

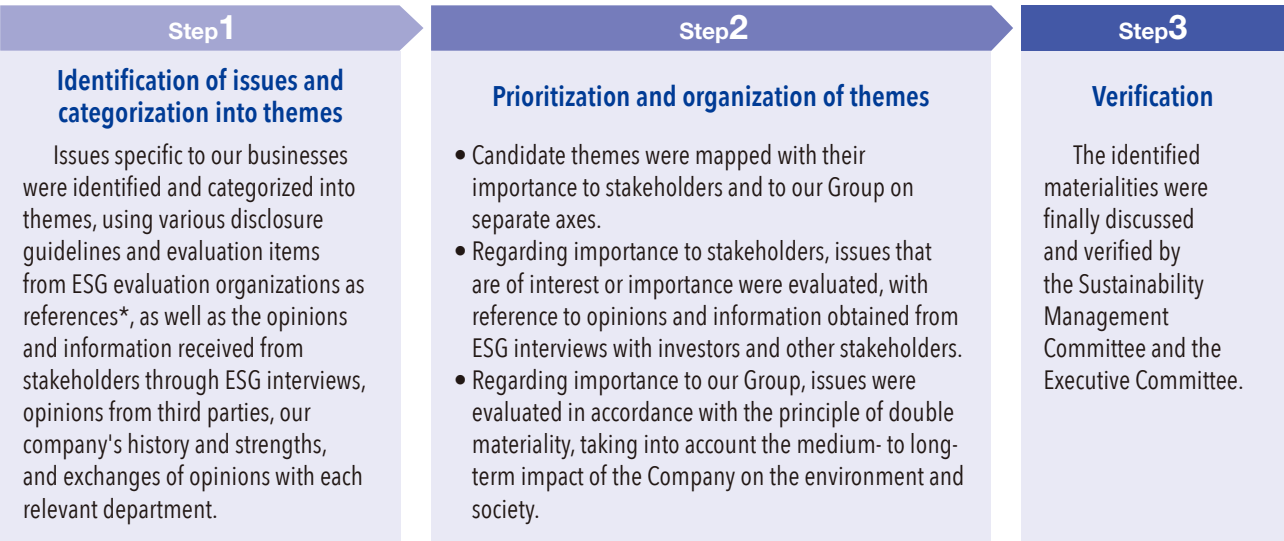
Materiality

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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

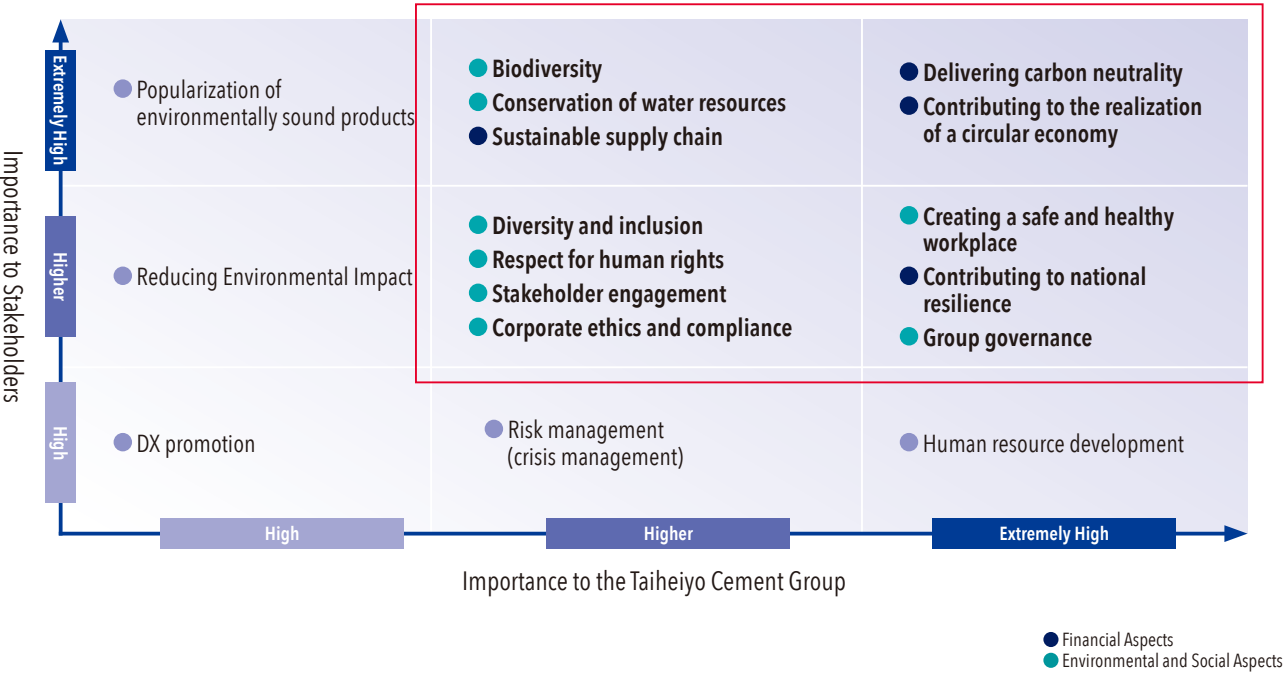
The process was conducted in three steps, from identification of issues to validation. As a result, a total of 12 materialities were identified from financial, environmental, and social perspectives.






























* 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 ₂ emissions reduction	<ul style="list-style-type: none">• Delivering carbon neutrality (by year 2050)• Reduce specific CO₂ emissions by at least 20% or more (by FY2031, compared with 2000)• Reduce domestic CO₂ emissions by 40% or more (by FY2031, compared with 2000)	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">• Maintain waste usage intensity of 400 kg/tonne-cement or more• Maintain volume of waste to landfill at or below 40 tonnes	GCCA Guidelines on Alternative Raw Materials and Fuels
	Sustainable supply chain   	Sustainability assessment	<ul style="list-style-type: none">• Assessment rate of major suppliers: 75% (FY2031)	GCCA Guidelines on Supply Chains
	Contributing to national resilience   	Maintaining a stable product supply system	<ul style="list-style-type: none">• Upgrade of plant facilities to maintain stable supply• Serious quality complaints: 0	ISO9001
Environmental and Social Aspects	Biodiversity  	Develop quarry rehabilitation plans	<ul style="list-style-type: none">• Rate of developing rehabilitation plans: 90% or more	GCCA Guidelines on Biodiversity
	Conservation of water resources  	Management of water resources	<ul style="list-style-type: none">• Promote management of fresh water usage intensity	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">• Zero fatalities ①• Ratio of employees receiving periodic health examinations: 100% ②	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">• Ratio of female employees: At least 10% ① ③• Ratio of female managers (2030): At least 5% (2026) (At least 3%) ③• Ratio of female recruits: At least 30% ①• Ratio of newly appointed female managers: At least 10% ①	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">• Conduct systematic human rights due diligence and take corrective action	United Nations and government, etc. standards
	Stakeholder engagement   	Engagement with shareholders, investors Communication with local communities	<ul style="list-style-type: none">• Engagement with shareholders, investors More than 220 instances/year• Engagement with local communities More than 1,500 instances/year	GCCA Sustainability Framework Guidelines
	Group governance  	Globalization of Whistleblower Program	<ul style="list-style-type: none">• Coverage of the Whistleblower Program 90% or more (FY2031)	* 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">• Standards of conduct training (e-learning) participation rate Maintain at 90% or more	GCCA Sustainability Framework Guidelines