

ESG Data

Scope of Data

Non-consolidated : Taiheiyo Cement Corporation (non-consolidated)
Group 1: Group companies that are business sites required to submit accident reports under the Taiheiyo Cement Group's Health and Safety Management Regulations
Group 2: Taiheiyo Cement Corporation, 184 subsidiaries, and 104 affiliates
Group 3: Group companies subject to risk management by the Risk Management & Compliance Committee
GCCA: Cement plants (9 domestic plants, 7 overseas plants) and quarries owned by group companies that own cement plants

Environment					
	Scope of Data	Unit	FY2023	FY2024	FY2025
Cement Production*1	GCCA	thousand t	27,228	25,939	26,526
Cementitious Product Production in Japan		thousand t	17,229	16,150	16,052
Cementitious Product Production Overseas		thousand t	9,999	9,789	10,474
CO2 emissions	GCCA				
Annual CO2 emissions					
Scope 1 Emissions (raw material-derived and fuel-derived direct emissions)		thousand t	20,065	19,007	19,790
Japan		thousand t	13,036	12,127	12,325
Overseas		thousand t	7,029	6,880	7,465
Gross Emissions (raw material-derived and fuel-derived direct emissions (excluding on-site power generation))		thousand t	19,017	18,277	18,831
Japan		thousand t	11,989	11,397	11,365
Overseas		thousand t	7,028	6,880	7,465
Net emissions (raw material-derived and fuel-derived direct emissions (excluding alternative fuels and on-site power generation))		thousand t	17,997	17,228	17,806
Japan		thousand t	10,983	10,391	10,403
Overseas		thousand t	7,014	6,837	7,403
CO2 emissions per tonne of cement produced					
Specific gross emissions		kg-CO2/t-cementitious	698	705	710
Specific net emissions		kg-CO2/t-cementitious	661	664	671
Scope 2 Emissions (indirect emissions from purchased electricity)		thousand t	868	854	755
Japan		thousand t	373	397	309
Overseas		thousand t	495	457	446
Scope 3 Emissions (indirect emissions other than Scope 1 and 2)		thousand t	1,700	1,578	1,186
Category 1 (purchased goods and services)		thousand t	827	880	442
Category 3 (fuel- and energy-related activities not included in Scope 1 and 2)		thousand t	873	698	744
Reduction rate of specific net CO2 emissions (compared with FY2001) CSR Objectives for 2025: 10% or more		%	10.2	9.8	8.8
Reduction rate of specific CO2 emissions across the supply chain (compared with 2000)*2		%	10.5	11.6	10.7
Reduction rate of total (Japan) CO2 emissions (compared with 2000)*2		%	42.7	46.8	46.1
Clinker/cement ratio		%	83.0	83.3	83.0
Total energy consumption for clinker production	GCCA				
Energy consumption		TJ	76,291	74,459	76,691
Fossil energy		TJ	61,111	59,056	61,711
Alternative energy		TJ	13,393	13,758	13,452
Biomass energy		TJ	1,787	1,645	1,528
Specific heat consumption		MJ/t-clinker	3,375	3,443	3,448
Rate of alternative fuel use		%	19.9	20.7	19.5
Alternative energy rate		%	17.6	18.5	17.5
Biomass energy rate		%	2.3	2.2	2.0
Use of alternative raw materials	GCCA				
Alternative raw materials rate		%	15.5	15.1	14.8
Main air pollutant emissions	GCCA				
Ratio of clinker produced in kilns with monitoring systems for all air pollutants		%	57	53	52
Ratio of clinker produced in kilns with continuous measuring equipment for NOx, SOx, and dust		%	93	93	93
Ratio of clinker produced in kilns with monitoring systems		%			
NOx		%	100	100	100
SOx		%	100	100	100
Dust		%	100	100	100
Organic volatiles		%	77	77	76
Dioxins		%	91	92	90
Mercury		%	100	100	100
HM1*3		%	78	77	77
HM2*4		%	74	71	72

	Scope of Data	Unit	FY2023	FY2024	FY2025
Air pollutant emissions					
NOx		t	32,425	32,126	31,036
SOx		t	930	1,014	919
Dust		t	423	367	427
Organic volatiles		t	1,469	643	1,617
Dioxins		mg	2,652	1,214	1,268
Mercury		kg	741	818	734
HM1*3		kg	135	131	197
HM2*4		kg	1,553	1,890	1,533
Specific emissions of clinker produced in kilns with monitoring systems					
NOx		g/t-clinker	1,434	1,485	1,396
SOx		g/t-clinker	41	47	41
Dust		g/t-clinker	19	17	19
Organic volatiles		g/t-clinker	84	38	96
Dioxins		ng/t-clinker	129	61	63
Mercury		mg/t-clinker	33	38	33
HM1*3		mg/t-clinker	7	7	10
HM2*4		mg/t-clinker	80	102	80
Water Consumption	GCCA				
Total water withdrawal		1000 m³	170,125	169,161	164,570
Total water discharge		1000 m³	158,431	158,948	153,138
Total fresh water used		1000 m³	11,857	10,382	11,432
Fresh water withdrawal per unit of production		m³/t-cementitious	0.435	0.400	0.431
Conserving and Restoring biodiversity	GCCA				
Ratio of operating quarries with rehabilitation plans		%	95	95	95
Number of quarries located in or near areas of high biodiversity value			2	2	2
Ratio of quarries with high biodiversity value that have biodiversity management plans in place		%	50	50	50
Amount and intensity of waste and by-products used	Non-consolidated				
Amount of waste and by-products used		thousand t	5,771	5,476	5,437
Intensity of waste and by-products		kg/t-cement	409.6	421.9	412.6
Volume of waste to landfill	Non-consolidated	t	1.9	2.0	11.8
Total investment amount	Non-consolidated	million yen	25,386	18,784	27,001
Global environmental conservation	Non-consolidated				
Environmental conservation investment		million yen	10,707	5,829	3,266
Business area costs		million yen	7,998	4,822	3,077
Details					
Pollution prevention		million yen	2,068	997	1,304
Global environmental conservation		million yen	5,861	3,673	845
Resource recycling		million yen	69	153	928
Upstream and downstream		million yen	2,176	974	0
Administrative		million yen	221	30	21
R&D		million yen	310	344	161
Social activity		million yen	0	0	0
Environmental remediation		million yen	2	2	7
Environmental conservation expenses		million yen	17,394	18,631	18,570
Business area costs		million yen	9,909	10,886	16,990
Details					
Pollution prevention		million yen	5,111	4,781	4,109
Global environmental conservation		million yen	4,282	5,571	6,925
Resource recycling		million yen	516	534	5,957
Upstream and downstream		million yen	6,102	6,318	386
Administrative		million yen	311	158	119
R&D		million yen	912	1,127	927
Social activity		million yen	58	67	74
Environmental remediation		million yen	102	75	74
Total R&D amount	Non-consolidated	million yen	1,305	1,538	1,359

KPI based on GCCA Sustainability Guidelines

S Social

	Scope of Data	Unit	FY2023	FY2024	FY2025
Occupational Health and Safety	Group 1				
Fatalities		Cases	2	1	4
Lost-time injuries		Cases	49	53	46
Total occupational accidents		Cases	120	133	128
Absence rate		%	0.935	0.689	0.689
Number of employees (consolidated)	Group 2	Persons	12,720	12,540	12,586
Our employees	Non-consolidated				
Number of employees (excl. seconded employees, etc.)		Persons	1,841	1,821	1,733
Number of female employees		Persons	210	214	217
Ratio of female employees		%	11.4	11.8	12.5
Ratio of women in management positions		%	2.4	3.4	4.2
Average age		Years old	40.1	39.7	39.8
Number of employees (Total)		Persons	2,284	2,263	2,243
Number of female employees		Persons	219	223	237
Ratio of female employees		%	9.6	9.9	10.6
Ratio of women in management positions		%	2.0	2.5	3.2
Ratio of women in new management positions		%	13.6	11.4	14.3
Average years of service (overall)		Years	17.8	17.3	17.3
Average years of service - men		Years	18.4	17.8	17.9
Average years of service - women		Years	13.3	13.3	13.2
Number of graduates hired (non-area specific positions)		Persons	49	59	53
Number of women		Persons	7	13	11
Ratio of women		%	14.3	22.0	20.8
Number of graduates hired (area specific positions)		Persons	33	30	34
Number of women		Persons	4	4	6
Number of experienced hires		Persons	11	20	20
Number of women		Persons	2	1	6
Turnover rate within 3 years of employment		%	FY2021 recruits 9.2	FY2022 recruits 7.6	FY2023 recruits 12.2
Number of non-Japanese employees		Persons	6	5	6
Ratio of employees with disabilities		%	2.58	2.84	2.63
Total annual hours worked		Hours	1,891	1,895	1,923
Overtime and holiday work hours (monthly average)		Hours	17.6	17.9	19.8
Ratio of annual paid leave taken		%	77.5	83.6	79.1
Days of annual paid leave taken		Days	14.7	15.8	15.0
Ratio of male employees taking childcare leave or leave for childcare purposes		%	89	93	105
Ratio of male employees taking childcare leave		%	60	54	76
Average number of days of childcare leave taken by male employees		Days	28.9	23.4	33.9
Number of employees taking nursing care leave		Persons	2	0	0
Education and training expenditure per employee		Yen	60,192	73,971	99,710
Education and training hours per employee		Hours	14.8	23.3	28.0
Average annual salary		Yen	7,298,214	7,221,167	7,637,821
Ratio of women's wages to men's wages - All permanent employees*5		%	68.2	69.8	70.2
Full-time employees		%	68.5	69.8	69.9
Part-time and fixed-term employees		%	54.4	59.2	67.0
Health and Productivity Management (H&PM) Initiatives	Non-consolidated				
Health examinations					
Ratio of employees receiving periodic health examinations		%	99.9	99.9	100.0
Ratio of employees receiving secondary examination after periodic health examinations		%	72.0	96.2	96.4

	Scope of Data	Unit	FY2023	FY2024	FY2025
Preventive measures against lifestyle-related diseases					
Ratio of smokers among employees 40 years and older		%	29.3	28.1	27.4
Ratio of employees 40 years and older that drink alcohol (occasionally or daily)		%	74.4	75.3	76.5
Ratio of employees 40 years and older that exercise regularly (30 minutes or more of exercise)		%	27.9	30.1	31.0
Ratio of employees 40 years and older that eat breakfast		%	80.5	81.8	82.2
Ratio of employees receiving specific health guidance		%	24.9	30.5	26.9
Walking event participation rate		%	6.79	42.5	53.2
Ratio of employees with BMI greater than 25		%	31.9	30.8	31.2
Mental health support					
Ratio of employees taking stress checks		%	96.4	97.3	97.2
Ratio of employees with high stress		%	9.3	9.9	9.9
Ratio of employees taking e-learning on Health Literacy education		%	83.4	87.9	98.0
Efforts to protect human rights	Non-consolidated				
Number of reports to the internal harassment hotline					
Sexual harassment		Cases	0	0	0
Power harassment		Cases	6	4	10
Other		Cases	3	1	5
Number of reports to the external harassment hotline					
Sexual harassment		Cases	1	0	0
Power harassment		Cases	2	3	2
Other		Cases	2	1	0
Number of human rights slogan submissions		Submissions	1,670	1,752	1,761
IR activities	Non-consolidated	Cases	168	219	281

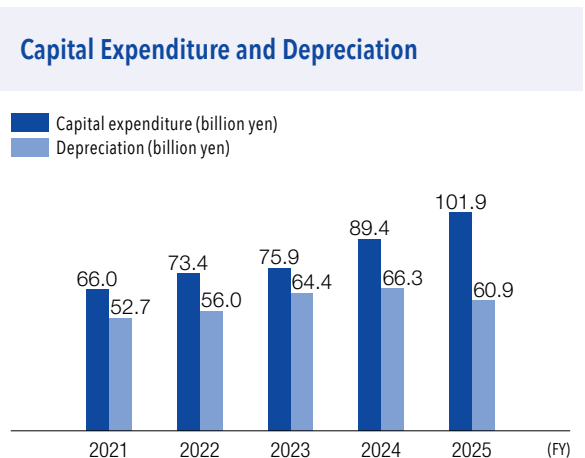
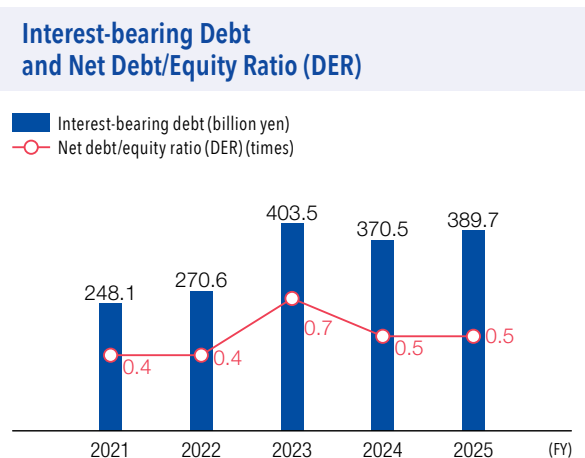
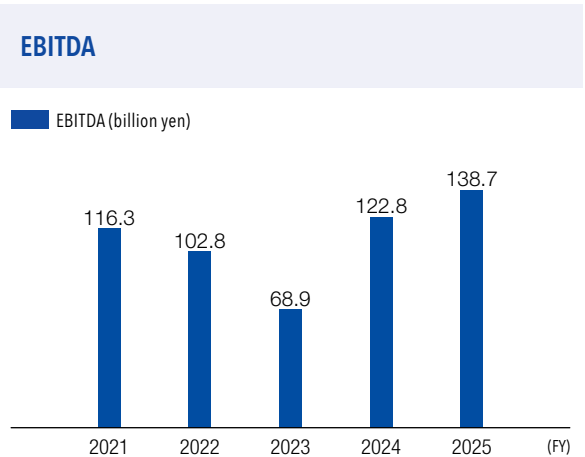
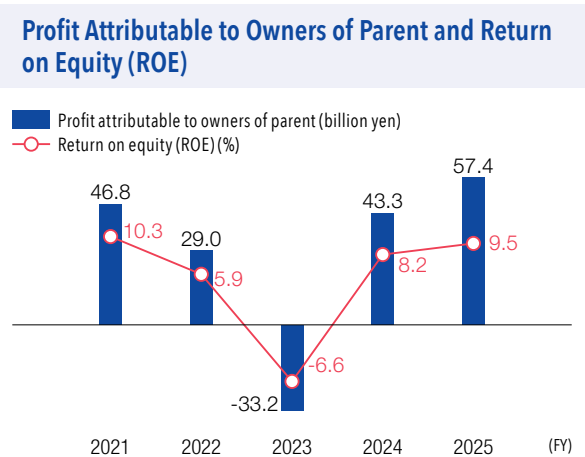
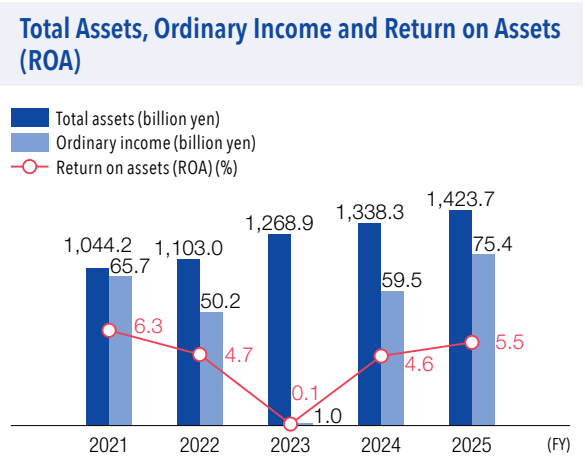
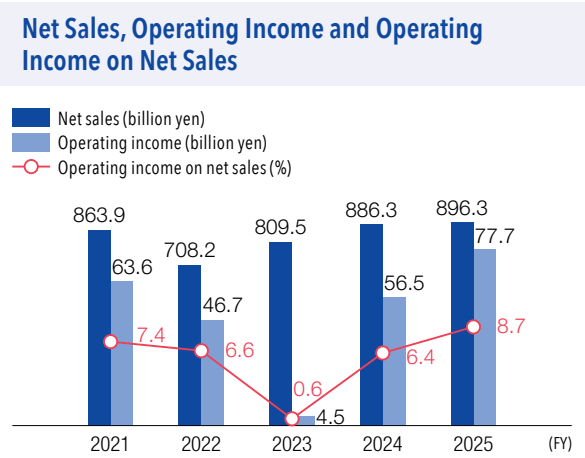
G Governance

	Scope of Data	Unit	FY2023	FY2024	FY2025
Governance structure	Non-consolidated				
Directors		Persons	9	9	9
Independent Director		Persons	3	3	3
Female directors		Persons	1	1	1
Ratio of female directors		%	11.1	11.1	11.1
Corporate Auditors		Persons	4	4	4
Independent Corporate Auditor		Persons	2	2	2
Female corporate auditors		Persons	1	1	1
Ratio of female corporate auditors		%	25.0	25.0	25.0
Ratio of female board members		%	15.4	15.4	15.4
Annual Remuneration of Board Members					
Directors (persons)		million yen	510(11)	393(10名)	569(13)
Corporate auditors (persons)		million yen	72(5)	72(5)	72(4)
Internal carbon pricing	Non-consolidated	Yen/t-CO ₂	1,500	5,000	5,000
Ratio of employees taking e-learning	Non-consolidated	%	91.7	97.3	96.3
Number of reports to the internal whistleblowing hotline	Group 3	Cases	5	4	5
Intellectual property	Non-consolidated				
Number of new patent registrations in Japan		Cases	156	129	123
Number of patents held in Japan		Cases	1,439	1,509	1,586

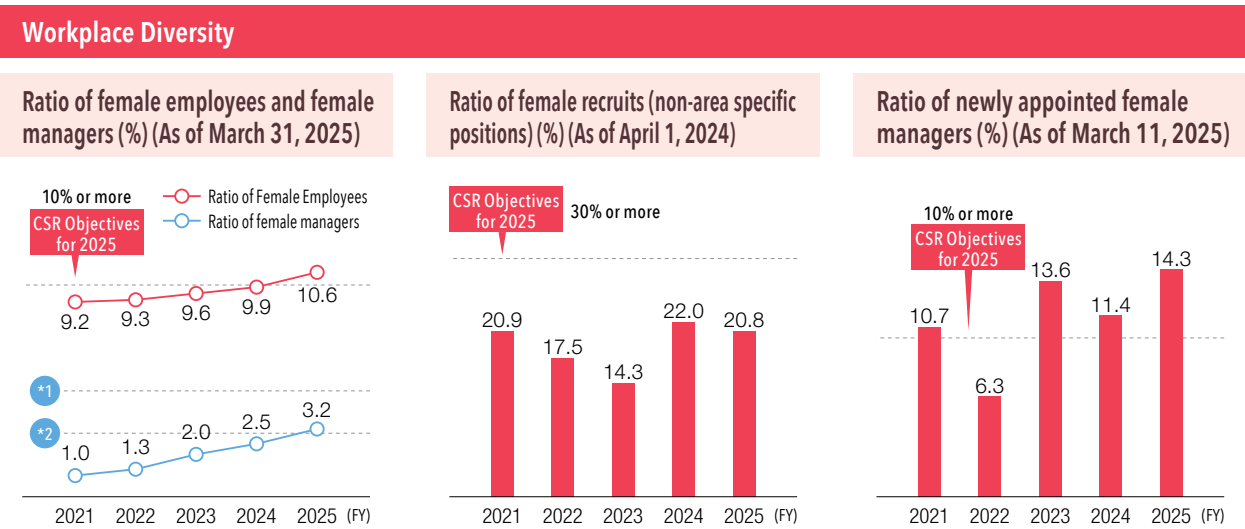
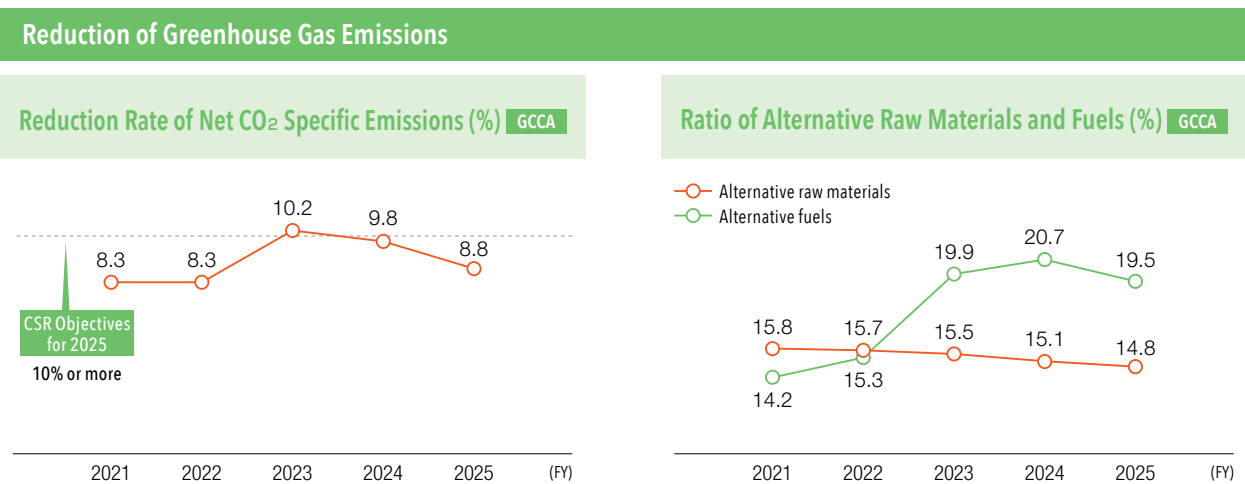
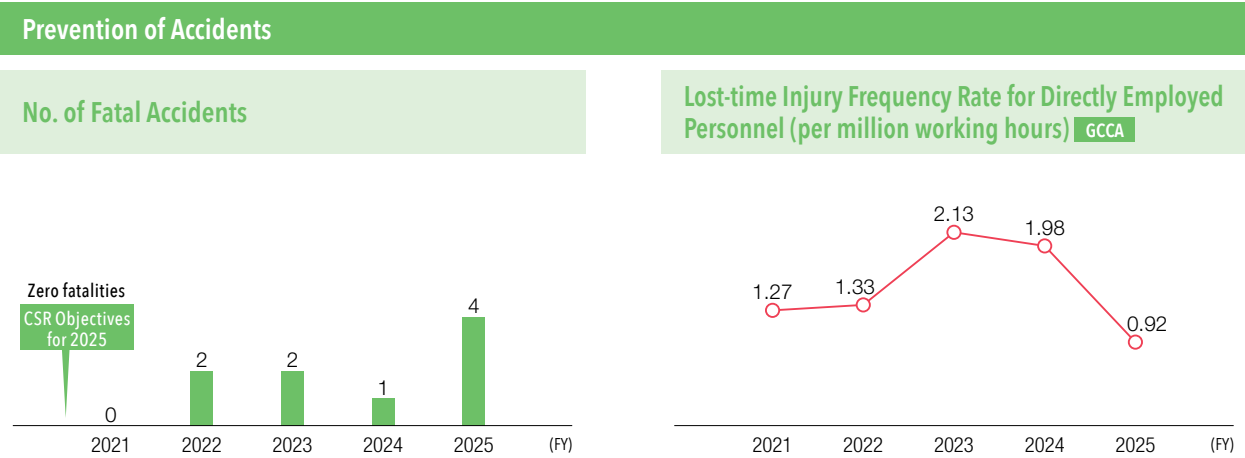
*1 Total of clinker and supplementary cementitious materials
*2 2030 Interim Target
*3 Total of cadmium and thallium, and their compounds
*4 Total of antimony, arsenic, lead, chromium, cobalt, copper, manganese, nickel, vanadium and their compounds
*5 Calculated based on the "Calculation Method of the Gender Pay Gap" in the "General Employer Action Plan (July 2022 Revision)" based on the Act for Promotion of Women's Participation and Advancement in the Workplace.

Financial and Non-financial Highlight

Financial Data



Non-financial Data



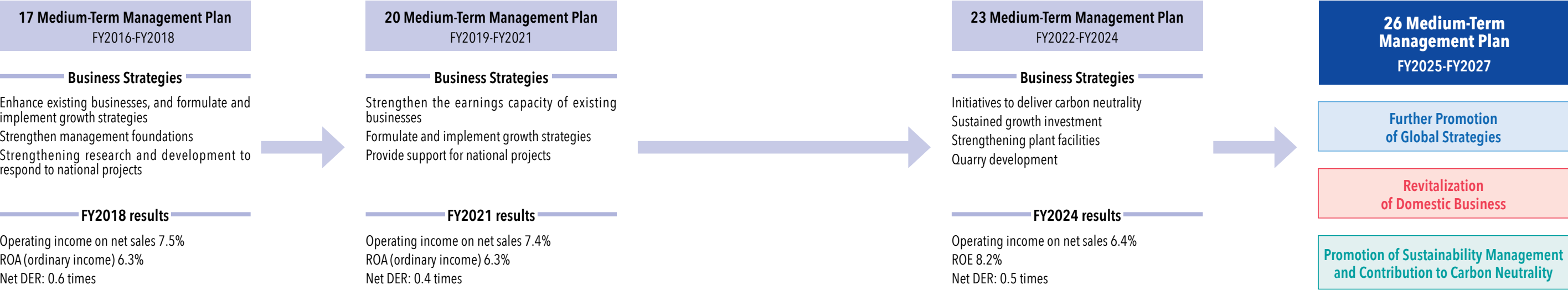
*1 26 Medium-Term Management Plan Sustainability Targets (2030) 5% or more
*2 26 Medium-Term Management Plan Sustainability Targets (2026) 3% or more

11-Year Summary

	FY2015	FY2016	FY2017	FY2018		FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Statement of Income (million yen)												
Net sales	842,849	835,360	798,589	871,113		916,072	884,350	863,904	708,202	809,542	886,276	896,295
Operating income	65,407	60,434	63,235	65,130		66,013	61,008	63,611	46,702	4,456	56,470	77,750
Ordinary income	67,890	60,226	59,803	64,367		64,307	60,542	65,744	50,194	1,016	59,473	75,374
Profit attributable to owners of parent	44,115	36,404	47,597	38,526		43,453	39,151	46,801	28,972	△33,207	43,273	57,428
Financial Condition (million yen)												
Net assets	347,490	357,073	400,035	432,327		450,645	473,241	506,821	544,799	528,857	596,385	676,124
Total assets	1,040,603	1,014,075	1,015,416	1,020,112		1,034,428	1,032,923	1,044,227	1,103,008	1,268,863	1,338,251	1,423,695
Interest-bearing debt	399,138	394,498	340,930	288,607		279,615	266,116	248,102	270,587	403,485	370,469	389,688
Per Share Data* (yen)												
Book-value per share	2,463.1	2,591.1	2,930.2	3,193.7		3,388.4	3,567.6	3,971.3	4,362.2	4,228.5	4,872.9	5,758.9
Earnings per share	359.1	296.3	383.9	311.4		351.7	319.9	387.8	245.8	△283.7	371.1	502.5
Closing share price	3,670	2,590	3,720	3,865		3,690	1,850	2,911	2,019	2,487	3,519	3,897
Cash Flow (million yen)												
Cash flows from operating activities	77,001	75,627	94,434	107,683		97,283	90,902	110,403	71,192	△269	140,543	117,874
Cash flows from investing activities	△31,378	△71,099	△10,394	△48,461		△58,025	△65,535	△47,809	△83,920	△93,345	△82,139	△106,528
Cash flows from financing activities	△52,713	△4,028	△81,855	△65,818		△33,754	△29,437	△43,953	△3,743	112,080	△59,477	△20,611
Cash and cash equivalents at end of fiscal year	50,646	50,072	51,975	44,977		50,085	45,748	63,820	50,214	70,828	71,147	65,339
Financial Indicators												
Operating income on net sales (%)	7.8	7.2	7.9	7.5		7.2	6.9	7.4	6.6	0.6	6.4	8.7
Return on assets (ROA) (ordinary income) (%)	6.6	5.9	5.9	6.3		6.3	5.9	6.3	4.7	0.1	4.6	5.5
Return on equity (ROE) (%)	16.3	11.7	14.0	10.2		10.7	9.2	10.3	5.9	△6.6	8.2	9.5
Equity ratio (%)	29.1	31.4	35.6	38.7		40.1	42.3	45.1	46.3	39.0	42.1	45.1
EBITDA (million yen)	110,579	107,359	110,213	111,631		110,513	109,962	116,347	102,767	68,922	122,816	138,667
Net debt/equity ratio (DER) (times)	1.1	1.1	0.8	0.6		0.5	0.5	0.4	0.4	0.7	0.5	0.5
Other (million yen)												
Capital expenditure	42,160	44,076	54,385	58,088		67,797	77,677	66,003	73,373	75,933	89,409	101,887
Depreciation	42,401	43,958	44,459	44,004		44,009	48,863	52,684	56,010	64,419	66,305	60,876
R&D expenses	4,423	4,229	4,539	4,453		4,311	4,432	4,606	5,285	5,903	5,659	5,221

* The Company conducted a 10-for-1 reverse stock split of its common stock effective October 1, 2017. Accordingly, per share data is calculated assuming this reverse stock split was conducted at the beginning of FY2011.

* The "Accounting Standard for Revenue Recognition" (ASBJ Standard No. 29), etc. was applied from FY2022



GCCA Key Performance Indicators

The Taiheiyo Cement Group's key performance indicators (KPIs) for FY2025 have been subjected to independent limited assurance by KPMG AZSA Sustainability Co., Ltd.

● FY2025 Key Performance Indicators (KPI)*1 ★2

CO ₂ and climate protection (CO ₂ emissions and energy consumption)		FY2023	FY2024	FY2025
Number of facilities using the GCCA "The Cement CO ₂ and Energy Protocol" guidelines for emissions inventory		16	16	16
Ratio of facilities using the GCCA "The Cement CO ₂ and Energy Protocol" guidelines for emissions inventory (%)		100	100	100
Total CO ₂ emissions (thousand tonnes/year)	Scope 1 emissions *3	20,065	19,007	19,790
	Gross emissions *4	19,017	18,277	18,831
	Net emissions *5	17,997	17,228	17,806
CO ₂ emissions per tonne of cementitious product*6 (kg-CO ₂ /t-cementitious)	Specific gross emissions	698	705	710
	Specific net emissions	661	664	671
Emissions from electricity purchased (thousand tonnes/year) (Scope 2 emissions)		868	853	755
Indirect emissions other than Scope 1 and 2 (emissions of other companies related to the activities of the Taiheiyo Cement Group) (thousand tonnes/year) (Scope 3 emissions)*7		1,700	1,578	1,186
Category 1 (Purchased goods and services) *8		827	880	442
Category 3 (fuel- and energy-related activities not included in Scope 1 and 2) *9		873	698	744
Specific heat consumption for clinker production (MJ/t-clinker)		3,375	3,443	3,448
Alternative fuel rate: ratio of alternative fuels used by kilns (%)		17.6	18.5	17.5
Biomass fuel rate: ratio of biomass fuel used by kilns (%)		2.3	2.2	2.0
Clinker/cement (equivalent) factor: ratio of the total clinker consumption and cement produced, calculated according to the GCCA Cement CO ₂ and Energy Protocol guidelines		83.0	83.3	83.0

Emission monitoring and reporting		FY2023	FY2024	FY2025
Percentage of clinker produced by kilns covered by a monitoring system, either continuous or discontinuous, for the main and other pollutants (%)		100	100	100
Percentage of clinker produced by kilns which have adopted continuous measurement for the main pollutants (%)	NOx	97.5	97.6	97.8
	SOx	95.7	95.5	95.7
	Dust	100	100	100
Total emissions (t/year)	NOx	32,425	32,126	31,036
	SOx	930	1,014	919
	Dust	423	367	427
Specific emissions per tonne of clinker produced (g/t-clinker)	NOx	1,434	1,485	1,396
	SOx	41	47	41
	Dust	19.0	17	19

Water		FY2023	FY2024	FY2025
Withdrawal (thousand m ³)	Fresh water	24,649	23,403	25,847
	Seawater	145,476	145,758	138,724
Discharge (thousand m ³)	Fresh water	12,792	13,021	14,414
	Seawater	145,639	145,927	138,724

Health and Safety		FY2023	FY2024	FY2025
Fatalities				
Number of fatalities for directly employed personnel		0	1	0
	Fatality rate per 10,000 directly employed personnel	0	1.97	0
	Number of fatalities for indirectly employed personnel (contractors and subcontractors)	1	2	3
Number of fatalities involving third parties (not employed)		0	0	0
Lost-time injuries				
Number of lost-time injuries for directly employed personnel		23	21	10
	Injury frequency rate of directly employed personnel (per million working hours)	2.13	1.98	0.92
	Injury severity rate of directly employed personnel (per million working hours)*10	—	—	61.15
Number of lost-time injuries for indirectly employed personnel (contractors and subcontractors)		12	25	21
	Injury frequency rate of indirectly employed personnel (contractors and subcontractors) (per million working hours)	—	—	1.33

*1 CO₂ and climate protection, emissions monitoring and reporting, and water for FY2025 are in accordance with "GCCA Sustainability Guidelines for the monitoring and reporting of CO₂ emissions from cement manufacturing Ver. 0.1", "GCCA Sustainability Guidelines for the monitoring and reporting of emissions from cement manufacturing Ver. 0.1", "GCCA Sustainability Guidelines for co-processing fuels and raw materials in cement manufacturing Ver. 0.1" and "GCCA Sustainability Guidelines for the monitoring and reporting of water in cement manufacturing Ver. 0.1". The data includes cement plants (9 domestic plants, 7 overseas plants) and quarries owned by group companies that own cement plants.

*2 Health and safety for FY2025 is in accordance with "GCCA Sustainability Guidelines for the monitoring and reporting of safety in cement and concrete manufacturing Ver. 1.0". We have aggregated data from the cement businesses of Taiheiyo Cement and 14 domestic and overseas group companies, and from the construction materials, aggregates and ready-mixed concrete businesses of 45 companies out of the group companies that are considered to be business sites required to submit accident reports under our health and safety management regulations.

*3 CO₂ emissions that are not included in the items for disclosure mandated by the GCCA but are derived from raw materials and fuels in the cement manufacturing process (including from on-site power generation) and fall under Scope 1.

*4 CO₂ emissions derived from raw materials and fuels in the cement manufacturing process (excluding CO₂ emissions generated from on-site power generation).

*5 CO₂ emissions derived from raw materials and fuels in the cement manufacturing process (excluding CO₂ emissions generated from alternative fuels and on-site power generation).

*6 Cementitious product: Sum total of clinker and supplementary cementitious materials

*7 For Scope 3, we referred to the "Emissions Unit Values for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain (Ver. 3.5), Ministry of the Environment" and the "LCI database AIST-IDEA Ver. 3.5 Research Laboratory for IDEA, RISS, AIST IPCC 2021 without LULUCF AR6".

*8 Calculated by multiplying the input volume (physical data) of raw materials purchased by the business site subject to the data collection of environmental performance in the GCCA KPI (hereinafter referred to as "business site") from outside the business site by the emission intensity of each raw material.

*9 Calculated by multiplying the amount of electricity, fuel, etc., procured by the business site by each specific emissions unit (excluding transportation of fuel).

*10 In calculating the injury severity rate, "per million working hours" is used as the denominator in accordance with the definition in the GCCA guidelines. In addition, calendar days are used for the number of lost workdays for directly employed personnel.

GHG emissions quantification is subject to uncertainty when measuring activity data, determining emission factors, and considering scientific uncertainty inherent in the Global Warming Potentials.

GCCA Independent Assurance Report

Independent Practitioner's Limited Assurance Report

To the President and Representative Director of Taiheiyo Cement Corporation

Conclusion
We have performed a limited assurance engagement on whether selected environmental and social performance indicators (the "subject matter information" or the "SMI") presented in Taiheiyo Cement Corporation's (the "Company") Taiheiyo Cement Report 2025 (the "Report") have been prepared in accordance with the criteria (the "Criteria"), which are established by the Company and are explained in the Report. The SMI subject to the assurance engagement is presented under the following headings in the GCCA Key Performance Indicators section of the Report.

- CO₂ and climate protection (CO₂ emissions and energy consumption) ¹
- Emissions monitoring and reporting ¹
- Water ¹
- Health and safety ²

¹ Periodic accounting is based on the fiscal year 2024 for domestic plants and the calendar year 2024 for overseas plants.
² Periodic accounting is based on the calendar year 2024 for domestic and overseas plants.
Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Company's SMI is not prepared, in all material respects, in accordance with the Criteria.

Basis for Conclusion
We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, and International Standard on Assurance Engagements (ISAE) 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under those standards are further described in the "Our responsibilities" section of our report.
We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA).
Our firm applies International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.
We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other information
Our conclusion on the SMI does not extend to any other information that accompanies or contains the SMI (hereafter referred to as "other information"). We have read the other information but have not performed any procedures with respect to the other information.

Responsibilities for the SMI
Management of the Company are responsible for:

- designing, implementing and maintaining internal controls relevant to the preparation of the SMI that is free from material misstatement, whether due to fraud or error;
- selecting or developing suitable criteria for preparing the SMI and appropriately referring to or describing the criteria used; and
- preparing the SMI in accordance with the Criteria.

Inherent limitations in preparing the SMI
As described in the Report, GHG emissions quantification is subject to uncertainty when measuring activity data, determining emission factors, and considering scientific uncertainty inherent in the Global Warming Potentials. Hence, the selection by management of a different but acceptable measurement method, activity data, emission factors, and relevant assumptions or parameters could have resulted in materially different amounts being reported.

Our responsibilities
We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the SMI is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Company's management.

Summary of the work we performed as the basis for our conclusion
We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the SMI that is sufficient and appropriate to provide a basis for our conclusion. Our procedures selected depended on our understanding of the SMI and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, the procedures we performed primarily consisted of:

- assessing the suitability of the criteria applied to prepare the SMI;
- conducting interviews with the relevant personnel of the Company to obtain an understanding of the key processes, relevant systems and controls in place over the preparation of the SMI;
- performing analytical procedures including trend analysis;
- identifying and assessing the risks of material misstatements;
- performing site visits at the following four plants out of a total of 16 plants of the Taiheiyo Cement Group, selected on the basis of a risk analysis. (Scopes 1 and 2 CO₂ emissions covered by these four plants correspond to 21% * of the combined total of the Group's Scopes 1 and 2 CO₂ emissions.)

* Based on the amount of absolute gross CO₂ for the fiscal year 2024 for domestic plants and the calendar year 2024 for overseas plants.

Overseas plants	Domestic plants
- Taiheiyo Cement Philippines, Inc.	- Taiheiyo Cement Corporation: Kamiiso Plant
	- Taiheiyo Cement Corporation: Fujiwara Plant
	- Tsuruga Cement Co., Ltd.

- performing, on a sample basis, recalculation of amounts presented as part of the SMI;
- performing other evidence gathering procedures for selected samples; and
- evaluating whether the SMI was presented in accordance with the Criteria.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

/s/ Kazuhiko Saito
Kazuhiko Saito, Engagement Partner
KPMG AZSA Sustainability Co., Ltd.
Tokyo Office, Japan
November 21, 2025

Notes to the Reader of Independent Assurance Report:
This is a copy of the Independent Assurance Report and the original copies are kept separately by the Company and KPMG AZSA Sustainability Co., Ltd.

Glossary

A

Aggregate

One of the main materials that make up concrete, along with cement and water. This includes gravel (coarse aggregate) and sand (fine aggregate).

AK System

A system in which household waste and general business waste are biodegraded (fermented) in a waste recycling kiln and recycled as raw materials and fuel for ordinary Portland cement.

B

Blast furnace slag

A by-product of the iron and steel making process to remove impurities from steel products, and sometimes referred to simply as slag.

Book and Claim System

A method for decoupling the value of a product or environmental benefit from its physical delivery.

C

C2SP Kiln

A cement clinker kiln capable of directly capturing a high concentration of CO₂ by concentrating the calcination reaction of raw limestone in an oxygen-fired calciner. It inherits the features of the NSP kiln.

CARBOCATCH

A CO₂ mineralization technology that uses carbonation. CO₂ can be efficiently mineralized in concrete by mixing cement slurry that has absorbed CO₂ with water.

CARBOFIX cement

A special cement that cures by absorbing CO₂. CO₂ emissions are reduced by 60% compared to ordinary Portland cement.

Carbon pricing

A policy approach that seeks to change the behavior of emitters by putting a price on CO₂ emissions. Carbon taxes and emissions trading schemes are typical examples.

CCS

A system in which CO₂ captured from the exhaust gases of coal-fired thermal power plants and other factories is stored in depleted oil fields and submarine formations.

CCU

A system in which CO₂ captured from the exhaust gases of coal-fired thermal power plants and other factories is reused as an industrial raw material or for plant cultivation.

CCUS technology

A generic term for a series of technologies for the capture of CO₂ and its utilization or permanent storage.

Cement based high-strength grout

A material injected at construction sites to fill gaps and reinforce joints or the ground. It is required to be non-shrinking and high-strength.

Cement based soil stabilizer

A cement-based ground improvement material that is used to provide long-term, stable strength enhancement to a wide range of soil types.

Cement calcination

In general, synonymous with clinker calcination.

Clinker

An intermediate, nodular cement product produced when the raw materials of cement such as limestone and clay are fired in a kiln.

Clinker calcination

A process in which the raw materials of cement such as limestone and clay are heated at 1,450°C to obtain clinker.

Clinker mineral

The minerals that make up the clinker. The main minerals are alite (C₃S), belite (C₂S), aluminate (C₃A), and ferrite (C₄AF).

Concrete slump

An index that indicates the consistency of multiple loads/batches of the same ready-mixed concrete and helps to identify its workability. One of the control items during concrete production.

Concrete surface repair materials

A cement-based material used to fill pinholes on the surface of concrete and repair formwork gaps.

D

Distribution terminal

An intermediate cement distribution center that connects cement plants and users. It is also called service station or SS in Japan.

F

FA (Fly ash) blended cement

A blended cement that uses fly ash as a supplementary cementitious material, manufactured to comply with the standards of each export destination country.

Fly ash

Ash derived from coal which is generated from a coal-fired thermal power plant and is collected from the exhaust gas air stream by an electrostatic precipitator.

Functional hollow particles

Minute, lightweight ceramic spheres which provide weight reduction and thermal insulation/shielding properties for use in coating materials for home appliances, electronic components, resin products etc.

G

GCCA

Global Cement and Concrete Association. An industry association with about 49 cement manufacturing companies worldwide as regular members, covering about 40% of the world's production capacity.

Green Cement

A general term for cement with a low CO₂ emission load during production.

Ground improvement projects

A construction project that uses cement-based soil stabilizers to reinforce weak ground at construction sites, ensuring buildings are safely supported.

GX-ETS

A trading system promoted by the Japanese government for the purpose of reducing emissions, and a mechanism to promote corporate decarbonization.

H

Heavy metal immobilizer

A material for mixing into soil that enables the safer treatment of construction soil by inhibiting the leaching of heavy metals that are specified in the Soil Contamination Countermeasures Act.

K

Kiln

A rotating furnace used for clinker calcination, usually referred to as a rotary kiln. A cylindrical rotary furnace with a diameter of 5-6m and a length of 60-100m is used.

M

Mass Balance System

A method of allocating a characteristic to a portion of a product based on the input amount of raw materials possessing that characteristic.

Methanation

The synthesis of methane from CO₂ and hydrogen. This technology is attracting attention as it is carbon neutral through the use of green hydrogen.

N

Nanolitia

A material used for the positive electrode of lithium-ion batteries, characterized by high thermal stability and not using cobalt.

Nature positive

Being aimed toward halting the loss of biodiversity and moving towards recovery.

NSP kiln

A clinker firing kiln which boasts excellent thermal efficiency and is equipped with a preheater consisting of four to five stages of cyclones and a combustion furnace called a calciner.

O

OSHMS

A framework for reducing potential dangers of occupational accidents at workplaces and promoting comfortable work sites by autonomously practicing continuous, uninterrupted health and safety management.

P

Phosphorus recovery

The process of recovering phosphorus from sewage and sewage sludge. The recovered phosphorus can be used as fertilizer, and is attracting attention as an alternative to natural phosphate rock, which is feared to be depleted.

Portland cement

A generic term for commonly used cement, and primarily refers to ordinary cement.

Power semiconductors

Semiconductors that control motors and lighting or convert power, and are characterized by the high voltages and currents they handle.

Precast concrete

Concrete products such as gutters, pipes, manholes, piles, bridge girders, and components of buildings that are prefabricated in factories.

Premix products

Construction products that contain cement, sand, and other materials in a predetermined ratio and can be mixed with water to make materials such as mortar.

Q

QCC

Quality control circle. Activities where employees and staff working on-site are divided into small groups to engage in continuous quality management and quality improvement efforts.

S

Shake Out drill

An earthquake response drill in which all participants simultaneously take actions for their own safety, such as hiding under a desk, which provides an opportunity to confirm the everyday disaster prevention measures.

Slag

Blast furnace slag.

Sludge

A mixture of dirt and liquid. In particular, concrete sludge is generated during the production and laying of ready-mixed concrete.

Smart factory

A method of managing factory operations using digital technologies such as AI, IoT, and sensor technology, which not only improves productivity but also contributes to enhanced worker safety.

Supplementary cementitious material (SCMs)

Materials used as partial clinker substitutes in cement to lower the carbon footprint of concrete or improve the performance of the concrete. These include by-products like blast furnace slag and fly ash, as well as natural materials such as limestone and pozzolans.

U

Ultra-pure silicon carbide

A compound of silicon and carbon with extremely high purity such as 3N (99.9% or higher). It is used as a raw material for semiconductors that handle high electric power.

United Nations Global Compact (UN Global Compact)

The world's largest sustainability initiative for the UN and the private sector (companies/ organizations) to work together to build a healthy global society.

About Us

Company Outline (as of March 31, 2025)

Company name	TAIHEIYO CEMENT CORPORATION
Established	May 3, 1881
Capital	86.174 billion yen
Headquarters	Bunkyo Garden Gate Tower, 1-1-1 Koishikawa, Bunkyo-ku, Tokyo 112-8503, Japan
Number of employees	Consolidated: 12,586 Non-consolidated: 1,733 (excluding seconded staff)
Net sales	Consolidated: 896.3 billion yen Non-consolidated: 333.5 billion yen

List of Trademarks Registered in Japan of Taiheiyo Cement Corporation Appearing in This Report

Ash Center	Ceraclean
AK System	PFC
ADVANCEMENT	CellSpheres
SFPC	Taiheiyo N-EX neo
CARBOCATCH	Ductal
CARBOFIX	DENITE
C2SP Kiln	Nanolitia
Thin Wall Seismic Resistant Construction Method	PreSLump AI

Website Information

Home Page

<https://www.taiheiyo-cement.co.jp/english/index.html>



IR Information

<https://www.taiheiyo-cement.co.jp/english/ir/index.html>



Sustainability Information

<https://www.taiheiyo-cement.co.jp/english/csr/index.html>



Organizational and Business Information

• About Us
<https://www.taiheiyo-cement.co.jp/english/company/index.html>



• Products and Services
https://www.taiheiyo-cement.co.jp/english/service_product/index.html



• Research and Development
<https://www.taiheiyo-cement.co.jp/english/rd/index.html>



History of Our Products and Equipment

- 2000 May Acquired an exclusive license from three French companies for the inorganic composite material Ductal.

2001 July Started operating a municipal waste incineration ash washing system (Ash Washing System) at the Kumagaya plant.

2002 Jan. Expanded the scale of the coal ash treatment business following completion of the Kanto Ash Center.
- 2002 Dec. Started operating a facility to recycle wood as a biomass resource at the Oita Plant.

2006 July Developed Silica Fume Premix Cement for ultrahigh-strength cement.

2007 Aug. Commenced selling DENITE, a heavy metal immobilizer.

2007 Dec. Ductal was used in the pier slabs of Haneda Airport Runway D.

2010 Apr. Second production line of Nghi Son Cement Corporation came into operation.



2011 Mar. Suspended operations at the Ofunato Plant due to damage from the Great East Japan Earthquake.

The Kyoto Protocol comes into force

The Global Financial Crisis of 2008

History of Business Activities and Corporate Events

- 1998 Oct. Taiheiyo Cement founded.

1999 May Obtained ISO 14001 certification at six directly operated cement plants in Japan.

2000 Oct. Acquired the management rights to Grand Cement Manufacturing Corporation in the Philippines (currently Taiheiyo Cement Philippines, Inc.).

2000 Nov. Completed construction of Nghi Son Cement Corporation (Vietnam).

2001 July Completed construction of Itoigawa Power Station and launched an electric power supply business.
- 2002 June Formulated the Mission of the Taiheiyo Cement Group.

2003 Apr. Grand Cement Manufacturing Corporation made a wholly owned subsidiary. June of the same year Company name changed to Taiheiyo Cement Philippines, Inc.

2003 Apr. Launched a business to recycle construction soil as a raw material for cement.

2005 Apr. Launched an electric power supply wholesale business at the Tosa Power Station.

2006 Jan. Formulated the Taiheiyo Cement Environmental Management Policy.

2018 Oct. Marked the 20th anniversary of the company.

2009 Apr. Registered company-wide ISO 14001 integrated certification at six directly operated plants.

2010 Mar. Announced business restructuring for the group.



The Great East Japan Earthquake

2012 June Resumed full operations at the Ofunato Plant.



2014 Aug. Harumi Onoda Remicon Co., Ltd. completed construction of an environmentally sound (indoor) plant.



2013 July Their Majesties the Emperor Akihito and Empress Michiko of Japan visited the Ofunato Plant.



2015 May Formulated the CSR Objectives for 2025.

2015 June Acquired the Oro Grande plant (California, U.S.).



2018 May Water purification material Ceraclean obtained ETV mark certification from the Ministry of the Environment.

2019 May Developed AI technology for predicting concrete slump.

2019 Dec. Started operating a municipal waste incineration bottom ash washing system at the Kumagaya Plant.

2020 Jan. Started commercial operations of a biomass power station at the Ofunato Plant.



2021 Feb. Successfully developed Nanolitia, a cathode material for lithium-ion batteries.

Adoption of the Paris Agreement

2018 May Jointly established the Global Cement and Concrete Association (GCCA) with the world's leading cement companies.



2018 Oct. Marked the 20th anniversary of the company.

2019 June Supported the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

2021 Jan. Concluded the agreement on capital alliance with the Semen Indonesia (SI) Group.

2022 Mar. Established technology development roadmap and 2030 Interim Targets for the Carbon Neutral Strategy 2050.

2024 Mar. Demonstration testing begins for "CO₂ capture calciner (C2SP Kiln)".



2024 July Completion of new production line at Taiheiyo Cement Philippines, Inc.



2022 May Signed the United Nations Global Compact.

2022 June Acquired the Redding Plant and ready-mixed concrete business assets (California, U.S.).

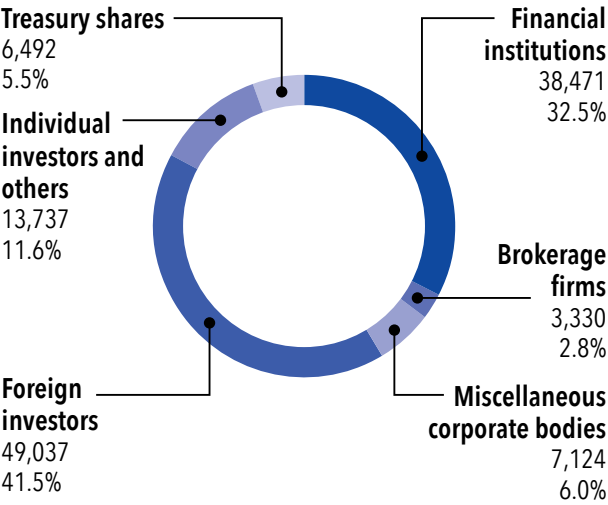


Stock Overview

Stock Overview (as of March 31, 2025)

Fiscal year	April 1 - March 31	
General Meeting of Stockholders	Late June	
Common stock	Authorized shares	197,730,800 shares
	Outstanding shares	118,191,578 shares (including 6,492,245 treasury shares)
	No. of shareholders	43,932
Registrar of shareholders	Sumitomo Mitsui Trust Bank, Ltd.	

The Distribution of Shares (in Thousands) by Owner Category (as of March 31, 2025)

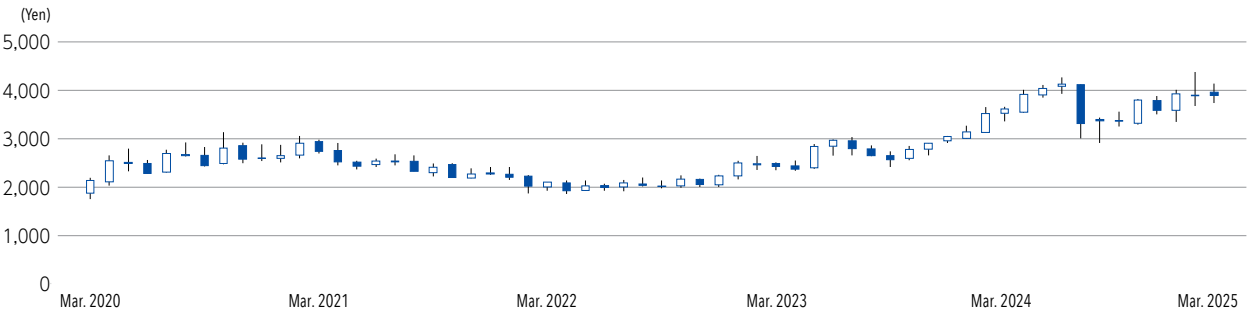


Major Shareholders (as of March 31, 2025)

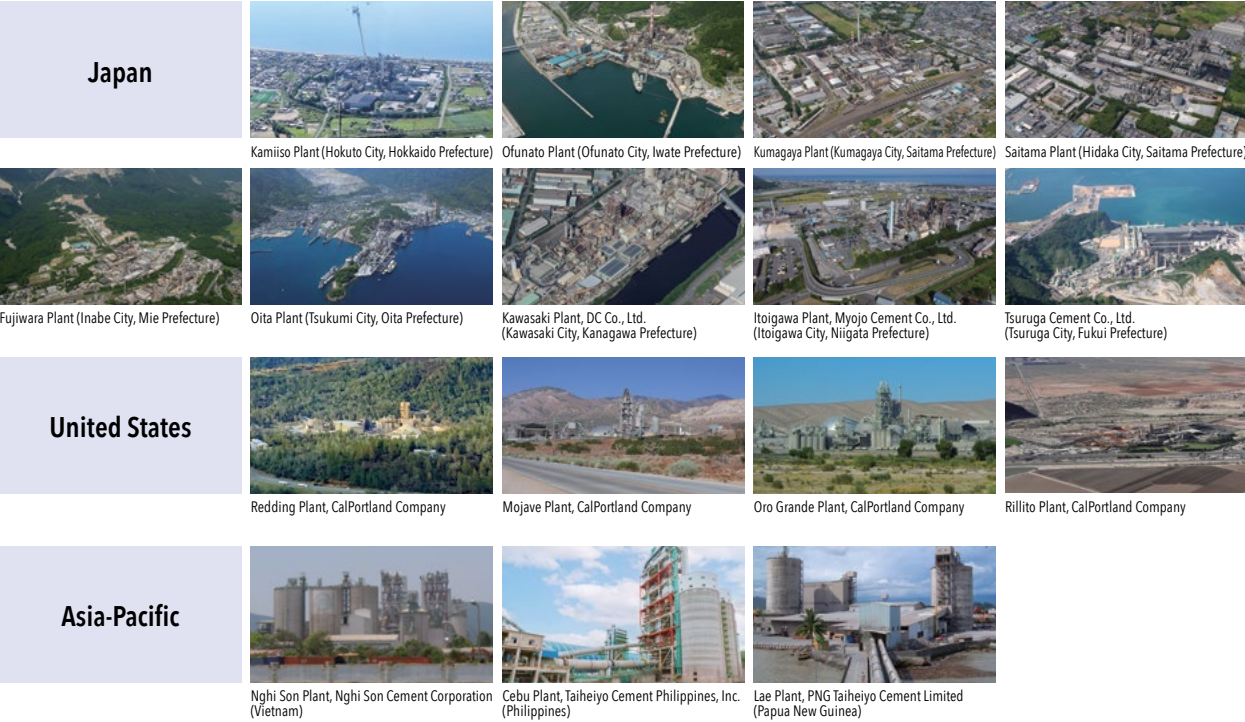
Shareholder Name	Shares owned (in thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	20,125	18.0
STATE STREET BANK AND TRUST COMPANY 505001	7,177	6.4
Custody Bank of Japan, Ltd. (Trust Account)	6,888	6.2
JP MORGAN CHASE BANK 385632	3,940	3.5
JP MORGAN CHASE BANK 385864	2,738	2.5
STATE STREET BANK AND TRUST COMPANY 505103	1,716	1.5
JP MORGAN CHASE BANK 385781	1,602	1.4
Meiji Yasuda Life Insurance Company	1,527	1.4
Mizuho Bank, Ltd.	1,500	1.3
BNYM AS AGT / CLTS NON TREATY JASDEC	1,422	1.3

* The Company owns 6,492,245 treasury shares.
* The shareholding ratio has been calculated after subtracting our treasury shares.

Stock Price Trends



List of the Taiheiyo Cement Group's Plants



List of External Evaluations

Dow Jones Best-in-Class Asia Pacific Index
[Selected as a component stock in the Asia-Pacific region, a leading ESG investment index]

S&P/JPX Carbon Efficient Index

Platinum "Kurumin" certification
[Acquired in August 2023]

FTSE Blossom Japan Sector Relative Index

CDP
[Selected as Supplier Engagement Leader]
[Scored B for climate change, B- for water]

Health & Productivity Management Outstanding Organization
[Acquired consecutively since 2023]

Morningstar Japan ex-REIT Gender Diversity Tilt Index

JCR
[Acquired A+ in 2024]

Human Capital Management Quality 2023
[Selected as Silver in February 2024]

MSCI Japan ESG Select Leaders Index

R&I
[Achieve A in 2024]

DBJ Environmental Rating
[In February 2025, received an environmental rating-based loan from the Development Bank of Japan (DBJ) and obtained the highest rating for the ninth consecutive time]

Editorial Postscript

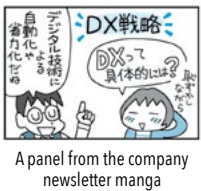
Thank you for reading the "Taiheiyo Cement Report 2025." This year's report was produced with the concept of an "integrated report contributing to the maximization of corporate value" centered around a team of nine members, with the cooperation of many others. We have made several attempts to improve readability, such as reducing the number of pages. We hope this report will deepen the dialogue with all our stakeholders.



Yumiko Hoshino

(Manga artist/Illustrator, created manga for P20, P22, P49)

Active in a wide range of fields including informational manga, approachable illustrations for books and online content, and original character creation. A former employee of the Taiheiyo Cement (she worked with us from 1983 to 1989), she is currently serializing the 4-panel manga "Go! Go! PR Team" in the company newsletter "Taiheiyo."



Yumiko Hoshino's Website
<http://donadona.sakura.ne.jp/>