

Our Directors and Corporate Auditors



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Corporate Auditor

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Independent Director

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Senior Executive Officer

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Director  
Senior Executive Officer

**Shinji Fukami**  
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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.

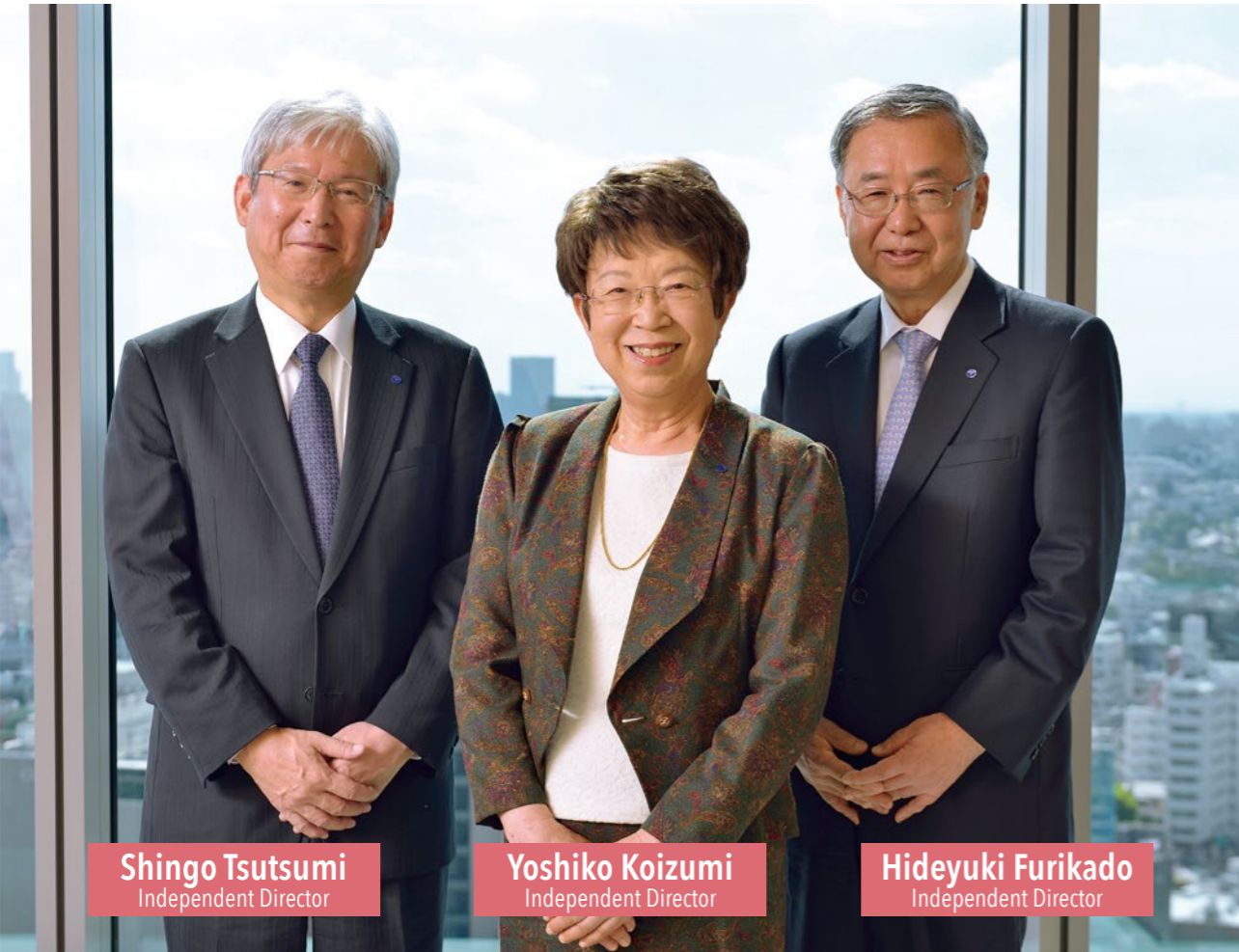
Q You gave up your representation rights this April. Moving forward, how do you plan to engage with the executive team?

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



## 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

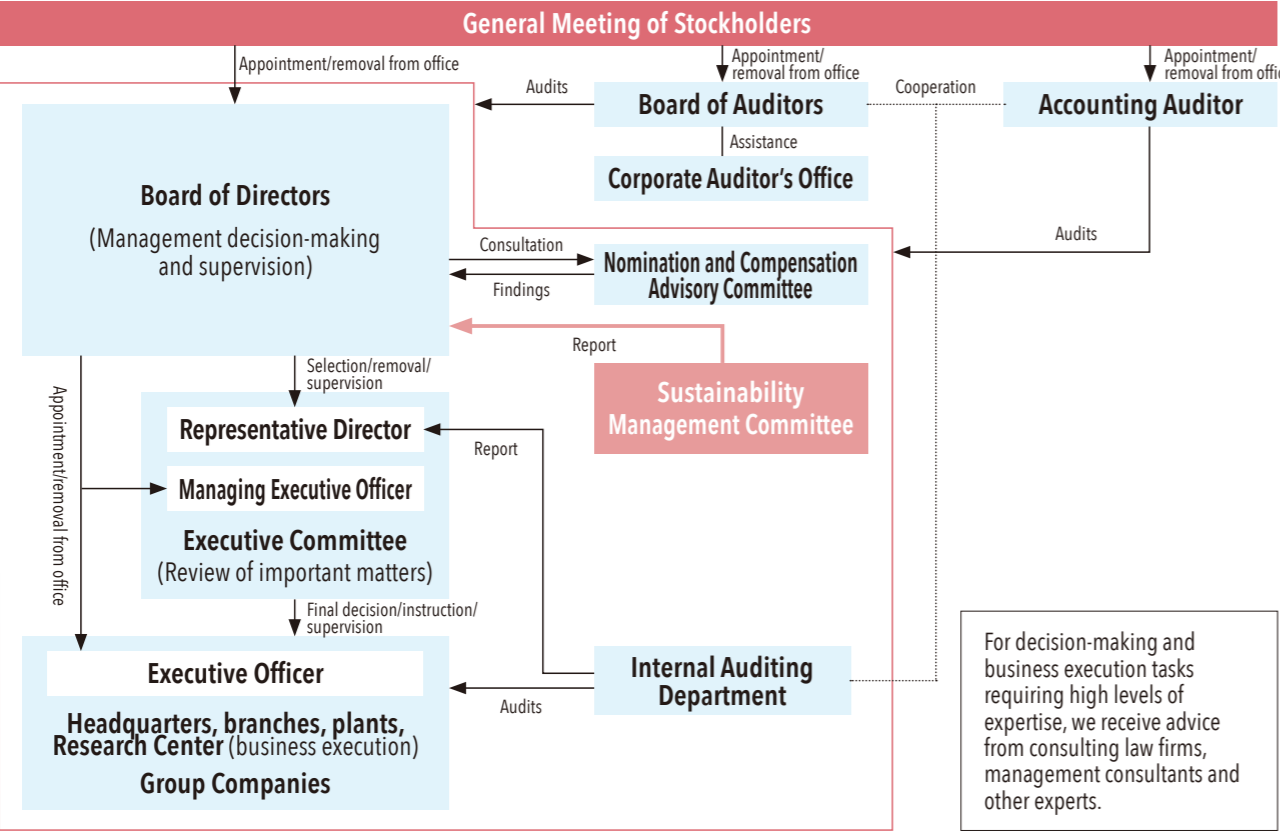
We are building a system that accurately recognizes and addresses corporate governance issues and effectiveness, and governance themes in order to deploy a sustainable business model on a global scale.

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)

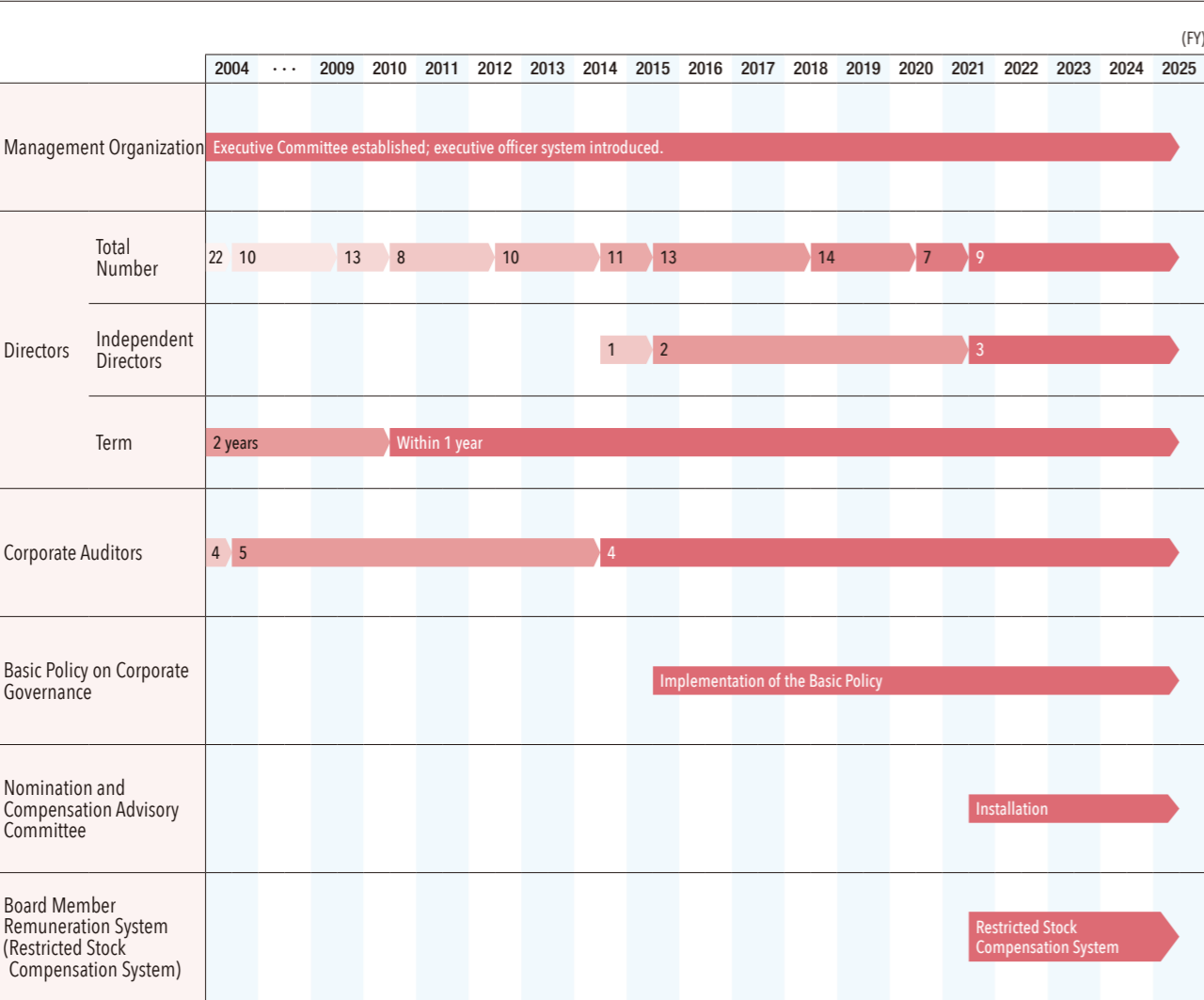
Item	No. of people
Organizational Structure	Company with a Board of Auditors
Chairman of the board	Chairman
No. of directors (No. of female directors)	9 (1)
No. of outside directors included in that figure	3 (1)
No. of independent directors included in that figure	3 (1)
Tenure of a director	1 year
Executive officer system	Yes
No. of corporate auditors (No. of female corporate auditors)	4 (1)
No. of outside directors included in that figure	2 (1)
No. of independent directors included in that figure	2 (1)

Major Meetings Held

Committees	No. of times held	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)

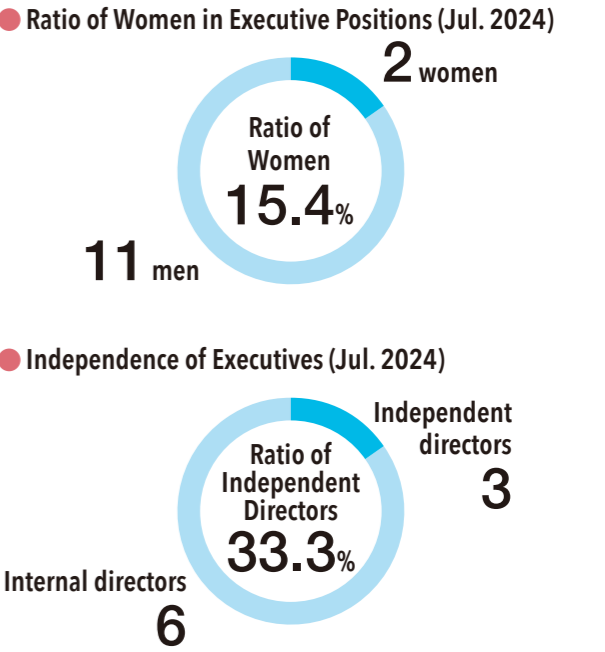


**Activities of independent directors**  
The Nomination and Compensation Advisory Committee met a total of four times in FY2024, with members consisting of three independent directors and one inside director. In addition, two meetings were held exclusively for a total of five independent directors, 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>



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.

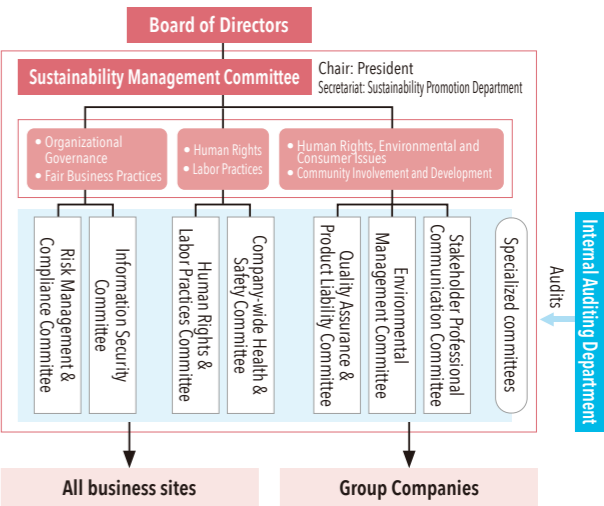
The Committee deliberates and reports to the Board of Directors on policies regarding the nomination of directors, the appointment and removal of directors, policies for determining the compensation of individual directors, and the details of the compensation of directors.

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)

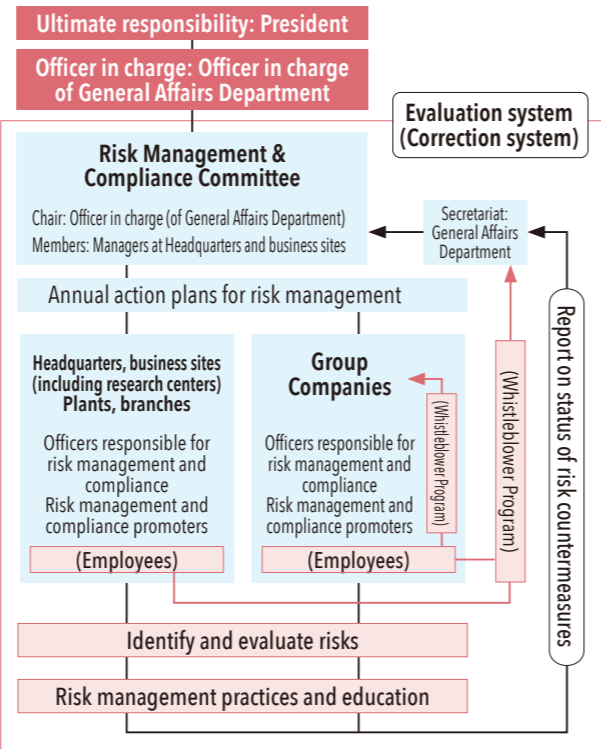


## Operational Structure

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>

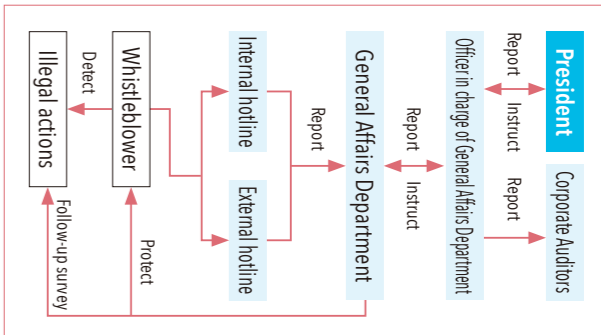
### Materiality KPIs, Targets and Results

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)



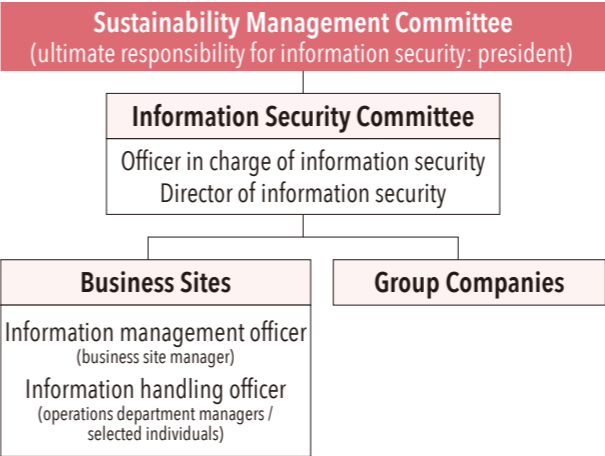
Information Security

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.