



TOYO TANSO 
Inspiration for Innovation

Integrated Report
2023

2030 Management Vision

“Creating products with unprecedented potential”
 Becoming a leading company through
 Earth-friendly products and
 technologies

Company Policies

Become a global company
 For the world, for society
 Become a strong company

Medium-Term
 Management Plan
 P.16

On the publication of the Integrated Report 2023

Embracing the challenge of even greater accomplishments in accordance with our 2030 Management Vision

The Toyo Tanso Group began publishing an integrated report in 2022 so that customers, shareholders, investors, and other stakeholders can better understand its contributions to resolving social issues and increasing its corporate value through its businesses. This marks the second publication of our integrated report.

The Toyo Tanso Group has established a robust foundation built atop its aspirations for “Manufacturing completely unique products.”

This foundation was built based on our extensive pursuit of added value, and this stance will remain unchanged for many years to come.

Our management vision for 2030 of “Creating products with unprecedented potential” and “Becoming a leading company through Earth-friendly products and technologies” speaks to this commitment. This integrated report highlights a number of the Toyo Tanso Group’s initiatives, detailing what we can do to give back to society while also pursuing our own growth.

Editorial policy

The Integrated Report 2023 provides a concise summary of the most important aspects of the Group’s value-creating operations. More detailed information can be found on Toyo Tanso’s sustainability website and on its IR website. In compiling the report, we have drawn on the recommendations of the International Integrated Reporting Council’s International Integrated Reporting Framework and on “Guidance for Collaborative Value Creation,” a publication of the Ministry of Economy, Trade and Industry.



Scope of coverage

The report covers Toyo Tanso Co., Ltd. and its domestic and overseas consolidated subsidiaries.
 * Some non-consolidated information pertaining to Toyo Tanso Co., Ltd. alone is provided in notes.

Dates of coverage

FY2022 (January 1 to December 31, 2022)

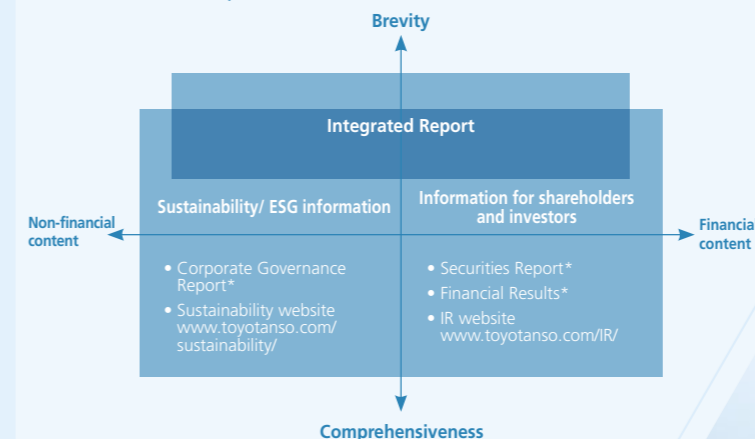
* The report also includes some information about activities undertaken during or after January 1, 2023.

Precautionary note concerning forward-looking statements

Forward-looking information contained in this report, for example forecasts of future performance, represent judgments made on the basis of information that was available at the time of their disclosure. Such information by its nature includes numerous sources of uncertainty, and actual performance may vary due to factors including changes in business conditions.

Information disclosure structures

* Documents disclosed in accordance with legal requirements
 Documents disclosed in a timely manner



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Message from the CEO

Fostering a corporate culture with dynamic frontline operations aimed at high value added manufacturing and sustainable growth

Naotaka Kondo
Representative Director
Chairman & President, CEO

Looking Back on FY2022 When We Posted Higher Profit on Increased Revenue

The business environment remains uncertain as a result of geopolitical risks, economic downturns, and surging resource prices. Against this backdrop, in FY2022, we recorded net sales of 43,774 million yen (up 16.0% year-on-year), operating profit of 6,667 million yen (up 17.7%), ordinary profit of 7,369 million yen (up 17.6%), and profit attributable to owners of parent of 5,181 million yen (up 16.0%). In particular, net sales and net income profit reached record highs. The driver of the increase in revenue was the semiconductor sector, especially products for SiC semiconductors, which are indispensable for electric vehicles (EVs) and communication networks such as 5G. We saw the potential of and focused on this segment before any other company did, and this has led to customer satisfaction, which, I believe, produced these results. Within this segment, components for epitaxial growth* are building more than 50% of high market share.

As we build a stronger global supply chain, our extensive improvements to our production capacity in Japan and overseas also led to this dramatic progress in revenue and profit. We reviewed various aspects of production such as automation, changing to multi-tasking machines, and consolidating processes. In addition, our utmost focus has been on human resource development. One of the bottlenecks in manufacturing is machine breakdown, and if one operation stops, work cannot move on to the next process. Therefore, we provided detailed technical guidance on how to maintain machines so that they do not break down, what to pay attention to, and how to keep records and manage them. Another focus has been increasing multi-skilled operators. This refers to a single employee having the ability to operate multiple different machines, and once this is possible, we can manufacture with a smaller number of

selected people. We are already working on this in Japan, but we are also promoting multi-skill development overseas by developing human resources who has multi tasks. We believe that developing human resources and enhancing productivity in this manner, as well as producing products of stable quality globally, is essential for maintaining and improving the Toyo Tanso brand.

*Refers to the process for growing single crystal thin film on wafers.

Three Company Policies under the 2030 Management Vision and Their Aims

Last year, the Toyo Tanso Group formulated its Management Vision of “Creating products with unprecedented potential” and “Becoming a leading company through Earth-friendly products and technologies,” and set out its vision and general directions characterizing the challenges it will embrace for sustainable growth. In addition, we defined three company policies: “Become a global company,” “For the world, for society,” and “Become a strong company,” each of which has a different aim.

First, one of the aims of “Become a global company” is to strengthen communication with overseas subsidiaries. In providing the aforementioned technical guidance, as well as improving product quality and understanding customer needs, the key is close communication. The Head Office is responsible for any problems that arise overseas, so we must always keep grasping the latest information. Therefore, we are working to strengthen our governance system globally by using a management book for all subsidiaries (containing the Group’s common management standards) and enhancing the checking function of the Head Office. We are also looking to strengthen our cohesion globally and increase sales in overseas markets.



“For the world, for society” involves, as it says, contributing to society. This refers to product manufacturing, but in order to further increase employee motivation, it also includes activities to inform employees about where and how the products they are involved with benefit society. In addition, we are working on measures to address the declining birthrate and aging population, which is a social issue. In order to increase productivity even with a small head count, we will first promote automation from physically demanding work and nighttime work. Furthermore, we are creating a workplace where everyone can work comfortably, making the workbench at a height that is easy for women to reach and changing the design of uniforms.

“Become a strong company” means becoming a company that can generate a solid profit. With these increased profits, we intend to increase the compensation paid to our employees. To this end, it is necessary to create high value-added products that can only be made by the Toyo Tanso Group. There is much work to be done, such as promoting selection and concentration, acquiring advanced technical skills, and lowering costs by increasing productivity.

To promote understanding of these policies and to share information, we have created an in-house monthly newsletter called C dash Kawara Edition, which distributed to all employees. Personally, I plan to visit our overseas subsidiaries and listen to the voices of those on the frontline of our operations.

Initiatives and Targets in Our Medium-Term Management Plan (2023-2027)

Management targets are net sales of 66.5 billion yen, operating profit of 13.5 billion yen, operating profit ratio of 20.3%, and ROE of 10%. In addition to net sales, profits are important for increasing employee compensation and making the next round capital investments. Toward this end, we must establish a system

for value-added manufacturing that is only possible by the Toyo Tanso Group. We are constantly developing isotropic graphite (special graphite products), which is our main product, to make better products, and although we are taking a long-term perspective, we are also starting to promote recycling technology and take on the challenge of creating new material sources such as making carbon (C) from CO₂. We aim to more quickly develop materials that can meet more stringent conditions such as durability, heat resistance, and cost for C/C composite products, graphite sheet products, mechanical carbon, and carbon brush.

Capital investment is expected to total 51.5 billion yen, with 30% of this planned to be used for the renewal and maintenance of existing facilities, and the remaining 70% for expansion and the introduction of new equipment and technologies. Since this plan is on a rolling basis every year, the amount of investment may change in the future, but we will establish a solid strategy for what kind of business we will develop in the large markets of the United States, China, and Europe, and make the necessary investments.

An important role in the initiatives of this Medium-Term Management Plan is played by task force teams established by product and application. Leaders present and discuss information compiled by the team, such as how the size of the worldwide market, what is happening now, and how much demand will occur in the medium to long term, at the Group’s global meetings. We consider various resources such as what is necessary to achieve the goal, how much investment is required if equipment is required, and what recruitment and education plans to implement if human resources are needed, in formulating our Medium-Term Management Plan.

The important thing is to determine market timing. Our products should not arrive to market too early or too late. Therefore, in order to listen to the voices of our customers, not only our sales representatives but also I hold regular interviews with our customers to confirm the direction and timing of investment. In addition, we inform our suppliers of trends for the next year and the year after, and ask them to secure raw materials. In order to procure products as desired, our customers also focus on our manufacturing capacity, in addition to whether there are any problems with our raw material sourcing. Therefore, we have established a department called the Global Supply Chain Promotion Department, in which key persons from related functional departments participate across organization lines. The aim is to grasp the operating status of facilities in Japan and overseas, manage delivery time, quality, and cost throughout the Group, and maximize the use of limited capacity. For example, if there is not enough capacity in Japan, we will use the available capacity in the United States to meet customer requests and improve productivity.

From a longer-term perspective, relying solely on existing products could inhibit our business growth. Therefore, we must make tireless efforts to create new products, including continue to develop with an eye on the future while aligning our efforts with our customers. Moreover, we must lower costs in order to increase profits. I believe that this is a very important initiative not only

from the perspective of profits, but also from the perspective of population decline. In order not to fall into the situation where we cannot make products due to labor shortages, improving production efficiency through automation is the most important task.

Performance Forecast for FY2023 and Strategies

For FY2023, we plan to achieve net sales of 48.5 billion yen (up 10.8% year-on-year), operating profit of 8.5 billion yen (up 27.5%), ordinary profit of 9.3 billion yen (up 26.2%), and profit attributable to owners of parent of 7.0 billion yen (up 35.1%). Rapidly growing SiC semiconductor applications will be the driving force, and demand for metallurgical applications is expected to be resilient. Although the silicon semiconductor market is entering an adjustment phase, the impact on our earnings performance is expected to be relatively minor. In terms of profits, electricity, raw material and fuel prices are still soaring, and fixed costs, mainly labor costs, are on the rise. On the other hand, raw material and fuel prices are expected to be absorbed to a certain extent by progress in our efforts to pass these on in price increases, and we are aiming for record high net sales and profits by increasing sales volume. In particular, we plan to increase capacity of SiC-coated graphite products by 1.5 times by FY2024, and operating some of the equipment this fiscal year will also contribute to earnings performance from the third quarter onward. As a result, our operating profit ratio is expected to increase 2.3 percentage points year on year to 17.5%, and ROE is expected to be 8.8%.

Strengthening and Evolving Sustainability Management

With the establishment of the Sustainability Committee in FY2021, it became clear that there are many things that need to be addressed for the sustainable development of society, the maintenance of the global environment, and the further growth of the Toyo Tanso Group. To ensure that these are realized, we are allocating issues to the ESG Value Creating and Promoting Group, the Sustainable Consumption and Production Group, and the People and Organizational Vitalization Group, which make up the committee, and to carry out initiatives.

Our materiality as it relates to sustainability is divided into four categories. In the area of “Contribution to reducing climate change risk and environmental protection,” we have set targets of reducing greenhouse gas emissions per unit of production by 30% by 2030 and achieving a 35% ratio of environmentally friendly products to net sales, and we are working to achieve these targets. In addition, we have implemented measures to develop products and improve

manufacturing processes for a recycling-oriented society in the area of “Pursuing product development and manufacturing technologies to resolve social issues and customer needs” and to enable women and the elderly to play an active role in “Creating safe, secure workplace environments where all employees can flourish.” With regard to “Undertaking corporate activities that inspire trust,” we are striving to establish a stronger governance system throughout the Group.

In addition to these team-based initiatives, we believe that the thinking and execution of each and every employee is very important in initiatives and transformations to achieve our targets. This is because it is the frontline employees who know best, what is really needed and what can be done in their day-to-day work. We also expect that these challenges will lead to the fulfillment of our work.

Becoming a Stronger Group with Greater Employee Satisfaction

As various events occur in Japan and overseas and society continues to become more complex, companies must always have a sustainable perspective and look ahead to survive. In doing so, we believe that we should present a vision and direction that is convincing to our stakeholders, especially our employees, and I actively send out messages, hold roundtable discussions, and conduct interviews. We are also promoting initiatives to increase employee satisfaction, such as improving openness by increasing opportunities for exchanges between departments and updating the workplace environment by listening to the voices of our people on the frontline of our operations. How can we make work more comfortable for employees? I believe the answer can be found in making sure employees that are occupied but also having fun. At any rate, a company is only able to operate because of its people. I believe that the Toyo Tanso Group will become even stronger by increasing the number of people who want to work here and who believe the company will be better if they take these actions. We will continue to make efforts so that our strength could be a key to resolve social issues.

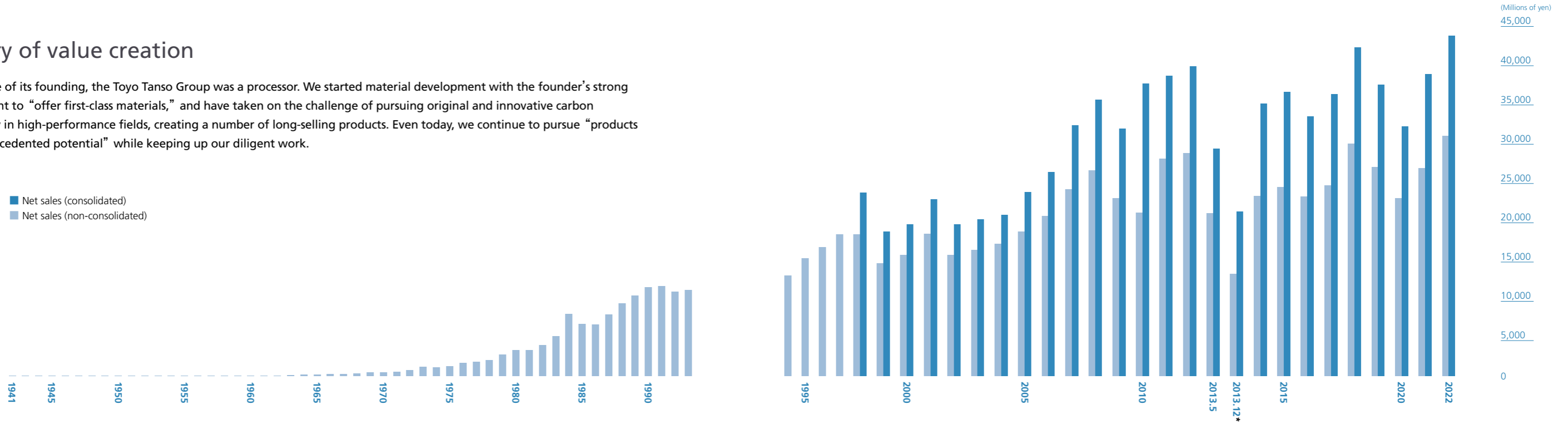


President Kondo pictured at center of the front row with members of domestic and overseas affiliates at the Toyo Tanso Group Global Conference

History of value creation

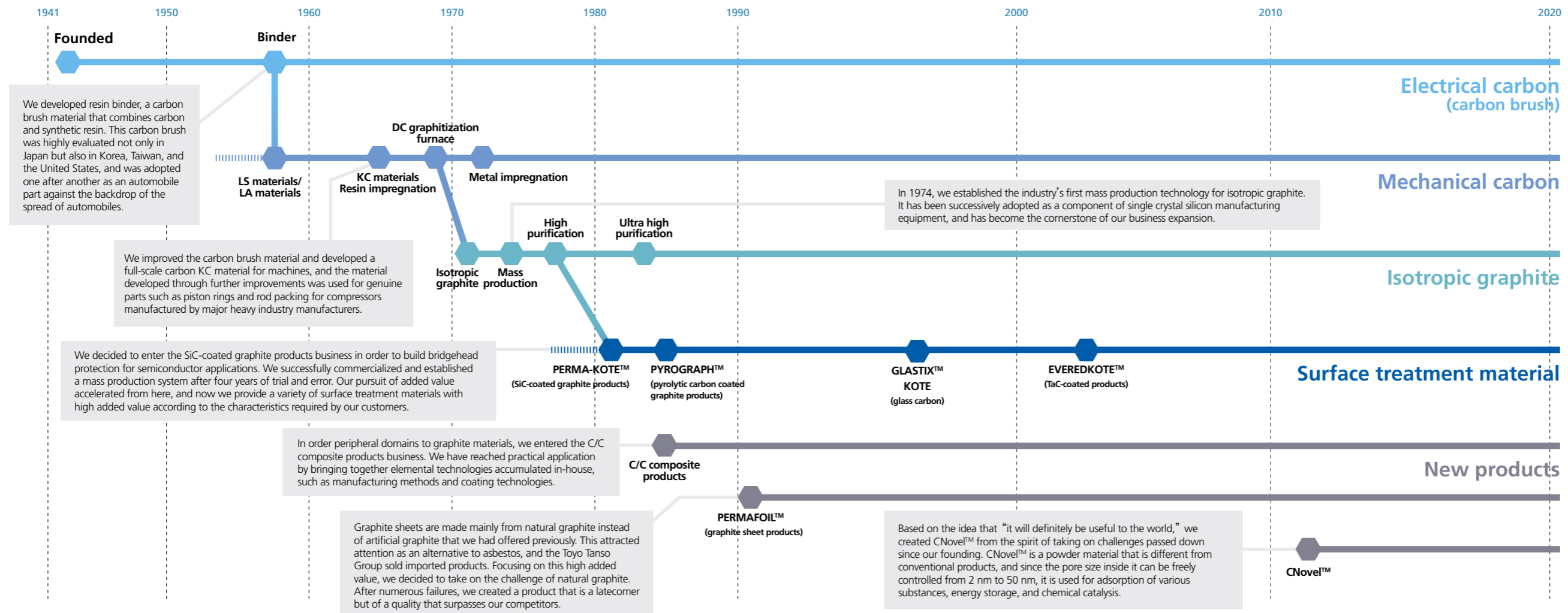
At the time of its founding, the Toyo Tanso Group was a processor. We started material development with the founder's strong commitment to "offer first-class materials," and have taken on the challenge of pursuing original and innovative carbon particularly in high-performance fields, creating a number of long-selling products. Even today, we continue to pursue "products with unprecedented potential" while keeping up our diligent work.

Trend in net sales



* The end of the fiscal year changed from May 31 to December 31 starting with the fiscal year ended December 2013. Consequently, the fiscal year ended December 2013 is an irregular fiscal year insofar as it consisted of only seven months of operations (for some subsidiaries, nine months).

History of technologies created and Toyo Tanso's product lineup



Business domains

Since its founding, the Toyo Tanso Group has expanded its operations into a wide range of businesses, including social infrastructure, mobility, life sciences, electronics, and energy.

As we have journeyed together with customers, our technologies have encountered numerous needs, giving rise to new products and spurring the expansion of our operations into new business domains.

Having been created in this manner, our product portfolio is helping solve social issues from a variety of perspectives, including saving energy, creating energy, and electrifying automobiles. Going forward, we will continue to focus on creating products with unprecedented potential and technologies and embracing the challenges of new domains while valuing our partnerships with customers.

 <p>Electronics</p>	<p>Electronics</p> <table border="1"> <tr> <td>Semiconductors</td> <td>Components for crystal growth Components for wafer processing</td> </tr> <tr> <td>Electronic components</td> <td>Jigs for electronic component manufacturing</td> </tr> </table> 	Semiconductors	Components for crystal growth Components for wafer processing	Electronic components	Jigs for electronic component manufacturing		
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At a Glance

The Toyo Tanso Group operates by manufacturing carbon materials primarily at plants in Japan and processing them at facilities in destination markets.

By consolidating the production of materials, we can pursue economies of scale and cost competitiveness while maintaining stable quality. In order to listen to the voices of customers and reflect their needs in our products, we process our products in locations close to our customers.

Worldwide

Net sales

43,774 million yen

Employees

1,690

Locations

19

Manufacturing capital (property, plant and equipment)

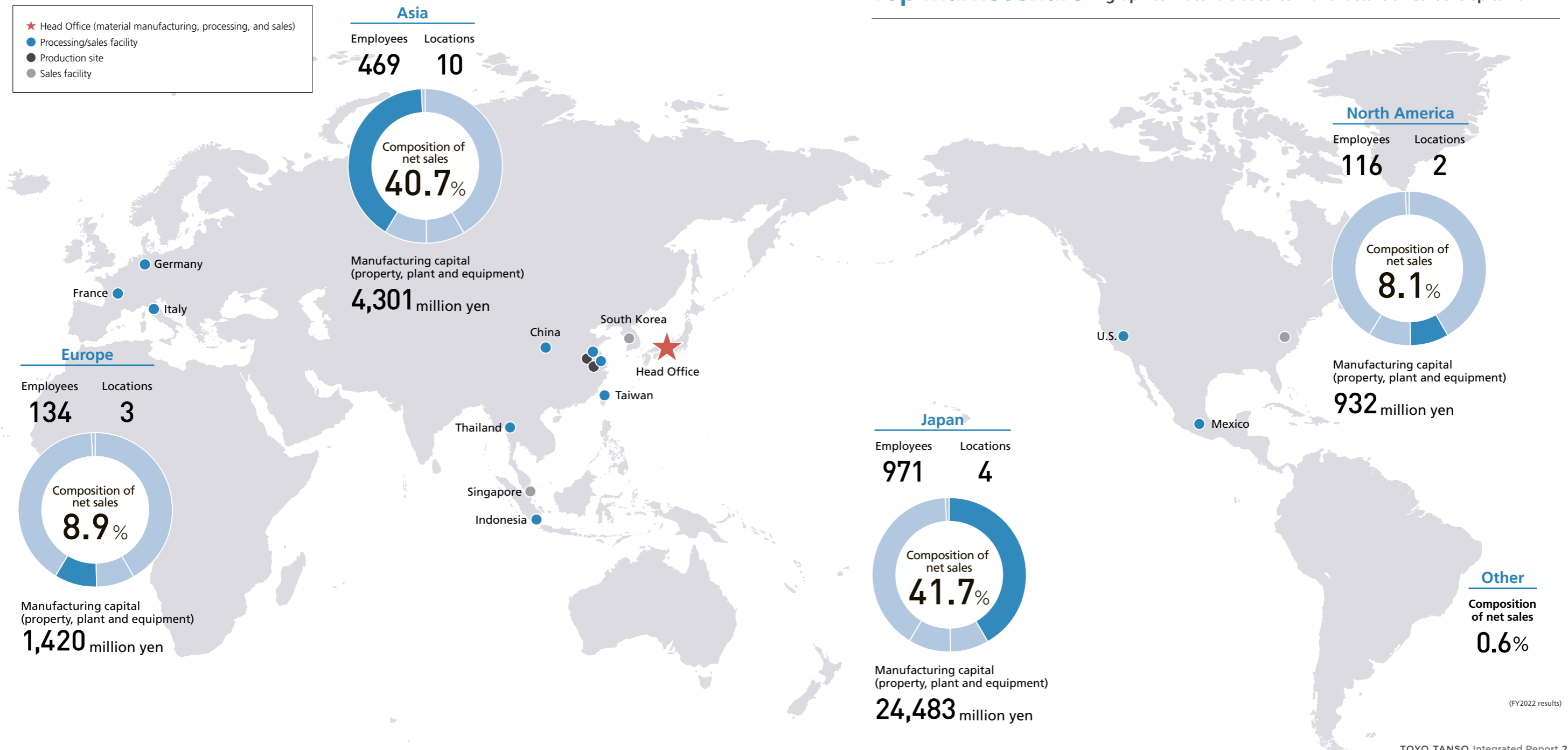
31,138 million yen

Customers

Around **3,700**

Top market share for graphite materials used to manufacture single-crystal silicon

Top market share in graphite materials used to manufacture silicon/SiC epitaxial

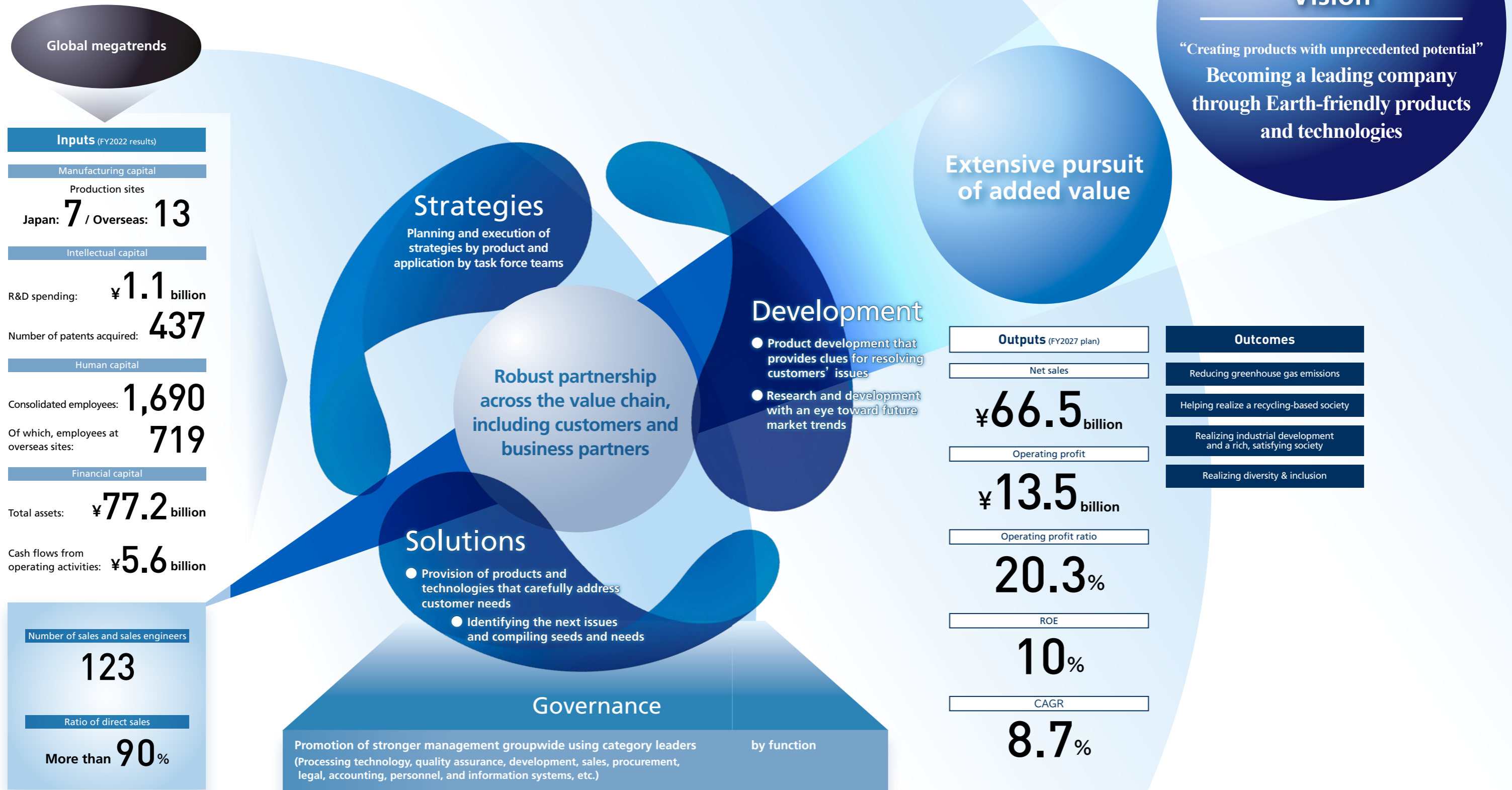


(FY2022 results)

>>> Toyo Tanso's value creation story

Value creation process

A variety of social issues, including increasingly serious environmental issues and a shrinking, aging population, are giving rise to a transformation in society and industry. The shift to a recycling-based society and digitalization are examples of innovations inspired by these issues, indicating that we stand on the verge of an era of significant change. The Toyo Tanso Group sees changes like these in the external environment as opportunities, and we are working to contribute to the realization of a sustainable society while increasing our corporate value through the deployment of an extensive portfolio of management resources and a robust program of business strategies.



Medium-Term Management Plan (2023 to 2027)

The semiconductor market is entering a short-term adjustment phase, but strong growth is expected over the medium to long term. Based on the latest market forecasts and demand trends, the Toyo Tanso Group has formulated a Medium-Term Management Plan covering the period from 2023 to 2027 with semiconductor applications as a growth driver. Under the 2030 Management Vision, the entire Group will work as one to achieve business growth.

Summary

POINT 1 Raised the previous target (announced in 2022) due to the upward swing in the growth forecast for the SiC semiconductor market
Semiconductor applications account for 50% of net sales (FY2022 result: 40%)

There are no major changes in other market/demand forecasts, and only minor adjustments were made to the plans for each product and application

< SiC semiconductor applications >

- For SiC wafers: special graphite product electronics applications
- For SiC epitaxials: compound material SiC-coated graphite products

POINT 2 Capital investment of 51.5 billion yen over five years centered on semiconductor applications

Strengthening the global production system in anticipation of strong demand exceeding existing capacity

Management targets

	FY2022	FY2023 (Forecast)	FY2027 (Target)	(Ref.) FY2026 ¹ (Previous Target)
Net sales	¥43.7 billion	¥48.5 billion	¥66.5 billion	¥54.5 billion
Operating profit	¥6.6 billion	¥8.5 billion	¥13.5 billion	¥11.0 billion
Operating profit ratio	15.2 %	17.5 %	20.3 %	20.2 %
ROE	6.9 %	8.8 %	10 %	9 %

Foreign exchange rates: 124 yen to one US dollar, 136 yen to one euro, and 18 yen to one renminbi
 EBITDA² in FY2027 of approx. 21.0 billion yen (EBITDA margin of approx. 30%)

¹ 1 Medium-Term Management Plan announced in February 2022 (covering 2022 to 2026)
² Operating profit plus depreciation

Market environment surrounding semiconductors

■ Silicon wafer market

CAGR of **5%** from 2022 to 2027

Expected to increase consistently, almost unchanged from the previous plan

- Semiconductor manufacturers are planning large-scale capital investments, and the wafer market is expected to grow at a CAGR of 5% as a result.
- In particular, Epi wafers are expected to grow even higher amid increased demand for logic semiconductors.

■ SiC device market

CAGR of **40%** from 2022 to 2027

The market size has expanded at an accelerated pace, reaching a CAGR of 20% in the previous plan, and in the latest plan this is expected to grow to a CAGR of 40%, representing a significant increase.

- In anticipation of the growing adoption of semiconductors in EVs and high-voltage devices, wafer and device manufacturers are planning to make aggressive and large-scale capital investments, and the SiC semiconductor device market is expected to grow at a CAGR of 40%.

Net sales targets by product and application

Strong demand for SiC semiconductor applications has led to significant growth in special graphite products, electronics applications, and compound material SiC-coated graphite products.

(100 millions of yen)

	FY2022 Net Sales	FY2027 Net Sales Targets	CAGR (2022 to 2027)
Special graphite products	202	322	9.8%
Carbon products for general industries (for mechanical applications)	39	54	6.6%
Carbon products for general industries (for electrical applications)	48	72	8.6%
Three major products of compound materials	99	192	14.2%
Other (other products of compound materials and related goods)	47	24	Down 12.2%

Capital investments

We will increase capacity and strengthen production structures to reliably capture demand for semiconductor applications in each process of isotropic graphite material, machining, adding high value, and processing capacity of our subsidiaries.



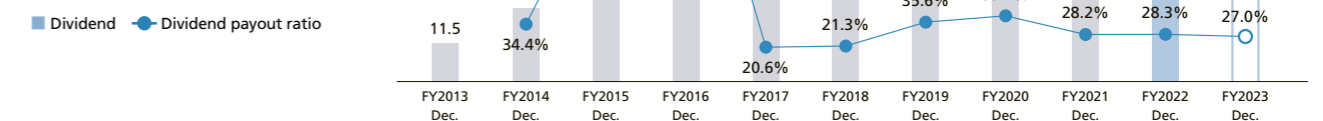
Examples of strategic investments

From 2024 onward, we plan to steadily complete investment projects, and we will strive to maximize supply by optimizing and streamlining our global production structures to meet demand that exceeds our capacity in the short term.

- **Increasing production capacity for high purification processing and SiC-coated graphite products**
 Total amount of ¥7.0 billion
 1.5x increase in capacity each
 SiC-coated graphite products: completion in 2024
 High purification processing: completion in 2025
- **Strengthening global production structures**
 Strengthening value-added processes at each subsidiary with a focus on semiconductor applications
- **Increasing production capacity of isotropic graphite materials**
 We are considering increasing production capacity to ensure a supply volume that meets demand.

Policy on shareholder returns

Our policy is to deliver stable increases in dividends while maintaining a balance between returning profits to shareholders and making growth-oriented capital investments against a backdrop of sustained growth in profits.



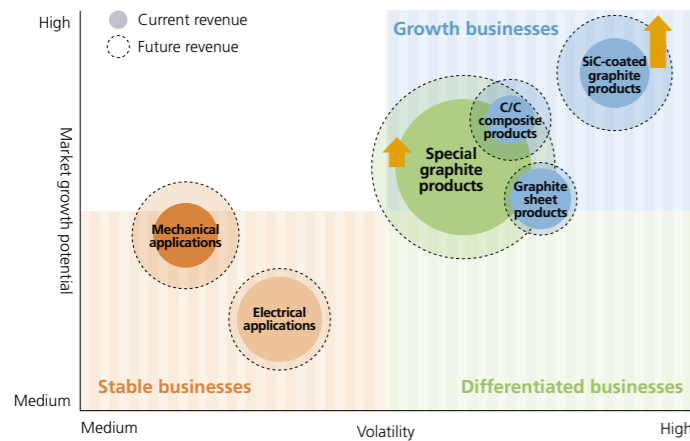
*Since net income for the fiscal year ended December 2013 was negative, the dividend payout ratio is not listed.

Business strategies based on the Group's business portfolio

General direction of business strategies

The Toyo Tanso Group classifies its products into three business types based on market growth potential and business volatility and implements appropriate and well-balanced business strategies.

Under the current Medium-Term Management Plan (2023 to 2027), semiconductor applications will be the driver, and special graphite products and compound material SiC-coated graphite products show increase in growth businesses.



Growth businesses

Profit drivers

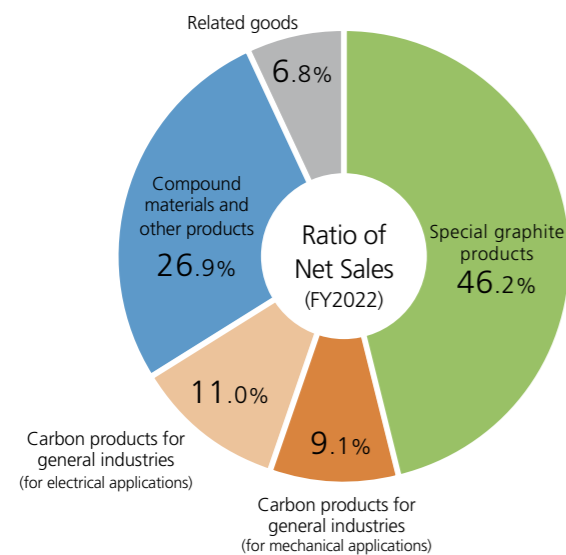
- ▶ Special graphite products (electronics applications and other, etc.)
- ▶ Three major composite products (SiC-coated graphite products, C/C composite products, and graphite sheet products)

Differentiated businesses

- ▶ Conduct business development focused on the high-value-added domain
- ▶ Special graphite products (general industry applications)

Stable businesses

- ▶ Contributing to the stability of the Group's businesses with few fluctuations in demand and profitability
- ▶ Carbon products for general industries (for mechanical and electrical applications)



Business strategies

Special graphite products

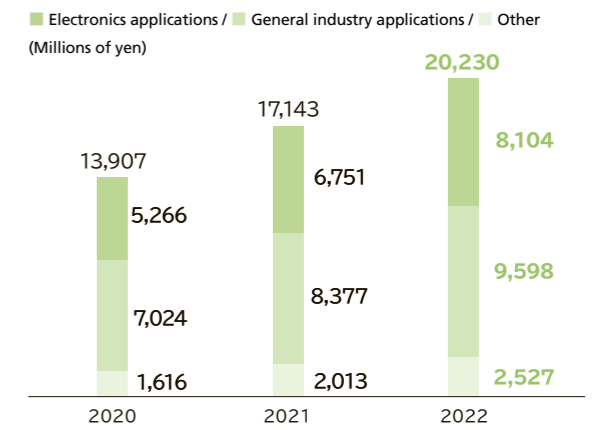
Business development focused on the high-value-added domain

- Growing market share in the high-value-added domain, for example in semiconductors, which are characterized by demanding quality requirements
- Working to strengthen cost flexibility and reduce the domestic manufacturing burden in the general-purpose domain, for example by outsourcing manufacturing

Main products



Trend in performance



Carbon products for general industries

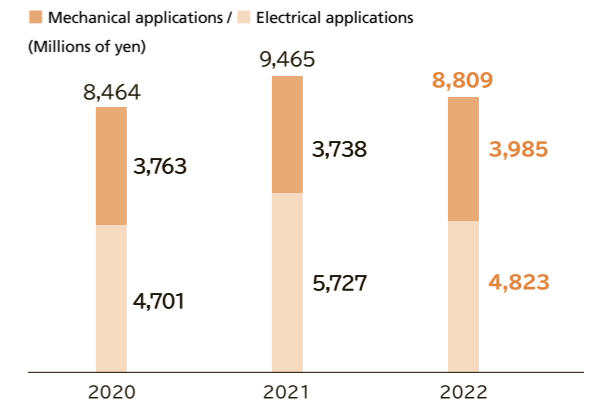
Contributing to the stability of the Group's businesses with few fluctuations in demand and profitability

- Mechanical application: Increasing cost competitiveness and strengthening sales in automotive applications and overseas markets
- Electrical application: Working to increase share in growth markets (Asia, household appliances, and power tools) by leveraging strengths (lead times and service) in order to increase the extent of the segment's contribution

Main products



Trend in performance

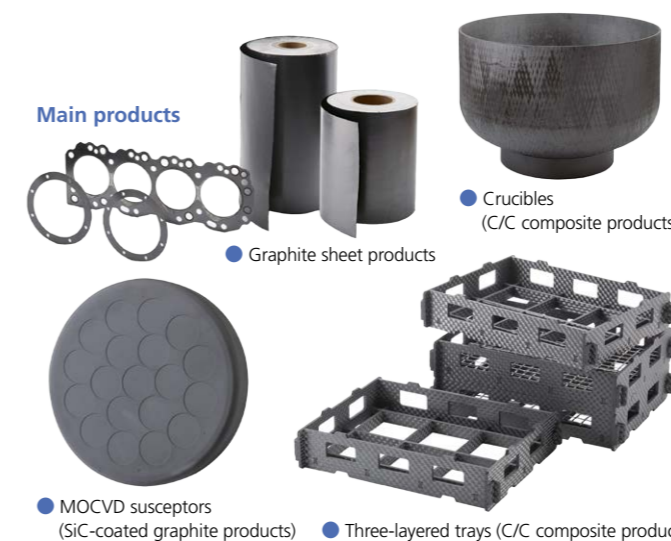


Compound materials and other products

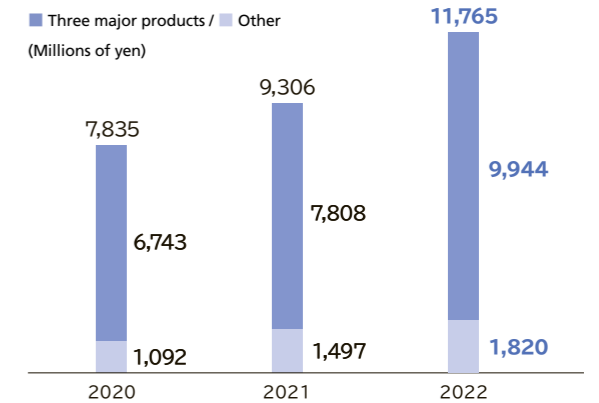
A high-growth business that drives profit

- SiC-coated graphite products: Reliably capturing demand by boosting production capacity
- C/C composite products: Increasing sales through technical services like design
- Graphite sheets: Improving customer satisfaction through customization

Main products



Trend in performance



»» Materialities and contributions to the resolution of social issues

The Toyo Tanso Group has identified materialities (key issues) related to sustainability and classified them into four categories. By accelerating initiatives to address these materialities, we are seeking both to increase our own sustainability and to expand our contributions to society and the environment.

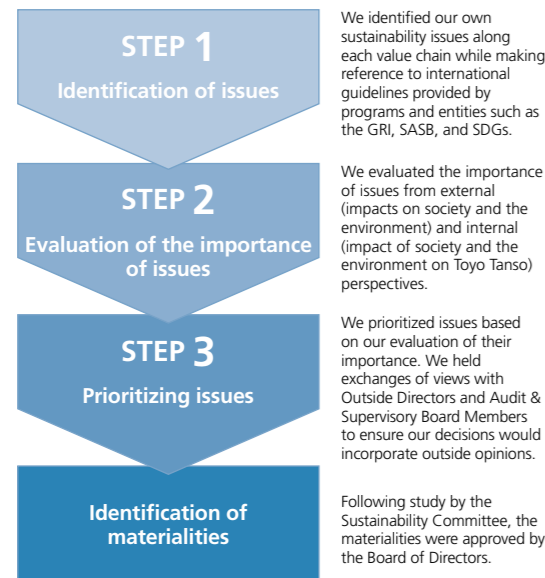
Materialities

The Toyo Tanso Group has identified 14 key issues that it should address as a global material manufacturer as materialities and classified them into four categories. Products developed, manufactured, and sold in line with society's and customers' needs in markets such as semiconductors and other electronics, mobility, life science, and clean energy have particularly high potential to contribute to the realization of a sustainable society. In FY2022, we decided on the following targets for FY2030 as part of our materialities. Going forward, we plan to periodically review these materialities so that we can respond flexibly to changes in the management environment and society while studying key performance indicators (KPIs) and targets and continuing dialog with stakeholders.

FY2030 Target

- Reduction of greenhouse gas emissions, including through energy savings and creation: 30%*1 (compared to FY2019; non-consolidated basis)
- Contribution to the reduction of greenhouse gas emissions through products: Ratio of environmentally friendly products*2 to net sales: 35% (consolidated basis)
- Compliance with environmental laws and regulations in each country and reduction of environmental impacts: Number of violations of environmental laws and regulations: 0 (non-consolidated basis)
- Response to increasingly sophisticated quality requirements: Number of serious complaints: 0 (consolidated basis)

Materiality identification process



Category	Key issues	FY2030 Target	Related SDGs	E Environment	S Social	G Governance
Contribution to reducing climate change risk and environmental protection	Reducing greenhouse gas emissions, including through energy savings and creation	30% reduction*1 (compared to FY2019; non-consolidated basis)	13 CLIMATE ACTION	○		
	Contributing to the reduction of greenhouse gas emissions through products	Ratio of environmentally-friendly products*2 to net sales 35% (consolidated basis)	7 AFFORDABLE AND CLEAN ENERGY	○		
	Using Earth-friendly raw materials and avoiding procurement risk		9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	○		
	Complying with various countries' environmental laws and regulations and reducing environmental impacts	Number of violations of environmental laws and regulations: 0 (non-consolidated basis)	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	○		
Pursuing product development and manufacturing technologies to resolve social issues and customer needs	Developing products and improving manufacturing processes to help realize a recycling-based society		9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	○		
	Complying with increasingly sophisticated quality requirements	Number of serious complaints: 0 (consolidated basis)	12 RESPONSIBLE CONSUMPTION AND PRODUCTION		○	○
	Developing new products and improving services in partnership with stakeholders		9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 17 PARTNERSHIPS FOR THE GOALS	○	○	○
Creating safe, secure workplace environments where all employees can flourish	Improving safe, healthy workplace environments and increasing productivity		3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH		○	
	Ensuring all stakeholders' human rights are respected		4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH		○	○
	Offering human resources development, training, and education programs		4 QUALITY EDUCATION		○	
	Respecting workforce diversity		4 QUALITY EDUCATION 5 GENDER EQUALITY 10 REDUCED INEQUALITIES		○	
Undertaking corporate activities that inspire trust	Compliance		16 PEACE, JUSTICE AND STRONG INSTITUTIONS		○	○
	Strengthening crisis management capabilities		9 INDUSTRY, INNOVATION AND INFRASTRUCTURE		○	○
	Undertaking community service activities		4 QUALITY EDUCATION 11 AFFORDABLE AND CLEAN ENERGY 14 LIFE BELOW WATER 17 PARTNERSHIPS FOR THE GOALS		○	

*1: Greenhouse gas emissions per unit of net sales (Scope 1 and Scope 2) *2: For information on environmentally friendly products, please see page 33.

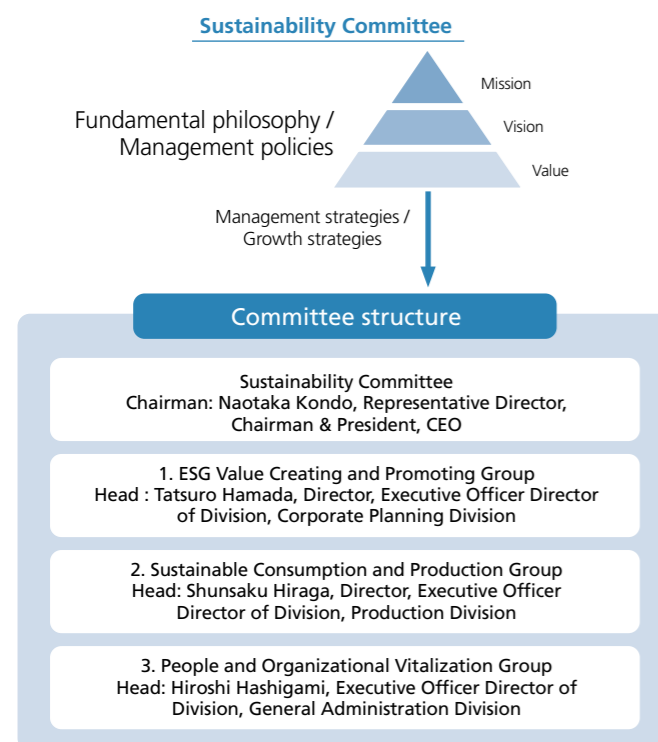
Sustainability structures

Sustainability policy

At the Toyo Tanso Group, all employees shall carry out their duties with independence and a sense of responsibility based on the governance policy established by the Board of Directors. They shall strive to provide the value that is expected by all stakeholders (customers, suppliers, local communities, shareholders and investors, and employees). So that we can be a company that continually contributes to improving sustainability (sustainable societal growth and preservation of the global environment), our policy is to achieve continual advancements through our business activities while increasing the sustainability of corporate growth.

Based on this policy, we will conduct all business activities throughout our value chain with a basic approach that is strongly focused on contributing to society while achieving continued growth. This includes technological innovations and creation of value for society and customers through our products, as well as consideration for the global environment, ensuring safety and health, compliance and risk management, fair business practices, respect for human rights and diversity, and harmony with society through social contribution activities.

»» Sustainability structures



Environment, social and governance (ESG)	
Issues	
Management	Communicating our corporate philosophy, vision, and policies
	Communicating our sustainability policies
Growth strategies and businesses	Resolve social issues through business (Materiality identification and KPIs)
	Developing and selling ESG-compatible products
	Reducing CO ₂ and environmental impacts Saving energy, creating energy, and saving resources Improving productivity through automation
Production	Reducing waste
Quality and procurement	Ensuring product quality and complying with environmental regulations
	Promoting sustainable procurement
	Utilizing human capital and improving productivity
Environment, safety, human resources/general affairs, and legal affairs	Promoting health and safety and practicing health-oriented management
	Respecting human rights, preventing harassment, and boosting morals
	Promoting diversity and female employees' participation in the workplace
	Strengthening corporate governance
	Practicing risk management and business continuity planning (BCP)
	Ensuring compliance and protecting information assets and intellectual property
	Practicing community service

»» Principal activities of the Sustainability Committee

Number of meetings in FY2022: 5

- Deliberation on greenhouse gas emission reduction targets
- Consideration of KPIs and targets for materiality (key issues)
- Response to TCFD (examining the financial impact of major risks and opportunities related to climate change response)
- Implementation of third-party verification of GHG protocols

Roundtable Discussion involving Group Heads of Sustainability Committee



ESG Value Creating and Promoting Group

Tatsuro Hamada

Director, Executive Officer,
Director of Division,
Corporate Planning Division

Sustainable Consumption and Production Group

Shunsaku Hiraga

Director, Executive Officer,
Director of Division,
Production Division

People and Organizational Vitalization Group

Hiroshi Hashigami

Executive Officer,
Director of Division,
General Administration Division

Can you explain the structure of the Sustainability Committee and the roles of each group?

Hashigami: The Sustainability Committee is comprised of three groups, and the three of us, as group heads, formulate policies together with the CEO and report to the Board of Directors. Each group has a different role. The “People and Organizational Vitalization Group,” which I am in charge of, is working to foster a corporate culture full of trust and co-creation and to create a work environment where growth can be felt, based on a basic stance of emphasizing human capital. In addition, by strengthening and promoting corporate governance, we aim to create a company that is trusted by society.

Hamada: The ESG Value Creating and Promoting Group, which I

am in charge of, has two main roles. One is to focus on expanding sales and development activities of products that contribute to solutions to environmental and social issues, and setting medium- to long-term management targets. The other is to respond to the needs and issues of customers around the world through new technologies and products, and to contribute to the realization of a sustainable society.

Hiraga: I am in charge of the Sustainable Consumption and Production Group. Its main role is to formulate targets and plans for energy-saving and energy-creation activities, such as the reduction of greenhouse gases including CO₂, and resource-saving activities, such as the reduction of industrial waste, and to oversee the achievement of companywide targets.

What were the main activities in FY2022?

Hashigami: The People and Organizational Vitalization Promotion Group focused on human rights initiatives. This includes respect for the human rights of employees, health, working environment, and fair transactions with business partners. We formulated a declaration on human rights centered on these issues and proceeded with activities in the direction of its publication.

Hiraga: In the Sustainable Consumption and Production Group, members of the Facilities Department in the Production Division took the lead in creating a detailed annual plan and promoting various measures such as energy conservation with the goal of reducing greenhouse gas emissions per unit of production by 30% and energy creation through the introduction of green electricity.

Hamada: The ESG Value Creating and Promoting Group is comprised of members from a wide range of fields, including development, marketing, sales, and sales engineering. In order to contribute to society and the environment through our products, we made our materiality (key issues) clearer while making use of our respective perspectives.

Hashigami: Since our products are not finished goods, it was very difficult to see how they were contributing.

Hamada: That is why we worked on visualization. Products linked to the three pillars of energy saving, energy creation, and electrification are defined as environmentally friendly products. We have set a target for these environmentally friendly products to account for 30% of our total products by 2026 and 35% by 2030. Although, Mr. Hiraga asked me, "Isn't the contribution ratio higher?" (laughs).

Hiraga: There was a lot of discussion within the company about what constitutes an environmentally friendly product. However, we are steadily making progress



for sure in manufacturing products that contribute to society and the environment. One of the indications of this is that our porous carbon CNovel™ won the Minister of Economy, Trade and Industry Award and our C/C composites received the Excellence Award at the 9th Monodzukuri Nippon Grand Awards, representing a commendation by the Prime Minister.

What activities do you plan to pursue in FY2023?

Hamada: In recent years, due to the drastic changes in the business environment, we have been revisiting the Medium-Term Management Plan every year, and we are doing the same this year. Against this backdrop, the ESG Value Creating and Promoting Group is focusing on responding to changes in the supply chain and demand in the semiconductor field to increase the number of environmentally friendly products. In particular, SiC power semiconductors, for which the market is expanding rapidly, have a high energy-saving effect due to low power loss, and there is no doubt that our products used in their manufacture contribute to energy savings.

Hiraga: With the growth in demand for semiconductors, I believe that in the future, there will be demand for larger products and products with higher purity, as well as increased production. Although not limited to the activities of the Sustainable Consumption and Production Group, in addition to what kind of capital investment we will make and how to improve production efficiency, we believe that we must respond to the needs of our customers while steadily implementing production programs that lead to energy savings.

Hashigami: The People and Organizational Visualization Group has been working on human capital management for several years now, and there are no changes in this policy for FY2023. In addition to further instilling awareness that human resources are the most important form of capital for the Toyo Tanso Group and the source of sustainable growth and innovation, we will also focus on fostering a fair and equitable corporate culture, such as our declarations on human rights and partnerships. Furthermore, we would like to strengthen governance through compliance training and other means.

What are some initiatives and challenges from a medium- to long-term perspective?

Hiraga: For example, the question of what will the state of raw



materials be in 2030. We will not always get the same quality, and may have fewer suppliers. I think it will be even more difficult to plan for 2050 in the future. One thing that can be said is that carbon is an absolutely necessary material to realize a carbon-neutral world. It is important for more people to understand this, and we must determine the future direction while exploring various possibilities.

Hamada: In fact, we have begun to take on the challenge of finding new material sources. It sounds like a dream, but development team members are currently researching a technology to synthesize fine powdered solid carbon from low-molecular-weight carbon compounds synthesized from atmospheric CO₂ in collaboration with the National Institute of Advanced Industrial Science and Technology. In other words, this would make it possible to create C (carbon) from CO₂. We don't know how many years this may take, but we aim to contribute to the environment by both reducing CO₂ emissions and manufacturing products that contribute to energy savings, such as power semiconductors.

Hashigami: As for my group, I believe that how to maintain employee motivation will be a major challenge in the future. I think employees will be happy if wages go up, and while that is important, we have to make efforts to create a comfortable working environment and make employees feel glad to be a part of the company. In addition, since our generation is about to retire, we must nurture our successors through education and training that looks ahead to the next 10 or 20 years.

What is important for the future of the Toyo Tanso Group?

Hamada: The pioneering spirit of manufacturing completely unique products that has been cultivated since the Toyo Tanso Group's founding has always been passed on to the next generation. I feel keenly aware of this through our 2030 Management Vision of "Creating products with unprecedented potential" and "Becoming a leading company through Earth-friendly products and technologies." These words came from a vision camp attended by employees, rather than instilled top-down. Becoming a world leader in manufacturing that creates products with unprecedented potential. I am reminded that this is extremely important to us.

Hiraga: Along with the 2030 Management Vision, we have three policies: "Become a global company," "For the world, for society," and "Become a strong company." Above all, the part of "For the world, for society" is important, and we believe that understanding how the products we make are useful to the world will lead to a rewarding and exciting work.

Hashigami: After all, it's our people who are important. I think we need to promote this in our corporate culture more. Although we still have a long way to go, we are committed to supporting career advancement, promoting diversity and inclusion, and enhancing benefits programs and various systems, and the rate of female employees returning to work after childcare leave is 100%. I would like to continue to create a comfortable work environment where our people can be proud of the company, and I would like to convey the appeal of the Toyo Tanso Group to as many people as possible.



Pursuing product development and manufacturing technologies to resolve social issues and customer needs

Promoting globalization with pursuing added value and strengthening competitiveness

Manufacturing that pursues added value born from close-knit relationships with customers

Since its founding, the Toyo Tanso Group has continuously pursued manufacturing with a commitment to creating products with unprecedented potential. This involves creating something that does not exist anywhere, products with high added value. The first step toward achieving this is to listen to the voices of customers. Because it values direct communication with customers, the Toyo Tanso Group's direct sales ratio stands at over 90%, having expanded its business sites to Europe and Asia following the United States established 1987. Today, we operate 19 sites around the world.

Sales staff at each site sometimes visit customers and end users with sales engineers to ask about their manufacturing requirements, requests, and issues. Based on this, we carefully consider how we can meet their needs while involving other parts of the Group as necessary. In addition to proposing the selection, design, and processing of graphite materials, we also develop new graphite materials if there are no graphite materials that meet the customer's requirements for manufacturing. In this way, the Toyo Tanso Group has always been close to its customers and has been able to manufacturing completely unique products and provide a number of

solutions. Furthermore, we look beyond the customer's point of view and focused on research and development that search for seeds and anticipates market trends.

The Toyo Tanso Group's manufacturing in pursuit of added value is the result of strong relationships with customers.



Strengthening the competitiveness of the entire Group

With an eye toward globalization since its founding, today around 60% of the Toyo Tanso Group's net sales originate from outside of Japan and an important element of its corporate policy is to "Become a global company." For this reason, the functional divisions of production, sales, development, and administration engage in a variety of initiatives, and at the same time, we are also promoting initiatives throughout the organization and at affiliates to strengthen the competitiveness of the entire Group.

First, the key to the implementation and achievement of our Medium-Term Management Plan is the task force teams formed for each market, application, and product. Team members selected from within the Group across departments are responsible for formulating overall and area strategies based on market analysis for each area, creating various plans for production, sales, investment, personnel and development, and implementing actual strategies. In order to align the Group's perspectives and implement growth strategies as one, these initiatives are shared with key members of affiliates at the annual global meeting to discuss important policies and strategies.

Additionally, the key to achieving our Medium-Term Management Plan is to secure the supply capacity to meet strong demand, especially for semiconductor applications. The Toyo Tanso Group manages production activities, including facility operation, delivery, quality, and cost, in a timely and appropriate manner throughout the Group. For example, we promote supply chain management throughout the Group characterized by harnessing the surplus production capacity of other sites when a certain site is experiencing a busy period.



Toyo Tanso Taiwan Co., Ltd. (Taiwan)



Toyo Tanso Europe S.p.A. (Italy)

Developing products and improving manufacturing processes to help realize a recycling-based society



Joint research on resource recycling technologies

The Toyo Tanso Group is working to help reduce CO₂ emissions by realizing a circular economy, for example by developing material recycling technology for reusing cuttings and other waste products from the machining of materials in the carbon material manufacturing process as raw materials and by developing chemical recycling technology to allow such byproducts to be used as raw materials for non-carbon products through chemical treatment.

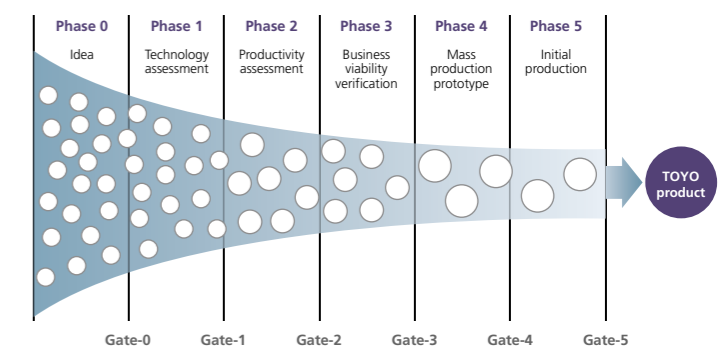
Recently, in order to realize this circular economy, we have been promoting joint research with a number of research institutions and companies in Japan and overseas. Although still in the basic research stage, we will actively incorporate basic knowledge on resource recycling from outside the Group and respond to the needs of society while capitalizing on every opportunity.

Managing the development of environmentally friendly products

We have introduced the technique of environmental assessment into the management of product development. The need to reduce environmental impacts and conserve resources is considered during the screening at each "gate" so that we can better develop environmentally friendly products. From the perspective of raw material procurement, we are working to manage supply risks from the initial development stage and consider alternative raw materials in parallel. The principal assessment items are as follows:

- Use of environmentally harmful substances (REACH regulations, RoHS Directive, etc.)
- Energy savings (power consumption, production efficiency, etc.)
- Resource savings
- Life cycle (raw materials, product production, distribution/consumption, disposal/recycling, etc.)
- Risk assessment of raw materials

Illustration of gate screenings



The need to reduce environmental impacts and conserve resources is considered during the screening at each gate.

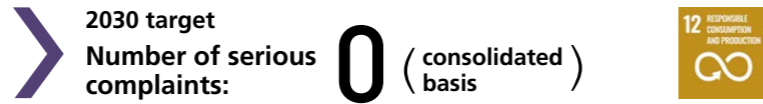
Developing products with high resource efficiency

Because we provide products that have been machined into the shapes based on customer requests, portions cut from blocks inevitably end up as waste. To address this issue, we are working to reduce waste from machining wherever possible by forming shapes in which carbon materials are closer to the final product rather than a block shape. Since changing the block shape yields secondary

benefits in the form of shortened baking and graphitization times, it also helps reduce CO₂ emissions.

In this way, we are working to reduce waste by increasing the percentage of resources that are incorporated into products by making improvements to manufacturing processes.

Complying with increasingly sophisticated quality requirements



The Toyo Tanso Group is building groupwide quality control mechanisms around international standards such as ISO 9001, including establishing policies on quality and quality management systems. Recognizing the need to satisfy quality requirements that will become increasingly sophisticated in the future, "we will improve customer satisfaction," "deliver the highest standard of quality," and "manufacture completely unique products" by carrying out quality improvement activities in every process, from design and development to production, sales, and service.

Promoting automation in quality inspections

As a manufacturing company, quality management activities are extremely important in order to continue to be a "strong company" as stated in the Company Policies, and we are making various efforts to evolve our operations on a daily basis. One of these is the automation of measurement and inspection operations. In addition to the use of state-of-the-art measuring equipment, we share our wisdom with the entire workforce in order to improve work efficiency and accuracy, including fabricating and operating automation facilities designed in-house, which will also create a comfortable working environment that reduces the workload placed on employees. We are advancing quality control activities by allocating resources created by promoting automation into human resource development such as global quality control activities and employee skills improvement.



Data-driven manufacturing

Manufacturing requires the accumulation and utilization of data obtained in the manufacturing process to ensure that we always produce products of a certain standard. We utilize data obtained from each process to fine tune manufacturing conditions in subsequent processes. In this manner, we are working to maintain and improve quality by using the quality characteristic data of the final product to set the requirements for the next round of manufacturing. Furthermore, we are promoting the greater use of data to see how quickly we can discuss and adjust work and judgment of each process based on this data with the relevant departments. Our database centrally housing quality information is always containing the latest data, and by analyzing and analyzing this data while collating it with information and data provided by customers, we are able to achieve a high level of quality assurance and customer satisfaction.



Promoting globalization

In order to deliver products of stable quality globally as the Toyo Tanso brand, we provide operational support for production and quality assurance led by Head Office staff to our affiliates. In addition to understanding the situation and resolving issues at affiliates through regular web conferences, we provide comprehensive support for manufacturing, processing and quality control from the perspective of our quality management system so that product quality can be maintained through appropriate production. This includes sending Head Office staff to provide technical guidance or inviting local staff to the Head Office plant for training. By expanding improvement activities with confirmed benefits to affiliates, these benefits are in turn spread throughout the Group. We are promoting activities to eliminate gaps between affiliates and maintain and improve quality on a global basis.



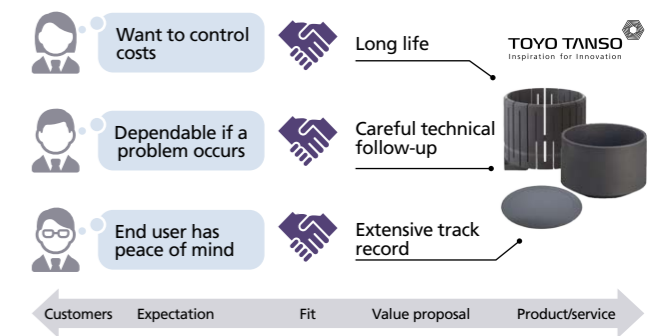
Developing new products and improving services in partnership with stakeholders



» Developing products that anticipate needs while satisfying customers' expectations

As a pioneer of carbon products, the Toyo Tanso Group has led the industry in technology, building a solid technological foundation that allows it to introduce products that align with society's requirements in a timely manner while embracing the challenge of R&D that focuses on new applications and of developing carbon products that exceed the characteristics of past offerings.

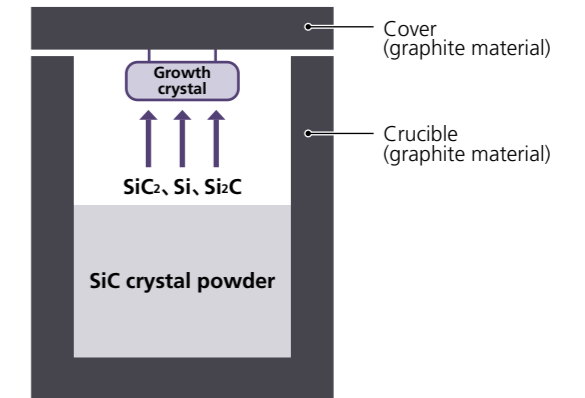
In addition to digging deeper into customers' needs and verifying raw material and product characteristics, we have succeeded in creating products that comply with regulations on environmentally hazardous substances and establishing a level of quality that aligns with requirements in the clean energy market by searching for innovative manufacturing technologies that lie beyond the trajectory of existing technologies. The unique, high-quality, high-value-added products that are the result of these efforts have earned high praise from customers.



» Evaluating and researching graphite components for SiC crystal growth furnaces in response to market demand

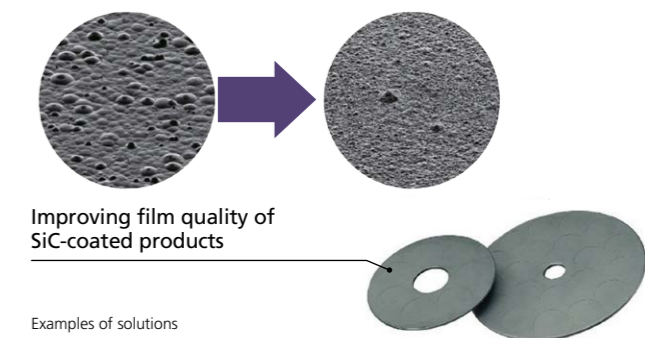
As the world moves toward carbon neutrality, industry-related companies are increasing the position of SiC semiconductors in their business as power semiconductors that lead to energy savings, such as reducing power loss, and are focusing on their development and manufacture. Currently, the sublimation method is the mainstream method for manufacturing SiC wafers, and graphite materials are used as components of manufacturing furnaces, while graphite components of the Toyo Tanso Group also have a strong presence.

As a graphite material manufacturer, the Group is involved in the Tsukuba Power Electronics Constellation (TPEC), and evaluates graphite materials against the required characteristics of graphite components, which are indispensable for the manufacture of SiC semiconductors. We hope to utilize these results in our products and technologies to deliver better products and services.



» Products made from partnerships with customers

Various ideas and solutions are born from the problems and potential issues that we have identified through direct dialogue with customers. Crucibles and heaters for the manufacturing of single-crystalline silicon, one of our main products, are examples. After succeeding in the mass production of isotropic graphite in 1974, the Toyo Tanso Group was one of the first to identify issues in silicon wafer manufacturing, and through repeated trial and error as well as customer proposals, we were able to adopt the industry's first isotropic graphite component. Today, we continue to work together with our customers.



Policies and initiatives for intellectual properties

Basic policy on intellectual properties

The Toyo Tanso Group has established and is implementing an intellectual property strategy based on the following basic policies.

1. Support business development through intellectual property activities

By strategically utilizing the patents and other rights we have acquired, we support the challenge of business development for the sustainable growth of the company.

2. Appropriate protection of intellectual property and know-how results in products, technologies and services

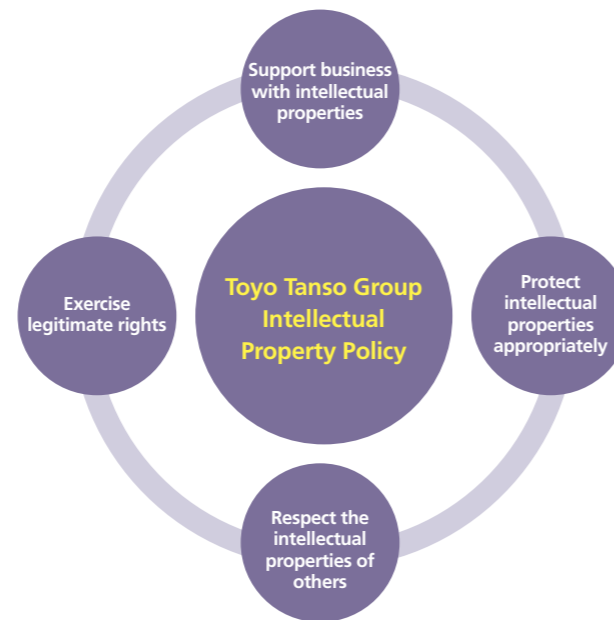
In order to secure a competitive advantage for the Toyo Tanso Group, we appropriately judge and manage the intellectual property rights necessary for our business activities and know-how related to manufacturing, etc., and ensure that they are protected.

3. Respect the intellectual property rights of others

When developing and deploying products and technologies, we conduct necessary investigations to avoid infringement of rights. In addition, we examine the status of trademarks registered by others before using them.

4. Exercise legitimate rights

In addition to requesting the cessation of infringements of our rights, the Toyo Tanso Group will take measures to maximize the use of its intellectual property rights depending on the situation, such as reaping financial benefits through licensing out rights and acquiring technology through cross-licensing.



» Systems and initiatives for execution of intellectual property strategy

The Toyo Tanso Group implements its intellectual property strategy in line with its intellectual property policy through the following systems and initiatives.

● Respect for the rights of others and avoidance of their infringement

We operate mechanisms that ensure we do not infringe upon the rights of others. This includes using the stage-gate method of R&D management, in which the intellectual property department participates from the initial stage of R&D and checks the status of each step from commercialization to market launch. These mechanisms also enable us to form appropriate alliances with other companies and external research institutions, i.e., such as cross-licensing and joint research, and leads to results that cannot be achieved with our own technology and know-how alone.

● Use intellectual properties to build barriers to entry for other companies

Toyo Tanso and its major domestic and overseas affiliates strategically use patent applications, acquisition of rights and concealment of know-how to build barriers to entry for other companies.

● Initiatives in the IP landscape

In order to formulate intellectual property strategies, we are cultivating human resources (such as IP analysts) who can execute the IP landscape and developing research tools. Our objective is to analyze the business environment, analyze new and enhanced themes, and search for opportunities to utilize our patents.

● Increase motivation to invent through the employee invention incentive system

We evaluate patents that have contributed to the business annually in accordance with the Employee Invention Regulations, and provide inventors with a relative share of profits.

Respect for the rights of others and avoidance of infringement

- Identify rights of others linked to R&D management system
- Avoid barriers to entry by negotiating cross licensing, etc.

Use intellectual properties to build barriers to entry for other companies

- Build the patent portfolio through strategic approach to applications
- Secure first rights through concealment of know-how

Initiatives in the IP landscape

- Develop human resources responsible for the IP landscape including IP analysts, etc.
- Analyze intellectual properties and propose their utilization in ways that benefit the company's businesses

Use of internal systems to encourage inventions

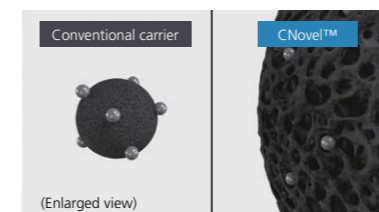
- Provide incentives to inventors (at time of invention and linked to sales)

C O L U M N

Double Winner of *Monodzukuri* Nippon Grand Awards

The *Monodzukuri* Nippon Grand Awards is a system under the Prime Minister that recognizes particularly outstanding human resources among each generation who are active on the frontline of manufacturing in order to steadily pass down and further develop manufacturing, which has supported the development of Japan's industry and culture and greatly contributed to prosperity for the people of Japan. At the ninth *Monodzukuri* Nippon Grand Awards, employees of the Toyo Tanso Group received both the METI Minister's Prize and the Excellence Prize.

The METI Minister's Prize



Catalyst carriers for fuel cells (enlarged image of CNovel™)

Industrialization of CNovel™, a porous carbon with chemically designable pore spaces

Recipients: five employees of the Global R&D Division (at the time)

CNovel™ is a porous carbon material characterized by a structure called "interconnected pores" in which pores known as mesopores of 2 to 50 nm, which could not be produced in a controlled manner using conventional processes, are artificially incorporated into carbon powder, and the mesopores are connected. This makes it possible to freely design and control pore structures and carbonaceous materials, and chemically designed pore spaces can be used for a variety of applications.

This advanced feature nearly doubles the life of the catalyst in fuel cells and contributes to the cost reduction of battery systems. As a material for devices that reduce environmental impact, CNovel™ is expected to contribute to solutions to issues such as carbon neutrality.



METI Minister Nishimura (center) with CNovel™ development team members (METI Prize presentation ceremony held on January 23, 2023)

The Excellence Prize



Metal jig (left) and C/C composite jig (right) each used for one year

Development of products and applications for carbon fiber reinforced carbon composites (C/C composite products) for industrial furnace applications that solved difficult problems in manufacturing

Recipients: three employees of the Production Division (at the time)

Metal jigs used in industrial furnace applications have a large mass and deform due to repeated use. The Toyo Tanso Group developed a lightweight, high-strength, non-deforming even after repeated use, and a metal heat treatment jig made of C/C composite that is suitable for transport by robot.

Furthermore, in order to control the infiltration of oil into C/C composite jigs, which has been an issue in oil quenching (cooling with oil) in the heat treatment process, we developed a technology for sealing voids in C/C composite materials by combining the resin infiltration method and the chemical vapor infiltration method (CVI method). As a result, we were able to reduce oil infiltration by around 70%.



Director-General Hara of the Shikoku Bureau of Economy, Trade and Industry (far left) pictured with members of the C/C composite products development team of the Production Division (Shikoku region presentation ceremony held on March 23, 2023)

In this manner, CNovel™ is a breakthrough industrial material that can contribute to the improved functionality of fuel cell catalysts, and C/C composite products can contribute to solving problems in manufacturing.

The Toyo Tanso Group will continue to contribute to solutions to social issues and the realization of a sustainable society through its ongoing research and development.

>>> Contribution to reducing climate change risk and environmental protection

Reducing greenhouse gas emissions, including through energy savings and creation

2030 target
Greenhouse gas emissions per unit of net sales:
(compared to 2019)

30% reduction
(non-consolidated)



Contributing to the reduction of greenhouse gas emissions through products

2030 target
Ratio of environmentally friendly products to net sales:
(2022 results: 21.3%)

35%
(consolidated)

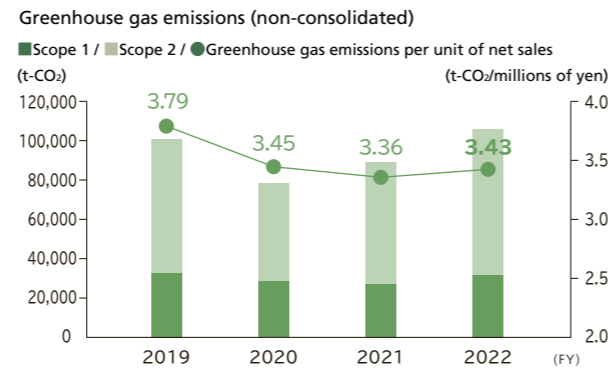


>>> Reducing greenhouse gas emissions in production activities

The Toyo Tanso Group has formulated a roadmap for reducing greenhouse gas emissions including the following:

(1) deploying energy saving equipment, (2) introducing energy with a low CO₂ emission coefficient, (3) transitioning to firing furnaces that have low energy intensity, (4) optimizing furnace operating times, and (5) optimizing furnace loading efficiency. The roadmap sets forth measures for reducing greenhouse gas emissions (Scope 1 and Scope 2) per unit of net sales in 2030 by 30% compared to FY2019.

As a result of working on various measures that will lead to more efficient and labor-saving energy use in our production activities, we were able to achieve our target, although the emission intensity in 2022 increased slightly from the previous year due to changes in the product mix. In 2023, we will continue to promote various initiatives and work to further reduce the intensity.



>>> Energy savings initiatives

In addition to promoting the use of LED lighting, our deployment of high-efficiency compressors has led to significant energy savings and reductions in our greenhouse gas emissions.

In the baking process, we have completed the conversion to furnaces that use fuels with low greenhouse gas emissions, reducing environmental impacts and increasing energy efficiency.

For each of our existing furnaces, we are continuously working to shorten operating time and optimize packing efficiency.

Looking ahead, we will make efforts to further lower energy consumption by promoting automation and predictive maintenance of existing facilities.



Baking furnace at Plant No. 1, Takuma Division
We are carrying out a variety of initiatives to reduce environmental impacts at production sites, for example by saving energy and reducing energy consumption.

>>> Initiatives in offices

To help realize a sustainable society, we are giving priority to environmental friendliness in terms of recycling, energy savings, resource savings, and other considerations including paperless initiatives when purchasing supplies for both production processes and administrative work. These efforts include both actively adopting parts and materials that are free of hazardous chemical substances and promoting green procurement that helps reduce environmental impacts.

>>> Energy-creating initiatives

Continuing from the previous year, we will supply all of the electricity used at the Head Office building with electricity generated from renewable energy, and source approximately 30% of the electricity used at our plants in Kagawa Prefecture also from renewable energy. As a result, we will work to reduce greenhouse gas emissions by approximately 21,000 t-CO₂ per year, or approximately 20% of our total emissions. In order to achieve our target for 2030, we will gradually increase the ratio of the electricity we use that is generated from renewable energy.

The Toyo Tanso Group is accelerating its review of the expansion of new solar power generation facilities while continuing to generate ones, and is actively promoting the installation of solar power generation facilities at affiliates.

Furthermore, through the use of the Kagawa Smart Green Bank's J-Credit system, we achieved a reduction in greenhouse gas emissions of 1,046 t-CO₂/year in FY2022, a significant reduction from 281 t-CO₂/year in FY2021.

We will continue to engage in environmental conservation activities.



Solar panels at C/C composite products plant of Takuma Division

>>> Definition of "environmentally friendly products"

The Toyo Tanso Group aims to contribute to the reduction of greenhouse gas emissions through its products in the areas of energy savings, energy creation, and electrification defined as "environmentally friendly products." The scope of each area is explained below.

- **Energy savings:** Products for use with power semiconductors (Si semiconductor and SiC semiconductor manufacturing materials, etc.) and LEDs (compound semiconductor manufacturing materials); industrial furnaces (C/C composite products)
- **Energy creation:** Products for use in wind power, hydropower, geothermal power, solar power, nuclear power, and fusion power
- **Electrification:** Pump parts for use in electric vehicles, products for use in fuel cells (Catalyst-supported CNovel™)

*For some products and applications that are used in multiple end markets, we have set constituent sales percentages corresponding to the areas above for each application based on a range of statistical information and then multiplied those percentages by each product or application's net sales to calculate the above values.

>>> Contributing to the reduction of greenhouse gas emissions through products

In response to the global trend toward decarbonization, the Japanese government has declared that it will reduce the country's greenhouse gas emissions to net zero by 2050, and has set a target of increasing the ratio of renewable energy to between 36% and 38% by FY2030, which is about double that of FY2019. In order for renewable forms of energy such as wind, hydroelectricity,

geothermal, and biomass to sustain stable power generation at low cost, high-quality carbon brushes (carbon product for general industries/carbon product for electrical applications) are indispensable. Below, we will introduce the Toyo Tanso Group's efforts to achieve carbon neutrality by 2050 focusing on carbon brushes.

Wind power generation

Wind power generates electricity by rotating wind turbines that drive generators. This form of renewable energy is attracting attention in terms of preventing global warming and energy security, and is spreading in Europe, China, the United States, India, and other countries. In the future, demand is expected to grow further as costs are reduced due to technological advances and government support policies, and it is believed that the development of energy-saving technologies in addition to technological advances will enable a more efficient and sustainable energy supply.

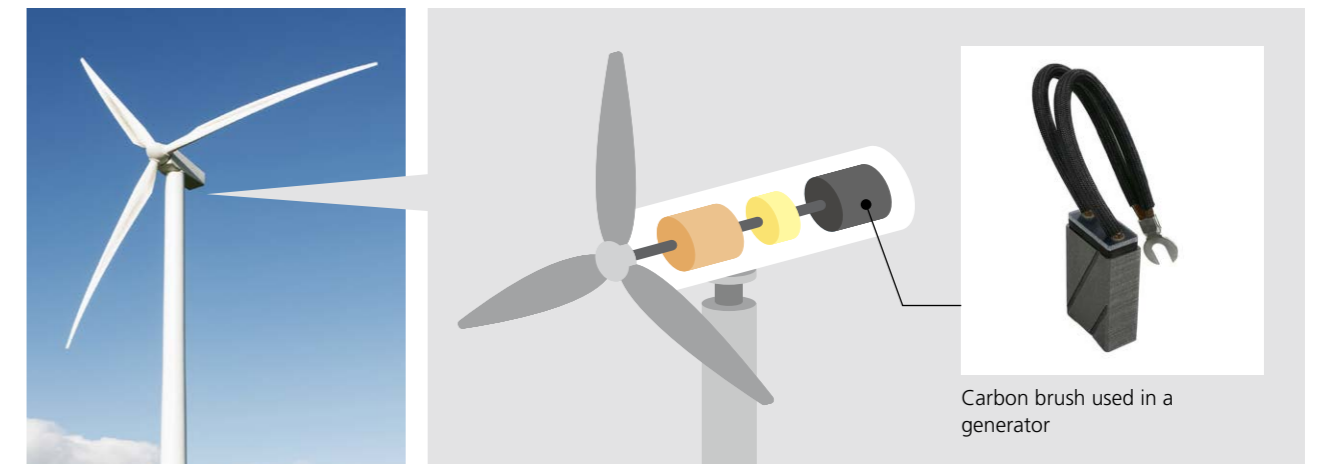
Japan's Ministry of Economy, Trade and Industry (METI) is looking to increase the domestic procurement ratio of components for offshore wind power projects to 60% by 2040, and wind power is attracting particular attention among other renewable energies due to the recent rise in thermal power generation costs caused by soaring fuel prices.

Against this backdrop, the Toyo Tanso Group has developed high-quality carbon brushes for wind turbines. Actual equipment tests using this carbon brush have shown positive results, and it

has been adopted by major renewable energy companies and wind power generation maintenance companies in Japan.

Carbon brushes are used in wind power generators and are consumables that provide electricity stably and intermittently while making sliding contact with the rotating body. The Toyo Tanso Group has continued to develop carbon brushes with an emphasis on improving brush life and reducing damage to the slip rings, which are the adjacent material, and as a result, we have succeeded in developing carbon brushes that are highly durable and significantly reduce damage to the slip rings. In real world testing, we found that the life of our carbon brush was increased by about 85%, which reduced the frequency of replacement and led to a reduction in power generation costs.

To contribute to the reduction of soaring power generation costs, the Toyo Tanso Group will work to establish a supply system for carbon brushes with a view toward expansion into international markets.



Carbon brush used in a generator

Hydroelectric power generation

Hydroelectricity is a power generation method that uses the energy generated when water flows from high places to low places. It emits zero CO₂ and plays an important role in terms of energy self-sufficiency. Due to the large scale of hydroelectricity plants and the enormous initial investment, there is growing interest and need for small- and medium-sized hydroelectric facilities and the maintenance of existing facilities, which is expected to increase the demand for carbon products in this market.

The Toyo Tanso Group supplies carbon brushes, which are a component that supplies power to generators in hydroelectric power generation facilities. Carbon brushes must offer high performance, such as abrasion resistance and low damage to slip rings. In addition, since power generation is an important infrastructure, it is also important to be able to provide a stable supply of these products. In response to these issues and needs, the Toyo Tanso Group is working to develop products in line with the needs of hydroelectricity business operators and to establish a resilient supply chain. In this way, we hope to provide a stable supply of high-quality and highly reliable products and contribute to the electric power infrastructure, which is an important form of social infrastructure.



Geothermal power generation

Geothermal power generation is a method of generating electricity using the thermal energy of magma found deep underground. Although the market size is smaller than that of solar and wind power, which are representative forms of renewable energy, Japan, a country with many volcanoes, has abundant geothermal resources, and the introduction of geothermal power generation is progressing in Hokkaido and the Tohoku region. Since the amount of power generated is more stable than other forms of renewable energy, geothermal is a renewable energy that is expected to grow as technological innovation progresses and more efficient power generation is realized in the future.

In turbine generators and electric motors of geothermal power generation facilities, grounding brushes are used to release electricity externally in order to avoid problems caused by electricity induced by the rotor. The Toyo Tanso Group supplies grounding brushes with high customer satisfaction in terms of quality, price, delivery, and service.



Biomass power generation

Biomass power generation is a way of generating electricity using various biological resources such as animal and plant remains as fuel. This fuel can also include wood, crop residues, and waste. Although it faces various challenges such as the stable procurement of fuel, biomass power generation does not result in resource depletion because the fuel is a biological resource, and it has the advantage of being carbon neutral since CO₂ emissions and absorption are balanced. It is also seen as a circular-type energy. For these reasons, this form of renewable energy is expected to play an important role in the future.

For both biomass power generation as well as geothermal power generation, grounding brushes are required for turbine generators and electric motors, and the Toyo Tanso Group is responding to these needs for woody biomass power generation in particular.



Complying with various countries' environmental laws and regulations and reducing environmental impacts

2030 target
Violation of environmental laws: 0 (non-consolidated)



»» Global management of products' chemical content

The need to manage chemical substances in products is increasing as international laws and regulations governing chemical substances, including the European RoHS Directive and REACH regulations and the U.S. TSCA are strengthened with each passing year, along with industry standards like IEC 62474 and GADSL and customer requirements.

The Toyo Tanso Group put in place a series of management standards for environmentally controlled substances following an effort led by its environmental management departments to collect and organize the latest information about related laws and regulations, industry standards, and customer standards. In addition to applying those standards to our Green Procurement Guidelines, we are building product chemical management structures that are integrated into our quality management system, for example by collecting related information into a product chemical content management list.

In FY2022, there were no violations of environmental laws and regulations at Toyo Tanso.

Sales departments serve as a point of contact for information about chemical substances contained in individual products at the time of order contracts, investigation requests, etc., and responds and answers to such requests.

Example investigations

- Certificate of non-use for substances prohibited by the RoHS Directive
- Certificate of SVHC non-use under REACH regulations
- chemSHERPA*1

*1 A data authoring and support tool administered by the Joint Article Management Promotion-Consortium with the goal of communicating information about the chemical substances contained in products throughout the supply chain in a smooth and efficient manner.

»» Reducing environmental impacts

The Toyo Tanso Group strives to design products with low environmental impacts and to save energy, save resources, and reduce and reuse waste. We are also working to monitor emissions of environmentally harmful substances from manufacturing processes in accordance with applicable environmental laws and regulations and to reduce environmental impacts. Going forward, we will work actively to reduce emissions of greenhouse gases.



Using Earth-friendly raw materials and avoiding procurement risk



»» Using recyclable raw materials

Since carbon materials use a large amount of raw materials derived from fossil resources such as petroleum and coal, the development of raw materials that do not depend on fossil resources is an important issue not only for lowering CO₂ but also for our business continuity.

Currently, efforts are underway around the world for the commercialization of CO₂ separation and capture technology, which is considered important for the realization of a carbon-neutral society by 2050. In addition, many businesses related to turquoise hydrogen (hydrogen obtained by methane pyrolysis such as natural gas) have been launched to realize a hydrogen society, and a large amount of solid carbon is generated as a by-product to this process for hydrogen production.

Against this backdrop, the Toyo Tanso Group is advancing the development of technology to produce finely powdered solid carbon

produced together with hydrogen from hydrocarbon gas generated by methanation from CO₂ as a raw material for carbon materials. In a joint research project with the National Institute of Advanced Industrial Science and Technology (AIST) in FY2022, we researched the effects of temperature and reaction time on the morphological observation and structural analysis of the generated carbon and the effects of temperature and reaction time on the carbon formation mechanisms with the aim of elucidating the formation mechanisms of various forms of fine carbon powders in reactions produced by catalytic pyrolysis of light hydrocarbons. We have since reported the results of this research at academic conferences in Japan.

In this manner, the circular economy is becoming a reality, and we expect that the company will secure a competitive advantage by establishing this technology ahead of others.

Environmental policies and management system

Environmental Policies

The Toyo Tanso Group recognizes that a business operating as part of 21st century industry must take environmental considerations into account. Carbon (C) is the second-most common element on Earth after silicon (Si), but resources are finite, and we believe it is important to develop our businesses in line with a constant focus on reuse.

In manufacturing technologies as well as research and development, we focus on how waste products emitted by manufacturing processes can be eliminated or reduced.

Departments responsible for environmental and safety issues at the Group monitor the volume of waste produced by other departments as well as the reduction measures they implement in an effort to maintain the global environment. In addition, the Group is working to address the issue of how graphite waste can be effectively used in its research and development program while raising all employees' environmental awareness.

The Group sees its mission as pursuing environmental friendliness in its corporate activities day in and day out.

1. Protecting the global environment

We practice environmentally friendly manufacturing in order to safeguard the children of the future and our beautiful planet.

2. Reducing environmental impacts

We strive to design products with low environmental impacts and to save energy, save resources, and reduce and reuse waste.

3. Complying with laws and regulations

We comply with applicable environmental laws, ordinances, and other requirements to which we have agreed.

4. Realizing continuous improvements

We precisely assess all environmental impacts of our business activities, and we continually strive to prevent and reduce them to the extent that is technologically and economically feasible.

5. Raising environmental awareness

To implement these Environmental Policies smoothly and efficiently, we work to educate all employees on the environment and raise their environmental awareness.

6. Disclosing environmental information

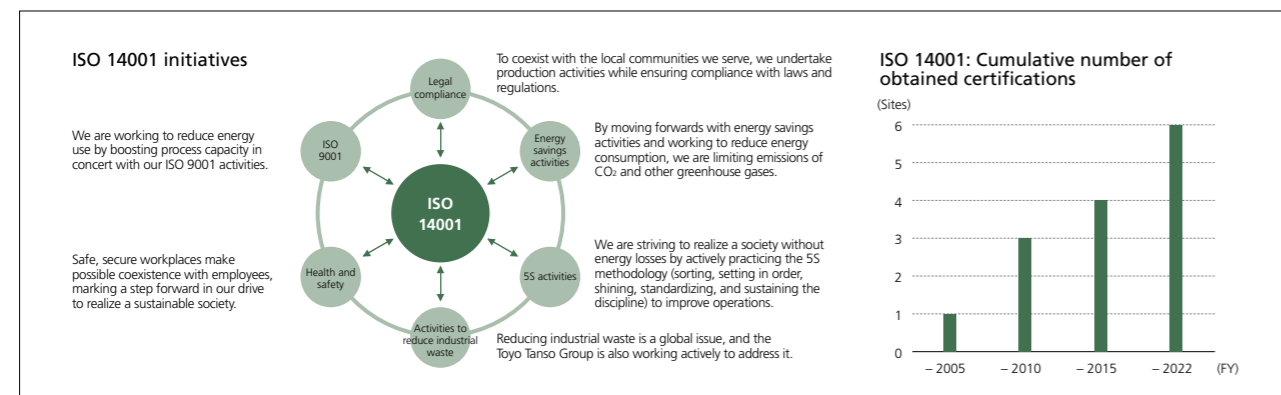
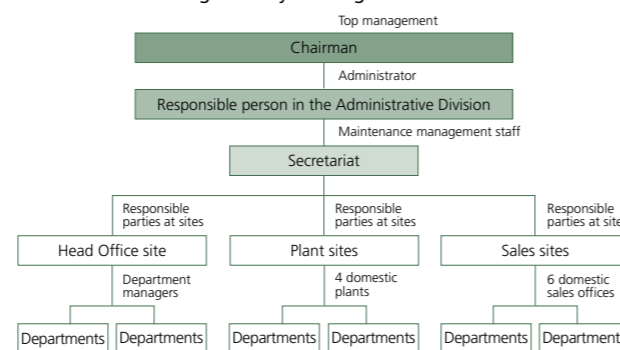
We communicate information about these Environmental Policies and related initiatives to all employees and interested parties, including by disclosing them to the public.

Environmental management system

The Toyo Tanso Group has integrated ISO 14001 certified environment management system with other business processes as part of its business management system as it seeks to help realize a sustainable society by working to reduce environmental impacts, for example by limiting energy consumption.

As of 2022, six domestic facilities and overseas subsidiaries have obtained environmental management system certification.

Environmental management system organization and structures



Compliance with TCFD recommendations

Compliance with TCFD recommendations

In July 2021, the Toyo Tanso Group affirmed its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and we are working to disclose information in line with the TCFD's disclosure framework. This time, we have identified the financial impact of major risks and opportunities related to climate change response. Going forward, we will address each risk and opportunity.



1. Governance

The TCFD Compliance Project, which was established to support the Sustainability Committee, studies scenarios related to climate change action, analyzes risk and opportunities, and formulates measure in response while reporting on those activities to the Sustainability Committee.

Discussions held by the Sustainability Committee are reported to the Board of Directors for approval and instruction. Sustainability-related resolutions that are reported to and approved by the Board of Directors are propagated to business departments and group companies via the Sustainability Committee and applied to their respective business plans and operational management. Cooperation may be sought from business partners depending on the nature of the resolutions.

2. Strategies

In keeping with guidance recommended by the TCFD, we use techniques for applying scenario analysis to the business environment through 2040 to analyze and evaluate the impacts of climate change on Toyo Tanso.

Overview of scenario analysis

Scope	Consolidated subsidiaries of the Group	
Anticipated timeframe	Present to 2040 (for CO ₂ reduction targets, 2050)	
Scenario-building	(1) 1.5°C scenario Scenario in which the average global temperature increase is kept within 1.5°C from levels prior to the Industrial Revolution Reference information IEA WEO2020 SDS scenario; SSP1-1.9 and 2.6 from the 1st Working Group Report of the IPCC 6th Assessment Report; others	(2) 4°C scenario Scenario in which the average global temperature rises 4°C from levels prior to the Industrial Revolution Reference information IEA WEO2020 STEPS scenario; SSP2-4.5, SSP3-7.9, SSP5-8.5 from the 1st Working Group Report of the IPCC 6th Assessment Report; A-PLAT 58 climate RCP 8.5; others

WEO: IEA's World Energy Outlook 2020
 IPCC: Intergovernmental Panel on Climate Change
 A-PLAT: Climate Change Adaptation Information Platform

Principal risks	Emergence timeframe	Financial impacts
Policies and regulations	Strict greenhouse gas emission reduction standards will be put in place, necessitating investments and technological improvements in order to reduce emissions.	Short to long term -
Changes in markets/customers	Demand for engine-related products will shrink due to the electrification of automobiles.	Medium to long term Small
Changes in the industry, for example in other companies in the same industry	Widening adoption of next-generation solar panels will cause demand for products to shrink.	Long term Small
Changes in the industry, for example in other companies in the same industry	Competition with competitors will intensify due to a review of the production system in consideration of the changing environment of the industry.	Medium to long term Medium
Procurement	Disruption in the balance between supply and demand for raw materials (coke and pitch) may cause prices to rise substantially.	Short to long term Medium
Procurement	The prices of procured products that comply with the introduction of a carbon tax and other environmental requirements may rise substantially.	Short to long term Small
Manufacturing	Costs may increase due to factors such as stoppages in facility operations due to intensifying natural disasters.	Medium to long term Small
Manufacturing	The cost of manufacturing process improvements required in order to comply with environmental requirements will rise.	Medium to long term Medium

Principal opportunities	Emergence timeframe	Financial impacts
Policies and regulations	Demand for environment-related products such as renewable energy may rise.	Medium to long term -
Changes in markets/customers	Demand for graphite parts and materials, for example products related to power semiconductors, will rise as a result of the electrification of automobiles.	Medium to long term Large
Changes in markets/customers	Demand for brushes used in power supply and grounding equipment will rise due to growing demand for wind power.	Medium to long term Small
Changes in markets/customers	Demand for graphite for use in nuclear power applications may rise as CO ₂ emissions are reduced.	Medium to long term Small

Financial impacts (small: 0 to less than 1.0 billion yen; medium: 1.0 billion yen to less than 10.0 billion yen; large: 10.0 billion yen or more)

4. Indicators and targets

The indicators and targets needed to manage risks and business opportunities are determined after formulating measures to address each.

Greenhouse gas emissions (Scopes 1 to 3, FY2022) have been verified by a third-party.

Greenhouse gas emissions for Toyo Tanso Co., Ltd. (FY2022)

(Greenhouse gas emissions)
 Scope 1 (consolidated): 33,846 t-CO₂e
 Scope 2 (consolidated): location based: 83,136 t-CO₂e; market based: 87,853 t-CO₂e
 Scope 3 (non-consolidated): 79,529 t-CO₂e

Breakdown (t-CO₂e)
 Category 1: 45,995 Category 2: 8,258 Category 3: 15,599 Category 4: 8,253
 Category 5: 703 Category 6: 132 Category 7: 398 Category 13: 112
 Category 15: 80

Third-party verification report

Scope 1 and 2
https://www.toyotanso.com/sustainability/pdf/assurance_report_2023.pdf

Scope 3
https://www.toyotanso.com/sustainability/pdf/assurance_report_2023_scope3.pdf

3. Risk management

In keeping with its Basic Rules on Risk and Compliance, the Toyo Tanso Group has established the Risk and Compliance Committee (RCC) and given it responsibility for ensuring compliance with laws, regulations, Toyo Tanso's Articles of Incorporation, and corporate ethical guidelines and establishing risk management structures. The committee discusses important issues and makes decisions about policies related to risk and compliance. Principal departments are responsible for managing and addressing individual risks, and the RCC oversees those efforts.

Climate-related risks are managed by the Sustainability Committee, while the results of assessments and studies by the RCC are reported to the Board of Directors as part of Toyo Tanso's companywide risk management efforts.

>>> Creating safe, secure workplace environment where all employees can flourish

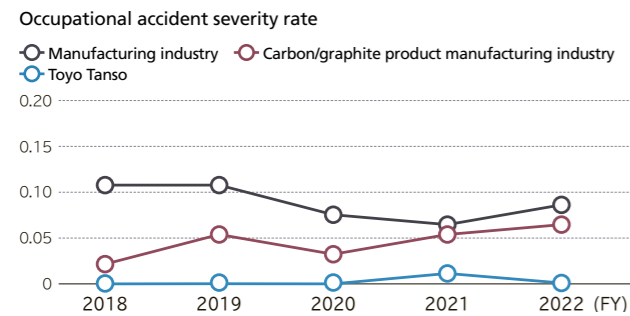
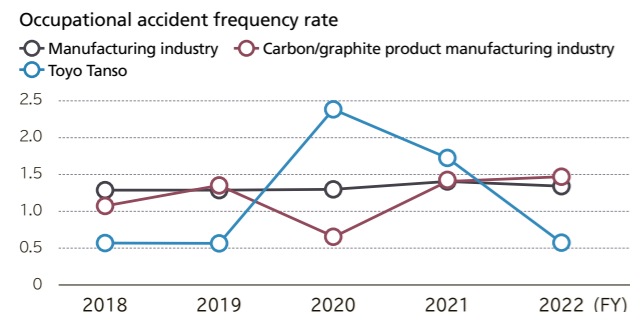
Improving safe, healthy workplace environments and increasing productivity >



>>> Health and safety initiatives

In accordance with its Environmental, Health and Safety Policy, Toyo Tanso provides a wide range of education and training activities, including safety education and dust education at the time of hiring, as well as the knowledge, skills, and mindset necessary to prevent accidents and injuries in order to prevent occupational accidents and promote the creation of a comfortable work environment in which each employee can work in good health with peace of mind.

The department in charge of occupational safety plays a central role in deploying activities in accordance with the Environmental, Health and Safety Action Plan and striving to improve the level of health and safety.



>>> Toyo Tanso Environmental, Health and Safety Policy

1. New year zero accident initiatives and making known the health and safety plan for the current fiscal year
2. Promoting health maintenance
3. Thorough environmental, health, and safety training and increasing safety awareness
4. Thorough measures to reduce industrial waste
5. Preventing heat stroke by raising awareness of its dangers
6. Improving work environments
7. Year-end zero accident initiatives
8. Reviewing current fiscal year health and safety activities and planning activities for the next fiscal year

>>> Activities of the Environmental, Health and Safety Committee

At Toyo Tanso, employer, labor union, and employees participate in Environmental, Health and Safety Committee meetings held once a month at each site. The committee deliberates and shares information on health and safety activities, including efforts to prevent hazards to workers and prevent health problems, as well as measures to prevent the causes and recurrence of occupational accidents. There were five occupational accidents in 2022, which is an increase from the previous fiscal year. As a result, we will further enhance our safety education efforts to prevent occupational accidents.



Ensuring all stakeholders' human rights are respected >



We established the Toyo Tanso Group Human Rights Policy to further clarify our stance on and initiatives for human rights. We understand that our corporate activities may have an impact on human rights. We will fulfill our responsibility to respect the human rights of all stakeholders involved in the corporate activities of the Toyo Tanso Group.

>>> Basic approach to human rights

Our fundamental philosophy of "Contribute to the world through the pursuit of the possibilities inherent in carbon (C)" is in itself a contribution to the advancement of a sustainable society. Under this philosophy, we carry out numerous initiatives, which include supporting the SDGs through our products and business activities, aimed at resolving social issues.

Our initiatives are aimed at realizing a society that provides a safe and enriching lifestyle to people around the world. Indispensable to these initiatives is a respect for human rights.

Toyo Tanso Group Human Rights Policy
<https://www.toyotanso.com/sustainability/society/respect.html>

With a sincere understanding of the impacts that the Toyo Tanso Group's business activities have on human rights, we make it our social mission to deal appropriately with these impacts. The Toyo Tanso Group Human Rights Policy was created as the ultimate guidelines towards fulfilling this mission.

Acting on this policy, we seek to work with our stakeholders to make society even more sustainable.

>>> Human rights due diligence

Based on the UN Guiding Principles on Business and Human Rights, the Toyo Tanso Group has built human rights due diligence mechanisms. Through these, we strive to spot negative impacts on individuals' rights, or risks of such, and then prevent or alleviate these.

>>> Offering education on human rights

The Toyo Tanso Group is striving to create employee-friendly workplaces by gaining deeper understanding, through offering year-round education, including workplace management training for employees in management positions, human rights awareness-raising training for all employees, and case studies examining a variety of harassment issues in the workplace.

>>> Establishment of human rights helpline

The Toyo Tanso Group has established an internal helpline to serve as a point of contact for questions and problems involving human rights. In addition to providing multiple points of contact, including by creating both internal and external helplines for the Group companies, we accept anonymous reports. Information submitted via these helplines is treated in a strictly confidential manner, and conduct that could identify people using the helpline is prohibited. We also work to ensure that no employee is subject to disciplinary action or disadvantageous treatment because they contacted one of these helplines.

>>> Supply chain initiatives

To contribute to the realization of a sustainable society while building trusting relationships with suppliers through fair and impartial transactions and offering opportunities to participate in its procurement activities to would-be suppliers worldwide, the Toyo Tanso Group has adopted procurement policies that are designed to ensure its ability to protect the environment and fulfill its social responsibility across the supply chain.

In addition, our Sustainable Procurement Guidelines, which suppliers are required to follow, set forth various requirements concerning human rights and labor, including prohibitions on child labor and forced labor. We conduct regular audits to verify supplier compliance.

Offering human resources development, training, and education programs



Managing human capital —Basic approach to human resource development

Based on the recognition that human resources are our most important asset and that the growth of people is the driving force behind our development, the Toyo Tanso Group provides opportunities for cross-cultural exchange through overseas assignments to foster a global perspective based on the Company Policies deeply linked to our management philosophy. We also provide training to improve teamwork and communication skills on a global scale to develop human resources adept at cross-border work.

Next, we focus on employee skills development to build a resilient organizational foundation. We provide opportunities for continuous learning and skills development, develop human resources who can flexibly deal with a rapidly changing business

Educational system diagram

	Management positions	Supervisor positions	General positions
Level-based training	Management position training	Leadership training	New-hire training
Selective training	Manufacturing training		
	Plant training for mid-career hires		
Training for all employees	Compliance training		
	Information security training		
	ISO training		
	Security export control training		

environment with fresh thinking, support the enhancement of leadership and problem-solving skills, and create an environment that encourages autonomous career development. Moreover, by valuing innovation and promoting new ideas and creations, we aim to develop human resources with a powerful competitive edge.

Finally, we will foster an awareness of ethics and social responsibility among our employees in order to develop human resources who are highly motivated to contribute to society. We place importance on sustainability and advance initiatives to address environmental and other social issues.

Based on these three policies, the Toyo Tanso Group strives to create social value and grow together with its employees as a trusted company.

	Management positions	Supervisor positions	General positions
Department-based training	Specialized training at each department		
	OJT		
Self-development training	Seminars		
	Online English lessons		
	Correspondence courses		
	e-learning		

ESG data collection

<https://www.toyotanso.com/sustainability/esg-data.html>

Increasing employee engagement

Based on the belief that increasing employee engagement will lead to their growth together with the company, we have been conducting an employee awareness survey for Toyo Tanso employees since 2008, and a global engagement survey for all employees of the Toyo Tanso Group since 2022.

The Toyo Tanso Group regards job satisfaction as an important indicator of sustainable growth, and is working on various measures to increase it.



Benchmark: Average score of listed companies in the manufacturing industry among companies participating in the engagement survey (by Nikkei Research)

Respecting workforce diversity



Diversity & inclusion

We consider the pursuit of diversity and inclusion to be a key priority, and we believe that a diversity of ideas from a diverse workforce is the source of sustainable growth for both the company and society.

The Toyo Tanso Group fundamentally prohibits discrimination on

the basis of gender, nationality, religion, age, disability, or any other characteristic, and we are striving to cultivate an organizational culture rich in trust and creative collaboration so that employees with different values and ideas will respect one another and feel motivated by their jobs.

Female empowerment

Toyo Tanso has formulated an action plan based on the Act on the Promotion of Female Participation and Career Advancement so that it can put in place an employment environment in which female employees can flourish professionally while ensuring that employees are assigned throughout the company so as to make the best use of their abilities.

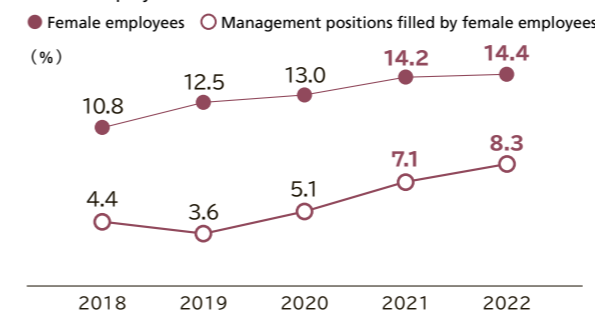
The company has consistently worked to help employees balance the demands of their jobs and families. We have formulated an action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children, and we have acquired the next generation certification mark (Kurumin mark).

In addition, we hand out a Toyo Tanso original “Parenting Enjoyment Handbook” to male employees with newborn children and meet with them to explain available programs as part of our efforts to build an environment in which fathers can participate in parenting. We have expanded eligibility for our paid-time-off savings program (which lets employees accumulate expiring annual paid time off), and we have established a program that lets employees take up to three days off after their spouse gives birth. We also encourage employees to utilize available time off.

Moreover, we are working to create an environment in which employees can continue to work with peace of mind, for example by hosting group meetings for employees who are using our parenting programs so that they can share parenting concerns, anxiety about how to balance work with family responsibilities, and useful information while building relationships that will help them support each other.

Going forward, we will continue to help employees balance their work and parenting responsibilities while working to realize an employment environment in which a diverse workforce can make the most of their abilities.

Percentage of female employees and management positions filled by female employees



ESG data collection

<https://www.toyotanso.com/sustainability/esg-data.html>

We have formulated a personnel plan linked to the business strategies of the Medium-Term Management Plan, and hire personnel (new graduates and mid-career hires) in accordance with this plan. Additionally, we ensure diversity in our workforce by hiring talented human resources regardless of nationality; thereby building a foundation for our Company Policy of “Become a global company.”

Evaluation and promotion of employees are based on the same criteria regardless of nationality, or status as new graduate or mid-career hire. So we do not set targets for the promotions of foreign nationals or mid-career hires.

March 25, 2021

Toyo Tanso Co., Ltd. Action Plan

Toyo Tanso Co., Ltd. has formulated this action plan so that it can put in place an employment environment in which female employees can flourish professionally and ensure that employees are assigned throughout the company so as to make the best use of their abilities.

1. Plan dates:

April 1, 2021, to March 31, 2024 (3 years)

2. Issues:

- Promoting women empowerment: We have put in place an environment in which male and female employees alike can work for a long period of time, but female employees tend to make up a smaller percentage of our workforce and of management positions (leaders).
- Putting in place a favorable employment environment: The paid-time-off utilization rate is falling even as the number of annual paid-time-off days granted to employees has risen due to changes to our internal programs.

3. Objectives, initiatives, and timing

Objective (1): Increasing the percentage of female hires to an average of at least 20%

[Initiatives]

- From June 2021:** Assess the status quo by identifying positions (departments) where there is imbalance in assignments of male and female employees.
- From August 2021:** Investigate the issues that would be anticipated if female employees were assigned and study measures to resolve them.
- From October 2021:** Share examples of activities of female role models with departments that have few female employees and have them actively consider assigning female employees.

Objective (2): Increasing the percentage of management positions filled by female employees to at least 7%

[Initiatives]

- From September 2021:** Offer training to male and female employees who are likely to become candidates for management positions in the future to increase their role awareness and management skills.
- From October 2021:** Survey female employees' awareness of their current jobs and future career plans and identify related issues.
- From January 2022:** Study measures to address the issues identified in the survey and undertake initiatives to put in place a more favorable environment and improve the organizational culture.

Objective (3): Increasing the paid-time-off utilization rate to at least 60%

[Initiatives]

- From June 2021:** Assess employees' utilization of paid time off, identify issues, and study the introduction of a program encouraging employees to utilize their paid time off in a systematic manner.
- From December 2021:** Spread awareness of the target paid-time-off utilization rate throughout the company and introduce a program encouraging employees to utilize their paid time off in a systematic manner.
- From March 2022:** Encourage employees to utilize their paid time off, for example by raising awareness.
- From December 2022:** Verify the results of the newly introduced program and study and implement measures to address any issues.

>>> Undertaking corporate activities that inspire trust

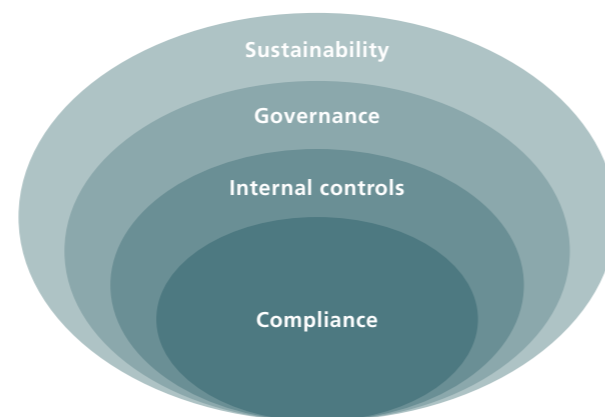


>>> Basic approach to compliance

The Toyo Tanso Group considers compliance activities to consist not only of obeying the law but also accommodating requirements imposed by society, including in the form of social and ethical norms. Our approach to compliance activities lies in encouraging individual employees to reform their conduct so that awareness of compliance percolates through our corporate culture.

In addition to enacting a Compliance Guidebook to foster compliance awareness, the Group works to spread that awareness by undertaking a variety of initiatives such as daily education and awareness-raising so that employees unconsciously reflect these principles in their conduct.

The Risk & Compliance Committee also surveys the risk of compliance violations by the company and its affiliate companies on a quarterly basis as part of an ongoing monitoring program.



>>> Compliance awareness-raising and education

To foster compliance awareness, we have declared October “Compliance Enhancement Month,” and we regularly offer education and awareness-raising programs based on our Compliance Guidebook.

The Compliance Guidebook has been translated into multiple languages and distributed to affiliate companies’ employees as well so that all of the Group’s employees can do their jobs with a proper awareness of the central importance of compliance. Education and awareness-raising activities include group readings of the Compliance Guidebook, group discussions on topics related to compliance, and other programs developed for employees in specific ranks and fields of work.

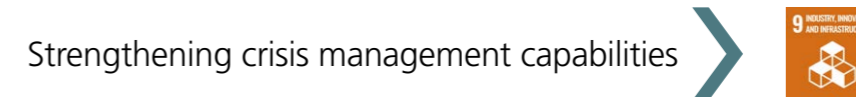
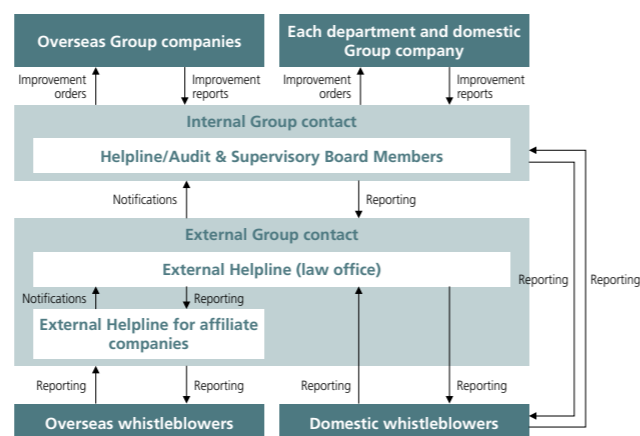
Educational and awareness-raising activities (2022)	Participants	Number of trainees
1. New-hire training	Newly hired graduates	18
2. Training to prepare employees for overseas postings	Prospective employees to be posted overseas	1
3. Training for newly assigned managers	New managers	17
4. Regular compliance training	Employees who have been with the company for less than one year	68
5. Compliance Enhancement Month	Employees at Toyo Tanso and its domestic affiliate companies	All employees

Compliance Guidebook
https://www.toyotanso.com/sustainability/pdf/compliance_guidebook_en.pdf

>>> Internal reporting system

The Toyo Tanso Group has established internal helplines to serve as points of contact for consultations and tips related to compliance violations and corporate ethics issues. To encourage broad utilization, multiple points of contact have been established in the form of internal and external helplines for the Group companies, and anonymous reporting is accepted.

Information received via these helplines is kept confidential, and the results of any investigations are relayed to whistleblowers. It is prohibited to engage in conduct that would identify or scrutinize whistleblowers, who are protected against disciplinary action and other disadvantageous treatment as a result of their having contacted the helpline.



>>> Basic approach to risk management

Toyo Tanso’s Risk Management & Compliance Committee serves as the promotion organization for sharing risk management issues and foreseen risks, identifying, calculating, and assessing important risks for management, determining priority risks, and creating a “risk map” based on the results. In this manner, we are promoting activities to mitigate risks globally under the groupwide basic policy on compliance and risk management.

Additionally, the Risk Management & Compliance Committee conducts quarterly surveys on the occurrence of risks at Toyo Tanso and its affiliates. In the event of unforeseen circumstances that have a significant impact on the Toyo Tanso Group, we will fulfill our corporate social responsibilities by safeguarding customer value through the continuation of business activities.

>>> Global business continuity plan (BCP)

With regard to the suspension of business activities due to disasters and infectious diseases, the Toyo Tanso Group has formulated a business continuity plan (BCP) to minimize the impacts from any suspension of manufacturing of major products due to large-scale disaster. We have also established the concept of all-hazard BCP shared across the entire Group, and are taking action such as ensuring the seismic resistance and safety of buildings and production equipment, backing up information systems, and maintaining supply with inventory. In addition, to prepare for an infectious disease pandemic, we have formulated a basic plan for the entire Group as well as an action plan corresponding to warning phases based on guidance from organizations including the Cabinet Office; Ministry of Health, Labour and Welfare; Ministry of Foreign Affairs; local governments; and the World Health Organization (WHO).

>>> Information security management structures

Reflecting our belief that confidential information from customers, personal data, internal technical data, and other sensitive information constitute an important asset for the company, we are working to prevent system interruptions due to infection by computer viruses or cyberattacks and to avoid external leaks. In addition to formulating internal standards such as basic policies and rules on information security management to augment relevant laws and regulations and putting in place information security structures based on standards and rules, we strive to review structures in light of advances in IT and changes in information security risks and to strengthen countermeasures.

>>> Strengthening cybersecurity

We consider the growing risk posed by cyberattacks targeting companies to be a serious management challenge, and we are working to strengthen associated structures. In order to strengthen cybersecurity, we are conducting information security assessments for the entire group and stepping up monitoring of servers, computers, networks, and others. We are also strengthening our structures by putting into place a computer security incident response team (CSIRT) that can respond quickly in the event of an information security incident.

Privacy policy

Toyo Tanso is deeply aware that appropriately safeguarding the personal information of all people involved with Toyo Tanso, including customers, is an important social responsibility. With the protection of individual rights and interests our number one priority, we comply with Japan’s Personal Information Protection Act and other laws and guidelines, and have established the following basic privacy policy to protect personal information.

- 1. We comply with the Personal Information Protection Act and other related laws and regulations, and use personal information appropriately.**
- 2. In addition to establishing management structures related to the protection of personal data, we work to spread awareness of the Personal Data Protection Rules among officers and employees and to ensure that the rules are followed.**
- 3. We use personal data within the scope of the indicated purpose of use. In addition, we do not disclose or provide personal data provided by customers to any third parties unless the owner of that information has given their consent or it is permitted by law or regulation.**
- 4. We strive to prevent unauthorized access to personal data as well as the loss, corruption, alteration, and unauthorized disclosure of personal data.**
- 5. We accommodate inquiries and requests for disclosure or other action quickly and in a spirit of good faith.**

Undertaking community service activities



Community service policy

The Toyo Tanso Group values interactions and communications with people in the countries and communities where it operates.

We hope that by voluntarily engaging in community service as a member of the local community, each and every one of our employees will feel that they are contributing not only to the development of the local community but also to resolving social issues, and that the awareness and sense of fulfillment they gain will lead to an increase in their own sense of purpose in life and work.

1. Through our business activities, we create a society in which the local community and the company can coexist.
2. We work with the local community to promote ongoing activities based on an understanding of requests, expectations, and needs.
3. We raise a sense of volunteering among our employees and encourage and support their activities in the community.

Social welfare

We are working to address issues related to social welfare through the Red Feather Central Community Chest, for example by encouraging employees to donate blood and by providing food and other necessities to people who require assistance in their daily lives, for example economically disadvantaged people, elderly people without relatives, and people with physical disabilities.

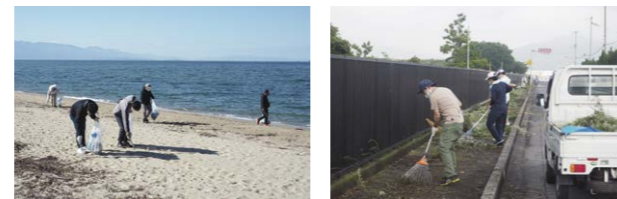
- Participating in volunteer activities
- Offering food assistance to people in economic need
- Providing masks to social welfare councils



Environmental conservation

We work to raise employee awareness and conserve the environment through a variety of programs, including by orchestrating clean-up activities near our plants, planting trees at our facility sites, and participating in river and beach cleanup events hosted by local governments and volunteer organizations.

- Clean-up activities at rivers and beaches
- Clean-up (beautification) activities near business sites



Natural disaster assistance

In the event of natural disasters like earthquakes and flooding due to extreme weather, we work with local governments to open our facilities (canteens, parking lots, etc.) to the public and provide emergency food, drinking water, and other necessities that we have stockpiled for this purpose to affected local residents.

- Providing space for storing supplies for use in the event of a natural disaster
- Providing shelter facilities for use in the event of a natural disaster
- Providing supplies for use in the event of a natural disaster



Takuma Division
The plant's parking lot can be used as a temporary shelter for local residents in the event of a natural disaster.

Creating safe, secure communities

We are helping build safe, secure communities, for example by contributing people to improve local disaster preparedness, including by encouraging employees to join local volunteer fire departments and by participating in traffic safety and crime prevention initiatives to protect children from traffic accidents and crime.

- Encouraging employees to join local volunteer fire departments
- Organizing anti-crime patrols on roads along which students commute to school
- Posting crossing guards

Developing human resource

By traveling to schools to offer classes, we help facilitate the growth of the young people who underpin local communities as well as human resources development while building interest in local companies and love of the local community. We also strive to build character among the next generation by operating Kondo Zaidan, a public interest foundation.

- Traveling to local technical high schools to teach classes

Visiting lectures at school: Providing opportunities to learn about carbon



Contributing to local communities

We work with local partners to realize better communities, for example by sponsoring and supporting local events and revitalization programs, contributing actively to the resolution of local issues as a corporate citizen, and offering tours of our plants for local residents.

- Sponsoring local events and revitalization programs
- Corporate version of the hometown tax system

Presentation ceremony for donations under the corporate version of the hometown tax system

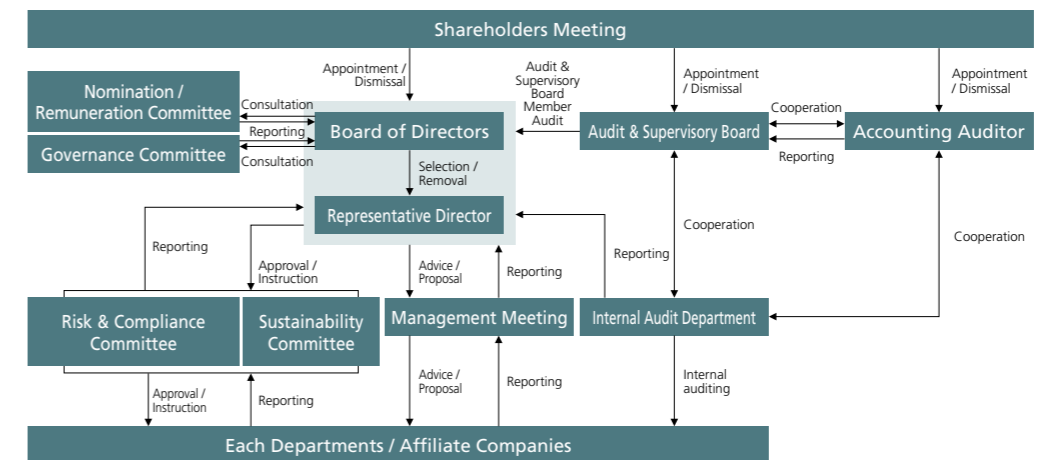


Corporate governance

Corporate governance structures

In order to respond to the trust placed in us by our stakeholders including shareholders, customers, employees and society, and to achieve sustainable growth and medium- to long-term corporate value, while following the fundamental philosophy and management policies below as our basic principle, the Toyo Tanso Group has built a structure of corporate governance aiming to make transparent, fair, quick and decisive decisions while keeping a balance between management supervision and the execution of duties.

Overview of corporate governance



Global management

The Toyo Tanso Group assigns category leaders to functional departments in the Head Office; centralizes processing technologies, quality assurance, and development worldwide; and integrates operations through function-specific horizontal management in areas such as legal affairs, human resources, procurement, and information systems. We have built a strong management structure that takes charge of central management of the management and governance of all bases in Japan and overseas. Also we standardize subsidiary management in accordance with the Management Book (Global Common Management Standards).



- Central management of processing technologies, quality assurance, and development
- Function-specific management in areas such as production, sales, procurement, legal affairs, human resources, accounting, and information systems

Principal meeting structures

Board of Directors

The Board of Directors, which consists of three Internal Directors (Naotaka Kondo, Shunsaku Hiraga, and Tatsuro Hamada) and three Outside Directors (Shusuke Matsuo, Keiko Kosaka, and Makio Naito), is chaired by Representative Director, Chairman and President, and CEO Naotaka Kondo.

The Board meets once a month in regular session and in extraordinary sessions as necessary to make decisions concerning important matters such as our management policies. We have adopted an Executive Officer structure in which daily operational matters are entrusted Executive Officers to speed decision-making and clarify responsibility. Executive Officers, who are appointed by the Board of Directors, carry out operations by directing the internal organization under their control and are responsible for ensuring that those operations are carried out in accordance with the company's management policies. In addition to overseeing Directors' execution of their responsibilities, the Board of Directors oversees Executive Officers' implementation of operations.

Audit & Supervisory Board

The Audit & Supervisory Board, which consists of one Internal Auditor (Toshimi Boki) and two Outside Auditors (Kazuhiro Imai and Junko Uemura), is chaired by Auditor Toshimi Boki.

The body, which meets in regular session once a month and in extraordinary session as necessary, receives reports on the status of Auditors' execution of their responsibilities, shares information, and works to ensure the effectiveness of audits. An alternate Auditor is appointed to ensure the company has enough Auditors as required under the law.

Management Meeting

The Management Council, which consists of officers (Directors and Audit & Supervisory Board Members), Executive Officers, and related executives, is chaired by Representative Director, Chairman and President, and CEO Naotaka Kondo.

The body, which in principle meets once a month, works to accelerate decision-making and strengthen the company's operational functions by deliberating important management matters and discussing matters that should be reported to the Board of Directors. It also ensures that decision-making on important matters is informed by good judgment.

Nomination / Remuneration Committee

The Nomination / Remuneration Committee, a voluntary advisory body that serves the Board of Directors, consists of one Internal Director (Naotaka Kondo) and two Outside Directors (Shusuke Matsuo and Keiko Kosaka) and is chaired by Outside Director Shusuke Matsuo.

The body deliberates human resources and remuneration matters concerning directors and other officers and reports to the Board of Directors in order to ensure the transparency of the discussion process related to human resources (appointments and dismissals) and compensation for Directors, Executive Officers, and Audit & Supervisory Board Members and strengthen the company's

corporate governance structures. In addition, the Nomination / Remuneration Committee deliberates and examines its policies and roles, as well as the criteria for the appointment and dismissal of Directors, as appropriate.

Governance Committee

The Governance Committee, a voluntary advisory body that serves the Board of Directors consisting of one Internal Director (Naotaka Kondo) and two Outside Directors (Shusuke Matsuo and Makio Naito), is chaired by Representative Director, Chairman and President, and CEO Naotaka Kondo.

The body, whose purpose is to increase the transparency and fairness of management while enhancing the Group's corporate governance in an ongoing manner from the perspective of all stakeholders, deliberates important matters related to corporate governance and reports to and advises the Board of Directors.

Risk & Compliance Committee

The Risk & Compliance Committee consists of members appointed by the Representative Director from among Group directors and executive officers. It is chaired by Naotaka Kondo, Representative Director, Chairman and President, and CEO.

Under the supervision of the Board of Directors, the Risk Management & Compliance Committee deliberates on important issues related to risk and compliance and determines policies for both with the purpose of ensuring that the Group is in compliance with laws, regulations, the Articles of Incorporation, and corporate ethics and establishing risk management.

Sustainability Committee

The Sustainability Committee is comprised of three promotion groups (ESG Value Creating and Promoting Group, Sustainable Consumption and Production Group, and People and Organizational Vitalization Group) that work on business activities related to the committee and that they are responsible for, production activities, as well as activities in various fields related to human resources and organizations. The chair of the committee, Naotaka Kondo, Representative Director, Chairman and President, and CEO, appoints the head of each promotion group.

The Sustainability Committee deliberates on important issues related to sustainability and determines policies for the purpose of establishing the Group's sustainability promotion structures, maintaining the sustainable development of society and the global environment, and advancing the sustainable growth of the Group itself.

Internal Audit Department

The Internal Audit Department, under the direct supervision of the President, conducts audits on the appropriateness of the Group's operations, the reliability of financial reporting, management efficiency, and compliance. Audit & Supervisory Board Members and the Accounting Auditor exchange information as appropriate, and strive to conduct effective audits in cooperation with each other by sharing information and other means.

Evaluating the effectiveness of the Board of Directors

Toyo Tanso's Governance Committee plays the lead role in evaluating and analyzing the effectiveness of the Board of Directors as a whole and undertaking initiatives to address the issues identified as a result. An overview of the FY2022 evaluation follows.

Method	Questionnaire format	Participants	Directors and Audit & Supervisory Board Members	Areas where we will work to make improvements based on an awareness of the need for enhancements and additional development	Areas to be targeted by initiatives in 2023 and beyond
Contents	Survey forms including the following principal evaluation items were handed out. 1. Responsibilities and roles of the Board of Directors 2. Scale, composition, and structures of the Board of Directors 3. Administration of the Board of Directors 4. Relationships with stakeholders			(1) Enhancing deliberation of topics such as the direction of corporate strategy and the Medium-Term Management Plan by the Board of Directors	<ul style="list-style-type: none"> Progress and reassessment of the Medium-Term Management Plan Consideration of M&As Deepening of discussions on management strategies (overseas business, capital investments, personnel, etc.)
Results				(2) Formulating successor plans (3) Development and active use of sustainability-promoting structures	<ul style="list-style-type: none"> Progress in successor plans Assurance of diversity in the promotion of core human resources, etc.

Officer remuneration

Our basic policy concerning the determination of officer compensation is that such remuneration should comprise a system that functions adequately as a robust incentive to encourage sustained improvement of corporate value and contributions to the sustainable development of society, reflects shareholder profits, and aligns with the Medium-Term Management Plan. Compensation for Executive Officers consists of a monthly salary as basic compensation and short- and medium-/long-term incentive compensation as a performance-based component. The indicators used to determine

performance-based compensation are chosen with the goal of ensuring that those components of officers' remuneration more closely track the company's performance during the business year in question as well as its medium- and long-term performance. The compensation of Non-Executive Officers, who are responsible for oversight functions, consists exclusively of a monthly salary as basic compensation, determined on the basis of their job responsibilities. Audit & Supervisory Board Members compensation consists exclusively of basic compensation.

Total compensation and other remuneration by officer classification, total compensation and other remuneration by type, and number of officers (FY2022)

Officer classification	Total compensation and other remuneration (Millions of yen)	Total compensation and other remuneration by type (Millions of yen)		Number of eligible officers
		Basic remuneration	Performance-linked remuneration	
Directors (Excluding Outside Directors)	215	102	113	4
Outside Directors	21	21	—	4
Audit & Supervisory Board members (Excluding Outside Audit & Supervisory Board Members)	15	15	—	2
Outside Audit & Supervisory Board Members	10	10	—	4

Notes: 1. The personnel and total amount at left includes two Directors (including one Outside Director) and three Audit & Supervisory Board Members (including two Outside Audit & Supervisory Board Members) who retired at the end of their terms of office at the conclusion of the Ordinary General Meeting of Shareholders held on March 29, 2022. Since Keiko Kosaka was appointed as a Director after retiring as an Audit & Supervisory Board Member at the conclusion of the Ordinary General Meeting of Shareholders, the number of members and the amount paid are included in the period when she was an Audit & Supervisory Board Member and the period when she was a Director.
2. ROE and achievement rate of the operating profit target, which serve as indicators for evaluating performance, were 6.9% and 91%, respectively, during the business year under review.
3. Financial compensation for Directors was capped at 540 million yen per year by the 77th Ordinary General Shareholders Meeting held on March 28, 2019. As of the closing of that meeting, the company had eight Directors (of whom three were Outside Directors).
4. Financial compensation for Audit & Supervisory Board Members was capped at 36 million yen per year by the 77th General Shareholders Meeting held on March 28, 2019. As of the closing of that meeting, the company had three Auditors (of whom two were Outside Auditors).

Total amount of remuneration of persons receiving more than 100 million yen in total remuneration (FY2022)

Name (officer classification)	Company classification	Total compensation and other remuneration (Millions of yen)	Total compensation and other remuneration by type (Millions of yen)	
			Basic remuneration	Performance-linked remuneration
Naotaka Kondo (Representative Director, Chairman & President, and CEO)	Submitting company	115	50	64

Officer training policy

Toyo Tanso Co., Ltd. provides, facilitates, and funds training opportunities designed to allow Directors, Audit & Supervisory Board Members, and Executive Officers to acquire necessary knowledge concerning the Group's businesses, finances, organization, and other characteristics and to develop a sufficient understanding of the roles and responsibilities they are expected to fulfill at the time

of their appointment and to update this knowledge on an ongoing basis while they serve in their positions. As an example of specific initiatives, in addition to Directors, Audit & Supervisory Board Members, and Executive Officers, we plan to regularly conduct training for executive candidates as necessary.

Efforts to strengthen corporate governance

Recognizing that robust corporate management is a responsibility as well as a perennial topic of the highest importance for any corporation, the Toyo Tanso Group works to put in place and strengthen structures and initiatives to further enhance its corporate governance, and in doing so it considers the top priority to be ensuring that corporate governance functions more effectively. To

that end, we are working, first, to strengthen awareness-raising structures to ensure that all executives and employees maintain high awareness in this area, and second, to further enhance corporate governance by taking feedback from shareholders and other stakeholders seriously.

Initiatives to strengthen corporate governance

	2016	2017	2018	2019	2020	2021	2022	2023~
Directors	8	7	7	8	8	7*	6	6
(Outside Directors)	3	3	3	3	3	3	3	3
(Female Directors)	0	0	0	0	0	0	1	1
Audit & Supervisory Board Members	3	3	3	3	3	3	3	3
(Outside Audit & Supervisory Board Members)	2	2	2	2	2	2	2	2
(Female Audit & Supervisory Board Members)	0	0	1	1	1	1	1	1
Voluntary committees	Established the Nomination / Remuneration Committee (chaired by an Outside Director and consisting of 2/3 Outside Directors)							
	Established the Governance Committee (chaired by the CEO and consisting of 2/3 Outside Directors)							
Evaluating the effectiveness of the Board of Directors	Evaluated the effectiveness of the Board of Directors							
Compensation programs			Introduced compensation program in the form of shares with restrictions on transfers		Revamped compensation programs (based on medium- and long-term performance)		Revamped compensation policies	
Business strategies	Undertook business structure reforms			Formulated a new Medium-Term Management Plan	Fleshed out growth strategies and formulated action plans		New Medium-Term Management Plan	Rolling review of Medium-Term Management Plan
Development of governance structures			Transitioned to a functional headquarters system and strengthened global governance structures		Established the Sustainability Committee			

Note: 1 Director headcount as of August 1, 2021 (reflecting one resignation effective July 31, 2021).

Officers

Directors



Naotaka Kondo
Representative Director
Chairman & President, CEO

Apr. 1980 Joined MITSUI & CO., LTD.
Dec. 1985 Joined the Company
Mar. 1994 Director
Nov. 2000 Managing Executive Officer
Aug. 2001 Director
Mar. 2002 Managing Director
Jul. 2003 Senior Managing Director
Sep. 2003 Senior Managing Executive Officer
Jan. 2007 Representative Director, NT Corporation (incumbent)
Aug. 2007 Representative Director, the Company, Senior Vice President, Executive Vice President, Assistant to President
Mar. 2008 Director of Division, Sales Division
Aug. 2009 President, Executive President
Jun. 2012 Senior Advisor
Jan. 2013 Director, Shizen Energy Inc.
May 2013 Retired from the Company
Nov. 2013 Representative Director, Chief Executive Officer, Via Mechanics, Ltd.
Dec. 2014 Chairman, Via Mechanics, Ltd.
Mar. 2015 Board Director, Japan Investment Adviser Co., Ltd.
May 2017 Audit & Supervisory Board Member, Shizen Energy Inc.
Mar. 2018 Chairman, the Company (incumbent)
Apr. 2018 Representative Director (incumbent), Chairman and Executive Officer (incumbent), Chief Executive Officer (CEO) (incumbent)
May 2018 President (incumbent), Executive President (incumbent)

- Number of the Company's shares held: 1,218,970
- Status of attendance at Board of Directors Meetings: 17/17



Shunsaku Hiraga
Director
Director of Division,
Production Division
In charge of Global R&D Division

Jul. 1971 Joined Mitsubishi Kasei Corporation (current Mitsubishi Chemical Corporation)
Sep. 2003 Joined the Company
Managing Executive Officer
Jan. 2004 Director of Division, Production Division
Aug. 2004 Director
Aug. 2005 General Manager, Machining Department
Jan. 2006 General Manager, Production Department
Apr. 2007 General Manager, Mechanical Carbon Development & Production Department
Jun. 2007 General Manager, Planning Department
Dec. 2007 General Manager, Planning Division
Aug. 2009 Retired from the Company
Oct. 2011 Established CARBON ONE Co., Ltd. Representative Director
Apr. 2013 Established Carbon Material International Corporation
Executive Director (incumbent)
Jul. 2018 Joined the Company
Executive Officer (incumbent)
Business Unit Management Officer
Sep. 2018 Director of Division, Production Division (incumbent)
Mar. 2019 Director (incumbent)
Nov. 2021 In charge of Global R&D Division (incumbent)

- Number of the Company's shares held: 3,797
- Status of attendance at Board of Directors Meetings: 17/17



Tatsuro Hamada
Director
Director of Division,
Corporate Planning Division
In charge of Global Sales Division

Apr. 1983 Joined Bridgestone Corporation
Feb. 1995 Lead Advisor, Akron Central Research Center, BRIDGESTONE/FIRESTONE, INC (current BRIDGESTONE AMERICAS, INC.)
Apr. 2004 General Manager, Tire Materials Development Department, Tire Materials Development Division, Bridgestone Corporation
Jul. 2007 Director, Tire Materials Development Division, Bridgestone Corporation
Jul. 2009 Director, Internal Manufacturing Management Division, Bridgestone Corporation
Jul. 2010 Vice President and Officer, In charge of Internal Manufacturing Management, Bridgestone Corporation
May 2011 In charge of Tire Research and Material Development, Bridgestone Corporation
Jan. 2015 Assistant to Chief Technology Officer, Bridgestone Corporation
Jan. 2017 In charge of Central Research, Bridgestone Corporation
Sep. 2017 Joined the Company
Executive Officer (incumbent)
In charge of Technical Development Division
Apr. 2018 General Manager, Materials Development Department, Technical Development Division
Sep. 2018 Director of Division, Global R&D Division
Feb. 2019 Director of Division, Corporate Planning Division (incumbent)
Mar. 2019 Director (incumbent)
In charge of Global R&D Division
Aug. 2021 Chairman, SHANGHAI TOYO TANSO CO., LTD. (incumbent)
Chairman, SHANGHAI TOYO TANSO INDUSTRIAL CO., LTD. (incumbent)
Chairman, TOYO TANSO (ZHEJIANG) CO., LTD. (incumbent)
Nov. 2021 In charge of Global Sales Division, the Company (incumbent)

- Number of the Company's shares held: 2,376
- Status of attendance at Board of Directors Meetings: 17/17



Shusuke Matsuo
Director
(Outside, Independent)

Apr. 1971 Joined Marubeni-Iida Co., Ltd. (current Marubeni Corporation)
Apr. 1996 Vice President, Marubeni Germany plc
May 2001 Vice President, Marubeni Europe plc
President, Marubeni Germany plc
May 2003 Joined RIKEN TECHNOS CORPORATION
Jun. 2004 Director, General Manager of Film Business, RIKEN TECHNOS CORPORATION
Jul. 2009 Joined KUREHA CORPORATION
Deputy General Manager of Advanced Materials Division
Apr. 2010 Vice President, General Manager of Advanced Materials Division, KUREHA CORPORATION
Apr. 2011 Senior Vice President, KUREHA CORPORATION
Jun. 2012 Director, KUREHA CORPORATION
Apr. 2013 General Manager of PGA Division, KUREHA CORPORATION
Apr. 2014 Managing Director of Advanced Materials and PGA Businesses, KUREHA CORPORATION
Jun. 2015 Special Advisor, KUREHA CORPORATION
Jun. 2017 Retired from KUREHA CORPORATION
Mar. 2020 Director, the Company (incumbent)

- Number of the Company's shares held: 771
- Status of attendance at Board of Directors Meetings: 17/17



Keiko Kosaka
Director
(Outside, Independent)

Oct. 2002 Registered as lawyer
Joined Irokawa Law Office (current Irokawa Legal Professional Corporation)
Jan. 2009 Partner, Irokawa Law Office (current Irokawa Legal Professional Corporation) (incumbent)
Jun. 2016 Audit & Supervisory Board Member, Nihon Yamamura Glass Co., Ltd.
Jun. 2017 Director, Nihon Yamamura Glass Co., Ltd. (incumbent)
Audit & Supervisory Board Member, Asia and Pacific Trade Center Co., Ltd. (incumbent)
Mar. 2018 Audit & Supervisory Board Member, the Company
Jun. 2018 Audit & Supervisory Board Member, FALCO HOLDINGS Co., Ltd.
Jun. 2021 Director, FALCO HOLDINGS Co., Ltd. (incumbent)
Mar. 2022 Director, the Company (incumbent)

- Number of the Company's shares held: 266
- Status of attendance at Board of Directors Meetings: 17/17



Makio Naito
Director
(Outside, Independent)

Apr. 1982 Joined Powder Technology Research Institute (current HOSOKAWA MICRON CORPORATION)
Mar. 1993 Retired from Powder Technology Research Institute (current HOSOKAWA MICRON CORPORATION)
Aug. 1993 Joined Japan Fine Ceramics Center
Apr. 2001 Vice Director, Japan Ceramics Center
May 2002 Retired from Japan Fine Ceramics Center
Jun. 2022 Professor, Endowed Research Division of Nanoparticle Joining Technology, Joining and Welding Research Institute, OSAKA UNIVERSITY
Apr. 2005 Professor, Smart Processing Research center (current Research Center for Additive Joining Application), Joining and Welding Research Institute, OSAKA UNIVERSITY (incumbent)
Joined Kurimoto, Ltd.
Director, Nanomaterials Research Institute, Kurimoto, Ltd.
Dec. 2005 Director, HOSOKAWA MICRON CORPORATION
Apr. 2007 Director, Smart Processing Research center (current Research Center for Additive Joining Application), Joining and Welding Research Institute, OSAKA UNIVERSITY
Nov. 2007 Retired from Kurimoto, Ltd.
Apr. 2009 Vice Director, Joining and Welding Research Institute, OSAKA UNIVERSITY
Mar. 2023 Director, the Company (incumbent)

- Number of the Company's shares held: 0
- Status of attendance at Board of Directors Meetings: -/-

Audit & Supervisory Board Member



Toshimi Boki
Audit & Supervisory Board Member

Nov. 1996 Joined the Company
Feb. 2002 Director of Finance & Administration, TOYO TANSO USA, INC.
Jun. 2005 General Manager, Accounting Department, the Company
Aug. 2006 Executive Officer
May 2015 Registered as U.S. certified public accountant
Jul. 2017 Vice President, SHANGHAI TOYO TANSO CO., LTD.
Vice President, SHANGHAI TOYO TANSO INDUSTRIAL CO., LTD.
Vice President, TOYO TANSO (ZHEJIANG) CO., LTD.
Jan. 2020 Deputy Director General, General Administration Division, the Company
Mar. 2020 Administration Officer, Deputy Director General, General Administration Division
Mar. 2022 Audit & Supervisory Board Member, the Company (incumbent)

- Number of the Company's shares held: 2,200
- Status of attendance at Board of Directors Meetings: 13/13
- Status of attendance at Audit & Supervisory Board Meetings: 10/10



Kazuhiro Imai
Audit & Supervisory Board Member
(Outside, Independent)

Apr. 1970 Joined Osaka Regional Taxation Bureau
Jul. 1995 Chief Examiner, First Corporation Taxation Group, Oyodo Tax Office
Jul. 2003 District Director, Tanabe Tax Office
Jul. 2011 General Manager, Revenue Management and Collection Department, Osaka Regional Taxation Bureau
Jul. 2012 Retired as General Manager, Revenue Management and Collection Department, Osaka Regional Taxation Bureau
Aug. 2012 Registered as certified public tax accountant. Established Imai Certified Tax Accountant Office (to the present)
Certified public tax accountant (incumbent)
Mar. 2022 Audit & Supervisory Board Member, the Company (incumbent)

- Number of the Company's shares held: 0
- Status of attendance at Board of Directors Meetings: 13/13
- Status of attendance at Audit & Supervisory Board Meetings: 10/10



Junko Uemura
Audit & Supervisory Board Member
(Outside, Independent)

Dec. 2008 Registered as lawyer
Joined City-Yuwa Partners
Oct. 2011 Joined Kansai Law & Patent Office
Jan. 2018 Partner, Kansai Law & Patent Office (incumbent)
Mar. 2022 Audit & Supervisory Board Member, the Company (incumbent)

- Number of the Company's shares held: 0
- Status of attendance at Board of Directors Meetings: 13/13
- Status of attendance at Audit & Supervisory Board Meetings: 10/10

*1 Numbers of shares held by Directors and their status of attendance at Board of Directors Meetings are accurate as of December 31, 2022.
*2 The attendance of Keiko Kosaka includes her attendance at Board of Directors Meetings as an Audit & Supervisory Board Member prior to her appointment as a Director on March 29, 2022.
*3 No information concerning the status of attendance at Board of Directors Meetings is provided for Makio Naito as he was newly appointed at the 81st Ordinary General Shareholders Meeting held on March 30, 2023.
*4 No information concerning the status of attendance at Board of Directors Meetings and Audit & Supervisory Board Meetings during FY2022 are provided for Toshimi Boki, Kazuhiro Imai, and Junko Uemura since their appointment as Audit & Supervisory Board Members on March 29, 2022.

Executive Officers (as of September 1, 2023)

Position	Name	Area of responsibility
* Chairman and Executive Officer Executive President	Naotaka Kondo	Chief Executive Officer (CEO)
* Executive Officer	Shunsaku Hiraga	Director of Division, Production Division In charge of Global R&D Division
* Executive Officer	Tatsuro Hamada	Director of Division, Corporate Planning Division In charge of Global Sales Division
Executive Officer	Hiroshi Hashigami	Director of Division, Administration Division General Manager, Office of the Executive Secretariat
Executive Officer	Akira Sasaki	Director of Division, Global Sales Division General Manager of Domestic Sales Department
Executive Officer	Hideki Kiku	Deputy Director of Division, Corporate Planning Division General Manager of Market Strategy Department Deputy Director of Division, Global Sales Division
Executive Officer	Manabu Takata	Deputy Director of Division, Corporate Planning Division General Manager of Planning Department
Executive Officer	Tadashi Shimada	In Charge of Chinese Business
Executive Officer	Megumu Doi	Deputy Director of Division, Production Division
Executive Officer	Kiyofumi Sone	Deputy Director of Division, Production Division
Executive Officer	Hiroshi Machino	Deputy Director of Division, Production Division

Executive Officers whose position is preceded by an asterisk also serve as Directors.

Reasons for the appointment of officers

List of reasons for which officers were appointed

Position	Officer	Reason for appointment
Representative Director Chairman & President, CEO	Naotaka Kondo	Naotaka Kondo has a wealth of experience and knowledge serving in management positions, exercising strong leadership since being appointed to the office of Representative Director of the Company in 2018, and he has driven initiatives to reinforce corporate governance and to implement the Company's growth strategy. Considering the above, the Company appointed him as a Director because he is expected to appropriately execute duties as a Director of the Company and contribute to the increase of corporate value.
Director	Shunsaku Hiraga	Shunsaku Hiraga has a wealth of knowledge and experience related to carbon production, and he has contributed to improving production technology and business development initiatives after being appointed as Executive Officer of the Company in 2018. Considering the above, the Company appointed him as a Director because he is expected to appropriately execute duties as a Director of the Company and contribute to the increase of corporate value.
Director	Tatsuro Hamada	Tatsuro Hamada was involved for many years in the development division of a tire manufacturer and has experience as both an Executive Officer and the head of a management division. Since joining the Company, he has contributed to reforms of technical development, business development and promoting management strategy. Considering the above, the Company appointed him as a Director because he is expected to appropriately execute duties as a Director of the Company and contribute to the increase of corporate value.
Director (Outside)	Shusuke Matsuo	Shusuke Matsuo has experience serving on the management at chemicals manufacturers, experience as a manager at the overseas subsidiaries of a general trading company, as well as extensive experience and a wealth of knowledge concerning management from a global perspective. For this reason, the Company determined that he will appropriately fulfill the role of overseeing the execution of business and contribution to the strengthening of the Company's corporate governance.
Director (Outside)	Keiko Kosaka	Keiko Kosaka has knowledge and experience with corporate law cultivated over many years as a lawyer in the area of corporate law. Furthermore, based on her experience of contributing to auditing at the Company as an Outside Audit & Supervisory Board Member since March 2018 and her experience as an Outside Director and Outside Audit & Supervisory Board Member at other companies, the Company expects that she will appropriately fulfill the role of overseeing the execution of business and contribute to the strengthening of the Company's corporate governance.
Director (Outside)	Makio Naito	Makio Naito has a wealth of academic experience as a specialist, serving in research and management at industrial machinery manufacturers, and with many years of engagement in research relating to powder engineering at OSAKA UNIVERSITY, where he serves as a professor. The Company determined that he can provide useful advice for the development of the Company's businesses because he is expected to appropriately fulfill the role of overseeing the execution of business from an objective standpoint regarding the Company's overall management, and contribute to the discussion and review of overall management.
Audit & Supervisory Board Member (Full time)	Toshimi Boki	The Company expects that Toshimi Boki will appropriately execute his duties as an Audit & Supervisory Board Member based on his extensive knowledge and experience accumulated through his many years of experience in key positions in the finance and accounting divisions since joining the Company.
Audit & Supervisory Board Member (Outside)	Kazuhiro Imai	Kazuhiro Imai has diverse knowledge and experience in finance and accounting as a certified public tax accountant. Moreover, it is considered that he will be able to execute duties as an Outside Audit & Supervisory Board Member appropriately.
Audit & Supervisory Board Member (Outside)	Junko Uemura	Junko Uemura has extensive knowledge and experience regarding law, with a focus on corporate law, gained as a lawyer. She is expected to appropriately execute duties as an Outside Audit & Supervisory Board Member of the Company.

Areas of specialization of Directors and Audit & Supervisory Committee members

Skills matrix of the areas of expertise/experience of Directors and Audit & Supervisory Committee members

Position	Area of responsibility	Name	Overall management	Key business/industry experience (Materials industry)	Global management	Sales/marketing	R&D/production technology	Quality control/procurement and logistics	Sustainability/ESG	IT/IAV/IoT/DX	Legal affairs/personnel/risk management, etc.	Finance/institutional accounting/management accounting/taxation
Representative Director Chairman & President, CEO	Chief Executive Officer (CEO)	Naotaka Kondo	○	○	○	○	○	○	○	○	○	○
Director	Director of Division, Production Division In charge of Global R&D Division	Shunsaku Hiraga	○	○	○	○	○	○	○	○		
Director	Director of Division, Corporate Planning Division In charge of Global Sales Division	Tatsuro Hamada	○	○	○	○	○	○	○	○		
Director (Outside)		Shusuke Matsuo	○	○	○	○						
Director (Outside)		Keiko Kosaka									○	
Director (Outside)		Makio Naito	○	○	○		○					
Audit & Supervisory Board Member (Full time)		Toshimi Boki						○		○		○
Audit & Supervisory Board Member (Outside)		Kazuhiro Imai										○
Audit & Supervisory Board Member (Outside)		Junko Uemura									○	

Roundtable discussion among Outside Directors



Outside Director
Makio Naito

Outside Director
Keiko Kosaka

Outside Director
Shusuke Matsuo

What are your thoughts on the atmosphere at Board of Directors Meetings and the nature of discussions?

Matsuo: It's easy to express my opinions in a cordial and frank atmosphere. I think this is a very good thing. If I were to raise an issue, I would say that there are many questions from Outside Directors, so discussions can be invigorated if more Internal Directors asked questions. Since the content of discussions is mainly related to daily business activities, it would be even better if the Board of Directors could also discuss themes from a medium- to long-term perspective. Also, I think it's really wonderful that the process is presented in detail regarding investment decisions. I think that a review of what happened after investments are made would help to deepen the discussions.

Kosaka: The meeting materials are very well organized, and it

seems that extensive discussions on agenda items have been conducted within the company in advance. This may be the reason why there are few questions from Internal Directors, but if there were more voices at Board of Directors Meetings, it would be easier to understand each person's thoughts. As Mr. Matsuo said, the atmosphere is really relaxed and inviting. Based on our opinions, Internal Directors may reconsider the matter, and I feel that they are sincere in considering our views carefully.

Naito: I have only been an Outside Director for a short time, but the first thing I felt when I attended Board of Directors Meetings was that the number of products was extremely large. In addition to expanding globally, each department has its own products and technologies, and they are moving in a timely manner, so it's all very fast paced (laughs), but departments explain matters in detail using meeting materials. In addition, in the course of discussions, I again feel that there is a bright future for carbon is a material and for Toyo Tanso.

Do you have any requests or advice with regard to meeting materials and the sharing of information?

Matsuo: Everyone is very serious, so the amount is enormous. For example, I would be grateful if explanations can feature the main points in a simple way, such as defining the assumed risk and what the result was.

Kosaka: I think it involves a lot of work because the meeting materials are very carefully crafted down to the smallest detail. It's certainly a little difficult to grasp the most important points from just a glance. There are active discussions within the company, and information is updated each time, so I think the content will be more and more detailed.

Naito: Before a detailed discussion, it may be easier to understand if a discussion is held from a slightly larger perspective. However, since Outside Directors only participate twice a month in Board of Directors Meetings and the Management Meeting, I think there is a limit to how much we can review and determine based on that alone.

Matsuo: We also need to study more to understand the Company's products and technologies, and we also need to visit frontline operations.



Naito: While they are open to us, I think there are some barriers within the company between departments such as sales, R&D, and production. It's important to demonstrate uniqueness and play an active role within these walls and to work diligently beyond those barriers. One of the roles of Outside Directors is to connect departments in a well-balanced manner.

How do you assess Toyo Tanso's corporate governance and sustainability?

Kosaka: First, with regard to governance, the Company is actively working to strengthen and improve it, and I feel that there is a very high level of awareness. Based on the results of the evaluation of the effectiveness of the Board of Directors, the Company has set up a venue for discussion separately from the Board of Directors, providing the opportunity to discuss the company's issues from various angles. This is an effective initiative in a situation where it is necessary to discuss a matter from a broad perspective.

Matsuo: The Governance Committee, of which Mr. Naito and I are members, also engages in in-depth discussions, and I believe that the Company has built a system that is superior to that of other companies.

Naito: The Board of Directors has a one-to-one composition consisting of three Internal Directors and three Outside Directors, while the Governance Committee and the Nomination / Remuneration Committee both have one Internal Director and two Outside Directors. Now that the structures are in place, the only question is how effective the Company can make them. I look forward to their further enhancement for our employees and other stakeholders.

Matsuo: When both the Governance Committee and the Nomination / Remuneration Committee were first established, there were many formal discussions, but the situation has

improved greatly in the past one or two years. We [Outside Directors] are gradually accumulating information, and as Internal Directors become accustomed to operations, we are able to flexibly transition from the previous structures. All told, I feel that the Company is on track.

Kosaka: In terms of sustainability, it takes a lot of time to change quality-related materials and manufacturing methods. This is not something that can be resolved overnight. Of course, this is an important issue that is being examined with great interest, and I believe that the Company is making steady progress starting with what is possible now, such as improving the efficiency of daily operations.

Matsuo: One specific measure is the establishment of the Sustainability Committee. The leaders of the three groups, the ESG Value Creating and Promoting Group, the Sustainable Consumption and Production Group, and the People and Organizational Vitalization Group, have set their own goals and are evaluating the effectiveness of how well they have been achieved. I believe that they are working with a high level of awareness.

Naito: I think that Toyo Tanso's business aligns nicely with concept of sustainability. Since carbon is a key material underpinning advanced and fundamental technologies, these materials are useful in wide range of fields such as social infrastructure, energy savings, and energy creation; not to mention that they are contributing to the realization of the SDGs. In this way, I feel that the major appeal of Toyo Tanso is that it has a clear social significance.

How do you view Toyo Tanso's future ambitions and challenges?

Matsuo: I used to be involved in the business operations and management of chemical manufacturers, and I used to often say, "Let's move operations downstream or the mouth of the river, not midstream." In short, we wanted to increase added value and aim for areas with little competition. This describes Toyo Tanso quite accurately. What direction will Toyo Tanso take as it expands its business globally? Toyo Tanso supports the semiconductor industry, which drives the global economy, and demand for power semiconductor applications is growing, but the Company must also explore the next big thing. It is difficult to create new businesses and materials from scratch, so I, along with other Outside Directors, would like to make recommendations for the next 10 or 15 years. One example would be taking on the challenge of further growth through M&A.

Naito: I think it's important to consider whether the company can remain successful with carbon materials alone. Toyo Tanso has been able to generate strong profits by adeptly targeting the niche needs of its customers. I feel that there is still room

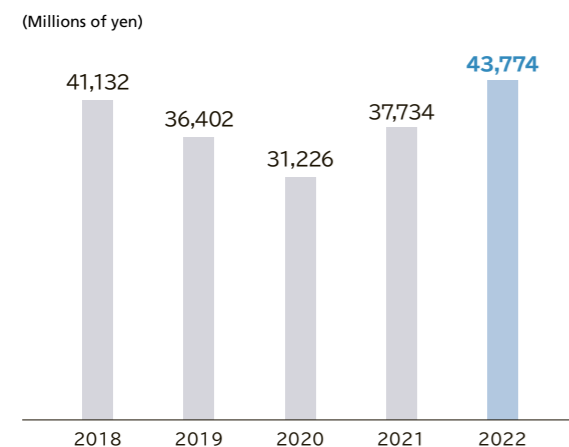
for growth, such as combining carbon materials with other materials and expanding the technology cultivated in carbon materials to other materials. I specialize in powder engineering, so I would like to use my knowledge to give various advice to the Company's experts in technology development and production technology. Actually, I would like to be directly involved in innovation, not indirectly (laughs). In addition, in order to survive in cutting-edge and global markets, Toyo Tanso will need to anticipate needs and develop businesses quickly; not to mention have a sense of urgency that allows it to go in a different direction when other companies catch up. Even in the age of AI, human connections will still be important. Mr. Matsuo and Ms. Kosaka have a diverse network of contacts, and I also have connections with various researchers overseas. I believe that Toyo Tanso will grow by building and utilizing a network of talented human resources, and I would like to contribute to this in some way.

Kosaka: Toyo Tanso is focusing on global management to unlock greater growth, so I believe that global governance management will become even more important in the future. About five years ago, a group-wide management book (Global Common Management Standards) was created, and when I went overseas for an audit, I was briefed on the operational status of each overseas subsidiary. At the time, there was some confusion due to cultural differences, but now I feel that such management standards are being utilized much more widely across the Group. While the efforts made thus far are gradually creating new successes, I believe that one of the issues that Toyo Tanso needs to focus on next is securing and developing human resources. How do we attract talented researchers and engineers, and how do we secure the workers who will support manufacturing? It is also important to cultivate them in each region of the world. In addition, there are many other issues that need to be discussed, such as countermeasures against natural disasters and supply chain risks, and the development of new technologies. I would like to gain a wide range of knowledge and work together with the Company to explore these topics.

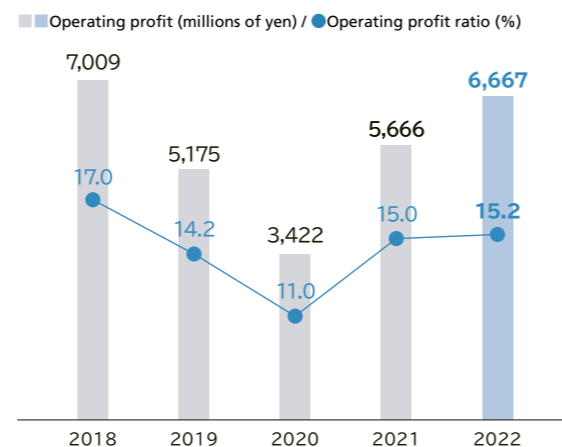


Financial and non-financial highlights

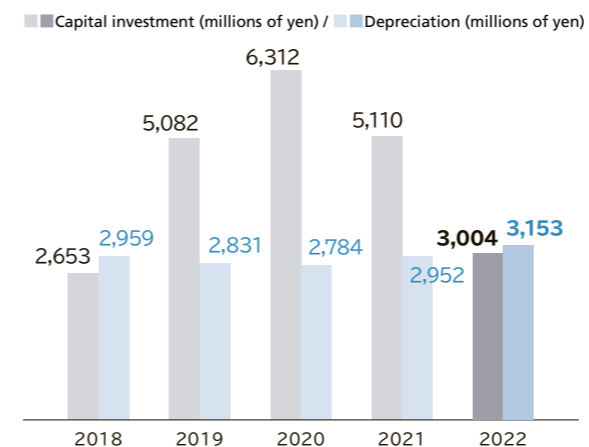
Net sales



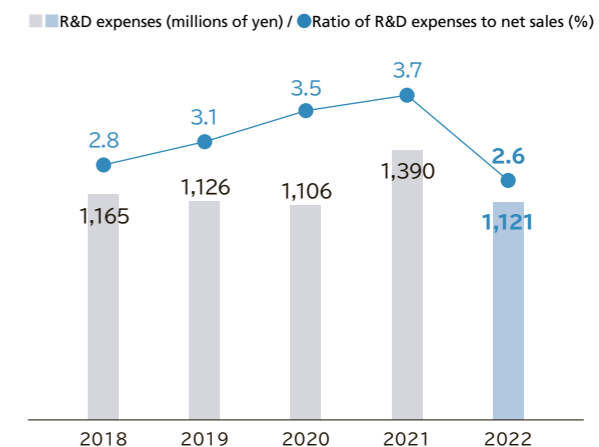
Operating profit and operating profit ratio



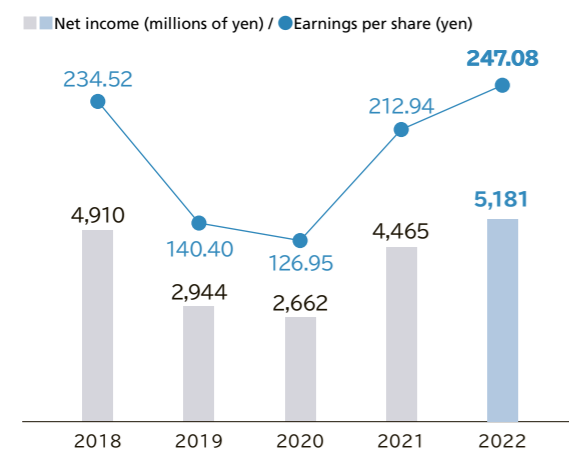
Capital investment / Depreciation



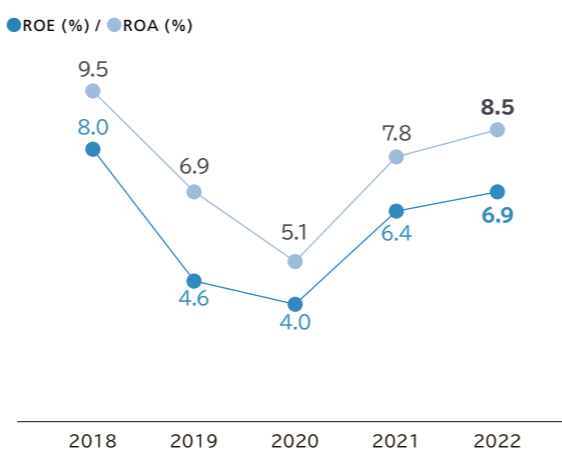
R&D expenses / Ratio of R&D expenses to net sales



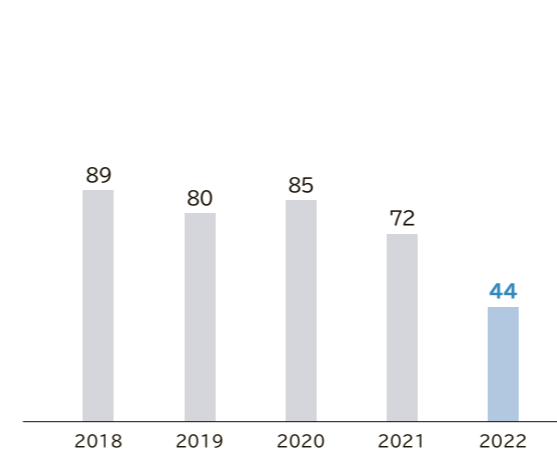
Net income / Earnings per share



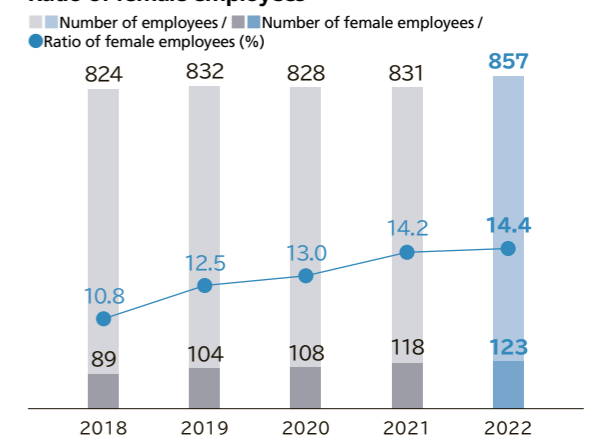
ROE / ROA



Number of R&D employees

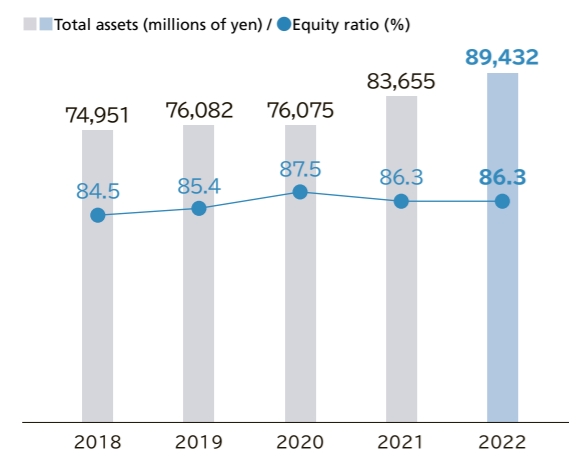


Number of employees* / Number of female employees* / Ratio of female employees*

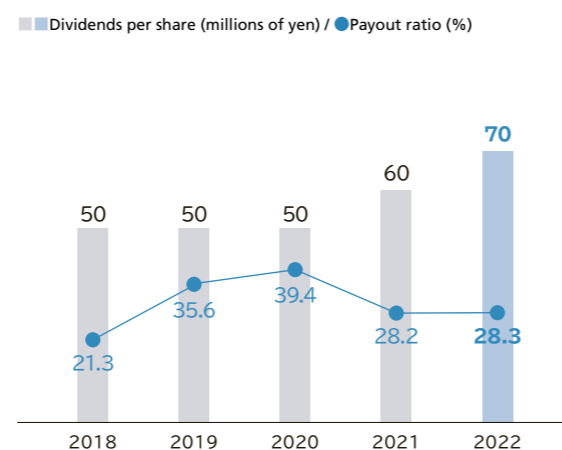


* Toyo Tanso Co., Ltd., non-consolidated basis.

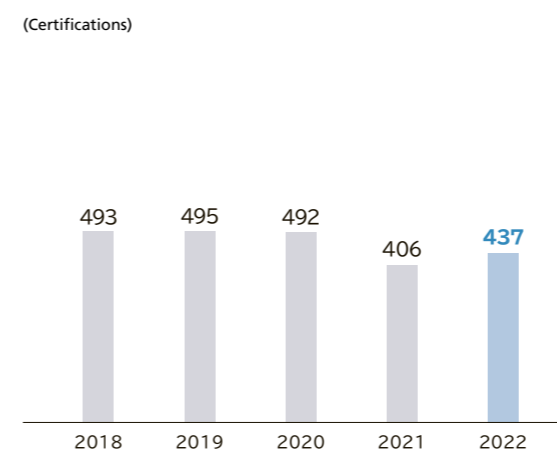
Total assets / Equity ratio



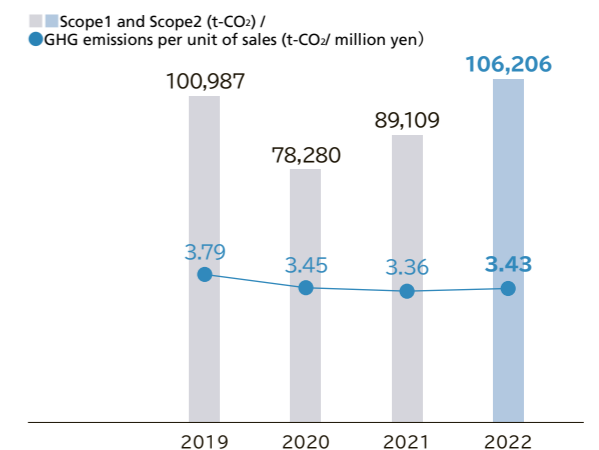
Dividends per share / Payout ratio



Number of patents held



Greenhouse gas emissions*1 and 2



*1 Toyo Tanso Co., Ltd., non-consolidated basis.

*2 Calculation began in FY2019.

11-year financial and non-financial summary

		2013*1	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 (forecast)
Performance (millions of yen)	Net sales	20,542	34,066	35,558	32,464	35,240	41,132	36,402	31,226	37,734	43,774	48,500
	Operating profit	1,035	1,140	790	652	3,708	7,009	5,175	3,422	5,666	6,667	8,500
	Ordinary profit	1,303	1,501	917	759	3,719	7,057	5,207	3,877	6,264	7,369	9,300
	Profit attributable to owners of parent	(111)	1,327	402	284	3,020	4,910	2,944	2,662	4,465	5,181	7,000
Financial position (millions of yen)	Total assets	74,229	75,831	72,990	69,797	74,223	74,951	76,082	76,075	83,655	89,432	
	Net assets	58,552	60,918	59,487	58,182	60,986	64,096	65,706	66,622	72,256	77,200	
Cash flows (millions of yen)	Cash flows from operating activities	3,496	7,374	6,797	5,120	6,972	5,759	5,149	7,020	7,328	5,625	
	Cash flows from investing activities	(1,442)	(2,314)	(5,235)	(4,127)	(5,951)	(4,318)	(4,017)	1,011	(6,252)	(5,253)	
	Cash flows from financing activities	(1,464)	(3,406)	(3,167)	(1,270)	(1,216)	(1,169)	(1,372)	(2,099)	(1,261)	(1,388)	
	Cash and cash equivalents at end of period	6,871	9,061	7,147	6,424	6,361	6,414	6,101	12,093	12,470	11,773	
Per-share data	Net assets	2,733.13	2,850.98	2,803.69	2,741.06	2,884.66	3,019.47	3,097.00	3,174.52	3,442.80	3,678.50	
	Profit	(5.39)	64.02	19.40	13.71	145.52	234.52	140.40	126.95	212.94	247.08	333.77
	Diluted earnings	—	63.90	19.38	—	145.25	—	—	—	—	—	—
Indicated	Dividend	11.50	22.00	25.00	25.00	30.00	50.00	50.00	50.00	60.00	70.00	90.00
	Equity ratio	77.0%	79.5%	80.2%	81.9%	81.6%	84.7%	85.4%	87.1%	85.7%	86.3%	—
	Return on equity (ROE)	(0.2)%	2.3%	0.7%	0.5%	5.2%	8.0%	4.6%	4.0%	6.4%	6.9%	8.8%
	Return on Assets (ROA)	1.8%	2.0%	1.2%	1.1%	5.2%	9.5%	6.9%	5.1%	7.8%	8.5%	
	Percentage of overseas sales											
	Operating profit/net sales	5.0%	3.3%	2.2%	2.0%	10.5%	17.0%	14.2%	11.0%	15.0%	15.2%	17.5%
	D/E ratio	0.13	0.08	0.04	0.03	0.02	0.01	0.00	0.00	0.00	0.00	
	Payout ratio	—	34.4%	19.2%	182.4%	20.6%	21.3%	35.6%	39.4%	28.2%	28.3%	27.0%
Capital investments, Depreciation, R&D expenses	Capital investments	855	2,591	2,958	2,662	2,221	2,653	5,082	6,312	5,110	3,004	6,596
	Depreciation	2,251	3,935	3,673	3,414	3,223	2,959	2,831	2,784	2,952	3,153	3,378
	R&D expenses	718	1,790	1,490	1,458	1,233	1,165	1,126	1,106	1,390	1,121	1,205
	Ratio of R&D expenses / net sales	3.5%	5.3%	4.2%	4.5%	3.5%	2.8%	3.1%	3.5%	3.7%	2.6%	2.5%
Non-financial information	Number of Employees	1,959	1,969	1,986	1,903	1,710	1,678	1,700	1,658	1,640	1,690	
	(average number of temporary employees)	164	167	176	153	214	230	254	275	282	288	
	Percentage of female employees*2	9.7%	10.2%	9.5%	9.8%	10.3%	10.8%	12.5%	13.0%	14.2%	14.4%	
	Average years of service*2	13.8	14.6	14.5	15.4	17	17.7	17.1	17.1	18.1	18.0	
	Percentage of Outside Independent Directors	0.0%	12.5%	25.0%	37.5%	42.9%	42.9%	37.5%	37.5%	42.9%	50.0%	50.0%
	Percentage of female officers*3	14.3%	9.1%	9.1%	0.0%	0.0%	10.0%	9.1%	9.1%	10.0%	22.2%	22.2%
	Number of R&D employees	87	99	142	111	91	89	80	85	72	44	
	Number of patents held	455	491	549	573	502	493	495	492	406	437	
	Number of newly acquired patents	64	61	93	52	51	62	54	46	17	23	
	Greenhouse gas emissions (Scope 1 and Scope 2)*2								100,987	78,280	89,109	106,206
Greenhouse gas emissions per unit of sales (Scope 1 and Scope 2)*2								3.79	3.45	3.36	3.43	

*1 The end of the fiscal year changed from May 31 to December 31 starting with the fiscal year ended December 2013. Consequently, the fiscal year ended December 2013 is an irregular fiscal year insofar as it consisted of only seven months of operations.

*2 Non-consolidated basis.

*3 Directors and Audit & Supervisory Committee members.

Consolidated financial statements

Consolidated balance sheet

(Millions of yen)

	Previous consolidated fiscal year (As of December 31, 2021)	Current consolidated fiscal year (As of December 31, 2022)
Assets		
Current assets		
Cash and deposits	15,364	15,437
Notes and accounts receivable - trade	14,198	16,606
Securities	2,999	2,999
Merchandise and finished goods	7,477	8,121
Work in progress	5,722	7,127
Raw materials and supplies	2,823	3,167
Other	526	502
Allowance for doubtful accounts	(103)	(101)
Total current assets	49,009	53,861
Non-Current assets		
Property, plant and equipment		
Buildings and structures	23,384	24,010
Accumulated depreciation	(12,155)	(12,988)
Buildings and structures, net	11,229	11,022
Machinery, equipment and vehicles	53,108	55,534
Accumulated depreciation	(43,819)	(45,540)
Machinery, equipment and vehicles, net	9,289	9,993
Land	5,891	5,931
Leased assets	1,543	1,592
Accumulated depreciation	(309)	(424)
Leased assets, net	1,233	1,167
Construction in process	2,181	1,773
Other	5,125	5,489
Accumulated depreciation	(3,904)	(4,240)
Other, net	1,221	1,248
Total property, plant and equipment	31,046	31,138
Intangible assets	283	289
Investments and other assets		
Investment securities	384	350
Deferred tax assets	977	1,490
Net defined benefit asset	618	566
Other	1,476	1,896
Allowance for doubtful accounts	(141)	(160)
Total investments and other assets	3,316	4,143
Total non-current assets	34,645	35,571
Total assets	83,655	89,432

(Millions of yen)

	Previous consolidated fiscal year (As of December 31, 2021)	Current consolidated fiscal year (As of December 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,225	2,328
Electronically recorded obligations - operating	968	1,004
Short-term loans payable	191	285
Accounts payable - other	2,041	1,890
Income taxes payable	852	1,734
Provision for bonuses	602	772
Provision for directors' bonuses	29	113
Other	3,233	3,018
Total current liabilities	10,145	11,147
Non-current liabilities		
Long-term loans payable	8	—
Deferred tax liabilities	124	125
Net defined benefit liability	150	147
Asset retirement obligations	269	272
Other	700	538
Total non-current liabilities	1,252	1,084
Total liabilities	11,398	12,231
Net assets		
Shareholders' equity		
Capital stock	7,947	7,947
Capital surplus	9,609	9,609
Retained earnings	51,748	55,672
Treasury shares	(60)	(60)
Total shareholders' equity	69,245	73,168
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	159	117
Foreign currency translation adjustment	2,833	3,944
Remeasurements of defined benefit plans	(33)	(83)
Total accumulated other comprehensive income	2,959	3,978
Non-controlling interests	52	53
Total net assets	72,256	77,200
Total liabilities and net assets	83,655	89,432

Consolidated financial statements

Consolidated statement of income and consolidated statement of comprehensive income (Millions of yen)

	Previous consolidated fiscal year (From January 1, 2021 to December 31, 2021)	Current consolidated fiscal year (From January 1, 2022 to December 31, 2022)
Net sales	37,734	43,774
Cost of sales	25,352	29,346
Gross profit	12,382	14,427
Selling, general and administrative expenses	6,716	7,759
Operating profit	5,666	6,667
Non-operating income		
Interest income	79	92
Dividend income	53	67
Foreign exchange gains	248	282
Share of profit of entities accounted for using equity method	83	158
Subsidies for employment adjustment	42	—
Revenue from sales of electric power	41	42
Other	122	127
Total non-operating income	671	770
Non-operating expenses		
Interest expenses	28	33
Depreciation	16	16
Contracted research expenses	18	9
Other	9	8
Total non-operating expenses	72	68
Ordinary profit	6,264	7,369
Extraordinary income		
Gain on sales of non-current assets	4	11
Gain on sale of investment securities	—	1
Subsidy income	14	42
Settlement income	—	73
Total extraordinary income	18	129
Extraordinary losses		
Loss on sales of non-current assets	0	1
Loss on retirement of non-current assets	152	112
Loss on suspension of operations	—	87
Total extraordinary losses	153	200
Profit before income taxes	6,130	7,298
Income taxes - current	1,278	2,503
Income taxes for prior periods	189	—
Income taxes - deferred	192	(391)
Total income taxes	1,660	2,112
Profit	4,470	5,186
Profit attributable to non-controlling interests	4	4
Profit attributable to owners of parent	4,465	5,181

Consolidated statement of comprehensive income (Millions of yen)

	Previous consolidated fiscal year (From January 1, 2021 to December 31, 2021)	Current consolidated fiscal year (From January 1, 2022 to December 31, 2022)
Profit	4,470	5,186
Other comprehensive income		
Valuation difference on available-for-sale securities	28	(42)
Foreign currency translation adjustment	2,102	1,065
Remeasurements of defined benefit plans, net of tax	(23)	(49)
Share of other comprehensive income of entities accounted for using equity method	108	47
Total other comprehensive income	2,215	1,021
Comprehensive income	6,685	6,207
Comprehensive income attributable to		
Owners of parent	6,675	6,201
Non-controlling interests	10	6

Consolidated statement of changes in equity Previous consolidated fiscal year (From January 1, 2021 to December 31, 2021) (Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,947	9,609	48,331	(60)	65,828
Changes of items during period					
Dividends of surplus			(1,048)		(1,048)
Profit attributable to owners of parent			4,465		4,465
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	3,417	(0)	3,416
Balance at end of period	7,947	9,609	51,748	(60)	69,245

(Millions of yen)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	131	628	(9)	749	43	66,622
Changes of items during period						
Dividends of surplus						(1,048)
Profit attributable to owners of parent						4,465
Purchase of treasury shares						(0)
Net changes of items other than shareholders' equity	28	2,204	(23)	2,209	8	2,217
Total changes of items during period	28	2,204	(23)	2,209	8	5,634
Balance at end of period	159	2,833	(33)	2,959	52	72,256

Consolidated statement of changes in equity Current consolidated fiscal year (From January 1, 2022 to December 31, 2022) (Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,947	9,609	51,748	(60)	69,245
Changes of items during period					
Dividends of surplus			(1,258)		(1,258)
Profit attributable to owners of parent			5,181		5,181
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	3,923	(0)	3,923
Balance at end of period	7,947	9,609	55,672	(60)	73,168

(Millions of yen)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	159	2,833	(33)	2,959	52	72,256
Changes of items during period						
Dividends of surplus						(1,258)
Profit attributable to owners of parent						5,181
Purchase of treasury shares						(0)
Net changes of items other than shareholders' equity	(42)	1,111	(49)	1,019	1	1,021
Total changes of items during period	(42)	1,111	(49)	1,019	1	4,944
Balance at end of period	117	3,944	(83)	3,978	53	77,200

Consolidated financial statements

Consolidated statement of cash flows

(Millions of yen)

	Previous consolidated fiscal year (From January 1, 2021 to December 31, 2021)	Current consolidated fiscal year (From January 1, 2022 to December 31, 2022)
Cash flows from operating activities		
Profit before income taxes	6,130	7,298
Depreciation	2,952	3,153
Share of (profit) loss of entities accounted for using equity method	(83)	(158)
Increase (decrease) in net defined benefit asset or liability	(116)	(43)
Increase (decrease) in provision for bonuses	196	152
Increase (decrease) in provision for directors' bonuses	9	83
Increase (decrease) in allowance for doubtful accounts	(63)	(9)
Interest and dividend income	(132)	(159)
Interest expenses	28	33
Foreign exchange losses (gains)	(229)	(324)
Loss (gain) on sale of non-current assets	(4)	(10)
Loss on retirement of non-current assets	152	112
Decrease (increase) in notes and accounts receivable - trade	(2,093)	(2,021)
Decrease (increase) in inventories	221	(1,959)
Increase (decrease) in notes and accounts payable - trade	465	(127)
Other, net	769	1,131
Subtotal	8,203	7,150
Interest income and dividend income received	151	201
Interest expenses paid	(28)	(34)
Income taxes (paid) refund	(997)	(1,692)
Net cash provided by (used in) operating activities	7,328	5,625
Cash flows from investing activities		
Payments into time deposits	(6,861)	(8,334)
Proceeds from withdrawal of time deposits	5,832	7,722
Purchase of property, plant and equipment	(5,076)	(4,219)
Proceeds from sales of property, plant and equipment	5	13
Purchase of intangible assets	(101)	(91)
Purchase of treasury shares of subsidiaries and associates	—	(269)
Other, net	(51)	(76)
Net cash provided by (used in) investing activities	(6,252)	(5,253)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(30)	101
Repayments of long-term loans payable	(32)	(34)
Repayments of finance lease obligations	(146)	(190)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(1,048)	(1,259)
Dividends paid to non-controlling interests	(2)	(4)
Net cash provided by (used in) financing activities	(1,261)	(1,388)
Effect of exchange rate change on cash and cash equivalents	561	320
Net increase (decrease) in cash and cash equivalents	376	(696)
Cash and cash equivalents at beginning of period	12,093	12,470
Cash and cash equivalents at end of period	12,470	11,773

Company profile

Name	Toyo Tanso Co., Ltd.	Principal businesses	Manufacture and sale of high-function carbon products and related processing
Founded	February 11, 1941	Business sites	Domestic facilities: 13 Domestic subsidiaries: 3 Overseas subsidiaries and affiliates: 15 (U.S.A., Italy, France, Germany, China, Taiwan, South Korea, Thailand, Singapore, Indonesia, Mexico)
Incorporated	July 31, 1947	Annual net sales	Consolidated: 43.7 billion yen (fiscal year ended December 31, 2022) Non-consolidated: 30.9 billion yen (fiscal year ended December 31, 2022)
Capital stock	7.9 billion yen (as of June 30, 2022)	Employees	Consolidated: 1,690 (fiscal year ended December 31, 2022) Non-consolidated: 857 (fiscal year ended December 31, 2022)
Representative	Naotaka Kondo Representative Director Chairman & President, CEO		
Fiscal year end	December 31		

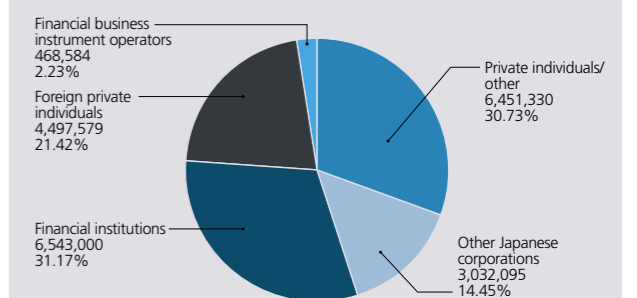
Stock information

Stock data	(As of June 30, 2023)
Number of shares outstanding	20,992,588
Share unit	100 shares
Number of shareholders	5,250

Major shareholders	(As of June 30, 2023)	
Shareholder name	Number of shares held (Thousands of shares)	Percentage of total
Custody Bank of Japan, Ltd. (trust account)	2,410	11.49
The Master Trust Bank of Japan, Ltd. (trust account)	2,150	10.25
Tomoko Kondo	1,560	7.44
Naotaka Kondo	1,218	5.81
Kondo Holdings Co., Ltd.	1,165	5.55
Kondo Zaidan Public Interest Foundation	834	3.98
NT Corporation, Ltd.	626	2.98
Takako Kondo	620	2.96
Junko Morita	600	2.86
THE BANK OF NEW YORK 133652	575	2.74

Note: Treasury stock (20,128 shares) has been excluded in calculations of share ownership percentages.

Distribution of shares by owner (As of June 30, 2023)



Distribution of shareholders by type (As of June 30, 2023)

