Materiality

For more than 140 years, the Taiheiyo Cement Group has supported infrastructure and living environments by supplying society with high quality cement and construction materials, while conducting our business in consideration of the global environment. Based on these experiences, we have identified the materiality 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 aspects and environmental and social aspects.

Sten

Identification of issues and categorization into themes

Issues specific to our businesses were identified and categorized into themes, using various disclosure guidelines and evaluation items from ESG evaluation organizations as references*, as well as the opinions and information received from stakeholders through ESG interviews, opinions from third parties, our company's history and strengths, and exchanges of opinions with each relevant department.

Sten

Prioritization and organization of themes

- Candidate themes were mapped with their importance to stakeholders and to our Group on separate axes.
- Regarding importance to stakeholders, issues that are of interest or importance were evaluated, with reference to opinions and information obtained from ESG interviews with investors and other stakeholders.
- Regarding importance to our Group, issues were evaluated in accordance with the principle of double materiality, taking into account the medium- to longterm impact of the Company on the environment and society.

Step3

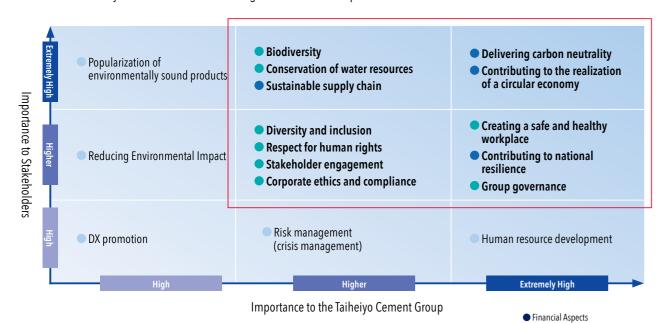
Verification

The identified materialities were finally discussed and verified by the Sustainability Management Committee and the Executive Committee.

Environmental and Social Aspects

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	 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	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	Assessment rate of major suppliers: 75% (FY2031)	GCCA Guidelines on Supply Chains
	Contributing to national resilience	Maintaining a stable product supply system	Upgrade of plant facilities to maintain stable supply Serious quality complaints: 0	ISO9001
Environmental and Social Aspects	Biodiversity 15	Develop quarry rehabilitation plans	Rate of developing rehabilitation plans: 90% or more	GCCA Guidelines on Biodiversity
	Conservation of water resources	Management of water resources	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)	 Zero fatalities 1 Ratio of employees receiving periodic health examinations: 100% 2 	CSR Objectives for 2025 Internal Environment Improvement Policy
	Diversity and inclusion	Promotion of the active participation of women	 Ratio of female employees: At least 10% Ratio of female managers (2030): At least 5% (2026) (At least 3%) Ratio of female recruits: At least 30% Ratio of newly appointed female managers: At least 10% 	CSR Objectives for 2025 26 Medium-Term Management Plan Sustainability Targets
	Respect for human rights 10 ***********************************	Promotion of human rights due diligence	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	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	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	Standards of conduct training (e-learning) participation rate Maintain at 90% or more	GCCA Sustainability Framework Guidelines

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