

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Securities Code 5233

June 3, 2021

To Those Stockholders with Voting Rights

Masafumi Fushihara
President and Representative Director
Taiheiyo Cement Corporation
1-1-1, Koishikawa, Bunkyo-ku, Tokyo

NOTICE OF THE 23rd ORDINARY GENERAL MEETING OF STOCKHOLDERS

You are cordially notified of the 23rd Ordinary General Meeting of Stockholders of Taiheiyo Cement Corporation (the “Company”). The meeting will be held as stated below.

From the perspective of preventing further spread of the novel coronavirus disease, we firmly urge our stockholders to exercise their voting rights by paper ballot or via the Internet wherever possible and refrain from attending the meeting regardless of their health conditions.

Please review the attached Reference Documents for the General Meeting of Stockholders, and either return the Voting Rights Exercise Form with your selections towards proposals, or vote via the Internet.

- 1. Date and Time:** Tuesday, June 29, 2021 at 10:00 a.m.
- 2. Place:** Head office of the Company
1-1-1, Koishikawa, Bunkyo-ku, Tokyo
- 3. Agenda of the Meeting:**
Matters to be reported:
 1. Business Report, Consolidated Financial Statements for the 23rd Fiscal Term (from April 1, 2020 to March 31, 2021) and results of audits by the Accounting Auditor and the Board of Auditors of the Consolidated Financial Statements
 2. Non-Consolidated Financial Statements for the 23rd Fiscal Term (from April 1, 2020 to March 31, 2021)

Proposals to be resolved:

- Proposal No. 1:** Appropriation of Surplus
- Proposal No. 2:** Election of Nine Directors
- Proposal No. 3:** Election of Two Corporate Auditors
- Proposal No. 4:** Election of One Substitute Corporate Auditor
- Proposal No. 5:** Determination of Compensation for Granting Restricted Stock to Directors Other Than Outside Directors and Revisions of Compensation Amounts for Directors

4. Voting Guide

If you are exercising your voting right prior to the Meeting:

Please review the attached Reference Documents for the General Meeting of Stockholders, and exercise your voting right by either of the following two methods.

(i) Exercise of voting rights by postal mail (paper ballot)

- Please indicate your vote for or against the Proposals on the Voting Rights Exercise Form and send it back, making sure that it will arrive by 5:00 p.m. on Monday, June 28, 2021 (Japan Standard Time).
- If you make no indication on the Voting Rights Exercise Form whether you are voting for or against the Proposals, you shall be deemed to have voted FOR the Proposals.

(ii) Exercise of voting rights via the Internet, etc.

- Please exercise your voting right via the voting rights exercise site (<https://www.web54.net>) specified by the Company before 5:00 p.m. on Monday, June 28, 2021 (Japan Standard Time).
- If you exercise your voting right via the Internet, etc. more than once, your final vote shall prevail.

If you are attending the Meeting:

Please hand in the enclosed Voting Rights Exercise Form at the front desk when you arrive at the venue.

If another stockholder is attending the Meeting on your behalf, he/she must submit a letter of proxy and your Voting Rights Exercise Form as well as his/her Voting Rights Exercise Form at the front desk upon arrival at the venue. (Please be advised that a proxy is limited to one person and must be another stockholder with the Company's voting rights pursuant to the provisions of the Articles of Incorporation.)

If you vote both by postal mail and via the Internet, etc., the one received later shall prevail. If we receive both on the same day, your vote cast via the Internet, etc. shall prevail.

Notes:

- Of the documents required to be included in this notice of convocation, “Consolidated Statements of Changes in Net Assets” and “Notes to the Consolidated Financial Statements” of the Consolidated Financial Statements, and “Non-consolidated Statements of Changes in Net Assets” and “Notes to the Non-consolidated Financial Statements” of the Non-consolidated Financial Statements are, pursuant to the provisions of laws and regulations and the Articles of Incorporation of the Company, posted on the Company’s website (<https://www.taiheiyo-cement.co.jp>), and are therefore not contained in the Appendix attached to this notice of convocation.
The Consolidated Financial Statements and the Non-consolidated Financial Statements audited by Corporate Auditors and the Accounting Auditor include “Consolidated Statements of Changes in Net Assets,” “Notes to the Consolidated Financial Statements,” “Non-consolidated Statements of Changes in Net Assets” and “Notes to the Non-consolidated Financial Statements” which are posted on the Company’s website, in addition to each document included in the Appendix of this notice of convocation.
- Subsequent amendments to the Reference Documents for the General Meeting of Stockholders, the Business Report, the Consolidated and Non-Consolidated Financial Statements (if any) will be listed on the Company’s website (<https://www.taiheiyo-cement.co.jp>).

Measures against Further Spread of the Novel Coronavirus Disease

We have taken the following measures to prevent further spread of the novel coronavirus disease. We ask for your understanding and cooperation.

■ Requests to our stockholders

- From the viewpoint of preventing further spread of the novel coronavirus disease, we urge our stockholders to exercise their voting rights in advance by paper ballot or via the Internet to the extent possible and refrain from attending the meeting regardless of their health conditions.
- Other than the notice of convocation, documents such as summaries of financial results and integrated reports are also posted on the Company's website (<https://www.taiheiyo-cement.co.jp>). Access to a wide variety of information is guaranteed without attending the meeting.

■ Information for our stockholders who will attend the meeting

This General Meeting of Stockholders will have in place appropriate countermeasures to prevent further spread of the novel coronavirus disease and will be operated as described below. We ask for your understanding.

If, due to change of conditions up to the date of this General Meeting of Stockholders, there are significant changes to these measures, details of the changes made will be posted on the Company's website (<https://www.taiheiyo-cement.co.jp>).

- Please wear a face mask when attending the meeting. You may be denied admission if you are not wearing a face mask. In addition, please cooperate in using the alcohol disinfectant solution, which will be available at the venue.
- We will measure your body temperature at the entrance. If you have a fever or show signs of ill health, you may not be admitted to the venue.
- The Company has cut down a significant number of seats as we must ensure adequate space between stockholders. There may be a case where you may not be admitted even if you come to the venue.
- All Officers attending and staff operating this General Meeting of Stockholders will be wearing a face mask.
- In the perspective of shortening the time duration of this General Meeting of Stockholders, detailed explanation for the matters to be reported and the proposals will be omitted at the meeting.

Reference Documents for the General Meeting of Stockholders

Proposals and References

Proposal No. 1: Appropriation of Surplus

With respect to the year-end dividend for the term under review, the Company would like to pay out as follows, in consideration of the business environment and our performance for the term under review, while maintaining our basic policy of stable dividend payouts.

Matters concerning the year-end dividend

(1) Type of Dividend

Cash

(2) Matters concerning the distribution of dividends to stockholders and its total amount

30 yen per share of common stock of the Company, for a total amount of 3,566,754,840 yen.

The annual dividend per share for the term under review will amount to 60 yen, which includes an interim dividend already paid.

(3) Effective Date of Dividends from surplus

June 30, 2021

Proposal No. 2: Election of Nine Directors

The term of office of all Seven Directors will expire at the close of this General Meeting of Stockholders.

Accordingly, to strengthen the supervisory functions of the Board of Directors, the election of nine Directors (including three Outside Directors) is proposed, an increase of two Directors including one Outside Director.

The candidates for Director are as follows.

No.	Name	Current position at the Company
1	Reappointment Shuji Fukuda	Chairman and Director
2	Reappointment Masafumi Fushihara	President and Representative Director
3	Reappointment Yuuichi Kitabayashi	Vice President and Representative Director
4	Reappointment Masahiro Karino	Director and Senior Executive Officer
5	Reappointment Kunihiro Ando	Director and Senior Executive Officer
6	New Candidate Tetsuya Ohashi	Senior Executive Officer
7	Reappointment Yoshiko Koizumi Outside Director Independent Director	Director
8	Reappointment Shinhachiro Emori Outside Director Independent Director	Director
9	New Candidate Hideyuki Furikado Outside Director Independent Director	

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions	Number of shares of the Company held
1	<p style="text-align: center;">Shuji Fukuda <u>Reappointment</u> (December 20, 1951) Attended 13 out of 13 meetings of the Board of Directors (100%) and will have served as Director for 10 years and 10 months at close of this General Meeting of Stockholders</p>	<p>April 1974 Joined Onoda Cement Co., Ltd. June 1999 General Manager, Accounting & Finance Department of Taiheiyo Cement Corporation April 2004 General Manager, Accounting & Finance Department and General Manager, Accounting & Finance Business Operation Center April 2006 General Manager, Hokuriku Branch April 2008 Executive Officer and General Manager, Human Resources Department and General Manager, Personnel Business Operation Center October 2008 Executive Officer and General Manager, Human Resources Department August 2010 Director, Managing Executive Officer and General Manager, Human Resources Department October 2010 Director and Managing Executive Officer April 2012 President and Representative Director April 2018 Chairman and Director (to present)</p> <p>(Significant concurrent positions) Outside Director, Sapporo Holdings Limited Outside Audit & Supervisory Board Member, TOBU RAILWAY CO., LTD.</p> <p>Reason for nominating Shuji Fukuda as Director Since 2010, Mr. Shuji Fukuda has engaged in management of the Company as Director, and currently serves as Chairman and Director after serving as President and Representative Director. He therefore has a wealth of experience, achievements, and knowledge as a manager. The Company has judged that he is an appropriate person to aim to enhance the function of the Board of Directors as a chairman of the Board meetings, and continuously increase corporate value of the Group as he leads the Group's management, determines important management matters, and supervises business execution, etc., and requests that he continue to be a candidate for Director.</p>	3,900

Notes:

1. The Company currently has an agreement with Mr. Shuji Fukuda, which limits his liability for damages in respect of his responsibilities set out under Article 423, Paragraph 1 of the Companies Act, to the minimum limit of liability set out under Article 425, Paragraph 1 of the same provided that he executes his duties in good faith and without gross negligence. If the election of Mr. Shuji Fukuda is approved, the Company plans to continue said agreement with him.
2. No special relationship exists between the Company and Mr. Shuji Fukuda.

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions	Number of shares of the Company held
2	<p>Masafumi Fushihara <u>Reappointment</u> (May 18, 1954) Attended 13 out of 13 meetings of the Board of Directors (100%) and will have served as Director for 6 years at close of this General Meeting of Stockholders</p>	<p>April 1978 Joined Onoda Cement Co., Ltd. April 2007 General Manager, Business Promotion Department of Environmental Business Company of Taiheiyo Cement Corporation May 2009 General Manager, Sales Department of Environmental Business Company October 2010 General Manager, Environmental Business Development Department April 2012 Executive Officer and General Manager, Environmental Business Development Department April 2015 Managing Executive Officer June 2015 Director and Managing Executive Officer April 2016 Director, Managing Executive Officer and Senior General Manager, Cement Business Division April 2017 Director, Senior Executive Officer and Senior General Manager, Cement Business Division April 2018 President and Representative Director (to present)</p> <p>Reason for nominating Masafumi Fushihara as Director Since 2015, Mr. Masafumi Fushihara has engaged in management of the Company as Director, and currently serves as President and Representative Director, after serving as Senior General Manager of the Cement Business Division. He therefore has a wealth of experience, achievements, and knowledge as a manager. The Company has judged that he is an appropriate person to aim to continuously increase corporate value of the Group as he leads the Group's management, determines important management matters, and supervises business execution, etc., and requests that he continue to be a candidate for Director.</p>	6,500

Note: No special relationship exists between the Company and Mr. Masafumi Fushihara.

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions	Number of shares of the Company held
3	<p>Yuuichi Kitabayashi <u>Reappointment</u> (June 2, 1955) Attended 13 out of 13 meetings of the Board of Directors (100%) and will have served as Director for 8 years at close of this General Meeting of Stockholders</p>	<p>April 1978 Joined Nihon Cement Co., Ltd. May 2009 General Manager, Kamiiso Plant of Taiheiyo Cement Corporation April 2011 Executive Officer and General Manager, Production Department April 2013 Managing Executive Officer June 2013 Director and Managing Executive Officer April 2016 Representative Director and Senior Executive Officer April 2017 Vice President and Representative Director Overseeing Corporate Planning Department April 2021 Vice President and Representative Director Overseeing Carbon Neutral Technology Development Project Team and TCPI Renewal Project Team (to present)</p> <p>Reason for nominating Yuuichi Kitabayashi as Director Since 2013, Mr. Yuuichi Kitabayashi has engaged in management of the Company as Director, and since 2016, he has served as Representative Director. He therefore has a wealth of experience, achievements, and knowledge as a manager. The Company has judged that he is an appropriate person to aim to continuously increase corporate value of the Group as he leads the Group's management, determines important management matters, and supervises business execution, etc., and requests that he continue to be a candidate for Director.</p>	6,400

Note: No special relationship exists between the Company and Mr. Yuuichi Kitabayashi.

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions	Number of shares of the Company held
4	<p>Masahiro Karino <u>Reappointment</u> (March 23, 1957)</p> <p>Attended 13 out of 13 meetings of the Board of Directors (100%) and will have served as Director for 5 years at close of this General Meeting of Stockholders</p>	<p>April 1980 Joined Nihon Cement Co., Ltd. April 2004 General Manager, Legal Department of Taiheiyo Cement Corporation April 2013 Executive Officer and General Manager, Legal Department April 2016 Managing Executive Officer June 2016 Director and Managing Executive Officer April 2019 Director and Senior Executive Officer (to present)</p> <p>Reason for nominating Masahiro Karino as Director Since 2016, Mr. Masahiro Karino has engaged in management of the Company as Director, and has been making significant contribution to the development of the Group as an officer overseeing human resources and legal divisions. The Company has judged that he is an appropriate person to aim to continuously increase corporate value of the Group as he determines important management matters, and supervises business execution, etc., and requests that he continue to be a candidate for Director.</p>	7,200

Note: No special relationship exists between the Company and Mr. Masahiro Karino.

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions	Number of shares of the Company held
5	<p data-bbox="292 454 464 483">Kunihiro Ando</p> <p data-bbox="292 495 464 524"><u>Reappointment</u></p> <p data-bbox="292 535 464 564">(May 4, 1957)</p> <p data-bbox="252 575 504 824">Attended 13 out of 13 meetings of the Board of Directors (100%) and will have served as Director for 5 years at close of this General Meeting of Stockholders</p>	<p data-bbox="523 275 655 304">April 1980</p> <p data-bbox="523 309 655 338">April 2011</p> <p data-bbox="523 371 655 400">April 2013</p> <p data-bbox="523 434 655 463">April 2015</p> <p data-bbox="523 497 655 526">April 2016</p> <p data-bbox="523 530 655 560">June 2016</p> <p data-bbox="523 564 655 593">April 2020</p> <p data-bbox="722 275 1230 624"> Joined Onoda Cement Co., Ltd. General Manager, Ofunato Plant of Taiheiyo Cement Corporation Executive Officer and General Manager, Oita Plant Executive Officer and General Manager, Mineral Resources Business Department Managing Executive Officer Director and Managing Executive Officer Director and Senior Executive Officer (to present) </p> <p data-bbox="523 658 1131 687">Reason for nominating Kunihiro Ando as Director</p> <p data-bbox="523 692 1259 976">Since 2016, Mr. Kunihiro Ando has engaged in management of the Company as Director, and has been making significant contribution to the development of the Group as an officer overseeing the mineral resources business and environmental business. The Company has judged that he is an appropriate person to aim to continuously increase corporate value of the Group as he determines important management matters, and supervises business execution, etc., and requests that he continue to be a candidate for Director.</p>	6,800

Note: No special relationship exists between the Company and Mr. Kunihiro Ando.

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions	Number of shares of the Company held
6	Tetsuya Ohashi <u>New Candidate</u> (March 7, 1960)	<p>April 1982 Joined Onoda Cement Co., Ltd.</p> <p>October 2010 President of Taiheiyo Cement U.S.A., Inc.</p> <p>April 2015 General Manager, Business Development Department, International Business Division of Taiheiyo Cement Corporation</p> <p>April 2016 Executive Officer and General Manager, Business Development Department, International Business Division</p> <p>April 2019 Managing Executive Officer</p> <p>June 2019 Director and Managing Executive Officer</p> <p>June 2020 Managing Executive Officer</p> <p>April 2021 Senior Executive Officer (to present)</p> <p>Reason for nominating Tetsuya Ohashi as Director Since 2021, Mr. Tetsuya Ohashi has served as Senior Executive Officer and has been making significant contribution to the development of the Group as an officer overseeing general affairs and corporate planning divisions. The Company has judged that he is an appropriate person to aim to continuously increase corporate value of the Group and requests that he be a new candidate for Director.</p>	5,200

Note: No special relationship exists between the Company and Mr. Tetsuya Ohashi.

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions	Number of shares of the Company held
7	<p data-bbox="268 853 472 987">Yoshiko Koizumi Candidate for Outside Director Reappointment</p> <p data-bbox="244 1003 496 1290">(September 25, 1943) Attended 13 out of 13 meetings of the Board of Directors (100%) and will have served as Director for 6 years at close of this General Meeting of Stockholders</p>	<p data-bbox="507 277 1273 1106"> April 1972 Registered as a lawyer (Daini Tokyo Bar Association) January 1980 Partner, Masuda and Ejiri Law Office (predecessor of Nishimura & Asahi) January 2008 Counsel, Nishimura & Asahi April 2009 Partner, City-Yuwa Partners June 2015 Outside Director of Taiheiyo Cement Corporation Outside Director, Dowa Holdings Co., Ltd. Partner, City-Yuwa Partners June 2016 Outside Director of Taiheiyo Cement Corporation Outside Director, Dowa Holdings Co., Ltd. Outside Corporate Auditor, Sumitomo Bakelite Co., Ltd. Partner, City-Yuwa Partners September 2017 Outside Director of Taiheiyo Cement Corporation Outside Director, Dowa Holdings Co., Ltd. Outside Corporate Auditor, Sumitomo Bakelite Co., Ltd. Outside Corporate Auditor, Nippon Koei Co., Ltd. Partner, City-Yuwa Partners June 2019 Outside Director of Taiheiyo Cement Corporation Outside Director, Dowa Holdings Co., Ltd. Outside Corporate Auditor, Nippon Koei Co., Ltd. Partner, City-Yuwa Partners (to present) </p> <p data-bbox="507 1137 1078 1267">(Significant concurrent positions) Outside Director, Dowa Holdings Co., Ltd. Outside Corporate Auditor, Nippon Koei Co., Ltd. Lawyer, Partner of City-Yuwa Partners</p> <p data-bbox="507 1299 1262 1361">Reason for nominating Yoshiko Koizumi as Outside Director and outline of expected roles</p> <p data-bbox="507 1368 1262 1845">Although Ms. Yoshiko Koizumi has not engaged in corporate management in the past, as a lawyer, she has a wealth of experience, achievements, and knowledge regarding corporate law. The Company expects that she will provide precise recommendations and advice from this perspective in the Board of Directors of the Company, and promote the enhancement of the fairness, transparency and objectivity of the procedures for determining the nomination and compensation of Directors as Chairman of the Nomination and Compensation Advisory Committee established by the Company in March 2021. The Company has judged that she makes significant contribution to the monitoring and supervision of overall management from an objective standpoint independent from the management team that executes business, and requests that she continue to be a candidate for Director.</p>	1,500

Notes:

- Ms. Yoshiko Koizumi is nominated as an Outside Director.
- The Company currently has an agreement with Ms. Yoshiko Koizumi, which limits her liability for damages in respect of her responsibilities set out under Article 423, Paragraph 1 of the Companies Act, to the minimum limit of liability set out under Article 425, Paragraph 1 of the same provided that she

executes her duties in good faith and without gross negligence. If the election of Ms. Yoshiko Koizumi is approved, the Company plans to continue said agreement with her.

3. Ms. Yoshiko Koizumi satisfies the Independence Criteria for Outside Officers defined by the Company, and the Company has registered Ms. Yoshiko Koizumi as an independent director at Tokyo Stock Exchange, Inc. and Securities Membership Corporation Fukuoka Stock Exchange. Additionally, the Independence Criteria for Outside Officers defined by the Company is provided on page 21.
4. The Company receives legal advice as required from lawyers of City-Yuwa Partners other than Ms. Yoshiko Koizumi, where she serves as a partner, but the Company has not concluded an advisory agreement with the law firm. The advisory fees paid to the law firm are less than 1% of annual sales for each of the Company and the law firm, and there is no special interest relationship. Additionally, there are no special interest relationships between the Company and any of the significant concurrent positions.
5. No special relationship exists between the Company and Ms. Yoshiko Koizumi.

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions	Number of shares of the Company held
8	<p>Shinhachiro Emori</p> <p>Candidate for Outside Director</p> <p>Reappointment (February 2, 1953)</p> <p>Attended 10 out of 10 meetings of the Board of Directors (100%) and will have served as Director for 1 year at close of this General Meeting of Stockholders</p>	<p>April 1975 Joined Toyo Soda Manufacturing Co., Ltd. (currently TOSOH CORPORATION)</p> <p>June 2010 Director of TOSOH CORPORATION</p> <p>June 2011 Managing Director of TOSOH CORPORATION</p> <p>June 2012 Representative Managing Director of TOSOH CORPORATION</p> <p>June 2015 President and Representative Director of TAIYO VINYL CORPORATION</p> <p>June 2020 Outside Director of Taiheiyo Cement Corporation (to present)</p> <p>Reason for nominating Shinhachiro Emori as Outside Director and outline of expected roles</p> <p>Mr. Shinhachiro Emori has a wealth of experience, achievements, and insight as a corporate manager. The Company expects that he will provide precise recommendations and advice from this perspective in the Board of Directors of the Company, and strive for the enhancement of the fairness, transparency and objectivity of the procedures for determining the nomination and compensation of Directors as member of the Nomination and Compensation Advisory Committee established by the Company in March 2021. The Company has judged that he makes significant contribution to the monitoring and supervision of overall management from an objective standpoint independent from the management team that executes business, and requests that he continue to be a candidate for Director.</p>	100

Notes:

1. Mr. Shinhachiro Emori is nominated as an Outside Director.
2. Mr. Shinhachiro Emori was newly appointed at the 22nd Ordinary General Meeting of Stockholders held on June 26, 2020, and took office as Director on the same day. Accordingly, his attendance at meetings of the Board of Directors refers to those convened since he took office.
3. The Company currently has an agreement with Mr. Shinhachiro Emori, which limits his liability for damages in respect of his responsibilities set out under Article 423, Paragraph 1 of the Companies Act, to the minimum limit of liability set out under Article 425, Paragraph 1 of the same provided that he executes his duties in good faith and without gross negligence. If the election of Mr. Shinhachiro Emori is approved, the Company plans to continue said agreement with him.
4. Mr. Shinhachiro Emori satisfies the Independence Criteria for Outside Officers defined by the Company, and the Company has registered Mr. Shinhachiro Emori as an independent director at Tokyo Stock Exchange, Inc. and Securities Membership Corporation Fukuoka Stock Exchange. Additionally, the Independence Criteria for Outside Officers defined by the Company is provided on page 21.
5. No special relationship exists between the Company and Mr. Shinhachiro Emori.

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions	Number of shares of the Company held
9	Hideyuki Furikado Candidate for Outside Director New Candidate (August 3, 1954)	April 1977 Joined Ministry of Finance July 2004 Deputy Director-General of Financial Services Agency July 2010 Director of Policy Research Institute, Ministry of Finance December 2013 Retired from Ministry of Finance June 2014 Senior Managing Director of Trust Companies Association of Japan (to present) Reason for nominating Hideyuki Furikado as Outside Director and outline of expected roles Although Mr. Hideyuki Furikado has not engaged in corporate management in the past, as a government official, he has a wealth of experience and extensive knowledge regarding public administration. The Company expects that he will provide precise recommendations and advice from this perspective in the Board of Directors of the Company, and strive for the enhancement of the fairness, transparency and objectivity of the procedures for determining the nomination and compensation of Directors as member of the Nomination and Compensation Advisory Committee established by the Company in March 2021. The Company has judged that he will make significant contribution to the monitoring and supervision of overall management from an objective standpoint independent from the management team that executes business, and requests that he be a new candidate for Director.	0

Notes:

1. Mr. Hideyuki Furikado is nominated as an Outside Director.
2. If the election of Mr. Hideyuki Furikado is approved, the Company plans to enter into an agreement with him, which limits his liability for damages in respect of his responsibilities set out under Article 423, Paragraph 1 of the Companies Act, to the minimum limit of liability set out under Article 425, Paragraph 1 of the same provided that he executes his duties in good faith and without gross negligence.
3. Mr. Hideyuki Furikado satisfies the Independence Criteria for Outside Officers defined by the Company, and in the event that he takes office as an Outside Director, the Company plans to register him as an independent director at Tokyo Stock Exchange, Inc. and Securities Membership Corporation Fukuoka Stock Exchange. Additionally, the Independence Criteria for Outside Officers defined by the Company is provided on page 21.
4. No special relationship exists between the Company and Mr. Hideyuki Furikado.

Directors and officers liability insurance contract

The Company has concluded a directors and officers liability insurance contract provided for in Article 430-3, Paragraph 1 of the Companies Act, that insures all Directors, Corporate Auditors and Executive Officers with an insurance company. Said insurance contract covers damages that may arise when the insured assumes liability for the execution of his or her duties as corporate officer. If the election of candidates is approved, each of them will be insured under the insurance contract. In addition, the Company plans to renew said insurance contract in July 2021.

Proposal No. 3: Election of Two Corporate Auditors

The term of office of Mr. Toshihide Nishimura and Ms. Wakako Mitani will expire at the close of this General Meeting of Stockholders. Accordingly, the Company would like to propose the election of two Corporate Auditors.

The candidates for Corporate Auditors are as follows.

The Board of Auditors has previously given its approval to this proposal.

No.	Name (Date of birth)	Career summary, position and significant concurrent positions	Number of shares of the Company held
1	Katsuhide Fukuhara <u>New Candidate</u> (September 25, 1956)	April 1981 Joined Onoda Cement Co., Ltd. April 2013 General Manager, Corporate Planning Department of Taiheiyo Cement Corporation April 2015 Executive Officer and General Manager, Corporate Planning Department April 2017 Managing Executive Officer June 2017 Director and Managing Executive Officer June 2020 Managing Executive Officer April 2021 Advisor and Assistant to Corporate Auditors' Office (to present) Reason for nominating Katsuhide Fukuhara as Corporate Auditor As an officer of the Company, Mr. Katsuhide Fukuhara has been in charge of a wide range of operations in the Construction Materials Business and administrative division of group company to promote the management of the Group, and has a wealth of experience and knowledge accumulated through his duties. Aiming to sustainably improve the corporate value of the Group, the Company has judged that he will appropriately audit the execution of Directors' duties, and requests that he be a new candidate for Corporate Auditor.	6,800

Notes:

1. If the election of Mr. Katsuhide Fukuhara is approved, the Company plans to enter into an agreement with him, which limits his liability for damages in respect of his responsibilities set out under Article 423, Paragraph 1 of the Companies Act, to the minimum limit of liability set out under Article 425, Paragraph 1 of the same provided that he executes his duties in good faith and without gross negligence.
2. No special relationship exists between the Company and Mr. Katsuhide Fukuhara.

No.	Name (Date of birth)	Career summary, position and significant concurrent positions	Number of shares of the Company held
2	<p>Wakako Mitani (Name on family registration: Wakako Akamatsu)</p> <p>Candidate for Outside Corporate Auditor Reappointment (January 4, 1974)</p> <p>Attended 13 out of 13 meetings of the Board of Directors (100%), 14 out of 14 meetings of the Board of Auditors (100%) and will have served as Corporate Auditor for 3 years and 4 months at close of this General Meeting of Stockholders</p>	<p>April 2000 Registered as a lawyer (Daiichi Tokyo Bar Association)</p> <p>July 2001 Joined TANABE & PARTNERS</p> <p>April 2012 Partner of TANABE & PARTNERS</p> <p>February 2018 Outside Corporate Auditor of Taiheiyo Cement Corporation Partner of TANABE & PARTNERS (to present)</p> <p>(Significant concurrent positions) Lawyer, TANABE & PARTNERS</p> <p>Reason for nominating Wakako Mitani as Outside Corporate Auditor</p> <p>Although Mr. Wakako Mitani has not engaged in corporate management in the past, she has been involved in practical work in the field of corporate legal affairs over many years, and has a wealth of experience, achievements, and knowledge as a lawyer. The Company has judged that she will audit the execution of Directors’ duties from an independent, objective and fair standpoint, and requests that she continue to be a candidate for Outside Corporate Auditor.</p>	1,900

Notes:

- Ms. Wakako Mitani is nominated as an Outside Corporate Auditor.
- The Company currently has an agreement with Ms. Wakako Mitani, which limits her liability for damages in respect of her responsibilities set out under Article 423, Paragraph 1 of the Companies Act, to the minimum limit of liability set out under Article 425, Paragraph 1 of the same provided that she executes her duties in good faith and without gross negligence. If the election of Ms. Wakako Mitani is approved, the Company plans to continue said agreement with her.
- Ms. Wakako Mitani satisfies the Independence Criteria for Outside Officers defined by the Company, and the Company has registered Ms. Wakako Mitani as an independent corporate auditor at Tokyo Stock Exchange, Inc. and Securities Membership Corporation Fukuoka Stock Exchange. Additionally, the Independence Criteria for Outside Officers defined by the Company is provided on page 21.
- No special relationship exists between the Company and Ms. Wakako Mitani.

Directors and officers liability insurance contract

The Company has concluded a directors and officers liability insurance contract provided for in Article 430-3, Paragraph 1 of the Companies Act, that insures all Directors, Corporate Auditors and Executive Officers with an insurance company. Said insurance contract covers damages that may arise when the insured assumes liability for the execution of his or her duties as corporate officer. If the election of candidates is approved, each of them will be insured under the insurance contract. In addition, the Company plans to renew said insurance contract in July 2021.

Proposal No. 4: Election of One Substitute Corporate Auditor

In order to prepare for cases where a vacancy results in a shortfall in the number of Corporate Auditors prescribed by laws, the Company proposes the election of one Substitute Corporate Auditor, to substitute for an Outside Corporate Auditor.

The candidate for Substitute Corporate Auditor is as follows.

The Board of Auditors has previously given its approval to this proposal.

Name (Date of birth)	Career summary, position and significant concurrent positions	Number of shares of the Company held
Toshihito Aoki Candidate for Outside Corporate Auditor (April 7, 1954)	October 1983 Joined Tetsuzo Ota & Co. (currently Ernst & Young ShinNihon LLC) August 1987 Registered as a Certified Public Accountant July 1999 Partner of Showa Ota & Co. (currently Ernst & Young ShinNihon LLC) August 2014 Retired from Ernst & Young ShinNihon LLC (Significant concurrent positions) Certified Public Accountant Reason for nominating Toshihito Aoki as substitute Outside Corporate Auditor Although Mr. Toshihito Aoki has not engaged in corporate management in the past, he has been practicing corporate accounting for many years, and has a wealth of experience, achievements, and insight as a Certified Public Accountant. The Company has judged that he can audit the business execution of Directors from an objective, independent, and fair standpoint, and requests that he continue to be a candidate for substitute Outside Corporate Auditor.	0

Notes:

1. Mr. Toshihito Aoki is nominated as a substitute Outside Corporate Auditor.
2. In the event that Mr. Toshihito Aoki takes office as an Outside Corporate Auditor, the Company plans to enter into an agreement with him, which would limit his liability for damages in respect of his responsibilities set out under Article 423, Paragraph 1 of the Companies Act, to the minimum limit of liability set out under Article 425, Paragraph 1 of the same provided that he executes his duties in good faith and without gross negligence.
3. Mr. Toshihito Aoki satisfies the Independence Criteria for Outside Officers defined by the Company, and in the event that he takes office as an Outside Corporate Auditor, the Company plans to register him as an independent corporate auditor at Tokyo Stock Exchange, Inc. and Securities Membership Corporation Fukuoka Stock Exchange. Additionally, the Independence Criteria for Outside Officers defined by the Company is provided on page 21.
4. No special relationship exists between the Company and Mr. Toshihito Aoki.

Directors and officers liability insurance contract

The Company has concluded a directors and officers liability insurance contract provided for in Article 430-3, Paragraph 1 of the Companies Act, that insures all Directors, Corporate Auditors and Executive Officers with an insurance company. Said insurance contract covers damages that may arise when the insured assumes liability for the execution of his or her duties as corporate officer. If Mr. Toshihito Aoki assumes the office of Outside Corporate Auditor, he will be insured under the insurance contract. In addition, the Company plans to renew said insurance contract in July 2021.

Proposal No. 5: Determination of Compensation for Granting Restricted Stock to Directors Other Than Outside Directors and Revisions of Compensation Amounts for Directors

Although at the 9th Ordinary General Meeting of Stockholders held on June 27, 2007, approval was received

for an amount of compensation, etc. for Directors of the Company, taking into consideration current economic trends and other conditions, the Company proposes to change the amount of compensation, etc. for Directors from a monthly amount to an annual amount and the annual compensation amount shall be within ¥1,200 million (including an annual amount of ¥100 million or less for Outside Directors). Additionally, with the objectives of offering incentives to the Company's Directors (excluding Outside Directors; hereinafter the "Eligible Directors") to achieve sustained improvement of the corporate value of the Company and sharing more of that value with the Eligible Directors and our stockholders, the Company proposes new plan to provide compensation for granting restricted stock to the Eligible Directors within the above-mentioned compensation limit.

The total amount of the compensation for granting restricted stock to the Eligible Directors based on this proposal shall be ¥200 million or less per year, which is an amount deemed to be appropriate based on the above objectives.

Furthermore, based on resolution of the Board of Directors of the Company, the Eligible Directors shall make in-kind contribution of all monetary compensation claims which will arise under this proposal and shall, in return, receive issuance or disposal of the common stock of the Company, and the total number of common stock of the Company to be issued or disposed of through this process shall be 200,000 shares or less per year (however, in case that the Company conducts stock splits (including gratis allocation of its common stock) or reverse stock splits of its common stock which are effective on or after the date of the approval of this proposal, the total number of shares should be adjusted according to the stock split ratio or reverse stock split ratio.). The amount paid in per share shall be the closing price of the common stock of the Company in the Tokyo Stock Exchange on the business day immediately prior to the date of each resolution of the Board of Directors (in the case when any stock transaction has not been concluded on that day, the closing price on the most recent trading day preceding that day). The specific time of payment and allocation for each of the Eligible Directors shall be decided by the Board of Directors.

The Company has determined a policy for determining compensation, etc. for individual Director at a meeting of Board of Directors as described in the Business Report on page 34 to 36. The purpose of introducing the plan is as described above. The Company considers that the contents of this proposal are appropriate since the plan is in line with the policy. Furthermore, if this proposal is approved and passed as proposed, the Company plans to partially change the policy.

If Proposal No. 2 "Election of Nine Directors" is approved and passed as proposed, there will be nine Directors (including three Outside Directors) and six Eligible Directors.

* If this proposal is approved and passed as proposed, the Company also plans to introduce a similar restricted stock compensation plan for managing executive officers who have concluded a delegation contract with the Company.

When issuing or disposing of the common stock of the Company through this process, a contract for allocation of restricted stock (hereinafter the "Allocation Contract") containing the following overview shall be concluded between the Company and the Eligible Directors.

(1) Transfer Restriction Period

Eligible Directors shall not transfer, pledge, or otherwise dispose the common stock of the Company allocated under the Allocation Contract (hereinafter the "Allocated Shares") during the period (hereinafter the "Transfer Restriction Period") from the date on which allocation is made under the Allocation Contract to the date on which they retire from the post of Director of the Company (in principle, if they concurrently serve as managing executive officer of the Company or if they assume the office of managing executive officer at the same time as their retirement from the post of Director, "retire" or "retirement" means that they are no longer either Director or managing executive officer of the Company. The same applies below.) (hereinafter the "Transfer Restrictions").

(2) Cancellation of the Transfer Restrictions

The Company shall cancel the Transfer Restrictions on all of the Allocated Shares (however, if the Company acquires all or part of the Allocated Shares without contribution pursuant to (3) 2) below, the remainder after such acquisition) at the expiry of the Transfer Restriction Period on the condition that the reason of retirement of the Eligible Directors is admitted legitimate by the Board of Directors.

(3) Acquisition of the Allocated Shares without consideration

- 1) When the Transfer Restriction Period expires, the Company shall automatically acquire the Allocated Shares for which the Transfer Restrictions have not been canceled based on the provisions in (2) above without consideration.

- 2) In addition, if the Eligible Directors retire within the period of execution of duties, which is under the period subject to compensation for the Allocated Shares, the Company shall acquire a certain number of Allocated Shares without consideration according to the remaining period. If the Eligible Directors engage in actions that contravene laws and regulations, or on other grounds as stipulated in the Allocation Contract, the Company shall acquire all or part of the Allocated Shares without consideration.

(4) Treatment in the Event of Organizational Restructuring, etc.

Notwithstanding the provisions in (1) above, in the case where matters regarding merger contracts under which the Company becomes the merged company, share exchange agreements or share transfer plans under which the Company becomes a wholly owned subsidiary of another company, or any other organizational restructuring, etc. are approved at the General Meeting of Stockholders of the Company (or at the Company's Board of Directors meeting in the case where approval by the General Meeting of Stockholders is not required regarding said organizational restructuring, etc.) during the Transfer Restriction Period, the Company shall cancel the Transfer Restrictions before the effective date of said organizational restructuring, etc. with regard to the number of Allocated Shares reasonably determined by taking into account the period from the starting date of the Transfer Restriction Period to the effective date of said organizational restructuring, etc. Furthermore, in such a case, the Company shall acquire the Allocated Shares for which the Transfer Restrictions have not been canceled at the time immediately after the cancellation of Transfer Restrictions without consideration.

(5) Other Matters Determined by the Board of Directors

In addition to the above, the method of manifestation of intention and notification under the Allocation Contract, the method of revision of the Allocation Contract, and any other matters determined by the Board of Directors shall be included in the contents of the Allocation Contract.

Furthermore, during the Transfer Restriction Period, the Allocated Shares to be granted to the Eligible Directors under the plan will be managed by a dedicated account established by the Eligible Directors at a securities company specified by the Company to prevent transfer, pledging, and other disposals of the shares.

(Reference)

Independence Criteria for Outside Officers

Outside officers are considered to be sufficiently independent from the Company if they do not fall under any of the following items:

1. A person who is or was an executive (Note 1) of the Company or any of its subsidiaries;
2. A person who is or has recently been a person falling under any of the (1) through (7) below:
 - (1) A major stockholder (Note 2) of the Company or an executive of a major stockholder of the Company;
 - (2) A party whose major business partner is the Company (Note 3) or an executive thereof;
 - (3) A major business partner of the Company (Note 4) or an executive thereof;
 - (4) A person belonging to an audit corporation that is the accounting auditor of the Company;
 - (5) A party who receives a significant amount of donation or aid (Note 5) from the Company or an executive thereof;
 - (6) An individual who receives a significant amount of money (Note 6) or other property from the Company as a lawyer, certified public accountant, tax accountant, consultant, etc., in addition to the compensation that he/she receives from the Company as an outside officer; or
 - (7) An executive of a legal entity, etc. that is a law firm, auditing firm, tax accounting firm, consulting firm, etc., whose major business partner is the Company (Note 7).
3. A person who is a close relative (Note 8) of any of the persons listed in 1. and 2. above.

Notes:

1. An executive is an executive director, corporate officer, executive officer, or an employee who holds a senior management position.
2. A major stockholder is a stockholder who holds 10% or more of the voting rights of the Company.
3. A party whose major business partner is the Company is a party who has carried out transactions with the Company for an amount exceeding 2% of the annual consolidated total net sales for the latest fiscal year of that party.
4. A major business partner of the Company is a party who has carried out transactions with the Company for an amount exceeding 2% of the annual consolidated total net sales for the latest fiscal year of the Company or a financial institution that has an outstanding balance of loans to the Company that exceeds 2% of the consolidated total assets of the Company as of the end of the latest fiscal year of the Company.
5. If the recipient is an individual, a significant amount of donation or aid means a donation or aid exceeding an average of 10 million yen per year over the last three fiscal years. If the recipient is a legal entity, a significant amount of donation or aid means a donation or aid of an average of 10 million yen per year over the last three fiscal years or 30% of the total annual expenses of said legal entity, whichever the greater.
6. A significant amount of money means an amount of money exceeding an average of 10 million yen per year over the last three fiscal years.
7. A legal entity, etc. whose major business partner is the Company is a legal entity, etc. that has carried out transactions with the Company for an average amount per year over the last three years exceeding 2% of the annual consolidated total net sales of said legal entity, etc.
8. A close relative means a spouse or a relative within the second degree of kinship.

(Appendix)

Business Report

(April 1, 2020 - March 31, 2021)

1. Overview of the Company Group

1) Business Progress and Results

During FY2020, although Japan's economy remained in an extremely difficult situation due to the impact of the spread of the novel coronavirus disease and the stagnation of economic activities following the issuance of the declaration of a state of emergency, etc., signs of recovery could be seen in corporate earnings and capital investment due to the effects of various economic measures and the economic recovery in the US and China.

Regarding the world economy, while vaccinations are progressing in each country, there are regional differences in the state of economic recovery depending on the status of the relaxation of restrictions on economic activities and economic measures, and economic prospects remain uncertain since it is unpredictable when the novel coronavirus disease will be brought under control.

Under these circumstances, in FY2020, the Group's consolidated sales decreased ¥20,446 million from the previous year to ¥863,903 million. Consolidated operating income was ¥63,610 million, up ¥2,602 million, while consolidated ordinary income was ¥65,744 million, up ¥5,202 million and profit attributable to owners of parent increased ¥7,649 million to ¥46,800 million.

Reviews of operation by each segment are as follows.

Cement Business

Sales	¥621,045 million (down 1.1% year-on-year)
Operating Income	¥41,326 million (up 13.1% year-on-year)

Domestic cement demand in both the public and private sector has been sluggish due to the impact of process delays and the prolongation of construction periods caused by the lack of construction workers, although the impact of suspension of work, etc. due to the spread of the novel coronavirus disease has decreased since June. As a whole, domestic cement demand decreased 5.6% from the previous year to 38.67 million tons, of which, imported cement decreased 9.9% from the previous year to 0.02 million tons. Total exports increased 5.5% from the previous year to 11.11 million tons.

Under these circumstances, the Taiheiyo Cement Group's domestic cement sales by volume, including consignment sales, decreased 4.8% from the previous year to 13.78 million tons, whilst exports decreased 2.2% to 3.77 million tons.

Although shipment volume served by our US West Coast cement and ready-mixed concrete businesses was affected by the spread of the novel coronavirus disease, many states have allowed business to continue recognizing that the construction industry is indispensable. In addition, owing to strong demand in housing, sales volumes and prices increased. The cement business in China saw lower sales volumes. The cement business in Vietnam was affected by competition with other products, among other factors, however sales volume increased. For the cement business in the Philippines, sales volume decreased due to the stagnation of some construction works caused by the impact of movement restrictions as measures against the novel coronavirus disease.

As a result of the above, consolidated sales decreased ¥7,371 million from the previous year to ¥621,045 million, and consolidated operating income increased ¥4,800 million to ¥41,326 million.

Mineral Resources Business

Sales ¥75,777 million (down 5.4% year-on-year)
Operating Income ¥6,071 million (down 15.4% year-on-year)

In the aggregates business, sales by volume in the Kanto region and the Tohoku region decreased and in the mineral products business, shipments of limestone for steel corporations were sluggish. As a result, consolidated sales decreased ¥4,369 million from the previous year to ¥75,777 million, and consolidated operating income decreased ¥1,107 million to ¥6,071 million.

Environmental Business

Sales ¥78,042 million (down 7.5% year-on-year)
Operating Income ¥6,447 million (down 16.3% year-on-year)

Sales of biomass fuel increased following the operation commencement of the power supply business in Iwate prefecture. Furthermore, efforts were made in disaster waste processing operations amid the aftermath of Typhoon Hagibis the year before last and heavy rain in Kyushu last year. However, sales in coal processing, gypsum, fuels and calcium carbonate used for flue gas desulfurization decreased due to a decline in electricity demand and in the operation rate of coal-fired power generation following the spread of the novel coronavirus disease. As a result, consolidated sales decreased ¥6,379 million from the previous year to ¥78,042 million, and consolidated operating income decreased ¥1,259 million to ¥6,447 million.

Construction Materials Business

Sales ¥73,003 million (down 10.2% year-on-year)
Operating Income ¥3,564 million (down 21.4% year-on-year)

As a result of sluggish sales of ground improvement projects and ALC (autoclaved lightweight aerated concrete), etc., consolidated sales decreased ¥8,300 million from the previous year to ¥73,003 million, and consolidated operating income decreased ¥972 million to ¥3,564 million.

Other Business

Sales ¥91,404 million (up 10.0% year-on-year)
Operating Income ¥6,135 million (up 15.1% year-on-year)

Due to the operation commencement of the power supply business in Iwate prefecture in 2020, in addition to the transportation and warehousing business remaining solid, consolidated sales increased ¥8,373 million from the previous year to ¥91,404 million, and consolidated operating income increased ¥808 million to ¥6,135 million.

Sales and Operating Income by Business Segment

(Unit: Millions of yen)

Business Segment	Sales	Year-on-year increase (decrease)	Operating income	Year-on-year increase (decrease)
Cement	621,045	(7,371)	41,326	4,800
Mineral Resources	75,777	(4,369)	6,071	(1,107)
Environmental	78,042	(6,379)	6,447	(1,259)
Construction Materials	73,003	(8,300)	3,564	(972)
Other	91,404	8,373	6,135	808
Subtotal	939,273	(18,047)	63,546	2,267
Elimination or unallocated amounts	(75,370)	(2,398)	64	334
Total	863,903	(20,446)	63,610	2,602

2) Capital Investments

The total amount of capital investments by the Group in the fiscal year under review decreased ¥11,674 million from the previous year to ¥66,003 million, consisting of ¥41,682 million in the Cement Business, ¥12,410 million in the Mineral Resources Business, ¥638 million in the Environmental Business, ¥2,223 million in the Construction Materials Business, ¥6,017 million in the Other Business and ¥3,031 million in Group wide assets.

3) Financing

The Company issued the 28th unsecured straight corporate bonds of ¥15,000 million and the 29th unsecured straight corporate bonds of ¥15,000 million in December 2020.

4) Trends in Assets and Income

Item	20 th fiscal year ended March 31, 2018	21 st fiscal year ended March 31, 2019	22 nd fiscal year ended March 31, 2020	23 rd fiscal year ended March 31, 2021 (Current)
Net sales (millions of yen)	871,113	916,071	884,350	863,903
Ordinary income (millions of yen)	64,366	64,306	60,541	65,744
Profit attributable to owners of parent (millions of yen)	38,525	43,452	39,151	46,800
Net income per share (yen)	311.40	351.72	319.89	387.79
Total assets (millions of yen)	1,020,111	1,034,428	1,032,923	1,044,227
Net assets (millions of yen)	432,326	450,645	473,241	506,821

(Note) The Company, with an effective date of October 1, 2017, conducted a reverse stock split for its common stock at a ratio of one for 10. As a result, net income per share is calculated assuming that said share consolidation had been conducted at the beginning of the 20th fiscal year ended March 31, 2018.

5) Issues to be Addressed

Looking ahead, the Japanese economy is expected to continue to recover. However, although vaccinations for the novel coronavirus disease are progressing, the Group expects that it will take a considerable amount of time for a full economic recovery amid a situation where the infection continues to spread.

Under these circumstances, turning our attention to the Group's business environment, in our core domestic cement business, it is expected that a certain amount of demand will continue owing to the redevelopment investment in urban areas, disaster prevention and mitigation measures, additional countermeasure construction for national resilience and upcoming full-fledged construction related to Linear Chuo Shinkansen. Meanwhile, as the timing of the containment of the novel coronavirus disease remains unpredictable, there are risks that demand for cement will be pushed down due to concerns over possibilities of oppressed demand in capital investments and housing investments. Furthermore, the impact on the construction industry during the Tokyo Olympics and Paralympics, rising logistics costs, a worsening labor shortage, and the aging of the population must continue to be taken into consideration.

Additionally, with regard to the global economy, although global vaccination is expected to progress in the future, the Group should closely monitor to what extent the novel coronavirus disease will affect the economies of each country in the future, as governments are compelled to make difficult decisions to relax restrictions on economic activities and while also implementing infection prevention measures.

Under these circumstances, the Group has been working on the 20 Medium-Term Management Plan covering the three-year period from FY2018 until FY2020, as the second step to realize its vision and direction targeting the mid-2020s. From FY2021, as the third step, the Group will formulate the 23 Medium-Term Management Plan which covers the three-year period until FY2023 and will work toward sustainable growth and the establishment of a stable business foundation over the long term.

Vision and Direction

With Taiheiyo Cement Group's management philosophy in mind, the Group aims "to become an enterprise group that utilizes all of its capabilities to provide a sense of safety and security to society in the Pacific Rim region," within the framework of our vision and direction targeting the mid-2020s. The Group is working to achieve this goal in three steps.

Basic Policies of 23 Medium-Term Management Plan

In the 23 Medium-Term Management Plan, the Group aims to establish a new business model that only the Company can achieve, in which all the businesses of the Group function comprehensively and in an integrated manner, that is, to become an "overwhelming leading company" in accordance with the following basic policies.

- (i) Establish an enterprise group that keeps moving forward to development.
- (ii) Contribute to establishment of a safe and secure society as a member of the social infrastructure industry.
- (iii) Strengthen the earnings base and steadily implement investment in growth areas.

Efforts to Achieve Carbon Neutrality

In the cement industry, which emits a large amount of CO₂, establishing carbon-neutral technology that achieves net zero CO₂ emissions is one of its top priorities that will pave the way to the future of the industry. The Group considers efforts to achieve this goal (zero carbon cement) as its growth strategy.

The Group has formulated a long-term vision of greenhouse gas emissions reduction toward 2050. In order to achieve this long-term vision, it is essential to develop innovative technologies and raise them to a practical level including costs, in addition to applying and developing existing technologies. The Group has newly established the Carbon Neutral Technology Development Project Team as an in-house cross-divisional project team responsible for promoting the development of such innovative technologies. With this project team at the core, the Group will establish technologies ready for public implementation at an early stage and aims to achieve net carbon neutrality by 2050.

Business Strategies

1. Cement (Domestic)

In a market environment where large growth in domestic cement demand cannot be expected, the Group aims to rebuild the domestic cement business through flexible thinking and dynamic actions. By strengthening plant equipment, building a complex sales system between mineral resources business and the environmental business and optimizing the logistics system through AI and automation, the Group will maximize its overall capacity and fulfill its responsibility of providing a stable supply to national projects, etc.

Furthermore, while pursuing efficiency of its production and logistics systems through AI and IoT, the Group will actively work toward the achievement of carbon neutrality through new production and technology development and activities in its supply chain.

2. Cement (Overseas)

The Group will work to establish a new business portfolio in Asia, expand its business in Southeast Asia, restructure its logistics network and expand its trading business throughout the Pacific Rim including Indonesia, which will be the new trading hub. In expanding its business, the Group will promote core businesses such as mineral resources, environmental and construction materials businesses in addition to the cement business, while aiming to establish an organic, comprehensive, and complex business.

3. Mineral Resources

The Group will promote the establishment of a foundation for stable long-term supply of resources such as limestone, which it has in abundance, demonstrate the overall capacity of the Group, increase the earnings of existing core businesses, and focus on development of new businesses to enable sustainable development.

4. Environmental Business

The Group will accurately grasp changes in the external environment and expand into new businesses that meet the trends of the times under the keywords "climate change response," "digital," "materials" and "energy." It will establish a new resource recycling model and work to contribute to realizing a

carbon-neutral society.

5. Construction Materials

By strengthening market competitiveness, the Group will improve the profitability of its existing businesses, and actively develop new business areas that can generate synergies within the Group.

6. Other (Individual companies)

While strengthening the profitability of individual companies, the Group will work to establish a new business model that can be expected to generate synergies within the Group.

Research & Development Strategies

In order to contribute to society and the sustainable growth of the Group, the Group will position and eagerly pursue technological development for the achievement of carbon neutrality as its biggest theme, and will focus particularly on the deepening of its fundamental technologies, development of recycling technologies, innovative materials, and development of technologies for the future.

Strengthening Management Foundations

The Group will seek to improve corporate value through continuous efforts to enhance and strengthen corporate governance. In addition, continuing from the 20 Medium-Term Management Plan, the Group will steadily work toward the realization of the three quantitative targets (Prevention of Accidents, Reduction of Greenhouse Gas Emissions and Workplace Diversity) as prescribed in the “CSR Objectives for 2025.”

The Group looks forward to your continued support and cooperation as our stockholder.

6) Material Subsidiaries

Company name	The Company's percentage of equity participation	Principal business
DC Co., Ltd.	100	Manufacturing and sale of cement
Clion Co., Ltd.	97.7	Manufacturing and sale of autoclaved lightweight aerated concrete (ALC)
Myojyo Cement Co., Ltd.	100	Manufacturing and sale of cement
Taiheiyo Materials Corporation	100	Manufacturing and sale of various construction materials such as admixture and non-shrink grout
CalPortland Company	100	Manufacturing and sale of cement, ready-mixed concrete, etc. in the United States
Jiangnan-Onoda Cement Co., Ltd.	88.5	Manufacturing and sale of cement in China
Dalian Onoda Cement Co., Ltd.	84.8	Manufacturing and sale of cement in China
Nghi Son Cement Corporation	65.0	Manufacturing and sale of cement in Vietnam
Taiheiyo Cement Philippines, Inc.	100	Manufacturing and sale of cement in the Philippines

(Notes) 1. The Company's percentage of equity participation includes indirect ownership through subsidiaries.

2. Qinhuangdao Asano Cement Co., Ltd., which was a subsidiary as of the end of the previous consolidated fiscal year, has been excluded from the subsidiaries of the Company, due to equity transfer during the fiscal year under review.

7) Principal Businesses

Businesses of the Taiheiyo Cement Group are divided into Cement Business Segment, Mineral Resources Business Segment, Environmental Business Segment, Construction Materials Business Segment and Other Business Segment, and mainly consist of the following.

(i) Cement Business

Ordinary Portland cement and other various types of cement, white cement, construction – material – purpose cement, ecocement, cement-based solidifying agent, ready-mixed concrete, admixture, etc.

(ii) Mineral Resources Business

Aggregates, limestone, white marble, quicklime, silica, lightweight aggregates and lightweight fill material, heavy metal immobilizer, surplus construction soil recycling business, etc.

(iii) Environmental Business

Waste recycling business (recycling into cement raw materials and fuels), flue gas desulfurization materials, recycled products, chemicals, water-related business, etc.

(iv) Construction Materials Business

Concrete products, construction materials, civil engineering and construction work, etc.

(v) Other Business

Real estate business, engineering business, data processing business, finance business, transportation and warehousing business, chemical products business, sports business, power supply business, etc.

8) Principal Business Locations**(i) The Company's principal business locations and plants****Head Office:** 1-1-1, Koishikawa, Bunkyo-ku, Tokyo, Japan**Central Research Laboratory:** Sakura City, Chiba Prefecture, Japan**Branches and Plants**

Branches		Plants	
Name	Location	Name	Location
Hokkaido Branch	Sapporo City, Hokkaido Prefecture	Kamiiso Plant	Hokuto City, Hokkaido Prefecture
Tohoku Branch	Sendai City, Miyagi Prefecture	Ofunato Plant	Ofunato City, Iwate Prefecture
Tokyo Branch	Bunkyo-ku, Tokyo	Kumagaya Plant	Kumagaya City, Saitama Prefecture
Kanto Branch	Takasaki City, Gunma Prefecture	Saitama Plant	Hidaka City, Saitama Prefecture
Chubu Hokuriku Branch	Nagoya City, Aichi Prefecture	Fujiwara Plant	Inabe City, Mie Prefecture
Kansai Shikoku Branch	Osaka City, Osaka Prefecture	Oita Plant	Tsukumi City, Oita Prefecture
Chugoku Branch	Hiroshima City, Hiroshima Prefecture		
Kyushu Branch	Fukuoka City, Fukuoka Prefecture		

(Note) The Company relocated its Tokyo Branch from Bunkyo-ku, Tokyo to Minato-ku, Tokyo on May 10, 2021.

(ii) Principal business locations of material subsidiaries

Name	Location
DC Co., Ltd.	Kawasaki City, Kanagawa Prefecture
Clion Co., Ltd.	Koto-ku, Tokyo
Myojyo Cement Co., Ltd.	Itoigawa City, Niigata Prefecture
Taiheiyo Materials Corporation	Kita-ku, Tokyo
CalPortland Company	California, USA
Jiangnan-Onoda Cement Co., Ltd.	Jiangsu, China
Dalian Onoda Cement Co., Ltd.	Liaoning, China
Nghi Son Cement Corporation	Tinh Thanh Hoa, Vietnam
Taiheiyo Cement Philippines, Inc.	Cebu, Philippines

9) Employees

Business Segment	Number of Employees (persons)
Cement	7,780
Mineral Resources	967
Environmental	163
Construction Materials	1,215
Other	2,167
Group-wide (common)	294
Total	12,586

- (Notes)
1. The number of employees refers to the number of persons on the payroll.
 2. The above includes the following number of employees of the Company. The number of employees stated below does not include employees on temporary retirement, seconded employees, etc. (524 persons).

Number of employees	Increase or decrease from previous year	Average age	Average length of service
1,838 persons	Increase of 40 persons	40.7 years old	18.5 years

10) Major Lenders and Amount of Borrowings

Lender	Outstanding borrowings (millions of yen)
Mizuho Bank, Ltd.	29,627
Sumitomo Mitsui Banking Corporation	24,187

2. Shares of the Company

- 1) Total number of shares authorized to be issued 197,730,800 shares
- 2) Total number of shares outstanding 127,140,278 shares
(including 8,248,450 shares of treasury stock)
- 3) Number of stockholders 51,601 persons
- 4) Major stockholders

Stockholder name	Holding (thousand shares)	Stockholding ratio (%)
THE MASTER TRUST BANK OF JAPAN, LTD. (TRUST ACCOUNT)	11,746	9.8
CUSTODY BANK OF JAPAN, LTD. (TRUST ACCOUNT)	6,031	5.0
STATE STREET BANK AND TRUST COMPANY 505001	3,505	2.9
THE BANK OF NEW YORK MELLON 140044	2,267	1.9
MIZUHO BANK, LTD.	2,000	1.6
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	1,908	1.6
CUSTODY BANK OF JAPAN, LTD. (TRUST ACCOUNT 5)	1,815	1.5
STATE STREET BANK WEST CLIENT - TREATY 505234	1,741	1.4
CUSTODY BANK OF JAPAN, LTD. (TRUST ACCOUNT 6)	1,609	1.3
MEIJI YASUDA LIFE INSURANCE COMPANY	1,527	1.2

- (Notes) 1. The Company holds 8,248,450 shares of treasury stock.
2. The stockholding ratio is calculated by excluding treasury stock.

3. Company Officers

1) Name, etc. of Directors and Corporate Auditors

Position	Name	Significant concurrent positions
Chairman and Director	Shuji Fukuda	Outside Director of Sapporo Holdings Limited Outside Audit & Supervisory Board Member of TOBU RAILWAY CO., LTD.
President and Representative Director	Masafumi Fushihara	
Vice President and Representative Director	Yuuichi Kitabayashi	Overseeing Corporate Planning Department
Director	Masahiro Karino	
Director	Kunihiro Ando	
Director	Yoshiko Koizumi	Outside Director of Dowa Holdings Co., Ltd. Outside Corporate Auditor of Nippon Koei Co., Ltd. Lawyer, Partner of City-Yuwa Partners
Director	Shinhachiro Emori	
Corporate Auditor (Standing)	Toshihide Nishimura	Outside Corporate Auditor of NIPPON CONCRETE INDUSTRIES CO., LTD.
Corporate Auditor (Standing)	Shigeru Matsushima	
Corporate Auditor	Wakako Mitani (Name on family registration: Wakako Akamatsu)	Lawyer, Partner of TANABE & PARTNERS
Corporate Auditor	Yoshio Fujima	Certified Public Accountant

- (Notes)
1. Directors Yoshiko Koizumi and Shinhachiro Emori are Outside Directors.
 2. Corporate Auditors Wakako Mitani and Yoshio Fujima are Outside Corporate Auditors.
 3. Director Shinhachiro Emori was newly elected at the 22nd Ordinary General Meeting of Stockholders held on June 26, 2020, and took office on the same day.
 4. Directors Keiichi Miura, Katsuhide Fukuhara, Toshiaki Suzuki, Yoshiyuki Uenoyama, Hideaki Asakura, Tetsuya Ohashi, Yoshifumi Taura and Yuzo Arima retired from office at the close of the 22nd Ordinary General Meeting of Stockholders held on June 26, 2020.
 5. Corporate Auditors Toshihide Nishimura and Shigeru Matsushima have hands-on experience in the business management division of the Company and have considerable financial and accounting expertise.
 6. Corporate Auditor Yoshio Fujima has the qualification of Certified Public Accountant and has considerable financial and accounting expertise.
 7. The Company receives legal advice as required from lawyers of City-Yuwa Partners other than Director Yoshiko Koizumi, where she holds a significant concurrent position, but the Company has not concluded an advisory agreement with the law firm. The advisory fees paid to the law firm is less than 1% of net sales for each of the Company and the law firm, and there is no special interest relationship. Additionally, there are no special interest relationships between the Company and any of the significant concurrent positions of the other Outside Executives.
 8. The Company has registered Directors Yoshiko Koizumi and Shinhachiro Emori as independent directors and Corporate Auditors Wakako Mitani and Yoshio Fujima as independent corporate auditors at Tokyo Stock Exchange, Inc. and Securities Membership Corporation Fukuoka Stock Exchange.
 9. The following executive changes were made on April 1, 2021:

Name	Position, assignment and significant concurrent positions	
	Before	After
Yuuichi Kitabayashi	Vice President and Representative Director Overseeing Corporate Planning Department	Vice President and Representative Director Overseeing Carbon Neutral Technology Development Project Team and TCPI Renewal Project Team

10. The Company has introduced an executive officer system; executive officers as of April 1, 2021 are as follows.

Position	Name	Assignment
Senior Executive Officer	Masahiro Karino*	Overseeing Human Resources Department, Legal Department and Internal Auditing Department
Senior Executive Officer	Kunihiro Ando*	Overseeing Mining Department, Mineral Resources Business Department and Environmental Business Development Department
Senior Executive Officer	Tetsuya Ohashi	Overseeing Secretarial Department, Corporate Planning Department and General Affairs Department
Managing Executive Officer	Hideaki Asakura	Overseeing Accounting & Finance Department, Purchasing Department, and Real Estate Business Department
Managing Executive Officer	Yoshifumi Taura	Senior General Manager of International Business Division Chairman of Taiheiyo Cement (China) Investment Co., Ltd.
Managing Executive Officer	Yukimasa Nakano	Senior General Manager of Cement Business Division
Managing Executive Officer	Takayoshi Okamura	Overseeing Intellectual Property Department and Central Research Laboratory
Managing Executive Officer	Koshiro Hidaka	Overseeing Production Department and Maintenance & Engineering Department and President of Ofunato Power Inc.
Managing Executive Officer	Masaki Takahashi	Overseeing Construction Materials Business Department and Business Planning & Administration Department
Executive Officer	Susumu Miyazaki	General Manager of Purchasing Department
Executive Officer	Naoyuki Kira	General Manager of Sales Department, Cement Business Division
Executive Officer	Shinji Fukami	General Manager of Environmental Business Development Department
Executive Officer	Tetsuya Suemura	General Manager of Internal Auditing Department
Executive Officer	Hiroaki Matsubara	General Manager of Tohoku Branch
Executive Officer	Hidenobu Makino	General Manager of Human Resources Department
Executive Officer	Akihiko Domoto	General Manager of Mineral Resources Business Department
Executive Officer	Isao Matsui	General Director of Nghi Son Cement Corporation
Executive Officer	Hideki Mori	General Manager of Tokyo Branch
Executive Officer	Yoshihito Izawa	General Director of Taiheiyo Cement Philippines, Inc.

Executive Officer	Terumasa Kitamura	General Manager of Production Department
Executive Officer	Hiroyuki Takano	General Manager of Central Research Laboratory

Persons who concurrently serve as Directors are marked with an asterisk (*).

2) **Overview of Limited Liability Agreement**

The Company has concluded an agreement with each of Directors Shuji Fukuda, Yoshiko Koizumi, Shinhachiro Emori and each Corporate Auditor, which limits his/her liability for damages in respect of his/her responsibilities set out under Article 423, Paragraph 1 of the Companies Act, to the minimum limit of liability set out under Article 425, Paragraph 1 of the same provided that he/she executes his/her duties in good faith and without gross negligence.

3) **Directors and Officers Liability Insurance Contract**

The Company has concluded a directors and officers liability insurance contract provided for in Article 430-3, Paragraph 1 of the Companies Act, that insures all Directors, Corporate Auditors and Executive Officers with an insurance company. Said insurance contract covers damages that may arise when the insured assumes liability for the execution of his or her duties as corporate officer.

4) **Compensation, etc. to Directors and Corporate Auditors for the Current Fiscal Year**

(i) Matters concerning the policy for determining compensation, etc. for individual Directors

The Company has determined policy for determining compensation, etc. for individual Directors (hereinafter the “Officer Compensation Determination Policy”) at the meeting of Board of Directors. When determining compensation for Directors, the Company will clarify management responsibilities, raise awareness of improving business performance, and strengthen the link between the compensation and stockholders’ benefit. The outline of Directors’ compensation determination process is as follows: The Company establishes the Nomination and Compensation Advisory Committee, the majority of whose members are Outside Directors and is chaired by an Outside Director, as an advisory body to the Board of Directors. From the view of enhancing the fairness, transparency, and objectivity, the compensation shall be discussed by said Committee, which reports to the Board of Directors, and shall be determined at the discretion of Representative Directors at the Board of Directors meeting, within the range of suitable amount based on a resolution of the General Meeting of Stockholders and the regulations of the Company, while also respecting the contents of report of the Nomination and Compensation Advisory Committee to the maximum extent possible.

The Company established the Nomination and Compensation Advisory Committee in March 2021. As a result of consulting said Committee on compensation for Directors for FY2020, the Board of Directors has received a report to the effect that the compensation is in line with said policy and appropriate, as it was determined within the range of suitable amount based on a resolution of the General Meeting of Stockholders and the regulations of the Company.

The compensation plan for Directors (excluding Outside Directors) consists of fixed compensation and performance-linked compensation whereas the compensation plan for Outside Directors consists only of fixed compensation.

- The amounts of fixed compensation are determined according to the rank of position.
- The amount of the performance-linked compensation of Directors (excluding Outside Directors) is calculated by multiplying the amount calculated as profit attributable to owners of parent for the current fiscal year times 1% (an upper limit of ¥400 million) by the multiplier assigned to each position. It is paid starting from July in the fiscal year following the end of the current fiscal year. However, this amount can be reduced in consideration of the financial performance of the Company or other circumstances. In principle, performance-linked compensation is not paid if the amount of annual dividend for the current fiscal year is less than ¥30 per share.
- The composition ratio of fixed compensation and performance-linked compensation in the amount of compensation is 100% to approximately 60% for fixed compensation and 0% to approximately 40% for performance-linked compensation, depending on profit. Performance-linked compensation makes up 33% of the total compensation for the current fiscal year.
- Profit attributable to owners of parent was chosen as an indicator with an aim to strengthen the link between the compensation and stockholders’ benefit. The actual result of profit attributable to owners of parent for FY2019, which serves as a basis for calculating the performance-linked compensation for the current fiscal year, was ¥39.1 billion.

Based on the above, the Board of Directors of the Company has judged that the content of compensation, etc. for individual Director for FY2020 is in line with the determination policy.

Furthermore, the Company determined to revise the Officer Compensation Determination Policy at the Board of Directors meeting held on May 20, 2021, subject to the approval of Proposal No. 5 “Determination of Compensation for Granting Restricted Stock to Directors Other Than Outside Directors and Revisions of Compensation Amounts for Directors” at the 23rd Ordinary General Meeting of Stockholders to be held on June 29, 2021. The determination was made after discussion within the

Nomination and Compensation Advisory Committee, which has reported to the effect that revised Officer Compensation Determination Policy was appropriate. The contents of revised Officer Compensation Determination Policy are as follows.

The Company has determined policy for determining compensation, etc. for individual Directors (hereinafter the “Officer Compensation Determination Policy”) at the meeting of Board of Directors. When determining compensation for Directors, the Company will clarify management responsibilities, raise awareness of improving business performance, and strengthen the link between the compensation and stockholders’ benefit, while offering the Directors incentives to achieve improvement of the long-term business performance and corporate value of the Group and sharing more of that value with the stockholders. The outline of Directors’ compensation determination process is as follows: The Company establishes the Nomination and Compensation Advisory Committee, the majority of whose members are Outside Directors and is chaired by an Outside Director, as an advisory body to the Board of Directors. From the view of enhancing the fairness, transparency, and objectivity, the compensation shall be discussed by said Committee, which reports to the Board of Directors, and shall be determined at the discretion of Representative Directors at the Board of Directors meeting, within the range of suitable amount based on a resolution of the General Meeting of Stockholders and the regulations of the Company, while also respecting the contents of report of the Nomination and Compensation Advisory Committee to the maximum extent possible.

The compensation plan for Directors (excluding Outside Directors) consists of fixed compensation, stock compensation and performance-linked compensation whereas the compensation plan for Outside Directors consists only of fixed compensation.

- The amounts of fixed compensation and stock compensation are determined according to the rank of position.
 - The amount of the performance-linked compensation of Directors (excluding Outside Directors) is calculated by multiplying the amount calculated as profit attributable to owners of parent for the current fiscal year times 1% (an upper limit of ¥400 million) by the multiplier assigned to each position. It is paid starting from July in the fiscal year following the end of the current fiscal year. However, this amount can be reduced in consideration of the financial performance of the Company or other circumstances. In principle, performance-linked compensation is not paid if the amount of annual dividend for the current fiscal year is less than ¥30 per share.
 - Stock compensation is paid every year by granting restricted stock according to the rank of position. The transfer restrictions will be canceled when a Director retires.
 - The composition ratio of fixed compensation, stock compensation and performance-linked compensation in the amount of compensation is approximately 90% to approximately 45% for fixed compensation, approximately 10% to approximately 15% for stock compensation, and 0% to approximately 40% for performance-linked compensation, depending on profit.
 - Profit attributable to owners of parent was chosen as an indicator with an aim to strengthen the link between the compensation and stockholders’ benefit.
- (ii) Matters concerning the policy for determining compensation, etc. for individual Corporate Auditor
- The compensation plans for Corporate Auditors of the Company consist only of fixed compensation. The amounts of compensation of individual Corporate Auditors are determined by consultation among Corporate Auditors.
- (iii) Matters concerning resolutions of the General Meetings of Stockholders regarding compensation, etc. for Directors and Corporate Auditors
- The upper limits of compensation for Directors and Corporate Auditors are separately set by a resolution of the General Meeting of Stockholders. The date of resolution of the General Meeting of Stockholders on the compensation for Directors was June 27, 2007, and the number of Directors after said General Meeting of Stockholders was eleven. The date of resolution on the compensation for Corporate Auditors was June 29, 2000, and the number of Corporate Auditors after said General Meeting of Stockholders was four. The content of the resolution of the General Meeting of Stockholders on the compensation for Directors is such that the amount shall be not more than ¥100 million per month, and the content of the resolution on the compensation for Corporate Auditors is such that the amount shall be not more than ¥13 million per month.
- (iv) Matters concerning delegation related to determination of compensation, etc. for individual Director
- Since it is appropriate that the amount of compensation for each Director is determined by Representative Director who supervises the overall business, the Company has made a resolution to leave the determination of the amount of compensation, etc. for individual Director to the discretion of President and Representative Director Masafumi Fushihara and Vice President and Representative Director (Overseeing Corporate Planning Department) Yuuichi Kitabayashi at the Board of Directors meeting

including Outside Directors held in June 2020, within the range of suitable amount based on a resolution of the General Meeting of Stockholders and the regulations of the Company.

(v) Total Amount of Compensation, etc. to Directors and Corporate Auditors

Officer classification	Total amount of compensation, etc. (millions of yen)	Total amount by type of compensation, etc. (millions of yen)		Number of target Officers (persons)
		Fixed compensation	Performance-linked compensation	
Directors	552	379	173	15
Corporate Auditors	72	72	-	4
(of which, Outside Officers)	(51)	(51)	(-)	(5)

(Note) The number of persons paid above includes eight Directors (including one Outside Officer) who retired or resigned at the close of the 22nd Ordinary General Meeting of Stockholders held on June 26, 2020.

5) Outside Officers

(i) Main Activities in Fiscal Year under Review

Position	Name	Attendance at meetings of Board of Directors	Attendance at meetings of Board of Auditors	Comment status
Director	Yoshiko Koizumi	13 out of 13 meetings	-	Made comments as appropriate at the meetings of the Board of Directors based on her wealth of experience and insight in corporate management mainly as a lawyer.
Director	Shinhachiro Emori	10 out of 10 meetings	-	Made comments as appropriate at the meetings of the Board of Directors based on his wealth of experience mainly as a management executive of a business corporation.
Corporate Auditor	Wakako Mitani	13 out of 13 meetings	14 out of 14 meetings	Made comments as appropriate at the meetings of the Board of Directors and meetings of the Board of Auditors based on her wealth of experience and insight in corporate management mainly as a lawyer.
Corporate Auditor	Yoshio Fujima	13 out of 13 meetings	14 out of 14 meetings	Made comments as appropriate at the meetings of the Board of Directors and meetings of the Board of Auditors based on his wealth of experience and insight in corporate accounting mainly as a Certified Public Accountant.

- (Notes) 1. During the fiscal year under review, 13 Board of Directors meetings were held. Ten Board of Directors meetings were held after Director Shinhachiro Emori took office.
2. In addition to the number of Board of Directors meetings held as stated above, pursuant to the provisions of Article 370 of the Companies Act and Article 24 of the Articles of Incorporation of the Company, a written resolution was made, for which the Company deems that the resolution was made at the Board of Directors meeting.
3. During the fiscal year under review, 14 Board of Auditors meetings were held.

(ii) Outline of duties performed by Outside Directors regarding their expected roles

Director	Yoshiko Koizumi	As a lawyer, she has a wealth of experience, achievements, and knowledge in corporate legal affairs. The Company expects that she will fulfill monitoring and supervision functions from this perspective. She has provided active statements such as asking questions and making suggestions regarding overseas investment, new business projects, human resource development plans, etc. based on this perspective, and has played appropriate roles including supervision and advice on business execution as Outside Director of the Company.
Director	Shinhachiro Emori	As a manager of a business corporation, he has a wealth of experience, achievements, and knowledge. The Company expects that he will fulfill monitoring and supervision functions from this perspective. He has provided active statements such as asking questions and making suggestions regarding capital investment plans of the Group, new business projects, etc. based on this perspective, and has played appropriate roles including supervision and advice on business execution as Outside Director of the Company.

4. Accounting Auditor

1) Name of the Company's Accounting Auditor

KPMG AZSA LLC

2) Accounting Auditor's Compensation, etc. in Fiscal Year under Review

¥ 114 million

(Notes) 1. Under the audit agreement between the Company and its Accounting Auditor, the amount of compensation for audits pursuant to the Companies Act and audits pursuant to the Financial Instruments and Exchange Act are not distinguished from each other and are indistinguishable in practice. Therefore, the above amount includes compensation, etc. for audits pursuant to the Financial Instruments and Exchange Act.

2. The Board of Auditors of the Company, in observance of the "Practical Guidelines for Cooperation with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association, has confirmed the time taken to audit each audit item, trends in audit fees, and the status of execution of duties of the Accounting Auditor, and upon considering the appropriateness of the audit plan and appropriateness of audit fees for the fiscal year under review, agrees to the fees, etc., of the Accounting Auditor under Article 399, Paragraph 1 of the Companies Act.

3) Description of Non-audit Services to the Company involving Payment of Consideration to Accounting Auditor

The Company entrusts to the Accounting Auditor the service of preparing comfort letters for issuance of corporate bonds, which are services other than the services set forth in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services), and pays consideration for said service.

4) Policy for Determination of Dismissal or Non-reappointment of Accounting Auditor

1) If the Accounting Auditor is deemed to correspond to any of the matters set forth in the items of Article 340, Paragraph 1 of the Companies Act, the Board of Auditors will dismiss the Accounting Auditor subject to the consent of all Corporate Auditors, in which case the Corporate Auditor selected by the Board of Auditors will report the dismissal and the reason for the dismissal at the first Ordinary General Meeting of Stockholders held after the dismissal.

2) The Board of Directors will specify the dismissal or non-reappointment of the Accounting Auditor as an agenda of the General Meeting of Stockholders based on the Board of Auditors' resolution in cases where severe problems have arisen in the Company's audit operations and in other such cases.

5) Total Amount of Money and Other Property Benefits Payable to Accounting Auditor by the Company and its Subsidiaries

¥ 255 million

(Note) Among significant subsidiaries of the Company, CalPortland Company, Jiangnan-Onoda Cement Co., Ltd., Dalian Onoda Cement Co., Ltd., Nghi Son Cement Corporation and Taiheiyo Cement Philippines, Inc. have been audited (limited to audits under the provisions of the Companies Act or the Financial Instruments and Exchange Act (including laws and ordinances of foreign countries corresponding to said Acts)) by a Certified Public Accountant or an audit corporation other than the Company's Accounting Auditor (including those with foreign qualifications equivalent to CPA/auditor qualifications).

5. System to Ensure that Directors Comply with Laws and Ordinances and the Articles of Incorporation in Executing Their Duties and Other Systems to Ensure Proper Execution of Operations

(1) Summary of the System to Ensure the Proper Execution of Operations

The Company has systems to ensure the proper execution of operations (so-called internal control systems) and defines them as shown below.

1) System to ensure that Directors, Executive Officers and employees comply with laws and ordinances and the Articles of Incorporation in executing their duties

- (i) The Company shall strengthen its system for ensuring that the actions of Directors, Executive Officers and employees comply with laws and ordinances, the Articles of Incorporation and other internal company rules, and conventional wisdom in accordance with the Mission of the Taiheiyo Cement Group, Business Principles, Basic Compliance Policy and Compliance Rules.
- (ii) The CSR Management Committee, an interdepartmental committee under the direct authority of the Board of Directors, pursues policies to promote compliance awareness among Directors, Executive Officers and employees in accordance with the CSR Prospectus.
- (iii) The Internal Auditing Department conducts audits of the business activities of each place of business within the Company to determine whether Executive Officers and employees comply with laws and ordinances, the Articles of Incorporation, etc. in executing their duties, provides advice and recommendations after identifying items in need of improvement, and reports to the President about audit results and then notifies Directors and Corporate Auditors.
- (iv) The Company employs an internal reporting system that uses a compliance hotline to reach representatives both inside and outside the Company (law firm) to enable an accurate response while protecting the informer and ensuring transparency.

2) System to store and manage information related to the execution of duties by Directors

The Company documents, stores and manages information related to the execution of duties by Directors in accordance with the Board of Directors Rules, Decision Making Rules and Document Management Rules. Directors and Corporate Auditors can review these documents at any time.

3) Rules and other systems related to managing the risk of loss

- (i) The Company has prepared the Basic Risk Management Policy and Risk Management Rules covering basic matters and specific responses to prevent and minimize the impact of risk items that could significantly affect the business of the Taiheiyo Cement Group. The CSR Management Committee is in charge of pursuing specific measures, and reports to the Board of Directors about the status of these activities.
- (ii) In the event of an emergency, the Company establishes an Emergency Headquarters led by the President to pool information and exercise top-down leadership in tackling the emergency in accordance with the provisions of the Risk Management Rules.

4) System to ensure that Directors execute their duties efficiently

- (i) The Company delegates to Executive Officers the authority for certain business matters as stipulated in the Decision Making Rules and elsewhere. Executive Officers, based on a Management by Objectives, set clear targets for each responsible organization under their control and execute their duties efficiently.
- (ii) The Board of Directors efficiently allocates business resources from the perspective of optimizing companywide resources and in accordance with the medium-term management plan and annual management policy (President's policy), and reviews the targets of Executive Officers and the progress of policies reported from time to time.

5) System for ensuring proper execution of operations within the company group, comprising the Company and its subsidiaries

The Company, in accordance with its Group Companies Management Rules, takes the following steps to provide appropriate management and support to its subsidiaries to enable the adequate functioning of their management organizations (general meeting of stockholders, board of directors, corporate auditors, and board of auditors) and the establishment of independent management based on self-responsibility.

- (i) The Company assigns, in principle, Directors, Executive Officers and employees to serve as directors

or corporate auditors at its subsidiaries. These corporate auditors conduct audits of internal control systems.

- (ii) The Internal Auditing Department conducts audits of the business activities according to the size, nature of business, etc. of subsidiaries to determine whether the directors and employees of the subsidiaries comply with laws and ordinances, the Articles of Incorporation, etc. in executing their duties, provides advice and recommendations after identifying items in need of improvement, and reports to the President about audit results and then notifies Directors and Corporate Auditors.
- (iii) The Company seeks to understand the business conditions of each subsidiary through performance reports and other means and endeavors to share information through exchanges of opinions between the Company and directors at subsidiaries (including directors serving concurrently as Directors, Executive Officers or employees at the Company) by periodically holding Group Executive Committee meetings.
- (iv) The Company makes its subsidiaries appoint officers responsible for risk management and compliance as well as risk management and compliance promoters according to their size, nature of business, etc. and strives to prevent and reduce risks in the Taiheiyo Cement Group by collaborating with each company, and adopts a system for reporting to Directors and Corporate Auditors of the Company if a crisis occurs or if an event with the risk of developing into a crisis arises at a company.

6) System to ensure reliability of financial reporting

The Company develops a system required to properly conduct financial reporting such as consolidated financial statements.

7) Matters related to personnel to assist Corporate Auditors and independence of such personnel from Directors

The Company has established a Corporate Auditor's Office which assists Corporate Auditors in performing their duties, and assigns full-time personnel. The Company shall request and respect the opinion of the Board of Auditors in matters related to the transfer and evaluation of such full-time personnel.

8) System for reporting to Corporate Auditors by Directors, Executive Officers and employees of the Company as well as directors, corporate auditors and employees of subsidiaries or persons who received a report from them and other systems for reporting to Corporate Auditors

- (i) The Company employs a system in which Corporate Auditors can attend important meetings related to business matters to receive reports from Directors and other employees about the status of the execution of their duties.
- (ii) The Company adopts a system in which any facts that may inflict serious damage to the Company are reported to Corporate Auditors by Directors, Executive Officers and employees of the Company as well as directors, corporate auditors and employees of subsidiaries or persons who received a report from them.
- (iii) The Company prohibits the unfavorable treatment of anyone who has made a report under the preceding item.

9) Other systems to ensure effective auditing by Corporate Auditors

- (i) The Company employs a system in which Corporate Auditors are shown documents related to important decisions and can gain access to a variety of information, including management information, at any time.
- (ii) The Company provides a venue for Corporate Auditors to exchange opinions and information with the Accounting Auditor.
- (iii) When a Corporate Auditor requests the prepayment or payment of expenses required for performing his/her duties, the Company promptly pays such expenses.

(2) Summary of the Operational Status of the System to Ensure the Proper Execution of Operations

The Company's Internal Control System is maintained through systems in line with the basic policy above, and is appropriately managed. Key measures are as follows.

1) Compliance system

- (i) Based on the CSR Prospectus, a CSR Management Committee has been established composed of all Directors with the President as the Chairman, and it is held once per quarter. The CSR Management

Committee formulates a CSR Action Plan for every fiscal year, understands and confirms its status of progress, and makes evaluations. Additionally, the results are reported to the Board of Directors.

- (ii) Directly under the CSR Management Committee, the Risk Management and Compliance Committee was established as a subordinate body, and upon formulation of the action plan, it understands and confirms the status of implementation. Additionally, the status of these measures is reported to the CSR Management Committee.
- (iii) Officers responsible for risk management and compliance as well as risk management and compliance promoters are selected, these persons engage in promotion of compliance, and the Company also implements training for these responsible persons and leaders.
- (iv) Education regarding compliance is conducted via forms such as training for new employees and training depending on job level, distributing action guideline casebooks, and self-checks utilizing e-learning, all in an effort to thoroughly implement compliance.

2) Risk management system

- (i) Based on the Basic Risk Management Policy, Risk Management Rules are defined, and while promoting measures toward risk management, responses to emergency situations are defined in the Crisis Management Rules.
- (ii) The annual risk countermeasure plan is formulated, and based on a PDCA cycle, measures for risk management are promoted.
- (iii) In preparation for unexpected events such as disasters and accidents, etc., periodic disaster prevention drills and other training programs are implemented. Additionally, exercises such as initial response simulation training in the event of a large-scale natural disaster are also conducted to aim to increase awareness of response processes.
- (iv) Under the Basic Information Security Policy, an information security management system has been established, and while aiming for thorough protection of information assets and appropriate management and handling, information risk countermeasures are promoted via information security education such as e-learning.

3) Ensuring proper execution of operations at the Group

- (i) Based on the Group Companies Management Rules, a system is maintained where group companies and the Company deliberate on important matters, direction and management is conducted as required, and support is provided to management.
- (ii) While understanding the management conditions of each group company through periodic achievement reporting, etc., a Group Executive Committee meeting is held twice per year to exchange opinions on various themes and share information related to management of the Group. During the fiscal year under review, the Group Executive Committee meeting scheduled for May 2020 was cancelled owing to the effects of the spread of COVID-19, so the meeting was only held once during the year.
- (iii) Directors and Corporate Auditors of subsidiaries are seconded from the Company to supervise business execution and implement audits regarding the internal control systems.
- (iv) The Internal Auditing Department, upon formulating an audit implementation plan based on the annual audit policy, implements internal audits toward subsidiaries, and provides advice and recommendations.

4) Execution of business by Directors

- (i) The Board of Directors is composed of seven persons, including two Outside Directors, and meetings were held 13 times during the fiscal year under review, where deliberation and determination was made regarding important matters defined by laws and regulations and the Articles of Incorporation, in addition to supervision of the execution of business by Directors. In addition to the number of Board of Directors meetings held as stated above, a written resolution was made, for which the Company deems that the resolution was made at the Board of Directors meeting, pursuant to the provisions of Article 370 of the Companies Act and Article 24 of the Articles of Incorporation of the Company.
- (ii) For important matters other than those to be deliberated by the Board of Directors, Executive Committee meetings were held 17 times for deliberation.
- (iii) To secure the efficiency of execution of business by Directors, reports on the status of business execution are made at the Board of Directors by dividing up duties among the Directors and Executive Officers.
- (iv) Regarding management execution, a certain level of authority is delegated to Executive Officers. Executive Officers execute business via a Management by Objectives that is in line with the Medium-term Management Plan and the annual management policy (President's policy), and the Board of Directors reviews the status of progress.

5) Execution of business by Corporate Auditors

- (i) Aside from Board of Directors meetings, Corporate Auditors attend important meetings such as the Executive Committee to confirm the status of the development and operation of the internal control system.
- (ii) Corporate Auditors receive reports on the internal audits carried out by the Internal Audit Department, while cooperating with the Internal Audit Department to efficiently carry out audits of each business office, subsidiary, etc.
- (iii) Periodic meetings are held with the Accounting Auditor to exchange information.
- (iv) A Corporate Auditor's Office has been established to assist Corporate Auditors in performing their duties, and full-time personnel has been assigned.

Figures stated in this Business Report are rounded down to the nearest unit of presentation (first decimal place in the case of percentages), except for *net income per share*, which is rounded off to the second decimal place, and *average age* and *average length of service* of employees of the Company, which are rounded off to the first decimal place.

Consolidated Financial Statements

(April 1, 2020 - March 31, 2021)

Consolidated Balance Sheets

(Unit: Millions of yen)

Account	FY2020 (as of March 31, 2021)	(Reference) FY2019 (as of March 31, 2020)
Assets		
Current assets	327,333	318,502
Cash and deposits	73,074	51,641
Notes and accounts receivable-trade	142,515	159,048
Electronically recorded monetary claims-operating	19,234	13,507
Merchandise and finished goods	29,421	30,897
Work in process	2,079	2,310
Raw materials and supplies	43,873	45,075
Short-term loans receivable	2,557	3,289
Other	15,373	14,035
Allowance for doubtful accounts	(795)	(1,302)
Noncurrent Assets	716,893	714,420
Property, plant and equipment	540,342	544,553
Buildings and structures	138,410	138,947
Machinery, equipment and vehicles	154,207	162,944
Land	164,193	164,869
Lease assets	20,400	21,941
Construction in progress	37,186	30,665
Other	25,944	25,184
Intangible assets	28,192	29,814
Goodwill	159	179
Other	28,033	29,634
Investments and other assets	148,358	140,053
Investment securities	91,926	82,931
Long-term loans receivable	1,538	1,880
Deferred tax assets	9,635	21,118
Assets for retirement benefits	23,099	11,090
Other	28,296	29,359
Allowance for doubtful accounts	(6,137)	(6,327)
Total Assets	1,044,227	1,032,923

Account	FY2020 (as of March 31, 2021)	(Reference) FY2019 (as of March 31, 2020)
Liabilities		
Current liabilities	304,831	313,771
Notes and accounts payable-trade	73,596	83,430
Electronically recorded obligations-operating	7,744	5,330
Short-term loans payable	103,538	120,783
Commercial papers	—	12,000
Current portion of bonds	10,000	—
Income taxes payable	4,590	6,024
Provision for bonuses	6,265	6,158
Other provision	404	139
Other	98,691	79,906
Noncurrent liabilities	232,574	245,910
Bonds payable	50,000	30,000
Long-term loans payable	84,563	103,332
Deferred tax liabilities	8,130	7,491
Liability for retirement benefits	24,703	24,999
Provision for directors' retirement benefits	503	521
Provision for special repairs	180	128
Other provision	511	828
Lease obligations	14,352	17,996
Asset retirement obligations	7,821	7,341
Other	41,807	53,270
Total liabilities	537,405	559,682
Net Assets		
Shareholders' equity	485,946	456,395
Capital stock	86,174	86,174
Capital surplus	60,292	60,233
Retained earnings	365,593	326,086
Treasury stock	(26,113)	(16,098)
Accumulated other comprehensive income	(15,025)	(19,716)
Valuation difference on available-for-sale securities	12,429	6,723
Deferred gains or losses on hedges	1	(0)
Revaluation reserve for land	4,898	4,968
Foreign currency translation adjustments	(29,917)	(21,413)
Retirement benefits liability adjustments	(2,438)	(9,995)
Non-controlling interests	35,899	36,563
Total net assets	506,821	473,241
Total liabilities and net assets	1,044,227	1,032,923

Consolidated Statements of Income

(Unit: Millions of yen)

Account	FY2020 (April 1, 2020 - March 31, 2021)	(Reference) FY2019 (April 1, 2019 - March 31, 2020)
Net sales	863,903	884,350
Cost of sales	672,631	689,321
Gross profit	191,272	195,029
Selling, general and administrative expenses	127,661	134,020
Operating income	63,610	61,008
Non-operating income	8,428	8,075
Interest and dividends income	1,874	1,808
Equity in earnings of unconsolidated subsidiaries and affiliates	1,879	2,427
Foreign exchange gains	1,042	1,035
Other	3,632	2,803
Non-operating expenses	6,295	8,541
Interest expenses	3,498	3,876
Other	2,797	4,665
Ordinary income	65,744	60,541
Extraordinary income	7,226	3,838
Gain on disposal of non-current assets	3,247	754
Gain on sales of investment securities	3,567	205
Compensation income	—	2,730
Other	411	147
Extraordinary loss	7,865	12,602
Loss on disposal of non-current assets	5,494	5,580
Loss on sales of investment securities	61	36
Loss on valuation of investment securities	47	222
Impairment loss	969	5,451
Loss on temporary suspension of operations	547	—
Other	744	1,311
Income before income taxes	65,105	51,777
Income taxes-current	9,170	11,223
Income taxes-deferred	6,285	(300)
Profit	49,649	40,854
Profit (loss) attributable to non-controlling interests	2,848	1,703
Profit attributable to owners of parent	46,800	39,151

Non-consolidated Financial Statements

(April 1, 2020 - March 31, 2021)

Non-consolidated Balance Sheets

(Unit: Millions of yen)

Account	FY2020 (as of March 31, 2021)	(Reference) FY2019 (as of March 31, 2020)
Assets		
Current assets	103,358	106,317
Cash and deposits	10,273	4,011
Notes receivable-trade	10,308	14,725
Electronically recorded monetary claims-operating	5,458	3,289
Accounts receivable-trade	45,958	47,764
Merchandise and finished goods	7,648	8,092
Raw materials and supplies	16,936	17,537
Prepaid expenses	520	474
Other	6,269	10,422
Allowance for doubtful accounts	(14)	(0)
Noncurrent Assets	475,628	471,832
Property, plant and equipment	220,582	216,012
Buildings	26,074	24,651
Structures	50,543	50,704
Machinery and equipment	42,349	40,935
Vehicles	1,153	713
Tools, furniture and fixtures	1,298	1,082
Raw materials land	12,743	12,811
Land	64,052	65,782
Lease assets	4,314	4,096
Construction in progress	18,052	15,234
Intangible assets	15,960	15,236
Mining rights	9,790	10,052
Software	1,467	694
Other	4,702	4,489
Investments and other assets	239,085	240,584
Investment securities	25,801	20,536
Shares of subsidiaries and affiliates	168,981	170,554
Investments in capital	35	35
Investments in capital of subsidiaries and affiliates	9,372	12,155
Long-term loans receivable	24	39
Long-term prepaid expenses	10,795	10,613
Prepaid pension costs	18,030	17,434
Other	30,612	33,804
Allowance for doubtful accounts	(24,568)	(24,589)
Total Assets	578,986	578,149

Account	FY2020 (as of March 31, 2021)	(Reference) FY2019 (as of March 31, 2020)
Liabilities		
Current liabilities	131,402	148,058
Electronically recorded obligations-operating	8,105	8,861
Accounts payable-trade	21,612	21,552
Short-term loans payable	47,609	59,524
Commercial papers	—	12,000
Current portion of bonds	10,000	—
Lease obligations	1,030	958
Accounts payable - other	12,967	14,236
Accrued expenses	13,159	12,771
Income taxes payable	124	1,283
Advances received	386	907
Deposits received	273	293
Unearned revenue	1,548	1,394
Provision for bonuses	2,180	2,082
Electronically recorded obligations-non-operating	12,168	11,933
Other	235	257
Noncurrent liabilities	160,378	148,003
Bonds payable	50,000	30,000
Long-term loans payable	66,564	79,346
Lease obligations	3,648	3,459
Deferred tax liabilities	5,646	353
Provision for loss on guarantees	1,058	2,173
Guarantee deposits received	30,200	29,515
Asset retirement obligations	2,773	2,552
Other	487	602
Total liabilities	291,781	296,061
Net Assets		
Shareholders' equity	278,829	277,613
Capital stock	86,174	86,174
Capital surplus	56,275	56,276
Legal capital surplus	42,215	42,215
Other capital surplus	14,060	14,061
Retained earnings	162,029	150,798
Other retained earnings	162,029	150,798
Reserve for mine prospecting	405	285
Reserve for advanced depreciation of non-current assets	15,489	15,823
Retained earnings brought forward	146,133	134,689
Treasury stock	(25,650)	(15,635)
Valuation and translation adjustments	8,375	4,474
Valuation difference on available-for-sale securities	8,375	4,474
Total net assets	287,205	282,088
Total liabilities and net assets	578,986	578,149

(Translation)

Non-consolidated Statements of Income

(Unit: Millions of yen)

Account	FY2020 (April 1, 2020 - March 31, 2021)	(Reference) FY2019 (April 1, 2019 - March 31, 2020)
Net sales	295,277	314,427
Cost of sales	214,580	228,648
Gross profit	80,697	85,778
Selling, general and administrative expenses	63,716	65,475
Operating income	16,981	20,302
Non-operating income	9,491	8,087
Dividends income	6,534	6,158
Reversal of provision for loss on guarantees	1,115	—
Foreign exchange gains	574	1,162
Other	1,268	767
Non-operating expenses	3,277	3,585
Interest expenses	955	874
Provision of allowance for doubtful accounts	1	8
Bad debts written off	900	—
Other	1,420	2,702
Ordinary income	23,195	24,804
Extraordinary income	5,518	466
Gain on disposal of non-current assets	1,273	336
Gain on sales of investment securities	249	120
Gain on sales of shares of subsidiaries and affiliates	-	9
Gain on sales of investments in capital of subsidiaries and affiliates	3,995	-
Extraordinary loss	6,215	7,132
Loss on disposal of non-current assets	3,833	3,844
Loss on liquidation of subsidiaries and affiliates	0	0
Loss on valuation of investment securities	4	32
Loss on valuation of shares of subsidiaries and affiliates	1,576	235
Loss on valuation of investments in capital of subsidiaries and affiliates	—	1,432
Loss on sales of investment securities	48	0
Impairment loss	753	645
Compensation expenses	—	943
Income before income taxes	22,498	18,137
Income taxes-current	392	4,220
Income taxes-deferred	3,571	(1,432)
Net income	18,534	15,349

(Translation)

Independent Auditor's Report

The Board of Directors of Taiheiyo Cement Corporation:

Opinion

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of Taiheiyo Cement Corporation ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), as at March 31, 2021 and for the year from April 1, 2020 to March 31, 2021 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Corporate auditors and the board of corporate auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.

(Translation)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company and its subsidiaries which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

-
-

Reiji Kobayashi (Seal)
Designated Engagement Partner
Certified Public Accountant

Yoshihiro Uehara (Seal)
Designated Engagement Partner
Certified Public Accountant

Akihisa Sada (Seal)
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
May 17, 2021

(Translation)

Independent Auditor's Report

The Board of Directors of Taiheiyo Cement Corporation:

Opinion

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of Taiheiyo Cement Corporation (“the Company”) as at March 31, 2021 and for the year from April 1, 2020 to March 31, 2021 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and Others* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and Others

Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(Translation)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

-

-

Reiji Kobayashi (Seal)
Designated Engagement Partner
Certified Public Accountant

Yoshihiro Uehara (Seal)
Designated Engagement Partner
Certified Public Accountant

Akihisa Sada (Seal)
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
May 17, 2021

.

(Translation)

Board of Auditors' Audit Report (Copy)

Audit Report

The Board of Auditors has prepared this Audit Report following deliberations based on the respective audit reports prepared by Corporate Auditors in relation to the execution of duties by Directors for the 23rd fiscal term from April 1, 2020 to March 31, 2021. The report is as follows.

1. Method and Description of Audit by Corporate Auditors and the Board of Auditors

- (1) The Board of Auditors determined the audit policy, audit plan, etc., received reports from each Corporate Auditor on the progress and results of his/her audit, in addition to receiving reports from Directors, etc. and the Accounting Auditor on the execution status of their duties, and sought explanations as necessary.
- (2) Each Corporate Auditor, based on the audit standards for Corporate Auditors established by the Board of Auditors, followed the audit policy, audit plan, etc., communicated with Directors, the Internal Auditing Department and other employees, etc., endeavored to collect information and develop an environment for the audit, and implemented audits via the following methods.
 - 1) We attended the meetings of the Board of Directors and other important meetings, received reports from Directors, employees, etc. on the execution status of their duties, sought explanations as necessary, reviewed important approval documents, etc., and investigated the status of operations and assets at the head office and principal places of business. With respect to subsidiaries, we verified the status of their management at the Company's major meetings, and requested explanation as necessary. We also communicated and exchanged information with the directors, corporate auditors, etc. of subsidiaries by conducting site audits, etc. in accordance with audit plans and holding regular meetings with the corporate auditors of major subsidiaries.
 - 2) We also monitored and verified the content of the resolution passed by the Board of Directors regarding the development of a system to ensure that Directors comply with laws, ordinances and the Articles of Incorporation in executing their duties and other systems stipulated in paragraphs 1 and 3 of Article 100 of the Ordinance for Enforcement of the Companies Act that are required to ensure proper operations of a company group comprised of a stock company and its subsidiaries, as well as the status of the system developed pursuant to such resolution (i.e., internal control system). In regards to internal controls over financial reporting, we received reports from Directors, etc. and KPMG AZSA LLC on the evaluation and audit status of such internal controls, and sought explanations as necessary.
 - 3) We monitored and verified whether or not the Accounting Auditor had maintained its independence and whether or not it had conducted its audit properly, received reports from the Accounting Auditor on the execution status of its duties, and sought explanations as necessary. In addition, we were notified by the Accounting Auditor that it is equipped with a *system for ensuring that duties are performed properly* (matters listed in the items of Article 131 of the Company Accounting Ordinance) in accordance with the Quality Control Standards for Audits (issued by the Business Accounting Council on October 28, 2005), etc., and sought explanations as necessary.

Based on the above methods, we examined the Business Report and its supplementary schedules, Non-consolidated Financial Statements (i.e., Non-consolidated Balance Sheets, Non-consolidated Statements of Income, Non-consolidated Statements of Changes in Net Assets and Notes to the Non-Consolidated Financial Statements) and their supplementary schedules as well as the Consolidated Financial Statements (i.e., Consolidated Balance Sheets, Consolidated Statements of Income, Consolidated Statements of Changes in Net Assets and Notes to the Consolidated Financial Statements) for the fiscal year under review.

(Translation)

2. Audit Results

(1) Results of audit of Business Report, etc.

1. In our opinion, the Business Report and the supplementary schedules are in compliance with laws, ordinances and the Articles of Incorporation, and fairly represent the Company's position.
2. No material facts were identified regarding misconduct or violation of any laws, ordinances or the Articles of Incorporation in relation to the execution of duties by Directors.
3. In our opinion, the Board of Directors' resolution on the internal control system (including internal controls over financial reporting) is adequate in content. We found no matters that need to be pointed out in regards to the content of the records in the Business Report and the execution of duties by Directors in relation to said internal control system. Of note, we received reports from Directors, etc. and KPMG AZSA LLC that there are no material inadequacies to be disclosed in relation to internal controls over financial reporting as at the time of preparation of this Audit Report.

(2) Results of audit of Non-consolidated Financial Statements and their supplementary schedules

In our opinion, the methods and results of the audit conducted by Accounting Auditor KPMG AZSA LLC are reasonable.

(3) Results of audit of Consolidated Financial Statements

In our opinion, the methods and results of the audit conducted by Accounting Auditor KPMG AZSA LLC are reasonable.

May 19, 2021

Board of Auditors, Taiheiyo Cement Corporation

Corporate Auditor (Standing) Toshihide Nishimura [Seal]

Corporate Auditor (Standing) Shigeru Matsushima [Seal]

Outside Corporate Auditor Wakako Mitani [Seal]

Outside Corporate Auditor Yoshio Fujima [Seal]