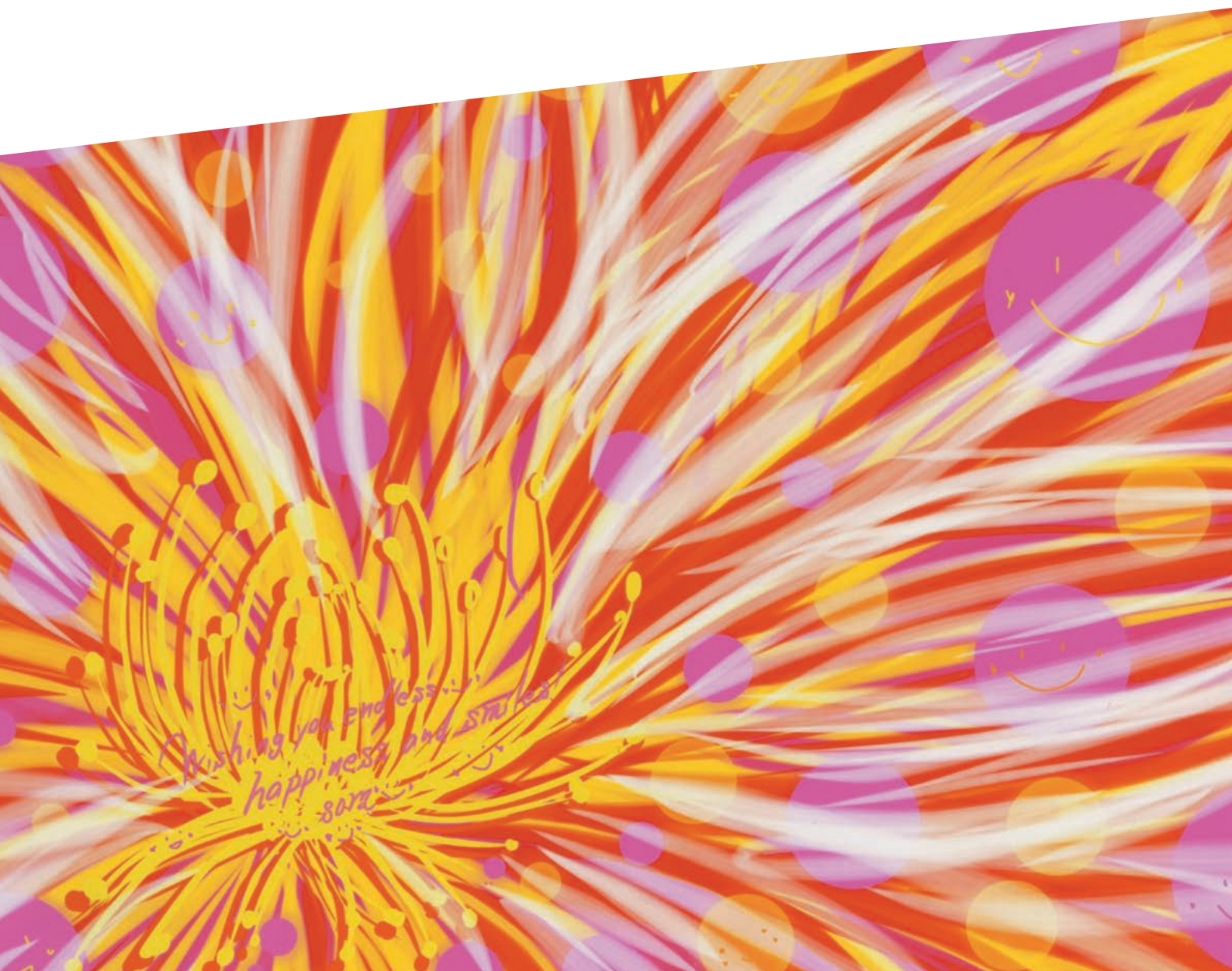


2023 marks the 200th anniversary of our founding
and the 90th anniversary of our incorporation

TODA KOGYO CORP.

CSR Report

2022



*Wishing you endless
happiness and smiles
sara*

The TODA KOGYO Group will continue to operate its business in accordance with the Management Principle and the Management Policy, aiming at continuous sound development towards the future. Aware that fulfilling our social responsibility is a significant role that we have to play as better citizens and as a better corporate citizen, we will comply with relevant laws and ordinances, internal regulations and rules on the basis of the spirit of compliance. Leaders will take the initiative in setting examples regarding compliance and will ensure that they are followed within the Company and known to companies in the Group and to business partners. In addition, we will maintain sound and normal relationships with politics and government. We will reject any anti-social force or organization that threatens the order and safety in the civic society.

Four CSR Guidelines

For investors

We will accumulate and provide high quality achievements backed by creating technologies. We will build and implement a sound and transparent corporate governance structure and effective internal control in an effort to conduct activities that will earn the understanding and empathy of investors.

For customers and business partners

We will share values based on the customers' standpoint. Utilizing the technological capabilities that we have independently developed, we will form good partnerships with business partners who share our ambition. In addition, we will sincerely make reciprocal efforts to attain our goals.

For society

In line with our spirit of compliance, we will not enter into relationships with anti-social forces, will give the highest priority to considerations of safety and the global environment, and will seek harmony with the international community in collaboration with regional society to create a great living culture at a global level on the basis of the cultural assets we possess.

For employees

The originality of every single employee and their diversity are our assets. We will help them display their capacity to the fullest degree and support their activities. We will also evaluate them impartially. We will strive to increase their peace of mind and richness and aim to live together.

Editorial Policy

The TODA KOGYO Group has been conducting CSR activities and sound business management with a view to the sustainable development of business and society. Published since 2015, this report covers policies, goals, achievements and other aspects concerning the Group's specific activities for the environment, safety and health, labor and human rights, quality assurance, ethics, social contribution and dialogues with local communities.

We hope that this report will make the Group's CSR activities understood by stakeholders and help build better relationships of trust through dialogues with them.

Scope of report: TODA KOGYO CORP. and some of its group companies
 Period covered: April 1, 2021 to March 31, 2022
 (Efforts in fiscal 2020 and earlier and activities in and after April 2022 are partly included.)

Referenced guidelines: Global Reporting Initiative (GRI) Environmental Reporting Guidelines 2018 by the Ministry of the Environment
 Published in January 2023 (English Version)

About the cover

The TODA KOGYO Group sponsors Paralym Art, a project for participation of artists with disabilities in society and for their economic independence. As an official partner, the Group supports Paralym artists.



Artwork entitled: Hanasaku Egao (A Blooming Smile)
 Created by sora

In hopes for a peaceful world where all the people smile like flowers

Management Principle, Management Policy and Code of Conduct

The TODA KOGYO Group revised its management principle, management policy and code of conduct in fiscal 2014. All its officers and employees review them as they go about their respective duties each day.

Management Principle

Our group will further improve the fine particle synthesis technology we have developed with iron oxides and will always continue lively growth and development.

We will work on a foundation built on sincerity and trust and we will bring together our creativity and manufacturing strength to make a contribution to society in general with attractive new materials and solutions that are full of originality.

Management Policy

- We will establish a management foundation as a "Manufacturing Company" that can contribute to society and will continue to grow and develop even 100 years after its establishment.
- We will refine our only-one technologies and continue to offer products and solutions that have high added value.
- We will become a company that is essential on a global level and increase the corporate value of the group.
- We will seek the happiness of our employees and their families and will be a company that is constantly trusted by our stakeholders.

Code of Conduct

- We will act quickly to offer products and solutions that respond to the requirements of the customers.
- The whole company will come together as one, with manufacturing, engineering, sales and management working enthusiastically together.
- We will be corporate citizens who are faithful and fair and will act with a strong sense of ethics.
- We will improve our dignity as individuals and will continue to have pride, hope and dreams for the future.
- We will work for harmony and symbiosis with the local community and with the global environment.

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Top Message

The TODA KOGYO Group celebrates its 200th anniversary in 2023. In preparation for this commemorative year, we will operate our business with an eye to accomplishing the medium-term business plan, Vision 2023 that was adopted in the previous fiscal year. As a company listed on the Prime Market of the Tokyo Stock Exchange, we are working hard to enhance corporate governance and implement ESG management.

–Medium-Term Business Plan Vision 2023 and Go Beyond 200–

Fiscal 2021 was the first year of Vision 2023. For that period, both net sales and operating income surpassed the targets set in Vision 2023, thanks to brisk sales mainly of magnet materials and dielectric materials. For fiscal 2022, which is the second year, we are working to increase sales and reduce costs with a view to meeting the targets amid rises in raw material prices and energy prices. The entire Group will make concerted efforts to achieve the three-year targets in Vision 2023, which are cumulative total net sales of 102.0 billion yen and a cumulative total operating income of 5.9 billion yen.

For fiscal 2024 and beyond, we are planning to commercialize soft magnetic materials that support the electrification of automobiles and environment-related materials that help reduce the impact on the environment. We will carry out development activities according to the roadmap, aiming to grow them into businesses comparable with those of pigments, magnet materials, dielectric materials and other products.

–Enhancing Corporate Governance–

Major changes in fiscal 2022 include our transformation into a company with an audit and supervisory committee. The details are mentioned on page 18 of this publication. With this change, we achieved a clearer separation of management and business execution. Now, the Management Conference, which consists chiefly of executive officers, is responsible for monitoring the state of operating divisions and for making resolutions on business execution. In the past, we were not able to implement risk management systematically. Today, the management team holds discussions with separate divisions dealing with risks at the Management Conference, or at the Risk Management Committee, in order to run a PDCA cycle. We will aim to build a strong structure in which management, the managers of related departments and personnel involved understand working-level risks and discuss control measures to take swift actions in response to changes in external environments.

–Carbon Neutrality–

With respect to carbon neutrality, we have been pursuing a number of initiatives to cut energy consumption per unit of sales. They include recovering waste heat in the production process, improving operation efficiency, introducing equipment with higher energy efficiency and revising the manufacturing process. From fiscal 2022, we will consider introducing an analysis using the life cycle assessment (LCA) as well as internal carbon pricing.

We realize the impacts of global warming more strongly than ever due to climate change in recent years. As a responsible business entity, we will endeavor to meet a net zero global CO₂ emission target by 2050.

–Respect for Human Rights–

Another point that I would like to stress is to respect human rights from a broad perspective. Of course, we are striving to eliminate discrimination and harassment and to create programs that open the way for various workstyles. They are mentioned in this report. In addition, we are providing support to help the Group's staff work in lively and more productive ways.

Around 30% of our staff engage in research and development. They always exert their creativity in carrying out their duties. Creative improvements and proposals are also needed in manufacturing, sales and marketing activities. The administrative team supporting these activities is constantly striving to enhance work efficiency. Recently, we changed the layout of the Creative R&D Center to stimulate discussions beyond organizational boundaries. Freewheeling ideas and active communication are increasing.

As a business leader, I myself am trying to listen directly to staff members, to build productive workplaces filled with creativity. I will listen to them to understand both the current state and the state that we seek. I will introduce their voices to workplace improvements to foster communication in the company.

We will work towards development through constant activities together with stakeholders. Thank you for your understanding and support.

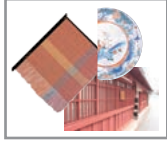
President and CEO

Shigeru Takaragi

TODA KOGYO Group's History and Business

History TODA KOGYO's history began with Bengala. Technologies cultivated over the 200 years since its founding are still in use today.

Coloring for building materials and ceramics



Bengala

Pigments

Maritime transport becomes a mainstream form of distribution



Pigments



Deflection yoke materials

Soft magnetic materials

Motors are in growing demand.



Magnet materials for motors in household appliances

Magnet materials

Lithium ion battery products are in widespread use.



Cathode and anode materials

Lithium ion battery materials



1823

Founding

Our business is founded in the city of Ibara, Okayama Prefecture.

It begins as a family business industrially manufacturing Bengala.



Hiroshima Plant (currently at Asa-Kita-ku in the city of Hiroshima)

TODA KOGYO Corporation is incorporated.

A company with a mission of manufacturing and selling Bengala is set up in the city of Hiroshima.

1933

Incorporation



1960s

Monochrome TV sets are in widespread use.

First TV boom (wedding of the Crown Prince)
Second TV boom (1964 Olympics in Tokyo)

Printers and copiers are in widespread use.

1980s



Toners and carriers

Electronic printing materials

IT society advances.

2000s



Ferrite IC tags and NFC tags on metal



Electromagnetic control components and magnetic sheet

Soft magnetic materials

TODA KOGYO's business dates back to 1823, when we commenced the industrial manufacture of Bengala, the oldest pigment in human history. Bengala is indispensable for painting on porcelain and for the coloring of historical architecture. Nearly 200 years have passed since then. Throughout our history, we have been able to survive by successfully overcoming challenges at different times. We have consistently opened up new frontiers for chemical materials and have continued to produce products that meet the demands of the times.

When pollution was a social issue, we created an environmentally friendly manufacturing method. At a time when magnetic recording materials used for video and audio cassette tapes were our mainstay products, we were anticipating the advent of the digital age and working to open up new fields.

The Group's products are used not only for pigments as original applications but for automobiles, smartphones, household appliances and other state-of-the-art domains. Our chemical materials are created from technologies that we have been developing for 200 years since our founding, and reach markets around the world.

Automatic ticket gates



Magnetic tickets

Audio and video cassette tapes are in widespread use.



Magnetic recording

1970s

Magnetic recording materials

Environmental awareness increases.



Iron oxide for combustion catalyst: Activated iron oxide (TIC®)

Garbage bags for burnable waste

Hydrotalcite



Lead-free polyvinyl chloride stabilizer for agricultural polyolefin film

1990s

Environmental materials

2010s to 2020s

Automobiles shift to electric vehicles and ICT advances.



Motor and sensor materials for automobiles, household appliances and others

Magnet materials

Noise control materials
Materials for contactless charging for electric vehicles (EVs)

Soft magnetic materials



Barium titanate for multilayer ceramic capacitors

Dielectric materials

Environmental materials



CO₂ solid capture sorbents

2023

Marking our 200th anniversary

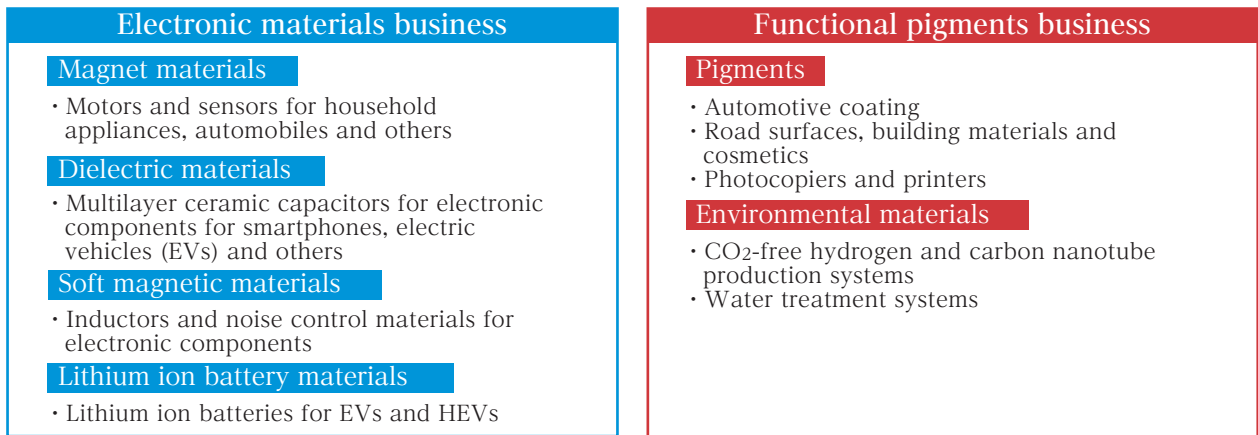
TODA KOGYO Group's Two Business Segments and Five Business Fields

The TODA KOGYO Group has two business segments: functional pigments and electronic materials.

The functional pigments business deals with iron oxide and other materials. Its growth has been driven by its applications as coatings and coloring materials for photocopiers and printers. These coloring materials have been a pillar of earnings since our founding. We are working to develop products tailored to the needs of the times.

The electronic materials business deals chiefly with materials for automobiles and ICT equipment. The markets for these products are expected to grow further. It is anticipated that business will expand, especially the business for magnet materials used in motors and sensors and dielectric materials used in capacitors.

These materials are used in five markets, namely automobiles, household appliances and communication devices, coatings, photocopiers and printers and the environment. The Group thus defines them as five business fields and endeavors to carry out business activities there.



Five business fields



Business Topics

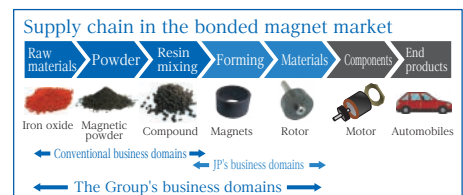
TODA KOGYO has established an integrated production system covering all processes from materials to components by making Jiangmen and Partners' Magnetic Product Co., Ltd. a subsidiary.

TODA KOGYO acquired equity in Jiangmen and Partners' Magnetic Product Co., Ltd. (hereinafter "JP"), a molding manufacturer of bonded magnets based in the Chinese province of Guangdong, to make it a subsidiary in August 2021.

The TODA KOGYO Group has recently defined magnet materials as a growth business. Our focus is on developing and manufacturing bonded magnet compounds. They are a composite of magnetic powder and resins. They offer such outstanding durability and rust prevention that they can be used to produce magnets with complex forms as well as magnets that constitute magnetic poles. They are thus increasingly used as materials for magnetics in motors and sensors for automobiles, household appliances and many other applications.

JP is a Japanese capital company that specializes in manufacturing bonded magnetics and other precision molding materials. Since it was founded in 2006, it has accumulated advanced technological capabilities and production expertise in injection molding. With an independent metal mold function for forming, JP develops and produces products to quickly meet customer needs for high quality. It thus earns high marks from its principal clients in the automotive components manufacturing sector.

JP is now part of the TODA KOGYO Group. This allows us to respond to a broad range of customer needs, ranging from the manufacturing and development of magnetic powder and bonded magnet compounds to the area of magnet molding. Through the integrated management of technological information on raw and other materials in the supply chain, we will strive to heighten the quality level at individual stages and to increase the speed of development. We will also work to stabilize our integrated development and production system in an effort to earn greater trust from customers.

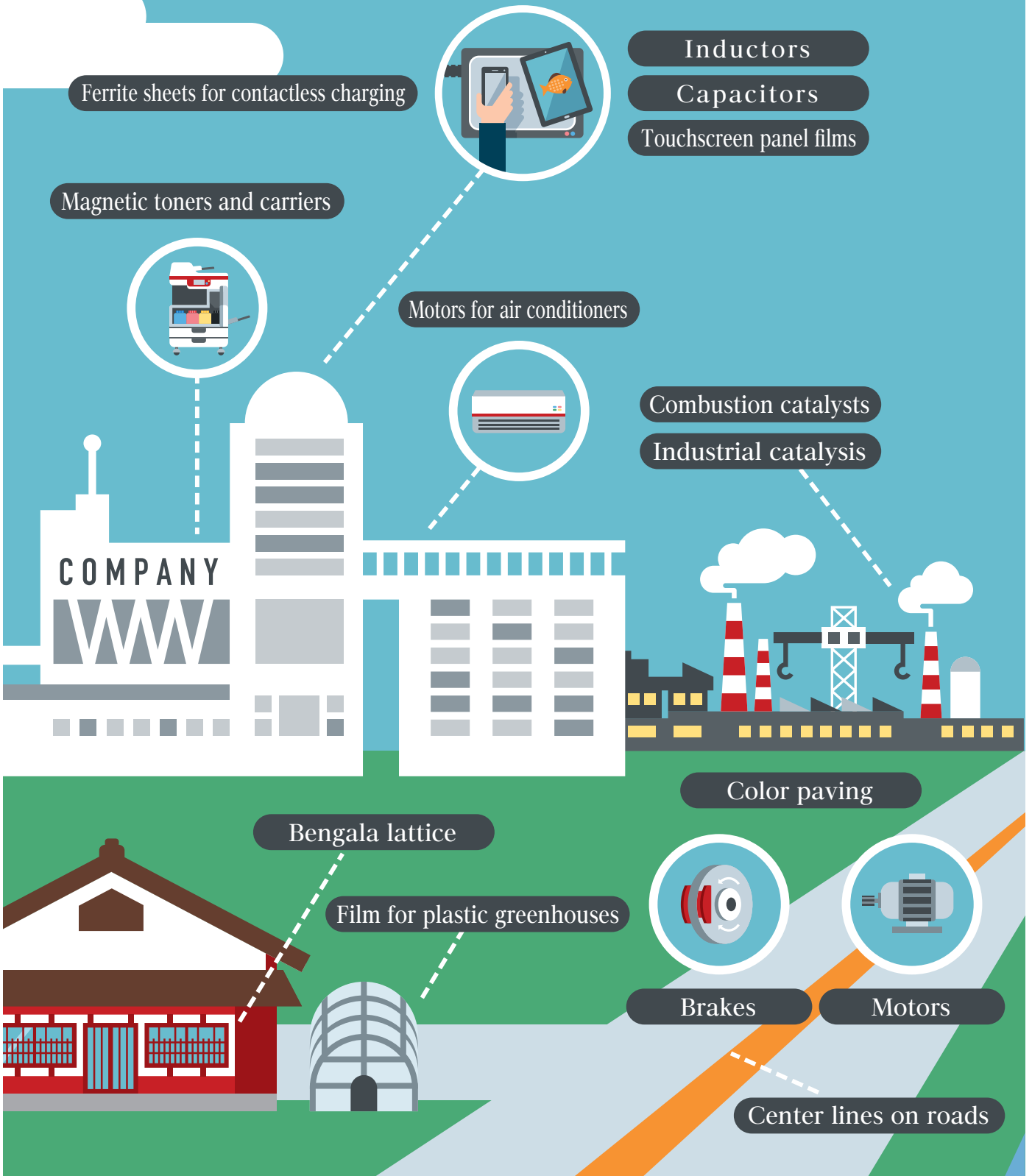


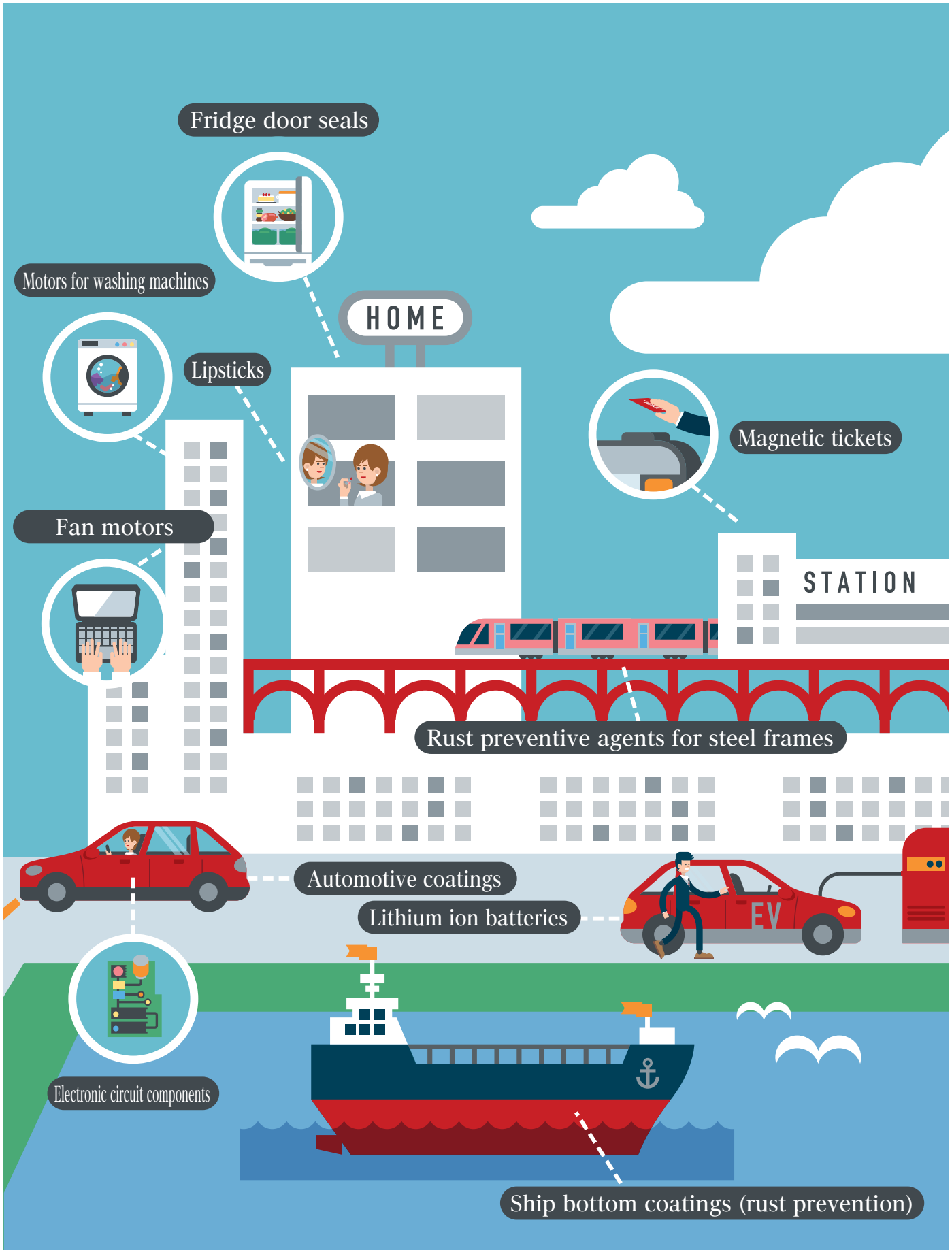
Jiangmen and Partners' Magnetic Product Co., Ltd. (Jiangmen, Guangdong Province)

Familiar Products from the TODA KOGYO Group

Chemical products are used in many different applications around you. The TODA KOGYO Group's materials are used in automobiles, household appliances, information devices and others. They help reduce sizes and weights and enhance performance of these items.

Under a motto of "Fine Materials for the Future," we will continue to create new value from cutting-edge materials.





Fridge door seals

Motors for washing machines

HOME

Lipsticks

Magnetic tickets

Fan motors

STATION

Rust preventive agents for steel frames

Automotive coatings

Lithium ion batteries

Electronic circuit components

Ship bottom coatings (rust prevention)

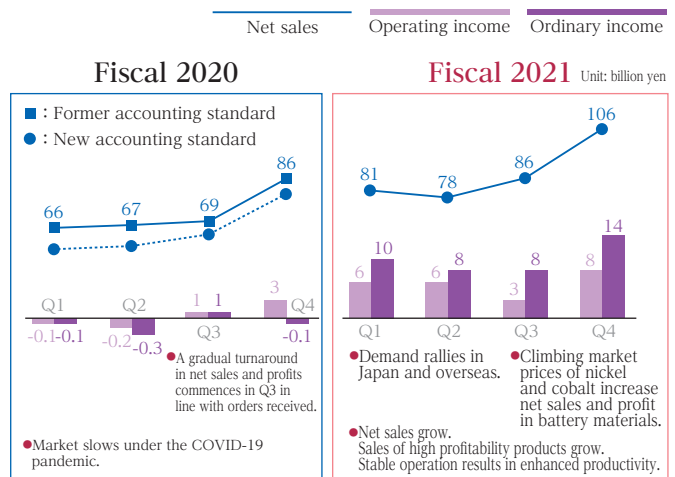
Business Policy

The TODA KOGYO Group has achieved its growth by fulfilling its mission of helping to find solutions to social issues through its business and by addressing social problems and the most advanced needs of the times. In recent years, through materials, we have been supporting many different areas of industry, including automobiles and electronics. Amid the rapid changes in circumstances that are taking place during the COVID-19 pandemic, we will not only work to address the issues facing customers. We will also tackle our own problems, combining our capabilities with those of materials and partners to overcome the challenges and to create new value.

Business Overview for Fiscal 2021 (from April 1, 2021 to March 31, 2022)

Against the backdrop of a global economic recovery, demand rallied in Japan and overseas and that led to strong net sales. Profits were affected by raw material and energy prices and by soaring marine transport costs due to a shortage of containers. However, marginal profit increased with a rise in net sales and growth in sales of high-margin products. In addition, the pandemic resulted in sluggish demand for our products in fiscal 2020. That prompted us to undertake a companywide production adjustment. For fiscal 2021, stable operation resulted in enhanced productivity.

For fiscal 2021, net sales stood at 35.3 billion yen and operating income at 2.5 billion yen. (Operating income for fiscal 2020 was 0.01 billion yen.) Ordinary income reached 4.1 billion yen (compared with an ordinary loss of 0.6 billion yen for fiscal 2020). That reflected the depreciation of the yen and strong revenue at equity method affiliates, which led to the posting of 1.5 billion yen in the share of profit of entities accounted for using the equity method.



Overview of Business Segments

(* Note: The figures for fiscal 2020 comply with the new accounting standard.) Unit: billion yen

	Fiscal 2020	Fiscal 2021	Change		
Electronic materials	Segment profit rate to sales 10%	151	217	+66	Main applications
		10%	15%	+5 ^{PP}	
Magnet materials	62	98	+36	Household appliances, automotive and other motors and sensors	
Dielectric materials	11	15	+4	ICT equipment and MLCCs for electronic components for EVs	
Lithium ion battery materials	55	83	+28	Lithium ion batteries for EVs and HEVs	
Other materials	23	21	△2		
Functional pigments	Segment profit rate to sales 11%	111	135	+25	Main applications
		11%	16%	+5 ^{PP}	
Pigments	111	135	+25	Coloring of road surfaces and building materials, photocopiers and printers	

The Group reports two business segments: electronic materials and functional pigments. Segments are determined on the basis of the range of products and in consideration of manufacturing methods and processes as well as the similarity of their markets. The electronic materials segment covers businesses of magnet materials, dielectric materials, lithium ion battery materials and other materials. The functional pigments segment deals with pigments.

In the electronic materials segment, net sales rose 6.6 billion yen, from 15.1 billion yen for fiscal 2020 to 21.7 billion yen. The segment profit rate surged 5 percentage points year on year, to 15%

Magnet materials sales increased 3.6 billion yen, from 6.2 billion yen for fiscal 2020 to 9.8 billion yen. The large increase in sales is attributable to rising demand and the reorganization of a molded magnet manufacturer into a subsidiary in the previous year. Magnet materials are used chiefly for motors in automobiles and household appliances, and the increase in demand was due mainly to the automotive shift to electric vehicles. Dielectric materials sales increased 0.4 billion yen, from 1.1 billion yen for fiscal 2020 to 1.5 billion yen. They continued to enjoy brisk demand for applications of multilayer ceramic capacitors (MLCCs), which are often used in ICT equipment and electric vehicles. Lithium ion battery materials sales grew 2.8 billion yen, from 5.5 billion yen for fiscal 2020 to 8.3 billion yen. These materials serve automotive applications. The sales growth for fiscal 2021 is explained by soaring market prices of nickel and other materials in addition to a turnaround in performance. Other materials sales declined 0.2 billion yen, from 2.3 billion yen for fiscal 2020 to 2.1 billion yen.

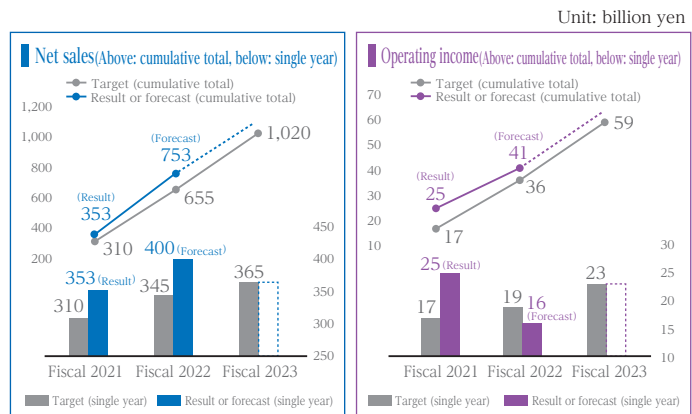
In the functional pigments segment, net sales were up 2.5 billion yen, from 11.1 billion yen for fiscal 2020 to 13.5 billion yen. Segment profit rate rose 5 percentage points year on year, to 16%. Demand for different coloring materials and materials for photocopiers and printers rallied from the plunge under the pandemic. Net sales and profit both surged.

Progress of Medium-Term Business Plan Vision 2023

(The bar chart portrays single-year figures whereas the line chart cumulative total figures.)

Fiscal 2021 was the initial year of the plan. For that year, net sales ended at 35.3 billion yen, against the target of 31.0 billion yen. For fiscal 2022, business is expected to remain buoyant. Net sales are forecast at 40.0 billion yen, surpassing the target of 34.5 billion yen set in the plan.

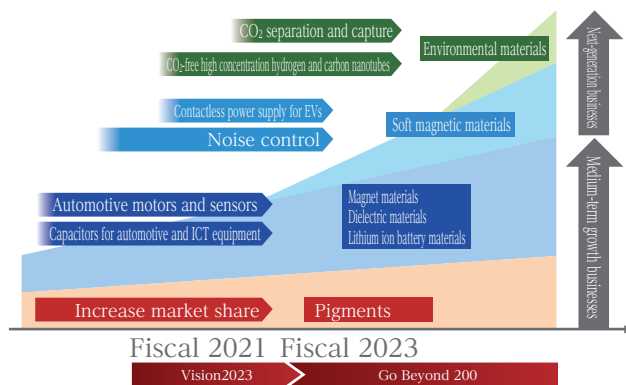
Operating income ended at 2.5 billion yen for fiscal 2021, against the target of 1.7 billion yen. For fiscal 2022, it is forecast to reach 1.6 billion yen, while the target is set at 1.9 billion yen. The forecast takes into account the impacts of continuous rises in raw material and energy prices. During the period of the medium-term business plan, various factors will impact our results. We will work towards meeting the targets of 102.0 billion yen in three-year total net sales and 5.9 billion yen in three-year total operating income.



We will work towards meeting the targets of 102.0 billion yen in three-year total net sales and 5.9 billion yen in three-year total operating income.

Efforts for Business Growth

The TODA KOGYO Group has adopted the medium-term business plan Vision 2023. In addition, we are in the process of preparing Go Beyond 200 as a vision for fiscal 2024 and beyond after the period of the medium-term business plan. It will include what is currently under development.



Vision 2023 covers the period from fiscal 2021 to fiscal 2023. It defines pigments as a stable revenue base and magnet materials, dielectric materials and lithium ion battery materials as growth sectors.

Designed for fiscal 2024 and subsequent years, Go Beyond 200 foresees the full-scale operation of businesses for soft magnetic materials and environmental materials. As for soft magnetic materials, we are mainly running two development projects in response to a market change, specifically the shift to electric vehicles. We expect to commercialize them both in fiscal 2024 or later. One is to develop noise control materials. Here, noise refers to radio waves that cause electronic components to malfunction.

Electric vehicles have a large number of electronic components. This means that noise suppression is now of growing importance. We are working hard to invent noise control materials. The other is to develop flexible ferrite plates. They help increase the efficiency of contactless power supply. It is anticipated that systems for contactless power supply to electric vehicles will increase. We are striving to develop materials for EVs on the basis of technologies that we have cultivated with contactless power supply materials for smartphones.

In environmental materials, we are working to develop a direct methane reforming (DMR) process for producing CO₂-free high-purity hydrogen and carbon nanotubes at the same time, with a view towards achieving carbon neutrality. In addition, we embarked on a development project for the industrial production of sodium ferrite and its application in society as a CO₂ solid capture sorbent with the use of our original iron oxide synthesis technology. The sodium ferrite is studied by Dr. Ikuo Yanase, an associate professor at Saitama University, for realizing carbon recycling.

ESG Actions

	Environment	Social	Governance
Past actions	<ul style="list-style-type: none"> Development of environmentally friendly products Complete combustion catalysts Fixation and capture of CO₂ from manufacturing processes Use of clean electric power 	<ul style="list-style-type: none"> Development of environment for teleworking Support for childcare and nursing care Support for the active participation of people with disabilities 	<ul style="list-style-type: none"> Establishment of the Nomination and Compensation Advisory Committee Increase in independence of the Quality Assurance Department Introduction of electronic exercise of voting rights
Future actions	<ul style="list-style-type: none"> Development of CO₂ sorbents CO₂-free hydrogen production technology Water purification sorbents Endeavors for carbon neutrality 	<ul style="list-style-type: none"> Acceleration of next-generation personnel development activities Advancement of the active participation of women Actions for the active participation of seniors Development of workers with digital skills 	<ul style="list-style-type: none"> Improvement in transparency and independence of the Board of Directors Toughening of quality control Strengthening of group governance

Mission of Marketing Department



Yuji Omote, Leader,
Marketing Department

In April 2019, the TODA KOGYO Group separated the marketing function formerly played by the sales team and established the Marketing Department so that it would specialize in this function. On that occasion, its mission was defined as creating a mechanism for selling. The term of marketing is generally said to derive from the word "market." However, our Marketing Department prefers interpreting it as suggesting an effort to hit a mark. We believe that the interpretation of "mark" as a point where the value or competence that the Group offers meets customers' needs will be easier to understand. The Marketing Department aspires not only to identify the mark we aim to reach but also to create a mechanism for meeting the mark without fail.

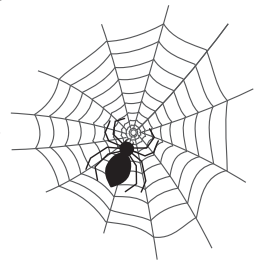
We groped our way to create the Marketing Department. Now it has more members than it had at the beginning. We take advantage of members' diverse backgrounds and specialty areas to expand the range of activities. Inside the company, we are working to build closer ties with other teams for research and development, sales, patents and manufacturing and to conduct activities of encouraging trials and errors that will lead to future success. Outside the company, we are increasing contacts not only with customers but with competitors and suppliers in a bid to push ahead with open innovation.

At the Marketing Department, we are conducting two measures with a view to conducting these internal and external activities in a broader area.

Wait-and-catch Marketing (Operation Spider)

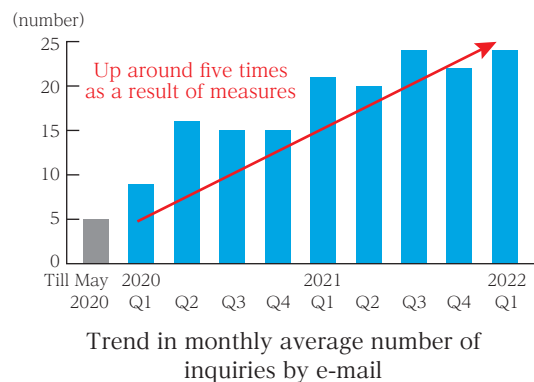
The Marketing Department associated its wait-and-catch marketing approach with cobwebs and dubbed it as Spider. We are working to continuously enlarge our cobwebs.

In 2015, efforts to formulate standards for the contactless charging of laptops kicked off at the initiative of large semiconductor manufacturers. In response, the TODA KOGYO Group created and uploaded on its website a catalog of its flexible ferrite sheets for contactless power supply*1. As early as the next morning, we received inquiries from two sections of large manufacturers. That demonstrates that every corner of the world is connected via the Internet and that leading companies around the world are always searching for solutions to their problems. That was a moment when we realized that the online distribution of information on the Group's products and technologies would help resolve customers' issues.



Based on this experience, the Marketing Department began preparing catalogs and publishing them online. At the beginning of this project, some in the Group said that online publication of catalogs would help make our information open to competitors. However, we give higher priority to opportunities to have our products evaluated by customers than to the risk of offering information to competitors. To date, 58 different catalogs are available online. We also created application guides, which explains not only products themselves but also the manner of using them. Offering information about the use will propose a wide variety of options to address customers' problems. The Group has shifted from the conventional stance of selling goods to a value-based approach with a focus on selling applications. Today, eight different application guides are available.

These activities increased the number of inquiries to the Group around five times and helped it win some new promising projects. The wait-and-catch "spider" marketing has achieved significant positive results under the pandemic, under which sales activities based on visits are difficult.



Brand Familiarization Marketing (Operation Spreader)

The Marketing Department dubs this brand familiarization marketing "Spreader." It is aimed at diffusing the Group's products across the market like spreading butter across a slice of bread with a butter knife.

In the past, a customer said, "Why have I been unaware of TODA KOGYO until today?" Another said, "Our approach was wasteful until we come to know TODA KOGYO's products."

That inspired us to start displaying our products at exhibitions in 2020. In 2022, we participated as an exhibitor in four automotive trade shows.



After this action, some customers visiting an exhibition say to us that we propose distinctive products. The Group still has limited name recognition. However, it now has such a presence in the market that we are recognized as a brand with unique products.

Future of the Marketing Department

The Marketing Department will tackle its mission of creating a mechanism for selling and will implement both wait-and-catch Spider marketing activities and Spreader operations for brand familiarization.

Peter Drucker said, "The best way to predict the future is to create it." The Marketing Department will endeavor to create a better future by searching for marks, which bring us business opportunities. And we will strive to create products beloved by customers around the world.



*1: Comprehensive Catalog of Flexible Ferrite Sheets published on TODA KOGYO's website

I joined the company in 2019 and I was assigned to the Marketing Department, which had just been established in the same year. My duties include forming new partnerships with customers, business partners and suppliers. In a bid to build new relationships with companies that used to have transactions with our Group, we are attempting to create new value with companies with which we have built connections through exhibitions and technology exchange meetings. Many of our actions are unprecedented. I sometimes worry, as I feel as if I am fumbling for how to advance projects in the dark. Meanwhile, I feel proud that our Group's technological strengths serve society when collaboration with a partner develops into a project. I will continue this approach of trial and error in an effort to serve as a bridge between the Group and partners.



Chiaki Yokoyama, Marketing Department

Development of Revolutionary CO₂ Separation and Recovery Technology Using Na-Fe Oxides

(Actions in NEDO Green Innovation Fund Project)

TODA KOGYO embarked on development of sodium-iron (Na-Fe) oxides that may be used as CO₂ solid capture sorbent.

Today, efforts towards building a carbon-neutral society require not only large-sized CO₂ recovery systems installed at large-scale power plants but also separation and recovery technologies applicable to many different sources of CO₂ emissions. This project is intended to meet needs for recovering combustion exhaust gasses from general factories and other low-purity concentration CO₂ at concentrations of 10% and less. These needs are growing with each year.

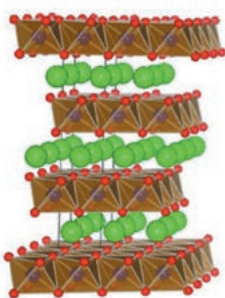
Characteristics of Na-Fe oxides and their manner of CO₂ absorption

Na-Fe oxides are substances fundamentally composed of sodium ferrite. Discovered at Saitama University, sodium ferrite is an iron oxide-based material with the ability to absorb and desorb CO₂. Sodium ferrite is a layered compound in which iron, oxygen and sodium are arranged in a layered form. It selectively chemically absorbs the CO₂ in combustion exhaust gasses and in the atmosphere. When heated to around 120°C, it desorbs the CO₂ so that it can be recovered. Without the deterioration of its characteristics after repeated absorption, separation and recovery, it can be used as a CO₂ solid capture sorbent that may be continuously used for a long period of time. These Na-Fe oxides will exhibit greater CO₂ absorption performance and consume lower energy for the recovery of CO₂ than conventional amine solutions and other CO₂-capturing materials.

In May 2022, Saitama University, Air Water Inc. and TODA KOGYO submitted a joint proposal on the development of a revolutionary CO₂ separation and recovery technology using Na-Fe oxides in response to an open invitation by the New Energy and Industrial Technology Development Organization (NEDO) under the Green Innovation Fund Program for commissioning and subsidizing projects for CO₂ separation, recovery and other technology development (development and verification of technologies for reducing costs of low-pressure low concentration CO₂ separation and recovery and medium- and small-sized CO₂ separation and recovery from factory exhaust gasses). It has been adopted by NEDO as a commissioned project from fiscal 2022 to fiscal 2024 and a subsidized project from fiscal 2025 to fiscal 2026. Of its total project scale of 1.7 billion yen, 1.45 billion yen will be covered by the Fund. This project aims to develop a technology of separating and recovering CO₂ from low-pressure exhaust gas with CO₂ concentrations of 10 wt% and less contained in factory exhaust gasses from boiler and other small- and medium-sized facilities at a cost within a range from 2,000 yen to less than 3,000 yen per ton of CO₂ by means of a CO₂ separation and recovery process with the use of safe and low-cost Na-Fe oxides and waste heat.

Improvement of CO₂ recovery performance of Na-Fe oxides and establishment of production methods

Establishment of a technology for the production of ceramic compacts to reduce CO₂ recovery energy



H₂O

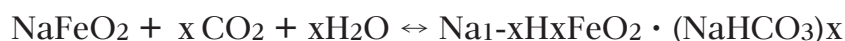
CO₂

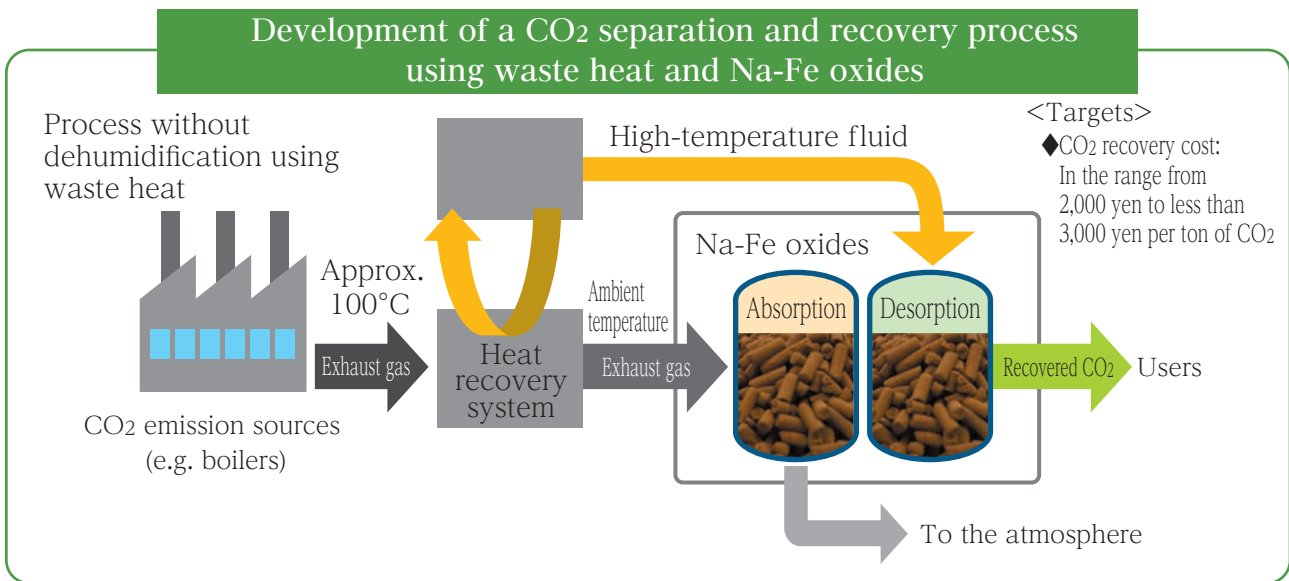


Na-Fe oxides

<Targets>

- ◆ Production cost: 5,000 yen or less per kilogram
- ◆ CO₂ recovery volume: 10 wt% or more (against the weight of the solid absorber)
- ◆ CO₂ recovery energy: 1 GJ or less (per ton of CO₂)





TODA KOGYO will create Na-Fe oxides as new CO₂ solid capture sorbents with a CO₂ recovery volume of 10 wt% or more and a CO₂ recovery energy of 1.0 GJ per ton of CO₂ as well as superior durability on the basis of sodium ferrite (NaFeO₂) chemical sorbent and its original iron oxide synthesis technology. Na-Fe oxides must be compacts that will be set in a CO₂ absorption tower to efficiently circulate CO₂ gas. A technology for producing compacts is a key point in development. Air Water Inc. will create a process and system for efficiently separating and recovering high-temperature, low-pressure and low-concentration CO₂ emitted from factory boilers and other facilities on the basis of its long-cultivated gas production and engineering technologies and with the use of the new CO₂ solid capture sorbents.

The main target in this project is exhaust gas from boilers, given that they are versatile and that a large number of boilers are installed. Supplying the CO₂ recovery system developed in this project to boiler manufacturers will open the way for its use in general factories as an optional piece of equipment for boilers and will accelerate the widespread use of CO₂ recovery and utilization. Its social implementation is envisioned around 2027, when the first commercial model of the CO₂ separation and recovery system with Na-Fe oxides for exhaust gas from boilers will be released.

Different projects under the Green Innovation Fund Program are studying the utilization of CO₂ separated and recovered. Applications considered include synthesis of basic substances of methanol and ethanol with the use of H₂ and CO₂, synthesis of methane for use as a fuel, and synthesis of calcium carbonate for use as a concrete preparation agent. Direct applications of CO₂ include the acceleration of plant growth, dry ice, welding and carbonated beverages. They are expected to be implemented in different businesses.

Basic substances	Fuels	Minerals	Direct applications
Synthesis of chemicals and methanol Oxygen-containing compounds (e.g. urethane) Biomass-derived chemicals and others	Methane synthesis (methanation) Biofuel synthesis (microalgae) and others	Concrete (mixed with calcium carbonate) Carbonate hydroxides	Acceleration of plant growth Dry ice Welding, carbonated beverages and others

Basic Principles on Intellectual Property

The TODA KOGYO Group understands that intellectual property is a significant asset for corporate activities. It therefore encourages activities relevant to intellectual property and endeavors to ensure that it is protected and utilized properly. The Group advances initiatives involving intellectual property in a bid to maximize corporate value.

Basic Policy on Intellectual Property

We are carrying out the intellectual property activities described below as part of our business and R&D activities under the medium-term business plan Vision 2023 (for fiscal 2021 to fiscal 2023) and the vision for fiscal 2024 and beyond, titled Go Beyond 200.

- (1) Prevention of infringement of other companies' patents, patent clearances, patent applications, and treatment as undisclosed know-how for strengthening business
- (2) Activities of transforming R&D findings into rights with the aim of monetizing them through the launches of new businesses

Functional pigments (iron oxide) business domain

This domain is our core business. We will continue activities to turn the necessary intellectual property into rights for the purpose of maintaining and expanding the marketing share that we have gained. We will also act appropriately with regard to other companies' rights.

Electronic materials (magnet materials, dielectric materials and lithium ion battery materials) business domain

We define this domain as a growth area. To maintain constant growth, we will acquire intellectual property rights to ensure our competitive advantage. To offer high value-added products, we will orient our development efforts with reference to market trends and intellectual property information and build barriers to entry based on intellectual property in order to dominate the technical details of the products we commercialize. We will constantly monitor patent and other applications from competitors and take the necessary action.

Next-generation (soft magnetic materials and environmental materials) domain

With an eye towards future markets, we will engage in R&D activities that capitalize on our technological advantage and accelerate efforts to acquire intellectual property rights to develop our findings. We will pay attention to applications from other companies and step up monitoring activities to take the necessary action.

Intellectual Property Activities

The R&D team and the intellectual property team will form close ties with each other and will work as one to carry out intellectual property activities. We appoint intellectual property personnel for individual development areas. They have overall responsibility for their respective development subjects, ranging from investigation, application, rights acquisition and responses to other companies.

We strive to raise awareness of intellectual property. They include providing opportunities for regular information exchange between the R&D team and the intellectual property team, the sharing of directions in R&D through progress meetings of the R&D team, and searching for new intellectual property items.

Prior to starting development in a new area, we will (1) understand trends in technologies, markets and other companies, (2) clarify the position of technologies and patents and (3) identify patents that will hamper R&D or business and develop steps to tackle them. In the process of conducting development activities, we focus on continuous patent monitoring (selective dissemination of information (SDI)) on the development area. We construct a system that allows the R&D team to constantly check other companies' applications in a bid to swiftly grasp the situation and respond appropriately. Each time the development moves to a new stage, we check the circumstances surrounding intellectual property and the situation regarding the acquisition of rights needed for commercialization, as well as the status of other companies' rights, in order to take the necessary action. We develop an intellectual property database that stores the information described above and use it for developing and executing intellectual property strategies.

We also engage in open innovation, or development in collaboration with other companies. As intellectual property activities that support this, we properly manage our own technologies by identifying them and classifying them as either those for which applications should be filed or as those to be kept undisclosed as our internal know-how.

Structure for Conducting Activities

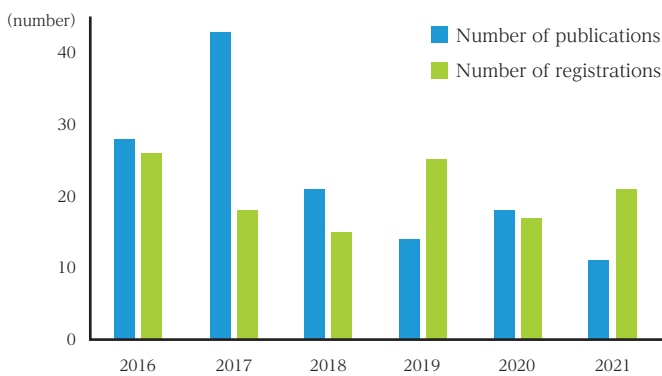
To facilitate intellectual property activities by R&D personnel, we always conduct consultations on patent research methods, new application details, other companies' responses, patent clearance and other issues and hold consultation meetings with outside patent offices and meetings to consider whether or not to file applications. To help drive these activities, we provide R&D personnel with intellectual property education geared to their individual experience levels.

The Intellectual Property Management Committee studies the utilization of patents owned by the company and patent negotiations with other companies and makes proposals to the Management Conference and other organizations.

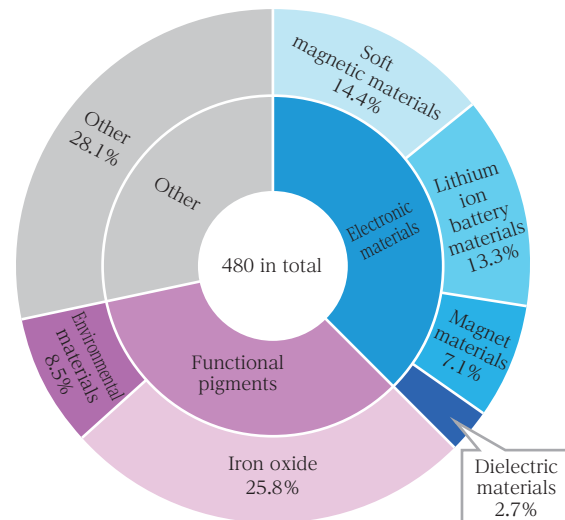
Business Meetings in individual domains and the Management Conference share intellectual property information and review business strategies to ensure intellectual property activities helpful to business operation.

Statistical Information

Numbers of applications and registrations and distribution of patents owned by business domain



Numbers of applications (on an unexamined patent publication basis) and registrations in the past six years



Distribution of patents owned by business domain as of the end of fiscal 2021 (including patent applications under examination)



I joined TODA KOGYO in 2019 and was assigned to the Intellectual Property Group. My main duties are to conduct patent surveys of applications and other activities, to create a patent analysis map, and to share information about other companies' applications with the R&D team by means of patent watching (SDI).

It is challenging to discover subjects with the potential for patent applications and to communicate with sales staff and R&D personnel. However, I derive a sense of achievement from communicating with other teams to raise the level of understanding about our technologies and to conduct surveys that lead to patent applications and activities regarding other companies' patents to protect our own technologies. I still need to develop my skills, but I will work hard to contribute to the growth of the company's business based on intellectual property activities.

Choi Yuri, Intellectual Property Group

Basic Stance on Corporate Governance

Aware that fulfilling its social responsibility as better citizens and as a better corporate citizen is a significant role, the TODA KOGYO Group will continue to base its business management on its Management Principle and its Management Policy, aspiring to achieve sound and continuous development towards the future. We will comply with relevant laws and ordinances, internal regulations and rules on the basis of the spirit of compliance. Our leaders will take the initiative to set examples and ensure that they are followed within the Company and known to companies in the Group and to business partners. In addition, we will not enter into any relationships with anti-social forces or groups.

We will enhance the Board of Directors' function of monitoring business execution to ensure transparency in management. We will also seek to establish agile corporate governance that can swiftly respond to changes in circumstances. In addition, we will determine the principles set out below and endeavor to implement them for the purpose of equally protecting the rights and interests of shareholders and other stakeholders through the proper disclosure of information.

We will endeavor to protect shareholders' rights.

We will endeavor to ensure equality among shareholders.

We will endeavor to build smooth relationships with non-shareholding stakeholders.

We will endeavor to ensure information disclosure and transparency.

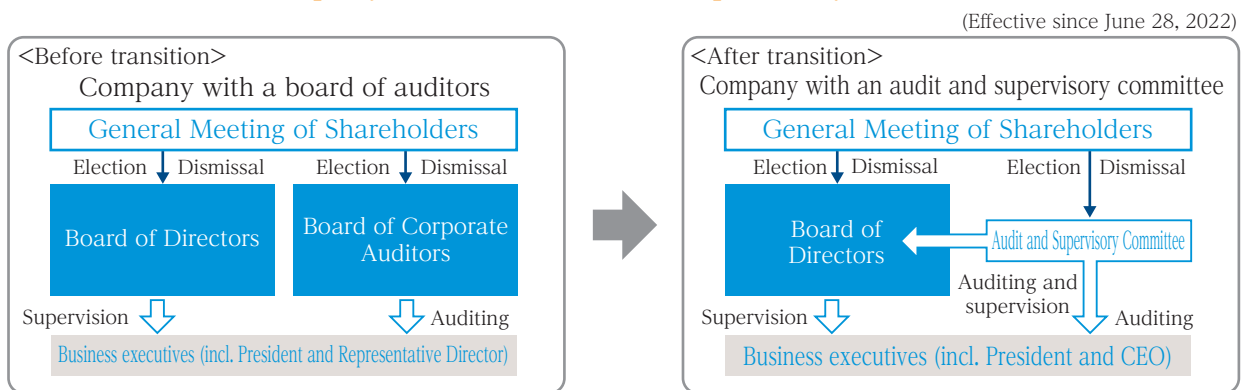
We will endeavor to enhance supervision of management in a bid to ensure accountability to shareholders.

Overview of Corporate Governance System and Reasons for This System

Overview of the corporate governance system

TODA KOGYO decided to transform from a company with a board of auditors to a company with an audit and supervisory committee, aiming to further strengthen corporate governance. This change took effect following a resolution at the 89th Annual General Meeting of Shareholders on June 28, 2022.

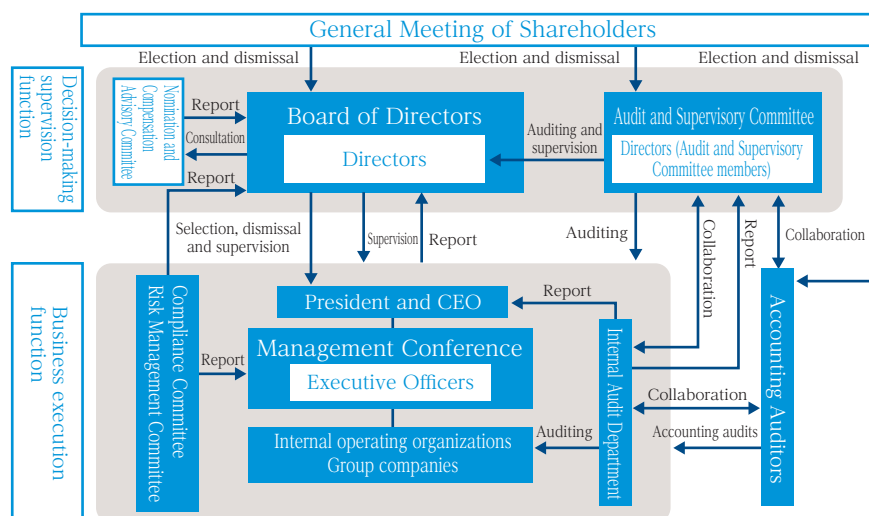
Transition to a Company with an Audit and Supervisory Committee



Reasoning for the Adoption of this System

We have adopted the structure of a company with an audit and supervisory committee as a form of governance in our management. The Board of Directors, including Outside Directors, is a decision-making body for important business execution. It also supervises business execution. The Board of Directors consists of Directors who are familiar with the Group's businesses and who understand the importance of developing fundamental technologies as the Group's strength. It is therefore prepared to make timely and appropriate managerial decisions. In addition to its regular monthly meetings, it holds extraordinary meetings as needed to supervise business execution and to discuss and make decisions on basic and important matters. After the shift from a company with a board of auditors to a company with an audit and supervisory committee, we will further strengthen the Board of Directors' supervisory functions and monitoring system. We will thus continue to enhance our corporate governance. We elected three people from outside the Company who possess a high level of independence as members of the Audit and Supervisory Committee to furnish its audit structure with monitoring functions featuring high levels of objectivity and impartiality.

Schematic of the corporate governance system



Business Execution

The Board of Directors is an approval body for the decision of important business execution. The Board of Directors is chaired by Shigeru Takaragi as Representative Director. Apart from the chair, it has four Directors who do not serve as Audit and Supervisory Committee members, including three Outside Directors, and four Directors who are also members of the Audit and Supervisory Committee, including three Outside Directors. As such, it has a total of nine members. The four independent Outside Directors make up at least one third of the total members of the Board. That strengthens the independence of the Board of Directors and management transparency. The Board of Directors meets regularly at least once a month to discuss important matters and to make quick and appropriate decisions.

TODA KOGYO has an executive officers system. This system is intended to separate decision-making on management policies and on important business execution from day-to-day business operations. That in turn helps to strengthen the supervisory function and the business execution function. The Management Conference holds monthly meetings for understanding the status of business execution at individual operating divisions. Directors and Executive Officers attend the meetings to report and discuss business policies, business plans, their implementation of separate operating divisions as well as any problems they are facing. If there is any important matter that should be referred to the Board of Directors pursuant to the Regulations on the Board of Directors, it will be proposed to the Board of Directors.

The Nomination and Compensation Advisory Committee has been set up as a voluntary advisory body to the Board of Directors. It is intended to increase the fairness, transparency and objectivity of procedures for the nomination and compensation of Directors and Executive Officers and to enhance corporate governance. This committee consists of five members. They are Shigeru Takaragi, Representative Director, chairing the committee, and four independent Outside Directors. In answer to consultations from the Board of Directors, the committee discusses matters related to the election and dismissal of Directors and Executive Officers and to compensation for them, and submits reports to the Board of Directors.

Auditing and Supervision

The Audit and Supervisory Committee members and the accounting auditors hold regular meetings. They collaborate with each other through briefings on auditing plans, explanations about matters that accounting auditors should report to the Audit and Supervisory Committee members, reports and reviews related to summaries of quarterly financial results, and reports providing auditing summaries. They also meet as needed to provide information and exchange views on matters necessary to the auditing process. They thus strive to make auditing more appropriate and reliable and to strengthen their collaboration. The Audit and Supervisory Committee and the Internal Audit Department regularly exchange information with each other on the building, implementation and evaluation of the internal control system.

Safety and Health Activities in the Workplace

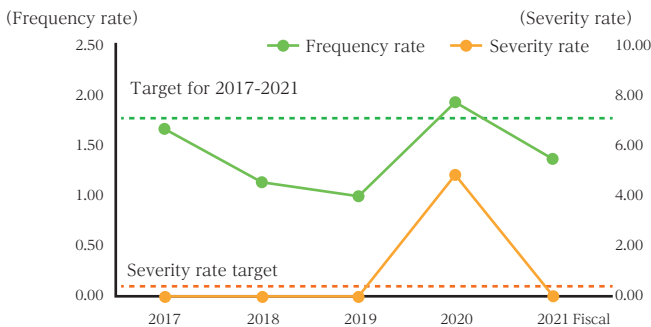
The TODA KOGYO Group gives top priority to the safety and health of its workers. We will enhance workplace environments to ensure that our staff can keep working safely and with peace of mind. At the same time, we also carry out personnel development.

For the purposes of sharing actions related to safety and health throughout the Group and carry out these actions more intensively, we hold a Central Safety and Health Meeting on a quarterly basis. It manages the progress of these activities and distributes information to individual plants.

Facts about industrial injuries

In 2021, the Group had three work-related injuries (referring to any injury during work resulting in at least one day of absence). Two occurred in Japan and one overseas. Each year, we calculate rates of frequency and severity as key performance indicators of our industrial safety and health operations. For 2021, the frequency rate was 1.37, compared with a target of 1.80 or less. The severity rate was 0.00 against the target of 0.10 or less. We thus met both targets.

We set these targets in consideration of past data on average figures in all business sectors in Japan. From 2022, we will pay attention to average data in all manufacturing sectors in Japan. In particular, we set a more demanding frequency rate target. We will take steps to boost hazard sensitivity with a view to meeting the target.



Fiscal	2021 results	2021 targets	2022 targets
Frequency rate	1.37	1.80↓	1.20↓
Severity rate	0.00	0.10↓	0.10↓

Frequency rate: Number of industrial injuries per million cumulative actual working hours

Severity rate: Cumulative number of lost working days for reasons of industrial injuries per thousand cumulative actual working hours

Trends in the Group's safety and health KPIs (on a domestic consolidated basis) in the past five years

* From the report for 2021, a fiscal year for statistical purposes begins on January 1 and ends on December 31, whereas it formerly began on April 1 and ended on March 31.

Safety activities

Priority activities for fiscal 2021 include inter-plant mutual safety patrol and the establishment of the Day of Commitment to Safety in addition to those continuing from the previous fiscal year, namely safety and health education for young personnel and heat stroke prevention measures.

Safety and health education for young personnel

We run a safety and health education program for young employees with less than three years of service. They receive education centered on risk assessments in their workplaces once a year for three years. For fiscal 2021, the Research & Development Division also organized a monthly event for improving hazard prediction and hazard sensitivity in teams of five, mainly comprising young employees. The event took place a total of 10 times. These activities will be intensively conducted in fiscal 2022 as well.

Heat stroke prevention measures

The Group runs the STOP Heatstroke Cool Work campaign pushed by the Ministry of Health, Labour and Welfare each year. Our activities include measuring the wet bulb globe temperature (WBGT), education on knowledge about heat acclimation and the stockpiling of oral rehydration solution and salt candies.

Inter-plant mutual safety patrol

Safety and health personnel at the Onoda, Otake and Okayama Plants mutually carried out patrol of other plants. They identified a total of 64 issues and 12 good points at all the plants. They reviewed rules that apply at individual plants to share understanding about standards for the operation of protective equipment and forklifts.

Establishment of the Day of Commitment to Safety

On August 5, 2020, an industrial injury occurred that the Group cannot and must not forget. We defined the date of August 5 as the Day of Commitment to Safety. It is intended to prevent our resolution to never let any industrial injury like that happen again from fading. On that date, we displayed vertical banners and offered a silent prayer in the morning meeting across the Group. This activity will continue to be held on August 5 each year.



The Day of Commitment to Safety (at the Onoda Plant)

Workshops and seminars

In addition to the groupwide priority activities, the Group organized workshops for individual plants. Those conducted for fiscal 2021 include a seminar for preventing backache, special education for handling low-voltage electricity, special education for small-sized boiler operations, special education for grinding wheels, health education on laser works and health lectures. These activities help maintain and improve accurate awareness about safety and health among the Group's workforce.



Seminar for preventing backache (at the Otake Plant)



Special education for handling low-voltage electricity (at the Research & Development Division)

General disaster drill (fire prevention and evacuation)

The Group conducts disaster drills based on detailed hypothetical scenarios, such as a major earthquake along the Nankai Trough and subsequent tsunamis and torrential rain resulting in river floods.

Their results are used for disaster control measures that prioritize saving lives of customers, local inhabitants and employees.



Evacuation drill (at the Onoda Plant)



Rescue drill (at the Otake Plant)



Fire fighting drill (at the Okayama Plant)

Enhancing Product Quality

The TODA KOGYO Group has drawn up its Quality Policy on the basis of the Toda Spirits, which consist of six principles on manufacturing. The policy stipulates that we will carry out continuous activities for enhancement to provide quality that achieves customers' trust and satisfaction. Based on this policy, we carry out the quality assurance activities described below.

Executing this policy is the responsibility of the Quality Assurance Department. To ensure that quality assurance activities are impartial and effective, this department is an organization that is independent from the sales, development and manufacturing functions.

The Quality Assurance Department organizes Quality Assurance Committee meetings. It is ready to share information with quality assurance teams in different plants in the Group and to ensure groupwide efforts to deal with quality issues. It performs quality audits of manufacturing teams in the Group. It quickly identifies information about complaints and claims from customers to sales teams and takes swift action to respond to significant incidents. It works to identify causes of individual complaints and claims, develops, implements and reviews recurrence prevention measures, and introduces them across the Group from a working-level perspective.

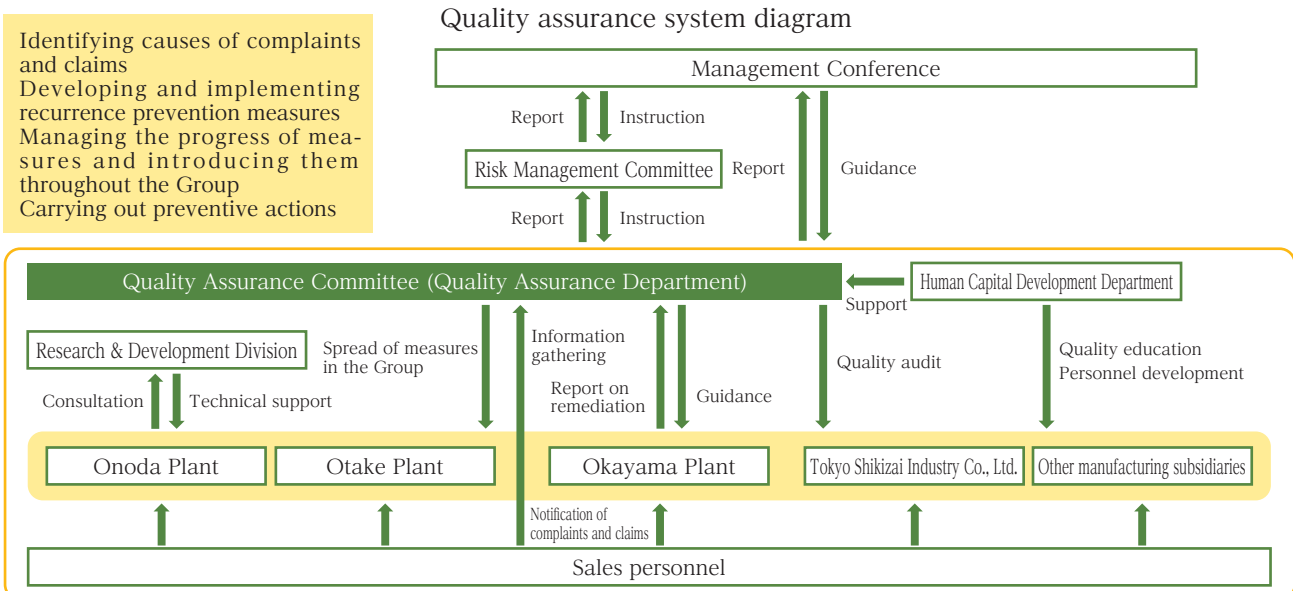
For fiscal 2022, it will strive to introduce an IATF 16949-compliant system to automotive products. It will strengthen our global structure and toughen risk management to step up preventive actions. From the perspective of developing personnel through manufacturing, it will collaborate with the Human Capital Development Department for personnel development and for heightening quality assurance activities.

Toda Spirits

- ◆ Manufacturing that puts safety and security first
- ◆ Manufacturing that seeks trust and satisfaction from customers and business partners
- ◆ Manufacturing that individuals endeavor to improve with the use of their capacity
- ◆ Manufacturing that creates originality and marketability
- ◆ Manufacturing that seeks stability, reproduction and efficiency of quality
- ◆ Manufacturing that is implemented on a global scale with environmental consideration

Quality Assurance Activities

1. We check to ensure that we comply with the requirements of the ISO 9001 series and carry out quality audits aimed at increasing the level of our quality assurance system.
2. We monitor our state of compliance with laws, regulations and other requirements.
3. We conduct overall quality improvement activities, including quality analysis, guidance on improvement to relevant teams and organizations of regular Quality Assurance Committee meetings for quality-related discussions. All of these activities are designed to improve the quality of the TODA KOGYO Group's products.
4. We are working to improve the quality assurance systems of overseas operating companies.
5. We conduct personnel education for building up capacity on the shop floor.



Enhancing the Quality Management System for Automotive Products

The Otake Plant has acquired VDA certification for a product safety and conformity representative (PSCR) and operates its enhanced product safety management system in an effort to prevent product recalls and other quality incidents.

To facilitate activities to acquire and maintain IATF 16949 certification, it has gained supply audit certification (SAC) and is working to upgrade its management system.

We are thus improving the level of conformity to requirements from automotive customers.

For fiscal 2022, we will strive to obtain IATF 16949 certification for more operations.



Inquiries from Customers

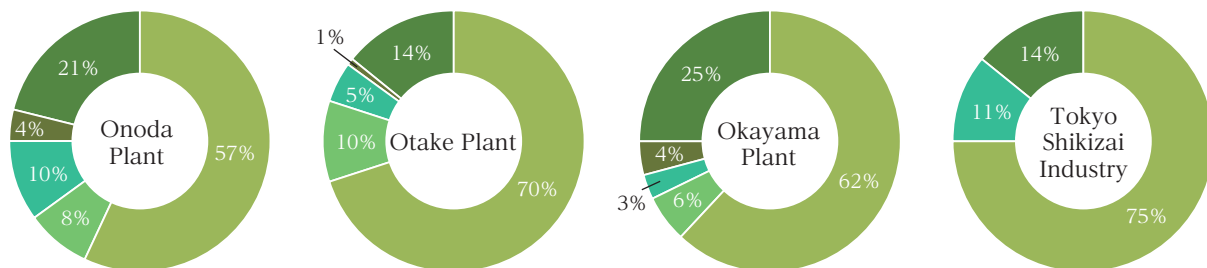
The Group always seeks to respond to customers' inquiries on products and CSR activities quickly and carefully with a view to maintaining and improving product quality.

Relevant teams work together day and night to quickly address issues that are identified from the inquiries.

As shown in the diagram below, inquiries about chemical substances account for a large proportion of the inquiries we receive. For fiscal 2021, we worked intensively to shift to safety data sheets (SDS) for products in conformity to the revision to the JIS Z-7253 standard.

Day by day, the Group sincerely deals with inquiries from customers.

■ Chemical substances ■ Conflict minerals ■ Environmental and quality management systems ■ Business continuity planning (BCP) ■ Others

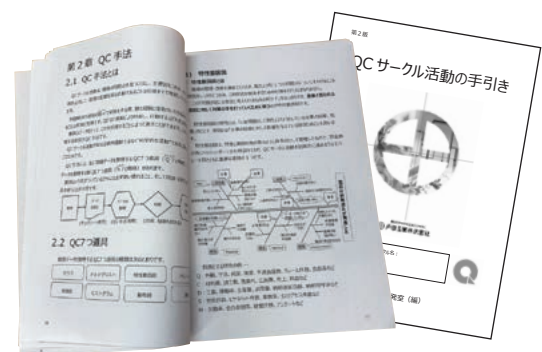


Small Group Activities

Based on the idea of personnel development leading to manufacturing, the Group is working to create a corporate culture of identifying problems in workplaces and thinking actively about how to cope with them. In addition to activities for improvements, we conduct small group activities based on the 5S practices that serve as the foundation for all kinds of operations. We perform these under the name of the 5S model activities each year. They nurture skills to remove any problems and waste that are discovered, aiming to help revitalize our workplaces.

In addition, on the basis of these 5S practices, we are providing total quality management (TQM) training and actions through small group activities aiming to achieve improvements. We distribute the Guide to QC Circle Activities to workplaces engaging in manufacturing and take advantage of small group activities not only for training but for on-the-job training. For fiscal 2021, we provided the training on the Five Whys again at the Onoda, Otake and Okayama Plants. The Five Whys is a TQM approach. We made efforts to truly prevent any past deficiencies from occurring again.

For fiscal 2022, we will focus on total productive maintenance (TPM) for preventive purposes. We will strive to further enhance small group activities.



Environmental Vision

Environmental Vision 2033

The TODA KOGYO Group is aware that environmental issues are of such significance that the Group cannot ignore them if it is to survive as a chemical manufacturer. We have long been working to shift our production process from the dry synthesis method, which has a substantial environmental impact, to the pollution-free wet synthesis method and to recycle waste fluid from steel plate manufacturers and waste from our plants in an effort to reduce our environmental footprint.

In 2019, officers and employees discussed what our vision for 2033, which will be the 100th anniversary of the Group's founding. Based on these deliberations, we adopted the Environmental Vision 2033. Its goal is accelerating our efforts to reduce our environmental impact.



Basic Environmental Policy

TODA KOGYO Group conducts environmental management based on the ISO14000 series, and not only recognizes environmental conservation as the mission imposed on global citizens, but also considers environmental conservation activities and management activities coaxial. We are responsible for ourselves and work on these activities across the entire group.

Concrete codes of conduct

(1) Setting and achievement of high environmental conservation goals

Executives and employees set high goals that anticipate social expectations at their own responsibility, and strive to create economic value through the achievement of them, as well as compliance with laws and regulations.

(2) Promotion of the development of innovative environmental technologies

Executives and employees create customer value, proceed with the development of innovative environmental technologies widely used across society, and promote the development of environmentally harmonized products.

(3) Continuous improvement with the participation of all executives and employees

Executives and employees grasp the impact on the environment in all business activities, and continuously improve on the prevention of pollution and effective use of energy and resources by all participants.

(4) Provision of environmentally conscious products and services

When providing products and services, executives and employees strive to reduce the environmental load in all stages leading to sales, logistics, use, recycling and disposal from procurement policies and production.

(5) Improvement of consciousness and promotion of responsible environmental conservation activities

Each and every executive and employee broadly looks at society, raises awareness through positive learning, and proceeds with environmental conservation activities by his/her own responsibility.

(6) Contribution to the realization of a sustainable society

Executives and employees contribute to the realization of a sustainable society by means of joining and supporting environmental conservation activities.

(7) Acquisition of social trust through communication

Executives and employees develop environmental conservation activities in cooperation with stakeholders and gain the trust of society through active communication.

Third-party assessment

Aside from environmental management that complies with the ISO 14000 series of standards, the Group undergoes a CSR assessment performed by EcoVadis. This assessment examines the four subjects of the environment, labor and human rights, ethics and the sustainable procurement of materials. It complies with the United Nations Global Compact Principles, the International Labor Organization (ILO) Global Jobs Pact, the Global Reporting Initiative (GRI) Standards, the ISO 26000 standards, the Coalition for Environmentally Responsible Economies (CERES) Principles and other international CSR standards. In 2022, we received a bronze EcoVadis medal, as we did in 2021.



Carbon Neutrality

Published in August 2021, the Sixth Assessment Report (AR6) of the United Nations (UN) Intergovernmental Panel on Climate Change (IPCC) set a target of net zero global CO₂ emissions in 2050 in its scenario for keeping the global average temperature rise to 1.5°C or below (SSP1-1.9).

The Group defines the existing Environmental Vision 2033 as an intermediate goal. Our efforts to develop a roadmap to carbon neutrality, which we call Road to 2050 Carbon Neutrality, are underway. Viewing climate change as a key management issue, we will address global warming to establish a sustainable economic society that enables future generations to live with peace of mind.

Five missions for Carbon Neutrality 2050

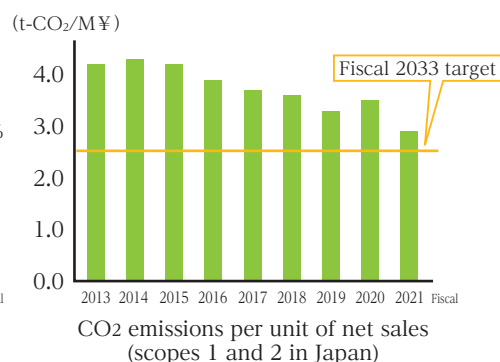
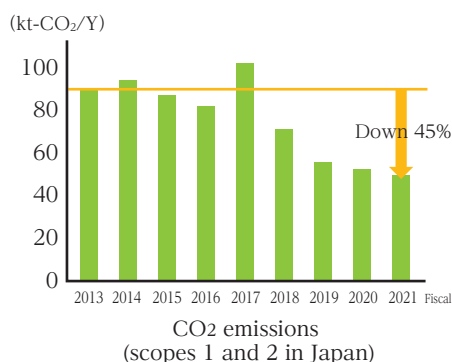
- Mission 1: Reduce CO₂ emissions by conserving energy (Scopes 1 and 2)
- Mission 2: Shift from fossil fuels to non-fossil fuels and renewable energy (Scopes 1 and 2)
- Mission 3: Reduce CO₂ emissions derived from raw materials and services purchased (Scope 3)
- Mission 4: Create sustainable new business and reconstruct existing businesses (Scopes 1, 2 and 3)
- Mission 5: Provide technologies and products that aid in carbon neutrality (Scope 3)

Reduction of greenhouse gas emissions

In October 2020, the Japanese government declared that the country would achieve net zero greenhouse gas emissions, or carbon neutrality, by 2050. In response, in June 2021, the Group adopted a more ambitious greenhouse gas reduction target in the Environmental Vision 2033.

In fiscal 2021, 49,400 tons of CO₂ were emitted from the Group's operations in Japan. This is a 45% reduction in terms of total emissions and a 32% reduction in emissions per unit of net sales from their levels in fiscal 2013. CO₂ emissions decreased 5% from the fiscal 2020 level even though the production volume grew around 13%. The accumulation of several activities including steady efforts to conserve energy, increase production efficiency and switch to energy with lower CO₂ emissions have begun to achieve results. We are steadily nearing our target.

From fiscal 2022 onwards, we will look at introducing photovoltaic power generation and other renewable energy sources as well as internal carbon pricing, which is a system under which the carbon price is estimated internally to encourage low-carbon investments. We will broaden the scope of activities with a view toward achieving the target.



- (1) Reduce energy consumption per unit of net sales by 20%
 - (2) Increase the percentage of energy from renewable sources to 20% or more
 - (3) Reduce CO₂ emissions per unit of net sales by 40%
 - (4) Reduce CO₂ emissions from transport and commuting by 30%
- (Figures expressed as a percentage of the figure in fiscal 2013 with the target fiscal year of fiscal 2033)

CDP climate change questionnaires

We have been completing CDP climate change questionnaires since 2016. We disclose our climate actions to institutional investors. For 2021, we received a score of C, as we did the previous year. This suggests that there is room for us to improve our information disclosure efforts. Going forward, we will address material issues, make a scenario analysis and develop a transition plan as required in the TCFD framework with the aim of integrating our management strategies with climate actions and increasing the level of information disclosure.

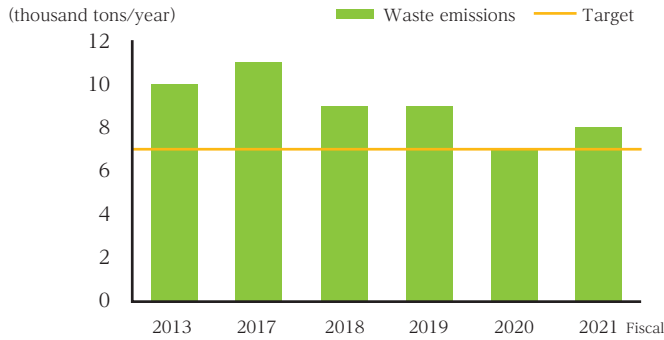


Environmental Activities

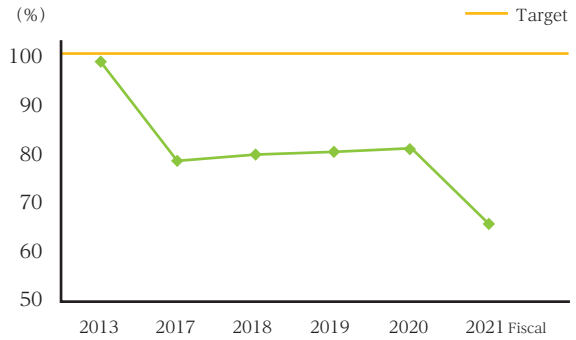
Effective Use of Industrial Waste

The TODA KOGYO Group has set the goals below regarding industrial waste in its Environmental Vision 2033. We will recycle industrial waste in order to reduce industrial waste subject to final disposal in landfills to zero by fiscal 2033.

- Reduce the amount of industrial waste by 30% from the fiscal 2013 level
- Achieve a 100% recycling rate



Waste emissions from the Otake, Onoda and Okayama Plants and Tokyo Shikizai Industry Co., Ltd.



Recycling rate of the waste from the Otake, Onoda and Okayama Plants and Tokyo Shikizai Industry Co., Ltd.

Industrial waste emissions are decreasing. However, the recycling rate is stagnant. This is regrettable. We will take the actions below in the future with a view towards meeting the targets:

- Reduce the volume of waste (by drying and compressing it)
- Accelerate the use of sludge as a cement material
- Search for applications of recycled sludge and recycled waste plastics



Sorting of waste (at the Otake Plant)



Sorting of waste (at the Onoda Plant)



Recycling of sludge (at the Onoda Plant)



Reducing the volume of waste (at the Okayama Plant)

Wastewater (Effective Use of Water Resources)

Amid the increasing risks related to global warming, there are concerns about water shortage due to extreme weather and drought.

The Group necessarily uses water in its production activities due to the characteristics of its products. An issue we face is reducing the amount of water that we consume. We properly treat the wastewater emitted from plants at our wastewater treatment facility before discharging it into the sea, a river or a public sewage system. We need to take steps to reduce the volume of wastewater because this will reduce our environmental impact.

We optimize the operations of plant facilities to control the use of water. We actively use cooling towers to cool water and reduce water consumption.

The actual volume of wastewater is increasing. We will take the following measures to curb this increase.

- Reuse water after it is used the first time in plants
- Introduce production processes that lead to using a smaller amount of water



Wastewater volume from the Otake, Onoda and Okayama Plants and Tokyo Shikizai Industry Co., Ltd.



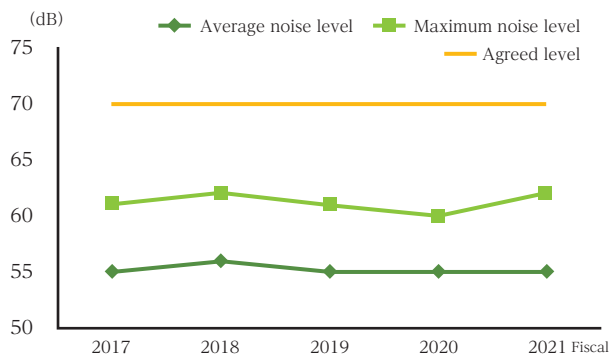
Wastewater treatment facility (at the Onoda Plant)



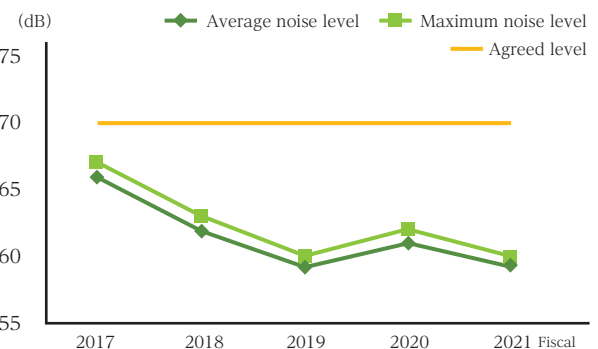
Filtration system (at the Onoda Plant)

Noise

The Group is striving to minimize the impact of noise from its plants on their surroundings in order to maintain the peace and quiet of the surrounding environment. We are taking measures to ensure that noise levels do not exceed the threshold set by the Noise Regulation Act and the level agreed on with local governments at the boundaries of the premises. We have third parties regularly measure noise levels at the boundaries of the premises to check that regulations are observed.



Noise at the boundaries of the premises of the Otake Plant



Noise at the boundaries of the premises of the Onoda Plant

Sustainable Procurement

The TODA KOGYO Group shares the global values in the areas of human rights, labor, environment and anti-corruption that are specified in the United Nations Global Compact. We endeavor to increase sustainability together with our suppliers in accordance with the Procurement Policy available on our website, with the aim of enhancing our business competitiveness and corporate value while contributing to society.

Procurement Policy

Since its founding, the Group has consistently adhered to a spirit of creation and originality. We have honed our skills and sharpened our senses to create value. We have adopted the Procurement Policy below to contribute more than ever to society as a world-leading materials manufacturer.

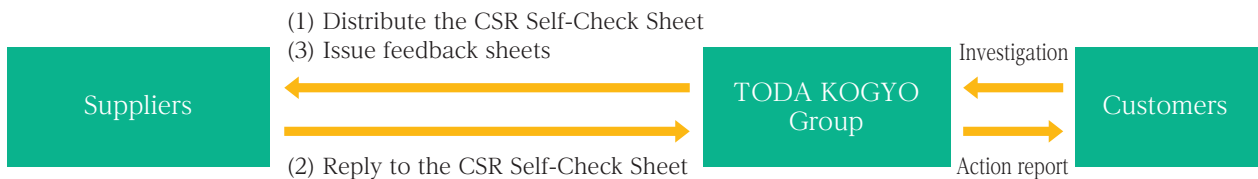
Guidelines

1. Statutory Compliance: We will comply with laws and ordinances in all activities relating to procurement and ensure the fairness of transactions.
2. CSR: We will be aware of our responsibilities as a better corporate citizen, and will proactively conduct CSR activities. We will work with suppliers who share our aspiration to serve society.
3. Green procurement: We will pay attention in our procurement activities to the protection of resources and the conservation of the environment.
4. Fair and impartial transactions: We will keep the possibility of purchase transactions open broadly to Japanese and overseas suppliers and engage in these transactions based on fair and impartial standards.
5. Selection of suppliers: We will comprehensively evaluate suppliers based on quality, pricing, delivery time and other factors and select suppliers based on economic rationality, considering efforts to reduce costs and the potential to provide new materials and technologies.
6. We will always seek sound purchase transactions and eschew speculative transactions.
7. We will strictly control the materials and information provided to us in connection with purchase transactions.

CSR procurement

The Group will work with all parties involved in our supply chain to implement sustainable procurement.

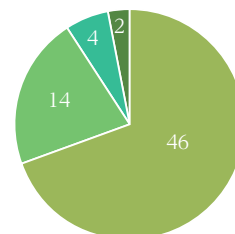
Our purchase regulations oblige us to investigate suppliers. We ask significant suppliers to answer the CSR Self-Check Sheet. This sheet is provided in the Japanese, English and Chinese languages. After receiving their responses, we will issue feedback sheets to them. We do this each year and ask them to operate a PDCA cycle that enables them to follow an upward spiral improving their CSR activities.



Criteria for significant suppliers

- A large purchase amount
- Supplying raw materials or components that are difficult to replace
- Supplying important materials or components

66 significant suppliers



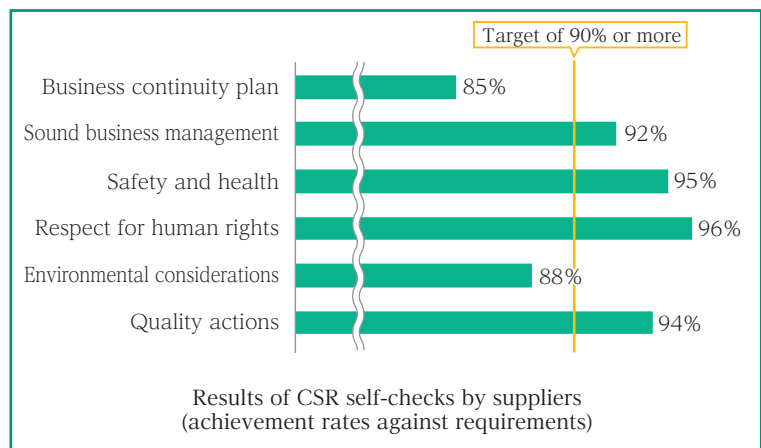
■ Japan ■ China ■ Europe and USA ■ Southeast Asia

Major investigation items in the CSR Self-Check Sheet

Quality actions	Environmental considerations	Respect for human rights	Safety and health	Sound business management	Business continuity plan
<ul style="list-style-type: none"> Organization External certification CSR Quality control 	<ul style="list-style-type: none"> External certifications, such as ISO 14001 certification Environmental conservation activities Carbon neutrality Life cycle assessment (LCA) 	<ul style="list-style-type: none"> Employment Young workers Working hours Elimination of discrimination 	<ul style="list-style-type: none"> Safety for workers Preparation for emergency Industrial injuries, diseases and health 	<ul style="list-style-type: none"> Fairness and information disclosure Information security Mineral procurement Intellectual property Internal auditing 	<ul style="list-style-type: none"> Emergency structure Assumption of recovery Education Alternative strategies

Use of CSR Self-Check Sheet in fiscal 2021

Number of issues	66
Number of responses	65
Response rate	98%



Message to suppliers

At the Group, some specific plants are striving to acquire IATF 16949 certification. IATF 16949 is a specialized standard for the automobile sector. This standard requires the development of a quality management system that leads to the prevention of defects and the reduction of inconsistencies and waste in the supply chain.

We will ask our suppliers to establish quality management systems that will result in the reduction of inconsistencies and waste in the supply chain, to carry out quality assurance activities and to make sure that they make similar requests of their suppliers.

It has been two years since I was transferred to the Procurement & Logistics Department. My main duties are procuring the raw materials necessary for production with stable quality, at proper prices and in appropriate quantities. We feel grateful to our suppliers for their constant cooperation.

We face today an urgent need to combat global warming. Thinking about what we can do to reduce CO₂ emissions and create a carbon-free society, we are seeking to change manufacturing. As activities towards the achievement of the SDGs are gathering momentum at schools, children are increasingly involved in these activities. I believe that the whole world should work together for the future to address this issue. The Procurement & Logistics Department will strive to use raw materials that consider a carbon-free society and renewable energy.



Mari Kawamura, Procurement & Logistics Department

Exchange with Local Communities

Responsible Care Activities and Local Dialogue Meetings

TODA KOGYO is a member of the Responsible Care Committee of the Japan Chemical Industry Association and is involved in responsible care activities.

Responsible care activities

Voluntary activities for ensuring the environment, safety and health in all the processes involving chemical substances, including development, manufacturing, distribution, final consumption, disposal and recycling, publishing the results of the activities and entering into dialogues and communication with society.

Our Otake Plant and Onoda Plant jointly organize local dialogue meetings with other member companies in their respective regions. At local dialogue meetings, individual companies explain their respective businesses and safety activities and exchange opinions with locals.

For fiscal 2021, local dialogues took written form in both regions for the purpose of preventing COVID-19 infections. Individual companies created and distributed preliminary reports on their businesses and safety activities so that locals could take a look at them. We received comments and inquiries through questionnaires. We organized responses collected from relevant companies to distribute a collection of their replies.

We will continue to seek active dialogues and communication with local residents.

Our responses to inquiries and comments collected through the questionnaire.

Otake Plant

Q Do you develop and produce bioplastics and similar materials?

A We are working to develop plant-derived biomass plastic materials that will replace plastics used in magnetic compounds.

Onoda Plant

Q I hope that you will organize plant tours every year.

A We will strive to plan and hold tours of our plant so that it is better understood by local residents.

Q I want you to participate in job fairs that take place in the district each year.

A We took part in a job fair after receiving this comment. We will continue to take part next year and beyond.

Cleanup Activities in Ogura District in Okayama

Our Okayama Plant is located in the Ogura district in Takebecho. It conducts road gutter cleanup activities together with local residents. If fallen leaves and leaf soil were left unremoved in road gutters, roads would be covered with rainwater and become like rivers. The elementary school route includes some roads around the plant. The activities are important for the purpose of ensuring the safety of schoolchildren. Local residents have long been active in conducting the cleanup activities. As the aging and decline of the local population continues, the activities are becoming a heavier burden on them. In light of this situation, some plant staff have been taking part in the cleanup activities since 2013, which is the year the Okayama Plant obtained ISO 14001 certification. It is a routine to show and exchange gratitude with local community participants with a smile and with a refreshed mind before a breakup.



Road gutter cleanup activities



Participants from the community of the Ogura district and Okayama Plant members

Online Science Lessons

On February 10, 2022, we gave online lessons for the first time to second-year students in three science classes of Shiga Prefectural Torahime High School. The lessons were on the subject of the oxidization and reduction of iron oxides. We explained an industrial method (i.e. the wet method) of producing iron oxides and Bengala as well as the applications and functions of iron oxides. A student said, "I was impressed to learn that the round-about search for a method that differed from the dry method amid a crisis of corporate survival due to pollution resulted in numerous discoveries and achievements." Another commented that oxides were so profound that different kinds of iron oxides vary significantly in properties. The feedback convinces us that the lessons helped the students with their learning. Online lessons can be given irrespective of geographical distance. We will continue giving them when we have the opportunity to do so.



A scene of an online lesson(Photo courtesy of Torahime High School)



We were able to communicate our long experience cultivated through our core business and the viewpoint we value in the form of school lessons.
 We are happy if they offered excitement that students may not normally encounter in their lessons or helped them discover something they had been unaware of in daily life.
 We will continue to pass information on to the next generation, which will play a central role in the future, in a way that is as memorable as possible.

Torayuki Honmyo, Leader, Business Development Group

Relief Activities in Areas Flooded by Typhoon: Toda Kogyo Asia (Thailand) Co., Ltd.

Late in September 2021, a typhoon caused floods in the central and northeastern parts of Thailand. Toda Kogyo Asia (Thailand) Co., Ltd. (TKAT) itself was not affected, but some employees suffered damages. The first floor of the house of one employee living in Ayutthaya was completely under water. TKAT provided support for affected employees together with drinking water to 185 households in the affected areas. Some employees voluntarily brought eggs and face masks. TKAT donated them together with drinking water. We will continue to serve local communities with a spirit of mutual help.



Compliance

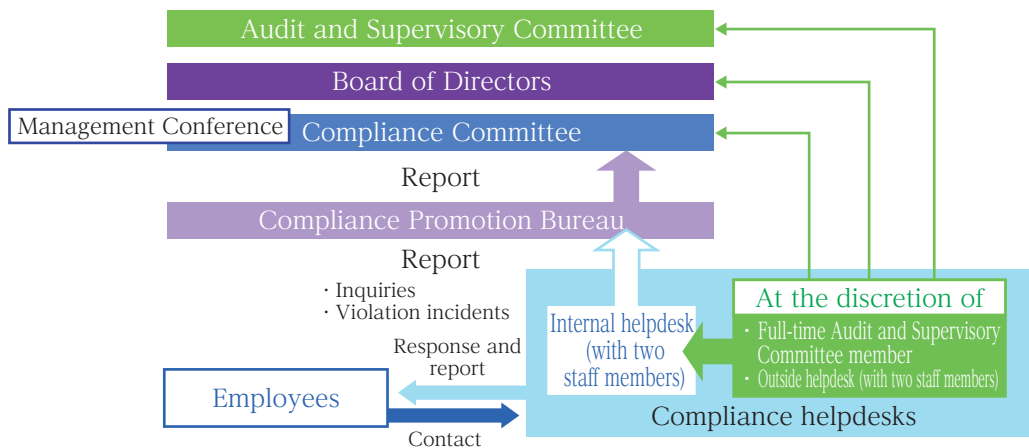
Compliance

Basic Stance

The TODA KOGYO Group is working to maintain and improve the Group's compliance on the basis of its Code of Conduct, according to which every single member of staff should behave with a high sense of ethics as a sincere and fair corporate citizen.

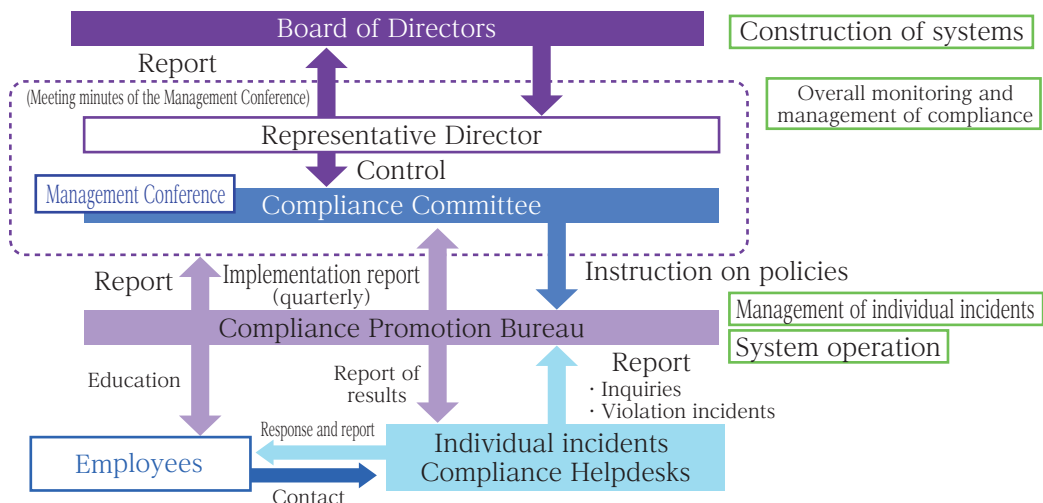
Compliance Helpdesks

In accordance with our Compliance Implementation Regulations, we have set up internal and external compliance helpdesks and work to prevent violations of any law, ordinance or social ethics and to swiftly discover any violation. Inside the Group, internal personnel including the full-time Audit and Supervisory Committee member work for the helpdesk. Outside, our legal advisors are available for contact. Each helpdesk has at least one female staff member. To facilitate contacts and to protect those who do contact helpdesks, we provide a broad range of options for contact, including oral communication, phone, e-mail and writing. The helpdesks also accept anonymous contacts. The fact that any of the helpdesks is contacted and the information provided will be treated as confidential information and under strict control in order to prevent those who make contact from being disadvantaged.



Compliance Committee

With the objective of improving corporate governance, the Management Conference has been holding a Compliance Committee meeting on a quarterly basis since July 2022. Chaired by the Representative Director, the Compliance Committee makes decisions on compliance policies and monitors their implementation together with Executive Officers and the full-time Audit and Advisory Committee member. The Executive Officer in charge of compliance is responsible for the Compliance Promotion Bureau. This organization engages in the management of individual incidents and operation of the system.



Respect for Human Rights

Respect for Human Rights

The TODA KOGYO Group views the originality of its individual employees and their diversity as assets. We will encourage all employees to display their capabilities and their initiatives to the fullest degree and will evaluate them impartially. We will strive to increase their peace of mind and richness and aim to live together.

Basic Policy

The Group always respects fundamental human rights since they are a prerequisite to mutual understanding. The Group will not discriminate against any person on the grounds of race, faith, gender, social status, nationality, disease, disability or other characteristics.

Specific Standards of Conduct

Eliminate all kinds of discrimination

Officers and employees shall respect the fundamental human rights of individuals. They shall not engage in any discriminatory speech or conduct, act of violence, sexual harassment, abuse of power or any other conduct that disregards human rights.

Protect the Privacy of Individuals

Officers and employees shall pay the utmost attention to avoid infringing on the privacy of any individual at the time of handling the personal information of any individual inside or outside the Company for the purpose of business activities and shall properly manage such information.

Eliminate unfair labor

Officers and employees shall eliminate unfair labor. They shall employ no child under the minimum employment age stipulated in laws and ordinances in the relevant country or region to any work. Officers and employees shall request sales stores and business partners to take actions equivalent to those taken by the Group.

Enriching of programs

We have established the Harassment Prevention Regulations, the Personal Information Protection Regulations, the Childcare and Nursing Care Leave Regulations, the Regulations for Personal Injury and Illness Leave and Return to Work, the Regulations for Stress Check Program, the Compliance Implementation Regulations and the Compliance Helpdesk Program and other policies in an effort to ensure a respect for human rights throughout the Group.

Harassment helpdesk program

We have set up helpdesks at the Personnel & General Affairs Department and at an outside law firm. These helpdesks receive inquiries and complaints about acts of harassment and abuse and take proper actions in accordance with the Harassment Prevention Regulations.

Outside Harassment Helpdesk: Yurie Jibiki, Attorney at Law, Toyoshima & Partners

I am working to be of help to TODA KOGYO Group employees in acting soundly. Upon receiving an inquiry from an employee, I will deal with it from a fair and impartial perspective as an outside expert.



Yurie Jibiki,
Attorney at Law,
Toyoshima & Partners

Actions regarding respect for human rights

Recruitment of foreign nationals

We actively recruit new graduates and others of foreign nationality. We have three foreign nationals as regular employees. Since fiscal 2019, we have been taking part in the initiative of the Hiroshima Prefectural Government to encourage international students majoring in the natural sciences and engineering to join companies in the prefecture. We are placing an emphasis on hiring competent personnel from countries in Asia and other regions.

Support for training staff working for overseas subsidiaries

Since fiscal 2017, we have been offering education support aimed at the career development of local managers (of non-Japanese nationality) serving our overseas subsidiaries.

Education for personnel assigned to overseas positions

We offer varied kinds of training to Japanese employees who are, or who will be, assigned to overseas subsidiaries for the purpose of ensuring the orderly operation of subsidiaries. The training includes the basics of business in different cultures. In fiscal 2019, we offered quality control training to staff at overseas subsidiaries at the Otake Plant. Currently, we are unable to provide this training because of the pandemic. We will resume it as soon as it becomes possible.

Actions for preventing child labor

We have developed the Basic Policy Concerning Conflict Minerals. We are making efforts across the supply chain to procure no raw mineral materials that are produced in any manner that could lead to child labor, other human rights infringements or destruction of the environment.

Personnel Development

Training Program

TODA KOGYO plans and provides internal training designed for different grades. Some training sessions were not held due to the pandemic and other reasons. The training opportunities shown below are planned.

Category Grade	For specific grades	For selected personnel	Global	Focused on specific issues				Self-development					
Officers Executive Officers	Management workshop and training for directors												
Corporate Officers		Training for management personnel	Training for personnel assigned overseas	Language training	Training for recruitment interviews	Training for women at management positions	Management Principle	Mental health care (superiors' care and self-care)	Second life training and career development training	Training for appraisers	Quality control training	Language training	Correspondence education course
Senior managers													
Managers	Training for managers												
Grade 5	Training for Grade 5 (assistant managers and equivalents)												
Grade 4	Training for Grade 4 (chiefs and equivalents)												
Grade 3	Training for Grade 3 (main players)												
Grade 2	Training for new employees Follow-up training for new employees												

Training on Corporate History

In preparation for our 200th anniversary in 2023, we are providing training on our corporate history to employees in their thirties and forties. With some working experience, they will play central roles in the future. Referring to TODA KOGYO's past periods, this training enables trainees to learn about and understand the thoughts, stances and work of our predecessors in the company.



Soichi Okubo Coordinator,
Recruit Management
Solutions Co., Ltd.
Acting as a lecturer in the
training on corporate history

It is not designed to merely teach them the company's history. It looks back on episodes at the company's past turning points to highlight the hardships, dilemmas and endeavors of predecessors faced to achieve corporate and business growth. It has already been held several times. One trainee commented, "I realize that what the company is today is based on the leaders and the production, engineering, sales and management teams facing difficulties and working hard from their respective standpoints and seizing opportunities without fail." Another commented that he again felt a sense of attachment to TODA KOGYO, with its nearly 200 years of operation.

In the training, employees in the same generation form a group. They will see career views and stances of other members with whom they usually do not interact. That will provide them with a fresh stimulus.

I hope that the training will be an initial step for trainees to open up a new era.

Interview with a Staff Member

I joined the company more than three years ago as a mid-career job seeker. I have since been working mainly as a salesperson in Tokyo, although I worked at the Otake site as a member of the Marketing Department for a year. The site is where the Otake Plant, which is a manufacturing facility, and the Creative R&D Center are located. That gives me opportunities to see the company's products from a closer distance and communicate closely with manufacturing and development staff. I gained tremendous experience that is helpful to my current sales roles.

Now in the age of living with the pandemic, we are gradually allowed to visit customers in Japan. However, we still cannot freely travel overseas. It is still difficult to see customers face to face. Some information is hard to obtain through online meetings or over the phone. The skill to accurately acquire the necessary information will be of increasing importance. Receiving guidance from my superiors and senior staff for building good relationships with customers, I will address my duties day by day.



Cai Gailun
Business Promotion
Department,
Sales Division

Women Employees' Roundtable Talk

Host: What kind of atmosphere does TODA KOGYO have?

Kobayashi: I feel at home working here. Barriers between job ranks are low. We can say what we want to do without hesitation. The atmosphere allows young staff to actively take on challenges.

Honda: We can work at our own discretion as well.

Matsumae: I feel we can seek advice from superiors and senior colleagues without hesitation and even from other departments' staff relatively easily. There are internal training, workshops and recreational events. I feel we have a large number of opportunities for exchanges with older and younger staff.

Okita: Many staff members understand private circumstances and situations related to childcare. I feel they are thoughtful about work-life balance.

Host: What are the strengths and weaknesses of TODA KOGYO as a workplace environment for working women?

Matsumae: Our company has a helpful program for childcare. My plant has a large number of female staff. It has an atmosphere where we can easily have consultations. Since I am a development staff member, I sometimes need some help during experiments. I do my tasks with the help of people around me.

Honda: There are several situations where I could not have gotten by without the understanding of my coworkers. For example, I must take a leave of absence or leave the office earlier when a child is ill or when there is a school event. That is really helpful. The shortened working hours program is available until a child graduates from the elementary school. That is also of great help to me. The company allows us to choose an area-specific career track, in which we can select where to work in the region. It is an advantage that there is no concern about transfer during the childcare period. I would like to continue that since I may possibly have to provide nursing care for my parents and others in the future.

Okita: I watched senior staff take advantage of different programs and enjoy support from other staff to successfully combine their working life with raising children. Therefore, I had no anxiety about returning to my original position after childcare leave while changing my workstyle.

Kobayashi: The company does listen to women's voices. I feel that we have numerous opportunities to display our capacity and try something.

Honda: A downside is that the rate of women in management positions is low at 2.7%. If this rate rises, there will be more examples that working women can learn from or follow.

Host: What is your workstyle for taking on childcare as well?

Okita: I have two children aged 5 and 2. I am working shortened hours. Currently, partly due to the pandemic, I work from home once or twice a week. Time constraints and unscheduled unavailability for work for reasons of children are unavoidable, and it is inevitable that I often ask my boss and colleagues for help. I make every possible effort, such as setting a reasonable deadline and always organizing and sharing data in preparation for a sudden handover of tasks. When I am away from my children, I can concentrate on my work. That relieves me of the stress of childcare.

Kobayashi: I am working normal, not shortened, hours after returning to work from childcare leave. It is possible because I live only 10 minutes or so by car from my parents, and I enjoy their full support for childcare. In addition, my group members have a good understanding about balancing work with childcare. In addition to their consideration in helping me avoid working overtime, they cheerfully accept my tasks when I have to suddenly be absent or leave for home early. That allows me to hand tasks over to members and to work with some feeling of relief.

Honda: Diversity in workstyle is important to ensuring that women raising children can work actively. I will be glad if I make full use of different programs in the company to become a role model for women joining us later.

Host: What is your aspiration or goal for the future?

Matsumae: First, I would like to strengthen my specialty and attain the existing development goal. Then, I hope to be able to give technical explanations to customers and other teams in the company to gain their understanding.

Okita: Me, too. I would like to improve my skills in my current role in order to do reliable work. I hope I can set an example for my children and that they will feel proud of their working mother.

Kobayashi: I also hope that my child will see me as an ideal mother. In my working life, I am aiming to be able to listen to other members' views and ideas while positively expressing my own when faced with challenges and to take actions to turn their abilities into advantages for our unit so that they will feel like working together with me.

Honda: Earlier this fiscal year, the Society of Health Managers was launched as an organization subordinate to the Safety and Health Committee. The plant has a policy of addressing health management and mental health for the purpose of creating a more worker-friendly workplace environment with a view towards ensuring health and productivity management. As a member of the Society, I will study and gain more knowledge on mental health.



From left to right:

Kozue Matsumae, Production Development Department 2, Research & Development Division; **Mamiko Okita**, Intellectual Property Group; **Ikuko Honda**, Otake Plant Quality Assurance Group; and **Kaori Kobayashi**, Otake Plant Administration Group

Support for Next Generation Child-Rearing and Women's Career Participation and Advancement

In accordance with the Act to Advance Measures to Support Next-Generation Child-Rearing and the Act on the Promotion of Female Participation and Career Advancement in the Workplace, TODA KOGYO drew up the action plans mentioned below to support next-generation childcare and to accelerate women's career participation and advancement. We are carrying out activities in line with these plans for a five-year period from April 1, 2021 to March 31, 2026.

Action plan for supporting next generation child-rearing

	Target	Actions for meeting the target	Results on fiscal 2021
1	<ul style="list-style-type: none"> · Raise awareness of childcare in workplaces · State of acquisition of childcare leave: At least one acquiring the leave among male employees entitled to it Maintain the state in which all the women entitled to it acquire it and return to work 	<ul style="list-style-type: none"> · Create a situation where employees do not hesitate to take childcare leave · Make different programs related to childbirths and child-rearing known to employees regularly · Prepare internal documents related to childbirths and child-rearing 	<p>Childcare leave taken by two male employees. The ratios of women taking childcare leave and returning to work stayed at 100% each. (See Numbers of employees entitled to childcare leave and taking it and ratios of employees taking it and returning to work on p. 37)</p>
2	Create an environment for diverse and flexible workstyles (by encouraging workstyles that offer flexibility in terms of location, such as working from home and teleworking)	Institutionalize working from home and teleworking and create an environment where they can be smoothly implemented	<ul style="list-style-type: none"> · Working from home and teleworking were implemented to a best possible extent as an emergency measure under the COVID-19 pandemic. · The institutionalization of these workstyles is under consideration.
3	Provide children with fun experience about science and chemistry	<ul style="list-style-type: none"> · Participate in events related to science and chemistry for elementary schoolchildren and junior and senior high school students · Cooperate in school education for elementary schoolchildren, such as visiting lessons 	<ul style="list-style-type: none"> · One event joined · One visiting lesson given

Action plan for women's career participation and advancement

Target

- (1) Increase the ratio of women to new graduates recruited to at least 30% (cumulative total during the period of the plan) in order to address our problem about the low percentages of women in personnel, new recruits and in management positions.
- (2) Keep the total number of overtime working hours of all the personnel within a limit of 10 hours on monthly average.

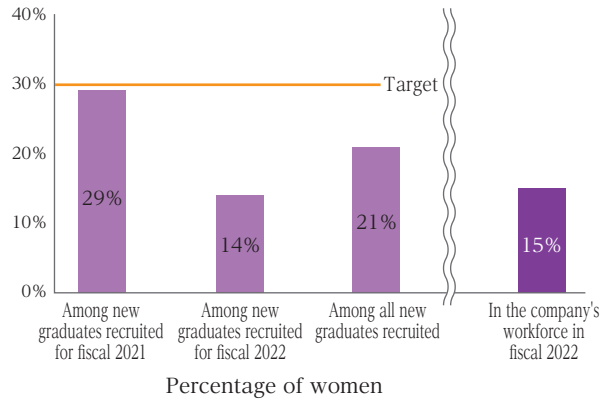
Actions for meeting the target

- (1) Disclose the ratio of employees taking childcare leave and other figures and feature some actively working female employees on recruitment media to positively advertise our company as a women-friendly workplace.
 - Create and improve workplaces and necessary environments for women's career participation.
 - Provide female employees with career education.
- (2) Implement a no-overtime day to raise awareness against overtime working.

Results (as of March 31, 2022)

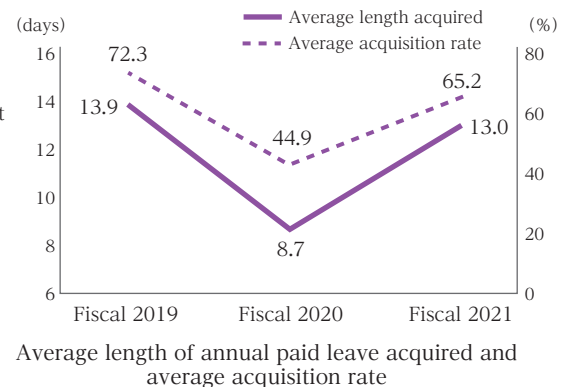
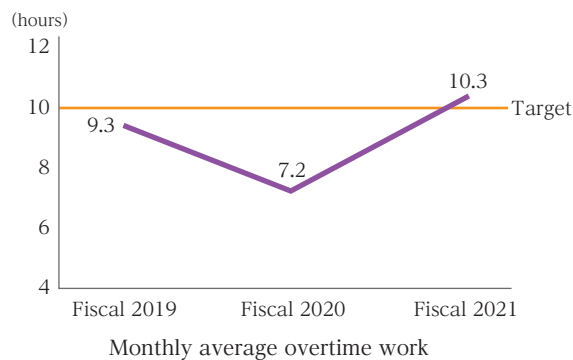
(1) Recruitment

We failed to meet the target levels in the past two years. We will review the method of calling for job applicants to improve the situation.



(2) Continued service and workstyle reforms

	Male	Female	Average
Average duration of continued service	21.9 years	11.0 years	20.1 years
Average age	48.7 years	39.7 years	47.2 years



* For fiscal 2020, the monthly average overtime working hours and the average length of annual paid leave acquired were smaller due to implementation of a layoff.

Numbers of employees entitled to childcare leave and taking it and ratios of employees taking it and returning to work

	Male		Female	
	Target	Result	Target	Result
Number of employees entitled to childcare leave	—	6	—	2
Number of employees taking childcare leave	1	2	—	2
Ratio of employees taking childcare leave	—	33%	100%	100%
Ratio of employees returning to work	—	100%	100%	100%

* The ratio of female employees taking childcare leave has been staying at 100% for at least 10 years.

(3) Promotion (as of March 31, 2022)

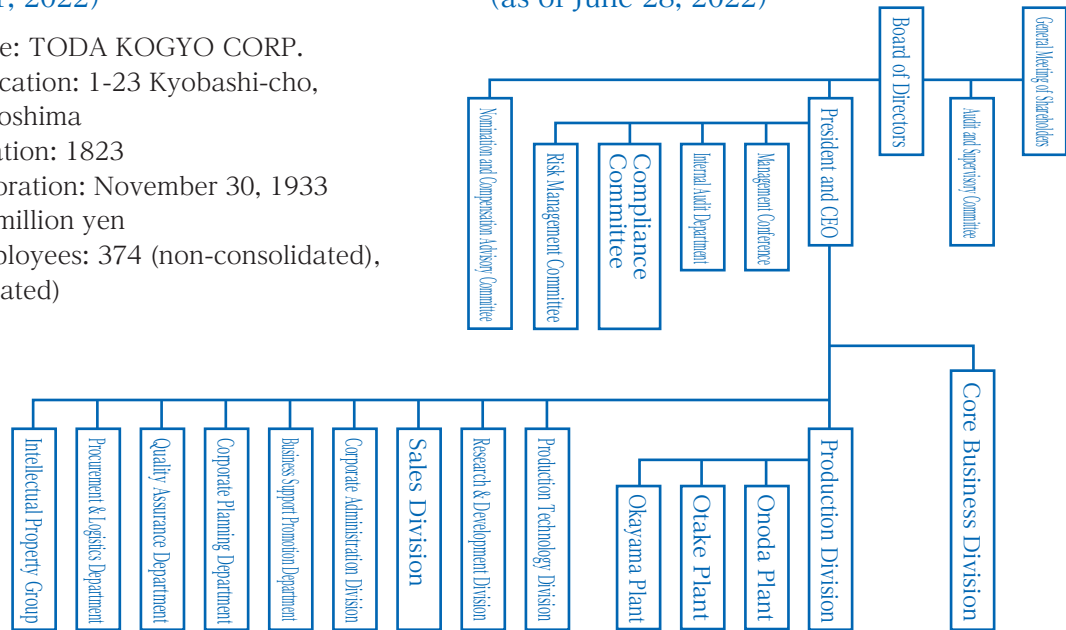
	Fiscal 2019	Fiscal 2020	Fiscal 2021
Ratio of women in positions at the level of assistant managers	11.8%	11.8%	12.9%
Ratio of women at management positions	2.7%	2.7%	2.7%
Ratio of women among officers	0%	0%	0%

Company Information

Corporate Profile (as of March 31, 2022)

- Company Name: TODA KOGYO CORP.
- Head Office Location: 1-23 Kyobashi-cho, Minami-ku, Hiroshima
- Year of Foundation: 1823
- Date of Incorporation: November 30, 1933
- Capital: 7,477 million yen
- Number of Employees: 374 (non-consolidated), 1,303 (consolidated)

Organization Chart (as of June 28, 2022)



ISO Certification Acquired in TODA KOGYO Group

(as of January 1, 2023)

	Company (business)	Location	Since	ISO 9001	ISO 14001	ISO 45001	IATF 16949
Consolidated	TODA KOGYO CORP.	Japan	1933				
	㉓ Onoda Plant (manufacturing of functional pigments, dielectric materials and others)		1959	●	●	●	
	㉔ Otake Plant (manufacturing of magnet materials and functional pigments)		1984	●	●	●	○
	㉕ Okayama Plant (manufacturing of inorganic pigments)		1933	●	●		
	㉖ Otake Creative R&D Center (research, development and marketing)		1991	●*	●	●	○*
	㉗ Toda Plastic Magnet Material (Zhejiang) Corp. (manufacturing and sales of ferrite magnetic compounds and others)	China	2003	●	●		●
	㉘ Toda Magnequench Magnetic Material (Tianjin) Co., Ltd. (manufacturing and sales of rare-earth magnetic compounds and others)	China	2007	●	●		
	㉙ Toda Advanced Materials Inc. (manufacturing and sales of lithium ion battery cathode material precursors)	Canada	2007	●	●		
	㉚ Tokyo Shikizai Industry Co., Ltd. (manufacturing and sales of organic pigments)	Japan	2008				
	㉛ Toda Kogyo Asia (Thailand) Co., Ltd. (manufacturing and sales of ferrite magnetic compounds and others)(import and sales of coloring pigments)	Thailand	2016	●	●		
	㉜ Jiangmen & Partners' Magnetic Product Co., Ltd. (manufacturing and sales of injection molded magnets and others)	China	2021		●		●
Subject to equity method	㉝ Zhejiang Huayuan Pigment Co., Ltd. (manufacturing and sales of inorganic pigments)	China	2003	●	●		
	㉞ Zhejiang Toda DMEGC Magnetic Co., Ltd. (manufacturing and sales of bonding ferrite materials)	China	2004	●	●		
	㉟ TODA ISU CORPORATION (manufacturing and sales of magnetic materials)	South Korea	2008	●	●		●
	㊱ MECHEMA TODA CORPORATION (manufacturing and sales of materials for lithium ion battery cathode materials and others)	Taiwan	2013				
	㊲ BASF TODA Battery Materials LLC (manufacturing and sales of lithium ion battery cathode materials)	Japan	2015	●	●		

Legend: ● = Certification acquired ○ = Certification pending
*Design and development process


Offices and Plants

Japan


Consolidated

Subject to equity method


- Tokyo Shikizai Industry Co., Ltd.
Iwaki Plant



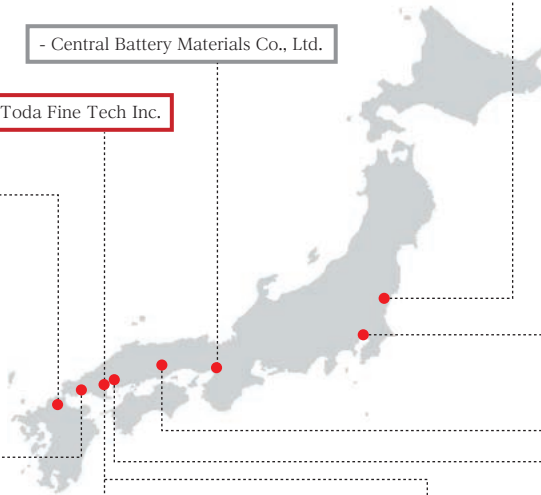
⑧ BTBM, Kitakyushu Plant
(Kitakyushu, Fukuoka)



⑨ BTBM Head Office, Onoda Plant
(Sanyo-Onoda, Yamaguchi)




⑩ Toda Kogyo Onoda Plant
(Sanyo-Onoda, Yamaguchi)




- Central Battery Materials Co., Ltd.


- Toda Fine Tech Inc.




⑪ Tokyo Shikizai Industry Co., Ltd.
Head Office and Plant (Itabashi-ku, Tokyo)




Toda Kogyo Tokyo Office
(Minato-ku, Tokyo)




⑬ Toda Kogyo Okayama Plant
(Kita-ku, Okayama)



⑫ Toda Kogyo Otake Plant
(Otake, Hiroshima)



⑭ Toda Kogyo Creative R&D Center
(Otake, Hiroshima)




Toda Kogyo Head Office
(Minami-ku, Hiroshima)

*BTBM = BASF TODA Battery Materials LLC.


Overseas

Consolidated


Subject to equity method




⑮ Toda Plastic Magnet Material
(Zhejiang) Corp. (Zhejiang, China)




⑯ Toda Magnequench Magnetic Material
(Tianjin) Co., Ltd. (Tianjin, China)




⑰ Jiangmen & Partners' Magnetic Product Co., Ltd.
(Guangdong, China)







⑱ Toda Advanced Materials Inc.
(Sarnia, Canada)




Toda Kogyo Europe GmbH
(Dusseldorf, Germany)




⑲ MECHEMA TODA CORPORATION
(Taoyuan, Taiwan)




⑳ Toda Kogyo Asia (Thailand) Co., Ltd.
(Ayutthaya, Thailand)



TODA (CHINA) Co., Ltd.
(Shanghai, China)



㉑ Zhejiang Huayuan Pigment Co., Ltd.
(Zhejiang, China)



㉒ Zhejiang Toda DMEGC Magnetic Co., Ltd.
(Zhejiang, China)



The TODA KOGYO Group
supports local sports
and arts.



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TODA KOGYO CORP.

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