Review responses to the business impacts which are, in our view, positively or negatively significant in our evaluation

	1.5°C scenario (consistent with the Paris Agreement)	4°C scenario (ineffective response to climate change)
Reference Scenarios	IEA net-zero Emissions Scenario (NZE) Carbon Emissions Pathway: RCP 2.6	IEA Stated Policies Scenario (STEPS) Carbon Emissions Pathway: RCP 8.5
Assumed Carbon Price	US\$130 (approx. 17,550 yen)/tonne-CO <sub>2</sub>	US\$30 (approx. 4,050 yen)/tonne-CO <sub>2</sub>

1.5°C Scenario	4°C Scenario
Government and industry are working together toward carbon neutrality. Development consistent with the industry's transition to carbon neutrality (CO <sub>2</sub> capture, utilization and storage technologies) is progressing. The effects of climate change are being addressed to a certain extent through national resilience policies and other measures.	There is a mismatch between our efforts towards carbon neutrality and the regulations applicable to the cement industry, which would put us at a competitive disadvantage. Profits from the development of the innovative technologies that we promote are limited. In addition, the effects of climate change are becoming more severe, such as frequent extreme climatic events.

## Scenario Overview

### Business Impact

Category	Drivers	1.5°C Scenario		4°C Scenario	
		Negative	Positive	Negative	Positive
1. Policy and Regulatory	• Introduction of regulated carbon pricing Tighter CO <sub>2</sub> emission regulations		Medium	Medium	
2. Market	• Soaring fossil energy prices	Small		Medium	
	• Increased demand for low-carbon construction materials		Large		Medium
	• Reduced operation of coal-fired thermal power plants	Medium		Small	
3. Technologies	• Progress in the development of CO <sub>2</sub> capture and utilization technology		Large	Medium	
	• Improved technologies for resource recycling and advanced circular economies		Medium		Small
4. Reputation	• Increased awareness of delivering carbon neutrality		Medium	Medium	
5. Physical events	• Chronic - Higher average temperatures, higher sea levels	Small	Small	Medium	Small
	• Acute - Intensification of climatic events (e.g., flooding, high temperatures)	Small	Small	Large	Small

Large: Impact of about 100 billion yen in terms of net sales  
Medium: Impact of about 1-10 billion yen in terms of net sales  
Small: Impact up to about 1 billion yen in terms of net sales

# Disclosure Regarding Recommendations of the TNFD

## Governance

To promote sustainability management, we have established a "Sustainability Management Committee" chaired by the president and composed of all directors and managing executive officers. The Environmental Management Committee and the Risk Management & Compliance Committee, which are specialized committees under the Sustainability Management Committee,

are working to solve problems associated with climate change and natural resources capital for the Taiheiyo Cement Group, formulating action plans and conducting self-evaluations of activity results. The content is deliberated by the Sustainability Management Committee, and the results are reported to the Board of Directors.

## Strategy

The Taiheiyo Cement Group's quarry operations are conducted with the recognition that limestone mining for raw materials depends on and affects nature, and we are continuously implementing measures to conserve the natural environment of the quarries and surrounding areas. In cement production, we utilize water resources for cooling plant equipment. We are working to analyze water risks and understand water usage to ensure appropriate use, as water-related challenges may arise in the future.

In the future, in order to clarify our contact points with nature, we are considering using methods such as the LEAP\*2 approach based on the recommendations of the TNFD\*1 to understand the risks and impacts on nature, and incorporating them into our strategy as a long-term plan.

\*1 Abbreviation for Taskforce on Nature-related Financial Disclosures.  
\*2 Guidance developed by the TNFD, which stands for the four phases: "Locate," "Evaluate," "Assess" and "Prepare"

## Risk and Impact Management

Based on materiality, we are formulating quarry restoration plans and managing water resources, and we understand the risks and situations of our quarries and plants.

**Biodiversity** P.86-87  
The Taiheiyo Cement Group's quarry operations extract limestone, so the impact on the environment and ecosystem in the development area is unavoidable. In quarry development, based on environmental surveys of the development area, including biodiversity and water resources, we conduct preliminary assessments of the impact of development with the cooperation of experts, and formulate development plans while exchanging opinions with stakeholders. We regularly monitor the surrounding environment and report on environmental impacts to stakeholders.

In addition, based on the GCCA guidelines, we have set a target quarry restoration plan formulation rate of 90% or more.  
**Conservation of water resources** P.88  
The water used at the Taiheiyo Cement Group's cement plants is not a raw material for cement products, but is mainly used for cooling plant equipment and, as a result, it evaporates. We are working to reduce the impact on water areas by recycling all water used in our plants, except for household wastewater, and we are analyzing water resource risks at our cement plants using the WRF\*3. In addition, we are conserving water sources by managing water resources based on the GCCA guidelines.

\*3 Abbreviation for Water Risk Filter, a water risk map developed by the World Wide Fund for Nature (WWF)

## Indicators and Targets

We have positioned proactive efforts toward natural resources capital, such as the conservation and recovery of water resources and biodiversity, as an important management challenge in our environmental management policy, and we are conducting impact assessments and management in our business activities with the aim of achieving a nature-positive society. In the future,

based on the recommendations of the TNFD, we aim to improve the accuracy of our analysis methods and review the scope of our assessment and priority areas. We will also examine the indicators and targets to be managed based on the results of the assessment of the impact of our business activities.

## Overview of Assessment of Impact and Dependence on Nature

The following is an overview of the Taiheiyo Cement Group's dependence and impact on nature.

Process	Office	Dependence on Nature	Impact on Nature
Limestone quarrying	Limestone quarries	• Quarrying of mineral resources • Other natural resources	• Land conversion • Impact on ecosystems (terrestrial and fresh water)
Cement production	Cement plant	• Use of water resources (fresh water, sea water, ground water)	• Water use (fresh water, sea water)

FY2024 Results	Plan for FY2025-FY2027	Our Vision (2030)
<ul style="list-style-type: none"><li>Analysis of biodiversity risks at quarries using IBAT*4</li><li>Analysis of water resource risks at cement plants using WRF</li></ul>	<ul style="list-style-type: none"><li>Promote information disclosure in line with TNFD</li><li>Assess impacts and dependencies along the LEAP approach</li><li>Assess risk opportunities along the LEAP approach</li><li>Examine indicators and targets</li><li>Continuous improvement</li></ul>	<ul style="list-style-type: none"><li>Promoting nature-positivity throughout the Group</li></ul>

\*4 Abbreviation for Integrated Biodiversity Assessment Tool provided by BirdLife International



# Natural Resources Capital – Biodiversity –

## Towards Value Creation

The Taiheiyo Cement Group believes that it is important to balance the conservation of the local ecosystem with the promotion of local communities when developing and operating limestone quarries, which have the greatest impact on biodiversity among our business activities. We aim to realize a nature-positive economy advocated by the Taskforce on Nature-related Financial Disclosures (TNFD) through collaboration with local communities, from quarry development and operation to the use of post-mining sites. Specifically, we strive to operate our quarries in a way that minimizes environmental impact, including the prevention of mining pollution and the conservation of biodiversity and water resources, while taking into account the opinions of local governments, local communities and academics.

## Policy and Operational Structure

Cement production starts with quarrying limestone, the primary raw material for cement. We also quarry many mineral resource products used as aggregates and industrial raw materials. The Taiheiyo Cement Group recognizes the importance of actively contributing to biodiversity protection as a key management priority and has incorporated natural conservation into our "Environmental Management Policy." In addition to the conservation of rare animals and plants and the greening of mining areas and sites that we have traditionally carried out at our quarries, we will participate in the "30by30 Alliance for Biodiversity" and the "Keidanren Nature Conservation Council" promoted by the Ministry of the Environment from FY2024 to promote more proactive activities.

## Risk Management System

The main limestone quarries of our group are located near cement plants. Based on the GCCA guidelines, we use the Integrated Biodiversity Assessment Tool (IBAT) provided by BirdLife International to check if any of our group's limestone quarries are in any of the protected areas defined by the International Union for Conservation of Nature (IUCN) and conducted a biodiversity assessment. Quarries located in areas considered to have biodiversity value are operated with consideration for the environment under the operating permits from the local governments. During development and operation, we regularly monitor the surrounding environment and report on the environmental impact of development and operation to stakeholders to manage risks. We are also formulating and operating mining plans that include environmental restoration, such as greening after mining is completed.

GCCA			
Limestone Quarries of the Group			
Region	Quarries	Site area (ha)	Applicable*1 quarries
Japan	13	2,835	2
America	4	1,903	0
Asia	2	617	0
Ratio of quarries with recovery plans (%)			95

\*1 A protected area whose purpose is to conserve habitat mainly through management activities. Includes IUCN Protected Areas Category IV (habitat or species management area)

## Roadmap for Realizing the Long-term Vision

The Taiheiyo Cement Group has been promoting greening activities in mining areas and post-mining sites at limestone quarries, which are related to biodiversity. In mining areas, forests are cut down, topsoil is excavated, and limestone is extracted, so bedrock and ground are exposed and there is no vegetation. However, if no quarrying work is expected for some time we strive to green such areas as soon as possible.

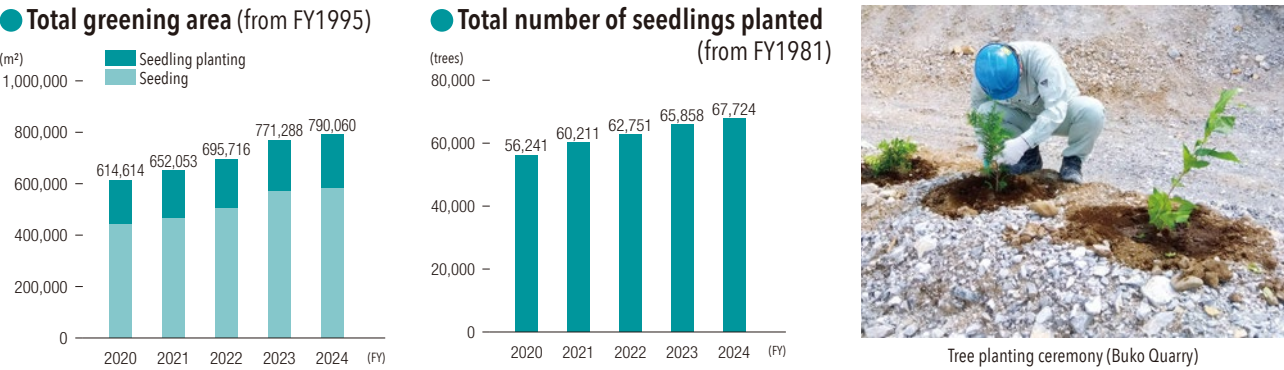
In addition, in the 30by30 Alliance for Biodiversity, we are promoting specific initiatives toward the realization of a nature-positive society.

Furthermore, in the Keidanren Nature Conservation Council, we will cooperate with biodiversity protection through activities such as information sharing and dissemination with companies and organizations.

FY2024 Results	Plan for FY2027	Our Vision (2030)
<ul style="list-style-type: none"><li>Biodiversity<ul style="list-style-type: none"><li>Participate in the 30by30 Alliance for Biodiversity</li><li>Participate in the Keidanren Nature Conservation Council</li></ul></li><li>Quarry greening<ul style="list-style-type: none"><li>Seeding 27,000 m<sup>2</sup></li><li>Planting 1,760 seedlings</li></ul></li></ul>	<ul style="list-style-type: none"><li>Biodiversity<ul style="list-style-type: none"><li>Promote the initiatives of the 30by30 Alliance toward achieving the 30by30 target</li></ul></li><li>Quarry greening<ul style="list-style-type: none"><li>Seeding 71,000 m<sup>2</sup></li><li>Planting 8,000 seedlings</li></ul></li></ul>	<ul style="list-style-type: none"><li>Biodiversity<ul style="list-style-type: none"><li>Promote nature-harmonious business activities and contribute to the realization of a nature-positive society</li></ul></li><li>Greening of quarries (total for 2027-2030)<ul style="list-style-type: none"><li>Seeding 128,000 m<sup>2</sup></li><li>Planting 17,900 seedlings</li></ul></li></ul>

## Materiality KPIs, targets and results

KPIs and targets	FY2022	FY2023	FY2024
Develop quarry rehabilitation plans Rate of developing quarry restoration plans: 90% or more	94%	94%	95%



### Biodiversity Protection

When environmental impact assessments determine that protection is required at a limestone quarry that we own, we protect rare species via measures such as installing protective equipment, transplanting and restricting development work.

Chichibu Taiheiyo Cement Corporation is actively involved in the conservation of rare plants. At the Kanouyama Quarry located in Kanna Town, Tano District, Gunma Prefecture, 38 rare plants native to the quarry have been transplanted into a botanical garden set up at the quarry with the cooperation of a local nature conservation group. In addition, at the same company's Miwa Quarry, which is conducting limestone extraction on Mt. Buko, located in Chichibu City and Yokoze Town in Saitama Prefecture, we are preserving and increasing the population of 68 native plant species together with local experts and using the Central Research Laboratory's biotechnology.

At the Fujiwara Quarry of Mie Taiheiyo Mining Company (formerly Ishizaki Co., Ltd.), we have been engaged in conservation activities since 2012, including transplantation and post-event surveys in cooperation with experts, for a Mie Prefecture-designated rare animal species that is found in the limestone area around Mt. Fujiwara.

Silene keiskei (Kanouyama Quarry)

Iwakinbai (Kanouyama Quarry)

### Initiatives in the 30by30 Alliance for Biodiversity

The Taiheiyo Cement Group joined the 30by30 Alliance for Biodiversity in FY2024 and is examining the implementation of the participation requirements.

30by30 is a target to conserve at least 30% of land and sea areas as healthy ecosystems by 2030. It was agreed at the 2021 G7 Summit that each country would achieve this goal, and it was further included in the Kunming-Montreal Global Biodiversity Framework at the 2022 Biodiversity COP15.

Our Mining Department, the group companies that manage our quarries, and the Central Research Laboratory will cooperate to promote initiatives in the 30by30 Alliance for Biodiversity and contribute to achieving the 30by30 target.

### Participation Requirements for the "30by30 Alliance for Biodiversity"

(Work on one of the following)

- Register owned or managed land in the international OECM\*2 database
- Expand protected areas or support their expansion
- Support the management of protected areas and areas registered (or expected to be registered) in the international OECM database
- Incorporate the 30by30 target into local government strategies and recommend support for the expansion of protected areas, registration in the international OECM database, and their management

In addition, participants will actively disseminate these initiatives externally.

\*2 Abbreviation for Other Effective area-based Conservation Measures: Areas where conservation is carried out through private sector initiatives, or areas where management that is not intended for conservation also contributes to the protection of the natural environment.



# Natural Resources Capital – Water Source Conservation –

## Towards Value Creation

As water-related challenges may arise in the future, we strive to ensure the appropriate use of water resources at the Taiheiyo

Cement Group's cement plants by analyzing water risks and understanding water usage.

## Policy and Operational Structure

We have positioned proactive efforts toward natural resources capital, such as the conservation and recovery of water resources, as an important management challenge in our environmental management policy, and are aiming to achieve a nature-positive society. In addition, we are conserving water sources in accordance with GCCA guidelines.

At the Taiheiyo Cement Group's quarries, we are also working

to conserve water resources such as rivers and springs. From the viewpoint of water resource conservation, spring water and rainwater are discharged after passing through a regulation pond to minimize the impact on the external environment. In some quarries we drill wells for domestic water and supply this water to local communities for everyday use.

## Risk Management

An analysis of water risks at the Taiheiyo Cement Group's cement plants using the Water Risk Filter (WRF)\* shows an average basin physical risk score of 2.76, weighted by cement production volume across all plants, with the highest score being 3.82 for one particular plant. In addition, from FY2025, we have revised the evaluation accuracy with a focus on water basin physical risks to better understand the impact on the environment. In the analysis of the situation of plants with high evaluation points, no urgent challenges have been found, and we will continue to strive for the appropriate use of water resources.

\* A tool developed by the World Wide Fund for Nature (WWF) to assess physical risks and business risks in water resource basins, with the highest evaluation point of 5.0 indicating the greatest risk.

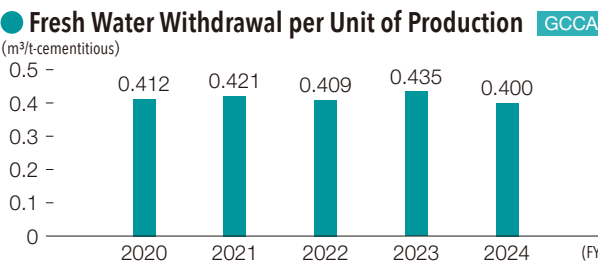
### Water Consumption

Most of the water used at our cement plants is for the cooling of equipment, exhaust gas and on-site power generators. Therefore, the water discharged from the plants is mostly cooling water, which is not polluted as defined in the Water Pollution Control Act. All the fresh water used at the plants is circulated and reused, except for the household wastewater, as we strive to reduce our water withdrawal and lessen the impact of wastewater on bodies of water. Seawater is used to cool on-site power generation facilities at our plants near the ocean and then released back into the sea after use.

Our total fresh water use in FY2024 was about 10.38 million m3 and our fresh water used to produce one tonne of cement was

0.4m3. Most of this freshwater is not used as a raw material for products, but is used for cooling equipment and gas and is then evaporated.

Water Consumption <span>GCCA (Unit: thousand m³)</span>					
	FY2020	FY2021	FY2022	FY2023	FY2024
Surface water	5,626	5,355	5,527	5,346	4,374
Ground water	18,656	18,759	18,706	17,673	16,740
Industrial water	3,325	3,078	2,108	1,630	2,289
Total fresh water withdrawal (I)	27,607	27,192	26,341	24,649	23,403
Total seawater withdrawal	147,372	146,232	146,894	145,476	145,758
Total water withdrawal	174,979	173,424	173,235	170,125	169,161
Total fresh water discharge (O)	13,674	13,447	13,246	12,792	13,021
Total seawater discharge	147,377	146,368	147,062	145,639	145,927
Total water discharge	161,051	159,815	160,308	158,431	158,948
Total fresh water used (I-O)	13,933	13,745	13,095	11,857	10,382



### Appropriate Use of Water Resources

Currently, there are no particular concerns regarding water resources between us and the local community, but we are making efforts to reduce water withdrawal from the viewpoint of water resource conservation. In the future, we will maintain close communication with local communities and contribute to the appropriate use of local water resources.

Taiheiyo Cement Philippines, Inc. supplies tap water to the community from wells dug for factory industrial water. At

CalPortland Company's Rocky Canyon Aggregate Quarry in California, USA, a system for the sustainable use of water has been built to improve the collection and storage of rainwater and spring water at the site. This has enabled us to secure water sources, maintain the supply of water necessary for operations without increasing the number of wells or the amount of groundwater pumped, and minimize off-site wastewater discharge under strict regulations.

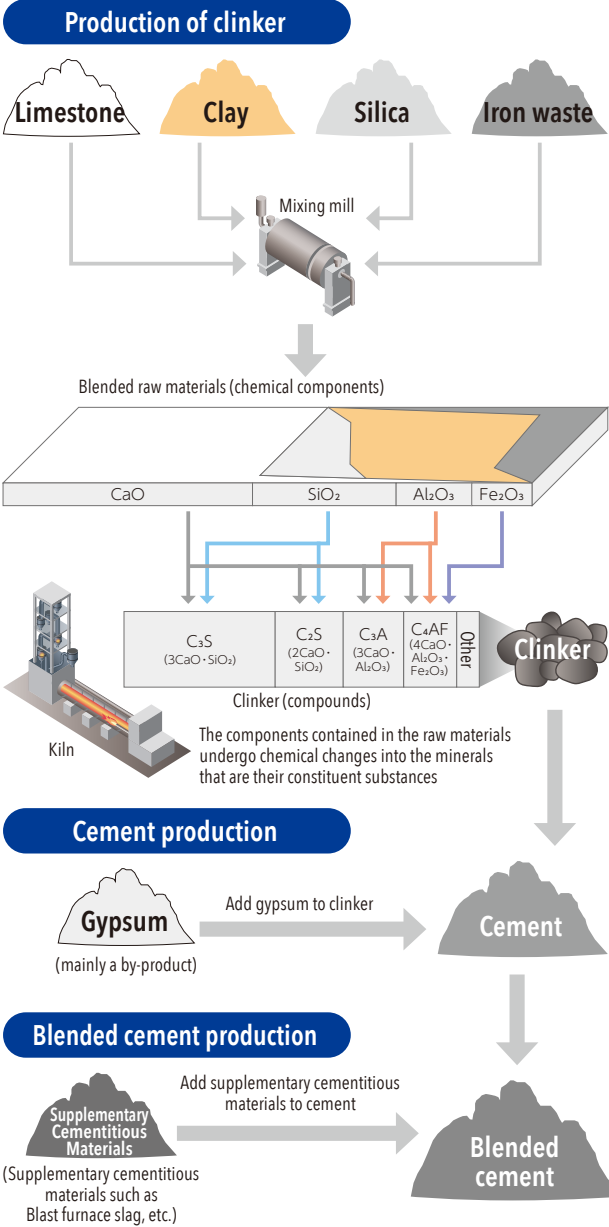
# Utilization of Waste and By-products in Cement Manufacturing

Cement can utilize various types of waste and by-products as raw materials and fuel by taking advantage of the characteristics of its manufacturing process.



One of the reasons is the manufacturing process of clinker, an intermediate product. Most of the clay and iron waste used for clinker production are currently waste and by-products, and by blending these with natural raw materials such as limestone and silica stone in appropriate proportions and grinding them in a raw material mill, blended raw materials are produced. Cement manufacturing technology blends raw materials with various compositions to achieve a certain quality.

Clinker is produced by a chemical reaction when this blended raw material is fired in a kiln, and waste such as waste plastic is used as an energy source as fuel. Clinker is then ground with gypsum (mainly a by-product) to become Portland cement. Blast furnace slag and other supplementary cementitious materials are added to cement to make blended cement, taking advantage of their pozzolanic properties of hardening when stimulated by cement.



Amount and intensity of main waste and by-products used <span>Non-consolidated</span>		
Waste and By-products	Amount used (t)	Intensity (kg/t-cement)
Coal ash	1,686,689	129.9
Blast furnace slag	947,365	73.0
By-product gypsum	456,459	35.2
Unburned ash, dust	429,905	33.1
Dirt and sludge	359,497	27.7
Construction soil	181,113	14.0
Waste oil	146,704	11.3
Wood chips	20,157	1.6
Waste plastic	222,150	17.1
Water treatment plant sewage sludge and ash	327,527	25.2
Incineration residues from municipal waste	137,055	10.6
Municipal waste	21,707	1.7
Other	540,065	41.6
Total	5,476,393	421.9
Alternative raw material	4,923,390	379.3
Alternative fuel	553,003	42.6
Total	5,476,393	421.9



# Human Capital Management

## Towards Value Creation

We believe that enhancing and maintaining the motivation of diverse human resources to contribute to business performance will lead to the enhancement of corporate value over the medium to long term, and we are promoting investment in people by considering human resources as "capital."

We will implement human capital management by developing initiatives that are conscious of the linkage between our management strategy and human resources strategy, providing employees with opportunities to continue working with peace of mind, achieve self-growth, and feel a sense of contribution.

● Roadmap for Realizing the Long-term Vision

	Materiality Goals/KPIs and Other Goals	Element		FY2024 Results	Plan for FY2027	Our Vision (2030)
<div><b>Vision 1</b> <b>Develop Human Resources who can Contribute to Increasing Corporate Value</b> P.92</div>	<ul style="list-style-type: none"><li>Education hours per employee: at least <b>20</b> hours</li><li>Education expenditure per employee: at least <b>80,000</b> yen</li></ul>	<ul style="list-style-type: none"><li>Providing various training programs, supporting the development of individual abilities, and providing self-learning opportunities to foster independence and autonomy</li></ul>		<ul style="list-style-type: none"><li>Education hours per employee: <b>23.3</b> hours</li><li>Education expenditure per employee: <b>74,000</b> yen</li><li>Developing abilities through various training programs</li><li>Conduct global human resource development program</li><li>Providing self-learning opportunities</li></ul>	<ul style="list-style-type: none"><li>Developing abilities through various training programs</li><li>Conduct global human resource development program</li><li>Providing self-learning opportunities</li></ul>	<div><b>A company that grows together with its employees</b>  We aim to enhance our corporate value by maximizing the value of our human capital through the growth of both our employees and the company. To achieve this, we will build a foundation for securing, developing, and retaining diverse human resources, such as DX personnel, global personnel, and management personnel, in line with our management strategy, in addition to promoting workplace diversity and inclusion</div>
<div><b>Vision 2</b> <b>Creating a Workplace that Promotes Wellbeing</b> P.94~97</div>	<ul style="list-style-type: none"><li>Raising ratio of annual paid leave taken: At least <b>70%</b></li><li>Raising ratio of male employees taking childcare leave: At least <b>80%</b></li><li>Ratio of employees receiving periodic health examinations: <b>100%</b></li><li>Secondary checkup participation rate: <b>100%</b></li></ul>	<ul style="list-style-type: none"><li>Promotion of work-life management To promote work-life management by introducing various systems to realize flexible work styles</li><li>Promotion of Health and Productivity Management (H&amp;PM) Raising awareness of health through walking events, etc., and encouraging secondary checkups</li></ul>		<ul style="list-style-type: none"><li>Ratio of annual paid leave taken: <b>83.6%</b></li><li>Ratio of male employees taking childcare leave: <b>54.0%</b></li><li>Ratio of employees receiving periodic health examinations: <b>99.9%</b></li><li>Secondary checkup participation rate: <b>96.2%</b></li><li>Promotion of work-life management</li><li>Promotion of Health and Productivity Management (H&amp;PM)</li></ul>	<ul style="list-style-type: none"><li>Restructuring the personnel system</li><li>Promotion of work-life management</li><li>Promotion of Health and Productivity Management (H&amp;PM)</li><li>Revitalizing people and organizations</li></ul>	
<div><b>Vision 3</b> <b>Achievement of Workplace Diversity and Inclusion</b> P.98~99</div>	<ul style="list-style-type: none"><li>Ratio of female recruits: At least <b>30%</b></li><li>Ratio of female employees: At least <b>10%</b></li><li>Ratio of newly appointed female managers: At least <b>10%</b></li><li>Ratio of female managers (2030) At least <b>5%</b> (2026) (At least <b>3%</b>)</li></ul>	<ul style="list-style-type: none"><li>Actively hiring women, experienced personnel, people with disabilities, etc.</li><li>Female Leader Development</li></ul>		<ul style="list-style-type: none"><li>Ratio of female recruits: <b>22.0%</b></li><li>Ratio of Female Employees: <b>9.9%</b></li><li>Ratio of newly appointed female managers: <b>11.4%</b></li><li>Ratio of female managers: <b>2.5%</b></li><li>Conducting next-generation leader development training (for women)</li><li>Conducting selective external dispatch training (for women)</li></ul>	<ul style="list-style-type: none"><li>Review and implementation of next-generation leader development training</li><li>Conducting selective external dispatch training (for women)</li><li>Examining and implementing measures that lead to awareness reform</li></ul>	
<div><b>Initiatives to Improve Engagement</b> P.93</div>	<ul style="list-style-type: none"><li>Engagement score: <b>Benchmark score*</b> or higher</li></ul> <p><small>* Average score for companies with 1,001 to 5,000 employees in all industries</small></p>	<ul style="list-style-type: none"><li>Conducting regular engagement surveys</li></ul>		<ul style="list-style-type: none"><li>Engagement score: <b>67.8</b></li><li>Introducing and implementing an engagement survey and holding analysis report meetings on the results for each department</li><li>Developing initiatives to improve engagement in each department after the analysis report meetings</li></ul>	<ul style="list-style-type: none"><li>Establishing a system for regularly conducting engagement surveys and enabling each department's management to promptly analyze the results, identify departmental challenges, formulate and implement action plans, and verify their effectiveness</li></ul>	



# Human Capital Management

## – Human Resource Development –

Vision 1 **Develop Human Resources who can Contribute to Increasing Corporate Value**

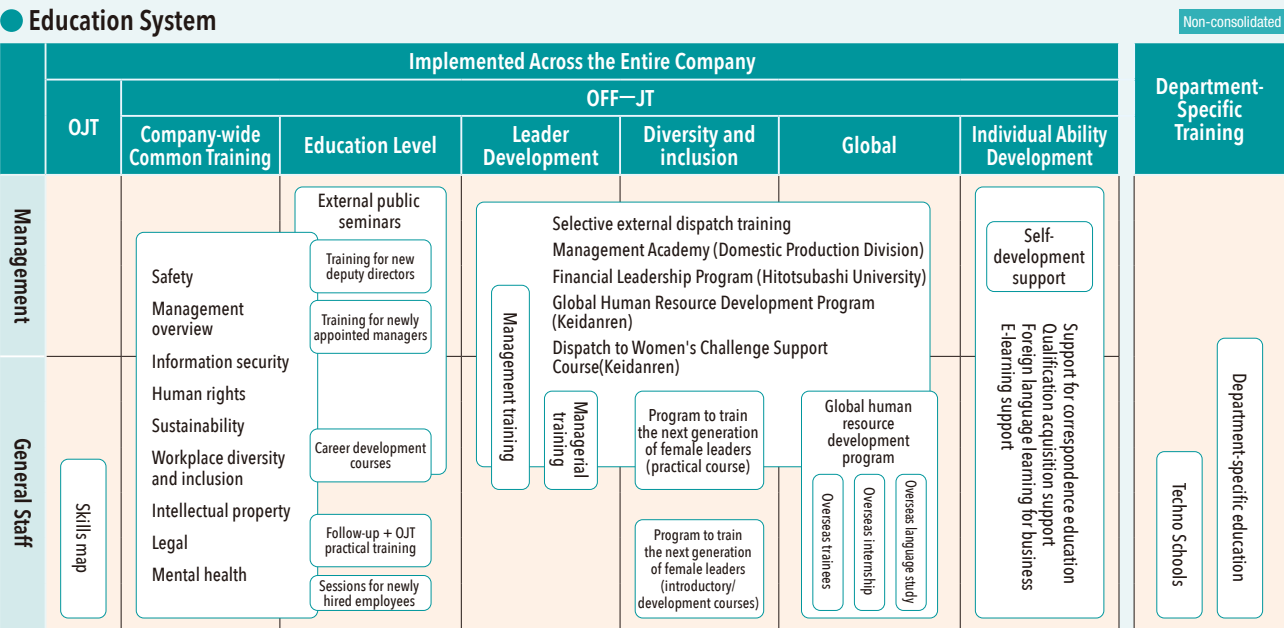
Human Resource Development Policy

We aim to develop human resources who can demonstrate their individual abilities to the fullest and be successful both inside and outside the company.

- 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.

Operational Structure

In order to realize our Human Resource Development Policy, we provide training across the entire company (as shown in the diagram below). 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. 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.



Materiality KPIs, targets and results

Materiality Goals/KPIs and Other Goals	FY2022	FY2023	FY2024
Education hours per employee: at least 20 hours	—	14.8 hours	23.3 hours
Education expenditure per employee: at least 80,000 yen	42,000 yen	60,000 yen	74,000 yen

In order to develop human resources that will contribute to increased corporate value, we support the growth of our employees through training programs for each job level, global human resource development programs, and selective off-site training programs to develop human resources. In addition, we support employees' self-directed learning by providing e-learning that can be used for reskilling, as well as clearly indicating the necessary qualifications in skill maps for each business area, and providing support systems for acquiring qualifications and taking correspondence courses.

## Human Capital Management – Initiatives to Improve Engagement –

### Policy and Operational Structure

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 motivation 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 challenges 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.

エンゲージメントを可視化し  
組織の成長を加速させる

組織力向上プラットフォーム  
**wevox**

多言語対応  
多国籍対応  
多文化対応



\* Using Atrac, Inc.'s "Wevox"

### Materiality KPIs, targets and results

Materiality Goals/KPIs and Other Goals	FY2023	FY2024
Taiheiyo Cement's engagement scores	66.8	67.8
(Benchmark score*)	(69.4)	(69.3)

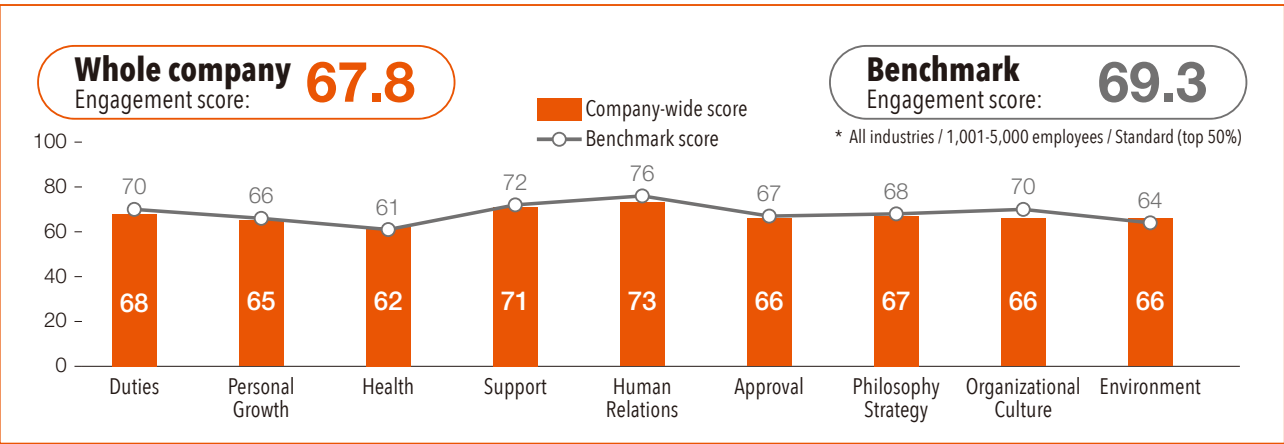
### 2nd engagement survey

The engagement score in May 2024 was 67.8, which is 1.5 points lower than the benchmark score\* of 69.3. However, it has increased by 1 point compared to the first survey in June 2023.

Looking at the results by category, while improvements are needed in areas such as "Providing Career Opportunities" and "Culture of Challenge" within the Organizational Climate category, our strengths in areas such as "Stress Response" within the Health category, and "Work-Life Balance" and "Satisfaction with Salary" within the Environment category, were reaffirmed from the previous survey.

We will continue to conduct engagement surveys on a regular basis and, while checking the scores, each department will deploy a PDCA cycle of analyzing organizational challenges, formulating and implementing action plans, and evaluating and verifying the effectiveness of such plans, aiming to improve employee performance, revitalize the organization, and increase corporate value over the medium to long term.

\* Average overall score of companies using Wevox in all industries and with 1,001 to 5,000 employees





# Human Capital Management

## – Promotion of work-life management –

Vision 2

Creating a Workplace that Promotes Wellbeing

Policy

Employee wellbeing is the source of our sustainable growth. To create a workplace where each employee can work with a sense of fulfillment and make an active contribution, we have

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

Operational Structure (Various Employment Systems)

- Flextime system (Core time: 11:30 a.m. to 1:30 p.m. (headquarters, branches, etc.))
  - 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)
  - Fertility treatment leave system
  - Volunteer activity leave
  - Personnel management systems for each course, including area-limited 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)
  - Referral recruitment, alumni recruitment, etc.

VOICE P.100~101

Materiality KPIs, targets and results

Materiality Goals/KPIs and Other Goals	FY2022	FY2023	FY2024
Raising ratio of annual paid leave taken: At least 70%	73.2%	77.5%	83.6%
Raising ratio of male employees taking childcare leave: At least 80%	18%	60%	54%

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.

VOICE P.100

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. We will strive to enhance the content of our information provision platform, which allows employees to access information on childcare, nursing care, health, self-development, and other life support, regardless of time or place.

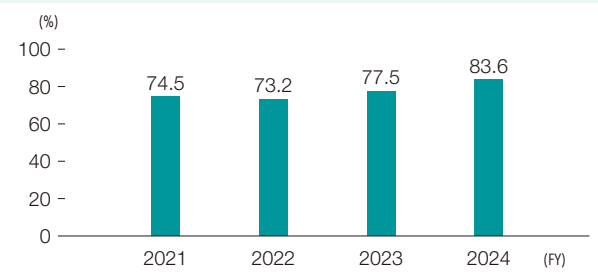
Support for balancing work and childcare/nursing care

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, branches, 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 to support work-life balance.

Ratio of annual paid leave taken

Non-consolidated



Ratio of male employees taking childcare leave

Non-consolidated



Support for taking childcare leave (Maternity/childcare leave follow-up interviews)

We have introduced "maternity/childcare leave follow-up interviews" to further promote the creation of an environment where it is easy to take childcare leave. This is an initiative to comprehensively support employees from pregnancy to after returning to work, in which the person taking leave and their supervisor take the initiative in conducting interviews. By disseminating information about our childcare-related systems and facilitating close communication between employees and supervisors during the interviews, we deepen mutual understanding and support employees so that they can take leave with peace of mind and smoothly return to work.

Pregnancy

Interview: first time  
Ensuring awareness of the system and confirmation of physical condition, work, etc.

Maternity leave

Interview: second time  
Confirmation of procedures before taking leave

Childcare leave

Interview: third time  
Confirmation of physical condition, work, etc., in preparation of returning to work

Returning to work

Interview: fourth time  
Confirmation of physical condition, work, etc., after returning to work

Interviews will be conducted with employees who have expressed their intention to take childcare leave, or are considering doing so, after they have notified the company of their pregnancy.

Interview format	Face-to-face or online
No. of interviews	Up to 4 times (30-60 minutes/session)
Interview participants	The person taking leave, their supervisor, and human resources personnel



# Human Capital Management

## – Health and Productivity Management (H&PM) Initiatives –

### Policy

Under the Taiheiyo Cement Group Commitment to Health, we are working to maintain and improve the health of our employees and their families, and promoting the creation of

workplaces where employees can work with a sense of fulfillment and demonstrate their abilities to the fullest.

**The 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.

**Yoshifumi Taura**  
Taiheiyo Cement Corporation, President and Representative Director  
April 2024

**Fundamental Policies**

① Under our Health 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.



### Main Health and Productivity Management (H&PM) activities

We establish a Health and Productivity Management (H&PM) activity plan every fiscal year and promote H&PM in a PDCA cycle, which includes implementing measures, verifying their effectiveness, and reflecting them in the next fiscal year's measures.

Employee health care	<ul style="list-style-type: none"><li>• Employees receiving periodic health examinations</li><li>• Recommendation of secondary testing and specific health guidance</li><li>• Health care system utilization</li></ul>
Health literacy education	<ul style="list-style-type: none"><li>• Implementation of e-Learning for all employees</li><li>• Provision of health information</li></ul>
Preventive measures against lifestyle-related diseases	<ul style="list-style-type: none"><li>• Conducting two walking events per year jointly with the Taiheiyo Cement Health Insurance Association</li><li>• Holding seminars on health</li><li>• Introductions of healthy employees in the company newsletter</li><li>• Implementation of "eating in moderation" campaign</li></ul>
Preventive measures against sleep disorders	<ul style="list-style-type: none"><li>• Subsidizing SAS (Sleep Apnea Syndrome) testing costs</li></ul>
Smoking rate reduction measures	<ul style="list-style-type: none"><li>• Smoking cessation aids provided free of charge</li><li>• Assistance for smoking cessation therapy</li><li>• Running of Smoke-Free Day</li></ul>
Mental health measures	<ul style="list-style-type: none"><li>• Conducting of stress checks</li><li>• Follow-up interviews with employees at high-stress offices</li><li>• Establishment of a mental health counseling service</li></ul>

### Holding seminars on health

We held a health seminar on diet at our headquarters building and relayed online to other offices. As many as 93% of the participants felt they would like to improve their eating habits because of the seminar, and we will continue to implement initiatives to raise employees' awareness of health.



External lecturer giving a health seminar

### ● Materiality KPIs, targets and results

Materiality Goals/KPIs and Other Goals	FY2022	FY2023	FY2024
Ratio of employees receiving periodic health examinations: 100%	99.9%	99.9%	99.9%
Secondary checkup participation rate: 100%	64.6%	72.0%	96.2%

\* Calculation results were reviewed and retroactively revised

Please see our website for more information about our promotion of Health and Productivity Management (H&PM).

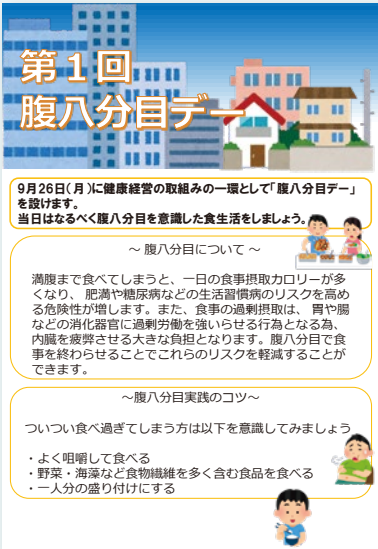
[https://www.taiheiyo-cement.co.jp/csr/human\\_rights\\_fr.html#section13](https://www.taiheiyo-cement.co.jp/csr/human_rights_fr.html#section13)

### Implementation of "eating in moderation" campaign

We have designated one day each month as "Harahachibunme Day" to carry out the Harahachibunme (moderation in eating) campaign. The "Harahachibunme" campaign is a campaign to prevent excessive food intake in light of the risk of lifestyle-related diseases such as obesity and diabetes due to eating until full.

Specifically, we encourage employees to chew well, eat foods rich in dietary fiber such as vegetables and seaweed and restrict portion sizes, and we are implementing this campaign company-wide to improve dietary habits.

Harahachibunme Day 2022 poster





# Human Capital Management

## – Promotion of Workplace Diversity and Inclusion –

Vision 3

Achievement of Workplace Diversity and Inclusion

Policy

We consider the promotion of workplace diversity and inclusion as one of the important challenges for creating an

innovative workforce, and aim to be a company where diverse human resources can play an active role.

Operational Structure

To promote workplace diversity in employment we are working on specific areas such as hiring women, experienced personnel and people with disabilities. We believe that continuing to promote the participation and advancement of women in the workplace, who are a minority in our company, will lead to the

creation of an organizational culture in which all employees, not just women, can maximize their potential, and we are engaged in education and awareness-raising activities to achieve workplace diversity and inclusion.

Promoting Women’s Participation and Advancement in the Workplace

Fundamental Policies

"Promote innovation through the ideas and values of diverse human resources, and further enhance corporate value"

- Promote the active hiring of women to build an appropriate human resources portfolio
- Provide equal growth opportunities for female employees to form autonomous careers and support their ability development
- Foster an organizational culture where female employees can fully demonstrate their individuality and abilities, and promote work-life management to retain female employees

Materiality KPIs, targets and results

Materiality Goals/KPIs and Other Goals	FY2022	FY2023	FY2024
Ratio of female recruits: At least 30%	17.5%	14.3%	22.0%
Ratio of female employees: At least 10%	9.3%	9.6%	9.9%
Ratio of newly appointed female managers: At least 10%	6.3%	13.6%	11.4%
Ratio of female managers (2030) At least 5% (2026) (At least 3%)	1.3%	2.0%	2.5%

Introduction to our Initiatives 1

Program to train the next generation of female leaders (for women)

In Japan, the career development environment for working women tends to generate various anxieties due to the impact of life events and the lack of role models. To address this, we are conducting training programs aimed at developing the next generation of female leaders, with the goal of encouraging them to envision their own career paths and become more conscious of career advancement. To respect the willingness to learn on their own initiative, we have a self-nomination system for some hierarchical levels, and many female employees participate in the training every year.

➡ Number of participants in FY2024: 35

Career design

Learn how to think about their career, solidify a career plan, and be aware of the next step in career advancement

STEP 1 (Introduction)

Solid image of career advancement

Awareness of leadership as an option in career planning

STEP 2 (Development)

Improving skills in the image of a leader

Gaining their own specific image of a leader

STEP 3 (Practical)

In order to respect the sense of spontaneous learning, participation up to STEP 2 is voluntary.

Introduction to our Initiatives 2

Selective external dispatch training (for women)

We select and send several female employees each year to the "Women's Management Step-Up Support Course" for female managers and the "Keidanren Women's Challenge Support Course" for female employees who are not managers. It is expected that participants will acquire new knowledge, skills and thinking ability, broaden their horizons by building networks with participants from other industries and companies, and improve their motivation. We also held a debriefing session after the training to share the experiences of the dispatched trainees. By making it a hybrid type with face-to-face and web viewing, as well as on-demand distribution at a later date, we made it possible to view the session regardless of location or time.



Debriefing session

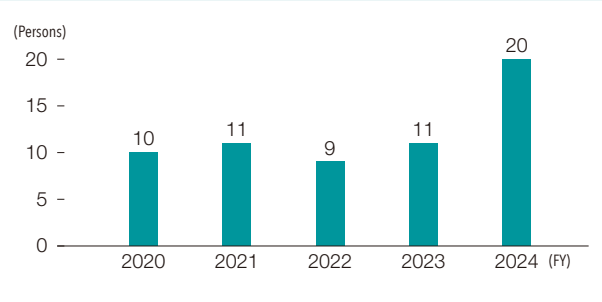
VOICE P.100

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. In recent years we have been hiring experienced personnel which has also led to diversity in our core human resources.

To further diversify our workforce, we have also introduced "referral hiring" (employee referral) and "alumni hiring" (former employee).

Expanding recruitment of experienced hires Non-consolidated

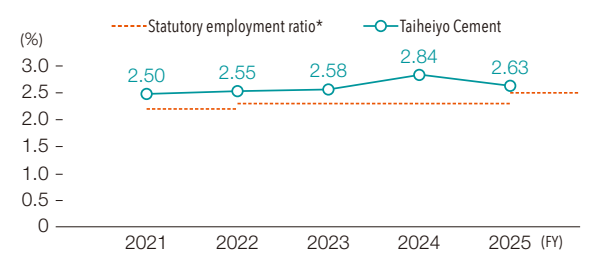


Promoting Employment Opportunities for Persons with Disabilities

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 the 17th consecutive year since fiscal 2009.

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) Non-consolidated



\* Statutory employment rate: 2.2% from April 2018, 2.3% from March 2021, 2.5% from April 2024.5%



# Human Capital Management

## – VOICE: Voices of System Users –

VOICE

Voices of System Users

Systems Related to Career Development

Selective external dispatch training

Selective external dispatch training aims to provide the knowledge and thinking skills necessary to become leaders and to foster improved mindsets through discussions with participants from other companies and industries.

An opportunity to review my career

When I participated in the training I was a novice accounting manager, and I sometimes worried about whether the section was being managed well and whether I was suitable to be a manager. However, through the training, I was able to reaffirm that there are various types of leaders and ways of working, which eased my mind and gave me an opportunity to re-examine my own career.

When I actually took the management exam I was able to utilize what I learned in the training by reviewing the content, envisioning the kind of manager I wanted to be, and clarifying my reasons for aiming to become a manager.

In my current situation of working with reduced working hours for childcare, while feeling vaguely uneasy about balancing work and family beforehand, it was a good experience to hear many experiences from senior female managers and get an image of work-life balance.



Satomi Kato  
Saitama Plant

Inside side job system

This is a system that allows employees to work in another internal department besides their department during a part of their working hours. The purpose of this system is not only to allow employees to acquire a wide range of knowledge by gaining experience in other departments, but also to help them develop their careers autonomously by engaging in work that matches their strengths and interests.

Growth opportunities for everyone, anywhere

I wanted to gain knowledge of general plant management and our company's overseas business, so I worked in the General Affairs Section and the Overseas Business Headquarters as an internal side job while belonging to the Accounting Section of the Kamiiso Plant. I had a goal of working at an overseas production site since joining the company, and I thought these side jobs would be meaningful.

In my side job at the General Affairs Section, I was involved in labor affairs, regional measures and land acquisition, and was able to comprehensively acquire knowledge of the plant management department in conjunction with my main job. In my side job at the Overseas Business Headquarters, I was able to deepen my knowledge of overseas business by conducting research and preparing presentations on our company's overseas business, as well as the global cement market.

I think internal side jobs are a good system because they allow you to gain knowledge and experience outside of your assigned duties, you can apply from a distance, and anyone can obtain growth opportunities.



Yuki Okumura  
International Business Division

To be able to give back to my main job

While in charge of human resources and labor affairs in the Branch Operations Department, I am involved in contract review in the Legal Department as a side job. For contracts sent from each office, I check whether the contract covers the details of what they want to achieve and whether risk avoidance is properly incorporated, based on past cases and business backgrounds. I feel that I have developed the ability to prioritize and adjust, as there are multiple factors to consider when reviewing contracts.

I had been hoping to work in the Legal Department for a long time, and I was able to reaffirm that the content of my side job is close to the legal work I had imagined, and that it is the job I want to do. I am able to do side jobs thanks to the understanding of my supervisors and colleagues, so I will continue to work positively so that I can give back the knowledge I have gained to my main job.



Hinano Makabe  
Chugoku Branch

VOICE

Voices of System Users

Systems Related to Life Events

Personnel management systems for each course

In the Personnel management systems for each course, we have two course categories: "G course" for area-unlimited positions and "L course" for area-limited positions. Employees can change their course category due to life events or other reasons. By increasing the options for ways of working, we are creating an environment where employees can fully demonstrate their abilities.

The best decision

I used the course change system to switch from the G course to the L course when I got married. I also had the option of moving or living apart from my wife while remaining in the G course, but I think it was the best decision to prioritize my life with my wife. After the change, it became easier to plan our wedding in a settled living situation, and I am also able to support my wife's career plan. Stability in life directly leads to ease of working. The course change system is a good option for those who are facing life events and are worried.



Haruka Kusakawa  
Chichibu Taiheiyo Cement Corporation

The importance of being able to live together as a family

Both my husband and I joined the company in the G course, and we lived apart before and after marriage due to transfers. However, when our daughter was born, my husband decided to change jobs so that we could live together as a family. I also felt that it was time to review my career. I was very worried about whether to change to a job without transfers, which would make it easier to plan for the future. I also searched for a new job, but after considering what would be the "just right lifestyle" for our whole family, as well as my career and childcare, I decided to change to the L course. Currently, I am using short working hours, the flextime system, and telework, and I am able to have a "just right lifestyle" with my family. I would like to try the G course again in the future when childcare settles down.



Yumi Agui  
Sustainability Promotion Department

Work-life management leave system

This is a system that allows employees to take leave for reasons such as marriage or accompanying a spouse to a new location. The purpose of this system is to allow employees to continue working even if they have to interrupt their careers due to life events.

A great asset for me

After getting married to a foreign national, my husband and I needed to live apart due to our jobs. I learned about this system and took a one-year leave of absence. Living in Spain to be with my husband allowed me to learn Spanish and English, and the experience of living in a foreign country as a "foreigner" and re-examining my values as a Japanese person from the perspective of a minority, was a valuable experience for me. Life events are difficult to predict and it is sometimes difficult to balance them with work, but by using this system the life events that I was concerned about led to unexpected opportunities for growth. I am very grateful to my supervisors and colleagues who supported me.



Maho Kuromi  
Environmental Business Development Department

Childcare leave system

Employees' proactive involvement in childcare and housework leads to the promotion of work-life management and contributes to our company's sustainable development, such as securing human resources and improving employee engagement.

Increased motivation by taking childcare leave

Since both my husband and I are away from our hometowns and could not rely on our parents for childcare support, I took childcare leave for about 4 months from the day of delivery. While there were challenges with childcare, as this was my second child, I was able to approach it with a more experienced and positive mindset. Of course, I was able to realize the importance of my family and, by completely leaving work for a while, I was able to think objectively about the company and my way of working. I had a sense of what I should do and what I should value, and my motivation for returning to work was high. I am grateful to my department for their generous support in the handing over of my duties and the following up support after I returned to work.



Hideyuki Usui  
Tokyo Branch



# Occupational Health & Safety

## Towards Value Creation

We are continuously promoting organizational safety, security and health activities with the aim of eradicating occupational accidents, including those in the supply chain, and achieving a safe work environment.

Our Health & Safety Policy is shown below. Under this policy our headquarters and business sites prepare health and safety management policies that suit the actual conditions at the workplace each fiscal year.

We recognize that ensuring the safety, security, and health of our employees is the foundation of our company's existence and, in accordance with the Industrial Safety and Health Act and the Mine Safety Act, we invest appropriate management resources to prevent occupational accidents and work-related illnesses, and effectively implement our Health & Safety Policy.

Based on this, we have established the basic matters concerning safety, security and hygiene management of the Taiheiyo Cement Group in the "Health and Safety Management Regulations," and are striving to promote safety, security and hygiene.

### Health & Safety Policy

- 1 Promote safety, security and health activities through consultation and participation between management and labor, with the aim of eliminating occupational accidents.
- 2 Ensure the health and safety of our employees and those of our contractors by complying with health and safety-related laws and regulations, the health and safety management regulations created by us, and health and safety regulations created by our business sites.
- 3 Strive to improve the level of health and safety by actively promoting the implementation and operation of our Occupational Health and Safety Management System, and by continually ensuring the fundamental safety of our work and equipment, providing education and training, and raising awareness of health and safety, as well as continually improving our Occupational Health and Safety Management System.
- 4 Constantly improve workplace environments and work procedures by applying improved technologies and new health and safety information via the companywide, business site and group affiliate health and safety committees.
- 5 Ensure health and safety throughout the Taiheiyo Cement Group by promoting action to eliminate occupational accidents under the leadership of the companywide, business site, and group affiliate health and safety committees.

## Operational Structure

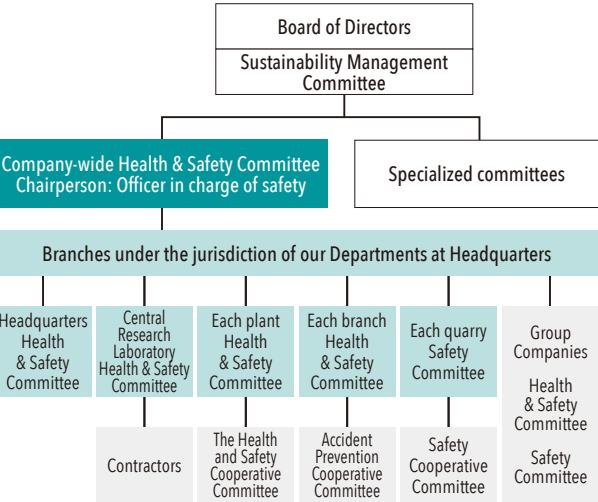
We have established a "Company-wide Health & Safety Committee" under the Sustainability Management Committee, which reports directly to the Board of Directors. The officer in charge of the Maintenance & Engineering Department, which is responsible for safety, serves as the chairperson. The committee oversees the promotion activities of each business site and provides guidance across departments for the safety of group companies, including data collection.

In addition, each division at our headquarters, each business site, and each group company has organized "committees and cooperative associations for safety, security, and health" composed of both labor and management, and promotes activities at each business site.

Health and safety management at cement plants and quarries in Japan is carried out under our OSHMS\*.

\* OSHMS (Occupational Safety and Health Management System): Guidelines issued by the Ministry of Health, Labour and Welfare in 1999, a system for continuously and voluntarily conducting safety and health management to reduce potential risks of occupational accidents at workplaces and promote comfortable workplaces.

### Health & Safety System



## Roadmap for Realizing the Long-term Vision

The Company-wide Health & Safety Committee conducts a review every quarter in accordance with the aforementioned regulations and OSHMS, and utilizes the PDCA cycle throughout the company. By utilizing the PDCA cycle, we set annual goals that are appropriate for the situation of the entire company.

Among them, we have set unchanging and permanent goals and are focusing on safety, security and health promotion

activities.

In FY2024, we set goals and activities based on the review of FY2023 and worked on them.

#### [Target]

Zero fatalities across the group (CSR Objectives for 2025)

### FY2024 Results

#### Activities

- 1 Eliminate Accidents Caused by Breaking Workplace Rules
- 2 Eliminate Heatstroke-related Accidents
- 3 Prevent the Recurrence of Similar Accidents
- 4 Compliance with laws and regulations related to safety, security, and health
- 5 Prevention of COVID-19 infection (prevention of infection and spread of infection among employees)

### Plan for FY2027

#### Zero fatalities and 80 or fewer accidents

- 1 Eliminate rule breaking
- 2 Promote activities to reduce the risk of accidents
- 3 Eliminate Heatstroke-related Accidents
- 4 Support the improvement of safety management levels and strengthening checks at group companies to achieve CSR safety goals

### Our Vision (2030)

#### Ultimate Safety Goals

Zero accidents (including contractors)

### Materiality KPIs, targets and results

Materiality Goals/KPIs and Other Goals	FY2022	FY2023	FY2024
<b>Accident prevention</b>			
Zero fatalities	2	2	1
<b>Company-wide Health &amp; Safety Committee Objectives</b>			
1 Zero fatalities across the group	2	2	1
2 30 or less lost-time injuries across the group	36	49	53
3 80 or less total occupational accidents across the group	103	120	133
(1) Accidents caused by breaking workplace rules	24	31	31
(2) Heatstroke-related accidents	6	7	11
(3) Recurrence of Similar Accidents	67	93	97
4 Absence rate of company employees: 0.5% level	0.604%	0.935%	0.689%

### Implementation of Safety, Security and Health Activities

The results of our activities in FY2024 show that there were 133 occupational accidents, including one fatality, and the absence rate decreased to 0.689% due to the reclassification of COVID-19 to Category 5, but we were unable to achieve our target.

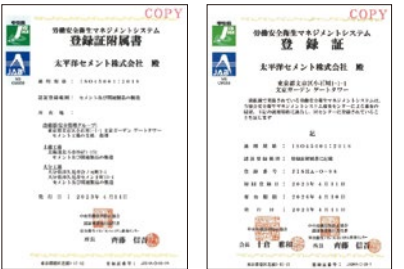
Each business site will gather the opinions of its working employees more than ever before, and all employees will work together with a shared understanding of safety, security and health.



### Initiatives for ISO 45001

The ISO 45001 standard for OSHMS was established by the International Organization for Standardization in March 2018. Since 2007, our company has been operating an Occupational Safety and Health Management System (OSHMS) based on the guidelines provided by the Ministry of Health, Labour and Welfare. As a global company, in April 2023, our headquarters' Maintenance & Engineering Department (central function), the Kamiiso Plant and the Oita Plant obtained ISO 45001 certification for occupational health and safety, in addition to ISO 9001 for quality and ISO 14001 for the environment.

In March 2024, we underwent a surveillance audit for the continuation of certification at the Oita Plant and re-certification was confirmed without any points to be noted. We will continue to promote continuous improvement using this system.



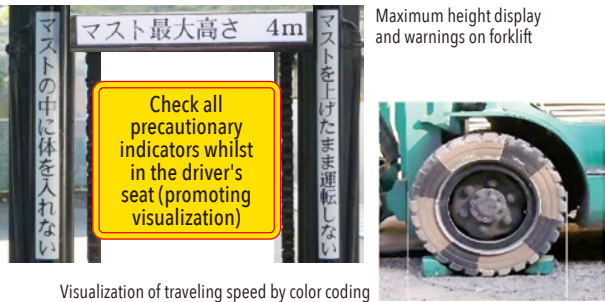


Occupational Health & Safety

Examples of Accident Prevention Initiatives

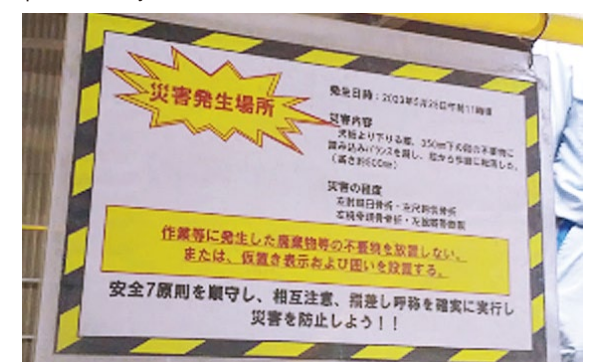
1 Recurrence prevention measures (in response to fatalities)

In August 2023, an accident occurred at a cement plant in which a contractor worker was killed in an accident involving a forklift mast. The direct cause was that the mast was raised and operated while the forklift was in motion, causing it to come into contact with overhead equipment and breaking; however, indirect factors included negligent operation and management of the forklift and lack of visualization of the mast height display. The Company-wide Health & Safety Committee notified all offices of "measures to improve the safety of forklift operations," including the aforementioned measures, and worked to deploy accident countermeasures.



2 Recurrence prevention measures (activities to pass on lessons learned from accidents)

We are promoting activities to pass on lessons learned from accidents by posting information at accident sites so that accidents are not forgotten. The "visualization" activities raise awareness of rules and encourage mutual attention, leading to improved safety awareness.



Expanding Safety Activities to Group Companies

The Company-wide Health & Safety Committee supports the safety activities of group companies. We have been conducting safety surveys for the Group's domestic and overseas business sites since FY2019.

Number of safety surveys conducted for Group companies

	FY2022	FY2023	FY2024
Domestic business sites	1	7	14
Overseas business sites	(Activity Restrictions)	1	1

4 Ensuring the fundamental safety of equipment

Each plant is working to ensure the fundamental safety of its equipment by reflecting the opinions from the site.



Prevention of being trapped by hazards (putting hands into moving machinery)



5 Experiential Safety Training

In order to boost the safety awareness of our employees we hold safety training where they experience risks inherent in familiar operations. Since FY2019, we have been installing experimental safety training equipment at each cement plant and establishing a system that utilizes on-site equipment to provide effective education to young employees and those with little experience. We are also making efforts to improve our sensitivity to safety by incorporating VR education and other innovations.

Introduced hazard experience equipment and tools

Being dragged into (roller, chain, V-belt, belt conveyor, rotary feeder, tabletop drill press, air cylinder) / Safety shoes, falling object impact experience / Hanging with fall prevention equipment (safety belt) / Electric shock and human body electrical resistance experience / Finger pointing and calling safety experience / Heavy object slinging / Disc grinder kickback / Other

Combined with VR education

Falling from heights / Electric shock / Getting caught in a belt conveyor / Contact with heavy machinery

Respect for Human Rights

Towards Value Creation

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

In May 2022, we signed the United Nations Global

Compact and endorsed its ten principles relating to human rights protection, the elimination of unfair labor practices, environmental response and the prevention of corruption, and we are engaged in various initiatives to realize these principles.

Policy and Operational Structure

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.

In addition, the "Human Rights & Labor Practices Committee," which is under the Sustainability Management Committee directly under the Board of Directors, is chaired by the director in charge of the Human Resources Department and promotes human rights initiatives, including those at group companies.

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 SUPPORT



Educational Activities on Human Rights

We hold sustainability lectures for top-level management at group companies. In 2023, we held a lecture on "Workplace Diversity Management and Advanced Cases." We provide training support, distribute human rights awareness booklets, and provide information to Group companies.

Furthermore, in FY2024, we conducted training for employees at each job level on the theme of "Recent Dowry issues and efforts to prevent harassment and how to use counseling services" and provided video training on the "Proper Understanding of Psychological Safety" to all employees.

Internal Training and Motto Submission (FY2024)

Training	Results
Sustainability Lecture to Top-Level Management	125 participants
Human rights training for each job level at headquarters	285
Human rights training for branches, factories and research centers	1,979
Number of Human Rights Week mottos submitted (employees and family members)	1,752

Our Human Rights Hotline

Harassment consultation counselors and human rights awareness promotion committee members conduct activities to raise awareness of human rights to prevent harassment and offer consultation. In addition, the Japan Institute for Women's Empowerment & Diversity Management serves as an external consultation service, providing an environment conducive to consultation.

In FY2024, harassment consultation service conducted 9 consultations, 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 counselors have been assigned at all our business sites (59 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 (FY2024)

	Sexual harassment	Power harassment	Other	Total
Internal	0	4	1	5
External	0	3	1	4



# Respect for Human Rights – Human Rights Due Diligence –

## Towards Value Creation

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.

In FY2024, we conducted our first human rights due diligence, focusing on suppliers related to the cement manufacturing

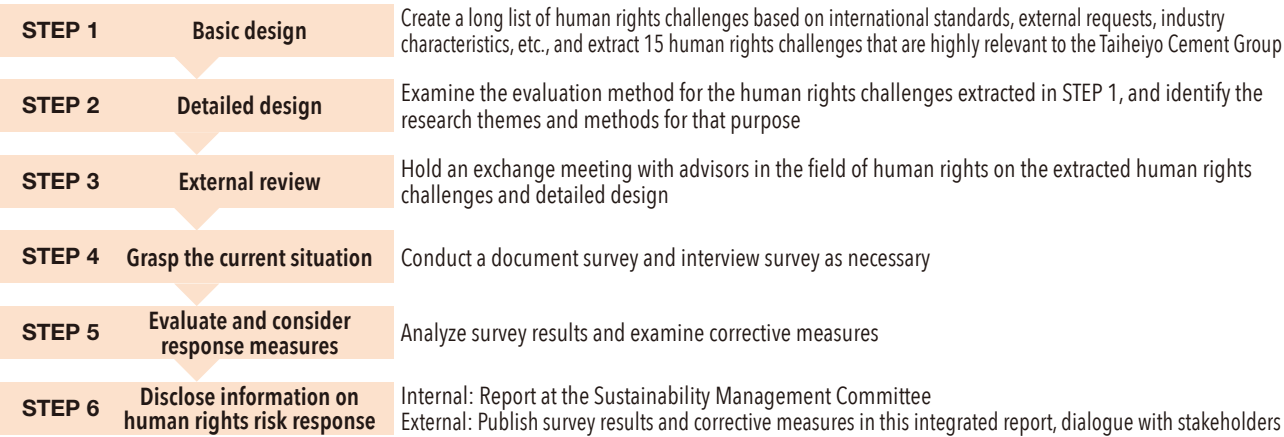
business. Moving forward, we aim to enhance our corporate value by expanding the scope of our investigations, conducting them regularly, identifying potential human rights risks in the Taiheiyo Cement Group's business activities, and taking appropriate measures to prevent or mitigate them in advance.

## Policy and Operational Structure

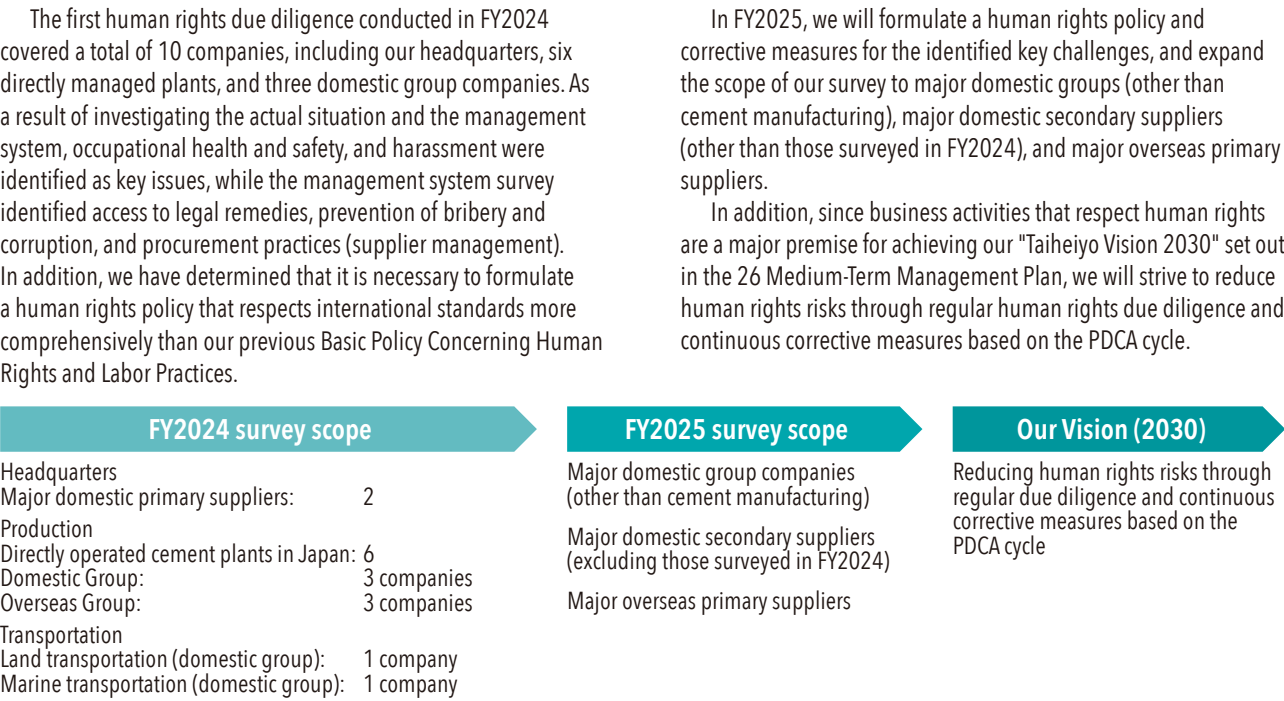
Human rights due diligence is conducted primarily by the Stakeholder Communication Committee, which is under the Sustainability Management Committee reporting directly to the Board of Directors. The results of the survey are reported to the Sustainability Management Committee, and discussions are

also held on corrective measures for the challenges identified. The Sustainability Management Committee also invites external advisors in the field of human rights to give lectures to raise awareness of human rights among top management.

### ● Overview of Human Rights Due Diligence



## Human Rights Due Diligence Roadmap





Stakeholder Engagement

Towards Value Creation

The Taiheiyo Cement Group's main business activities are cement and concrete related.





In our business activities we maintain close communication with stakeholders, including employees, group companies,

shareholders and investors, users and business partners, and local communities, and we strive to comply with laws and regulations and meet their expectations.

Policy and Operational Structure

We are promoting timely and appropriate information disclosure and communicate 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 further incorporate into our management the opinions and requests received from stakeholders, and further promote human capital management so that employees, the greatest asset to our company, can work with vitality.

Stakeholders	Stakeholders' Interests		FY2024 Results	Future Issues
<div></div> <div><b>Our employees</b></div> <div>P.110~111</div>	<ul style="list-style-type: none"><li>• Creating a safe and healthy workplace</li><li>• Workplace Diversity and Inclusion</li><li>• Human resource development</li><li>• Respect for human rights</li><li>• Group governance</li><li>• DX promotion</li></ul>		<ul style="list-style-type: none"><li>• Safety promotion activities with KPIs set by the Company-wide Health &amp; Safety Committee</li><li>• Promotion "General Employer Action Plan" in accordance with the Act for Promotion of Women's Participation and Advancement in the Workplace</li><li>• Promotion of employment of people with disabilities: Exceeded the statutory employment rate (17 consecutive years)</li><li>• Continued support for the United Nations Global Compact</li><li>• Promotion of work-life management</li><li>• Promotion of H&amp;PM: periodic health examinations (once/employee), stress checks (once/employee), counseling services on mental health (as needed)</li></ul>	<ul style="list-style-type: none"><li>• Achieving safety-related KPIs</li><li>• Continuing efforts to achieve the CSR Objectives for 2025 (workplace diversity)</li><li>• Promoting barrier-free accessibility at each business site</li><li>• Identifying human rights risks throughout the supply chain</li></ul>
<div></div> <div><b>Group Companies</b></div> <div>P.112~113</div>	<ul style="list-style-type: none"><li>• Information sharing</li><li>• Promoting group management through one-stop services, etc.</li><li>• Synergy creation</li></ul>		<ul style="list-style-type: none"><li>• The 25th Taiheiyo Cement Group Resource Technology Presentation</li><li>• The 23rd Taiheiyo Cement Group Technical Presentation</li><li>• Intellectual property training including group companies</li><li>• International contract training including group companies</li></ul>	<ul style="list-style-type: none"><li>• Enhancing corporate value as a group</li><li>• Fostering a culture of mutual respect among group companies</li><li>• Promoting dialogue and exchange between group companies</li><li>• Penetration of the "Mission of the Taiheiyo Cement Group"</li><li>• Continuing initiatives such as technical presentations, regular briefings and training, including group companies</li><li>• Realizing business expansion by leveraging mutual strengths</li><li>• Building a "Taiheiyo Mountain Range" where each business functions interdependently to strengthen the corporate structure</li></ul>
<div></div> <div><b>Shareholders, investors</b></div> <div>P.114</div>	<ul style="list-style-type: none"><li>• Business performance trends</li><li>• Medium- to long-term management strategy</li><li>• Delivering carbon neutrality</li><li>• Shareholder returns policy</li><li>• Cost of capital</li></ul>		<ul style="list-style-type: none"><li>• IR activities<ul style="list-style-type: none"><li>- Financial results briefing (online live broadcast): 2</li><li>- Individual investor meetings: 213</li><li>- Investor conference: 2</li><li>- Facility tours: 2</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Promoting understanding of our company through dialogue and initiatives to reduce capital costs<ul style="list-style-type: none"><li>- Expansion of opportunities for dialogue</li><li>- Enhancement of information for dialogue</li></ul></li></ul>
<div></div> <div><b>Users and Business Partners</b></div> <div>P.115</div>	<ul style="list-style-type: none"><li>• Delivering carbon neutrality</li><li>• Corporate ethics and compliance</li><li>• Risk management (crisis management)</li><li>• Contributing to the realization of a recycling-based society</li><li>• Popularization of environmentally sound products</li><li>• Sustainable supply chain</li></ul>		<ul style="list-style-type: none"><li>• Efforts Related to CO<sub>2</sub> Emissions Reduction in the Cement Production Process</li><li>• Business activities based on our Basic Compliance Policy and Anti-Bribery Policy</li><li>• Resource recycling with industry and local communities</li><li>• Disclosure of maintenance and management information on our six directly-controlled domestic plants pursuant to the Waste Disposal and Public Cleaning Law: monthly</li><li>• Acquisition of ISO 14001 certification through our company-wide environmental management system (including plants, headquarters, branches, and Central Research Laboratory)</li><li>• Acquisition of ISO 9001 certification: 100% in Japan, 100% in overseas cement production sites in countries where ISO is the mainstream standard</li><li>• Various user associations<ul style="list-style-type: none"><li>- The Taiheiyo Cement Group Ready-mixed Concrete Association: Individual activities in 10 regions in Japan</li><li>- Taiheiyo Cement Association for the Paving Block Industry</li><li>- SPLITTON Association Japan</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Promoting initiatives based on the Carbon Neutral Strategy 2050</li><li>• Ensuring compliance and anti-bribery throughout the group</li><li>• Achieving group environmental targets (reduction of CO<sub>2</sub> and main air pollutant emissions)</li><li>• Increasing customer satisfaction and trust in the Taiheiyo brand</li><li>• Continuing support activities to meet the needs of users</li></ul>
<div></div> <div><b>Local community</b></div> <div>P.116~117</div>	<ul style="list-style-type: none"><li>• Engagement with local communities</li><li>• Biodiversity</li><li>• Reducing environmental impact</li><li>• Contributing to national resilience</li><li>• Water resources conservation</li></ul>		<ul style="list-style-type: none"><li>• Engagements with local communities: 4,895<ul style="list-style-type: none"><li>- Global environmental conservation activities: 1,192</li><li>- Revitalization of local culture and exchange: 3,350</li><li>- Regional development: 164</li><li>- Education and human resources development: 161</li><li>- Disaster relief: 12</li><li>- Other: 16</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Exploring activities based on the needs of communities</li></ul>



# Stakeholder Engagement – Our Employees –



We held a "Dialogue with the President" session as part of our efforts to improve employee engagement. This time, 30 mid-career employees participated in discussions with President Fushihara (current Chairman) on six themes related to sustainability. (Stakeholder Communication Committee)

## Attendees

Officers	President Fushihara (current Chairman)	
	Senior Executive Officer Ohashi (current Advisor)	
Our employees	Headquarters:	11
	Central Research Laboratory:	1
	Plants:	4
	Plant (direct workplace):	6
	Branches:	6
	Overseas assignment:	2
Total:		30

\* Titles and affiliations are as of the time of the event.

## Themes

- 1 Diverse working styles
- 2 Human resource development
- 3 Engagement
- 4 H&PM and creating a safe and secure workplace
- 5 Future core business and global development
- 6 Future vision of the Taiheiyo Cement Group

**Q** Now that nuclear families, dual-income households, and co-parenting are becoming mainstream, what kind of response will be necessary for our company's transfer system in the future, given that we are developing our business globally?

**A** It is true that when I was young I was transferred every three years on average, which placed a burden on my family. Now, there is a system for changing between the G course and the L course, and the number of employees using this system is increasing. I believe that it is necessary to create a system in which L course employees can play a more active role in the future. For example, it will not be possible to utilize the system in the true sense unless we create a system in which L-course employees can become plant managers or branch managers.

On the other hand, it is also true that transferring can be very stimulating because you meet new people and see new things, so if circumstances permit, transfers are also a good thing.

**Q** Please tell us what is expected of employees in the direct workplace.

**A** When I was young I worked at the Ofunato Plant and directly interacted with my coworkers, such as by playing baseball together. What I expect from employees in the direct workplace is that they will become

human resources who can see the entire plant. I also want them to eventually become plant managers, and I want to create a system for that. To do so, it is necessary to study not only the work site but also the staff departments for about three years. I also want them to understand the entire plant, not just the equipment and processes they are in charge of. To that end, I am considering having them experience other plants, including overseas, to broaden their horizons. Furthermore, I would like them to work with an awareness of not only the cement business but also the environmental and mineral resources businesses as an integrated plant. The people in the direct workplace know the plant best, so if they can grasp the whole picture, they should be able to become strong human resources.

**Q** Among the management department tasks I have experienced, there have not been many opportunities to be involved in the development of core businesses or global expansion. I would like to be actively involved in the future, but what kind of perspectives, ways of thinking and knowledge are necessary?

**A** When I was young I was in charge of accounting for four and a half years and, after that, I worked in various business divisions. I think you can learn the necessary knowledge in each department in half a year, so if you have knowledge of accounting and finance, you should be able to enter any business. Companies do not buy individual knowledge, but rather various experiences. For example, the experience of giving birth and raising children. That experience will help you think about various things later on. Then there is the ability to communicate with people. Communication skills are essential to bring negotiations with users to a successful conclusion. Various experiences will enhance those abilities, so don't worry and just do it.

**Q** We are making every effort to conduct research and development with agility, aiming to establish innovative technologies by 2030. Please tell us what is expected of research and development, including towards carbon neutrality.

**A** I believe that Taiheiyo Cement is two laps ahead of competitors when it comes to carbon neutrality. We have installed equipment to capture CO<sub>2</sub> by chemical absorption and test equipment for C2SP Kilns that efficiently capture CO<sub>2</sub> in calciners, and are conducting verification



experiments. I think CO<sub>2</sub> capture using C2SP Kilns will proceed smoothly, but the amount of CO<sub>2</sub> recovered from cement plants is very large, and even if about 20% can be converted into fuel by methanation, there is the problem of what to do with the remaining CO<sub>2</sub>. Ultimately, it will be necessary to store CO<sub>2</sub> underground, in what is known as carbon capture and storage (CCS). We are already participating in a CCS project and will steadily proceed to achieve carbon neutrality by 2050. First, we are considering the Kawasaki Plant of DC Co., Ltd. as a model plant.

We have also filed an international patent application for the C2SP Kiln and are considering licensing this technology to the world. The Taiheiyo Cement Group has 20 kilns, but there are about 4,000 kilns in the world, and this technology from Japan holds great promise. There are also various studies on CO<sub>2</sub> utilization in Japan and around the world, and CO<sub>2</sub> may be able to be sold as a resource, so we will steadily develop CO<sub>2</sub> capture technology. We are currently on schedule, and I am looking forward to the future.

## Impressions of Participating Employees (excerpt)

► It was a good opportunity to think deeply about the future possibilities of our company's personnel system and business development. I felt that it is important for management and employees to move in the same direction in order for our company to continue to exist while maintaining social value.

► I feel that being able to discuss the future of our company with employees of my generation beforehand and have a direct dialogue with the president at the dialogue session was motivating.

► It was meaningful to hear about the president's own experiences and the direction of the company. I felt that if there were more opportunities like this, the ideas of the management team would permeate the company and the sense of unity as a company would become stronger.





# Stakeholder Engagement – Group Companies –

The Taiheiyo Cement Group regularly holds various technical presentations and training sessions within the group for the purpose of sharing knowledge and promoting dialogue and exchange. We aim to maximize the enhancement of our corporate

value by working together to develop each employee into a human resource who can be successful both inside and outside the company, thereby enhancing the overall strength of the group.

## FY2024: The 25th Taiheiyo Cement Group Resource Technology Presentation was Held

Our Mining Department and group companies (limestone and quarrying offices) have a basic policy of promoting research and new technology development in a planned and strategic manner as a leading company in the quarrying/mining sector. Based on this basic policy, we hold the "Taiheiyo Cement Group Resource Technology Presentation" every year to present initiatives related to new technologies in the quarrying/mining sector. At the 25th presentation, 12 young engineers from each office presented their initiatives to solve challenges related to safety, environment and production that each office faces. Kawara Kogyo Co., Ltd. was awarded the gold prize, Kansai Matech Co., Ltd. was awarded the silver prize, and Chichibu Taiheiyo Cement Corporation was awarded the bronze prize for their outstanding efforts.

Kawara Kogyo Co., Ltd., which won the gold prize, gave a presentation titled "Automation of manual sorting work by introducing a color sorter at the white marble plant." In the white marble production process, undesirable components were conventionally removed by manual sorting, but the aging of workers and the shortage of successors had become a problem. This time, a color sorter (equipment that automatically removes foreign substances by identifying colors) was introduced into the work process, and the initiative was evaluated for successfully

automating the sorting work while maintaining the same level of accuracy as manual sorting.

In addition, we also hold regular briefings with group companies on all-quarry QCC (quality control circle), on-site improvement activities, and technical efforts of engineers. We will continue to work together to improve our technological capabilities in order to form a sustainable group of engineers.



Managing Director Hirata and the award winners whose initiatives were evaluated (FY2024)

## Promoting Intellectual Property Awareness

We conduct training for each job level of employees aimed at improving the intellectual property literacy of the Taiheiyo Cement Group employees. We have established a training system for intellectual property so that employees can continuously acquire knowledge according to their years of experience and expertise, incorporating internal training such as training for new employees, basic training to learn the basics of intellectual property, and patent description training for inexperienced engineers, as well as training by external organizations. 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. In addition, we regularly hold Group Intellectual Property Promotion Committee meetings with major group companies, where intellectual property managers from each company gather to exchange opinions on minimizing intellectual property risks and utilizing intellectual property.

We will continue to strive to improve the intellectual property mindset of the Taiheiyo Cement Group through activities that meet the needs of the entire group.

### ● Results of participation in intellectual property training (FY2024)

(Unit: persons)

Training Content	Taiheiyo Cement	Group Companies	Total
Basic Training	29	54	83
Patent Description Training	12	35	47
External Training	35	16	51
Total	76	105	181



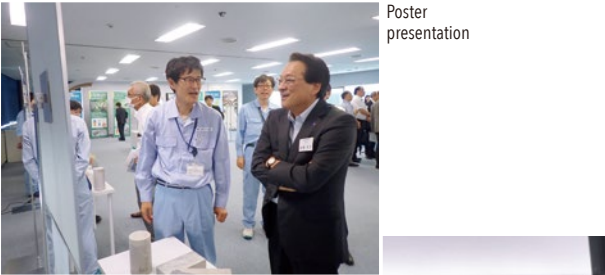
FY2024 Basic Training

## The 23rd Taiheiyo Cement Group Technical Presentation was held

We held the "Taiheiyo Cement Group Technology Presentation" for FY2025 at the Central Research Laboratory. Other than 2020 and 2021 due to the COVID-19 pandemic, this technology presentation is held every year with the aim of creating new business opportunities by promoting technical collaboration between the Central Research Laboratory and group companies, and this is the 23rd time it has been held. In FY2025, a total of 205 people participated, including 87 from the headquarters together with Chairman Fushihara, President Taura, executive officers, and a further 117 from 28 group companies.

This technology presentation consists of three parts: oral presentations, poster presentations and technology development demonstrations. In the oral presentations, 12 reports were made by our company and 10 group companies under the theme of "Technological Development through Group Collaboration and Initiatives for Early Commercialization of Carbon Neutrality-Related Technologies." Reports were given on technological developments through collaboration between our company and group companies, such as the development of a concrete slump prediction system using AI, and on carbon neutrality-related initiatives, such as expanding the use of blended cement in the U.S. market, and lively discussions were held. In the poster presentations, the latest technologies and products of our company and each group company were exhibited, and active exchanges of opinions were held with many participants. In the technology development demonstrations, recent research and development cases were demonstrated, such as CARBOFIX cement and CarboCatch, our unique technologies toward delivering carbon neutrality, and the Wall Survey System, which uses a robot to diagnose the separation of exterior wall tiles by Taiheiyo Consultant Co., Ltd. Finally, President Taura gave a lecture expressing his expectations for "research and development in

pursuit of innovation, profit contribution and rationality." The Central Research Laboratory aims to become a Research and Development Department that "anticipates environmental changes, proposes innovations, and contributes to the entire group" by 2050. To achieve this, we will strengthen our functions as a think tank for the Taiheiyo Cement Group and promote research and development that brings together the comprehensive capabilities of each company in our group, thereby evolving into a group-wide research center. These technology presentations are an important initiative, and we will continue to hold them in the future.



Poster presentation



Oral presentation

## The Taiheiyo Cement Group International Contract Training held

We held the Taiheiyo Cement Group's international contract training, and more than 40 employees from our company and group companies participated. As our business becomes increasingly globalized, this training is designed for those involved in international contracts to learn the basics of reading English contracts smoothly. It covered the "structure of typical English contracts," "explanation of grammar and expressions," "clauses specific to international contracts and their risk management" and "minimum necessary knowledge of private international law, international civil procedure law, and Anglo-American law."

The lecturer was the General Manager of our Legal Department, and the lecture was practical, based on knowledge backed by extensive experience in corporate legal affairs and overseas business. The participants praised the training, saying, "It was easy to understand because the teaching materials were actual contracts" and "I was able to learn the basics of Anglo-

American law." We were also pleased to hear later that "the expressions I learned in the training were useful in actually drafting contracts."

The Legal Department will continue to focus on legal education, not only to provide legal support to our company and group companies, but also to help improve the legal knowledge and skills of employees at each company.



Training session



## Stakeholder Engagement – Shareholders, Investors –

We strive to disclose information in a timely and appropriate manner so that our shareholders and investors can deepen their understanding of our business, etc. In addition, we are actively communicating with our shareholders and investors through activities such as holding two financial results briefings per year, conducting individual meetings, participating in IR conferences

hosted by securities companies, and holding facility tours. We are also focusing on efforts to utilize the opinions and suggestions we receive for management improvement by reporting them to the management team four times a year at the Board of Directors meetings.

### Dialogue with Shareholders and Investors

Category	Results			Details
	FY2022	FY2023	FY2024	
Financial results briefing for institutional investors and securities analysts	2 times	3 times	2 times	Two financial results briefings*2 (with simultaneous webcast) attended by the President, Accounting Officer, Business Division Heads, etc., are held for the year end financial results and the second quarter.
Individual meetings with institutional investors and securities analysts	169 times*1	164 times*1	213 times	The IR department takes the initiative in conducting individual dialogues. (Specialized for ESG themes: 20 times) *2 (Participation by Officers: 20 times) *2
(Domestic institutional investors)	(54 times)	(62 times)	(93 times)	
(Overseas institutional investors)	(82 times)	(71 times)	(95 times)	
(Securities companies)	(33 times)	(31 times)	(25 times)	
Securities company sponsored conference	2 times	1 times	2 times	IR Officers and the IR Department participate in conferences for institutional investors.
Facility tours	—	—	2 times	Company plant tours for institutional investors and securities analysts.
ESG briefing	1 times	—	—	

\*1 Calculation results were reviewed and retroactively revised.  
\*2 2023 results

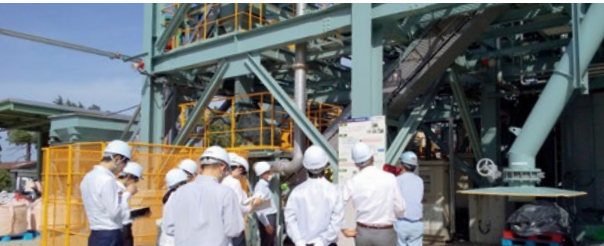
### Facility Tours

In order to further deepen your understanding of our business, we hold facility tours for institutional investors and analysts. In FY2024, we held the tour for the first time in three years, and a total of 13 people participated in the tour of our Kumagaya Plant.

In the tour, we visited the cement production facilities and the carbon neutrality demonstration facilities for "Development of Carbon Circulation Technology for the Cement Industry" which is funded by the New Energy and Industrial Technology Development Organization (NEDO) that capture CO<sub>2</sub> by chemical absorption (amine method) and utilize it. After the tour, we received many questions from the participants, mainly about carbon neutrality and waste treatment, and it became an

opportunity for two-way communication.

In the future, we also plan to hold tours of the demonstration test facility for the demonstration equipment for CO<sub>2</sub>-capture in the cement production process (C2SP Kiln).



#### IR strategy measures for the 26 Medium-Term Management Plan

We have newly formulated an IR strategy in the 26 Medium-Term Management Plan. We will promote understanding of our company and reduce the cost of capital through further dialogue with our shareholders and investors.

##### Expansion of opportunities for dialogue

- Holding IR meetings with the participation of management
- Holding IR-Day (ESG briefing, business briefing, facility tour, etc.)
- Holding interviews with Independent Directors

##### Enhancement of information for dialogue

- Enhancement of information in financial results briefing materials
- Promotion of simultaneous disclosure in English

## Stakeholder Engagement – Customers, Business Partners –

We consider "improving customer satisfaction" to be our most important challenge, and we are committed to creating products that meet the needs of our users. We respond sincerely to every quality issue raised by our users, and strive to improve product quality and customer satisfaction.

In addition, we are working to improve our quality assurance

system to include the products of the Taiheiyo Cement Group companies as well as Taiheiyo Cement Corporation products. We systematically strive to identify and address material challenges via cross-divisional initiatives, and aim to boost the reliability of the Taiheiyo brand as well as customer satisfaction.

### User Associations and Industry Associations

We have established and manage various cement user associations and industry associations that support participants in vitalizing their business operations and developing technological competitiveness. The Taiheiyo Cement Group Ready-mixed Concrete Association, the largest of these user associations, 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 Taiheiyo Cement Group Ready-mixed Concrete Association, 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 pre-cast concrete product companies. We will continue to support activities that benefit cement users.

#### Activities of the Taiheiyo Cement Group Ready-mixed Concrete Association

Region	Details
Hokkaido	Questionnaire survey on periodic certification maintenance audit
Tohoku	Publication of the second edition of the Legal Compliance Manual
Tokyo	Experiment for the creation of a "Concrete Defect Casebook"
Kanto	Holding a technology presentation
Hokuriku	Conducting a comparative test of unit water volume measurement methods
Chubu	Visit to Nippon Steel Corporation's Nagoya Works
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	Measures to rationalize the strength management of pavement concrete
Kyushu	Holding a study session on JIS certification (in preparation for various examinations and audits)

### 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 been promoting the use of concrete paving blocks through the exchange of information on manufacturing and construction technologies, and the development of new products and technologies.

In recent years, the labor shortage to maintain and expand the construction volume of block paving has become a major challenge, requiring early measures to improve productivity and

save labor. In order to promote mechanized construction and improved productivity of block paving, the association is working together with its members nationwide to conduct mechanized construction tours and other activities.

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



German-made IL block dedicated laying machine



Machine construction site tour



# Stakeholder Engagement – Local Communities –

The Taiheiyo Cement Group believes 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 the 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 (persons)	Examples of activities
Global environmental conservation activities	1,192	2,939	Resident briefings, environmental reporting meetings, environmental monitoring system, cleanup activities, forest and local nature conservation activities
Revitalization of local culture and exchange	3,350	20,464	Organizing plant and mine tours and facility openings, and hosting and participating in events
Regional development	164	5,064	Provision of materials, lending of heavy equipment, support for regional medical care, support for regional industrial development, disaster prevention activities
Education and human resources development	161	725	Scholarships, training for engineers, internships and work experience
Disaster relief	12	10	Rescue operation cooperation
Other	16	124	Blood donation cooperation

Hokuto City Marché (General Affairs Dept.)



The General Affairs Department held a "Hokkaido Hokuto City Specialty Products Sales Event (Marché)" in Hokuto City, Hokkaido, with the aim of contributing to the local community where the Kamiiso Plant is located. With the cooperation of Hokuto City Hall, a large number of local products unique to the city were on display, and the event was bustling with many executives and employees coming to purchase them. We will continue to hold the Marché in order to support the regions where our factories are located and also contribute to disaster recovery support.

Christmas Event (CalPortland Company, USA)



The CalPortland Company participated in the local fire department's first Christmas event in Redding, California, where its cement plant is located, and provided Christmas meals and presents to low-income families with donations raised from employees and business partners, as well as donations from the company. At the event, adults dressed up as fairies and reindeer to entertain the children, and there was also a photo session with Santa Claus. Some of the presents were even delivered to homes in a real fire truck, complete with rotating lights and a siren. Families who attended expressed their gratitude for a wonderful holiday event.

Releasing of Juvenile Fish Into the Koaze River (Saitama Plant)



At the Saitama Plant, with the support of the Iruma Fisheries Cooperative Association, we release juvenile fish into the local river several times a year. In FY2024, we contributed to the preservation of the local environment by releasing juvenile loach, catfish, crucian carp, and dace into the nearby Koaze River. We have received positive feedback from local residents, who are delighted to see an increase in fish populations downstream from the release sites.

Mishiri District Summer Festival (Kumagaya Plant)



The Kumagaya Plant participated in the Mishiri District Summer Festival, which was held for the first time in four years. Among the various stalls set up by the local community, Taiheiyo Cement set up a quoits booth. A huge queue of children lined up to play quoits, and they lit up with smiles and cheers when they won their favorite prizes. The mayor of Kumagaya City also attended towards the end of the event, making the summer festival a huge success and allowing our company to deepen its ties with the local community.

Practical Geological Survey Training (Mining Dept.)



The Mining Department organizes an internship for geology students every year for students from the University of Tsukuba. Through practical geological survey training and the creation of drawings at the Yorii Mining Office of Chichibu Mining & Co., a wholly owned subsidiary of Taiheiyo Cement, the students learned the basics of practical geological surveys and resource evaluations conducted by cement companies, and experienced first-hand how geology contributes to society.

Relief Supplies to Areas Affected by the Noto Peninsula Earthquake (Chubu Hokuriku Branch)



Through our subsidiary, Sangi-Tuun Inc., the Chubu Hokuriku Branch transported emergency relief supplies to Himi City, Toyama Prefecture, one of the areas affected by the Noto Peninsula Earthquake that occurred on January 1, 2024. When we gathered information on the damage in Himi City, a place with which our company has deep ties, we found that the recovery from the water outage had not yet progressed significantly. A total of 4,368 liters of drinking water was delivered as relief supplies, for which local residents expressed their gratitude.



# Quality Assurance

## Towards Value Creation

The Taiheiyo Cement Group is committed to providing high-quality products and services by establishing reliable technology and quality assurance systems, and ensuring that each employee engages in activities aligned with our Quality Policy to maintain our reputation as a trusted and reputable company.

### 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 quality targets that have been achieved.
- 4 We implement a quality management system and continually improve our products.

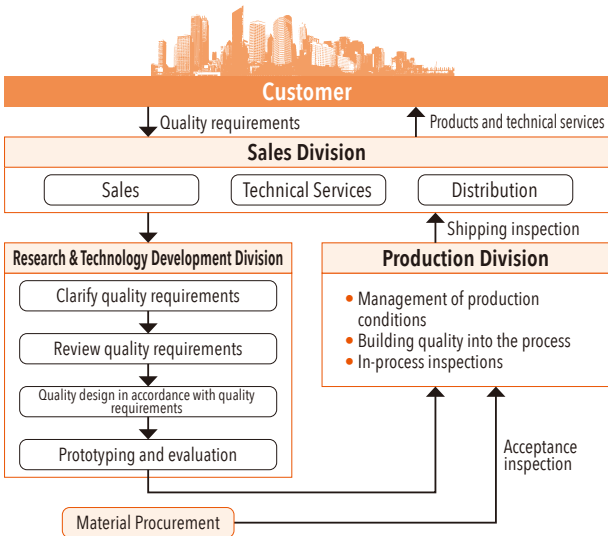
## Operational Structure

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. We are working to improve our operations while ensuring quality assurance by establishing and operating a quality management system (QMS).

### Quality Management System



## Roadmap for Realizing the Long-term Vision

We have established a Quality Assurance & Product Liability Committee, chaired by the Vice President, and are working on the following through its activities:

- 1 Maintain and continue our quality assurance system by ensuring the proper operation of QMS (ISO9001).

- 2 Ensure the delivery of high-quality products and build user trust by reducing quality issues and responding quickly when they arise.
- 3 Become a corporate group that is trusted and reputable by improving the quality assurance systems of our group companies and preventing quality data fraud.

### FY2024 Results

- Conducted a QMS skill improvement seminar and internal auditor training seminars
- Prevented issues with caking and foreign matter contamination through strengthened equipment management
- Conducted training for responding to quality abnormalities
- Conducted interviews regarding quality assurance systems at group companies
- Conducted self-inspections of quality data fraud at each business department and group company

### Our Vision

Our quality policy states that "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." Each and every employee acts in accordance with this policy in order to establish reliable technology and a quality assurance system to provide high-quality products and services, and continue to be a corporate group that is trusted and relied on by the users of our products.

### Materiality KPIs, Targets and Results

KPI / Goals	FY2022	FY2023	FY2024
Zero serious quality complaints	0	0	0

### Training for Responding to Quality Abnormalities

As part of our Quality Month activities (held every November) at our cement plants, we conduct response training based on potential quality abnormalities. Even if quality abnormalities were to occur, we are able to take action quickly to minimize the impact.

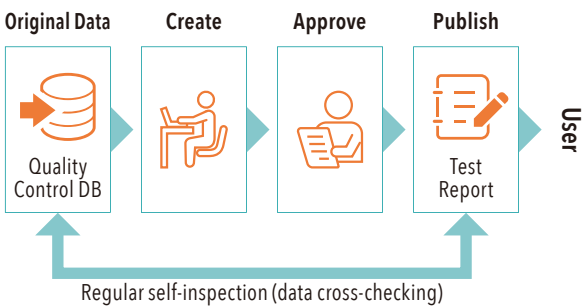


### Quality Data Fraud Prevention

To eliminate the mindset of prioritizing deliveries at the expense of quality standards, especially in light of recent corporate data fraud incidents, we have established a process for determining contract quality standards with new customers through internal discussions between the sales and production departments. We have also established a system for regular self-inspections by cross-checking data to ensure that data tampering or other fraud does not occur before quality test data is submitted to users as test reports.

We are working to cultivate a company culture that prevents and does not overlook misconduct by raising awareness through study sessions focused on case studies from other companies.

### Self-Inspections to Prevent Fraud



## 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.



Please see our website for more information on "Radioactive Concentration in Our Products," "Ensuring Product Safety Following a Nuclear Accident" and "Provision of Information Using SDS and Labeling."

[https://www.taiheiyo-cement.co.jp/csr/fair\\_trade\\_fr.html#section02](https://www.taiheiyo-cement.co.jp/csr/fair_trade_fr.html#section02)





Global collaboration with 46 overseas cement manufacturers

GCCA

Global Cement and Concrete Association

Towards Value Creation

As a member of the cement industry, we participate in the Global Cement and Concrete Association (GCCA), a global organization of the cement and concrete industry, in order to address global issues such as climate change and biodiversity. We are promoting activities that contribute to the interests of the region, such as policy proposals and information dissemination, as the only member company in Japan, while quickly grasping

global trends in technology development, policies, etc., and reflecting them in our own management, toward improving the reliability and sustainable development of this industrial sector.



Overview of GCCA

The parent organization of GCCA is CSI (Cement Sustainability Initiative), which was established in 1999 within the WBCSD (World Business Council for Sustainable Development). We also participated and worked on the development of a CO<sub>2</sub> emission calculation protocol for the cement industry, but in response to the rapid rise in carbon prices in the EU-ETS and the strong social demand for CO<sub>2</sub> reduction in cement and concrete, it was determined that it was essential to establish a global organization to respond to this, and GCCA was established by 10 companies, including Taiheiyo Cement, mainly by four major overseas cement companies, succeeding WBCSD-CSI in 2018.

As of June 2024, 47 companies including Taiheiyo Cement

are participating, and the cement production capacity of the participating companies is equivalent to covering more than 80% of the world's cement production excluding China.

Based on the Sustainability Charter with the pillars of addressing climate change, occupational safety and health, circular economy, social responsibility, and environmental protection, important activities that can only be addressed within an international framework, such as setting various targets, formulating guidelines, making policy proposals, and collaborating with various international organizations, are being promoted.

GCCA's Activities and Policies

We are a member company of the Board of Directors, which can be said to be the highest decision-making body of GCCA, and are involved in decision-making on important measures. Of particular note is the Net Zero Concrete Roadmap formulated in 2021, which shares ambitious targets to address the common challenge of global warming toward carbon neutrality in 2050. We are actively involved in the field of innovation, and we are also participating in advanced activities such as GCCRN (Global Cement and Concrete Research Network), a funding program for researchers at universities, etc., and Open Challenge, which can be said to be a program to search for promising startup companies.

In addition to the above activities, various guidelines as environmental evaluation indicators have been formulated based on the Sustainability Charter, and we, as a member company, utilize these guidelines and disclose them as key performance evaluation indicators such as CO<sub>2</sub> emissions, emissions, and occupational safety and health in our Integrated Report.



**Taiheiyo Cement**  
**Development of CO<sub>2</sub> Capture Technology for the Cement Production Process**

Taiheiyo Cement Corporation will soon complete a pilot plant to demonstrate technology for CO<sub>2</sub> capture during the cement production process, under a project funded by the New Energy and Industrial Technology Development Organisation.

The goal of the project, which is one of the Green Innovation Funding Projects launched by the Ministry of Economy, Trade and Industry, is to develop the world's first calciner to efficiently capture CO<sub>2</sub>, and will include a methanation system suitable for cement production as follows:

- Development of the CO<sub>2</sub> Capture cement production process (CCSP kiln)
- This project aims to develop an efficient CO<sub>2</sub> capture technology by installing a unique "CO<sub>2</sub> capture calciner" where oxygen enriched gas is used as a combustion aid to ensure that highly concentrated CO<sub>2</sub> can be captured in a compact device. Existing preheater and rotary kiln equipment can be used without major modification, resulting in high thermal efficiency and maintaining the volume of recycled raw materials that can be utilized.
- Development of the methanation system
- The captured, highly concentrated CO<sub>2</sub> can be converted to methane (CH<sub>4</sub>) by contact with hydrogen, and the methane obtained can be used as an alternative thermal energy source for cement production and city gas.

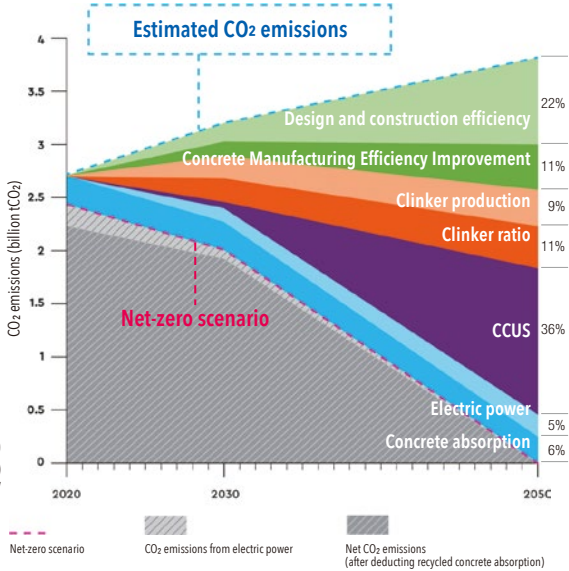
The goal of the project is to develop the world's first calciner to efficiently capture CO<sub>2</sub>, and will include a methanation system suitable for cement production."

Examples of Activities of Member Companies based on the "Net Zero Roadmap" (Taiheiyo Cement)  
<https://gccassociation.org/cement-industry-net-zero-progress/>

Specific Activity Examples

**1 Net Zero Concrete Roadmap**  
The "Net Zero Concrete Roadmap" has been formulated toward decarbonization in 2050. This roadmap integrates these measures, including not only cement materials but also initiatives in design and construction as concrete, and introduces a scenario that takes into account the CO<sub>2</sub> absorption effect throughout the life cycle of cement as a product.

Measures for Carbon Neutrality by 2050  
(Japanese translation with additions and edits)  
<https://gccassociation.org/concretefuture/our-path-to-net-zero/>



**2 Formulation of various policies**  
At the GCCA, various discussions are held at the annual general meeting, which is held once a year in person with CEOs and working group members from each company, but in addition to this, through daily activities, we encourage the industry to transform itself in response to important challenges such as climate change, circular economies, and biodiversity, and formulate various policies to reflect them in national policies.



The Annual General Meeting held in June 2024 (Bangkok)  
<https://gccassociation.org/news/global-gathering-of-cement-and-concrete-industry-leaders-governments-and-experts-in-bangkok-calls-for-new-policy-commitments-to-support-net-zero-mission/>

**3 Research and Development: GCCRN**  
The GCCA has established the GCCRN as a program to financially support research and development at universities and other institutions that form the foundation for innovation in the cement and concrete fields, in its position to promote innovation in these fields. In addition to the cement industry, related industries such as plant manufacturers and admixture manufacturers have also agreed with the purpose of the program's establishment and are participating.



GCCRN participating companies  
<https://gccassociation.org/innovandi/gccrn/>



# Our Directors and Corporate Auditors



Back  
row

**Masahiro Karino**  
Corporate Auditor

**Shingo Tsutsumi**  
Independent Director

**Isao Matsui**  
Director  
Senior Executive Officer

**Koshiro Hidaka**  
Director  
Senior Executive Officer

**Shinji Fukami**  
Director  
Senior Executive Officer

**Hideyuki Furikado**  
Independent Director

**Katsuhide Fukuhara**  
Corporate Auditor

**Toshihito Aoki**  
Independent Corporate Auditor

Front  
row

**Yoshiko Koizumi**  
Independent Director

**Yoshifumi Taura**  
President and  
Representative Director

**Masafumi Fushihara**  
Chairman and Director

**Hideaki Asakura**  
Vice President and  
Representative Director

**Wakako Mitani**  
Independent Corporate Auditor



Our Directors and Corporate Auditors

Directors



Masafumi Fushihara  
Chairman and Director

Career Summary	
Apr. 1978	Joined Taiheiyo Cement Corporation
Apr. 2007	General Manager, Business Promotion Department of Environmental Business Company
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 Development 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
	Director and Senior Executive Officer, Senior General
Apr. 2018	President and Representative Director
Apr. 2024	Chairman and Director (to present)
Apr. 2018	President and Representative Director
Apr. 2024	Chairman and 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 Chairman and Director in April 2024 after serving as President and Representative Director. He possesses a wealth of managerial experience, achievements and management insights. In addition to strengthening the functions of the Board of Directors as the Chairman of the Board, he continuously strives to increase the corporate value of the group and significantly contributes to its development as a director, while also identifying key management issues and supervising business execution.



Hideaki Asakura  
Vice President and Representative Director

Career Summary	
Apr. 1982	Joined Taiheiyo Cement Corporation
Apr. 2011	President of Nghi Son Cement Company
Apr. 2016	Executive Officer of Taiheiyo Cement Corporation President of Nghi Son Cement Company
Apr. 2018	Executive Officer of Taiheiyo 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
Apr. 2024	Vice President and Representative Director, Assistant to the President, Corporate Planning Department, Sustainability Promotion Department, and Legal Department (to present)

Experience and Knowledge

Since 2022, Mr. Hideaki Asakura has engaged in the management of the company as a director and was appointed as Vice President and Representative Director in April 2024. 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.



Shinji Fukami  
Director and Senior Executive Officer

Career Summary	
Apr. 1986	Joined Taiheiyo Cement Corporation
Apr. 2015	General Manager, Corporate Planning Department of International Business Division
Apr. 2018	General Manager, Environmental Business Development Department
Apr. 2019	Executive Officer, General Manager of Environmental Business Development Department
Apr. 2022	Managing Executive Officer
Apr. 2024	Senior Executive Officer
Jun. 2024	Director and Senior Executive Officer, Senior General Manager of International Business Division (to present)

Experience and Knowledge

Mr. Shinji Fukami has been involved in international business and environmental business for many years and was appointed director in 2024. He has extensive experience and broad insight into management as a whole. He is effective in the role of a director in striving to continuously increase the corporate value of the group.



Yoshifumi Taura  
President and Representative Director

Career Summary	
Apr. 1983	Joined Taiheiyo Cement Corporation
Apr. 2013	General Manager of Sales Department of International Business Division
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, Taiheiyo Cement (China) Investment
Jun. 2020	Managing Executive Officer, Senior General Manager of International Business Division, Chairman, Taiheiyo 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, Senior General Manager of International Business Division
Apr. 2024	President and Representative Director (to present)

Experience and Knowledge

Since 2023, Mr. Yoshifumi Taura has engaged in the management of the company as a director and was appointed as President and Representative Director in April 2024 after serving as Senior General Manager of the International 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.



Koshiro Hidaka  
Director and Senior Executive Officer

Career Summary	
Apr. 1984	Joined Taiheiyo Cement Corporation
Apr. 2015	General Manager, Ofunato Plant of Taiheiyo Cement Corporation
Apr. 2017	General Manager of Maintenance & Engineering Department, General Manager of Technology Department of the International Business Division
Oct. 2017	General Manager of Maintenance & Engineering Department
Apr. 2019	Executive Officer, General Manager of Maintenance & Engineering Department
Apr. 2021	Managing Executive Officer
Apr. 2024	Senior Executive Officer
Jun. 2024	Director and Senior Executive Officer, Production Department, Maintenance & Engineering Department, Carbon Neutral Technology Development Department, Philippines Renewal Construction Project Team (to present)

Experience and Knowledge

Mr. Koshiro Hidaka has been involved in the Production Division and Maintenance & Engineering Division for many years and was appointed director in 2024, and has extensive experience and broad insight into management as a whole. He is effective in the role of a director in striving to continuously increase the corporate value of the group.



Isao Matsui  
Director and Senior Executive Officer

Career Summary	
Apr. 1985	Joined Taiheiyo Cement Corporation
Apr. 2015	General Manager, Construction Materials Business Department
Nov. 2018	General Manager of the Construction Materials Business Department and Senior General Manager of the Business Planning and Administration Department
Apr. 2019	General Manager, Construction Materials Business Department
Apr. 2020	Executive Officer, General Manager of Construction Materials Business Department
Apr. 2021	Executive Officer of Taiheiyo Cement Corporation President of Nghi Son Cement Company
Apr. 2022	Managing Executive Officer, Deputy General Manager of International Business Division President of Nghi Son Cement Company
Apr. 2023	Managing Executive Officer
Apr. 2024	Senior Executive Officer
Jun. 2024	Director and Senior Executive Officer Environmental Business Development Department, Construction Materials Business Department, and Business Planning and Administration Department (to present)

Experience and Knowledge

Mr. Isao Matsui has been involved in the construction materials business and international business for many years and was appointed director in 2024. He has extensive experience and broad insight into management as a whole, and 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 Foreign Law Joint Enterprise)
Jan. 2008	Counsel, Nishimura & Asahi Foreign Law Joint Enterprise
Apr. 2009	Partner, City-Yuwa Partners (to present)
Jun. 2015	Independent Director of Taiheiyo Cement Corporation (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	Independent Director, Integrated Design & Engineering Holdings Co., Ltd. (to present)

Experience and Knowledge

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.



Shingo Tsutsumi  
Independent Director

Career Summary	
Apr. 1981	Joined Toyo Soda Manufacturing Co., Ltd. (now Tosoh Corporation)
Jun. 2017	Director and Senior Executive Officer of Tosoh Corporation
Jun. 2019	Director and Managing Executive Officer of Tosoh Corporation
June. 2020	President and Representative Director of Taiyo Vinyl Corporation
Jun. 2024	Independent Director of Taiheiyo Cement Corporation (to present)

Experience and Knowledge

After serving as a director and managing executive officer of Tosoh Corporation and president and representative director of Taiyo Vinyl Corporation, Mr. Shingo Tsutsumi was appointed as director of the company in June 2024. 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.

Corporate Auditors



Katsuhide Fukuhara  
Corporate Auditor

Career Summary	
Apr. 1981	Joined Taiheiyo Cement Corporation
Apr. 2013	General Manager, Corporate Planning Department
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 (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 the 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
Feb. 2018	Independent Corporate Auditor of Taiheiyo Cement Corporation (to present)
Apr. 2023	Vice President, Daiichi Tokyo Bar Association
Jun. 2023	Independent Corporate Auditor, Seikagaku Corp. (to present)
Jun. 2024	Independent Director of Waseda Academy Co., Ltd. (to present)
Sep. 2024	Partner, Rodem Law Office (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.



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 Taiheiyo Cement Corporation (to present)

Experience and Knowledge

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



Masahiro Karino  
Corporate Auditor

Career Summary	
Apr. 1980	Joined Taiheiyo Cement Corporation
Apr. 2004	General Manager, Legal Department
Apr. 2013	Executive Officer, General Manager of Legal Department
Apr. 2016	Managing Executive Officer
Jun. 2016	Director, Managing Executive Officer
Apr. 2019	Director, Senior Executive Officer
Apr. 2022	Director
Jun. 2022	Corporate Auditor (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 Taiheiyo Cement Corporation (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.



# Message from Chairman of the Board



We aim to implement governance that balances both proactive decision-making and protective oversight, with the goal of further enhancing the effectiveness of the Board of Directors

Masafumi Fushihara Chairman and Director

Q What do you think about the effectiveness of Taiheiyo Cement's Board of Directors from the perspective of the Chairman of the Board?

I have been part of the Board of Directors as a director for nine years, and I feel that its effectiveness has improved year by year. We have increased the proportion of independent directors in recent years, which has enabled us to incorporate opinions from a variety of perspectives. The independent directors actively share their opinions during board meetings, and I feel like this contributes to enhancing the effectiveness of the board. We prepare the board meeting agendas in advance and provide briefings to the independent directors the week before, gathering their feedback. This allows us to have well-considered, in-depth discussions during the board meetings. Additionally, managing executive officers in charge of each business attend the board meetings and are available to answer detailed questions as needed.

Q What kind of role do you expect independent directors to play?

Firstly, I hope they contribute to governance that strikes a good balance between proactive decision-making and protective oversight. If governance is focused solely on protective oversight, such as supervising the executive side, management may become passive and the company's growth may be hindered. For this reason, we need to consider proactive

governance that supports management, such as in making decisions about large-scale investment projects, including M&A. To achieve this, it is crucial for independent directors to have a good understanding of the company's internal affairs. At our company, we provide opportunities for independent directors to inspect work sites and interact with employees, with the aim of enabling them to understand the situation on-site and provide specific feedback. For example, we regularly visit group companies, overseas bases, quarries and plants, and talk to managers and employees at each site. We believe that efforts like these promote understanding of our business and lead to improved quality of discussions at board meetings.

Another important point is that we want to hear perspectives that we might not have from our internal viewpoint. In our case, we have appointed independent directors who are experts in different fields, including legal experts, those with experience in the business world, and those with experience in financial administration. Given our company's long history, it's crucial to receive diverse opinions from independent directors to ensure that our internal norms do not become outdated or unreasonable in the eyes of the public.

Q What are some governance challenges faced by the Taiheiyo Cement Group?

The Taiheiyo Cement Group is characterized by the fact that it is made up of many group companies, which also presents governance challenges. There have been many cases in the world where scandals at group companies have had an impact on the parent company, and I feel the importance of strengthening

group governance on a daily basis. Due to our overseas investments in recent years, the number of our overseas group companies has increased significantly. The Board of Directors has continually been discussing how to ensure effective governance for these group companies. For example, in 2023, we established an Internal Auditing Department at CalPortland Company in the United States to strengthen governance, an idea that was proposed by an independent director. While aiming to localize management, we will continue to explore appropriate forms of group governance.

Q Can you share the current state of discussions among the Board of Directors regarding sustainability management?

Given that the Taiheiyo Cement Group operates in the cement industry, which is known to have a considerable environmental impact, considerations for the environment and multiple stakeholders have been central management challenges and have been discussed even before the term "sustainability" came into use. Currently, the company is actively promoting its sustainability efforts, such as preserving mountains by reforesting them after quarry development has ended, and accepting waste materials as raw materials and fuel for cement production. These initiatives have long been recognized as our business responsibilities, and we have been continuously discussing and implementing them as part of our operations.

Today, as frameworks for sustainability management and information disclosure are being established across industries, we have also set up a Sustainability Management Committee within our company to deliberate on key issues and take necessary actions. All members of the Board of Directors, including independent directors, participate in the Sustainability Management Committee, where ongoing discussions on sustainability are taking place.

Q What is your assessment of the Long-Term Vision and 26 Medium-Term Management Plan?

As a private company in Japan that produced "the first tonne" of cement, Taiheiyo Cement remains committed to supplying cement until "the last tonne." We aim to stay indispensable to society for years to come by striving to establish technologies that will help us achieve carbon neutrality. I think that this commitment is reflected in Our Vision for 2050, the Taiheiyo Vision 2030, and the 26 Medium-Term Management Plan.

From an early stage, we identified CO<sub>2</sub> emissions reduction as a key growth strategy and have undertaken pioneering initiatives, including the development of the C2SP Kiln. This remains one

of the top priorities in our 26 Medium-Term Management Plan. It's not an exaggeration to say that our medium- to long-term growth strategy depends on our efforts toward carbon neutrality, and the entire company is united in this commitment. While it's unavoidable for CO<sub>2</sub> to be generated during the cement production process, we are committed to not only minimizing these emissions but also developing innovative technologies for CO<sub>2</sub> capture, utilization and storage. We would like to clearly communicate these efforts to all stakeholders.

Q You gave up your representation rights this April. Moving forward, how do you plan to engage with the executive team?

From April 2024, I will serve as Chairman and Director of the Board of Directors without representation rights. Accordingly, I will not participate in the executive committee meetings or business execution meetings where decisions on business execution are made. Instead, I will serve as chairman, receiving explanations about the discussions at executive committee meetings and assessing them, just like the independent directors. I have been refreshing my mindset as I participate in discussions from a neutral standpoint, without any bias toward the execution side.

Currently, the new generation of management, including the President and Vice President, is responsible for business execution. While I expect that having the younger generation take the helm will have a positive effect on the future growth of the Group, I also believe that the importance of the Board of Directors will become even greater. Personally, I would like to see our Board of Directors support the younger generation by closely supervising their operations while providing insights and guidance, rather than directly instructing them.





## Independent Directors' Roundtable



**Shingo Tsutsumi**  
Independent Director

**Yoshiko Koizumi**  
Independent Director

**Hideyuki Furikado**  
Independent Director

### How do you evaluate the effectiveness of Taiheiyo Cement's Board of Directors from the perspective of an independent director?

**Koizumi:** As an international lawyer, I have been involved in corporate legal affairs in various industries. Independent directors are not involved in execution of business, so it is necessary to be careful not to become a commentator on agenda items. At Taiheiyo Cement, however, there is a preliminary explanation of agenda items one to two weeks before board meetings, and the materials summarize the content, background, and challenges in a few dozen pages. In addition, we receive explanations about the discussions on the executive side based on the minutes of the management meetings. We also express our concerns about all agenda items based on our own experiences, so each meeting usually takes about three hours. I think this system is wonderful, where the executive side shares the points of in-depth discussions with independent directors in advance, and allows them to exchange opinions after understanding them. Of course,

at the actual Board of Directors meeting, explanations reflecting our opinions are given.

**Furikado:** I joined the Ministry of Finance and worked on administration and system design at the financial authorities. At the Financial Services Agency, I was in a position to promote the utilization of independent directors and revitalize the Board of Directors, and I feel that Taiheiyo Cement has good communication between the executive side and the supervisory side, including independent directors. I think the backgrounds of us independent directors are also well-balanced. In order to manage the Board of Directors effectively, it is essential to have a deep understanding of management strategies and business. At Taiheiyo Cement, a system has been established to provide explanations from the person in charge immediately, even for questions about finance and human resources that are not directly related to the agenda at that time. Regarding the business, there are opportunities to inspect not only domestic but also overseas sites, and the overall picture of the company is presented to independent directors in an accurate and transparent manner.

**Tsutsumi:** I was newly elected as an independent director at the General Meeting of Stockholders in June. I have been involved in management at a materials manufacturer in the chemical industry, and have been in charge of execution at a company that handles materials, like Taiheiyo Cement. I have not been on the Board of Directors of Taiheiyo Cement for long, but my impression is that it has a calm atmosphere. However, the content and issues of the agenda are discussed in depth at meetings of the Executive Committee, and the results are explained to us independent directors in advance, so we give comments. I believe that this understanding and discussion through prior explanations ensures the effectiveness of the Board of Directors.

### What points should be improved to further enhance the effectiveness of the Board of Directors?

**Furikado:** Taiheiyo Cement's business is becoming increasingly globalized, and the ratio of foreign shareholders in its shareholder composition exceeds 40%. The ratio of production and profit contribution from overseas is increasing, and the Board of Directors also needs to promote a composition and discussions appropriate for a global company. A system for exchanging opinions is being established, such as having the president of a local subsidiary from the U.S., where the business scale is large, come to Japan, and having us independent directors inspect the U.S. site. On the other hand, the current members of the Board of Directors are all Japanese, so multinationalization is a challenge for the future.

**Koizumi:** I have been involved in international trade relations for a long time, so I am also very interested in the activities of overseas group companies. Not limited to the Board of Directors, when I visit overseas sites, I notice the diversity of permanent employees, including managers. I believe there is room for improvement, such as encouraging active participation from overseas group companies in meetings that bring together domestic group companies. Also, as an agenda item for the Board of Directors, overseas projects require difficult decisions. For example, in the past, we had a lot of discussions about our expansion in Indonesia. At that time, I was also worried about what would happen, but a decision was made after thorough discussion, and the results have been very good.

**Tsutsumi:** Although such issues have not yet been on the agenda since I joined the Board of Directors, overseas expansion, large-scale investments, M&A, and business withdrawals have a significant financial impact and will be subject to various opinions and discussions. When such agenda items come up in the future, I would like to fulfill my responsibilities as an independent director. On the other hand, although the exchange of opinions



and the consolidation of issues through prior explanations is an excellent way to manage the board, I wonder if each attendee has something they want to say at the board meeting. I think that if such remarks are made at the board meeting, the discussion will become more active.

### In the materiality identified in 2023, themes and targets for environment and society were set. Please tell us about the materiality and sustainability initiatives that you consider particularly important.

**Furikado:** Cement emits CO<sub>2</sub> in the manufacturing process, and is closely related to resources. "Delivering carbon neutrality" is listed among the 12 materialities, and I recognize this as an essential challenge.

**Koizumi:** I agree. Research and development and patent acquisition for this purpose are also progressing, and I have heard of the pride that "we are at the forefront of the world in terms of technology." I actually visited the C2SP Kiln demonstration test facility and experienced the progress of the plan. Further massive capital expenditure is necessary for future practical application, and I think this is a theme that we are tackling with real determination.

**Furikado:** As independent directors, we must carefully evaluate investments in this regard. It is true that a considerable amount of cost is required, but we also understand that carbon neutrality is the most important investment that must be made.



## Independent Directors' Roundtable



**Tsutsumi:** Investment is also necessary for equipment renewal, such as preventive repairs. In materiality, this is related to "creating a safe and healthy working environment." A safe working environment is paramount in the manufacturing industry. The manufacturing industry can only be established if there is health and safety at the workplace, and if we do not create an environment where people can work for a long time, we will not be able to secure human resources.

**Koizumi:** I also believe that contributing to the realization of circular economies is an important theme. In cement production, waste and by-products are effectively utilized as alternative fuels. In addition, accepting disaster waste is an initiative that contributes to the recovery of disaster-stricken areas. I believe it is of great social significance.

### The 26 Medium-Term Management Plan started this fiscal year. How do you evaluate this plan?

**Tsutsumi:** The major medium- to long-term challenge is carbon neutrality, but I think the plan for how to promote it over the three years of the Medium-Term Management Plan is firmly incorporated. Regarding profits, the focus is on revitalizing the domestic cement business through appropriate pricing and achieving growth in the U.S. and Southeast Asia for overseas business. In addition to the conventional targets of operating income on net sales, and return on equity (ROE), the numerical targets now include return on invested capital (ROIC), making the targets clearer. Even from the standpoint of a new appointee, I felt that this is a good medium-term management

plan with a clear direction.

**Furikado:** I was also a member of the Board of Directors last year and observed the formulation process, and as you said, this is a medium-term management plan created with the intention of sending a clear message to stakeholders. The growth strategy is drawn up with awareness of the realization of the price-to-book ratio (PBR) of 1x, which is currently attracting attention. While the new Medium-Term Management Plan has gotten off to a good start, we anticipate significant changes in the global landscape, including monetary policies in Japan and the United States. In order to create a resilient management structure that can withstand changes in the management environment, I would like to keep an eye on the progress as an independent director.

**Koizumi:** During the previous Medium-Term Management Plan period, there were times when Executive Officers were unable to attend board meetings due to the impact of the COVID-19 pandemic. In the 26 Medium-Term Management Plan, I would like to monitor the progress of the plan while having discussions with the executive side.

### Please tell us how you view your role as an Independent Director.

**Koizumi:** My background is my experience as an international lawyer, but Taiheiyo Cement has a solid legal department, so I am not worried about domestic corporate legal affairs. Regarding international transactions, since the company has manufacturing bases in emerging countries, I would like to keep an eye on them based on my experience as a lawyer when judging not only contracts but also the situation in the country. After all, there are things about the local situation that one cannot understand without not only knowledge but also obtaining information on a daily basis through actual cases. I would like to contribute by utilizing the knowledge gained from practical work in the countries where we have bases.

**Furikado:** From my experience in system design, I believe that the role of an independent director is to oversee management from an objective and medium- to long-term perspective regarding profit expansion and contribution to the Japanese and global economies, based on the opinions of various stakeholders in society, including shareholders. On the other hand, in order to avoid making superficial comments, it is essential to know the actual situation. For example, quarry development is a 100-year project, so I believe that it is the responsibility of independent directors to evaluate the ultra-long-term profitability and future prospects. Difficult decisions also need to be made, including on carbon neutrality, but I am prepared to contribute to growth not only



by applying the brakes but also by actively stepping on the accelerator.

**Tsutsumi:** In addition to business execution at a chemical manufacturer, I have also experienced sales, accounting, and overseas assignments in the past. I would like to contribute to improving corporate value by utilizing my domestic and overseas business experience and knowledge in the same material field as cement. Generally, reducing CO<sub>2</sub> emissions is a common challenge in the materials industry, but if we can make a breakthrough, it is also an opportunity for growth. Also, effective utilization of various resources is important for CO<sub>2</sub> reduction. In that respect, Taiheiyo Cement is wonderful, effectively utilizing industrial waste and municipal waste as resources, and I think they are doing a very important job socially, but I feel that such contributions to society are not well known to the general public. From now on, I would like to make proposals and evaluations regarding external communication as well.

### Finally, a word from Director Koizumi, who is also the chair of the Nomination and Compensation Advisory Committee.

**Koizumi:** I was appointed as an Independent director of Taiheiyo Cement in 2015, and have witnessed the changes in governance over the past nine years. The system of attending Executive Committee meetings after receiving explanations about the management meetings in advance has been established during this period, and I feel that there are almost no more problems related to compliance. On the other hand, compliance is rooted in daily work and daily life, so I believe that it is necessary to constantly pay attention to the management of affiliated companies and the development of successors of local

companies, especially in overseas businesses that are expanding, as an Independent director in the future.

Currently, the Nomination and Compensation Advisory Committee consists of four members: independent directors and Chairman Fushihara. Regarding the nomination of management candidates and directors, I am conscious of their remarks, actions, and behavior at in-house meetings and inspections with the awareness of being a committee member. Director Furikado and I also served as committee members last year, and although we did not say it out loud, we each had a successor candidate in mind, and I believe that the election of new president, Taura, was the consensus of the public. I believe that there are many excellent people in the company who could be the next leader or the next-next leader of the company, so I hope that they will overcome various challenges and hone their international and balanced sensitivities.





# 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 responsibilities 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/company/pdf/corpgov\\_01\\_2112.pdf](https://www.taiheiyo-cement.co.jp/company/pdf/corpgov_01_2112.pdf)



## Corporate Governance System

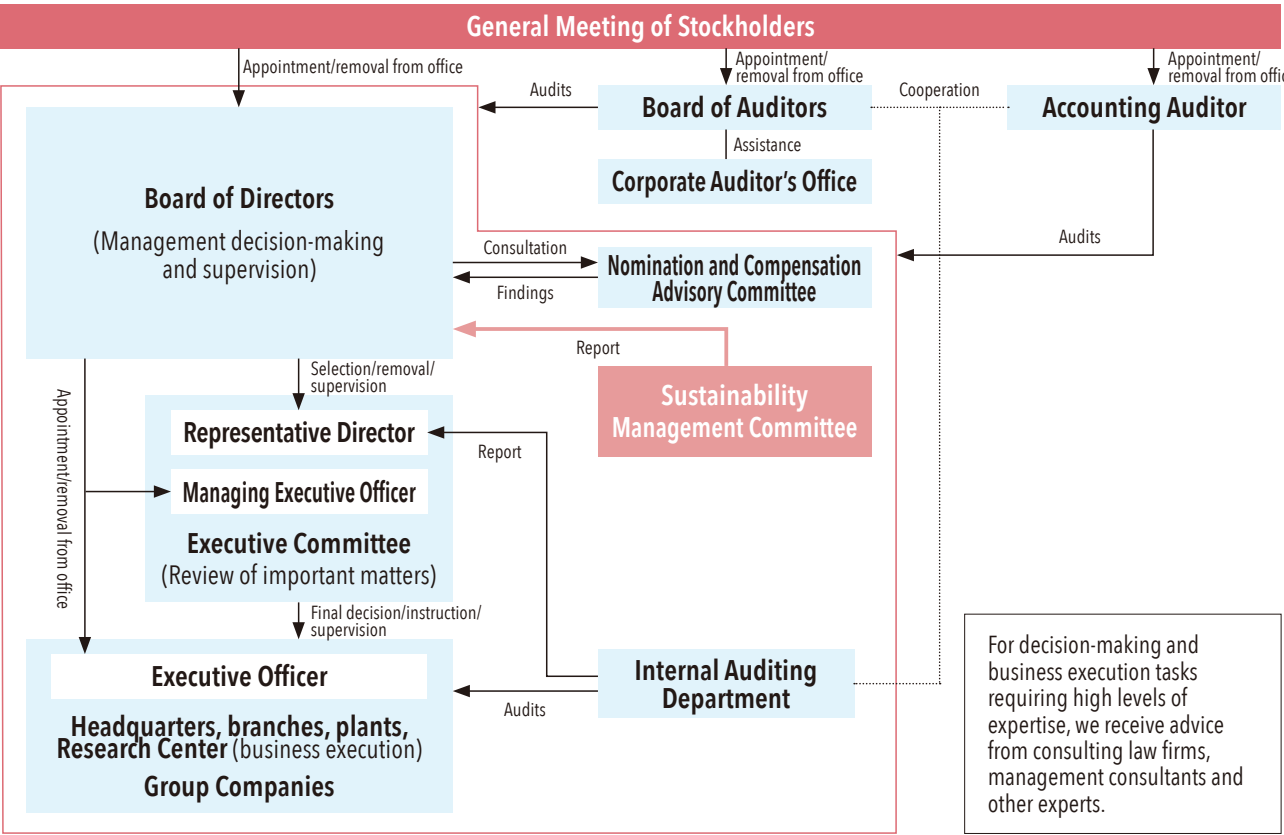
We are building a system that accurately recognizes and addresses corporate governance issues and effectiveness, and governance themes in order to deploy a sustainable business model on a global scale.

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 27, 2024)

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

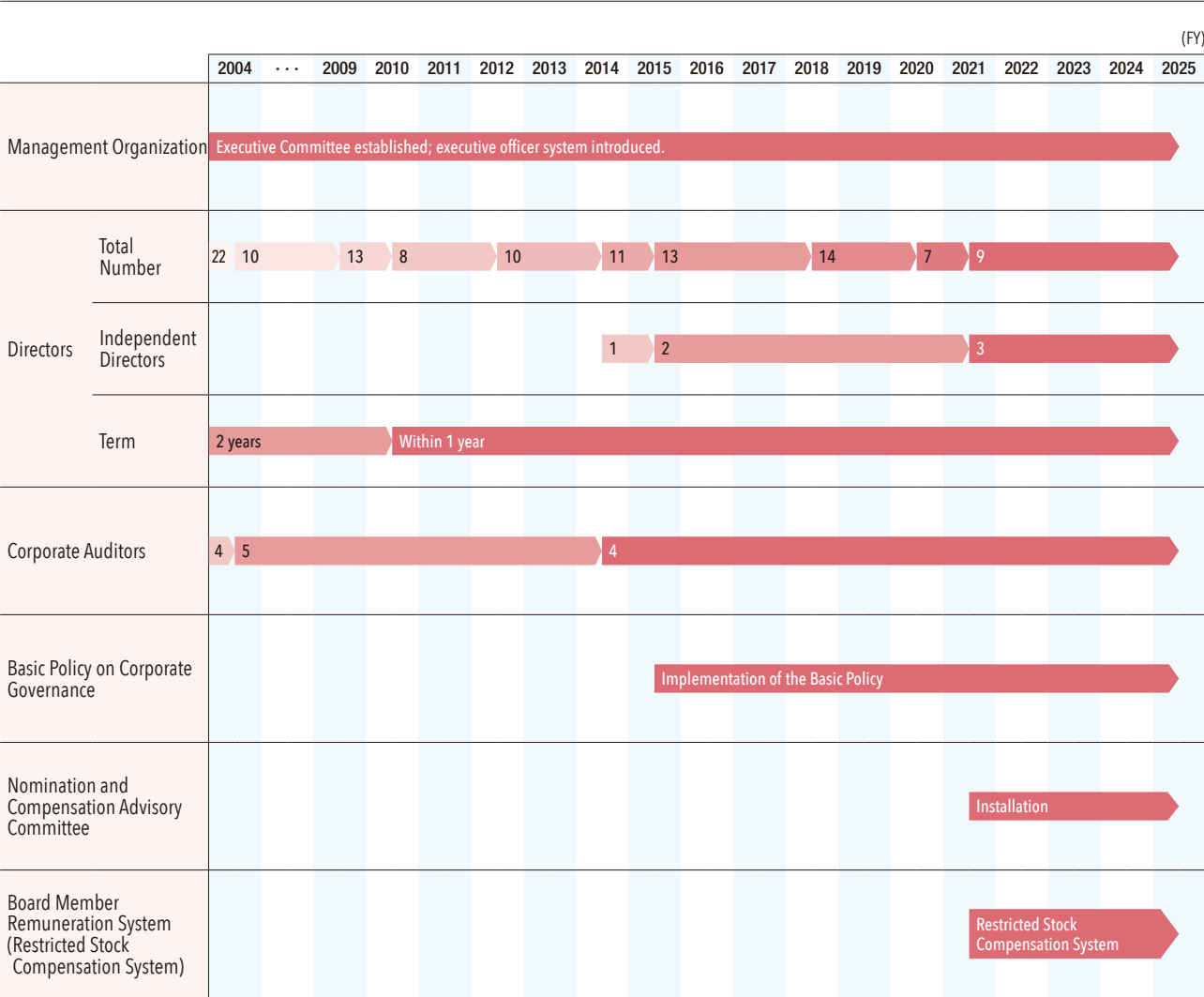
### Major Meetings Held

Committees	No. of times held	Independent officer Attendance	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 FY2024, with 100% attendance by directors and corporate auditors.
Board of Auditors	11	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, plants and group companies 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, excluding the Chairman, 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). 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.



Corporate Governance

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, with 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 "Basic Policy on Corporate Governance (Appendix 1)" on our website for information on "Independence Criteria for Independent Officers."

[https://www.taiheiyo-cement.co.jp/company/pdf/corpgov\\_01\\_2112.pdf](https://www.taiheiyo-cement.co.jp/company/pdf/corpgov_01_2112.pdf)



Activities of independent directors

The Nomination and Compensation Advisory Committee met a total of four times in FY2024, 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.

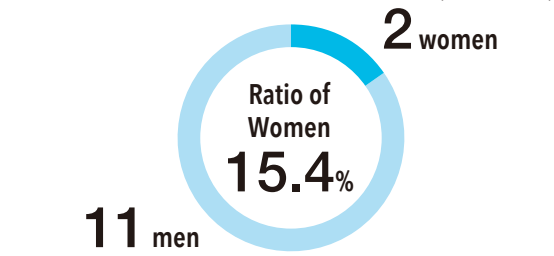
Operation of the Board of Directors

In FY2024, 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 medium-term management plans and annual management policy (President's Policy), and the Board of Directors reviews the progress of these operations.

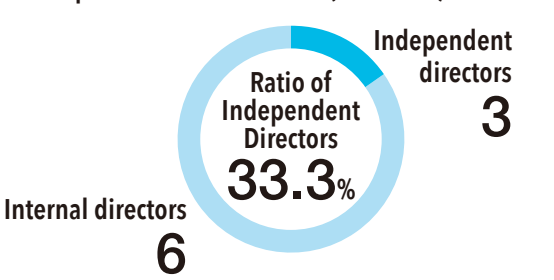
Major Matters Discussed at Board of Directors Meetings (FY2024)

Cement Sales Price Policy	Reports on details and status of sales price revisions
Strengthening Plants and Quarry Facilities	Upgrade of manufacturing facilities and limestone quarry development
Carbon Neutrality	Confirmation of progress on initiatives
Other	<ul style="list-style-type: none"><li>• Promotion of sustainability management</li><li>• Compliance with the Corporate Governance Code (evaluation of the effectiveness by the entire Board of Directors)</li><li>• Construction of a distribution terminal on Luzon Island in the Philippines</li><li>• Policy to formulate next medium-term management plan</li><li>• Change in depreciation method</li><li>• Dialogue with institutional investors and shareholders</li><li>• Promotion of diversity management</li><li>• Promotion of Health and Productivity Management (H&amp;PM)</li></ul>

Ratio of Women in Executive Positions (Jul. 2024)



Independence of Executives (Jul. 2024)



Attendance at Board of Directors Meetings (FY2024)

(Number of meetings attended / Number of meetings held)

Full Name	Board of Directors
Masafumi Fushihara	15/15 (100%)
Yuuichi Kitabayashi	15/15 (100%)
Kunihiro Ando	15/15 (100%)
Tetsuya Ohashi	15/15 (100%)
Hideaki Asakura	15/15 (100%)
Yoshifumi Taura	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	15/15 (100%)
Wakako Mitani	15/15 (100%)
Toshihito Aoki	11/11 (100%)

(note) Number of Board of Directors meetings held during the term of office: 15, except for Mr. Yoshifumi Taura, where 11 meetings were held after he became a director, and Mr. Toshihito Aoki, where 11 meetings were held after he became a corporate auditor.



Corporate Governance

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 research, sales, financial accounting,

legal 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	Financial Accounting	Legal Risk management	Global business
Masafumi Fushihara	Chairman and Director		9 years	○	●		●	●	●	●
Yoshifumi Taura	President and Representative Director		1 year		●	●	●			●
Hideaki Asakura	Vice President and Representative Director		2 years		●		●	●	●	●
Koshiro Hidaka	Director and Senior Executive Officer		–		●	●				●
Shinji Fukami	Director and Senior Executive Officer		–		●	●	●			●
Isao Matsui	Director and Senior Executive Officer		–		●		●	●		●
Yoshiko Koizumi	Directors	○	9 year	○ (Chairperson)					●	●
Hideyuki Furikado	Directors	○	3 year	○				●	●	●
Shingo Tsutsumi	Directors	○	–	○	●		●	●		●
Katsuhide Fukuhara	Corporate Auditor (Standing)		3 year		●	●		●	●	●
Masahiro Karino	Corporate Auditor (Standing)		2 year		●				●	●
Wakako Mitani	Corporate Auditors	○	6 year					●	●	
Toshihito Aoki	Corporate Auditors	○	1 year					●	●	

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 complete a survey questionnaire to analyze and evaluate the effectiveness of the Board of Directors as a whole, including its composition, operation, agenda and deliberations. The Board of Directors will review the outcome of the survey and makes 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.

Challenges and Initiatives (FY2024)

Challenges for FY2024	- Enhancement of discussion on medium-term management plan - Further enhancement of English-language disclosure
Initiatives for FY2024	- Improvements are being made to enhance discussions related to medium-term management plan, including securing sufficient time for discussions and improving the content - As a general rule, simultaneous disclosure in English is implemented
Challenges for FY2025	- Review the criteria for submitting proposals - Further enhance IR activities, including those for overseas investors

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 directors appointed by resolution of the Board of Directors.

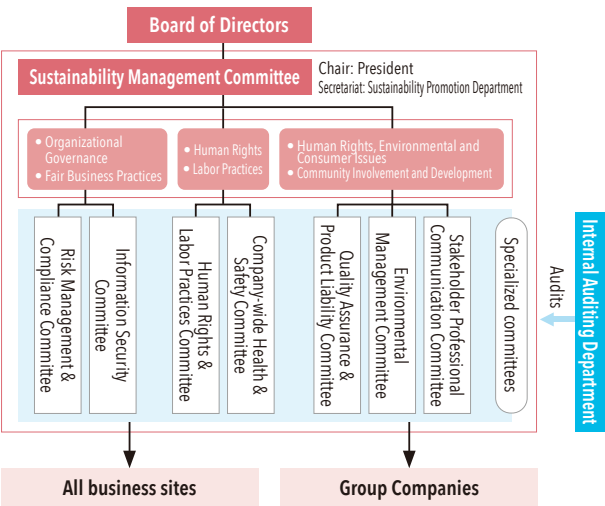
The Committee deliberates and reports to the Board of Directors on policies regarding the nomination of directors, the appointment and removal of directors, policies for determining the compensation of individual directors, and the details of the compensation of directors.

When selecting directors, the Committee deliberates on candidates proposed by the President from a wide range of diverse candidates, irrespective of gender, nationality work history, age, etc. For internal director candidates, the Committee reviews whether they possess the knowledge and experience necessary to manage the company accurately and fairly, as well as outstanding character, insight, ability and a high level of ethics. The findings are then reported to the Board of Directors. Additionally, when selecting candidates for independent directors, the Committee deliberates whether they are capable of supervising the Company's directors and management from an external, independent standpoint, and of providing accurate and appropriate advice based on their extensive experience and broad insight. The findings are then reported to the Board of Directors. Each committee member approaches the discussions with the mindset of thoroughly evaluating the candidates, including requesting additional evidence if there are any gaps in a candidate's details, and reporting any deficiencies or lack of eligibility to the Board of Directors.

The System to Promote Sustainability Management

To promote 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





Corporate Governance

● Sustainability Management Committee Meetings (FY2024)

Date		Main Content
First	May 11, 2023	● Challenges in preparing the 2023 Integrated Report
Second	Sep. 26, 2023	● Interim report on the activities of four specialized committees ● Identification of materialities for the Taiheiyo Cement Group
Third	Dec. 19, 2023	● Interim report on the activities of three specialized committees ● Reporting on the implementation of human rights due diligence ● Looking back on the 2023 Integrated Report
Fourth	Mar. 26, 2024	● Report on the FY2024 activities of seven specialized committees ● Planning the FY2025 activities of seven specialized committees ● General evaluation of this fiscal year's sustainability activities

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

Further, 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.

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 whom are independent directors, and 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

● Number of Issues and Amount Reported on Balance Sheet

	Number of Issues (Stocks)	Total amount reported on balance sheet (million yen)
Non-listed stocks	180	5,806
Shares other than unlisted stocks	29	21,127

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.

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 (including three 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 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.

Composition of Compensation

● Directors (excluding independent directors)

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

● Independent Directors, Corporate Auditors

Fixed compensation
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● Total Amount of Compensation for Directors and Corporate Auditors (FY2024)

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	
Directors	393	310	38	44	10
Corporate Auditors	72	72	—	—	5
(Independent directors)	(67)	(67)	(—)	(—)	(6)

(note) The above count of directors and corporate auditors who received compensation includes one director and one corporate auditor who retired at the conclusion of the 25th Ordinary General Meeting of Shareholders held on June 29, 2023.

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 approach is to improve and strengthen systems that are currently in operation, and to review and reappraise essential matters. Regarding internal audits, under the direction of the officer in charge, we collaborate with auditors to formulate an internal audit plan that is approved by the company's directors. In FY2024, we audited five of our offices, 11 domestic group companies and one overseas group company. During the audits, we check the effectiveness, efficiency and compliance with regulations of the Group's corporate operations, identify areas for improvement, and provide advice and recommendations. We also comply with the Companies Act and

the Financial Instruments and Exchange Act, and handle matters related to internal control evaluations and disclosure systems associated with financial reporting.

Additionally, auditors are dispatched from the relevant business divisions or management departments to group companies as necessary to conduct audits. For companies to which we do not dispatch auditors, we require them to periodically conduct self-diagnoses of the status of internal controls. Additionally, we regularly hold online meetings with the auditing divisions of key overseas group companies to review their internal control systems. Any issues raised in internal audits are presented at a meeting attended by management of Group companies to prevent recurrence.



# Risk Management and Compliance

## Towards Value Creation

In our Business Principles we declare “we will strive to anticipate the changing business environment to assess new opportunities for growth.” We consider risk management to be a foundation for reducing management uncertainties and achieving management objectives. Based on our basic risk management policy, we manage risks that make the achievement

of management goals uncertain, such as social change, changes in the global environment, natural disasters, accidents and scandals. In addition, we have established “Risk Management Regulations” to ensure that the Basic Risk Management Policy is deployed in specific risk management activities.

### 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.
- 6 Through risk communication with stakeholders, we gain an understanding of the opinions of stakeholders necessary for risk management.
- 7 We openly disclose risk-related information, such as risk assessments and mitigation outcomes, fostering a trusting relationship between our company and stakeholders.

### Basic Compliance Policy (Summary)

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

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

[https://www.taiheiyo-cement.co.jp/csr/risk\\_management\\_fr.html](https://www.taiheiyo-cement.co.jp/csr/risk_management_fr.html)

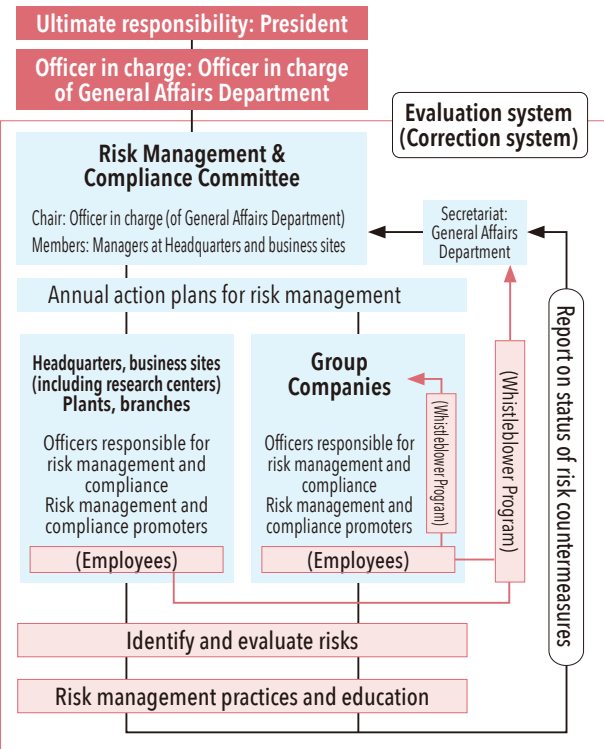


## Operational Structure

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 FY2024.

### Risk Management and Compliance Promotion System



(note) Subject to risk management: 94 group companies (Japan and overseas) (as of March 31, 2024)

## Roadmap for Realizing the Long-term Vision

### Compliance Enforcement

Companies are expected to actively fulfill a useful role in society, not just from an economic perspective. In order for our company and each of our group companies to live up to the trust and expectations of society and achieve continuous and stable development, we are working to promote compliance management that “recognizes the rules that must be followed in society and acts in accordance with them” and continue to be a trusted corporate group.

### Risk Management

If a significant risk were to materialize, it not only undermines our management resources but can also adversely affect the stakeholders surrounding our group, potentially leading to a breakdown of trust and a loss of social credibility. In order to continue our business and achieve sustainable development, we are working on developing a risk management system and promoting effective risk management activities in order to reduce serious risks and minimize losses caused by actualized risks. We will also strive to properly handle, protect and manage information assets.

FY2024 Results	Plan for FY2027	Our Vision (2030)
<ul style="list-style-type: none"><li>Implemented risk countermeasure plans using the PDCA cycle at all business sites and group companies</li><li>Started creating a manual for responding to large-scale factory accidents</li><li>Expanded the Small and Medium Enterprise Agency's "Partnership Building Declaration" to group companies</li></ul>	<ul style="list-style-type: none"><li>Implement effective measures against risks that could impede the achievement of the 26 Medium-Term Management Plan and materiality initiatives, and which could have a significant impact on the uncertainty of our group's management.</li></ul>	<ul style="list-style-type: none"><li>By improving and expanding the risk management system and continuing effective risk management and compliance activities, we will contribute to the continuity of our group's business and its sustainable development.</li></ul>

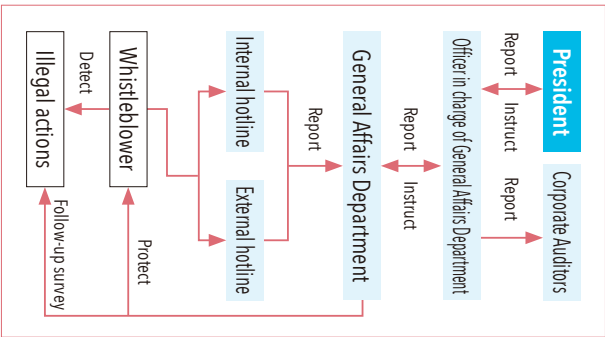
### Materiality KPIs, Targets and Results

KPI / Goals	FY2022	FY2023	FY2024
Coverage of the Whistleblower Program in Group Companies (Japan and Overseas): 90% or more (FY2031)	78.6%	81.1%	88.3%
Standards of Conduct Training (e-learning) Participation Rate: Maintain at 90% or more	87.8%	91.7%	97.3%

### Whistleblower Program

We have 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. These hotlines are 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 (the establishment of hotlines for overseas group companies is under consideration). 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 (FY2024)\*

Hotline	No. of cases
Internal (whistleblower hotlines)	4
External (law firm)	0

(note) Cases that should be regarded as reports are 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

Risk Management and Compliance Promotion Activities

1 Identifying, Evaluating and Specifying Company-wide 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. In the comprehensive review of company-wide risks conducted in FY2023, we performed a thorough inventory of risks considering the environmental changes over the past three years. We identified those risks that have a heightened concern for materialization and those with insufficient countermeasures as "company-wide risks" and decided to promote effective responses under the oversight of the Risk Management & Compliance Committee.

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

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

2 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, toiletries and medicines), as well as cash and other resources needed, in the event of evacuation or an emergency at our overseas business sites.

3 Emergency Task Force

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

As preparation for responding to disasters and accidents, we also conduct Shake Out earthquake drills that assume a large-scale earthquake at each business site.

4 Risk Management and Compliance Promotion Training

To ensure effective risk management and compliance we provide training for risk management and compliance managers/promoters working at the company's business sites and group companies. In FY2024, we invited an outside lecturer to give a talk in November to the managers at our group companies on "Why Does Diversity Foster Organizational Growth? – Diversity Management and Case Studies" and "Sustainability and Corporate Management," which was attended by managers from 87 companies. We also held an e-learning training session for promoters in February on "Compliance Course – Preventing Misconduct in Organizations."

5 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 FY2024, 97.3% of employees participated in the program.

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

[https://www.taiheiyo-cement.co.jp/csr/risk\\_management\\_fr.html](https://www.taiheiyo-cement.co.jp/csr/risk_management_fr.html)



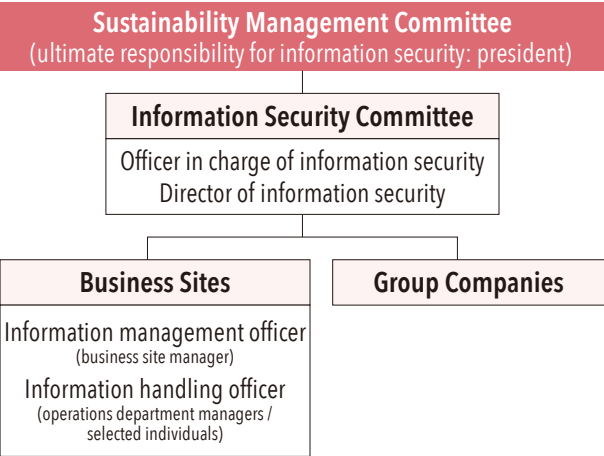
Information Security

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/csr/risk\\_management\\_fr.html#section05](https://www.taiheiyo-cement.co.jp/csr/risk_management_fr.html#section05)



Activities to Promote Information Security

In FY2024, we developed a cyber incident response manual that establishes the process for when a security incident occurs, and conducted a tabletop exercise that simulated internal network outages due to external security breaches. We have also continuously conducted recovery drills in preparation for natural disasters.

Additionally, we conducted suspicious email response training and security assessments for our company and group companies. Furthermore, we are working to enhance the overall security level of the group by distributing security news on our portal.

We also held a networking event for the information system personnel of group companies, providing an opportunity to share information from our company and discuss challenges faced by each company.

No serious incidents related to information security occurred in FY2024.

Risk Management for Intellectual Property

To prevent the infringement of intellectual property rights owned by other companies, we regularly monitor patent applications in relevant industries. For applications from other companies that warrant attention, we proactively engage in risk management activities to ensure a safe business environment. This includes verifying that we are not infringing on any rights, monitoring the examination status as needed, and considering appropriate responses.

To address intellectual property risks in the various foreign

countries where we do business, we leverage our network of external organizations and experts to gather the latest local information and implement response measures equivalent to those in Japan to mitigate these risks.

In addition to these risk management activities, we are also promoting awareness within the group about the importance of respecting the rights of other companies. To date, we have never encountered any issues related to intellectual property that have affected our business.



ESG Data

Scope of Data

Non-consolidated: Taiheiyo Cement Corporation (non-consolidated)	
Group 1:	Domestic cement plants (9 plants) and group companies (quarry group companies, power generation group companies)
Group 2:	Group companies that are business sites required to submit accident reports under the Taiheiyo Cement Group's Health and Safety Management Regulations
Group 3:	Taiheiyo Cement Corporation, 184 subsidiaries and 104 affiliates
Group 4:	Group companies subject to risk management by the Risk Management & Compliance Committee
GCCA:	Cement plants (9 domestic plants, 7 overseas plants) and quarries owned by group companies that own cement plants

E Environment					
	Scope of Data	Unit	FY2022	FY2023	FY2024
Cement Production	GCCA	(thousand t)	32,041	27,228	25,939
Cementitious Product Production in Japan		(thousand t)	19,096	17,229	16,150
Cementitious Product Production Overseas		(thousand t)	12,945	9,999	9,789
CO <sub>2</sub> emissions	GCCA				
Annual CO <sub>2</sub> emissions					
Scope 1 emissions (raw material-derived and fuel-derived direct emissions)		(thousand t)	23,679	20,065	19,007
Japan		(thousand t)	14,362	13,036	12,127
Overseas		(thousand t)	9,318	7,029	6,880
⦿ Gross Emissions (raw material-derived and fuel-derived direct emissions (excluding on-site power generation))		(thousand t)	22,525	19,017	18,277
Japan		(thousand t)	13,207	11,989	11,397
Overseas		(thousand t)	9,318	7,028	6,880
⦿ Net emissions (raw material-derived and fuel-derived direct emissions (excluding alternative fuels and on-site power generation))		(thousand t)	21,626	17,997	17,228
Japan		(thousand t)	12,338	10,983	10,391
Overseas		(thousand t)	9,288	7,014	6,837
CO <sub>2</sub> emissions per tonne of cement produced					
⦿ Specific gross emissions		kg-CO <sub>2</sub> /t-cementitious	703	698	705
⦿ Specific net emissions		kg-CO <sub>2</sub> /t-cementitious	675	661	664
Scope 2 Emissions (indirect emissions from purchased electricity)		(thousand t)	983	868	854
Japan		(thousand t)	371	373	397
Overseas		(thousand t)	612	495	457
Scope 3 Emissions (indirect emissions other than Scope 1 and 2)		(thousand t)	1,596	1,700	1,578
Category 1 (purchased goods and services)		(thousand t)	592	827	880
Category 3 (fuel- and energy-related activities not included in Scope 1 and 2)		(thousand t)	1,004	873	698
Reduction rate of specific net CO <sub>2</sub> emissions (compared with FY2001) <i>CSR Objectives for 2025: 10% or more</i>		%	8.3	10.2	9.8
Reduction rate of specific CO <sub>2</sub> emissions across the supply chain (compared with 2000)*1		%	9.7	10.5	11.6
Reduction rate of total (domestic) CO <sub>2</sub> emissions (compared with 2000)*1		%	36.0	42.7	46.8
⦿ Clinker/cement ratio		%	83.0	83.0	83.3
Total heat consumption for clinker production	GCCA				
Heat consumption		T/J	88,414	76,291	74,459
Fossil energy		T/J	74,866	61,111	59,056
Alternative fuels		T/J	11,741	13,393	13,758
Biomass fuels		T/J	1,807	1,787	1,645
⦿ Specific heat consumption		MJ/t-clinker	3,291	3,375	3,443
Rate of alternative fuel use		%	15.3	19.9	20.7
⦿ Alternative energy rate		%	13.3	17.6	18.5
⦿ Biomass energy rate		%	2.0	2.3	2.2
Use of alternative raw materials	GCCA				
⦿ Alternative raw materials rate		%	15.7	15.5	15.1
Main air pollutant emissions	GCCA				
⦿ Ratio of clinker produced in kilns with monitoring systems for all air pollutants		%	55	57	53
⦿ Ratio of clinker produced in kilns with continuous measuring equipment for NOx, SOx and dust		%	94	93	93
⦿ Ratio of clinker produced in kilns with monitoring systems		%			
NOx		%	100	100	100
SOx		%	100	100	100
Dust		%	100	100	100
VOC (Volatile Organic Compounds)		%	74	77	77
Dioxins		%	80	91	92
Mercury		%	100	100	100
HM1*2		%	58	78	77
HM2*3		%	55	74	71

	Scope of Data	Unit	FY2022	FY2023	FY2024
⦿ Air pollutant emissions					
NOx		t	34,330	32,425	32,126
SOx		t	1,091	930	1,014
Dust		t	439	423	367
VOC (Volatile Organic Compounds)		t	1,822	1,469	643
Dioxins		mg	2,270	2,652	1,214
Mercury		kg	1,041	741	818
HM1*2		kg	164	135	131
HM2*3		kg	2,862	1,553	1,890
⦿ Specific emissions of clinker produced in kilns with monitoring systems					
NOx		g/t-clinker	1,277	1,434	1,485
SOx		g/t-clinker	41	41	47
Dust		g/t-clinker	16	19	17
VOC (Volatile Organic Compounds)		g/t-clinker	92	84	38
Dioxins		ng/t-clinker	105	129	61
Mercury		mg/t-clinker	39	33	38
HM1*2		mg/t-clinker	10	7	7
HM2*3		mg/t-clinker	156	80	102
Water Consumption	GCCA				
Total water withdrawal		(thousand m³)	173,235	170,125	169,161
Total water discharge		(thousand m³)	160,308	158,431	158,948
⦿ Total fresh water used		(thousand m³)	13,095	11,857	10,382
⦿ Fresh water withdrawal per unit of production		m³/t-cementitious	0.409	0.435	0.400
Conserving and Restoring biodiversity	GCCA				
⦿ Ratio of operating quarries with rehabilitation plans		%	94	95	95
Number of quarries located in or near areas of high biodiversity value			3	2	2
⦿ Ratio of quarries with high biodiversity value that have biodiversity management plans in place		%	33	50	50
Amount and intensity of waste and by-products used	Non-consolidated				
Amount of waste and by-products used		(thousand t)	6,244	5,771	5,476
Intensity of waste and by-products		kg/t-cement	405.2	409.6	421.9
Volume of waste to landfill	Group 1	t	1.3	1.9	2.0
Total investment amount	Non-consolidated	million yen	37,785	25,386	18,784
Environmental conservation cost	Non-consolidated				
Environmental conservation investment		million yen	7,592	10,707	5,829
Business area costs		million yen	3,249	7,998	4,822
Details					
Pollution prevention		million yen	1,599	2,068	997
Environmental conservation cost		million yen	1,351	5,861	3,673
Resource recycling		million yen	299	69	153
Upstream and downstream		million yen	2,594	2,176	974
Administrative		million yen	36	221	30
R&D		million yen	1,707	310	344
Social activity		million yen	0	0	0
Environmental remediation		million yen	6	2	2
Environmental conservation expenses		million yen	14,406	17,394	18,631
Business area costs		million yen	8,309	9,909	10,886
Details					
Pollution prevention		million yen	3,645	5,111	4,781
Environmental conservation cost		million yen	4,186	4,282	5,571
Resource recycling		million yen	478	516	534
Upstream and downstream		million yen	4,991	6,102	6,318
Administrative		million yen	12	311	158
R&D		million yen	949	912	1,127
Social activity		million yen	28	58	67
Environmental remediation		million yen	117	102	75
Total R&D amount	Non-consolidated	million yen	1,402	1,305	1,538

⦿ KPI based on GCCA Sustainability Guidelines

ESGデータ

S Society					
	Scope of Data	Unit	FY2022	FY2023	FY2024
Occupational Health and Safety	Group 2				
Fatalities	CSR Objectives for 2025: Zero fatalities	Cases	2	2	1
Lost-time injuries		Cases	36	49	53
Total occupational accidents		Cases	103	120	133
Absence rate		%	0.604	0.935	0.689
Number of employees (consolidated)	Group 3	Persons	12,542	12,720	12,540
Our employees	Non-consolidated				
Number of employees (excl. seconded employees, etc.)		Persons	1,874	1,841	1,821
Number of female employees		Persons	213	210	214
Ratio of female employees		%	11.4	11.4	11.8
Ratio of women in management positions		%	1.5	2.4	3.4
Average age		Years old	40.4	40.1	39.7
Number of employees (Total)		Persons	2,337	2,284	2,263
Number of female employees		Persons	218	219	223
Ratio of female employees	CSR Objectives for 2025: 10% or more	%	9.3	9.6	9.9
Ratio of women in management positions	26 Medium-Term Management Plan Sustainability Targets (2030) 5% or more	%	1.3	2.0	2.5
Ratio of women in new management positions	CSR Objectives for 2025: 10% or more	%	6.3	13.6	11.4
Average years of service (overall)		Years	18.1	17.8	17.3
Average years of service - men		Years	18.8	18.4	17.8
Average years of service - women		Years	12.8	13.3	13.3
Number of graduates hired (non-area specific positions)		Persons	63	49	59
Number of women		Persons	11	7	13
Ratio of women	CSR Objectives for 2025: 30% or more	%	17.5	14.3	22.0
Number of graduates hired (area specific positions)		Persons	42	33	30
Number of women		Persons	3	4	4
Number of experienced hires		Persons	9	11	20
Number of women		Persons	0	2	1
Turnover rate within 3 years of employment		%	FY2020 recruits 8.3	FY2021 recruits 9.2	FY2022 recruits 7.6
Number of non-Japanese employees		Persons	8	6	5
Ratio of employees with disabilities		%	2.55	2.58	2.84
Total annual hours worked		Hours	1,911	1,891	1,895
Overtime and holiday work hours (monthly average)		Hours	17.9	17.6	17.9
Ratio of annual paid leave taken		%	73.2	77.5	83.6
Days of annual paid leave taken		Days	13.9	14.7	15.8
Ratio of male employees taking childcare leave or leave for childcare purposes		%	91	89	93
Ratio of male employees taking childcare leave		%	18	60	54
Average number of days of childcare leave taken by male employees		Days	18.4	28.9	23.4
Number of employees taking nursing care leave		Persons	2	2	0
Education and training expenditure per employee		Yen	41,974	60,192	73,971
Education and training hours per employee		Hours	—	14.8	23.3
Average annual salary		Yen	7,298,681	7,298,214	7,221,167
Ratio of women's wages to men's wages - All permanent employees*4		%	67.2	68.2	69.8
Full-time employees		%	67.4	68.5	59.2
Part-time and fixed-term employees		%	61.9	54.4	69.8
Health and Productivity Management (H&PM) initiatives	Non-consolidated				
Health examinations					
Ratio of employees receiving periodic health examinations		%	99.9	99.9	99.9
Ratio of employees receiving secondary examination after periodic health examinations		%	64.6	72.0	96.2

	Scope of Data	Unit	FY2022	FY2023	FY2024
Preventive measures against lifestyle-related diseases					
Ratio of smokers among employees 40 years and older		%	30.1	29.3	28.1
Ratio of employees 40 years and older that drink alcohol (occasionally or daily)		%	73.1	74.4	75.3
Ratio of employees 40 years and older that exercise regularly (30 minutes or more of exercise)		%	26.9	27.9	30.1
Ratio of employees 40 years and older that eat breakfast		%	80.8	80.5	81.8
Ratio of employees receiving specific health guidance		%	19.1	20.7	24.9
Walking event participation rate		%	4.44	6.79	42.5
Ratio of employees with BMI greater than 25		%	33.0	31.9	30.8
Mental health support					
Ratio of employees taking stress checks		%	97.5	96.4	97.3
Ratio of employees with high stress		%	8.2	9.3	9.9
Ratio of employees taking e-learning on education		%	—	83.4	87.9
Efforts to protect human rights	Non-consolidated				
Number of reports to the internal harassment hotline					
Sexual harassment		Cases	1	0	0
Power harassment		Cases	5	6	4
Other forms of harassment		Cases	0	3	1
Number of reports to the external harassment hotline					
Sexual harassment		Cases	0	1	0
Power harassment		Cases	3	2	3
Other forms of harassment		Cases	0	2	1
Number of human rights slogan submissions		Submissions	1,650	1,670	1,752
IR activities	Non-consolidated	Cases	174	168	219

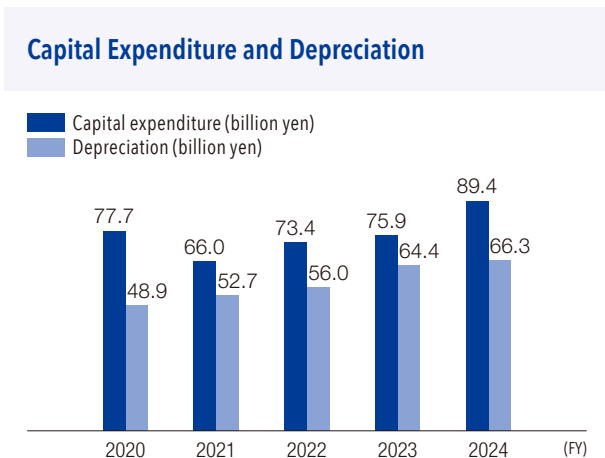
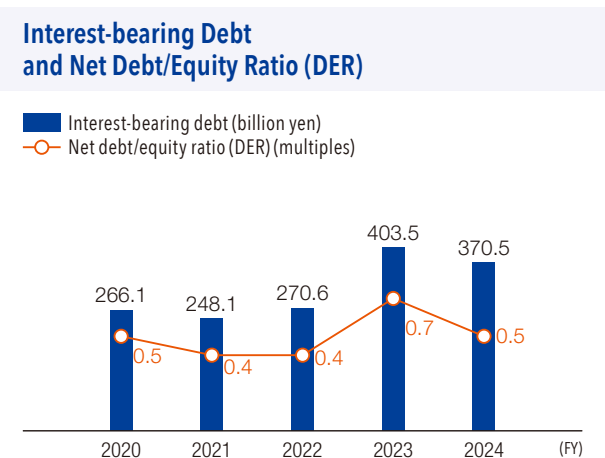
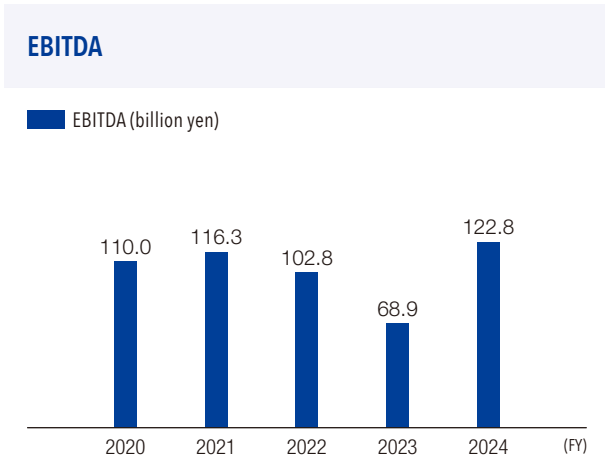
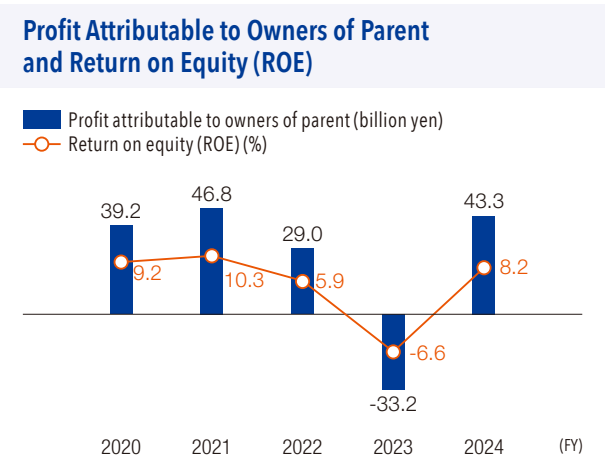
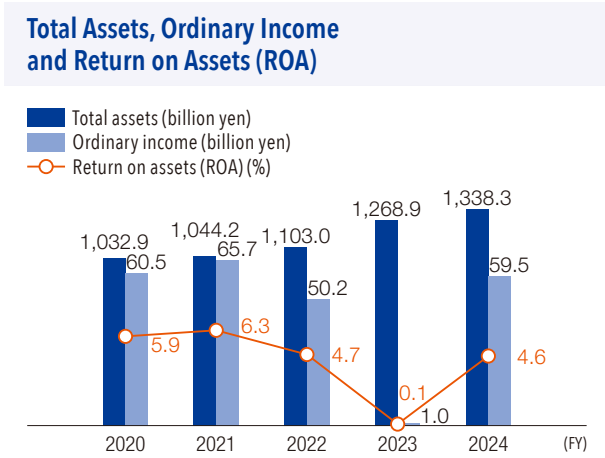
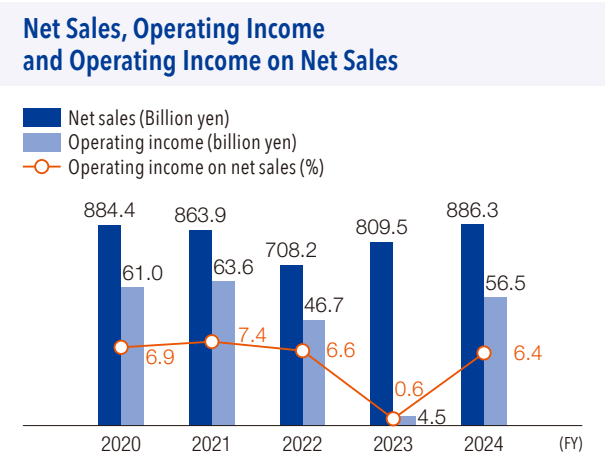
\*1 2030 Interim Target  
\*2 Total of cadmium and thallium and their compounds  
\*3 Total of antimony, arsenic, lead, chromium, cobalt, copper, manganese, nickel, vanadium and their compounds  
\*4 Calculated based on the "Calculation Method of the Gender Pay Gap" in the "General Employer Action Plan (July 2022 Revision)" based on the Act for Promotion of Women's Participation and Advancement in the Workplace.

G Governance					
	Scope of Data	Unit	FY2022	FY2023	FY2024
Governance structure	Non-consolidated				
Directors		Persons	9	9	9
Independent Directors		Persons	3	3	3
Female directors		Persons	1	1	1
Ratio of female directors		%	11.1	11.1	11.1
Corporate Auditors		Persons	4	4	4
Independent Corporate Auditor		Persons	2	2	2
Female corporate auditors		Persons	1	1	1
Ratio of female corporate auditors		%	25.0	25.0	25.0
Ratio of female board members		%	15.4	15.4	15.4
Annual Remuneration of Board Members					
Directors (persons)		million yen	512(9)	510(11)	393(10)
Corporate auditors (persons)		million yen	72(5)	72(5)	72(5)
Internal carbon pricing	Non-consolidated	Yen/t-CO <sub>2</sub>	1,500	1,500	5,000
Ratio of employees taking e-learning	Non-consolidated	%	87.8	91.7	97.3
Number of reports to the internal whistleblowing hotline	Group 4	Cases	7	5	4
Intellectual property	Non-consolidated				
Number of new patent registrations in Japan		Cases	136	156	129
Number of patents held in Japan		Cases	1,335	1,439	1,509

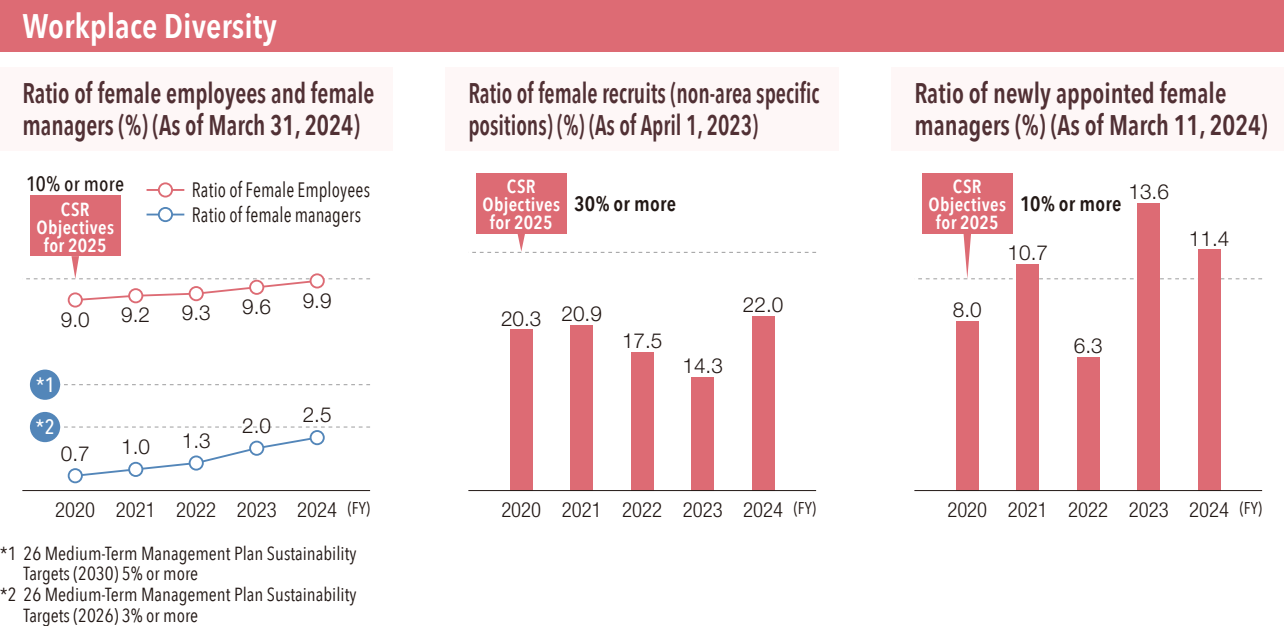
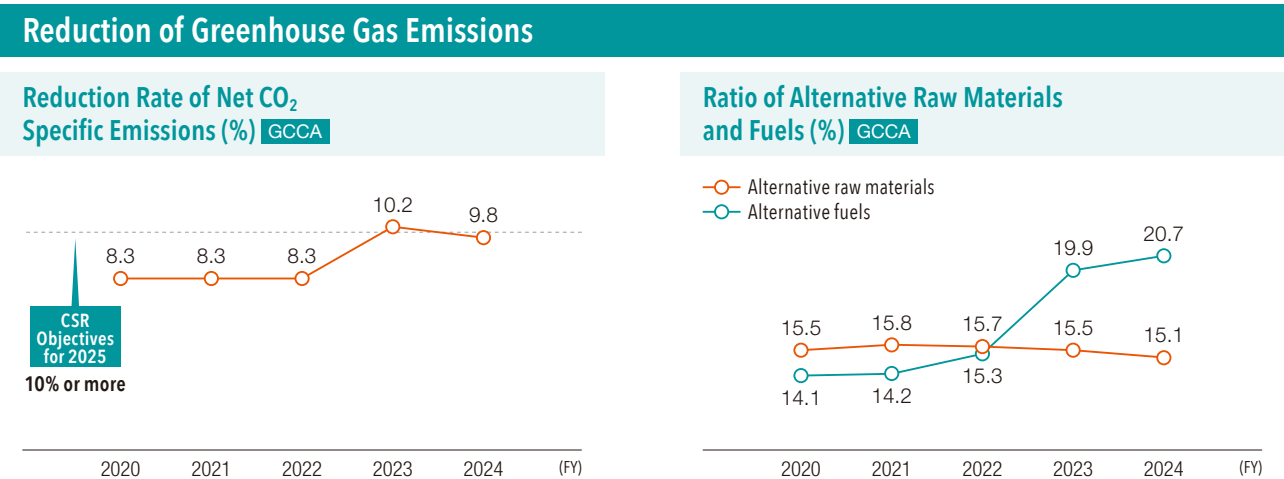
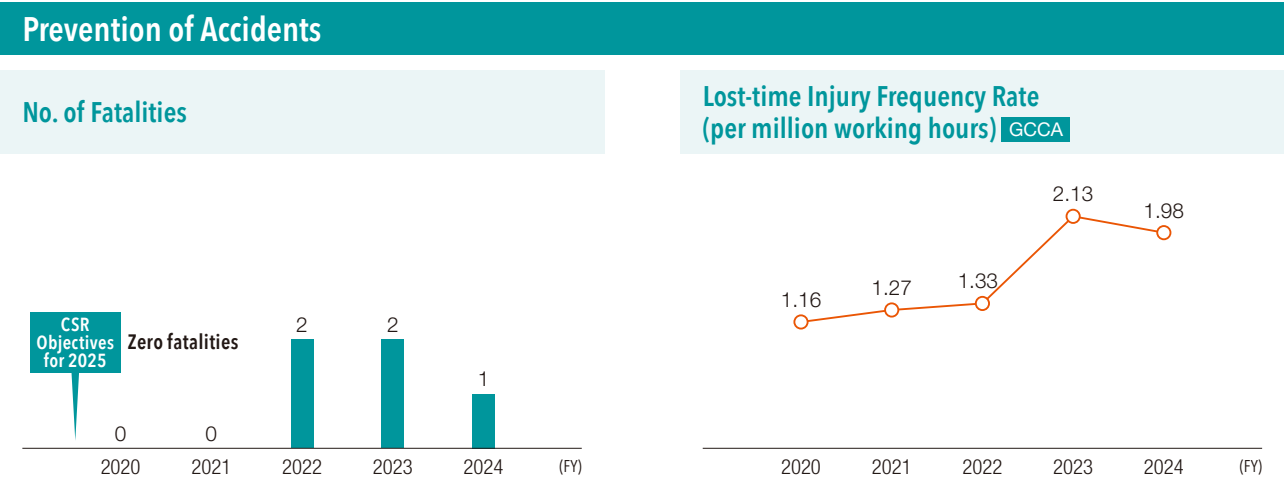


# Financial and Non-financial Highlight

## Financial Data



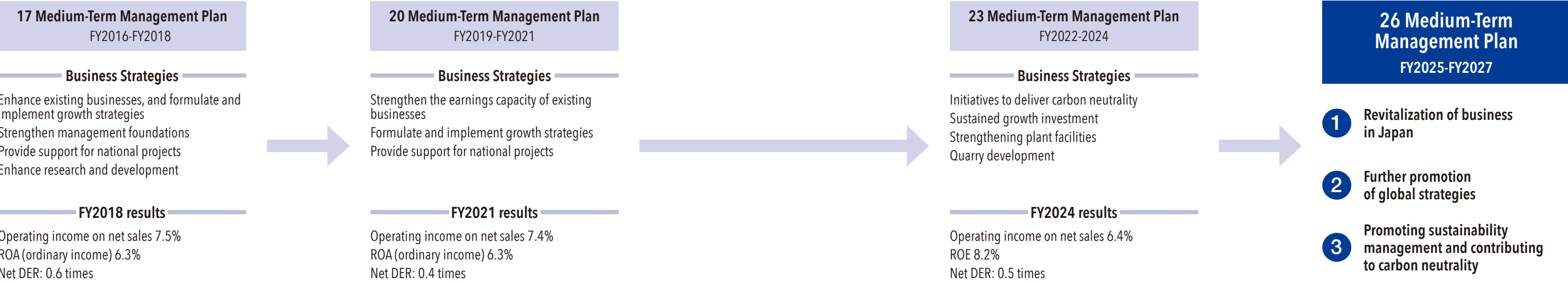
## Non-financial Data



11-Year Summary

	FY2014	FY2015	FY2016	FY2017		FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
<b>Statement of Income (million yen)</b>												
Net sales	840,289	842,849	835,360	798,589		871,113	916,072	884,350	863,904	708,202	809,542	886,276
Operating income	70,435	65,407	60,434	63,235		65,130	66,013	61,008	63,611	46,702	4,456	56,470
Ordinary income	69,590	67,890	60,226	59,803		64,367	64,307	60,542	65,744	50,194	1,016	59,473
Profit attributable to owners of parent	35,223	44,115	36,404	47,597		38,526	43,453	39,151	46,801	28,972	(33,207)	43,273
<b>Financial Condition (million yen)</b>												
Net assets	273,312	347,490	357,073	400,035		432,327	450,645	473,241	506,821	544,799	528,857	596,385
Total assets	1,015,565	1,040,603	1,014,075	1,015,416		1,020,112	1,034,428	1,032,923	1,044,227	1,103,008	1,268,863	1,338,251
Interest-bearing debt	435,118	399,138	394,498	340,930		288,607	279,615	266,116	248,102	270,587	403,485	370,469
<b>Per Share Data* (yen)</b>												
Book-value per share	1,955.7	2,463.1	2,591.1	2,930.2		3,193.7	3,388.4	3,567.6	3,971.3	4,362.2	4,228.5	4,872.9
Earnings per share	286.7	359.1	296.3	383.9		311.4	351.7	319.9	387.8	245.8	(283.7 )	371.1
Closing share price	3,720	3,670	2,590	3,720		3,865	3,690	1,850	2,911	2,019	2,487	3,519
<b>Cash Flow (million yen)</b>												
Cash flows from operating activities	88,558	77,001	75,627	94,434		107,683	97,283	90,902	110,403	71,192	(269)	140,543
Cash flows from investing activities	(27,926)	(31,378)	(71,099)	(10,394)		(48,461)	(58,025)	(65,535)	(47,809)	(83,920)	(93,345)	(82,139)
Cash flows from financing activities	(62,270)	(52,713)	(4,028)	(81,855)		(65,818)	(33,754)	(29,437)	(43,953)	(3,743)	112,080	(59,477)
Cash and cash equivalents at end of fiscal year	55,605	50,646	50,072	51,975		44,977	50,085	45,748	63,820	50,214	70,828	71,147
<b>Financial Indicators</b>												
Operating income on net sales (%)	8.4	7.8	7.2	7.9		7.5	7.2	6.9	7.4	6.6	0.6	6.4
Return on assets (ROA) (ordinary income) (%)	7.0	6.6	5.9	5.9		6.3	6.3	5.9	6.3	4.7	0.1	4.6
Return on equity (ROE) (%)	16.3	16.3	11.7	14.0		10.2	10.7	9.2	10.3	5.9	(6.6)	8.2
Equity ratio (%)	23.7	29.1	31.4	35.6		38.7	40.1	42.3	45.1	46.3	39.0	42.1
EBITDA (million yen)	113,342	110,579	107,359	110,213		111,631	110,513	109,962	116,347	102,767	68,922	122,816
Net debt/equity ratio (DER) (multiples)	1.6	1.1	1.1	0.8		0.6	0.5	0.5	0.4	0.4	0.7	0.5
<b>Other (million yen)</b>												
Capital expenditure	39,095	42,160	44,076	54,385		58,088	67,797	77,677	66,003	73,373	75,933	89,409
Depreciation	40,554	42,401	43,958	44,459		44,004	44,009	48,863	52,684	56,010	64,419	66,305
R&D expenses	4,053	4,423	4,229	4,539		4,453	4,311	4,432	4,606	5,285	5,903	5,659

\* The Company, effective October 1, 2017, conducted a reverse stock split for its common stock at a ratio of one for 10.  
Per share information are calculated assuming the share consolidation took place at the year to March 2011.  
\* The "Accounting Standard for Revenue Recognition" (ASBJ Standard No. 29) has been applied from FY2022.





Financial Statements

Consolidated Balance Sheets

(Unit: million yen)		
Item	End of FY2023 (As of March 31, 2023)	End of FY2024 (As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	79,843	80,102
Notes, accounts receivable and contract assets	158,137	167,849
Electronically recorded monetary claims - operating	24,827	38,736
Merchandise and finished goods	47,460	49,341
Work in process	1,529	1,466
Raw materials and supplies	89,384	72,371
Short-term loans receivable	1,460	1,345
Other	27,920	19,279
Allowance for doubtful accounts	(151)	(198)
Total current assets	430,408	430,289
Non-current assets		
Property, plants and equipment		
Buildings and structures	531,890	550,808
Accumulated depreciation	(374,577)	(387,060)
Buildings and structures (net)	157,313	163,748
Machinery, equipment and vehicles	1,038,534	1,088,015
Accumulated depreciation	(847,453)	(898,533)
Machinery, equipment and vehicles (net)	191,081	189,481
Land	165,027	158,496
Leased assets	26,218	27,850
Accumulated depreciation	(12,820)	(14,012)
Leased assets (net)	13,398	13,838
Construction in progress	34,286	59,615
Other	101,218	120,318
Accumulated depreciation	(42,240)	(51,586)
Other (net)	58,978	68,732
Total property, plants and equipment	620,083	653,910
Intangible assets		
Goodwill	101	104
Other	39,665	38,980
Total intangible assets	39,767	39,084
Investments and other assets		
Investment securities	117,839	132,314
Long-term loans receivable	2,377	2,487
Retirement benefit assets	23,698	38,906
Deferred tax assets	8,168	8,595
Other	27,832	33,993
Allowance for doubtful accounts	(1,309)	(1,328)
Total investments and other assets	178,604	214,968
Total non-current assets	838,454	907,962
Total assets	1,268,863	1,338,251

(Unit: million yen)		
Item	End of FY2023 (As of March 31, 2023)	End of FY2024 (As of March 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	84,162	94,951
Electronically recorded obligations - operating	11,614	17,502
Short-term borrowings	149,574	142,916
Commercial papers	27,000	—
Current portion of bonds	10,000	—
Income taxes payable	3,688	5,446
Provision for bonuses	5,678	6,502
Provision for loss on business withdrawal	2,565	96
Other provisions	108	322
Other	91,396	100,368
Total current liabilities	385,784	368,104
Non-current liabilities		
Bonds payable	50,000	70,000
Long-term borrowings	166,912	157,554
Deferred tax liabilities	18,330	22,039
Retirement benefit liabilities	21,380	23,006
Provision for retirement benefits for directors	537	548
Provision for special repairs	228	305
Provision for product compensation	4,499	3,830
Provision for loss on business withdrawal	1,924	1,769
Other provisions	472	400
Lease obligations	26,515	24,806
Asset retirement obligations	9,380	10,930
Other	54,045	58,576
Total non-current liabilities	354,221	373,763
Total liabilities	740,005	741,866
Net assets		
Shareholders' equity		
Share capital	86,174	86,174
Capital surplus	49,729	50,052
Retained earnings	342,880	379,126
Treasury shares	(13,738)	(17,942)
Total shareholders' equity	465,046	497,409
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,039	17,476
Deferred gains or losses on hedges	1	(20)
Revaluation reserve for land	3,611	3,697
Foreign currency translation adjustment	13,731	32,230
Remeasurements of defined benefit plans	531	12,419
Total accumulated other comprehensive income	29,912	65,802
Non-controlling interests	33,900	33,174
Total net assets	528,857	596,385
Total liabilities and net assets	1,268,863	1,338,251

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Unit: million yen)		
Item	End of FY2023 (From April 1, 2022 to March 31, 2023)	End of FY2024 (From April 1, 2023 to March 31, 2024)
Net sales	809,542	886,276
Cost of sales	668,324	694,062
Gross profit	141,218	192,213
Selling, general and administrative expenses	136,762	135,743
Operating income	4,456	56,470
Non-operating income		
Interest income	738	1,859
Dividend income	1,654	2,181
Rental income from real estate	92	95
Share of profit of entities accounted for using equity method	—	862
Foreign exchange gains	—	2,651
Other forms of harassment	2,428	2,971
Total non-operating income	4,912	10,620
Non-operating expenses		
Interest expenses	2,746	3,589
Share of loss of entities accounted for using equity method	2,772	—
Other	2,834	4,028
Total non-operating expenses	8,352	7,617
Ordinary income	1,016	59,473
Extraordinary income		
Gain on disposal of non-current assets	1,053	1,479
Gain on sales of investment securities	1,308	942
Compensation income	1,766	—
Insurance benefits received	—	2,512
Other forms of harassment	221	359
Total extraordinary income	4,348	5,292
Extraordinary losses		
Loss on disposal of non-current assets	5,255	4,865
Loss on sales of investment securities	442	0
Loss on valuation of investment securities	7	5
Impairment loss	6,062	1,333
Business withdrawal loss	7,984	—
Product compensation expenses	1,278	—
Other	703	528
Total extraordinary losses	21,731	6,731
Profit (loss) before income taxes	(16,367)	58,034
Income taxes - current	7,672	15,442
Income taxes - deferred	10,201	(1,083)
Total income taxes	17,872	14,359
Profit (loss)	(34,239)	43,676
Profit (loss) attributable to non-controlling interests	(1,033)	403
Profit (loss) attributable to owners of parent	(33,207)	43,273
Profit (loss)	(34,239)	43,676
Other comprehensive income		
Valuation difference on available-for-sale securities	369	5,262
Deferred gains or losses on hedges	(6)	0
Foreign currency translation adjustment	25,042	16,590
Remeasurements of defined benefit plans	1,389	11,901
Share of other comprehensive income of entities accounted for using equity method	2,196	3,088
Total other comprehensive income	28,991	36,842
Comprehensive income	(5,248)	80,518
Breakdown		
Comprehensive income attributable to owners of parent	(6,334)	79,076
Comprehensive income attributable to non-controlling interests	1,086	1,441

Consolidated Statements of Cash Flows

(Unit: million yen)		
Item	End of FY2023 (From April 1, 2022 to March 31, 2023)	End of FY2024 (From April 1, 2023 to March 31, 2024)
Cash flows from operating activities		
Profit (loss) before income taxes	(16,367)	58,034
Depreciation	64,419	66,305
Amortization of goodwill	46	41
Share of loss (profit) of entities accounted for using equity method	2,772	(862)
Loss (gain) on valuation of investment securities	7	5
Decrease (increase) in net retirement benefit asset and liability	(1,461)	(49)
Increase (decrease) in provision for retirement benefits for directors	24	11
Increase (decrease) in provision for bonuses	(575)	821
Increase (decrease) in allowance for doubtful accounts	(533)	63
Increase (decrease) in provision for loss on business withdrawal	4,453	(2,608)
Increase (decrease) in other provisions	997	(288)
Interest and dividend income	(2,392)	(4,040)
Interest expenses	2,746	3,589
Loss (gain) on sales of investment securities	(865)	(942)
Loss (gain) on disposal of non-current assets	4,202	3,386
Impairment loss	6,062	1,333
Decrease (increase) in trade receivables	(18,218)	(21,019)
Decrease (increase) in inventories	(37,165)	18,111
Increase (decrease) in trade payables	9,376	15,153
Other	(10,019)	16,113
Subtotal	7,509	153,157
Interest and dividends received	3,211	4,899
Interest paid	(2,741)	(3,598)
Income taxes paid	(8,248)	(13,915)
Cash flows from operating activities	(269)	140,543
Cash flows from investing activities		
Decrease (increase) in time deposits	1,937	318
Purchase of non-current assets	(63,401)	(87,159)
Proceeds from sales of non-current assets	1,820	2,236
Purchase of other depreciated assets	(596)	(205)
Proceeds from sales of other depreciated assets	79	—
Purchase of investment securities	(1,992)	(85)
Proceeds from sales and redemption of investment securities	2,048	1,697
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	356	32
Loan advances	(1,243)	(1,472)
Collection of loans receivable	660	1,583
Payments for acquisition of businesses	(30,931)	—
Other	(2,083)	917
Cash flows from investing activities	(93,345)	(82,139)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	23,238	(7,677)
Increase (decrease) in commercial papers	6,000	(27,000)
Proceeds from long-term borrowings	144,264	51,830
Repayments of long-term borrowings	(41,827)	(60,796)
Proceeds from issuance of bonds	—	20,000
Redemption of bonds	—	(10,000)
Purchase of treasury shares	(12)	(5,025)
Dividends paid	(8,205)	(8,216)
Dividends paid to non-controlling interests	(943)	(139)
Other	(10,435)	(12,455)
Cash flows from financing activities	112,080	(59,477)
Effect of exchange rate change on cash and cash equivalents	2,049	1,351
Net increase (decrease) in cash and cash equivalents	20,515	278
Cash and cash equivalents at beginning of period	50,214	70,828
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	51	—
Increase in cash and cash equivalents resulting from merger	49	40
Cash and cash equivalents at end of period	70,828	71,147

GCCA Key Performance Indicators

The Taiheiyo Cement Group's key performance indicators (KPIs) for FY2024 have been subjected to independent limited assurance by KPMG AZSA Sustainability Co., Ltd.

FY2024 Key Performance Indicators (KPI)\*1 \*2

CO <sub>2</sub> and climate protection (CO <sub>2</sub> emissions and energy consumption)		FY2022	FY2023	FY2024
Number of facilities using the GCCA "The Cement CO <sub>2</sub> and Energy Protocol" guidelines for emissions inventory		17	16	16*3
Ratio of facilities using the GCCA "The Cement CO <sub>2</sub> and Energy Protocol" guidelines for emissions inventory (%)		100	100	100
Total CO <sub>2</sub> emissions (thousand tonnes)	Scope 1 emissions*4	23,679	20,065	19,007
	Gross emissions*5	22,525	19,017	18,277
	Net emissions*6	21,629	17,997	17,228
CO <sub>2</sub> emissions per tonne of cementitious product*7 (kg-CO <sub>2</sub> /t-cementitious)	Specific gross emissions	703	698	705
	Specific net emissions	675	661	664
Emissions from electricity purchased (thousand tonnes) (Scope 2 emissions)		983	868	853
Indirect emissions other than Scope 1 and 2 (emissions of other companies related to the activities of the calculation entity) (thousand tonnes) (Scope 3 emissions)*8		1,596	1,700	1,578
Category 1 (Purchased goods and services)*9		592*10	827*10	880
Category 3 (fuel- and energy-related activities not included in Scope 1 and 2)*11		1,004	873	698*12
Specific heat consumption for clinker production (MJ/t-clinker)		3,291	3,375	3,443
Alternative fuel rate: ratio of alternative fuels used by kilns (%)		13.3	17.6	18.5
Biomass fuel rate: ratio of biomass fuel used by kilns (%)		2.0	2.3	2.2
Clinker/cement (equivalent) factor: ratio of the total clinker consumption and cement produced, calculated according to the GCCA Cement CO <sub>2</sub> and Energy Protocol guidelines		83.0	83.0	83.3
Emissions monitoring and reporting		FY2022	FY2023	FY2024
Percentage of clinker produced by kilns covered by a monitoring system, either continuous or discontinuous, for the main and other pollutants (%)		100	100	100
Percentage of clinker produced by kilns which have adopted continuous measurement for the main pollutants (%)	NOx	97.6	97.5	97.6
	SOx	96.2	95.7	95.5
	Dust	100	100	100
Total emissions (t)	NOx	34,330	32,425	32,126
	SOx	1,091	930	1,014
	Dust	439	423	367
Specific emissions (g/t-clinker)	NOx	1,277	1,434	1,485
	SOx	41	41	47
	Dust	16.0	19	17
Water		FY2022	FY2023	FY2024
Withdrawal (thousand m <sup>3</sup> )	Fresh water	26,341	24,649	23,403
	Seawater	146,894	145,476	145,758
Discharge (thousand m <sup>3</sup> )	Fresh water	13,246	12,792	13,021
	Seawater	147,062	145,639	145,927
Health and Safety		FY2022	FY2023	FY2024
Fatalities				
Number of fatalities for directly employed personnel		0	0	1
Fatality rate per 10,000 directly employed personnel		0	0	1.97
Number of fatalities for indirectly employed personnel (contractors and subcontractors)		0	1	2
Number of fatalities involving third parties (not employed)		0	0	0
Lost-time injuries				
Number of lost-time injuries for directly employed personnel		15	23	21
Injury frequency rate of directly employed personnel (per million working hours)		1.33	2.13	1.98
Number of lost-time injuries for indirectly employed personnel (contractors and subcontractors)		19	12	25

\*1 CO<sub>2</sub> and climate protection, emissions monitoring and reporting, and water for FY2024 are in accordance with "GCCA Sustainability Guidelines for the monitoring and reporting of CO<sub>2</sub> emissions from cement manufacturing Ver. 0.1," "GCCA Sustainability Guidelines for the monitoring and reporting of emissions from cement manufacturing Ver. 0.1," "GCCA Sustainability Guidelines for co-processing fuels and raw materials in cement manufacturing Ver. 0.1" and "GCCA Sustainability Guidelines for the monitoring and reporting of water in cement manufacturing Ver. 0.1". The data includes cement plants (9 domestic plants, 7 overseas plants) and quarries owned by group companies that own cement plants.

\*2 Health and safety for FY2024 is in accordance with "GCCA Sustainability Guidelines for the monitoring and reporting of safety in cement manufacturing Ver. 1.0". We have aggregated data from the cement businesses of Taiheiyo Cement and 16 domestic and overseas group companies, and from the construction materials, aggregates and ready-mixed concrete businesses of 45 companies out of the affiliated companies that are considered to be business sites required to submit accident reports under our health and safety management regulations.

\*3 Plants that were not included due to suspension of operations during the period: 1 plant; Plants that were consolidated and newly included from this period: 1 plant

\*4 CO<sub>2</sub> emissions that are not included in the items for disclosure mandated by the GCCA but are derived from raw materials and fuels in the cement manufacturing process (including from on-site power generation) and fall under Scope 1.

\*5 CO<sub>2</sub> emissions derived from raw materials and fuels in the cement manufacturing process (excluding CO<sub>2</sub> emissions generated from on-site power generation).

\*6 CO<sub>2</sub> emissions derived from raw materials and fuels in the cement manufacturing process (excluding CO<sub>2</sub> emissions generated from alternative fuels and on-site power generation).

\*7 Cementitious product: Sum total of clinker and supplementary cementitious materials

\*8 For Scope 3, refer to the "Emissions Unit Values for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain (Ver. 3.2), Ministry of the Environment" and "LCI database AIST-IDEA Ver.3.4 Research Laboratory for IDEA, RISS, AIST"

\*9 Calculated by multiplying the input volume (physical data) of raw materials purchased by the business site subject to the data collection of environmental performance in the GCCA KPI (hereinafter referred to as "business site") from outside the business site by the emission intensity of each raw material.

\*10 The specific emissions that apply to each purchased raw material were reviewed and retroactively revised.

\*11 Calculated by multiplying the amount of electricity, fuel, etc. procured by the business site by each specific emissions unit.

\*12 Emissions have decreased as a result of reviewing specific emissions applied to each procured fuel and energy-related activity.

GCCA Independent Assurance Report

Independent Assurance Report

To the President and Representative Director of Taiheiyo Cement Corporation

We were engaged by Taiheiyo Cement Corporation (the "Company") to undertake a limited assurance engagement of the environmental and social performance indicators (the "Indicators") included under the following headings in the GCCA Key Performance Indicators section of its Taiheiyo Cement Report 2024 (the "Report") for the fiscal year ended March 31, 2024.

- CO<sub>2</sub> and climate protection (CO<sub>2</sub> emissions and energy consumption) <sup>1</sup>
- Emissions monitoring and reporting <sup>1</sup>
- Water <sup>1</sup>
- Health and safety <sup>2</sup>

<sup>1</sup> Periodic accounting is based on the fiscal year 2023 for domestic plants and the calendar year 2023 for overseas plants.  
<sup>2</sup> Periodic accounting is based on the calendar year 2023 for domestic and overseas plants.

**The Company's Responsibility**  
The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Report.

**Our Responsibility**  
Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' and the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and recalculating the Indicators.
- Visiting the following four plants out of a total of 16 plants of the Taiheiyo Cement Group, selected on the basis of a risk analysis. (Scopes 1 and 2 CO<sub>2</sub> emissions covered by these four plants correspond to 23% \* of the combined total of the Group's Scopes 1 and 2 CO<sub>2</sub> emissions.)

\* Based on the amount of absolute gross CO<sub>2</sub> for the fiscal year 2023 for domestic plants and the calendar year 2023 for overseas plants.

Overseas plants	Domestic plants
- CalPortland Company : Oro Grande Plant	- Taiheiyo Cement Corporation : Ofunato Plant
- CalPortland Company : Redding Plant	- Taiheiyo Cement Corporation : Saitama Plant

• Evaluating the overall presentation of the Indicators.

**Conclusion**  
Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

**Our Independence and Quality Management**  
We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Management 1, we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

/s/ Kazuhiko Saito  
Kazuhiko Saito, Partner, Representative Director  
KPMG AZSA Sustainability Co., Ltd.  
Tokyo, Japan  
November 27, 2024

Notes to the Reader of Independent Assurance Report:  
This is a copy of the Independent Assurance Report and the original copies are kept separately by the Company and KPMG AZSA Sustainability Co., Ltd.



# Glossary

A

**Aggregate**  
One of the main materials that make up concrete, along with cement and water. This includes gravel (coarse aggregate) and sand (fine aggregate).

**AK System**  
A system in which household waste and general business waste are biodegraded (fermented) in a waste recycling kiln and recycled as raw materials and fuel for ordinary Portland cement.

B

**Bag filter**  
Equipment that uses cloth to filter dust that is contained in an air stream. When applied to a cement kiln, the amount of dust in the exhaust gas can be reduced to extremely low levels.

**Blast furnace slag**  
A by-product of the iron and steel making process to remove impurities from steel products, and sometimes referred to simply as slag.

C

**C2SP Kiln**  
A clinker firing furnace capable of directly capturing a high concentration of CO<sub>2</sub> by separating the combustion gas system from the oxygen-fired calciner. It inherits the features of the NSP kiln.

**CARBOCATCH**  
A CO<sub>2</sub> mineralization technology that uses carbonation. CO<sub>2</sub> can be efficiently mineralized in concrete by mixing cement slurry that has absorbed CO<sub>2</sub> with water.

**CARBOFIX cement**  
A special cement that cures by absorbing CO<sub>2</sub>. CO<sub>2</sub> emissions are reduced by 60% compared to ordinary Portland cement.

**Carbon pricing**  
A policy approach that seeks to change the behavior of emitters by putting a price on CO<sub>2</sub> emissions. Carbon taxes and emissions trading schemes are typical examples.

**Cathode material**  
Material used for the positive electrode of a battery.

**CCS**  
A series of systems in which CO<sub>2</sub> captured from the exhaust gases of coal-fired thermal power plants and other factories is stored in depleted oil fields and submarine formations.

**CCU**  
A series of systems in which CO<sub>2</sub> captured from the exhaust gases of coal-fired thermal power plants and other factories is reused directly or as an industrial raw material.

**CCUS technology**  
A generic term for a series of technologies that captures CO<sub>2</sub> and either utilizes it or stores it permanently.

**Cement based high-strength grout**  
A material injected at construction sites to fill gaps and reinforce joints or the ground. It is required to be non-shrinking and high-strength.

**Cement based soil stabilizer**  
A cement-based ground improvement material that is used to provide long-term, stable strength enhancement to a wide range of soil types.

**Cement calcination**  
In general, synonymous with clinker calcination.

**Clinker**  
An intermediate, nodular cement product produced when the raw materials of cement such as limestone and clay are fired in a kiln.

**Clinker calcination**  
A process in which the raw materials of cement such as limestone and clay are heated at 1,450°C to obtain clinker.

**Clinker mineral**  
The minerals that make up the clinker. The main minerals are alite (C3S), belite (C2S), aluminate (C3A), and ferrite (C4AF).

**Concrete slump**  
An index that indicates the consistency of multiple loads/batches of the same ready-mixed concrete and helps to identify its workability. One of the control items during concrete production.

**Concrete surface repair materials**  
A cement-based material used to fill pin-holes on the surface of concrete and repair formwork gaps.

D

**Distribution terminal**  
An intermediate cement distribution center that connects cement plants and users. It is also called service station or SS in Japan.

**Dolomite**  
A mineral that is derived from calcium bicarbonate, which is main component of limestone, with some of the calcium being replaced by magnesium.

F

**Fly ash**  
Ash derived from coal which is generated from a coal-fired thermal power plant and is collected from the exhaust gas airstream by an electrostatic precipitator.

**Fly ash blended cement**  
A blended cement that uses fly ash as a supplementary cementitious material.

**Functional hollow particles**  
Minute, lightweight ceramic spheres which provide weight reduction and thermal insulation/shielding properties for use in coating materials for home appliances, electronic components, resin products etc.

G

**GCCA**  
Global Cement and Concrete Association. An industry association with about 47 cement manufacturing companies worldwide as regular members, covering about 40% of the world's production capacity.

**Ground improvement projects**  
Construction projects that use cement-based soil stabilizers to reinforce weak ground at construction sites, ensuring buildings are safely supported.

H

**Heavy metal immobilizer**  
A material for mixing into soil that enables the safer treatment of construction soil by inhibiting the leaching of heavy metals that are specified in the Soil Contamination Countermeasures Act.

K

**Kiln**  
A furnace used for clinker firing - usually, a cylindrical rotary kiln with a diameter of 5-6m and a length of 60-100m.

L

**Long wet kiln**  
A clinker firing kiln in which the raw materials are prepared in a muddy consistency and directly fed into the kiln. As the water is removed through evaporation, the thermal efficiency is low and not suitable for increased production.

M

**Methanation**  
The synthesis of methane from CO<sub>2</sub> and hydrogen. This technology is attracting attention as it is carbon neutral through the use of green hydrogen.

N

**Nanolitia**  
Lithium-ion battery cathode material that features high thermal stability and does not use cobalt.

**Nature positive**  
Being aimed toward halting the loss of biodiversity and moving towards recovery.

**New blended cement**  
A type of blended cement that is not included in the product specifications for blended cement, and is predicted to be made from multiple types of diverse supplementary cementitious materials.

**NSP kiln**  
A clinker firing kiln which boasts excellent thermal efficiency and is equipped with a preheater consisting of four to five stages of cyclones and a combustion furnace called a calciner.

O

**OSHMS**  
A framework for reducing potential dangers of occupational accidents at workplaces and promoting comfortable work sites by autonomously practicing continuous, uninterrupted health and safety management.

P

**Phosphorus recovery**  
The process of recovering phosphorus from sewage and sewage sludge. Because "Rintoru" has a high phosphorus recovery rate and can be used as fertilizer, it is attracting attention as an alternative to natural phosphate rock, which is at risk of depletion.

**Portland cement**  
A generic term for commonly used cement, and primarily refers to ordinary cement.

**Power semiconductors**  
Semiconductors that control motors and lighting or convert power, and are characterized by the high voltages and currents they handle.

**Precast concrete**  
Concrete products such as gutters, pipes, manholes, piles, bridge girders, and components of buildings that are prefabricated in factories.

**Premix products**  
Commercial products that contain cement, sand and other materials in a predetermined ratio and can be mixed with water to make materials such as mortar.

Q

**QCC**  
Quality control circle. Activities where employees and staff working on-site are divided into small groups to engage in continuous quality management and quality improvement efforts.

R

**Rotary kiln**  
A rotating cylindrical rotary kiln for clinker firing. It is sometimes simply called a kiln.

S

**Shake Out drill**  
An earthquake response drill in which all participants simultaneously take actions for their own safety, such as hiding under a desk, which provides an opportunity to confirm the everyday disaster prevention measures.

**Shield tunnel construction**  
A construction project in which a cylindrical tunnel is excavated using a shield machine to create an underground tunnel.

**Slag**  
Blast furnace slag.

**Sludge**  
A mixture of dirt and liquid. In particular, concrete sludge is generated during the production and laying of ready-mixed concrete.

**Smart factory**  
A method of managing factory operations using digital technologies such as AI, IoT, and sensor technology, which not only improves productivity but also contributes to enhanced worker safety.

**SP Kiln**  
A clinker firing kiln with a preheater consisting of four to five stages of cyclones. Thermal efficiency is improved by dry blending the raw materials.

**Supplementary cementitious materials (SCMs)**  
Admixtures used as clinker substitutes or to improve the performance of concrete. These include by-products like blast furnace slag and fly ash, as well as natural materials such as limestone and pozzolans.

T

**Total basin risk score**  
An assessment indicator of water risk; the WWF's Water Risk Filter and the WRI's Aqueduct are standardly used.

U

**Ultra-pure silicon carbide**  
A compound of silicon and carbon with extremely high purity such as 3N (99.9% or higher). It is used as a raw material for semiconductors that handle high electric power.

About Us

Company Outline (as of March 31, 2024)

Company Name	TAIHEIYO CEMENT CORPORATION		
Established	May 3, 1881		
Share Capital	86.174 billion yen		
Headquarters	1-1-1, Koishikawa, Bunkyo-ku, Tokyo 112-8503 BUNKYO GARDEN GATE TOWER		
Number of employees	Consolidated: 12,540 Non-consolidated: 1,821 (not including seconded staff)		
Net sales	Consolidated: 886.3 billion yen Non-consolidated: 335.9 billion yen		

List of Registered Trademarks in Japan of Taiheiyo Cement Corporation Appearing in this Report

SFPC	CellSpheres
CARBOCATCH	TQPS
CARBOFIX	DENITE
C2SP Kiln	Nanolitia
Ceraclean	PreSLump AI
PFC	

Website Information

Home Page  
<https://www.taiheiyo-cement.co.jp>



IR Information  
<https://www.taiheiyo-cement.co.jp/ir/index.html>



Sustainability Information  
<https://www.taiheiyo-cement.co.jp/csr/index.html>



Organizational and Business Information

- About Us  
<https://www.taiheiyo-cement.co.jp/company/index.html>
- Products and Services  
[https://www.taiheiyo-cement.co.jp/service\\_product/index.html](https://www.taiheiyo-cement.co.jp/service_product/index.html)
- Research and Development  
<https://www.taiheiyo-cement.co.jp/rd/index.html>



Since 1998

History of Our Products and Equipment

History of Business Activities and Corporate Events

2000 May Acquired an exclusive license from three French companies for the inorganic composite material, Ductal.

2001 July Started operating a municipal waste incineration ash washing system (Ash Washing System) at the Kumagaya plant.

2002 Jan. Expanded the scale of the coal ash treatment business following completion of the Kanto Ash Center.



2002 Dec. Started operating a facility to recycle wood as a biomass resource at the Oita Plant.

2006 July Developed Silica Fume Premix Cement for ultrahigh-strength cement.

2007 Aug. Commenced selling DENITE, a heavy metal immobilizer.

2007 Dec. Ductal was used in the pier slabs of Haneda Airport Runway D.

2010 Apr. Second production line of Nghi Son Cement Corporation came into operation.



2002 Nov. Started operating an AK system to recycle municipal waste as a raw material for cement at the Saitama Plant.



The Kyoto Protocol comes into force

The Global Financial Crisis of 2008

1998 Oct. Taiheiyo Cement founded.



1999 May Obtained ISO 14001 certification at six directly operated cement plants in Japan.

2000 Oct. Acquired the management rights to Grand Cement Manufacturing Corporation in the Philippines (currently Taiheiyo Cement Philippines, Inc.).

2000 Nov. Completed construction of Nghi Son Cement Corporation (Vietnam).

2001 July Completed construction of Itoigawa Power Station and launched an electric power supply business.

2002 June Formulated the Mission of the Taiheiyo Cement Group.

2003 Apr. Grand Cement Manufacturing Corporation made a wholly owned subsidiary. Company name changed to Taiheiyo Cement Philippines, Inc. in June 2003.

2003 Apr. Launched a business to recycle construction soil as a raw material for cement.

2005 Apr. Launched an electric power supply wholesale business at the Tosa Power Station.

2006 Jan. Formulated the Taiheiyo Cement Environmental Management Policy.

2008 Oct. Marked the 10th anniversary of the company.

2009 Apr. Registered company-wide ISO 14001 integrated certification at six directly operated plants.

2010 Mar. Announced business restructuring for the group.

2013 July Their Majesties the Emperor Akihito and Empress Michiko of Japan visited the Ofunato Plant.



2015 May Formulated the CSR Objectives for 2025.

2015 June Acquired the Oro Grande plant (California, U.S.).

2014 Aug. Harumi Onoda Remicon Co., Ltd. completed construction of an environmentally sound (indoor) plant.



2018 May Water purification material Ceraclean obtained ETV mark certification from the Ministry of the Environment.

2019 May Developed AI technology for predicting concrete slump.

2019 Dec. Started operating a municipal waste incineration bottom ash washing system at the Kumagaya Plant.

2020 Jan. Started commercial operations of a biomass power station at the Ofunato Plant.



2021 Feb. Successfully developed Nanolitia, a cathode material for lithium-ion batteries.

2024 Mar. Demonstration testing begins for "CO<sub>2</sub> capture calciner."

2024 July Completion of new production line at Taiheiyo Cement Philippines, Inc.

2010 Mar. Announced business restructuring for the group.

2013 July Their Majesties the Emperor Akihito and Empress Michiko of Japan visited the Ofunato Plant.



2015 May Formulated the CSR Objectives for 2025.

2015 June Acquired the Oro Grande plant (California, U.S.).

2018 May Jointly established the Global Cement and Concrete Association (GCCA) with the world's leading cement companies.



2018 Oct. Marked the 20th anniversary of the company.



2019 June Supported the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

2021 Jan. Concluded the agreement on capital alliance with the Semen Indonesia (SI) Group.

2022 Mar. Established technology development roadmap and 2030 Interim Targets for the Carbon Neutral Strategy 2050.

2022 May Signed the UN Global Compact

2022 June Acquired the Redding Plant and ready-mixed concrete business assets (California, U.S.).



158

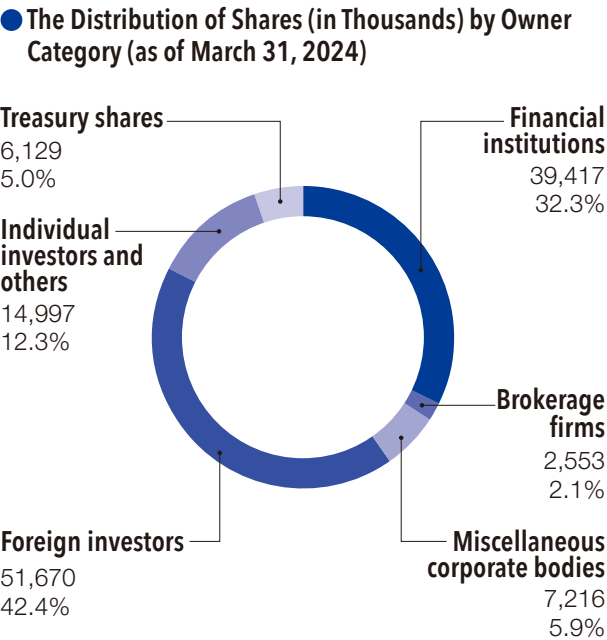
159



Stock Overview

Stock Overview (as of March 31, 2024)

Fiscal year	April 1 – March 31	
General Meeting of Stockholders	Late June	
Common stock	Authorized	197,730,800
	Outstanding	121,985,078 (including 6,129,529 of treasury shares)
	Number of shareholders	45,820
Registrar of shareholders	Sumitomo Mitsui Trust Bank, Ltd.	

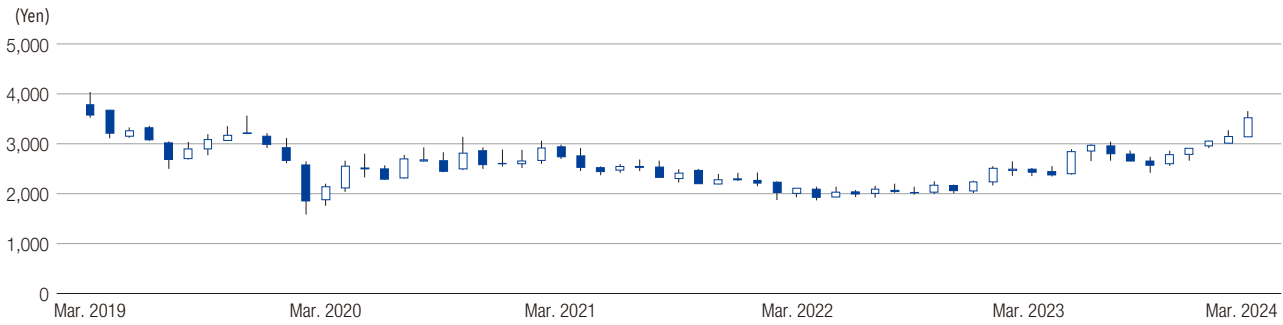


● Major Shareholders (as of March 31, 2024)

Shareholder	Shares owned (in thousands)	Holding (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	20,438	17.6
Custody Bank of Japan, Ltd. (Trust Account)	7,705	6.7
STATE STREET BANK AND TRUST COMPANY 505001	4,577	4.0
JP MORGAN CHASE BANK 385632	4,505	3.9
JP MORGAN CHASE BANK 380072	2,848	2.5
SSBTC CLIENT OMNIBUS ACCOUNT	1,918	1.7
MSIP CLIENT SECURITIES	1,800	1.6
STATE STREET BANK AND TRUST COMPANY 505223	1,774	1.5
JP MORGAN CHASE BANK 385781	1,590	1.4
STATE STREET BANK AND TRUST COMPANY 505103	1,589	1.4

(note) The Company owns 6,129,529 treasury shares.  
The shareholding ratio has been calculated after subtracting our treasury shares.

● Stock Price Trends



List of the Taiheiyo Cement Group's Plants

Japan

Kamiiso Plant  
(Hokuto City, Hokkaido Prefecture)

Ofunato Plant  
(Ofunato City, Iwate Prefecture)

Kumagaya Plant  
(Kumagaya City, Saitama Prefecture)

Saitama Plant  
(Hidaka City, Saitama Prefecture)

Fujiwara Plant  
(Inabe City, Mie Prefecture)

Oita Plant  
(Tsukumi City, Oita Prefecture)

Kawasaki Plant, DC Co., Ltd.  
(Kawasaki City, Kanagawa Prefecture)

Itoigawa Plant, Myojo Cement Co., Ltd.  
(Itoigawa City, Niigata Prefecture)

Tsuruga Cement Co., Ltd.  
(Tsuruga City, Fukui Prefecture)

United States of America

Redding Plant, CalPortland Company

Mojave Plant, CalPortland Company

Oro Grande Plant, CalPortland Company

Rillito Plant, CalPortland Company

Asia-Pacific

Nghi Son Plant, Nghi Son Cement Corporation  
(Vietnam)

Cebu Plant, Taiheiyo Cement Philippines, Inc.  
(Philippines)

Lae Plant, PNG Taiheiyo Cement Limited  
(Papua New Guinea)

List of External Evaluations

FTSE Blossom Japan Sector  
Relative Index

FTSE Blossom  
Japan Sector  
Relative Index

Morningstar Japan  
ex-REIT Gender  
Diversity Tilt Index  
(GenDi J)

Morningstar GenDi J  
Japan ex-REIT Gender Diversity  
Tilt Index

MSCI Japan ESG Select  
Leaders Index

MSCI Japan ESG  
Select Leaders Index

S&P/JPX  
Carbon Efficient Index

S&P/JPX  
カーボン  
エフィシエント  
指数

CDP  
[Selected as Supplier  
Engagement Leader]  
[Scored A for climate change,  
B for water]

CDP  
SUPPLIER  
ENGAGEMENT  
LEADER 2023

JCR  
[Acquired A+ in 2024]

株式会社 日本格付研究所  
Japan Credit Rating Agency, Ltd.

R&I  
[Acquired A in 2024]

Platinum "Kurumin"  
certification  
[Acquired in August 2023]

プラチナくるみん  
子育てサポートしています

Health & Productivity  
Management Outstanding  
Organization  
[Acquired consecutively since 2023]

健康経営優良法人  
2024  
Health and productivity

Human Capital Management  
Quality 2023  
[Selected as Silver in February 2024]

人的資本経営品質  
2023

DBJ Environmental Rating  
[In February 2024, we received environmentally-  
rated financing from the Development Bank  
of Japan (DBJ), which evaluated our efforts  
as "particularly advanced in its efforts to be  
environmentally conscious"]

DBJ 環境格付  
2023