

# 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

